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Relationship Management and Market Performance of Micro, Small and Medium Enterprises in Wakiso District, Uganda

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Abstract
Purpose: The study examined the influence of relationship management on market performance of MSMEs in Wakiso district.
Research Methodology: The study employed cross-sectional design utilizing convergent/concurrent mixed methods approach. A sample of 340 respondents was determined from 2,279 employees using Yamane. Purposive and random were employed to select proprietors and employees respectively. Data was collected through interviews and questionnaires. Quantitative data was analyzed using SPSS v.16.0 and JASP whereas NVivo for qualitative
Results: Results indicated that relationship management had a positive but not statistically significant effect on the market performance of MSMEs in Wakiso District (β=1.410; p>0.230). Qualitatively, results indicate that practical importance of relationship management activities is key for customer engagement and business development hance, influencing market performance.
Conclusions: The study concluded that although relationship management is crucial, but alone might not influence market performance except combined with other potential marketing strategies. The study recommended that MSMEs should regularly follow-up their customers, integrate non-digital marketing strategies, and invest in relationship management.
Limitations: The study employed JASP-SEM to test the moderating effect of the other variables. Thus, poor model specification might lead to underestimation and/or overestimation of the moderation effect. Therefore, this calls for a precise model specification to aid in the test, interpretation and analysis of the results.
Contributions: This research provides valuable insights into the role of relationship management in MSMEs' market performance, offering practical recommendations for integrating both digital and non-digital marketing strategies to enhance customer retention and business growth.

Keywords: *Customer Engagement, Market Performance, Relationship Management*

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1. Introduction

Market performance is defined as the ability for the market to distribute its desired products at prices that the community can afford (Khantimirov, 2017). This enables the company to have a competitive advantage over its competitors, a key measure of market performance. Wanjiru (2019) explains that market performance is the firm's ability to operate profitably and sustainably in a changing business environment, as indicated by factors such as customer base, sales volume, profits, and market share.

This ascertains that production and distribution efficiencies, fair prices, technological progressiveness, and product performance are vital to market performance.

Interestingly, market performance measures the markets' capability to adapt to unexpected events (Kayral, Bozkurt, Loukil, & Jeribi, 2025). For example, weather, wars, diseases, and price fluctuation, had adverse effects on the market performance. Notably, market performance reflected among consumer markets, measured by comparability, trust, extent of complaint, and consumer satisfaction in Europe (Repo & Timonen, 2017). Similarly, UK, Germany, and France, increased social media interactions stimulated customer buying decisions and online shopping of products, which helped the fashion and entertainment firms to earn more quick sales (Kate, 2012). MSMEs that employed social media in their day-to-day business operations greatly improved customer retention and customer satisfaction (Chaing, Rau, Shiang, & Chiang, 2021; Rootman & Nicole, 2016) indicated that in Sri Lanka, social media usage equipped marketers with information paramount for sales projections. Chaing et al. (2021) stipulate that sales volume was gained from social media through consumers' comments, likes, and opinions hence improved sales volumes of the Lolita fashion brand.

Further, market performance is paramount as it measures repeated purchases, information feedback, customer loyalty, resource optimisation, sales volume, and brand royalty (Khantimirov, 2017; Ngigi, 2008; Wanjiru, 2019). Thus, market performance highlights the ability of the firms to withstand external pressure and deliver its intended outcomes (Wanjiru, 2019). Market performance shows avenues through which MSMEs perform beyond internal and external pressures to achieve the set goals. The key constructs included sales volume, market share, and customer retention. This affirms competitive advantages, customer satisfaction, and loyalty, which accelerate market performance (Uraon & Gupta, 2020; Zabartih & Widhiarso, 2025).

Similarly, relationship management (RM), also known as customer relationship management (Staff, 2024). It is defined as the process employed by the businesses to manage, foresee and stimulate social interactions with their customers (Staff, 2024). In the process, businesses focus on the past, present and future customers, and the process includes activities such as product selling, customer-care services, data analysis and sales forecasts. Hence, reliance on customer relationships enables the business to value customers, increase satisfy customers, segment customers, retain customers and increase sales (Jemal, 2022).

