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**“CORRELATIONS BETWEEN ENTREPRENEURIAL MARKETING  
DIMENSIONS AND SMALL AND MEDIUM-SIZED ENTERPRISES’  
(SMEs) PERFORMANCE”**

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## DECLARATION

I hereby declare that this dissertation, entitled “**Correlations between Entrepreneurial Marketing Dimensions and Small and Medium-Sized Enterprises’ (SMEs) Performance**” was composed solely by myself for the degree of Doctor of Philosophy in Business Administration under the guidance and supervision of Assoc. Prof. Dr. Veland Ramadani, South East European University, Tetovo, North Macedonia.

I confirm that, except where indicated through the proper use of citations and references, this is my own original work. Whilst registered as a candidate for the above degree, I have not been registered for any other research award. The results and conclusions embodied in this thesis are my own original work and have not been submitted for any other academic award.

## DEDICATION

*To my blessings Bora and Fjolla,  
Who give meaning to everything I do!*

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## ABSTRACT

*The traditional marketing practices are found not to be suitable for small and medium enterprises. Consequently, in the actual business environment with increasing dynamics, turbulence and competition, entrepreneurs have to unlearn the traditional management principles and replace them with new innovative thoughts and actions, such as entrepreneurial marketing (EM). This study will examine the impact of entrepreneurial marketing dimensions on the performance of SMEs in Kosovo. The study is based on the deductive approach and therefore all hypotheses are derived based on the existing literature related to this subject. The sample in this study consisted of 250 respondents. The survey questionnaire for this study is developed by using measurement scales adopted from prior studies. The questionnaire was initially translated from English to Albanian and then it was pilot tested and checked for internal consistency and reliability. After pilot testing, the final questionnaire is constructed and was distributed to the owners of randomly selected SMEs by “drop off and pick” technique. The data is analyzed using the Software for Statistics and Data Science (STATA), version 14. Initially, the Cronbach’s Alpha reliability test is performed and then the data were analyzed using both descriptive and inferential statistical techniques such as Correlation and Multiple regressions.*

**Keywords:** Entrepreneurial marketing, EM dimensions, SMEs, performance, Kosovo

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## **ABBREVIATIONS**

EM	Entrepreneurial Marketing
EO	Entrepreneurial Orientation
GDP	Gross Domestic Product
KAS	Kosovo Agency of Statistics
KIESA	Kosovo Investment and Enterprise Support Agency
MO	Marketing Orientation
SME	Small and Medium Enterprise
TAK	Tax Administration of Kosovo
EFF	Efficiency
GRTH	Growth
PRF	Profit
OPG	Owners Personal Goals
REP	Reputation
PRO	Proactiveness
OP	Opportunity Focus
CRT	Calculated Risk Taking
INV	Innovativeness
CI	Customer Intensity
RL	Resource Leveraging
VC	Value Creation

# **1 CHAPTER 1: INTRODUCTION**

## **1.1 Introduction**

The aim of this study is to expand the understanding of the impact of entrepreneurial marketing dimensions on the overall SME performance. Particularly, this study explores how entrepreneurial marketing (EM) dimensions, such as proactiveness, calculated risk-taking, innovativeness, opportunity focus, customer intensity, resource leveraging and, value creation (Morris et al., 2002) are correlated with performance dimensions of growth, efficiency, profit, reputation and owners' personal goals.

This chapter provides the study background and scope of the study. Then, research gap, research objectives and, research hypotheses will be presented. This chapter also outlines the expected contribution of the study. In the end, it summarizes the structure of the thesis.

## **1.2 Background**

Today's business environment has become very challenging, especially for small and medium enterprises (SMEs). This competitive environment is being characterized by increased risk, uncertainty, chaos, change, and contradiction. These characteristics are having an important impact on marketing in a global economy, where customers are continuously becoming more and more demanding (Hills et al., 2008). There is a general agreement that marketing is very important for the success of every organization. It can also be argued that this importance is even higher in small and medium enterprises (SMEs), whose survival is often determined by losing or gaining a single customer (Becherer et al., 2012). These changes in the business environment have increased the curiosity of many researchers to study if the traditional marketing practices found in the literature are appropriate also for small and medium enterprises. What appears to be evident for researchers regarding those traditional marketing practices is that they are often seen as not appropriate for SMEs. Therefore, entrepreneurial marketing can be considered as a new



paradigm, which integrates important portions of entrepreneurship and marketing into a broader concept, where marketing becomes a process that may be used by companies to act entrepreneurially (Collinson, 2002). As a result, in the actual business environment characterized by increased dynamics, disorder and high competition, entrepreneurs have to leave aside the traditional marketing principles and replace them with new innovative actions and ideas, which are integrated in *entrepreneurial marketing* (Hills et al., 2010).

The term “entrepreneurial marketing” is often associated with marketing activities in small companies that have limited resources and therefore must rely on creative and unsophisticated tactics. The term is also used to describe unplanned, nonlinear and visionary marketing actions taken by entrepreneurs (Morris et al., 2002).

Entrepreneurial marketing was initially introduced in 1982. Since then, even though many authors have tried to define it (Hills and Hulltman, 2011; Morris et al., 2002; Stokes, 2000), there is still no generally accepted definition. But, despite that fact, entrepreneurial marketing is considered as a new promising and growing research field at the meeting point of the two most important areas of business administration (Hills et al., 2010). Entrepreneurial marketing is described as an organizational orientation comprised of seven basic dimensions such as; proactiveness, innovativeness, customer intensity, calculated risk-taking, opportunity focus, resource leveraging and, value creation (Hisrich and Ramadani, 2017; Morris et al., 2002). The most recognized types of entrepreneurial marketing are guerilla marketing, buzz marketing, ambush marketing, and viral marketing (Hisrich and Ramadani, 2018). These marketing types are considered very useful for SMEs because they are considered as low cost and innovative forms of doing marketing.

Existing studies in this field have found that EM has a positive impact on company performance (Becherer, et al., 2012; Hacıoglu et al., 2012; Hamali, 2015; Hamali et al., 2016; Morrish and Deacon, 2012; Mugambi and Karugu 2017; Rashad, 2018). Given that EM dimensions derive from marketing orientation (MO) and entrepreneurial orientation (EO) dimensions, studies show that both MO and EO have also a positive effect on the firm performance (Bhuian, 2005; Jaworski and Kohli, 1993; Keh et al., 2007; Kirca et al., 2005; Lumpkin and Dess, 2001; Matsuno et al., 2002; Narver and Slater, 1990).

Hence, it is imperative for small and medium enterprises to realize the significance of the new marketing paradigm and apply it in order to increase their overall performance.

SMEs in Kosovo represent 99% of all registered companies. They significantly contribute to both, employment and gross domestic product (GDP). The classification of companies in Kosovo is defined by the law No. 03/L-031. Based on this law, the number of employees is the only criterion that classifies companies as SMEs. Therefore, the enterprises that employ less than 9 employees are considered micro, enterprises that employ between 10-49 employees are considered small and those that employ between 50-249 employees are considered medium enterprises (Gazeta Zyrtare e Republikës së Kosovës, 2008).

The number of SMEs in Kosovo varies among the agencies that offer these data. According to the Kosovo Agency of Statistics (KAS), the number of registered business in 2016 was 152,723 while according to the Tax Administration of Kosovo-TAK there are only 62,462 businesses that declare taxes in this institution. The difference in these numbers is presented in Table 1.

**Table 1: The number of SMEs according to KAS and TAK (2016)**

<b>Number of businesses according to MTI</b>	<b>Number of businesses according to Tax Administration</b>	<b>Difference</b>
152,723	62,462	90,261

**Source:** KAS and TAK (2016)

These differences among the data presented in Table 1, indicate that there may be companies that are no longer active, or that there is much business activity going on at the grey market.

The contribution of SMEs in Kosovo on GDP and employment is similar to worldwide trends. Based on the strategy for SME development in Kosovo (2011), the SMEs contribute 62.24 % on the total employment and 43.30% on GDP (Government of the Republic of Kosovo, 2012). Nevertheless, these figures are thought to be much higher based on the data related to the

informal economy that is thought to be 34.4% of the GDP (Government of the Republic of Kosovo, 2014).

Regardless of all the discrepancies in the number of SMEs in Kosovo, it is obvious that they play a crucial role in employment and on the GDP. Due to the fact that the majority of the companies operating in Kosovo are SMEs, the government has recognized the importance of these businesses, and as a result, has created the Kosovo Investment and Enterprise Support Agency (KIESA) that offers different kinds of support for SMEs.

Based on the above discussion regarding the importance of marketing for the business success, it is imperative for the owners of these companies to understand and adopt behaviors, which ensure the development and application of the entrepreneurial marketing dimensions in order to increase their performance.

### **1.3 Scope**

Considering that the aim of the study is to find the correlations of EM dimensions and their impact on the performance of SMEs in Kosovo, its scope is focused on the following aspects:

1. Even though many authors have developed a different number of EM dimensions, this study will be based only on the seven EM dimensions proposed by Morris et al., (2002).
2. The study focus will be only on SMEs in Kosovo.
3. Since there is no agreed performance measurement among researchers (Murphy et al., 1996), and based on the recommendations of many researchers (Evans, 2005; Kaplan, 1983; Murphy and Callaway, 2004; Panigyrakis and Theodoridis 2007; Randolph et al., 1991; Venkatraman and Ramanujam, 1986) that the performance measurement should include both financial and nonfinancial measure, this study will use growth, efficiency, profit, reputation and owners' personal goals as the dimensions of overall SME performance.

## **1.4 Research gap**

As a new field of study, entrepreneurial marketing has attracted the attention of numerous academics. Even though literature search shows that there are numerous results on this topic, it is noticed that most of the studies are of theoretical and historical nature, while there is a limited number of empirical researches in this field. Morris et al., (2002) stated that this relatively new field of study is very rich in research opportunities. The gaps in the worldwide literature are considerable since there is still no agreed definition of entrepreneurial marketing as well as there is still no unified agreement on the number of EM dimensions and practices. Toghraee et al., (2017) have undertaken an extensive review of entrepreneurial marketing literature and found that there is substantial heterogeneity of approaches among studies, which indicates that there is a challenge on the intersection of marketing and entrepreneurship. Since it is found that there are too many heterogeneous samples, too many remote questionnaire studies with single respondents and too few quantitative studies, there is a need to improve the quality of quantitative research on this topic.

