

Innovations

The Effect of Branding and Promotion on the Performance of Small and Medium Enterprises: Evidence from Botor Tolay Woreda, Oromia Regional State, Ethiopia

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Abstract: ***Purpose:** This study investigates Effect of Branding and Promotion on the Performance of Small and Medium Enterprises: Evidence from BotorTolay Woreda, Oromia Regional State, Ethiopia. It focuses on the role of branding activities, promotional strategies and institutional support in influencing SME performance from 2011 to 2017. **Methodology:** Employing a longitudinal quantitative design, the study analyzes a cumulative sample of 8,565 SME records spanning seven years, using secondary data sourced from the local SME office. Descriptive statistics, correlation, trend and multiple regression analyses were conducted using Stata 15. Variables were categories into SME profiles, branding activities, institutional support and Performance indicators. **Finding:** The analysis reveals a 174% increase in the number of SMEs, with accompanying growth in average firm size and age, indicating enhanced sustainability. Branding and promotional efforts showed moderate engagement, whereas institutional support was unevenly distributed over time. Correlation analysis demonstrated strong positive relationships among marketing variables ($r > 0.79$). Regression results confirmed that the composite marketing support index significant predictor of SME sales performance ($\beta = 0.005744$, $p = 0.004$), accounting 82.8% of sales variance. Unique Contribution to Theory, Policy and Practice: The researcher contributes to SME and branding literature by offering a comprehensive composite time series analysis that connects branding, promotion and institutional support mechanisms with enterprise performance in developing country context. It proposes a practical model highlighting consistent branding activities; product promotion and institutional support as essential driver of competitive and sustainable SME development in emerging markets such as Ethiopia.*

Keywords: SMEs Performance, Branding, Promotion, Institutional Support. BotorTolay

1: Introduction

1.1 Background of the Study

The Micro Small-scale Enterprise plays significant role in Ethiopia's social and economic development. They are crucial driver of job creation, poverty reduction and innovation and they substantially contribute to the country's Gross Domestic Product (Tefera, Gebremichael, & Abera, 2016; Gebreeyesus, 2018; Addisu, 2024). Small scale enterprise accounts for approximately 99% of all business in the country and employ a large proportion of the labor force, particularly in urban and semi urban areas (Ministry of Trade & Industry, 2013). At the regional state level, the Ethiopian government recognizes this sector as vital component of economic structure, supporting livelihoods, increasing income generation and fostering regional development (Susi, 2024; Abraha & Gebre, 2025). Nevertheless, MSE in the Woreda face challenges such as limited market and resource availability (Abebe & Tekle, 2020; Invest for Jobs, 2025).

Branding and promotion are crucial factors for small medium enterprises (SMEs) aiming to compete in Ethiopia's rapidly evolving market landscape. In an era characterized by intensified of where market competition reaches booming due to globalization and the expansion of digital platforms, branding supports SMEs develop various identity, enhance customer loyalty and foster perceived value (Kotler & Keller, 2016; Alemu & Zewdie, 2021; Bakalo & Amantie, 2023). Effective branding mitigates challenges such as resource limitation, weak market recognition, positioning the SMEs for sustainable growth (Odoom & Mensah, 2019; Bekele, 2023).

The product promotion which involves the communicating product benefits, persuade potential customers, boosting awareness, stimulating demand and generating positive brand associations is essentials for SME firm's success. Despite its importance SMEs often struggle with branding and promotional activities due to constraints such as financial limitation, insufficient human capital, marketing skill deficits, underdeveloped infrastructure (Meher & Hamato, 2022; Kant, Fisseha, & Garuma, 2023).

The market visibility is vital for SMEs to attract and retain pull the customers, build trust and compete with the larger firms and expand into export markets (Nege & Kero, 2024; Niguse, 2025). However, many SMEs experience low brand recognition due to inadequate and unsustainable product promotion, insufficient market information and weak market linkages to value chains. These factors restrict their growth potential and impair their long-term viability.

Consequently, branding and product promotion have emerged as strategic tools for SMEs to differentiate themselves, maintain customer loyalty and increase market share. Concurrently, institutional support including training, financial

incentives and monitoring provides SMEs with external resources needed to overcome operational challenges (Stiglitz,2017; Amha,2019). while each factor individually influences performance and growth, integrating branding, product promotion and institutional support within a comprehensive framework is fundamental.