In addition, RM is employed as a catalyst assess clients' preferences and needs to enhance customer service, customer retention, and revenue generation Dhayalan and Gunashree (2024) This aids the interaction between the customer and company to improve mutual value and sales. In their study, they emphasize social media integration in customer relationship management to change customer behaviour which is exhibited through like, share and comment to build strong long-lasting relationships (Dhayalan & Gunashree, 2024). Further, RM is a business strategy to improve relationship marketing which include development and maintenance of long-term relationship with customers (Elena, 2016; Yansah, 2024). This supports the firms to establish relationships with customers – customer royalty. Note, failure by the firm to establish clear RM, customers have a high chance to leave for the competitor. Elena (2016) infers that RM requires a firm to have social media at hand to enhance interactions and improve customer engagement. Thus, social media platforms such as Facebook, YouTube, LinkedIn, Twitter and Instagram among others are pivotal for closeness interactions and communication between the firms and customers hence stimulating business performance (Elena, 2016; Wahyuningtyastuti & Ariyanti, 2025).

of social networks, and the usage was not only for political but also business purposes (Matikiti, Kruger, & Saayman, 2016). Matikiti et al. (2016) adds that the social media space on Facebook, Twitter, and Myspace has connected businesses with people through interactive customer engagement to improve brand awareness and collect feedback from the target audience. With such social media usage, Nigeria's businesses improved their customer satisfaction, brand awareness, brand loyalty, and increased sales volume by Adoyi, Nnabuko, Uduji, Okoro, and Iloka (2022) report that social media usage such as information sharing and advertising are crucial for improved firm's market performance.

On the other hand, in the East Africa region, Berhanu and Raj (2024) indicated that social media usage allowed organizations to initiate and maintain relationships, customer engagement and information sharing. This facilitated market performance through purchase intention, promotion, and customer relationship management (Berhanu & Raj, 2024). And, Rwanda has embraced entrepreneurial development and digital utilization for market performance. Thus, Santos, Fernández-Serrano, and Guzmán (2025) noted that market performance includes market share, potential customer relationships, and physical facilities (Romain, 2020). Pereez, Nixon, Rebecca, and John (2022) added that market performance is measured by profitability, customer retention, and sales volume.

Further, Blencowe et al. (2016) noted that relationship management strategies promoted market performance of the M-Sente mobile money product of Uganda Telecom Limited [UTL]. Kibirige, Akabwai, Kampiire, Kiggundu, and Lumu (2017) asserted that market performance relates to sales volume, market share, market expansion, and customer satisfaction, repeated purchases and business growth. Despite the usefulness of social media usage among MSMEs in Wakiso district, limited access to ICT infrastructures, inaccessibility to the internet, unreliable power supply, and internet signals, and high data taxes inhibit social media usage and business performance in Uganda (Kahiigi & Semwanga, 2021).

Regrettably, MSMEs in Wakiso district continue to operate below 54% capacity due to declining sales and low demand for the locally produced products (Birungi, Mbidde, Mutunzi, & Kiwaala, 2024). This continued decline in market performance was evident in increased data costs, limited accessibility, and incompetence (Stanley, Marus, & Tushabe, 2025; Tiimub et al., 2023). But also, low levels of adoption of social media, and unclear guidelines (Richard, Osunsan, Namugembe, & Ahmed, 2023). Thus, such setbacks resulted into low sales volume, weak market share, and the inability of the MSMEs to retain their customer (Birungi et al., 2024; Sisay & Liku, 2022). With such declining market performance, MSMEs find it hard to operate sustainably.

The objective of the study was to establish the influence of relationship management on market performance of Micro, Small and Medium Enterprises in Wakiso district. And, the hypothesis was
H_0: Relationship management has no influence on Market Performance of Micro, Small and Media Enterprises

2. Literature Review

Firstly, (Suherna & Nasiatin, 2023) conducted a study in Banten titled "Relationship between customer Management of Micro, Small and Medium Enterprises (MSMEs) and marketing performance in Banten." The study was underpinned by the innovation theory and employed a quasi-experiment. The study sampled 209 respondents from 409 using purposive sampling to reach the desired sample. And collected data through questionnaires and interviews. The study employed SEM to analyse data, and it was tested through AMOS v.18. Results indicated customer relationship management had no significant effect on marketing performance ($\beta = 2.069$; $P > 0.77$). This implies that customer relationships, even if improved, do not impact the market performance of MSMEs. The previous study focused on marketing performance, not market performance (content gap), it was conducted in Banten Province (contextual gap), and employed only the innovation theory (theoretical gap). Therefore, the current study employed SIT and SMET to close the theoretical gap, conducted in Uganda, hence closing the contextual gap. The current study also focused on market performance, which helped to close the content gap.

