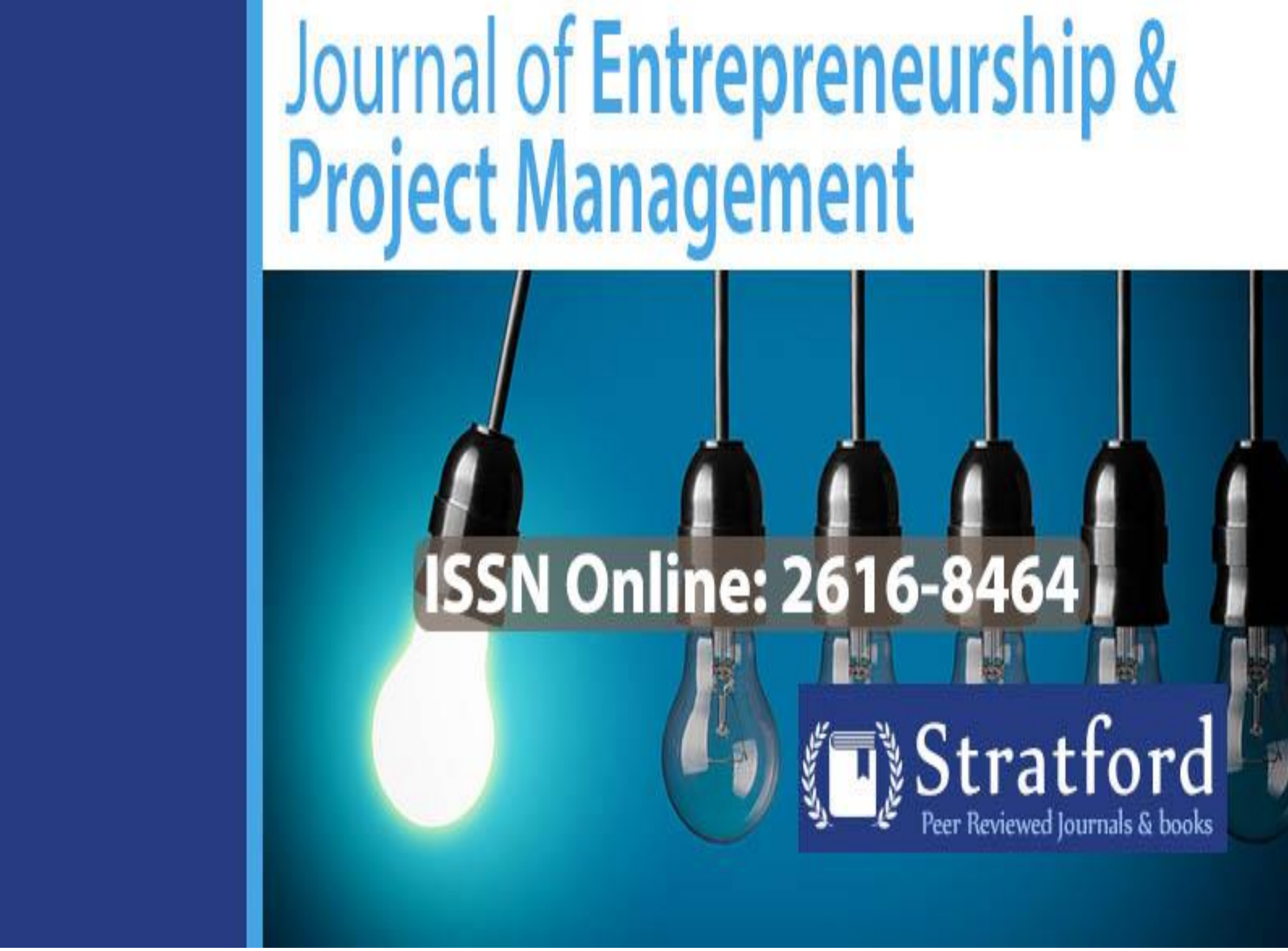

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Abstract

An effective pricing strategy is considered one of the most innovative and cost effective practice-based entrepreneurial marketing approaches, that MSMEs can employ to increase performance. This is because effective pricing techniques aid organizations in selecting rates that take full advantage of earnings as well as shareholder value while thinking about consumer and market demand. Similarly, it takes into account ability to pay, market conditions, rival activities, trade margins as well as input costs, amongst others. Therefore, MSMEs can effectively deliver on their fundamental roles through formulation and application of appropriate pricing strategy so as to exert a positive effect on performance, and therefore, the focus of this study. The study assessed the effect of pricing strategy on the performance of Micro, Small and Medium Enterprises (MSMEs) in Kenya. The study was guided by positivism research philosophy. A descriptive survey design was adopted. The study population included 8,526 licensed MSMEs in Tharaka-Nithi County. Stratified sampling and random sampling techniques were employed to arrive at the study sample size of 368 MSMEs. Data was collected using questionnaires through hand and delivery procedure. Quantitative data was analyzed using both the descriptive statistics and inferential statistics. Qualitative data was analyzed through content analysis. The simple linear regression findings indicated that pricing strategy accounted for 39.3% of the variation in performance of MSMEs in Kenya. The results further showed that an effective pricing strategy has a significant positive effect on the performance of MSMEs in Kenya as reflected by $\beta=0.621$, sig value $=0.000$, <0.05. Pearson product moment correlation coefficient at $r = 0.627$ showed that there is a strong positive correlation between pricing strategy and performance of MSMEs. Consequently, the study supported the alternative hypotheses that pricing strategy has a significant positive effect on the performance of MSMEs in Kenya. The study concluded that effective pricing strategies culminates to enhanced performance. The study further concluded that a good pricing strategy should be anchored on an organizational wide evaluation of a firm's pricing objectives, consumers (target market), demand curve, competition, and other internal factors such as costs incurred as this is cardinal in establishing and sustaining a competitive edge over other co-players in the market, culminating to a better firm performance. The study recommends that MSME owners and managers should have in place a pricing strategy if they are to achieve superior performance. In order to derive full benefits of the pricing strategy, it is recommended that pricing decisions should be made in cognizant of other firm wide factors that in return affect the expected outcomes of such decisions.

Keywords: *Pricing Strategy, Performance, MSMEs & Tharaka-Nithi County, Kenya*

1.1 Introduction