Existing studies indicate that branding, product promotion and institutional support is significantly enhancing SME performance and growth. However, there is limited empirical evidences on the integrated effect of these factors on SMEs growth and most research relies on cross sectional designs with limited longitudinal analysis over several years (Yadete, Kant, &Kero, 2023; Bate &Pittaway, 2025). This study seeks to address these gaps by examining the influence of branding activities, product promotion and intuitional support programs on SME performance in Botor Tolay Woreda between 2011 and 2017.

2. Literatures Review

2.1 Conceptual Framework

2.1.1. Definitions and Key Concepts

2.1.1.1. Branding is widely defined as the process by which the business develops a unique name, symbol and image in the consumer mind, primarily through marketing campaigns and sustainable messaging (Kotler and Keller,2016). Branding encompassing the strategies aimed to differentiate a firm providing from competitors, constructing consumer trust and boost brand loyalty. The effective and efficient branding drive the recognition, price premium support and maintain long term firm's equity for SMEs (Aker,1991).

2.1.1.2. Product Promotion shows the set of activities applied by a business to communicate the value and benefit of its product and services to the customers, with the purpose of fostering awareness and demand stimulating (Jobber and Fahy,2009). The methods of product promotion are involving advertising, sales promotions, public relations, direct marketing and personal selling the whole intended to influence purchasing decisions of consumer and increase market reach.

2.1.1.3. Small and Medium Enterprises are defined in the context of Ethiopia depends on the size of employment and the amount of capital invested. SMEs are differentiated form micro and large enterprises and recognized as engine of job creation, poverty alleviation and local innovation (Abebe and Yismaw, 2020). The majority of the business at the woreda level frequently operating in manufacturing, service, agriculture and retailers' sectors.

2.1.1.4 Concept of Growth Performance

The growth performance shows the capacity of the industries to expand its operations, increase sales, increase market share, improve productivity and successful continues profitability over the time. In the case of SMEs growth not only measured by quantitative but also measured in terms of qualitative like by managerial capacity innovation, and market adoption.

2.2. Theoretical Foundations

2.2.1. Aaker's Brand Equity Model

Brand Equity as a set of assets and liabilities aligned to a brand which add to and subtract from the value offered through the product and services. The Framework develops four core elements those are brand loyalty, awareness of brand, perceived quality and association of brands. Brand equity is significant to enhance differentiation, maintain customer relationship and develop competitive advantage despite resource limitation (Aaker, 1991; Asefa and Getachew, 2015)

2.2.2. Keller's Brand Resonance Model

The brand Resonance Model which illustrates the pyramid of brand building through the steps of Brand identity (Salience), brand meaning (performance and imagery), brand response (Judgment and feeling) and brand resonance (loyalty and relationship). Developing strong brand resonance not just the recognition but also boosting deep meaning engagement that translates into repeat business and advocacy an outcome specifically valuable in the localized woreda level market (Kotler and Keller,2016)

2.3.1 Resource Based View (RBV) Theory

The resource base theory view theory shows that firms achieve performance by acquiring and utilizing Valuable, rare, inimitable and non-substitutable resources. In this research, branding and promotional activities indicates intangible resources that develop sustained competitive advantage. Small and Medium Enterprise that invest in strong brand equity and customer relationships differentiate themselves and increase profitability.

2.3.2 Dynamic Capabilities Theory

This theory extends the Resource Based View by focusing on the firm's capability to incorporate, develop and reconfigure resources in the changing environments (Teece, Pisano & Shuen,1997). SMEs dynamic capabilities manifest through adaptive marketing, innovation and brand repositioning specifically supported by institutional programs.

2.3.3 Institutional Theory

The institutional Model including policies, regulations and support programs influences organizational habits and performance (North,1990; Scott,2001). SMEs access to training, financial Incentive and market linkages offers institutionally important influences on operational success. The model supports the involvement of support programs as key external determinants of SMEs performance.

2.3.4 Branding and SME Performance

Branding activities serve as a crucial tool for differentiation and customer loyalty. Strong brand is an asset that increases customer-based brand equity, permits firms to command premium prices and gain market share (Keller, 2013). Effective and efficient branding transform small firms into trusted entities by developing emotional connections with customers (Ahonen,2017).

2.3.5 Product Promotion and SME Performance

Promotional activities refer to the communication strategies business apply to inform, persuade and remind consumers about their offerings. Promotion comprising advertising, trade fair participation and sales promotion directly influence market awareness and customer acquisition (Keller, 2016).