While there is a considerable interest in EM, it looks like the concept of entrepreneurial marketing dimensions has not received enough attention, even despite the fact that it is found to be a very important component that accounts for growth and a significant increase in performance of entrepreneurial firms. Therefore, it may be said that the concept of entrepreneurial marketing dimensions is relatively new and still unexplored, and it offers plenty of opportunities to deepen the understanding of this field.

This study will be one of the first studies in Kosovo that will try to understand the correlation between EM dimensions and the performance of SMEs. As a result, the study will fill a considerable gap in the regional literature and will also contribute to the worldwide entrepreneurial marketing literature. Also, it will be a good base for further similar studies in the countries in the region, where a lack of such a study is noticed.

## **1.5 Research objectives**

The research objective of this study is divided into general and specific objectives.

### **1.5.1 General objective**

The general objective of this research is to measure the impact of entrepreneurial marketing dimensions on the overall SME performance in Kosovo.

### **1.5.2 Specific objectives**

The specific objectives of the current research are:

1. To define the impact of proactiveness on the overall SME performance;
2. To examine the impact of opportunity focus on the overall SME performance;
3. To determine the impact of calculated risk-taking on the overall SME performance;
4. To define the impact of innovativeness on the overall SME performance;
5. To define the impact of customer focus on the overall SME performance;
6. To define the impact of resource leveraging on the overall SME performance;
7. To define the impact of value creation on the overall SME performance.

## **1.6 Research hypothesis**

This research will use a deductive approach, meaning that hypotheses are developed based on the existing theories. Consequently, based on the extensive literature review the following hypotheses are defined:

*H1: Proactiveness has a significant impact on overall SME performance.*

*H2: Opportunity focus has a significant impact on overall SME performance.*

*H3: Calculated risk taking has a significant impact on overall SME performance.*

*H4: Innovativeness has a significant impact on overall SME performance.*

*H5: Customer intensity has a significant impact on overall SME performance.*

*H6: Resource leveraging has a significant impact on overall SME performance.*

*H7: Value creation has a significant impact on overall SME performance.*

## **1.7 Contributions**

Despite being a very attractive research field for the past three and a half decades, there are still not many empirical studies conducted on this topic. Moreover, there is little, or nothing known about the EM dimension and their impact on the overall SME performance in Kosovo. The expected outcome of this study is to provide a contribution to this gap in the literature by providing a first study that will link the entrepreneurial marketing dimensions with the performance of SMEs in Kosovo. Moreover, by answering the research hypotheses, this study will, in addition, fill a gap in worldwide literature since there is still a scarcity of quantitative studies in this field. The results of the study can also be helpful for policymakers who are aware of the importance of SMEs on the country's economy, and therefore may use the results of the study in order to create better policies for SMEs support. The owners of the companies may also benefit from this study by understanding and adopting some of the concepts of entrepreneurial marketing introduced in this research. Moreover, this study may raise the interest of other scholars and researchers in further developing this relatively new and attractive research field.

## 1.8 Structure

This doctoral thesis is comprised of five chapters:

**Chapter 1 – Introduction:** This chapter introduces this research by covering the background of the study, its scope and, the research gap. This chapter also presents the objectives and hypotheses of the study. In the end, contributions of the study are highlighted.

**Chapter 2 – Literature review:** This chapter includes the specifics of SMEs, marketing in SMEs, and performance measurement in SMEs. This chapter also offers an overview of the existing theories and literature related to the topic of EM. It particularly covers the development of EM, EM definitions, explains the differences between traditional and EM marketing, EM strategies, forms of entrepreneurial marketing, and the detailed explanation of EM dimension. The chapter ends with a review of empirical studies related to current research and the presentation of the conceptual framework of this study.

**Chapter 3 – Methodology:** This chapter draws the research methodology used in the current study. The chapter presents the research process, approach, and design. The methods of data collection, study variables, methods of data analysis and pilot testing are also included in this chapter.

**Chapter 4 – Findings:** This chapter will provide the data collection process, and data analysis including descriptive and inferential statistics. The chapter will also include the hypotheses testing and dominance analysis.

**Chapter 5 – Summary:** This chapter will discuss the research result which will be followed by a conclusion. In the end, the research will present the contribution of the study, the limitations as well as the recommendations and future research directions.

## **2 CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

The following chapter will introduce the existing literature on SME marketing, SME performance measurement, entrepreneurial marketing, and the empirical review of the existing literature related to the current study. The chapter among others will present in details the history and evolution of EM, the EM definitions, differences between traditional marketing and EM, characteristics of EM, the EM strategies, forms of EM and EM dimensions.

### **2.2 Specifics of small and medium enterprises (SMEs)**

It is widely accepted that SMEs play a vital role in the economy. Because of their importance, they are referred as the generator of the worldwide economy since they are considered as innovation drivers, job creators and significant contributors in the GDP of every country. SMEs, by number, dominate the world business stage. Although precise, up-to-date data are difficult to obtain, estimates suggest that more than 95% of enterprises across the world are SMEs, accounting for approximately 60% of private sector employment (Ayyagari et al., 2011). In emerging countries SMEs are linked to most of the formal jobs as they create 4 out of 5 new job positions, and it is considered that these numbers are much higher if also the informal SMEs would be taken into account (International Finance Corporation, 2012). Similarly, SMEs account for more than 95% of companies and 60%-70% of employment in OECD economies (OECD Observer, 2000). Besides their role in the employment, SMEs are very important contributors to the GDP of every country even though this contribution varies considerably among different countries. This impact ranges from 16% of GDP in low-income to 51% of GDP in high-income countries (Edinburgh Group, 2012).

Despite their role and contribution to the economy of every country, there is still no universal definition about SMEs. They are usually defined as independent companies that employ less than a certain number of employees. However, the number of employees is not



always the only factor that defines a company as an SME as different institutions or countries have different guidelines for defining companies that are considered as SMEs. These guidelines usually are based on sales, the number of employees, turnover or assets. According to International Finance Corporation, a company to be considered as SME should have less than 300 employees and less than 15 million dollars in sales and assets (International Finance Corporation, 2012). The European Union has defined a small and medium-sized enterprise as enterprises which employ less than 250 people, have an annual turnover not more than EUR 50 million, and/or an annual balance sheet total not more than EUR 43 million. This UN definition is further narrowed to defining also micro and small enterprises (Official Journal of the European Union, 2003) (Table 2).

**Table 2: UN definition of SMEs**

<b>Category of enterprise</b>	<b>Number of employees</b>	<b>Turnover</b>	<b>Annual Balance Sheet</b>
Medium	less than 250	$\leq 50$ million €	$\leq 43$ million €
Small	less than 50	$\leq 10$ million €	$\leq 10$ million €
Micro	less than 10	$\leq 2$ million €	$\leq 2$ million €

**Source:** UN Commission Recommendation 2003/361/EC (2003)

### **2.2.1 Marketing in Small and Medium Enterprises (SMEs)**

Even though marketing in SMEs is a widely researched field, it is still a continuous issue among many researchers. Knowing that SMEs differ from large companies in many ways, many authors have tried to understand if the same marketing concepts are applicable to both types of companies.

There are many definitions of marketing, although the most applicable definitions are those given by Kotler and American Marketing Association. Kotler and Keller (2016) have defined marketing as “art and science of choosing target markets and getting, keeping, and

growing customers through creating, delivering, and communicating superior customer value” (Kotler and Keller, 2016,p.27). The official definition of American Marketing Association about marketing is “Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (approved in July, 2013) (“American Marketing Association”, 2017)

Marketing is considered as one of the largest problems that SMEs face (Huang and Brown, 1999), but at the same time, it is considered as one of the most important activities for their survival and growth (Franco et al., 2014). Therefore, it is argued that marketing theories do not conform within the marketing performed in SMEs (Bettiol et al., 2012; Carson and Cromie, 1989; Gilmore et al., 2001; Hills et al., 2008; Reijonen, 2010), which is often in sharp contrast with traditional theories in textbooks (Gilmore et al., 1999).

There are many differences in how small firms perform marketing in comparison to large firms. The adoption of marketing is conditioned by the owners' perception of marketing which may be way different from the approaches proposed by academics (Marcati et al., 2008). Owners of small firms often face many limitations when performing their business and marketing activities. These limitations often are related not only to lack of cash, marketing expertise and, small business size (O’Dwyer et al., 2009) but often also due to the small number of employees and lack of other resources (Bjerke and Hultman,2002) such as external resources, internal resources and their attitude toward business and marketing (Cacciolatti and Lee, 2015). The owners of SMEs think and behave differently regarding marketing comparing to large organizations (Gilmore et al., 1999, Fillis, 2002). Besides, small business also often lacks the knowledge and understanding of marketing practices (Carson, 1990). Due to these limited resources, SMEs are not able to perform the marketing as large firms.

Other differences between SMEs and large companies are found in the work of Walsh and Lipinski (2009) who found that large organizations are more structured and have clearer hierarchy in decision making, while in small organizations decision are mainly linked to the owner of the company, and therefore marketing function is not developed in small companies like in large ones. While large companies have marketing departments that include specialist in fields like sales, promotion, advertising, distribution, customer service, market research,

marketing personnel and pricing (Webster, 1992), most of the SMEs do not have formal marketing departments and they do not admit they do marketing at all (Cacciolatti and Lee, 2015). The marketing concept is very often undervalued and misunderstood by small business owners (Hogarth-Scott et al., 1996; Murdoch et al., 2001). Marketing in SMEs seems to rely mostly on personal contact networks and is often driven by the particular way an owner-manager does business; therefore, it is considered as accidental, spontaneous, informal, messy and unstructured (Gilmore et al., 2001, O'Dwyer et al., 2009). The lack of formal marketing planning can also sometimes be understood as a lack of marketing (O'Dwyer et al., 2009). The main characteristics of how large companies and SMEs perform marketing are summarized in Table 3.