Micro, small, and medium enterprises (MSMEs) are a cornerstone for growth, employment and income. They make significant contributions in improving economic and social sectors of a country through stimulating large scale employment, investments, development of indigenous skills and technology, promoting entrepreneurship and innovation, enhancing exports, and also building an industrial base at different scales (Njau & Karugu, 2014; KNBS, 2016). Further, MSMEs form a supply chain for large local and multinational companies, create a more resilient, diversified economy with more dynamic private sector participation, drive innovation and homegrown champions who can compete internationally, gender equality as well as assist in achieving a more balanced, inclusive growth by addressing the bottom of the income pyramid (RoK, 2020).

In Kenya, it is now widely recognized that the promotion of the performance of MSME sector is a viable and dynamic strategy for achieving national goals, including employment creation, poverty alleviation and balanced development between sectors and sub-sectors. According to Osano (2019), the SME sector in Kenya is critical and strategic in attaining vision 2030 and is central in national strategies for stimulating economic activity, reducing unemployment and poverty. KNBS (2016) underscored the important roles that MSMEs play in Kenya's development process, particularly in the context of generating employment and income opportunities for majority of the people. Indeed, the MSME sector provides employment for substantially more people than does the formal sector. It is estimated the sector currently employs approximately 14.9 million people accounting for 83% of total employment and contributes 33.8% of the total GDP. However, despite their socio-economic significance, and the numerous past policy initiatives introduced by different governments to accelerate the growth and survival of MSMEs, the sector continues to face constraints that limit their performance and survival. In Kenya, it is estimated that a total of 2.2 million MSMEs were closed between the years 2012 to 2016 (KNBS, 2016).

Marketing, and specifically entrepreneurial marketing plays a fundamental role towards the superior performance and survival of MSMEs. Entrepreneurial marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking and pro-activeness (Kraus, Harms & Fink, 2010). Further, businesses in the current environment experience increasing levels of uncertainty due to rapid changes in operating environment, fluctuations in the economy, technology and hence the advertent need for more innovative and cost effective practice-based marketing approaches that MSMEs can employ to increase performance. Therefore, MSMEs can only effectively deliver on their fundamental roles when a good number of strategies including the formulation and application of appropriate entrepreneurial marketing practices such as effective pricing strategies are put in place to exert a positive effect on performance (Sven, Schuhmacher & Kuester, 2019).

1.2 Statement of the Problem

The input of micro, small and medium-size enterprises (MSMEs) in the economic development of both developed and developing nations have always been acknowledged (Osano, 2019). However, despite their socio-economic significance, and the numerous past policy initiatives introduced by different governments across the world to accelerate the growth and survival of MSMEs, the sector continues to face constraints that limit their performance and survival. In Kenya, it is estimated that a total of 2.2 million MSMEs were closed between the years 2012 to 2016 (KNBS, 2016).