2.3.6 Institutional Support and SME Development

Institutional support involves all the external mechanism such as training, financing and monitoring offered by government offices, NGOs and financial institution which strengthen SME growth. Government backed the institutional model are significant for correcting market failures that bottleneck SMEs growth of (Stiglitz, 2017).

2.4. Empirical studies

The most existing research has primarily focused on Small Medium Enterprise (SME) in urban area such as Addis Ababa and zonal town like Jimma, where the infrastructure, market access and institutional support are relatively well developed (Bekele,2023; Ethiopian Marketing Strategy Study, 2022). According to Bekele (2023) a well-designed marketing strategy is crucial for increase brand visibility, customer retention and profitability among SMEs. Strategic innovation, including branding and promotional differentiation, contributes to sustained competitive advantage for enterprise in urban centers (Niguse, 2025). Despite these contributions, many existing studies rely predominantly on qualitative methodologies such as Interviews and descriptive case studies (Abrha,2025; Niguse, 2025). While these approaches offer valuable contextual insights, they are

limited by quantitative rigor and generalizability, which are essential for policy-oriented conclusions.

2.5. Research Gap

Despite the growing interest in SME branding and product promotion several empirical studies gaps remain, particularly regarding SMEs at the woreda level and the use of secondary data.

1, Geographic Gaps

Most studies focus on urban area like Addis Ababa and Jimma with little attention paid to rural woreda level SMEs (Niguse, 2025; Abrha, 2025).

2, Data Gaps

Available secondary datasets lack comprehensive indicators that capture branding and promotional activities at the woreda level. This limits the ability to conduct in-depth and context specific analyses (Ethiopian Marketing Strategy Studies,2022).

3. Temporal Gap

There is scarcity of longitudinal secondary data tracking SMEs growth over time. which hinders the identification of sustained effects of branding and promotion (Invest for Job, 2025).

Furthermore, most studies emphasize qualitative research designs and secondary data-dependent analyses are scarce. This limitation undermines the empirical robustness of findings essential for evidence-based policy-making (Ethiopian National Manufacturing SMEs Transition Strategy,2024)

Addressing these gaps through rigorous secondary data analysis at the woreda level would make a significant contribution to the empirical literature on SME development. It would also enhance the design of contextually relevant branding and promotional interventions to support the growth and sustainability of rural SMEs.

Figure 1: Conceptual framework of the study

Independent Variables



Source: Compiled from Reviewed theories and Researches

This study Model developed depends on existing theories and empirical studies of SMEs growth, marketing strategy, and institutional economics (Bekele, 2023; Niguse, 2025; Ethiopian Marketing Strategy Study, 2022). The model incorporates three independent variables they are.

Branding Activities: Measured by the number of SMEs actively engaged in branding initiatives, the frequency of branding efforts such as logo updates, packaging redesigns, rebranding and participation in branding training.

Product Promotion Activities: Evaluated through the frequency and scale of promotional campaigns, participation in trade fairs and exhibitions and access to external funding and marketing support for promotional activities.

Institutional Support: includes government and NGO provided training and capacity building programs, financial incentives or subsidies for SMEs and monitoring, evaluation and mentorship programs.

2.6. Hypothesis

1. Branding Activities → SME Performance

The higher engagement in branding initiatives such as logo design, brand consistency and training dive to improve performance in terms of sales growth, profitability and customer retention,

2. Product Promotion →SME Performance

The product promotion activities involve participation in trade fairs and external sponsorship are expected to increase market reach, sales and overall firm growth.

3. Institutional Support → SME Performance

The institutional factor like financial incentive, training and regular monitoring are expected to have a positive direct and indirect effect on SME performance through strengthening branding and promotional capacities.

3. Methods

This research adopted a quantitative approach to ensure objective measurement and statistical inference. This approach involves testing theories by examining relationships between independent and dependent variables, analyzed through statistical procedure to enable predictive generalization (Creswell,2009). The analysis included descriptive statistics, correlation, regression, trend analysis and hypothesis testing (Scribbr,2020).

An explanatory research design was employed, integrating descriptive and correlational elements. This design facilitates the examination of cause and effect relationships between predictor variables branding, institutional support and promotion and the outcome variables, SME performance. The longitudinal design allowed for the observation of trends between 2011 and 2017, to identifying changes in SME growth, branding, promotional and performance outcomes. Description and correlation analyses summarized the SME profiles, Sectoral distribution, support program as well as identified relationships between variables prior running regressions analysis.