**Table 3: Different characteristics of marketing performed in large companies and SMEs**

Large companies	SMEs
<ul style="list-style-type: none"> <li>• More structured and have a clearer hierarchy in decision making.</li> <li>• Have marketing departments that include a specialist in fields like sales, promotion, advertising, distribution, customer service, market research, marketing personnel, and pricing.</li> <li>• Usually, have adequate resources</li> <li>• Have marketing knowledge and expertise</li> <li>• Good understanding of marketing concepts</li> <li>• Usually, traditional marketing approach based on the concept of 4Ps</li> </ul>	<ul style="list-style-type: none"> <li>• Usually the owner is sole decision maker</li> <li>• Do not have formal marketing departments and they don't admit they do marketing at all.</li> <li>• Limited resources.</li> <li>• Small business also lacks the knowledge and understanding of marketing practices.</li> <li>• The marketing concept is very often undervalued and misunderstood by small business owners.</li> <li>• Marketing relies mostly on personal contact networks and is often driven by the particular way an owner-manager does business and therefore is considered accidental, informal, messy and unstructured marketing</li> </ul>

But, even despite these limitations, SMEs have some advantages comparing to larger organizations. Due to their small size SMEs are more flexible when making decisions, can more easily adapt to external changes, are more innovative and usually have lower expenses (Walsh and Lipinski, 2009), as well as are more able to take advantage of their “smallness” (Sethna et al., 2013, p.90.), and consequently more easily engage in EM than their larger counterparts (Kilenthong et al., 2016).

Nevertheless, many studies have found that even though SMEs lack formal marketing concepts, their owners can create their own way of doing marketing outside the traditional frameworks (Fillis, 2002) and therefore they usually have the presence of some form of marketing which is unique to them (Carson, 1990; Carson and Cromie, 1989; Stokes, 2000) and which may be considered as a form of EM.

### **2.2.2 Measuring performance in SMEs**

Performance is a generally used measurement concept in many fields. In a company, performance is usually an evaluation of how well the organization achieves its goals. Moullin (2007) has defined the organization’s performance as “evaluating how well organizations are managed and the value they deliver to customers and other stakeholders” (Moullin, 2007, p.181).

The SME performance measurement is complicated, difficult and challenging work (Hubbard, 2009; Murphy et al., 1996, Neely et al., 2002; Panigyrakis and Theodoridis, 2007). The most frequently used definition of performance measurement is Neely et al.'s. (2002, p. xiii) who define the performance measurement as “the process of quantifying the efficiency and effectiveness of past actions”. Therefore, two fundamental dimensions of performance according to Neely et al. (2002) are effectiveness and efficiency. Effectiveness has to do with how many the stakeholders’ expectations are met, while efficiency measures how the firm’s resources are used in order to achieve the stakeholders' expectations (Neely et al., 2002).

Amaratunga and Baldry (2002, p.218) offer a more detailed explanation of performance measurement, according to which “measurement provides the basis for an organization to assess

how well it is progressing towards its predetermined objectives, helps to identify areas of strengths and weakness, and decides on future initiatives with the goal of improving organizational performance.”

It is argued that SMEs do not necessarily have financial statements for their business and usually the measurement scales that are designed for larger firms are not expected to be suitable to them (Nybakk et al., 2008). Therefore, it is considered that in entrepreneurship research the precise and accurate performance measurement is very critical, because with a missing common agreement on the definition of entrepreneurship, it is obvious that there is also a disagreement regarding the definitions on performance, as well as the variables that should be used to measure the performance of entrepreneurial firms (Murphy et al., 1996). Since there is no agreement regarding the appropriate measure of performance in small companies most of the researchers have focused on variables that are easy to collect (Wiklund, 1999). As a result, there are controversies among the researchers on the selection of performance measurements. Growth is considered as one of the most important performance measures in SMEs and is considered superior to other financial measures, but when growth and financial performance are combined together, they offer a much richer description of the overall performance than they would separately do (Wiklung, 1999). Murphy et al. (1996) conducted a study of measuring performance in entrepreneurship research. They found that the most frequent performance dimensions used in entrepreneurship research are efficiency, growth, profit, and size. According to the same study, it was found that most used control variables are firm size, industry, firm age and risk. Still, there is no agreement between researchers if the same indicators suit small and medium companies. Murphy et al. (1996) further stressed out that even though financial measures are essential they are not sufficient to capture the overall organizational performance, therefore, besides financial measures, nonfinancial measures should be also included. It is also recommended that besides multiple performance dimensions to include also some of the control variables which are particularly relevant to small businesses. Many other authors have also recommended using both financial and nonfinancial indicators when measuring overall performance (Evans, 2005; Kaplan, 1983; Murphy and Callaway, 2004; Panigyrakis and Theodoridis, 2007; Randolph et al., 1991; Venkatraman and Ramanujam, 1986). Banker et al. (2002) have noticed that there has been an increasing trend in the use of nonfinancial performance measures in many studies.

When measuring business performance, there is also a concern whether the collected data come from the primary or secondary source (Murphy et al. 1996). Therefore, the performance data have been categorized as objective or subjective (Panigyrakis and Theodoridis, 2007). Objective data are considered the ones that are collected from the internal records of the company, whereas subjective data are gathered directly from firms' managers and represent their perception of their firms' performance in relation to their competition (Dess and Robinson, 1984). Both types of studies may be found in the literature, on one side, there are studies that measure performance based on objective measures usually taken from the recorded and audited accounts, while on the other side, there are many others that use subjective measures by collecting data as reported by respondents (Wall et al., 2004). Because of this, the use of subjective data has been a topic of debates in literature and particularly in entrepreneurship literature (Murphy and Callaway, 2004). Regardless, there are authors that argue that in the absence of objective data, the use of subjective measures can provide reliable results, since there is a positive correlation between these two measures (Dawes, 1999; Dess and Robinson, 1984; Murphy and Callaway, 2004; Murphy et al., 1996; Wall et al., 2004).

As mentioned earlier, SMEs performance measurement is as a very complex and challenging aim, and consequently, researchers often face several difficulties in obtaining accurate financial performance data. SMEs usually focus more on daily activities and therefore they do not perform comprehensive performance measurements (Stephens, 2001). Accessing the SMEs financial data is rigorously restricted because such data are not publicly available and SMEs owners are very sensitive in sharing any performance information (Dess and Robinson, 1984). Another issue is that SMEs often lack historical financial information. However, even when such information can be obtained, checking its accuracy and their interpreting is very difficult (Barnes et al., 1998; Wu, 2009).

## **2.3 Evolution of marketing**

The marketing in some way was practiced also in ancient times. However, the marketing ideas as an academic discipline have advanced only during the 20th century when the theory,

topics, and problems of marketing thoughts have been joined together into one of several schools that helped in understanding the marketing discipline (Shaw and Jones, 2005).

An overview of the main marketing schools of thought is essential in understanding the marketing as it is today. The advancement of the marketing school of thought can be categorized into four periods known as '4 Eras' (Shaw and Jones, 2005, Wilkie and Moore, 2003. p.116) which are summarized in Table 4.

1. The foundation of the field (1900-1920)
2. Traditional Approaches to Marketing Thought (1920 to 1950)
3. Paradigm Shift (1950 to 1980); and
4. Paradigm Broadening (1980 and onwards).

First era (1900-1920); this period is characterized by increased attention about the market distribution area because until then the focus was completely on production (Wilkie and Moore, 2003). The other characteristic is the development of university courses with marketing within their titles (Bartels, 1988). Through the second half of this era, many academic articles and books assisted the rising field of marketing to start creating different theoretical approaches regarding knowledge development (Wilkie and Moore, 2003).

**Table 4: The "4 Eras" of marketing development**

<b>Era</b>	<b>Characteristics</b>
1. The foundation of the field (1900-1920)	<ul style="list-style-type: none"> <li>-Focus on market distribution</li> <li>-First courses with 'marketing' in their titles</li> <li>-Creation of different theoretical approaches</li> </ul>
2. Traditional Approaches to Marketing Thought (1920 to 1950)	<ul style="list-style-type: none"> <li>-Development of generally accepted 'principles of marketing'</li> <li>-Establishment of the marketing infrastructure</li> </ul>
3. Paradigm Shift (1950 to 1980)	<ul style="list-style-type: none"> <li>-Transfer from traditional marketing approaches into the contemporary schools of marketing thought</li> <li>-Application of mathematical methods to problems in marketing and advertising</li> </ul>
4. Paradigm Broadening (1980 and onwards)	<ul style="list-style-type: none"> <li>-Research specialization</li> <li>-Emergence of new marketing sub-fields</li> </ul>

The second era (1920-1950s); the beginning of this era found marketing as a nascent field. By the ending of this era, the field of marketing was a prosperous, vibrant academic field. Same as the world has shifted and evolved in this period, similarly has happened to the marketing (Wilkie and Moore, 2003). The beginning of this era is characterized by the proposal of marketing principles and the integration of the general thought for the first time (Bartels, 1988). This era is characterized by the advancement of the traditional approaches to the marketing study: commodity approach (which focus was on all marketing actions concerned with a particular product category), the institutional approach (focusing on the description of the actions of a specific type of marketing agency, such as broker or a wholesaler), and the functional approach (with the attention on the purpose offered by various marketing activities) (Shaw and Jones, 2005). This era was also characterized by the establishment of the marketing infrastructure (Wilkie and Moore, 2003).

The third era (1950-1980s); known also as the paradigm shift (Wilkie and Moore, 2003) represents the transfer from traditional marketing approaches in the contemporary schools of marketing thought (Shaw and Jones, 2005). One of the most important developments at this time was the applicability of mathematical methods in marketing research and advertising problems. This gave new strength to marketing thought (Bartels, 1988). The most important cause of this paradigm shift was the new way of thinking of Wroe Alderson who was the leading academic of his time. His academic contribution resulted in the creation of a modern school of thought; marketing management; consumer behavior; macro marketing; marketing systems and exchange (Shaw and Jones, 2005).

The fourth era (1980-present); also known as paradigm broadening (Shaw and Jones, 2005) shows fragmentation of mainstream thinking in the marketing field and research specialization by adding a broad range of new topics and issues. During this time the managerial perspective has continued and there was a strong conviction that the academic effort should be focused on improving the managers' effectiveness in marketing decisions making (Wilkie and Moore, 2003). In this period, the new business environment brought on major changes such as market globalization, the sophistication of the technology, intense competition, more and more demanding customers, etc. Both, marketing thought and marketing practice has reflected these



changes in the environment, the economy, and society. Therefore, a new paradigm of marketing thought began to expand.

During paradigm broadening, the 4P's have started to be considered as not very handy framework (Day and Montgomery, 1999; Grönroos, 1997), and as a result new sub-fields of marketing such as relationship marketing, service marketing, industrial marketing, market orientation, supply and value chain management, quality management, international marketing, resource management, and networks have emerged (Vargo and Lusch, 2004).

EM as a field that emerged at the interface between marketing and entrepreneurship also represents one of these new areas of interest, aspiring to explain marketing in the specific context of small and medium entrepreneurial firms.