The MSMEs in Kenya lack or deploy ineffective marketing practices with previous data estimating that among the licensed firms, micro (58.3%), small (35.6%) and medium (33.5%) sized establishments do not market or advertise their products/services (KNBS, 2016). Further, the change in the competitiveness of both the marketing and operating environment has made competition tougher for micro, small and medium-size enterprises (Olannye & Eromafuru, 2016). Conversely, according to Nafuna *et.al* (2019), MSMEs can only effectively deliver on their fundamental roles when the formulation and application of appropriate entrepreneurial marketing practices such as effective pricing strategy is put in place to increase their performance.

Previously, the lack of adequate attention to pricing strategy as a practice-based approach reduced the competitive edge and hence the performance of micro, small and medium-sized enterprises. Therefore, the need for an understanding of pricing strategy as an entrepreneurial marketing approach and its applicability to micro, small and medium enterprises for enhanced performance has gradually become an issue of pivotal concern to many scholars and entrepreneurs. Thus, this study assessed the effect of pricing strategy on the performance of Micro, Small and Medium Enterprises (MSMEs) in Kenya.

1.3 Objective of the study

To examine the effect of pricing strategy on the performance of Micro, Small and Medium Enterprises (MSMEs) in Kenya.

1.4 Research Hypothesis

H_a: Pricing strategy has a significant positive effect on the performance MSMEs in Kenya.

2.1 Theoretical Review

This study was guided by the systems theory. Advanced by Hartman (2010), the systems theory provides entrepreneurs with a tool for analyzing internal and external organizational dynamics.

Hartman (2010) promoted the recognition of all organizations as consisting of processing inputs and outputs with internal and external systems and subsystems that are helpful in providing a functional overview of any organization. Smit and Cronje (2011) defined a system as a collection of parts unified to accomplish an overall goal. When one part of the system is removed, the nature of the system is changed as well.

The effect of systems theory in management is that owners look at the organization from a wider perspective. It recognizes the various parts of the organization, and in particular, the interrelations of the parts, for example, the effect of customer tastes and preference and competition to its strategic objectives. In the traditional management practices, managers typically took one part and focused on it, they then moved all attention to another part pausing a synchronization challenge (Rue & Byars, 2018).

In the systems theory approach, pricing strategy is subjective to the interacting and interdependent parts of pricing objectives, external and internal factors (Jangeta, Faitira, Edson & Mirriam, 2015). The degree into which these parts overlap each other indicates the degree of influence each of these factors has over the pricing strategy as a marketing tool and by extension on business performance as a whole. Therefore, the significance of the systems theory to this study was to identify a broad framework within which MSMEs owners make pricing decisions and further so, to gain an advantageous competitive position over rivals. This enhanced the formulation of the research instruments, data collection and interpretation.

2.2 Conceptual Framework

Effective pricing strategies are known to improve the performance of an organization. Price is the value, more so in monetary terms a customer is willing to part with in exchange of a product or a service. Beesley (2012) defined price as the value of a product or service expressed in terms of rands and cents, the amount of money needed to obtain a product or service and the benefit or utility which goes with it. Thus, pricing is the method adopted by a firm to set its selling prices for its products and services.

An effective pricing strategy is a core competency and ought to mirror a cohesive pricing structure that facilitates the achievement of business objectives by ensuring the value of a product/service offering compared to the value offered by competitors (Sven *et.al*, 2019). A good pricing strategy should therefore direct an organization’s core behaviour as well as its peripheral communiqué to the market for all pricing-related activities. Additionally, a firm’s pricing strategy must be based on valid data and facts. Therefore, organizations need to evaluate key areas and make informed decision based on the valid findings of their investigation lined up with organizational objectives as well as other functional policies and structures and should be supple, adaptive, reactive and carefully observed for a firm to remain competitive. Thus, when developing their pricing strategies, the MSMEs need to factor the various influences that dictate their pricing decisions as illustrated in Figure 1.