Relatedly, a study by Belanche, Casaló, Flavián, and Ibáñez-Sánchez (2021) in Spain focused on influencers' role in building relationships. Furthermore, small and medium enterprises employ social media influencers to help them initiate and maintain relationship between the businesses and their customers as per their conversion from the influencers Belanche, Casalo´, Flavi´an, and Ibanez-Sanchez (2021). This implies that the management collaborates with credible influencers with the ability to attract more followers and allow management to formulate strategies suitable to initiate and maintain relationship with followers and viewers who are converted from potential and actual buyers. This affirms that brand ambassadors have a role to play in product relatedness purchases. This further ensures substantive relationship between the customers and the enterprise hence, customer royalty. The more a business capitalize on the social media influencer strategy, the better the performance (Belanche, Casalo´, et al., 2021). This might be observed as they regularly update and upload new content for the consumers who would be kept following the brand, provides their likes and comments to reach the proprietors/managers. Further, influencers provide appropriate content containing advisable information to the business and customers on how to stay in touch with the business entity and the brand to reach a wider audience.

Dogan-Sudas, Kara, Cabuk, and Kaya (2022) carried out a study on Customer Relationship Management and Business Performance: Empirical Evidence from an Emerging Market. The study employed Hunt and Morgan's resource advantage theory to guide the study. Data was collected through face-to-face personal survey from 152 top management team members out of 330, and the researcher employed simple random techniques. Data was analyzed using relational statistical analysis and SEM. Results indicated that revealed that traditional customer management approaches had a positive influence on firm performance (Dogan-Sudas et al., 2022). Therefore, study capitalized on customer relationship management while the current study focused on relationship management to bridge the content gap. further, the study was carried out in Turkey and the current study was conducted in Uganda to address the contextual gap. The study focused more on the general business performance of emerging market where's, the current study focused on market performance of MSMEs in Wakiso district to fill the knowledge gap.

A study by Khan, Salamzadeh, Iqbal, and Yang (2022) conducted titled, "The Impact of Customer Relationship management and Company Reputation on Customer Royalty: The mediating Role of Customer satisfaction". The study targeted 345 top management from whom 217 were sampled and participated in the study. Data was collected through questionnaires and analyzed using AMOS. Results indicated that customer relationship management and company reputation had a positive and significant impact on customer royalty. Further, in the process to gain more customers, sales and brand royalty, businesses employ various tactics to create and maintain relationships with customers and other stakeholders (Khan et al., 2022). Such strategies include customer relations, customer engagement, uploading quality content on the products on various social networks, involvement of influencers, and electronic word of mouth (eWOM). The tactics improve customer satisfaction, company reputation, brand royalty, sales volume and profitability. The tactics, further ensure customer base, customer retention, customer trust, and productivity of the enterprise (Khan et al., 2022). The study was conducted in Turkey, focused on customer relationship management, and on the other hand, the focused broadly studied firm performance. This implies that the did not capture market performance hence filling the conceptual and geographical gap. The study did not employ any research design neither did it employ a theory to under pin the study. Thus, the current study integrated SIT and SMET as theories to fill the theoretical gap, and it employed a cross-sectional survey design to fill the methodological gap.

Jain, Modi, and Dua (2023) conducted a study titled, Impact of Customer Relationship and Loyalty on Banking Industry in India. The study collected data from 350 randomly selected customers who transacted with the bank using questionnaire. The, analyzed data through Levene's test that is, t-test and ANOVA. Results revealed that customer relationship management has a big impact on customer happiness and royalty (Jain et al., 2023). The study did not use any theory to underpin the study; thus, the current study employed SIT and SMET to guide the study hence filling the theoretical gap. The study failed to include a research design and study population. But also, it only employed a questionnaire as a method for data collection. Therefore, the current study included a cross-sectional survey design and employ various data collection method to elicit data, this helped to address the methodological gap, further, the study was carried out in India and focused on the banking sector while the current study was conducted in Uganda and capitalize on the MSMEs in Wakiso district, hence filling the contextual gap.

Finally, Al Kurdi et al. (2022) conducted a study on “the role of digital marketing channels on consumer buying decisions through eWOM in the Jordanian markets”. Their study was moderated by E-WOM, and employed qualitative research design. The study utilized a sample of 255 participants from which data was elicited using structured questionnaire measured on 5-likert scale. Therefore, data was analyzed using PLS-SEM using SmartPLS3 program. The results indicated that all digital marketing channels had a positive and significant effects on the consumer buying decisions that is, Online advertising: $\beta=0.145$; T-value=2.387; $p < 0.05$; Social media: $\beta=0.016$; T-value=2.257; $p < 0.05$; Email marketing: $\beta=0.443$; T-value=4.925; $p < 0.05$; Websites (search engine): $\beta=0.356$; T-value=3.606; $p < 0.05$. Similarly, eWOM had a moderation effect on digital marketing channels on consumer buying decisions ($\beta=0.251$; T-value2.625; $p < 0.05$). Results signify that marketers use different digital platforms to attract and maintain customers through sharing valid and reliable product content (Al Kurdi et al., 2022).The information shared to attract customers should be original and attractive to the beneficiaries. Therefore, the previous study did not employ any theory to guide the study which the current study used to close the theoretical gap. Further, the study was conducted in Jordan, while the current study was carried out in Uganda to fill the contextual gap. The previous study focused digital marketing channels and consumer buying decisions whereas the current study focused on social media usage and market performance to close the content and knowledge gaps.