This design provides holistic understanding of SME dynamics over time while permitting casual inferences about the influence of branding and promotional strategies (Scribbr, 2020; Simply Psychology,2020).

The target population comprised all SMEs registered and operating between 2011 and 2017 across the agriculture Service, manufacturing and retailers' sectors. A census approach was used, involving SMEs with complete data on relevant variables maximize coverage and minimize bias.

Data were collected from secondary government reports, including the first Growth Transformation Plan covering 2010 to 2015 E.C and performance reports for 2016 and 2017 E.C from the BotorTolay woreda SMEs office. These records provide reliable historical data for trend analysis and longitudinal assessment.

Data analysis proceeded with descriptive statistics to summarize SMEs profiles, activities and support programs using means and graphs. Correlation analysis

assessed the strength and direction of relationships through Pearson correlation coefficient, with significance set at $p < 0.05$. Trend analysis evaluated temporal changes in SME size, branding, promotion, and supporting indicators using line and bar graphs. Regression analysis tested casual effects via multiple linear regression using the below model.

$$y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

where, y = Performance SME, x_1 = Branding, x_2 = Promotion, x_3 = Institutional Support, and ε = is an error.

Reliability was ensured as the data from the SME registry office demonstrated consistency and repeatability. Validity was established by aligning operational definitions with SME performance and marketing literature, ensuring the constructs intended to be measured were accurately captured. Internal validity was reinforced by controlling for confounding factors in the regression models, thereby enhancing the accuracy of causal inferences (Sürücü & Maslakçı, 2020)

4. Result

4.1. Descriptive Analysis

4.1.1. SME Characteristics over Time

Table 1 presents the total number of small enterprises and average size over the seven years period. The total number of consistently increased from 700 in 2007 to 1,920 with an overall mean of 1,223.57 (SD = 517.60). The average number of employees grew from 3 to 7 with a mean of 4.71 (SD= 1.50). The average age of SMEs increased from 1 year to 7 years in 2017, averaging 3.71 years (SD= 1.98). These trends indicate that SMEs in emerging economies tend to expand in number and scale over time.

Table 1: Total SMEs, Average size and Average Age of SMEs

Variable	Obs	Mean	Std. Dev.	Min	Max
total sme	7	1223.571	517.599	600	1920
avg size	7	4.714	1.496	3	7
avg age	7	3.714	1.976	1	7

Source: Survey data from SME office of Botor Tolay woreda 2011-2017

4.1.2 Branding Activities

Table 2 reveals that branding efforts among SMEs were moderate. The average branding activities score was 112.14 (SD = 37), branding frequency was 2.86 (SD = 1.57), participation in branding training averaged 2.14 (SD = 1.07), and brand logo usage averaged 72.71 (SD = 34.28). These results suggest moderate engagement with branding among SME despite limited resources, emphasizing the need to raise awareness about branding as a vital strategy to enhance market competitiveness.

Table 2: Branding activities

Variable	Obs	Mean	Std. Dev.	Min	Max
branding activities	7	112.143	37.092	50	150
branding freq	7	2.857	1.574	1	5
branding training	7	2.143	1.069	1	4
brand logo use	7	72.714	34.282	34	120
Source: Survey data from SME office of Botor Tolay woreda 2011-2017					

4.1.3 Promotional Activities and External Support

Table 3 shows that promotional frequency averaged 3.71 (SD = 2.14), Participation in trade fairs averaged 3.86 (SD = 1.95) and external support availability had mean of 19.57 (SD = 11.90). The average promotional budget was 7,857 Ethiopian Birr (SD = 5,273.47). the uneven distribution of external support highlights challenges SMEs face in accessing market assistance.

Table 3: Promotional Activities and External Support

Variable	Obs	Mean	Std. Dev.	Min	Max
promotion freq	7	3.714	2.138	1	7
trade fairs	7	3.857	1.952	1	6
external support	7	19.571	11.9	5	42
promo budget	7	7857.143	5273.474	1000	15000
Source: Survey data from SME office of BotorTolay woreda 2011-2017					

4.1.4 Support Activity

Table 4 indicates moderate engagement in support activities, with training capacity averaging 551.14(SD = 385.24), financial incentive 514.86 (SD = 341.68), monitoring activity 525.43 (SD = 423.99), marketing linkage support 481.14(SD = 218.71) and advisory services 553.86 (SD = 413.57). These suggest that while support exists, its distribution varies widely, underscoring the need for more sustainable and equitable access.