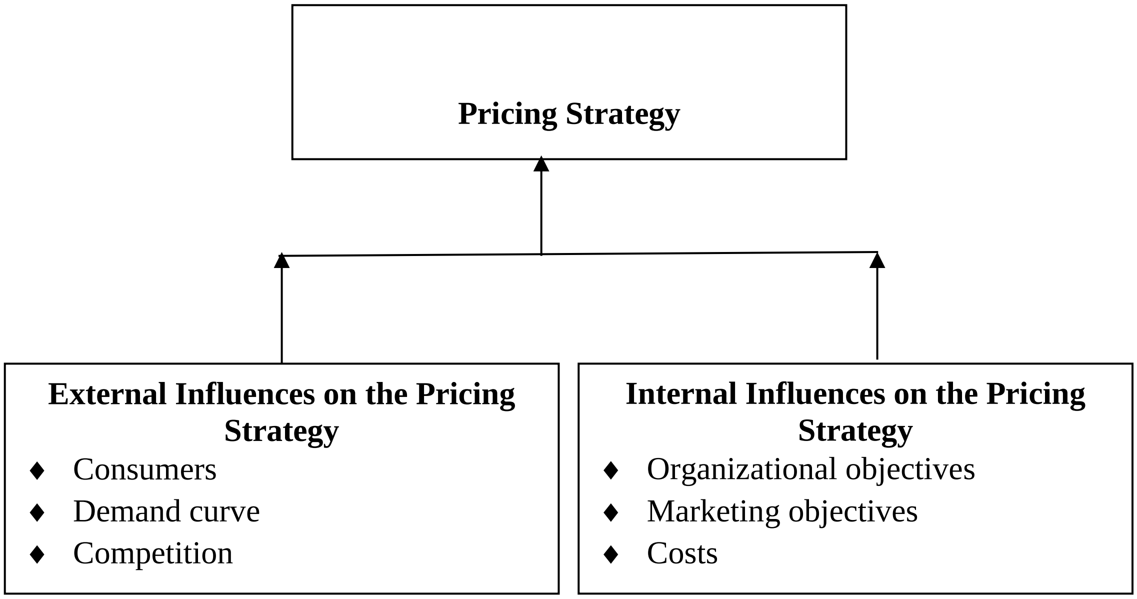

Figure 1: External and Internal Influences of Pricing Strategy

Adapted from: Brassington and Pettitt (2013)

For this study, pricing strategy was operationalized to include the pricing objectives (market penetration and development), external factors (competition, demand, and customer preferences) and internal factors (costs and profit maximization). It was hypothesized that these factors significantly and positively affect the performance of MSMEs in Kenya in terms of customer base, sales and profitability. Figure 2 shows the conceptual framework.