It against the above discussion that the researcher developed the hypothesis;
H_0: Relationship management has no influence on Market Performance of Micro, Small and Media Enterprises

3. Research methodology

3.1 Design

The study employed a cross-section survey design to collect data from the respondents at a time. The design was employed because yields large amounts of data at point in time and shortest time possible, but also allows for generalization of the results from the population (John W Creswell, 2012; John W. Creswell & Creswell, 2018). In addition, a mixed methods using qualitative and quantitative approaches for data collection was employed which is suitable for a pragmatic study (John W. Creswell & Creswell, 2018; George, Manski-Nankervis, Klaic, Kang, & Sudarsanam, 2024). Similarly, the approach employed convergent/concurrent mixed methods design collecting both data at the same time, but also saves time (Bell, Warren, & Schmidt, 2022). This helped the researcher to design a single study to answer questions on the problem’s complex nature and participants’ view point as well the relationship between measurable variables (George et al., 2024).

3.2 Sample Size

The study targeted 2,279 MSMEs from whom 340 were determined Yamane (Wakiso District Local Government, 2017). Proportionate sampling was then employed to determine the sample size of the respondents from the selected division & town councils (Table 1 below). The researchers employed purposive sampling to select 18 proprietors (Key Informants) of MSMEs in Nabweru division, and Kyengera and Kasangati town councils who were interviewed. The researchers also collected quantitative data through questionnaire with open-ended questions from employees who were selected randomly from MSMEs in Wakiso district

Table 1. Sample Size

Location	**Sample Size**	**Carpentry**	**MSMEs Metal Fabrication**	**Concrete Block**
Nabweru	96	32	32	32
Kyengera	140	46	47	47
Kasangati	104	34	35	35
Total	**340**	**112**	**114**	**114**

3.3 Data collection
The researchers designed the questionnaire with both close-ended and open-ended questions where close-ended were ranked on a 5-likert scale that, is 1-Strongly Disagree, 2-Disagree, 3-Neutral, 4-Agree, and 5-Strongly Agree. It was administered to the employees of selected micro and small enterprises to elicit quantitative data for the study. In addition, open-ended questions captured information for both independent and dependent variables.

The researchers used the interview guides to collect data from 18 micro and small enterprises' proprietors (Key Informants) from one division and 2 town councils because they are knowledgeable and experienced about usage social media and its impact on market performance for their enterprises. Further, the researcher recorded audios in consent with the interviewee to retain a full and uninterrupted record of the responses, which were later transcribed and information documented

3.4 Pilot Testing
The study employed 10% of 340 sample size, representing 32 employees, one picked randomly per the selected enterprises in Wakiso town council. Data was edited, cleaned and coded, and thereafter, entered into SPSS to tests Cronbach's Coefficient Alpha. Results indicated that the questions where reliable as they were above 0.7 threshold. Further, the researcher tested for validity through content validity index on the statements, and results showed that all the items were valid because of being above 0.7 threshold.

3.5 Data analysis
Data collected was into SPSS to run inferential statistics such as correlation and regression to test the relationship between variables (Walliman, 2021). The researchers employed Cronbach's alpha to test reliability whereas convergent validity was tested through EFA. But, EFA was carried out before inclusion of SEM. Therefore, to establish the structural relationship between the variables, EFA was conducted to determine factor loading across the constructs(Hair Jr et al., 2021). Therefore, SEM was employed to assess the measurement model of the proposed model of the study. The researchers also employed SEM to test model and validate model fit hence the structure model was developed and validated using the measurement model in the study.

Further, qualitative data was analyzed through thematic analysis including transcribing, coding transcripts, theme development and interpretation of study results (John W. Creswell & Creswell, 2018) and categorization of codes and reporting for qualitative data analysis was performed. Therefore, categorization of codes eased their entry into NVivo for further analysis. The qualitative data was integrated to complement the quantitative data in the discussion of the study results.