Table 4: Supporting Activity

Variable	Obs	Mean	Std. Dev.	Min	Max
training capacity	7	551.143	385.239	125	1005
financial incentives	7	514.857	341.675	187	1100
Monitoring	7	525.429	423.992	130	1090
market linkage sup~t	7	481.143	218.714	59	700
advisory services	7	553.857	413.573	106	1200
Source: Survey data from SME office of Botor Tolay woreda 2011-2017					

4.1.5 Sectoral Distribution of SMEs

Table 5 shows sectoral participation with services averaging 413.14 (SD = 149.35), retailers averaging 216.43 (SD = 87.23) and agriculture averaging 584.29 (SD = 383.22). Agriculture and retail dominate SME sectors in the Botor Tolay woreda, while growth in services indicates economic diversification.

Table 5: Sectoral Distribution

Variable	Obs	Mean	Std. Dev.	Min	Max
Services	7	413.143	149.348	198	607
Retailers	7	216.429	87.225	126	368
Agriculture	7	584.286	383.217	150	1132

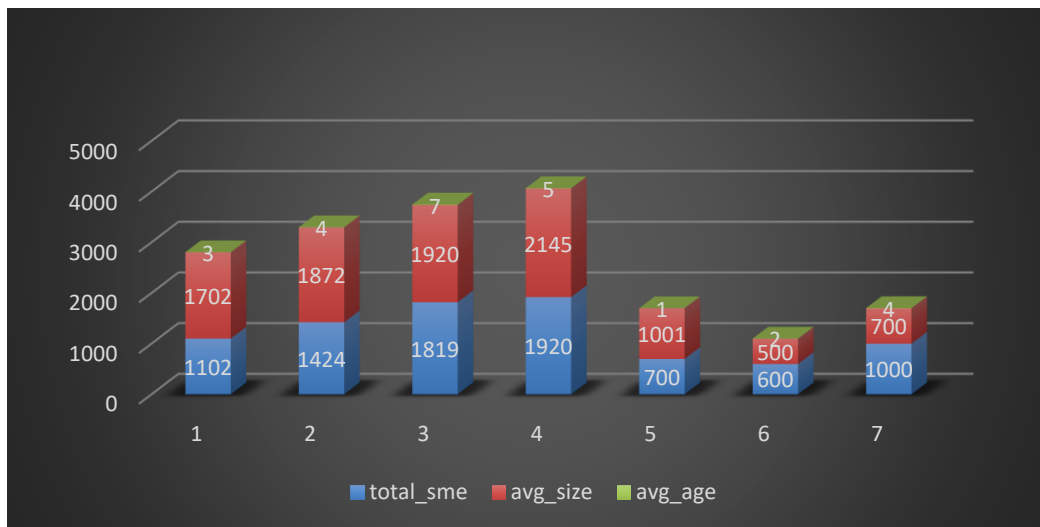
Source: Survey data from SME office of Botor Tolay woreda 2011-2017

4.2. Trend Analysis

4.2.1. Trend analysis of SMEs Over a year

Figure 2 shows that the total SME increased from 700 in 2012 to 1,920 in 2017, reflecting an overall growth of approximately 174%. The growth after 2013 aligns with the implementation of the Growth & Transformation Plan (GTP-I), emphasizing entrepreneurship and small business development. The average age of SMEs rose from 1 year in 2011 to 7 years in 2016, indicating strong survival rates. A slight drop to 5 years in 2017 suggests new firm entries, reflecting a dynamic SME ecosystem characterized by continuity and renewal.