## **2.4 History and evolution of entrepreneurial marketing**

When entrepreneurial firms expanded, marketing researchers have noticed that there is a difference in the approach that entrepreneurs have in marketing their businesses compared to larger firms (Carson and Gilmore, 2000; Morrish et al., 2010). This situation has raised a new question among academics and has encouraged new areas of research and discussion: “What does it mean for marketing to be entrepreneurial?” (Morrish et al., 2010, p. 303). As a consequence, academics have decided to shed some light on this new upcoming field of interest which later will be called ‘entrepreneurial marketing’.

Entrepreneurial marketing was introduced for the first time in 1982 at a conference that was organized at the University of Illinois, Chicago. The conference sponsors were the International Council for Small Business and American Marketing Association (AMA), two of the leading professional and educational associations in the respective fields (Hills et al., 2008). Even though this conference played a central role in recognizing the most important research topics, the marketing researchers' interest in this field was still limited at that time. The higher level of interest among academics was shown when the first symposium on entrepreneurship and marketing was organized in 1986 (Hills et al., 2010). The symposium can be considered as very

successful because it had continued to be organized on a yearly basis. In 2017, the symposium was held for the 30th time and is constantly brings its own book series and conference proceedings.

In August of 1988, a group of academics that were part of the Symposium has formed a Task Force in Marketing and Entrepreneurship which initially had eight members. This number has grown to twelve members in 1990. The main objective of the task force was to create and manage the Marketing and Entrepreneurship Interest Group (MEIG), consisting of four hundred professionals and academics who were interested in marketing and entrepreneurship interface. This task force had also an advisory role for the annual symposium on Marketing and Entrepreneurship ("Entrepreneurial Marketing SIG History", 2018).

In 1995, the entrepreneurial marketing topic spread in Europe for the first time when the Academy of Marketing arranged a symposium dedicated especially to this field (Ionita, 2012). Since 1999 the entrepreneurial marketing researchers had a possibility to publish their works in the "Journal of Research in Marketing and Entrepreneurship". Soon after, in the year 2000, the special issue of "Journal of Marketing Theory and Practice" on entrepreneurship and marketing interface has provided the new venue for the scholars interested in EM (Hills et al., 2010). The continuously growing interest in the intersection of these two fields has led to the establishment of other devoted journals such as "International Journal of Technology Marketing" founded in 2005, and also special issues of the "European Journal of Marketing, Marketing Education Review and Management Decision" and, the "Journal of Marketing: Theory and Practice" (Hills et al., 2010).

In 2001, Lodish, Morgan, and Kallianpur have published the book named "Entrepreneurial Marketing: Lessons from Wharton's Pioneering MBA Course". This textbook has enhanced the credibility of entrepreneurial marketing because of the high reputation of Wharton's Business School (Hills et al., 2008).

The topic had the opportunity to cross the Anglo-American borders in 2003, when the first symposium related to marketing, entrepreneurship, and innovation was organized in Karlsruhe, Germany (Ionita, 2012). Later, academics from Australia, Asia, and New Zealand

have also joined the Special Interest Group (SIG). In 2005, with the purpose of linking the technology and marketing issues, the ‘International Journal of Entrepreneurship and Innovation Management’ was created. Special issues of the “Journal of Small Business Management” in 2008, and “International Journal of Entrepreneurship and Innovation Management” in 2010, showed that EM has penetrated into the entrepreneurship literature (Ionita, 2012).

In order to talk about the past and the future of EM, a group of academics in 2010 met during a “Charleston Summit” that was organized in Charleston, the USA (Hansen and Eggers, 2010). During this summit, the discussion was focused on four research approaches. The first approach was focused on the things that entrepreneurship and marketing have in common. The second approach was focused on the elements of entrepreneurship in marketing. The third approach focused on the elements of marketing in entrepreneurship. And, the last approach discussed not the commonalities between those two fields, but instead, what is the unique meaning that the intersection of those two fields creates something typical and new (Ionita, 2012).

Even though the EM field is relatively new, there has been considerable progress made. As a result, nowadays there are numerous journals where researchers and scholars may publish their studies in this field. Besides, there are also many books published (e.g., Bjerke and Hultman, 2002; Carson et al., 1995; Chaston, 2000; Chaston and Mangles, 2002; Hills, 1994; Lodish et al., 2001; Nijssen, 2017; Sethna et al., 2013; Hisrich and Ramadani, 2018) that have created substantial new knowledge about EM. Because of the growing interest and importance of this subject, many universities around the world have incorporated EM in their study programs.

The most significant milestones of evolution and the impact they had on the advancement of EM are shown in Table 5.

**Table 5: The milestones of EM evolution**

<b>Year</b>	<b>Milestone</b>	<b>Impact</b>
1982	First marketing and entrepreneurship research conference (G. Hills)	The concept of Entrepreneurial Marketing was brought to light
1985	First empirical study of the MEI in frontiers	Initiated empirical research at MEI and documented its

	of entrepreneurship research (G. Hills)	importance
1986	University of Illinois at Chicago organized the first symposium of Marketing/ Entrepreneurship AMA (G. Hills)	Provided marketing scholars a venue to share research regarding EM
1986	Dickinson, P. and Giglierano, J. “Missing the Boat and Sinking the Boat: A Conceptual Model of Entrepreneurial Risk”, Journal of Marketing	First Journal of Marketing article which focused directly on entrepreneurship
1987	Morris and Paul published “The relationship between entrepreneurship and marketing in established firms”, in the Journal of Business Venturing	The article represented an empirical study of the marketing and entrepreneurship relation, which helped to move EM in a higher academic standing by acceptance from Journal of Business Venturing
1989-1991	AMA Task Force (1989) and later, Special Interest Group is established for the MEI. First Tracks are created in the AMA summer (1990) and winter (1991) conferences for EM.	These events generated credibility for the Entrepreneurial marketing studies
1995	First textbook Marketing and Entrepreneurship in SMEs: An Innovative Approach was published by Carson, Cromie, McGowan, and Hill publish	Helps establish the content and structure of EM courses.
1995	First Academy of Marketing symposium (U.K.) (D. Carson, Andrew McAuley). Slater and Narver’s market orientation and learning organization, published in Journal of Marketing.	These two milestones helped move some scholars in mainstream marketing to look at the similarities between marketing and entrepreneurship
1999	Journal of Research in Marketing and Entrepreneurship created (J. Day, P. Reynolds, D. Carson, G. Hills)	This journal was dedicated to EM which increased the acceptance of EM scholarship
2000	Special issue of Journal of Marketing: Theory and Practice on the MEI	Provided additional credible publication venue for scholars of

		EM.
2001	Lodish, Morgan, and Kallianpur publish a book based on their pioneering MBA course in EM	This text enhanced the credibility of EM as a result of Wharton Business School's reputation
2002	Bjerke and Hultman publish Entrepreneurial Marketing: The Growth of Small Firms in the New Economic Era	This text provided additional guidance on content and context of EM
2002	Morris, Schindehutte and LaForge publish Entrepreneurial marketing: A construct for integrating an emerging entrepreneurship and marketing perspective	Increased the visibility and creditability of work in EM and helped define and bound the EM construct
2003	First conference on marketing, entrepreneurship and innovation interface in Germania- Karlsruhe	The interest extended outside the Anglo-American area
2004	Buskirk and Lavik publish Entrepreneurial Marketing	EM textbooks move toward the mainstream in the U.S. market
2005	International Journal of Technology Marketing created	This was another academic journal initiated at MEI which emphasis is on technology intensive products
2007	Wharton Publishing published Marketing that Works: How Entrepreneurial Marketing can Add Sustainable Value to Any Sized Company, written by Lodish, Morgan, and Archambeau	This provided strategies, tools and techniques for global enterprises startups.
2008	Special issue of Journal of Small Business Management on the EM	Re-established the EM importance research field
2009	Read, Dew, Sarasvathy, Song, and Wiltbank publish Marketing Under Uncertainty: The Logic of an Effectual Approach.	This article presented effectuation as an approach that shaped the vision of the entrepreneur in the market.
2010	Special issue of Int. J. Entrepreneurship and Innovation Management on the EM	More aspects of EM entered the mainstream of the entrepreneurship literature

2010	Charleston Summit	Redefined MEI and offered a conceptual framework for future researches.
2010	Morrish, S.C., Miles, M.P. and Deacon, J.H. (2010), “Entrepreneurial marketing: acknowledging the entrepreneur and customer-centric interrelationship”, Journal of Strategic Marketing	The article highlighted dimensions of EM and fostered towards the customer- centric relationships.
2011	Hills and Hultman (2011) publish paper: Academic Roots: The Past and Present of Entrepreneurial Marketing	This paper contended that small business marketing and entrepreneurial marketing are regarded as separate research fields, however related (Pluralistic View to EM).
2013	Bjerke & Hultman (2013) have published an article: The Role of Marketing Rational and Natural Business Start-ups.  Sethna & Harrigan (2013) have published a book Entrepreneurial Marketing: Global Perspectives.	These latest publications to continued display the increasing awareness for the EM globally.
2014	Miles et al,. (2014) published the article Exploring entrepreneurial marketing in Journal of Strategic Marketing	By developing 3 schools of entrepreneurial marketing thought this paper furthers the conceptual development of entrepreneurial marketing (EM) as theory
2017	Nijssen (2017) published a book <i>Entrepreneurial marketing: an effectual approach</i>	The book explains the effectual approach and explains how to use it creatively for marketing a new innovative products
2018	Hisrich and Ramdani (2018) published a book Entrepreneurial Marketing: <i>A Practical Managerial Approach</i>	The book provides an in-depth, comprehensive and practical explanation of marketing, its aspects and implementation

**Source: Extended and adopted from Hills et al. (2010) and Ioniță (2012)**

## **2.5 Definition of entrepreneurial marketing**

Entrepreneurial Marketing is a relatively new field of study, and as a result, it has created an opportunity for the development of several research streams which consequently resulted in different views and definitions of EM concept.

One central research stream was presented by studies examining SME marketing. Since small companies are not mini versions of a large company (Storey, 1989), there was a necessity in finding an alternative marketing model that could be applied to small companies as well. This research stream has contributed to the entrepreneurial marketing context arguing that traditional marketing that is found in literature may not be fully applied to small and medium companies (Kraus et al., 2012). Another stream of entrepreneurial marketing research is focused on the entrepreneur's behavior (Hills and Hultman, 2011). This stream has identified EM as a more promising possibility to explain the marketing of companies that are small and have limited resources but are driven by entrepreneurial actions. Consequently, the scope of research has expanded from small companies toward large ones (Ionita, 2012). This scope of research sees EM as marketing that could be applied to all types of companies regardless of their size (Kraus et al., 2009; Whalen et al., 2016).