3.6 Unit of Inquiry and Unit of Analysis
The unit of inquiry was the proprietors/managers and employees of micro, small and medium enterprises. These were preferred because they possessed knowledge of social media usage and its influence on the market performance of MSMEs in Wakiso district. Similarly, carpentry, metal fabrication and concrete blocks were the unit of analysis.

3.7 Ethical Considerations
The researchers applied for approval from Kabale Research Ethics Committee (KABREC-2024-121), administrative clearance from the Wakiso District Chief Administration Officer (CAO) and the Uganda National Council of Science and Technology (SS2564ES) approved the study, which gave the leeway to the selected study area. Further, the researchers also ensured consent from the participants before inclusion into the study.

3.8 Design Limitation
The study employed JASP-SEM to test the moderating effect of the other variables. Thus, poor model specification might lead to underestimation and/or overestimation of the moderation effect. Therefore, this calls for a precise model specification to aid in the test, interpretation and analysis of the results.

4. Results and Discussions

4.1 Response Rate

Out of the 322 questionnaires administered to respondents under carpentry, metal fabrication and concrete blocks, only 291 questionnaires were usable for data analysis. This gave a response rate of 90%, and it was reliable and acceptable. This is supported by (Mugenda & Mugenda, 2003) who infer that a response rate above 70% is good enough. This is because it indicates higher and strong cooperation of the participants in the study and this helps to give justifiable results. Further, qualitative response rate 72% rising from 13 out of 18 interviewees because 5 declined to participate in the interview for their unspecified reasons as shown in Table 2.

Table 2. Quantitative & Qualitative Response Rate

Quantitative		**Qualitative**	
Variable	**Score**		**Score**
Total questionnaires administered	**322**	Total planned interviews with Proprietors of MSMEs	**18**
Number of questionnaires returned	302	Number of interviewees made	13
Non-responded questionnaires	4	Refusal for the interviews	5
Poorly filled questionnaires	7		
Valid/usable questionnaires	291		
Total percentage	**90.4%**		**72.2%**

4.2. Data Screening missing data, outliers and normality

Data collection through KoboCollect were exported into MS Excel to check for variance and missing values. Data were verified, edited, cleaned, and coded, and later imported into SPSS v.16.0 to aid analysis and checks for missing values, outliers, and normality.

4.2.1 Missing data

Missing values were managed through deletion of cases, and replacement with potential values (Emmanuel et al., 2021) to have complete dataset and support SEM which utilize complete dataset. Missing values and their percentage were computed using SPSS, and results revealed that, of the few items that had missing dsata, none of them had more than 5% of missing observations. The value was considered acceptable for proceeding with analysis without specialized missing data techniques since it was less than 5% as suggested by (Gordan et al., 2024; Kotronoulas et al., 2023).

4.2.2 Testing for Outliers

In the study, the researcher screened the dataset for outliers to have valid and reliable results. This was examined through using SPSS Z-score value for items. Results indicated that the largest Z-score was 2.52374 while the smallest was -1.94996. These extreme Z-score values were within the acceptable range of -3 to +3, an indication of the absence of potential outliers in the dataset used in this study.

4.2.3 Multivariate normality

In the study, Q-Q plots were constructed with the help of SPSS version 16.0 to give a visual confirmation of the normality of the data. Results indicated that majority of the points approximately lied on a straight diagonal line, and indication of normally distributed data. In the study, skewness values were estimated using SPSS 16.0, and the values ranged from -1.419 to -0.635, showing that the data were normally distributed. And also, kurtosis values of the data used ranged from -0.069 to 1.237 and indication of normality of the data used.

4.3 Reliability of measurement Scales

The reliability of the constructs in the study was examined using Cronbach's Alpha (Cronbach, 1951), which was tested using SPSS. Cronbach's Alpha is used to evaluate the tool's internal consistency. Mugenda and Mugenda (2003) suggest that a reliability coefficient of 0.70 or higher is reliable for research purposes, and the results are indicated in Table 3.

Table 3. Cronbach’s alpha for the studied variables

Construct	Cronbach's Alpha	No. of Items
Relationship Management (RMA)	0.840	7
Market performance (MPF)	0.942	30

From Table 3, all the Cronbach's alpha values of the variables scored were above 0.7. That is, Cronbach's alpha ranged from 0.840 to 0.942. This suggests that the items within each category reliably measured the intended constructs.

4.4 Exploratory Factor Analysis

4.4.1. KMO and Bartlett's Test for Relationship Management

Table 4 presents the value of KMO of 0.848 is greater than 0.5, and the value of Bartlett's test of sphericity Chi-Square is significant (p-value=0.000). This confirms that the data are suitable for factor analysis, and hence we can move on to EFA as indicated in Table 4.