Figure 2: Trend Analysis of SMEs over a Year

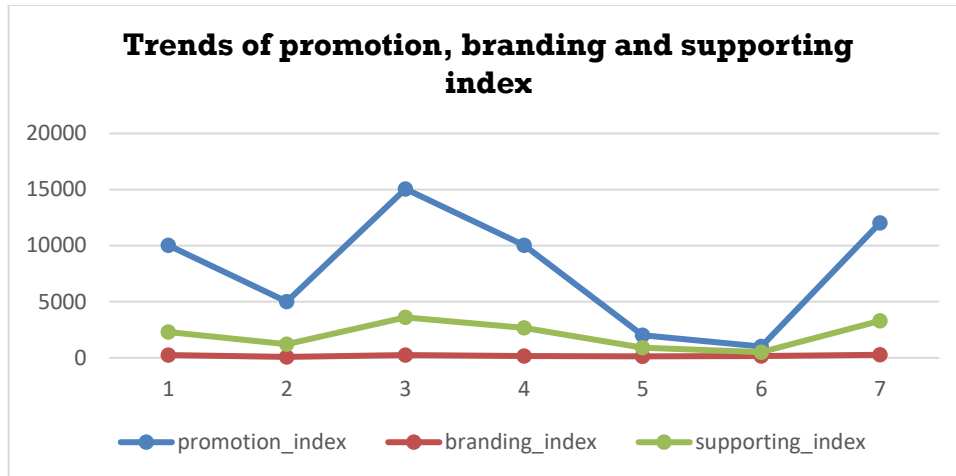


Source: Survey data from SME office of Botor Tolay woreda 2011-2017

4.2.2 Trend in Branding, Promotional and Supporting Index

Figure 3 shows that branding activities indicates a cyclical but positive tren, rising substantially from 2011 to 2016 before slightly declining in 2017. Promotional ffrequency increased sharply, peaking in 2016, with promotional budgets also expanding markedly. Trade fair participation steadily grew, indicating increased SME engagement in external market linkages. Institutional support showed similar trends, with improvements in training capacity and financial incentives from 2013 to 2016, aligned with intensified government entrepreneurial support efforts such as capacity building workshops and advisory services.

Figure 3: Trend in Branding, Promotional and Supporting Index

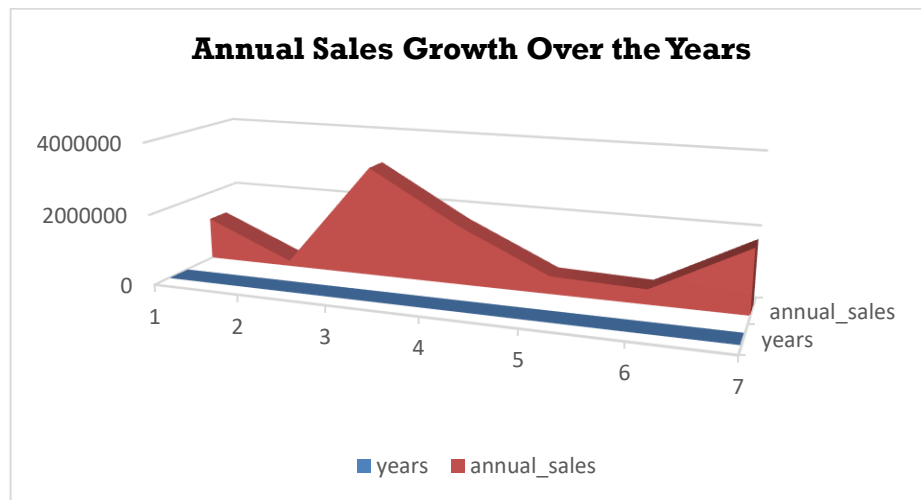


Source: Survey data from SME office of Botor Tolay woreda 2011-2017

4.2.3 Trend in Sales Growth

Figure 4 shows that seven-year sales trajectory exhibited fluctuations: initial high sales in 2011 declined sharply in 2012, followed by a peak in 2013, suggesting effective strategic initiatives. Sales gradually declined until 2016, possibly due to market saturation and increased competition, but showed notable recovery in 2017, indicating successful strategic interventions and market rebound. These patterns highlight the importance of adaptive strategies and continuous market monitoring for sustaining long term growth.

Figure 4: Trend in Sales Growth



Source: Survey data from SME office of BotorTolay woreda 2011-2017

4.3. Inferential Statistics Result

4.3.1. Correlation Analysis

Table 6 reveals strong positive correlations among independent variables, with particularly high correlation between promotion and supporting indices ($r = 0.987, P < 0.001$), indicating potential multicollinearity (Hair et al, 2010; Gujarati & Porter,2009). While each independent variable showed a strong and significant association with annual sales, including all simultaneously in regression could distort coefficient estimates (Kurtner et al.,2004). Therefore, composite indices (Marketing Support Index) were created by aggregating the three variables prior to regression (Field,2013).