The creation of many research streams regarding EM in those past three and a half decades has resulted in numerous attempts of different researchers to define the concept of EM. As a result, there are many definitions ranging from the ones that refer explicitly to marketing in small companies (Hill and Wright, 2000), ones that make no distinction concerning company size or age (Kraus et al., 2009; Morris et al., 2002), and ones that emphasize the aspects of EM such as the value creation (Morris et al., 2002; Whalen et. al., 2016) and innovativeness (Stokes, 2000). However, all EM definitions have something in common; they all contain elements of both marketing and entrepreneurship disciplines.

The most frequently EM definition that can be found in the literature defines EM as "proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to the risk management, resource leveraging and value creation." (Morris et al., 2002. p. 4).

The other definitions of EM that may be frequently found in literature will be chronologically presented in Table 6.

**Table 6: EM Definitions**

<b>Year</b>	<b>Definition</b>	<b>Author</b>
<b>2000</b>	“EM is marketing carried out by entrepreneurs or owner-managers of entrepreneurial ventures.”	Stokes (2000).p. 2
<b>2002</b>	“proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to the risk management, resource leveraging and value creation.”	(Morris et al., 2002, p. 4).
<b>2002</b>	“marketing of small firms growing through entrepreneurship	Bjerke and Hultman (2002), p.15
<b>2009</b>	“a particular type of marketing that is innovative, risky, proactive, focuses on opportunities and can be performed without resources currently controlled.”	Kraus et al., (2009). p. 30
<b>2011</b>	“EM is a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility.”	Hills and Hultman (2011).p.6
<b>2012</b>	“EM is a set of processes of creating, communicating and delivering value, guided by effectual logic and used a highly uncertain business environment.”	Ionita (2012).p. 147
<b>2012</b>	“The marketing processes of firms pursuing opportunities in uncertain market circumstances often under constrained resource conditions.”	Becherer et al., (2012).p.7
<b>2016</b>	“EM is a combination of innovative, proactive, and risk-taking activities that create, communicate, and deliver value to and by customers, entrepreneurs, marketers, their partners, and society at large.”	Whalen et al.,(2016). p.3



Given the fact that the field of EM is created on the intersection of entrepreneurship and marketing, neither of which has a generally accepted definition (Stokes and Wilson, 2009), and having in mind the heterogeneity of both those fields, it is very difficult to come up with the standard and universally accepted definition of EM (Kraus et al., 2009). Based on the existing definitions and the extensive review of the related literature the current study describes the EM *as an inexpensive form of marketing that is suitable especially for SMEs who due to their limited recourses take innovative approaches and calculated risk-taking actions, and proactively use every opportunity to attract more customers through creating superior value in order to increase their performance.*

## **2.6 Marketing and entrepreneurship interface**

Marketing is considered as one of the oldest and most studied disciplines in business administration, while entrepreneurship is one of the most recent and most growing fields (Hoy,2008).

The easiest way to understand the notion of “entrepreneurial marketing” is to initially understand the terms ‘marketing’ and ‘entrepreneurship’ separately.

The word ‘entrepreneurship’ derives from the French term ‘entreprendre’ that means ‘to undertake’ or to ‘make something new’. Even despite the extensive studies in the entrepreneurship field and numerous efforts to define it, there is still no generally accepted definition of it (Hisrich and Ramadani, 2017). Entrepreneurship has been defined as an innovative and risk-taking individual attempt to achieve profitability within a new venture (Morris and Paul, 1987). According to Aldrich and Waldinger (1990), entrepreneurship represents the combination of available recourses in new ways for creating something valuable. Gartner (1988), on the other hand, describes entrepreneurship as the creation of the organization. Another definition concludes that “entrepreneurship is the process of seeking innovative opportunities in uncertain and risky circumstances, combining effectively and efficiently the factors of production in order to achieve profitability and business growth” (Ramadani et al., 2014, p.316). In addition, Morris et al., (2002) claim that entrepreneurship is not only a business

function, but it is more a management style that is frequently being related with approaches that are proactive, risk-taking and innovative.

Marketing on the other side is defined as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.” (AMA, 2008). Zikmund and D’Amico (2002), indicate that any marketing definition should include five elements: two or more entities, somewhat that is given up by each entity, something that is received by each entity, a level of communication between the entities, and a mechanism to complete the exchange. According to Morris et al., (2001) the marketing activities that are found in most marketing definitions are organized in four categories: product, place, price, and promotion, known also as marketing mix or 4Ps.

Entrepreneurs should use the marketing function properly in order to direct their businesses toward success (Hisrich, 1992). The term entrepreneurial marketing is very frequently associated with marketing in small companies that usually have limited resources and for that reason must rely on new tactics that are creative and unsophisticated. The phrase is also used to illustrate accidental, unplanned and creative marketing actions taken by entrepreneur (Morris et al., 2002).

If the definitions of marketing and entrepreneurship will be analyzed, they appear to have at least three common elements. First, both fields emphasize the importance of a managerial process. Second, definitions of both fields emphasize distinctive combinations, marketing mix elements, and resources. And third, the value creation is part of the definitions of both fields (Morris et al., 2001)

Until recently the field of marketing and entrepreneurship have been considered as two completely different fields (Hills and Hultman, 2006) and were advancing independently of one another (Miles et al., 2014). Thus, entrepreneurial marketing is the relatively new theory that emerged before almost forty years ago, as the interface between those two disciplines (Hills et al., 2010) when scholars began to agree that entrepreneurship and innovation play a significant role in marketing, as well as that marketing plays an important role in entrepreneurship (Stokes, 2000).

In the course of recent decades, many academics have observed the connection between marketing and entrepreneurship and have realized that entrepreneurs are implicated in many activities that are vital to marketing theory (Collinson and Shaw, 2001). They have addressed the linkage that exists between these two fields and have proposed that entrepreneurial marketing represents the crossing point of these two fields (Morrish et al., 2010). The first researchers that have linked these two fields were Murray and Tyebjee in the 1980s (Hills and Hultman, 2011). Gardner (1990), has also provided a framework where he defines the interface between those two fields as “that area where innovation is brought to market” (Gardner, 1990. p.1). There are many scholars that have identified that there are similarities between those two fields and have suggested that they both can complement each other. According to Hills and LaForge (1992), marketing and entrepreneurship are similar since they both have a strong relationship with the environment, and they both involve the assumption of uncertainty and risk. Similarly, Carson and Coviello (1996) point out that both fields give emphasis to behavioral processes and innovation, both share a common underlying idea about market and customer, and they are both drawn from multidisciplinary academic foundations. In addition, customers are the crucial point in both fields (Hisrich, 1992; Hills et al., 2010), both fields are focused on change, are opportunity driven and are innovative in their management approach (Collinson and Shaw, 2001), as well as their fundamental objective is the creation of customer value (Hills et al., 2010). For that reason, it is suggested that the interface between the fields of marketing and entrepreneurship can help entrepreneurs to identify possible opportunities, deal with change and expand their innovative skills (Collinson, 2002).

Morris et al., (2001) suggest two subject investigation areas when studying the marketing and entrepreneurship interface. The first area can be defined as the role of marketing in entrepreneurship while another area of the interface can be defined as the role of entrepreneurship in marketing. The first area of investigation has to do with the use of marketing tools, concepts, and theories in supporting new venture development. The second area of investigation explains how entrepreneurial behaviors and approaches can be applied to the advancement of marketing programs.

The presence of similarities between the field of marketing and entrepreneurship suggests that research models and processes that are suitable to the marketing discipline can be applied

and adapted to the field of entrepreneurship, and conversely (Carson and Coviello, 1996). Therefore, when researchers began to stress the complementary roles of those two fields in a firm and especially in SMEs (Collinson, 2002; Collinson and Shaw, 2001; Hills et al., 2008, Hills et al., 2010; Hisrich, 1992;), marketing and entrepreneurship interface has become a rich focus for research (Hills et al., 2008).

## **2.7 Entrepreneurial marketing as a research field**

EM as a new and dynamic field has gone through many parallel research streams. According to Hills et al., (2010) there are four main categories that cover some basic parts of EM research:

- SME marketing
- EM as an early phase of marketing development
- Kirznerian EM
- Schumpeterian EM

The first stream has focused on SMEs marketing behavior. Even though not always SMEs are considered entrepreneurial this stream was very important in the context of EM and symbolizes the first attempts in this field (Hills et al., 2010). Research in this stream has helped in understanding that marketing in SMEs is different from marketing that is applied within large firms because generally small firms have different behavior and characteristics from larger companies which is often a combination of management knowledge and the limited base of customers (Carson, 1985). This type of marketing is considered as marketing that is determined by the objectives, preferences and personal characteristics of the owner, who makes a marketing decision based on limited information and limited resources (Hills et al., 2010). Given the fact that not all SME owners are entrepreneurs, this stream is not considered “pure” EM but regardless of that the stream of SME Marketing has offered very important contributions to the research field of EM (Hills et al., 2010).

The second stream considers EM as an initial phase in the traditional marketing paradigm. At this stream, marketing is considered as a “premature” stage in the larger firms’ marketing

procedures and as “not conceptually different but relatively undeveloped” (Hills et al., 2010.p.11).

According to Hills et al., (2010), the two last streams are considered purer EM because based on Schumpeter and Kirzner “entrepreneurial behavior can be linked to disruptive innovative behavior and/or opportunity recognition” (Hills et al., 2010.p.11).

The third stream is known as Kirznerian EM in which the typical EM behavior is found. The seeking of opportunities is of repetitive nature as the entrepreneurs repeat the same business models over and over. Applying the same models in new markets and location has nothing to do with innovative or disruptive behavior, but still, it is entrepreneurial in chasing opportunities (Hills et al., 2010). The example of companies that have succeeded based on this EM behavior are IKEA, H&M, and Würth since they successfully applied the same business models in every new location at different countries (Hills et al., 2010).