Table 4. KMO and Bartlett's Test for Relationship Management

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.848
Bartlett's Test of Sphericity	Approx. Chi-Square	665.819
	df	21
	Sig.	.000

4.4.2 Total Variance Explained for Relationship Management

From Table 5, one component was extracted from a list of 7 items of relationship management data since it was the only one which had an eigenvalue greater than 1. This component explains 51.1% of the variations in the relationship management as shown in Table 5.

Table 5. Total Variance Explained for Relationship Management

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.579	51.135	51.135	3.579	51.135	51.135
2	.793	11.323	62.459			
3	.777	11.100	73.559			
4	.544	7.765	81.324			
5	.538	7.691	89.015			
6	.427	6.102	95.117			
7	.342	4.883	100.000			

Thus, the solution for relationship management could not be rotated since only one component was extracted. Thus, all the items of relationship management (RMA1, RMA2, RMA3, RMA4, RMA5, RMA6, and RMA7) were considered for CFA.

4.5 CFA for Relationship Management (RMA)

The model fits the data well as indicated by the fit indices which all fall within the acceptable ranges (Table 4). That is, CFI=0.916>0.9, TLI=0.974>0.9, RMSEA=0.067<0.08, SRMR=0.047<0.08, indicating that the data adequately fit the hypothesized structure as presented in Table 6.

Table 6. Fit measures

Metric		Value	
Root means square error of approximation (RMSEA)		0.067	
RMSEA 90% CI lower bound		0.091	
RMSEA 90% CI upper bound		0.146	
RMSEA p-value		4.062×10^{-5}	
Standardized root means square residual (SRMR)		0.047	

Hoelter's critical N (α = .05)		98.934	
Hoelter's critical N (α = .01)		121.496	
Goodness of fit index (GFI)		0.992	
McDonald fit index (MFI)		0.908	
Expected cross validation index (ECVI)		0.389	
Comparative Fit Index (CFI)		0.916	
Tucker-Lewis Index (TLI)		0.974	
Bentler-Bonett Non-normed Fit Index (NNFI)		0.874	
Bentler-Bonett Normed Fit Index (NFI)		0.898	
Parsimony Normed Fit Index (PNFI)		0.598	
Bollen's Relative Fit Index (RFI)		0.846	
Bollen's Incremental Fit Index (IFI)		0.917	
Relative Noncentrality Index (RNI)		0.916	

Results showed that indicators RMA1, RMA2, RMA3, RMA4, RMA5, RMA6 and RMA7 load onto latent variable relationship management (RAM). And, RMA2, RMA3, RMA4, RMA5, RMA6 and RMA7 loaded moderately onto RAM as seen from their path coefficients which range from 0.61 to 0.68 while RMA1 loaded strongly onto RAM with a path coefficient of 0.74 which is greater than 0.7. This indicated a positive relationship between latent construct relationship management (RAM) and the observed variables as highlighted in Table 7.

Table 7. Parameter estimates

Factor loading						**95% Confidence Interval**	
Factor	**Indicator**	**Estimate**	**Std. Error**	**z-value**	**p**	**Lower**	**Upper**
RAM	RMA1	1.000	0.000			1.000	1.000
	RMA2	0.934	0.089	10.540	< .001	0.760	1.108
	RMA3	0.835	0.083	10.006	< .001	0.671	0.998
	RMA4	0.834	0.084	9.968	< .001	0.670	0.997
	RMA5	0.777	0.078	9.900	< .001	0.623	0.931
	RMA6	0.753	0.080	9.443	< .001	0.597	0.910
	RMA7	0.775	0.078	9.903	< .001	0.622	0.928

The Average variance extracted (AVE) of 0.535, which is greater than 0.5, indicates that there was a good convergent validity as the latent factor (RMA) explained 53.5% of the variance in its indicators RMA1, RMA2, RMA3, RMA4, RMA5, RMA6 and RMA7. All the fit indices mentioned above are presented in Figure 1.