Table 6: Correlation Matrix

Variables	(1)	(2)	(3)	(4)
(1) annual sales	1.000			
(2) promotion index	0.906* (0.005)	1.000		
(3) branding index	0.787* (0.036)	0.791* (0.034)	1.000	
(4) supporting index	0.916* (0.004)	0.987* (0.000)	0.805* (0.029)	1.000
*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$				

Source: Survey data from SME office of Botor Tolay woreda 2011-2017

4.3.2. Regression Analysis

4.3.2.1 Regression Diagnostics

In order to ensure the validity of the regression results, several diagnostic tests were conducted to assess the model assumptions including tests for Multicollinearity, Heteroscedasticity, Normality Linearity and specification error.

A. Multicollinearity

The high correlation among the independent variables branding, promotion and institutional support, the variance inflation factor was computed to assess multicollinearity. Results showed VIF values below the commonly accepted threshold of 10, indicating that while variable are correlated, multicollinearity does not severely distort coefficient estimates due to the creation of the composite Marketing Support index.

B. Heteroscedasticity

The Breusch-pagan test was conducted to check for heteroscedasticity. The results showed a p-value of 0.506 suggesting no evidence of constant variance in the residuals. Thus, the assumption of homoscedasticity was satisfied for this model.

Figure 5: Heteroscedasticity

```
Breusch-Pagan / Cook-Weisberg test for heteroskedasticity
Ho: Constant variance
Variables: fitted values of marketing_support_indice

chi2(1)      =      0.44
Prob > chi2  =      0.5062
```

C. Normality of Residuals

To assess the normality of residuals, Shapiro-Wilk Test was used. The test statistic was W= 0.87 with a P- value of 0.18, indicating that the residuals follow a normal distribution.

Table 7: Shapiro-Wilk W test for normal data

Variable	Obs	W	V	Z	Prob>z
r	7	0.868	1.736	0.925	0.178

D. Linearity Test

Linearity and correct model specification were evaluated using both residual versus fitted value plots and Ramsey RESET test. The residual plots showed no apparent patterns and RESET test yielded a P-value of 0.20 supporting the adequacy o the linear model specification.

Figure 6: Linearity Test

```
Ramsey RESET test using powers of the fitted values of marketing_support_indice
Ho: model has no omitted variables
      F(3, 2) =      3.92
      Prob > F =      0.2099
```

4.3.2.2 Model Estimation

To evaluate the effect of marketing activities on SMEs performance, multiple linear regression was conducted using the composite Marketing Support Index, combining branding, promotion and support indices. As the result of high

correlation among branding_index, promotion index, and supporting index ($r > 80$), these variables were merged into a single composite variable, marketing_support_index, representing the overall intensity of marketing and support programs undertaken through SMEs. The regression model estimated as specified as below.

$$\text{Annual Sales} = \beta_0 + \beta_1(\text{Marketing Support Index}) + \varepsilon$$

4.3.2.3 Model Summary

The model accounts for approximately 82.8% of the variance in annual sales, indicating excellent fit. The F-statistic ($F = 24.1, P < 0.05$) confirms that the regression model is statistically significant meaning the marketing support index reliably predicts SME sales performance.

4.3.2.4 Regression Coefficient

The marketing support index coefficient ($\beta = 0.005744, P = 0.004$) is positive and statistically significant at the 1% levels. This indicates that a one unit increase in the marketing support index corresponds to an approximately 5,700 Birr increase in SME annual sales, holding others factors constant. These find confirms that strong marketing support, including branding, promotion and external support directly enhance SME sales.

Figure 7: Regression Coefficient

Source	SS	df	MS	Number of obs	=	7
Model	212496009	1	212496009	F(1, 5)	=	24.10
Residual	44079386.9	5	8815877.38	Prob > F	=	0.0044
Total	256575395	6	42762565.9	R-squared	=	0.8282
				Adj R-squared	=	0.7938
				Root MSE	=	2969.2

marketing_~e	Coef.	Std. Err.	t	P> t	[95% Conf. Interval]
annual_sales	.005744	.00117	4.91	0.004	.0027365 .0087515
_cons	2863.814	1860.087	1.54	0.184	-1917.691 7645.318

Source: Survey data from SME office of BotorTolay woreda 2011-2017

5. Discussions

The data reveals an important and sustained growth trajectory of SMEs in Botor Tolay Woreda over the seven years study period. The total number of SMEs increased by approximately 174%, signaling a dynamic entrepreneurial

environment likely catalyzed by Ethiopia's national policies such as the Growth and Transformation Plan (GTP). This reflects successful governmental prioritization of SME as crucial engines for livelihood improvement and structural economic transformation.