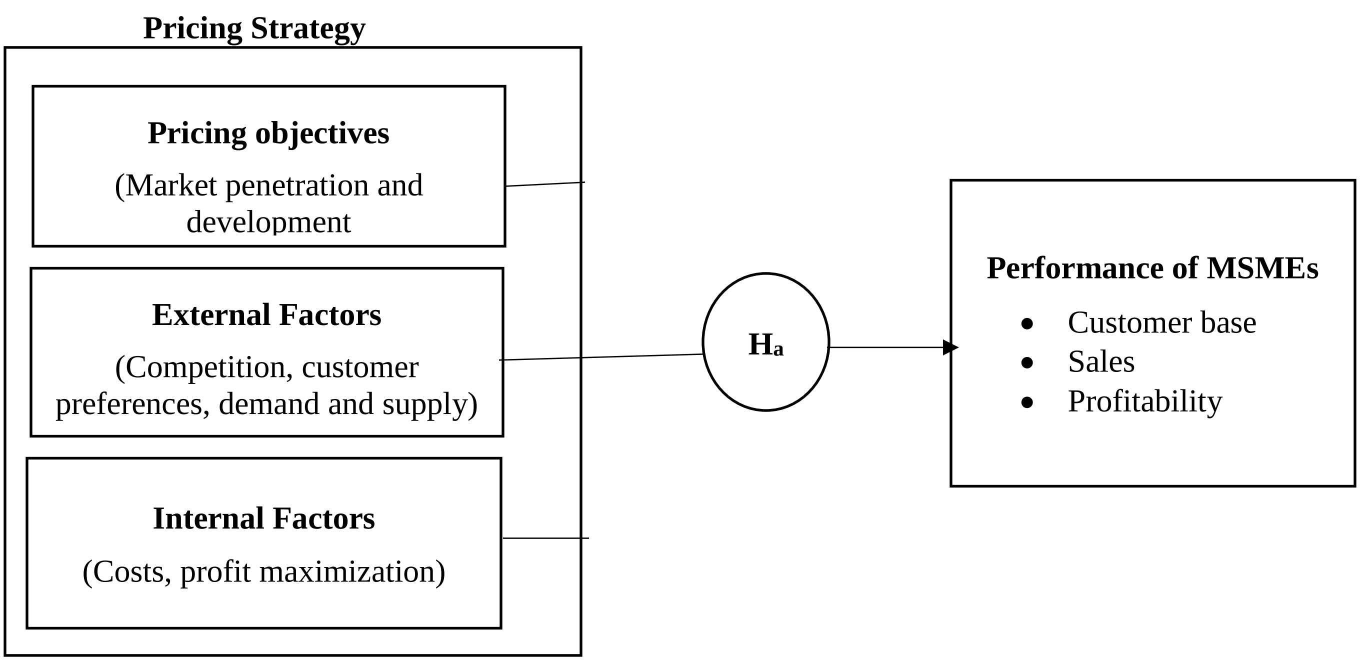

Figure 2: Conceptual Framework

2.3 Empirical Review

Nafuna *et al*. (2019) researched on Pricing Strategies and Financial Performance: The Mediating Effect of Competitive Advantage. Empirical Evidence from Uganda, a Study of Private Primary Schools. The study population comprised of a total of 184 private primary schools' projects in Kampala district Rubaga Division, Urban Council, 2017. The study adopted a cross-sectional descriptive and analytical research design. The findings from the correlation analysis indicated a significant perfect positive relationship between price strategy and financial performance as revealed by the correlation coefficient ($r = .554$, $p <.5$). This implied that price strategy with its dimensions such as cost based, competitive based and perceived value positively influenced the financial performance private primary schools in the context of Uganda entities. These results also signified that appropriate pricing strategies were associated with high levels of financial performance in the study population. Similarly, poor pricing strategies are associated with low levels of financial performance. The predictive power of the regression model was found to be 30.3% (Adjusted R Square =.303) indicating that the pricing strategy accounted for 30.3% variation in enhancing financial performance of private primary schools in Uganda hence predicting the financial performance.

Sije and Oloko (2015) carried out a study on penetration pricing strategy and performance of small and medium enterprises in Kenya. The population for their study consisted of members of staff of selected food industry SMEs in Kenya. Stratified random sampling was used in the study where members of staff from various SMEs were selected with the questionnaire acting as the primary data collection instrument. The researchers found out that there was strong positive correlation between penetration pricing strategy and firm performance. The researchers, therefore, concluded that the enterprises should focus more of their effort on penetration pricing strategy because there was a significant level of effect of penetration pricing strategy on the number of customers, customer loyalty and quality of food and service all leading to better firm performance.

Jangeta *et al*. (2015) researched on strategic pricing and firm success: A study of SMEs in Zimbabwe. The relationship between strategic pricing and firm performance was measured using various business perspectives, namely, profit maximization, sales maximization, customer satisfaction, survival, liquidity achievement, price differentiation and cost coverage. The questionnaire approach was used to collect data from a convenient sample of 50 SMEs drawn from all sectors of the economy. The study was conducted in Gokwe district in the Midlands Province. The results of the study show that there is a positive relationship between strategic pricing and firm performance ($r = 0{,}654$, $p = 0.01$).

Cant *et al.* (2016) carried out a study titled: Key Factors Influencing Pricing Strategies for Small Business Enterprises (SMEs): Are They Important? The primary aim of this study was to investigate the factors considered by small business enterprises (SME's) when developing their pricing strategies. To address this problem adequately, the research methodology was based on the primary data collected from South African SMEs. Questionnaires were distributed to 88 SMEs to gather relevant data regarding factors considered when determining prices. The data was quantified and analyzed by examining the frequency of occurrences and the importance of the problem. The study found that SME's generally agreed that price setting is influenced by competitor information and macro environmental factors such as fuel prices and inflation. There was a general agreement amongst the SME's that consumers' relationships and the benefits that they, the consumers enjoy from the product or service as well as product performance are important aspects to consider when determining prices. Additionally, the authors argued that effective pricing strategy significantly influenced the performance of SMEs in South Africa.

3.1 Methodology

The study was guided by positivism research philosophy. A descriptive survey design was adopted. The study population included 8,526 licensed MSMEs in Tharaka-Nithi County (TNC). Stratified sampling and random sampling techniques were employed to arrive at the study sample size. The sample size was adopted from Krejcie and Morgan (1970) sample size table developed using the sample size formula for a finite population;

$S = \chi 2\ NP\ (1-P) \div d\ 2\ (N-1) + \chi 2P\ (1-P)$.

S = required sample size,

N = the population size.

$\chi 2$= the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).
P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

Thus, the required sample size (S) for this study was 368 MSMEs owners/managers based on the provided population size of N=8526, at confidence level of 95% and precision level of 5% with a response distribution of 50% (p and q). Data was collected using questionnaires. The study adopted the hand delivery and collection method. To ensure reliability of the study, a pilot study was carried with 37 questionnaires followed by the computation of the Cronbach's alpha coefficient for each of the variables. The proposed pilot test falls within the rule of thumb as proposed by Mugenda and Mugenda (2003) that 10% of the sample should constitute the pilot test. For content validity, the researcher solicited for expert opinion from the university supervisors, peers and professionals in the industry.

3.2 Data processing and analysis

For completeness and consistency, the collected data was processed via editing and coding before analysis. Qualitative data was analyzed using content analysis and interpreted through identification of main themes. Quantitative data was analyzed using both the descriptive and inferential statistics. The descriptive statistics included frequency distributions mean and measures of dispersion while the inferential statistics were t-test, multiple regression analysis, Karl-Pearson correlation coefficient and F-test.