The fourth category is known as Schumpeterian EM and is related to innovation. This type of behavior is characterized by the purposeful use of innovation with the intention of destabilizing the market. Innovation is used for gaining competitive advantage and changing the marketing rules of competition. Based on this type of marketing that is more entrepreneurial, owners/managers constantly develop new and creative business models in order to achieve more profit. The best examples are companies such as Polaroid, Apple’s Macintosh, and the iPod who have set new market rules by using innovation (Hills et al., 2010).

There are a considerable number of alternative marketing approaches that are developed over time, such as subversive marketing, expeditionary marketing, guerrilla marketing or radical marketing that fit into the Schumpeterian EM, while EM is regarded as marketing that fits into all of the above groups (Hills et al., 2010).

## **2.8 Emerging nature of entrepreneurial marketing**

As mentioned before the 4th era of marketing evolution was characterized by many changes in the business environment such as market globalization, the sophistication of technology, intense competition, and more demanding customers. As a result, firms found

themselves operating in highly turbulent and often chaotic environments characterized by disorder, disequilibrium, and uncertainty (Bettis and Hitt, 1995) in which the traditional 4Ps have started to be considered as not very useful framework (Day and Montgomery, 1999; Grönroos, 1997) to respond to these changes. Therefore, there were a number of different marketing approaches that have emerged over time. The aim of these approaches was to find innovative ways to market in this complex environment (Morris et al., 2002). These marketing perspectives vary in term of their emphasis toward promotion and other elements of the marketing mix, on their focus on small versus large firms and on their focus on tactical or strategic considerations (Morris et al., 2002). These different perspectives are summarized in Table 7.

**Table 7: Perspectives on the emerging nature of Marketing and EM**

<b>Year</b>	<b>Name</b>	<b>Underlying dimensions</b>	<b>Factors leading to its use</b>	<b>Type</b>	<b>Source</b>
<b>1971</b>	<b>Social marketing</b>	The systematic application of marketing, along with other concepts and techniques, to achieve specific behavioral goals for a social good	Integration of social sciences and social policy, and commercial and public sector marketing approaches	Paradigm	Kotler & Zaltman
<b>1983</b>	<b>Relationship marketing</b>	Identifying, establishing, maintaining and terminating relationships with customers and other stakeholders, at a profit; achieving objectives of both parties	Sophisticated customers want individualized attention; new technology; maturing markets	Paradigm, perspective/ approach	Berry (1983)/ Gronroos (1990, 1994, 1999)
<b>1985</b>	<b>Services marketing</b>	The rationale for a separate treatment of services marketing centers on the existence of a	Focus on dynamic characteristics of services and service quality	Strategy/ Approach	Zeithaml, Parasuraman & Berry (1985)

		number of characteristics of services: intangibility, inseparability of production and consumption, heterogeneity and perish ability			
<b>1992</b>	<b>Expeditionary marketing</b>	Creating markets before competitors, Continuous search for innovative product concepts; Overturning price/performance assumptions; Leading rather than following customers; Tolerance of failure	Increased focus on speed (cycle time), quality and cost	Strategy	Hamel and Prahalad (1992)
<b>1993</b>	<b>Guerrilla marketing</b>	Low cost, effective communications; cooperative efforts and networking; leveraging resources, using energy and imagination.	Changes in markets, media, methods, marketing; limited budgets, resources, time	Tactic	Levinson (1993)
<b>1993</b>	<b>One-to-one marketing</b>	Marketing based on knowing the customer through collaborative interactions (dialogue and	Technology-generated discontinuities; emergence of 1:1 media	Strategy/ approach	Peppers and Rogers (1993)

		feedback) to tailor individualized marketing mix on 1:1 basis, product-centric			
<b>1994</b>	<b>Service profit chain marketing</b>	A strategic service vision integrating long term growth and profit to employee and customer satisfaction	Strategic marketing initiatives of service quality: implementations include referrals, related sales and retention	Strategy/ approach	Heskett, Jones, Lovemore, Sasser (1994)
<b>1995</b>	<b>Real-time marketing</b>	Technology-facilitated, real-time dialogues with interactive services	Information technology; High speed communication; Customized software	Strategy	McKenna (1995, 1997)
<b>1996</b>	<b>Disruptive marketing</b>	Shattering culturally embedded biases and conventions; setting creativity free to forge a radical new vision of a product, brand or service	Discontinuities	Process/ Methodology	Dru (1996, 2002)
<b>1997</b>	<b>Viral marketing</b>	Self-replicating promotion fanning out over community webs and spreading like a virus, multiplying and mutating as like-minded people market to each other	Internet boom	Tactic	Jurvetson & Draper (1997)



<b>1998</b>	<b>Digital marketing</b>	New forms of interaction lead to deeper relationships and greater personalization	IT-enabled interactivity	Strategy	Parsons, Zeisser and Waitman (1998)
<b>1999</b>	<b>Network marketing</b>	Advocates that networking is an inherent tool of marketing that is wholly compatible with entrepreneurial decision-making	Networking can be harnessed into proactive marketing infrastructure	Tactics	Gilmore & Carson (1999)
<b>1999</b>	<b>Permission marketing</b>	Approach to selling goods and services in which a prospect explicitly agrees in advance to receive marketing information	Advent of the Internet and e-mail	Approach	Godin and Peppers (1999)
<b>1999</b>	<b>Radical marketing</b>	Redefine competitive rules; challenge conventional wisdom of the industry; strong visceral ties with target audience; maximal exploitation of limited budget	Focus on growth and expansion rather than short term profits; limited financial resources	Approach	Hill and Rifkin (1999)
<b>2000</b>	<b>Buzz marketing</b>	Consumer-generated information dispersal through individual network hubs by creating excitement, infatuation and	Rise of Internet; cost-effective WOM; growing dissatisfaction with standards set of solutions	Tactic	Rosen (2000)

		missionary zeal			
<b>2000</b>	<b>Customer centric marketing</b>	Marketing function seeks to fulfill needs/wants of individual customers, Focuses on the needs, wants and resources of customers as starting point in planning process	Increased pressure to improve marketing productivity; increased market diversity; emerging technology	Orientation	Sheth, Sisodia and Sharma (2000)
<b>2002</b>	<b>Convergence marketing</b>	Fusion of different technologies or combination of channels creating new possibilities for the hybrid consumer	Internet as commercial platform; Empowered/Hybrid consumer	Strategy	Wind, Mahajan & Gunther (2002)
<b>2004</b>	<b>Dominant logic marketing</b>	Marketing has moved from a goods-dominant view, in which tangible output and discrete transactions were central, to a service-dominant view, in which intangibility, exchange processes, and relationships are central	Service provision rather than goods is fundamental to economic exchange	Strategy	Vargo & Lusch (2004)

<b>2005</b>	<b>Innovative marketing</b>	The implementation of entrepreneurial and innovative initiatives to enhance the marketing outcomes of new and existing ventures	Focus on risk-taking, proactive marketing tactics to gain competitive advantage through marketing outcomes	Tactic	Maritz & Nieman (2005)
<b>2006</b>	<b>Value creating marketing</b>	Emerging shift in the conceptualization of value creation in ventures, the emergence of value ecology thinking	Shift from thinking about consumers to thinking about co-creators of value	Strategy/ orientation	Hearn & Pace (2006)
<b>2008</b>	<b>Social network marketing</b>	(Internet and technology specific): A dynamic shift in how people are using the internet: creating and participating in social spaces through the internet; extension of convergence marketing	Online social networks present an efficient platform to use in distribution marketing messages	Tactic	Gilmore & Carson (1999)

**Source:** Adapted from Morris et al. (2002) and Maritz et al. (2010)

Despite the differences in these marketing perspectives, they also have many common characteristics such as efficiency in marketing budgets, resource leveraging, finding creative ways for managing different marketing variables, ongoing product innovations, customer intensity and the capability to influence changes in the environment. These common elements address a number of criticisms of contemporary marketing (Morris et al., 2001; Morris et al., 2002).

Even though there were no previous attempts to integrate these various approaches under one common name, Morris et al., (2001) have used the term entrepreneurial marketing to capture all these approaches that characterize entrepreneurial thinking and acting.

## **2.9 The need for entrepreneurial marketing**

During those almost four past decades, academics have doubted the capability of traditional marketing and they have recommended that there is a need for a new marketing paradigm (Day and Montgomery, 1999; Gronroos, 1994; Pels, 2015; Sheth and Parvatiyar, 1995; Vargo and Lusch, 2004; Webster, 1992). There are numerous empirical studies that found that the concepts of traditional marketing cannot be used by all kinds of firms. Such an example can be found in a work of Hultman and Shaw (2003) who found that companies that offer services often perform various activities that are not supported by the traditional marketing mix model. Those activities are related to the building of reputation through referrals, goodwill, word of mouth and establishment of long-term personal relations. In another study conducted by Constantinides (2006), it was found that the concept of the traditional marketing mix lacks customer orientation and interactivity. The other reason that opened a need for a new marketing paradigm is the fact that today's business environment has become very challenging, especially for small and medium enterprises. This competitive environment is characterized by increased risk, uncertainty, chaos, change, and contradiction. These characteristics are having an important impact on marketing in a global economy where customers are becoming more demanding (Hills et al, 2008). According to Day and Montgomery (1999), there are five changes that are of outstanding importance for the marketing field to follow a new direction. Those changes are:

- connected knowledge economy,
- globalization,
- convergence,
- fragmenting and frictionless markets
- demanding customers and their improved behavior

- adaptive organizations

Therefore, researchers suggest some new marketing practices which will complement the traditional marketing practice. The globalization has caused some transformations to the traditional marketing and thus the creation and development of new nonconventional marketing forms (McKenna, 1991). As a result, EM came out as a new paradigm that helps companies to rethink the way they do marketing so they can be more responsive to these changes in the business environment. EM is capable of helping companies to survive and adapt to the changes identified by Day and Montgomery (1999).

It is obvious that the greatest need for EM is in an environment that is characterized by instability, and when it is obvious that traditional marketing practices are no longer adequate (Collinson and Shaw, 2001; Morris et al., 2002). Since today markets have these characteristics, the implementation of EM would be useful and essential for most of the companies operating nowadays (Morris et al., 2002). It is also worth mentioning that EM can be used in a different way at every stage of business expansion (Morris et al., 2002).