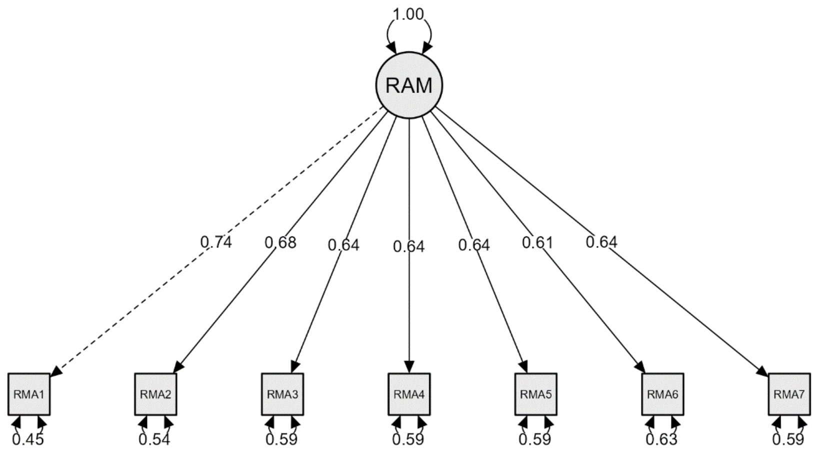

Figure 1. Measurement model for relationship management (RAM)

4.6 Hypothesis testing

The researchers assessed the direct hypotheses by analyzing the significance of the effect of relationship management on the market performance. This tested the stated hypothesis, "*H_0: Relationship management has no significant effect on the market performance of selected MSMEs in Wakiso district*" and the results are indicated in Table 8.

Table 8. Regression coefficients for the direct hypothesized relationships within the structural model

Regression coefficients							
						95% Confidence interval	
Outcome	Predictor	Std. estimate	Std. Error	z-value	p	Lower	Upper
MPF	RMA	1.410	1.174	1.200	0.230	-0.892	3.712

From Table 8, the coefficient of relationship management (RMA) is 1.410, which implies that relationship management has a positive effect on the market performance of MSMEs in Wakiso District. However, this effect is not statistically significant since the p-value corresponding to RMA (p-value=0.230) is greater than 0.05. Therefore, the study failed to reject H_{01} and concluded that relationship management has no significant effect on the market performance of selected MSMEs in Wakiso district. This implies that **MSMEs needs to employ strong relationship management practices to improved their market performance**. Thus, MSMEs capitalize on offline customer relationships such as face-to-face interaction, phone calls, and community engagement for better market performance.

The qualitative evidence highlights the central role of relationship management as a strategy for market performance of MSMEs. While the quantitative results did not show a statistically significant effect, the qualitative data highlight the practical importance of these activities for customer engagement and business development. Further, quantitative results were not supported by qualitative results which revealed that relationship management via social media is a routine and valued practice among MSMEs in Wakiso district. The results are summarized in Table 9 below:

Table 9. Influence of relationship management on market Performance

Interview Guide Question	Theme	Subtheme	Compelling Quotes	Frequency of Compelling Quotes
1. Which social media platforms do your SME use to interact and attract customers?	Relationship Management	Build relations	*"We use WhatsApp, Facebook, Instagram, and LinkedIn to interact and attract customers."*	7
2. Have the customers been able to contact you based on social media posts, and purchase the products?			*"Yes, customers have contacted us through social media posts and purchased products."*	6
3. How many days are dedicated to social media in a week to keep in touch with your customers?	Relationship Management	Manage relations	*"On average, four days a week are dedicated to social media to keep in touch with customers."*	5
4. Which online business tactics do your SME employ to increase customer purchasing power?			*"We use business WhatsApp accounts, automated messages, and regular updates to increase customer purchasing power."*	4

Respondents consistently described the use of multiple platforms, WhatsApp, Facebook, Instagram, and LinkedIn, to interact with and attract customers. As one participant explained, *"We use WhatsApp, Facebook, Instagram, and LinkedIn to interact and attract customers."* This multi-platform approach reflects a deliberate effort to reach diverse customer segments and maintain visibility in the market.
Regular engagement is also a key feature of relationship management. Most MSMEs reported dedicating several days each week to social media activities, with one respondent noting, *"On average, four days a week are dedicated to social media to keep in touch with customers."* This sustained presence allows businesses to nurture ongoing relationships, respond promptly to inquiries, and reinforce their brand in the minds of customers.

The interviews further indicate that social media is not just a tool for communication, but also a direct channel for sales. Several MSMEs confirmed that customers have contacted them through social media posts and subsequently made purchases. As one manager put it, *"Yes, customers have contacted us through social media posts and purchased products."* This demonstrates the practical impact of relationship management efforts on customer conversion and business outcomes.