3.3 Statistical Model and Hypothesis Testing

To test the independent variable against the dependent variable (performance of MSMEs), t-test was used. For majority of business and management studies, researchers are satisfied to estimate the population's characteristics to be within plus or minus 3% to 5% of its true values (Saunders *et a*l., 2012). Accordingly, for this study, the desired level of precision was +/– 5% and a confidence level of 95%. The decision level was, reject null hypothesis if $P<0.05$. Karl Person correlation coefficient was used to test the level and direction of correlation between the independent variable and dependent variable. A bivariate regression analysis model was applied to determine the effect of pricing strategy (independent variable) on the performance of MSMEs (dependent variable) in Kenya. The regression model was conceptualized as follows;

$Y = \beta_0 + \beta_1 X_1 + \varepsilon$ where:

Y =MSMEs Performance

X_1 = Pricing strategy

β_0 = Constant

β_1 = Regression coefficient

ε = Error term

4.1 Findings and Discussions

Price comprises the actual amount the end user is expected and willing to pay for a product or service. How a product is priced will directly affect how it sells as this is linked to what the perceived value of the product/service is to the customer rather than an objective costing of the product/service on offer. If a product is priced higher or lower than its perceived value, then it will not sell. Therefore, an effective pricing strategy is a core competency known to improve the performance of an organization.

In this study, the respondents were asked to indicate if they used pricing strategy specifically as a marketing tool and the results were as summarized in Table 1.

Table 1: Frequency Distribution of Use of Pricing Strategy as a Marketing Tool

Factor	Do you use pricing strategy as a marketing tool?				
	Yes	%	No	%	Total
Respondents	216	71.52	86	28.48	302

Further, the respondents were asked to indicate the key factors they considered when setting prices for their products /services. Figure 3 summarizes the results.

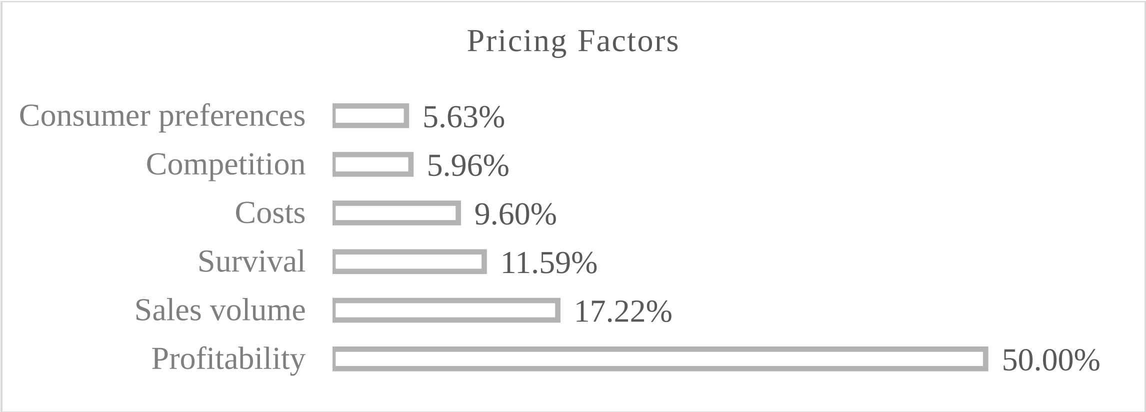

Figure 3: Factors Influencing Pricing Decisions

From the results, it is evident that profitability was the number one factor with competition and consumer preferences ranking lowest. This collaborates the results in Table 1 that a majority of the MSME owners/managers in TNC considered pricing as a strategic marketing tool with 71.52% agreeing that they used pricing as a marketing tool whose main purpose would clearly be firm superior performance in regard to profitability.

Additionally, the results from the respondents that used pricing strategy as a marketing tool and their perceived firm performance over the last three years were cross tabulated. As presented in Table 2, 67.59% of those who had adopted pricing strategy as a key marketing tool perceived their firms to be growing as opposed to 17.59% and 14.81% whose felt that their firms' performance remained the same or was declining respectively.

Table 2: Cross tabulated results on use of Pricing Strategy and Perceived Firm Performance in the last three years

Factor		**Do you use pricing strategy as a marketing tool?**	
		Yes	%
Which of the status below best describes your firm performance in the last three(3) years	Growing	146	67.59
	Remained the same	38	17.59
	Declining	32	14.81
Total		**216**	**100.00**

Similarly, the respondents were requested to evaluate a set of statements relating to the use of a pricing strategy and its effect on the various performance indicators as operationalized in the conceptual framework using a scale ranging from 1=SD-Strongly Disagree to 5=SA-Strongly Agree. As presented in Table 3, all the resulting means of above 3.46 signified low variability in respondents' opinion in all the statements relating to pricing strategy and performance of MSMEs. The resulting standard deviations of less than half the means ascertained that the differences of responses given was insignificant. The overall mean rating of 3.544 signified that the respondents agreed with the statements relating to pricing strategy as an effective marketing tool. The resulting overall standard deviation of 1.295, which is less than half the overall mean indicates that the difference of responses given was insignificant.