## **2.10 Characteristics of entrepreneurial marketing**

There are a number of characteristics of entrepreneurial marketing that have been identified during the research in this field. According to Hills and Hultman (2006), the main characteristics of EM are found to be:

- The entrepreneur is at the center of marketing,
- Decisions are related to personal goals and long-time performance,
- Develop of smaller market niches with a tailored range of products and services,
- Low market power,
- Marketing that penetrates at all levels and functional areas of the firm,
- Marketing based on trust, personal reputation, and credibility,
- An intense focus on promotion and sales,
- Lack of proper planning and strategy,
- Dependence on the owner's intuition and experience,

- Creating individual values
- Lack of marketing resources, no marketing division,
- Rare formal market research, instead of the use of personal networks and contacts,
- Innovative product improvement,
- Focus on proactiveness, opportunity recognition and calculated risk,
- Flexibility and quick response to customer preference change,
- The continuous risk of market exit, and
- A role for passion, enthusiasm, and dedication, as well as the passion for leading customers instead of following them.

In another study by Hills et al., (2008) they have found EM characteristics such as strategic orientation, dedication to take advantage of opportunities, the creation of opportunities, the strong resource engagement, resource control, and alternative management structure.

Other EM characteristics incorporate a continuous focus on change, a greater willingness to take risks, and the ability to leverage resources (Morris et al., 2002). EM companies are usually aware that they are constrained by an unstable environment, and as a result, they cannot keep the same marketing strategy for a long period of time. Today's consumers have high expectations and their demand is changing constantly, that is why EM firms should persistently observe the market around them and should try to forecast market demands, and as a result, these firms should be focused on the change. Risk taking is described as the firm's ability to use calculated actions in order to reduce the risk of opportunity pursuit (Becherer et al., 2012). An entrepreneur always takes the calculated risk and always tries to discover ways to manage the cause that created the risk (Hisrich and Ramadani, 2017). The risk-taking is linked with the entrepreneurs' focus on change as high change may bring high loss, although at the other side may also produce new opportunities in which firms may be successful. Finally, EM firms are best at leveraging their available resources. This is especially true for SMEs, which instead of being constrained by resource limitations, they are forced to do "more with less" (Becherer et al. 2012.p.9).

## **2.11 Differences between traditional and entrepreneurial marketing**

As discussed earlier, EM has some characteristics that differentiate it from traditional marketing. The differences between traditional and entrepreneurial marketing can be discussed based on context and practice. From the context perspective, the differences between traditional and EM can be viewed based on the different characteristics that small and large companies have. SMEs are contextually different from larger companies and as a result, they use marketing differently (Hills and Hultman, 2006; Hills et al., 2008). From a practical perspective, the main difference is viewed in terms of how marketing is done by entrepreneurs compared to managers. The owners of SMEs think and behave differently regarding marketing comparing to large organizations (Gilmore et al., 1999). According to Zontanos and Anderson (2004), the active role of the entrepreneur is what distinguishes traditional marketing from entrepreneurial marketing. It is found that entrepreneurial marketing is affected by the personal characteristics of the entrepreneur, and there is a compromise on how entrepreneurs make decisions about marketing practice (Ionita, 2012). According to Dew et al. (2009) there are five main differences between the entrepreneurs' way of thinking (effectual logic) and the non-entrepreneurs' way of thinking (predictive logic) (Table 8).

1. The vision for the future: for non-entrepreneurs, the future is predictive while for entrepreneurs the future is creative.
2. A basis for making decisions: actions of non-entrepreneurs are determined by purposes while actions of entrepreneurs are determined by existing means.
3. The approach toward risk: non-entrepreneurs chose an option based on the highest profit, while entrepreneurs chose an option based on how much they can afford to lose by choosing it.
4. Approach toward outsiders: non-entrepreneurs see outsiders as competition, while entrepreneurs see outsiders in the sense of cooperation.
5. The approach toward sudden contingencies: non-entrepreneurs usually avoid the situation, while entrepreneurs see it as an opportunity for creating innovation.

**Table 8: Differences between how entrepreneurs and non-entrepreneurs think**

<b>Issue</b>	<b>Causal logic</b>	<b>Effectual logic</b>
<b>View of the future</b>	Predictive	Creative
<b>Basis for taking action</b>	Goal-oriented	Means-oriented
<b>Bias toward risk and resources</b>	Expected return	Affordable loss
<b>Attitude toward outsiders</b>	Competitive analysis	Partnerships
<b>Attitudes toward unexpected contingencies</b>	Avoiding.	Opportunities for innovation creation

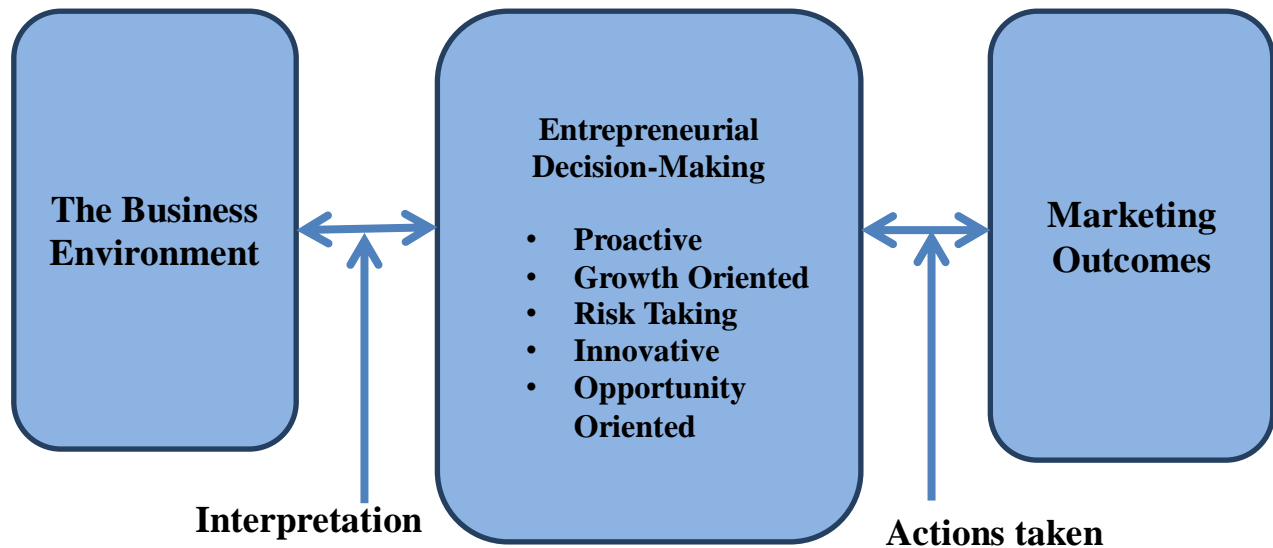
**Source: Adapted from Dew et al. (2009)**

Based on the effectual logic entrepreneurs do not believe that the future is predictive and they believe that its prediction is not beneficial. They take action based on the means that they have on disposition. Entrepreneurs choose their options based on how much they can afford to lose when choosing that option. Effectual logic favors building collaboration and partnership to create new markets. Entrepreneurs see contingencies as opportunities for innovation creation. This way of entrepreneurial thinking (effectual logic) disagrees with the traditional marketing models which have an upside-down approach where the market is divided based on rigorous research, the targeted segments are chosen based on predicted risks and returns, and then new strategies are developed for attracting the chosen market segments. The effectual logic is another way round: the entrepreneur identifies a partner or a customer from his own personal network and then he adds other partners or customers along the way by gradually extending and defining the market for his product (Ionita, 2012).

Hills and Hultman (2011) gave an important differentiation between traditional marketing and EM. According to them, EM is marketing that is practiced by entrepreneurs and is the result of their understanding of information, the way they make decisions and take marketing actions (Figure 1).



**Figure 1: Elements of entrepreneurial marketing**



**Source: Adopted from Hills and Hultman (2011)**

Stokes (2000) has identified four differences between marketing as presented in standard textbooks and marketing as practiced successfully by entrepreneurs and managers of entrepreneurial ventures. He summarized the differences between EM and traditional marketing in terms of the business concept, strategic perspective, and tactical perspective and in terms of market intelligence (Table 9).

1) From the business concept perspective, the differences may be seen in terms of customer orientation. While traditional marketing is customer oriented and market-driven, EM is more innovation-driven and intuitive. While the traditional marketing waits for customers to express their needs in order to respond to them, in EM it happens vice versa by initially starting with an idea, after that creating the product and only then trying to discover a market for it. This “logic” is alike to the logic of the way of thinking of entrepreneurs comparing to non-entrepreneurs.

2) At the strategy level, traditional marketing is mostly formal, analytical, market-led, and engage in reactive processes that marketing managers must undertake in order to achieve success. The sequence of activities has usually top-down approach and it begins with

segmentation, then targeting and only then positioning. As opposed to this, the EM process is mostly informal and proactive, often involving ad-hoc activities, mostly driven personally by the entrepreneur team (Carson et al., 1995; McPherson, 2007; Stokes, 2000) which are usually characterized by a doing rather than thinking culture (Lancaster and Waddelow, 1998). This means that an EM strategy is different from the traditional marketing strategy because entrepreneurs use the reverse process from the bottom up, who often start with a few interested customers, by then gradually increasing the number of customers depending on experience and available resources. The customer base grows accidentally, as new customers are gained by the recommendations of the previous ones (Hisrich and Ramadani, 2017).

**Table 9: Entrepreneurial marketing processes compared to traditional marketing concepts**

<b>MARKETING PRINCIPLES</b>	<b>TRADITIONAL MARKETING</b>	<b>ENTREPRENEURIAL MARKETING</b>
<b>CONCEPT</b>	Customer-orientated: Market-driven, product development follows	Innovation oriented: Idea-driven, Intuitive assessment of market needs
<b>STRATEGY</b>	Top-down segmentation, targeting, and positioning	Bottom-up targeting of customers and other influence groups
<b>TACTICS</b>	The marketing mix, 4 Ps	Interactive marketing methods Word-of-mouth marketing
<b>MARKET INTELLIGENCE</b>	Formalized research and intelligence systems	Informal networking and information gathering

**Source: Adopted from Stokes, D. (2000)**

3) At a tactical level, the main concern of EM is strategy implementation. Firms using traditional marketing initially have to decide about products (assortment, feature, design, packaging, etc.) then create a price (the unit price, discounts, payment terms, etc), decide about place (channels of distribution) and the activities related to promotion (advertising, promotion, personal selling, direct marketing methods, etc). EM does not fit into the 4P model because entrepreneurs usually implement the interactive marketing approach by giving priority to direct

and personal contacts with their customers. Even though the goal is the same, the way this goal is achieved is different, since entrepreneurs are considered as very active networkers they usually consider marketing more a social and personal activity than an organizational function (Gilmore et al., 2001, Gruber, 2004, Hills et al., 2008, O'Donnell, 2004; O'Donnell, 2014). They prefer to work closely with their existing clients and mostly rely on word-of-mouth communications in finding new ones (Stokes, 2000). Therefore, the personal interaction between the entrepreneurs and their customers and other stakeholders is considered as the most important marketing tool in EM.