The increase in average firm size and age points to SME maturation and resilience. Older and larger SMEs suggest improved survival rates, possibly due to greater market experience, strengthened financial access and institutional support mechanisms. Importantly, the slight dip in firm age in the latest collected data highlights the entry of younger SMEs, rejuvenating the ecosystem but also posing challenges for sustainability and competition.

Branding activity trends suggest growing SME recognition of brand identity strategic value. However, relatively low branding frequency and limited training participation imply ongoing capacity constraints. This aligns with broader empirical observations where many SMEs face resource shortages limiting their ability to implement comprehensive branding strategies. Scaling up branding training and support would likely enhance market positioning and competitive advantage.

Promotional activities increased both in frequency and investment, reflecting SMEs gradual shift towards more structured marketing and external market engagement through trade fairs. Nonetheless, unique access to promotion related external support indicates persisting resource distribution challenges within decentralized governance frameworks.

Institutional support exhibited mixed trends, improving markedly during the mid-study period but declining at the end. This inconsistency may stem from variations in program funding and administrative coordination, underscoring the need for sustained commitment and more integrated frameworks to maximize SME impact.

Sectorally, agriculture and retail remain predominant, with emerging service sector SMEs indicating economic diversification. This trend reflects the country's broader transition from an agriculture-based economy toward a more balanced, service-oriented development model, encompassing ICT hospitality and logistics. Inferential analysis confirms the critical synergistic role played by branding, promotional efforts, and institutional support in enhancing SME sales performance. The strong positive correlations and the robust explanatory power of the composite marketing support index underscore the importance of integrated marketing strategies and institutional facilitation in driving SME financial success.

Collectively, these findings suggest that while Ethiopia's SME policies contribute positively to growth and sectoral diversification, targeted efforts to address

capacity gaps in branding, equitable support distribution and sustained institutional engagement are essential for fostering a resilient and competitive SME sector capable of underpinning sustainable economic development.

6. Conclusion

The research assesses the trajectory of SME marketing habit and institutional support in Botor Tolay Woreda across seven years period. The results indicate apposite and statistically significant relationship between marketing support activities and SME performance, conforming that incorporating branding, promotional and institutional interventions collectively increase firms' sales and sustainability.

The study result shows that SME have not only expanded in number and size but also explains gradual professionalization in marketing and branding practices. However, disparities in access to financial and institutional constraining the potential of SME scale operations.

The finding in the policy perspective advocate for the institutionalization of holistic marketing support ecosystem that incorporate capacity building, financial incentives and continues mentorship. Strengthening such model ensure equitable SME development, enhance local economic resilience and accelerate ongoing structural transformations.

The research contributes to the SME and development literature by empirically validating the resource based and capability enhancement views demonstrating how marketing capability and institutional support collectively drive SME performance in emerging economies.

7. Recommendation

Strengthen Capacity Building in Branding and Marketing

The moderate branding engagement and limited training participation, priority should be given to expanding accessible and targeted capacity building programs focused on branding and promotional skills. This will support SMEs develop consistent brand identities and more systematic marketing approaches to enhance competitiveness.

Enhance Access to Institutional Support and Financial Incentive

Addressing uneven distribution of institutional support and financial assistance is crucial. Policymakers should prioritize equitable allocation of funding, training and mentoring programs to ridge gaps especially for newer and smaller firms that lack resources, enabling widespread SME growth and resilience.

Promote Structured Marketing Investment

With the promotional budgets increasing but still relatively modest an average, SME need support to adopt structured marketing plans. This could involve

subsidized participation in trade fairs, digital marketing platforms and increase access to affordable external marketing services to boost market visibility effectively.

Support Economic Diversification with Sectors- Specific Intervention

The Agriculture and retail dominate but service sector grow, interventions should be tailored to the specific needs of each sector. For instance, technology adoption support and entrepreneurship development in ICT related SME should be emphasized to promote post-agricultural economic transformation

Sustain and Coordinate Institutional Programs

The decline in support activities in later years illustrates the significance of program sustainability. Development agencies and government institutions ensure stable funding streams. Improved coordination among stakeholders and monitoring mechanism to continue SME support initiatives effectively over time.

Facilitate market Linkages and Networking Opportunities

Enhancing SMEs access to wider markets through improved linkage facilitation, partnerships and participation in cluster development accelerate growth. Encouraging cooperation among SMEs and linking them with larger value chains is a strategic priority.

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