From the results of the likert scale, 68% of the respondents agreed that factoring competitor prices in firm's pricing decisions improved their sales volumes. Equally, 67% of the MSME owners confirmed that various marketing objectives such as market penetration and development affected their pricing decisions. Thus, it is evident that enterprises that adequately deployed a competitive pricing strategy attained superior performance as compared to those that didn't. Of the respondents, 71.0% agreed that effective pricing strategy increased sales volumes, 67.0% profitability and 63.0% customer numbers. In summary, 69.0% concurred that an effective pricing strategy led to increased firm performance.

Table 3: Pricing Strategy and Performance of MSMEs

Code	Pricing strategy	SD %	D %	N %	A %	SA %	Mean	Std Deviation
PS1	Factoring competitors' prices in pricing decisions improves sales volumes for both products and services	14	3	15	45	23	3.61	1.26
PS2	Overall organizational costs significantly influences our pricing decisions and hence profitability	13	7	17	43	21	3.52	1.249
PS3	Various marketing objectives such as market penetration and market development will always affect pricing decisions	15	9	10	45	22	3.50	1.324
PS4	Our customers significantly influence the pricing decisions for our products /services	14	7	16	41	22	3.49	1.301
PS5	We always factor the forces of demand and supply in our pricing decisions	15	7	11	47	21	3.53	1.298
PS6	Organizational goals of profit maximization significantly influences a firm's pricing decisions	13	8	12	45	22	3.55	1.277
PS7	Effective pricing strategy will always significantly and positively influence a firm's sales volumes.	14	8	8	47	24	3.6	1.305
PS8	Proper products/services pricing play a fundamental role in attracting new customers as well as retaining existing ones.	18	5	13	40	23	3.46	1.378
PS9	Profitability is one of the biggest positive outcomes of an effective pricing strategy	14	5	13	44	23	3.58	1.286
PS10	There is a strong positive correlation between an effective pricing strategy and firm performance	13	8	11	45	24	3.6	1.274
	Overall						3.544	1.295

KEY: SA-Strongly Agree; A-Agree; N-Neutral; D-Disagree; SD-Strongly Disagree

4.2 Factor Analysis on Pricing Strategy

Factor analysis is a requisite step in multiple regression analysis as it is used to create composite scores for each variable under study. Principal composite analysis was carried out on the data to describe variability among the observed and check for any correlated elements with the aim of reducing data that was found redundant. Sample adequacy was determined by use of KaiserMeyer-Olkin Measure of sampling adequacy (KMO) per every independent variable with a decision level accept if KMO >0.7(Cerny & Kaiser, 1977).

Indicators of pricing strategy showed that the sample was adequate since Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) attained 0.950 which was above the threshold of 0.7. The pricing strategy total variance extracted was able to explain 76.228 %>70% of the total variance in the pricing strategy, hence the statements relating the variable explained exhaustively the variation in the factor.

Table 4: Factor Analysis on Pricing Strategy

Pricing Strategy	**Factor Loading**
Factoring competitors' prices in pricing decisions improves sales volumes for both products and services	0.852
Overall organizational costs significantly influences our pricing decisions and hence profitability	0.901
Various marketing objectives such as market penetration and market development will always affect pricing decisions	0.850
Our customers significantly influence the pricing decisions for our products /services	0.858
We always factor the forces of demand and supply in our pricing decisions	0.875
Organizational goals of profit maximization significantly influences a firm's pricing decisions	0.866
Effective pricing strategy will always significantly and positively influence a firm's sales volumes	0.858
Proper products/services pricing play a fundamental role in attracting new customers as well as retaining existing ones	0.873
Profitability is one of the biggest positive outcomes of an effective pricing strategy	0.904
There is a strong positive correlation between an effective pricing strategy and firm performance	0.891

KMO=0.950 ;Bartletts p<0.05; Total variance extracted=76.228%

4.3 Hypothesis Testing

Hypothesis H_a: Pricing strategy has a significant positive effect on the performance of MSMEs in Kenya.

Pearson's correlation coefficient was run to determine the strength and direction of the effect of pricing strategy on performance of MSMEs, if any. As shown in Table 5, there was a moderately strong positive correlation (0.627) between pricing strategy and performance of MSMEs in Kenya. The p-value at 0.000<0.05 ascertained a positive significant relationship between the variables.