To strengthen these relationships and encourage purchasing, MSMEs employ a range of online business tactics. These include the use of business WhatsApp accounts, automated messaging, and regular updates to keep customers informed and engaged. One respondent summarized this approach: *"We use business WhatsApp accounts, automated messages, and regular updates to increase customer purchasing power."* Such strategies are designed to maintain customer interest, provide timely information, and facilitate seamless transactions.
Thus, one of the respondents added that,

> *…as a business, we employ various online tactics to attract and retain customers. They are good relationship management tactics for us for example, good customer care, on-time customer response – feedback from customers, low tone to customer because they are our bosses, provision of products which suit customer needs. But also, to complement our relationship management with customers, we share quality product content so that they are maintained online. This enables them to like, follow, comment,*

and share on the posted content. Note, the emergence of technology today, a number of people keep on social media, such as WhatsApp, X, Facebook and YouTube, among others. Thus, posting your items or what you do helps to acquire and retain more customers (Proprietor B, Interview 6, May 15, 2024).

4.7 Discussion

The results show that the coefficient of relationship management (RMA) is 1.410 which implies that relationship management has a positive effect on market performance of MSMEs in Wakiso District. However, this effect is not statistically significant since the p-value corresponding to RMA=0.230 is greater than 0.05. Therefore, the study failed to reject H_0 and concluded that relationship management has no significant effect on market performance of selected MMSMEs in Wakiso district. This implies that MSMEs needs to employ strong relationship management practices to improved their market performance. Thus, MSMEs should capitalize on offline customer relationships such as face-to-face interaction, phone calls, and community engagement for better market performance. Infante and Mardikaningsih (2022) agree that relationship management with various stakeholders helps marketers to enhance customer base and customer retention, which are vital for increased sales and profitability of the enterprise.

Therefore, quantitative results indicate that relationship management has no influence on market performance. This means also that business proprietors have to use other means to relate with their customers so as to enhance market performance. On contrary, the results are not supported by the previous scholars, for example, Infante and Mardikaningsih (2022) denote that relationship management with various stakeholders helps marketers to enhance customer base and customer retention which are vital for increased sales and profitability of the enterprise. In addition, the increased usage of social media has helped to initiate and maintain relationship of various key stakeholders. In doing so, marketers use different digital platforms to attract and maintain customers through sharing valid and reliable product content (Al Kurdi et al., 2022). Regrettably, Belanche, Casaló, et al. (2021) do not agree study findings and state that small and medium enterprises employ social media influencers to help them initiate and maintain relationship between the businesses and their customers as per their conversion from the influencers.

Khan et al. (2022) disagree with the findings and denote that businesses are employing tactics to create and maintain relationships with customers gain more customers, sales and brand royalty. Therefore, for the MSMEs to enhance their market performance would employ various tactics improve customer satisfaction, company reputation, brand royalty, sales volumes and profitability because research has proved that social media usage does not influence market performance. However, trust must be exhibited between the employees and customers who are engaged in online discussions on various social networks. Therefore, the interactions create the willingness of the customers to remain loyal and establish a strong relationship with the enterprise (Ebrahim, 2020).

5. Conclusions

5.1 Conclusion

Based on the findings, the study failed to reject the null hypothesis and concluded that relationship management had a positive but statistically insignificant effect on the market performance of MSMEs in Wakiso District (β=1.410; P>0.230). The results indicate that while relationships with customers may positively influence sales volumes, customer retention, market share, and customer base, this effect is considered statistically insignificant. This may be attributed to factors such as inadequate customer follow-up, limited relationship management systems, and insufficient advertising of customer engagement in market performance. The study concludes that although relationship management is important, it alone may not significantly influence market performance unless combined with other marketing strategies.

5.2 Research Limitations

The study was limited to the sectors of carpentry, metal fabrication, and concrete block production in the areas of Naberu, Kyengera, and Kasangati, which restricts the representation of the entire MSME sector, especially in other districts in Uganda. Therefore, the results of this study should be used with caution when generalized or replicated. Additionally, the study focused solely on these three types of MSMEs, excluding others, which limits the applicability of the findings to the broader MSME sector in Uganda.

5.3 Suggestions and Directions for Future Research

MSMEs should place greater emphasis on customer follow-up to build trust and customer loyalty. Establishing clear customer relationship management systems and providing quality customer service should be prioritized to improve brand loyalty. Furthermore, MSMEs should integrate digital and non-social media marketing strategies to address periods of limited internet access or inadequate digital infrastructure. This will make relationship management strategies more impactful, even in situations where digital infrastructure is limited. MSMEs should also continue investing in relationship management through regular, multi-platform engagement and personalized communication. These efforts should be integrated with other business functions such as customer service, product development, and feedback mechanisms to maximize their impact on market performance.

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Author Contributions

HSM Conceptualization, methodology, data collection, analysis, and manuscript drafting. ME Data collection, methodology development, analysis support, and manuscript revision. ANM Supervision, validation of results, manuscript review, and final approval.

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