This infers that pricing strategy had a significant effect on the performance of micro, small and medium enterprises. Thus, it was concluded that an increase in the pricing strategy has a corresponding positive increase in firm performance.

Table 5: Pearson's Correlation Coefficient between Pricing Strategy and Performance of MSMEs in Kenya

		Performance	Pricing Strategy
Performance	Pearson Correlation	1	.627*
	Sig. (2-tailed)		.000
	N	302	302
Pricing Strategy	Pearson Correlation	.627*	1
	Sig. (2-tailed)	.000	
	N	302	302

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

To test the amount of variation in the dependent variable that is attributed to pricing strategy, the R squared was computed. From the results as presented in Table 6, the R at square 0.393 infers that 39.3% of the variation in performance can be explained by the changes in pricing strategy leaving 60.7 % unexplained (error term).

Table 6: Pricing Strategy Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.627[a]	.393	.391	.80678378

a. Predictors (Constant),Pricing Strategy

Similarly, the ANOVA test was carried out to test the overall significance of the pricing strategy and performance model. The results in Table 7 show a p-value at 0.000 < 0.05 hence it was concluded that model of pricing strategy and performance of MSMEs was overally significant

Table 7: ANOVA Regression Results between Pricing Strategy and Performance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	126.679	1	126.679	194.622	.000[b]
	Residual	195.270	300	.651		
	Total	321.949	301			

a. Dependent Variable: Performance
b. Predictors: (Constant), Pricing Strategy

The regression outputs for pricing strategy was positive and significant (β=0.621, p-value 0.000 < .05) with the model summarized as $Y=0.120+0.621X_1$. Since β =0.621, it can be concluded that one-unit increase in pricing strategy increases performance by 0.621 units' other factors held constant. Moreover, pricing strategy is individually significant since p-value =0.000<0.05.

Hence, the alternative hypothesis, Ha: Pricing strategy has a significant positive effect on the performance of MSMEs in Kenya was supported concluding that an effective pricing strategy had a significant positive effect on the performance of MSMEs in Kenya.

Table 8: Regression Coefficients of Pricing Strategy and Performance of MSMEs

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	**t**	**Sig.**
1	(Constant)	.120	.047		2.586	.010
	Pricing Strategy	.621	.044	.627	13.951	.000

a. Dependent Variable: Performance

4.4 Discussion of the results on the Effect of Pricing Strategy on Performance of MSMEs

The regression analysis results showed that pricing strategy has a significant positive effect on the performance of MSMEs in Kenya as reflected by (β=0.621, sig value =0.000, <0.05). Pearson product moment correlation coefficient (r = 0.627, p-value = 0.000) showed that there is a positive strong correlation between pricing strategy and performance of MSMEs. Consequently, the study supported the alternative hypotheses Ha: Pricing strategy has a significant positive effect on the performance MSMEs in Kenya.

These study findings agree with Cant *et al.* (2016) who while investigating the key factors influencing pricing strategies for small business enterprises (SMEs) in South Africa found that pricing strategy greatly influenced their performance. The results further collaborate with findings by Nafuna.*et.al.* (2019) who established that Price strategy with its dimensions such as cost based, competitive based and perceived value positively influence the financial performance private primary schools in the context of Uganda entities. Equally, the results support the work of Sije and Oloko (2013) who concluded that penetration pricing as a strategy had a significant level of effect on the number of customers, customer loyalty and quality of food and service all leading to better firm performance. Jangeta *et al.* (2015) researched on strategic pricing and firm success, focusing on SMEs in Zimbabwe. They found out that there was a positive relationship between strategic pricing and firm performance.

Further, the findings of this study support the work of Hartman (2010) who developed the systems theory. The theory attempts to provide entrepreneurs with a tool for analyzing internal and external organizational dynamics for critical business decisions/functions including marketing. Pricing being a key marketing tool, the systems theory avails a crucial lense through which firm owners can holistically view all the relevant pricing factors such as profitability, costs, demand and supply competition and consumer preferences for an enhanced competitive advantage. Such a holistic organizational view lead to business decisions that overall improve sales volumes, profitability and market share.

5.1 Conclusion

The study concluded that a pricing strategy culminates to enhanced performance. The study further concluded that a good pricing strategy should be anchored on an organizational wide evaluation of a firm's pricing objectives, consumers (target market), demand and supply, competition, and other internal factors such as costs incurred as this is cardinal in establishing and sustaining a competitive edge over other co-players in the market, culminating to a better firm performance.

5.2 Recommendations

The study recommends that MSME owners and managers should have in place a pricing strategy if they are to achieve superior performance. In order to derive full benefits of the pricing strategy, it is recommended that pricing decisions should be made in cognizant of other firm wide factors that in return affect the expected outcomes of such decisions.

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