4) In terms of market information gathering, in EM information are gathered informally from personal contacts and networks, as opposed to the systematic information gathering that is advised in traditional marketing textbooks. This rejection of formal information gathering derives from the logic that entrepreneurs believe that the future is unpredictable.

According to Morris et al., (2001), when EM dimensions are treated together they cause a type of marketing that is different from traditional marketing. They consider EM as an opportunity-seeking and opportunity-driven way of acting and thinking. Table 10 covers the thirteen divergences found between EM and traditional marketing by Morris et al., (2001).

**Table 10: Differences between EM and Traditional Marketing**

<b>Traditional Marketing</b>	<b>Entrepreneurial Marketing</b>
<ul style="list-style-type: none"> <li>• An essentially reactive stance with respect to the external environment</li> <li>• Marketing strives to follow customers</li> <li>• Serving existing markets</li> <li>• Focal point is efficient management of the marketing mix</li> <li>• Risk is to be minimized</li> <li>• Marketing as an objective, dispassionate</li> </ul>	<ul style="list-style-type: none"> <li>• The firm attempts to influence or redefine aspects of the external environment</li> <li>• Marketing strives to lead customers</li> <li>• Creating new markets</li> <li>• Focal point is new value creation for the customer through relationships, alliances, resource management approaches, and the marketing mix</li> <li>• Risk is necessary and marketing's job is to manage the firm's risk profile in a calculated fashion</li> <li>• While acknowledging value of science and</li> </ul>

<p>science</p> <ul style="list-style-type: none"> <li>• Reliance on proven formulas and established rules of thumb</li> <li>• Marketing supports the innovation efforts of other functional areas of the firm, most notably R&amp;D</li> <li>• Marketing as a functional silo</li> <li>• Promotion and customer communication receive the greatest amount of attention from marketers</li> <li>• Scarcity mentality, zero-sum game perspective on resources</li> <li>• Heavy dependency on survey research</li> <li>• Marketing facilitates transactions and control</li> </ul>	<p>learning, recognition is given to the roles of passion, zeal, and commitment in successful marketing programs</p> <ul style="list-style-type: none"> <li>• Psychology of challenging commonly shared assumptions</li> <li>• Marketing is the home of the entrepreneurial process in the organization</li> <li>• Marketing as a cross-disciplinary and interfunctional pursuit</li> <li>• The relative investment or resources in different areas of the marketing mix is context specific</li> <li>• Opportunity is pursued regardless, or resource controlled; philosophy of resource leveraging is paramount</li> <li>• Skeptical use of conventional research; employment of alternative methods (e.g., lead user research, 'backward' research)</li> <li>• Marketing facilitates speed, change, adaptability, agility</li> </ul>
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**Source:** Morris et al. (2001)

Also, in a study undertaken by Hills et al. (2010) it is found that entrepreneurial firms frequently have marketing behavior that is different from classic marketing found in the literature. The findings show that traditional marketing differs from EM also regarding market/customer immersion, networks and relationship, passion for customers, time horizon and formal plans.

## **2.12 Entrepreneurial marketing and marketing mix**

It is obvious that companies today operate in a very competitive environment which is categorized by the terms of high risk, failure to forecast, fluid boundaries between firm and industry and by a new way of thinking that requests to unlearn traditional management principles (Morris et al., 2001). This unstable and changing environment has pushed many scholars to try to understand whether traditional marketing may be applied to smaller companies.

Marketing the way the majority of today's textbooks describe it was launched around year 1960. The theory of the 'marketing mix' and the 'Four Ps' of marketing known as the product, price, place, and promotion- were also introduced at that time (Gronroos, 1994). The first to claim the use of the term "marketing mix" was Borden (1965). The suggestion for the term that he used was proposed by Culliton (1948), who explained the business executive as "mixer of ingredients" (Goi, 2009. p. 3). His original marketing mix was a mixture of twelve elements such as planning a product, pricing, branding, advertising, distribution channels, personal selling, packaging, promotion, servicing, display, handling, and information search and analysis. It was McCarthy (1964) who refined Borden's idea and reorganized these 12 elements into four new elements known as 4Ps, namely the product, promotion, price, and place (Goi, 2009). Kotler (1986) was the one that has popularized and spread this 4P's model. Quickly those four elements started to be treated as the uncontested basic model of marketing by totally overriding earlier models. Even though, there were many attempts by academics over time to offer additional elements of P's (Baumgartner, 1991; Booms and Bitner 1980; Goldsmith, 1999; Kotler 1986; McGrath, 1986; Vignali and Davis, 1994), until recently the 'marketing mix' model was dominant in marketing research, theory, and practice. But, nowadays this model has begun to lose its positions because of the new approaches that are emerging into marketing research (Gronroos, 1994).

There are numerous scholars arguing that the traditional marketing mix cannot be used by small firms. Gronroos (1997) claims that "the usefulness of the four Ps as a general theory is highly questionable" (Gronroos, 1997.p.6). It is also considered as useless for use in entrepreneurial firms due to their innovative nature and their need for flexibility (Martin, 2009). Generally, small companies have a limited number of customers as well as limited marketing

skills, and they usually lack formal planning what makes it is very difficult for them to make use of the traditional 4Ps (Zontanos and Anderson,2004).

Stokes (2000), claims that EM activities do not easily fit into the existing models of the marketing mix. He states that even though owners do not define their personal marketing mix based on the 4Ps, the element of promotion is very often included. Entrepreneurs prefer to use different themes to run the marketing, they like to involve directly in exchange and create and build a personal relationship (Stokes, 2000). Owners of small companies spend most of their time contacting directly with their customers (Orr, 1995), that is the reason why they prefer and choose word of mouth as interactive marketing (East, 1997) over the traditional 4Ps which focus is more on immediate business rather than on the creation of lasting relations with their customers (Payne et al., 1995). Martin (2009) believes that entrepreneurs need to take a completely new and untraditional marketing approach because the traditional marketing theory is not appropriate in meeting the current needs of the market. Marketing employed by entrepreneurs is different from mainstream marketing, and it is remarkable that highly successful entrepreneurs often ignore the concept of traditional marketing (Hills et al., 2008). But still, EM can never make 4P outdated; moreover, it should be considered as an additional tool intended for entrepreneurial firms (Stokes, 2000; Kraus et al., 2007). The same applies also for EM which should not be treated as inferior to traditional 4P model but needs to be seen as marketing that is more appropriate for entrepreneurial firms. Because there are obvious differences regarding traditional marketing mix and entrepreneurial marketing, Zontanos and Anderson (2004) proposed an EM mix that includes: practices, person, purpose, and process as an improved model for understanding the marketing within entrepreneurial companies, meaning that 4Ps is not supposed to be discarded, but should be seen as “analytical tools focusing on understanding people and process, to create purpose and effective practices” (Zontanos and Anderson, 2004.p.10).

Traditional marketing was a subject of many critics regarding “an over-reliance on established rules-of-thumb, encouragement of formula-based thinking, lack of accountability for marketing expenditures, an emphasis on the promotion elements of the marketing mix, focus on superficial and transitory whims of customers, the tendencies to imitate instead of innovate and serve existing markets instead of creating new ones, a concentration on short-term, low risk

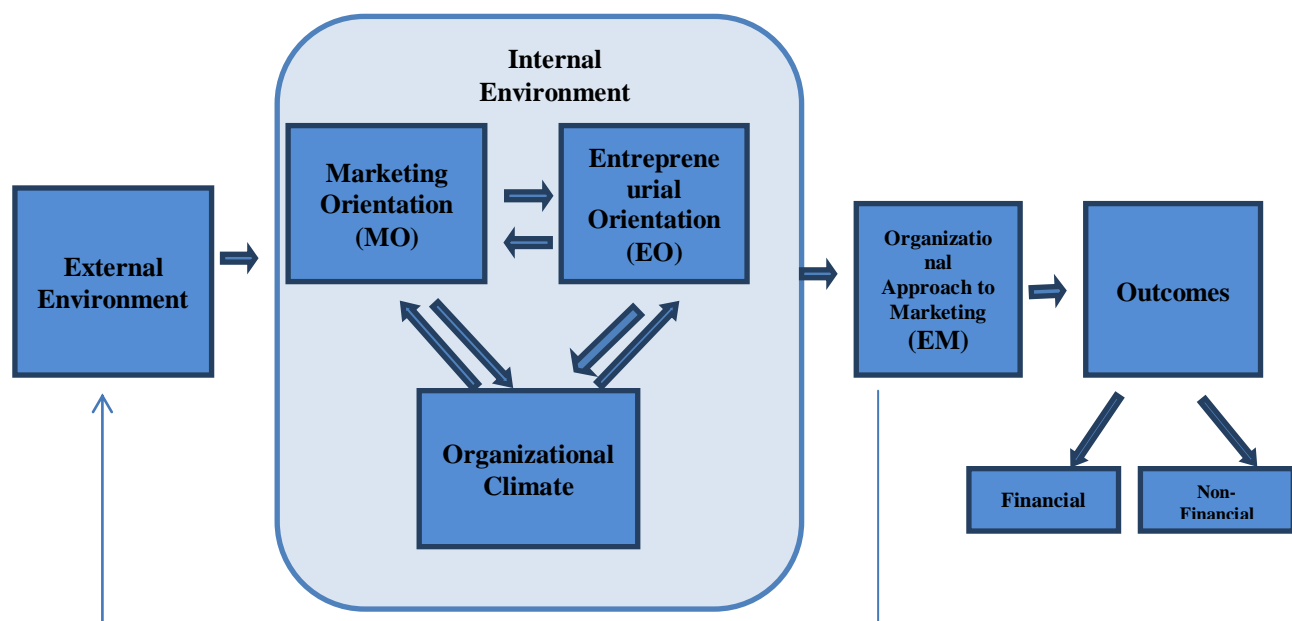
payoffs and marketing as a functional silo with static and reactive approaches” (Morris et al., 2002, p.2). Therefore, it was suggested that in a highly dynamic environment, characterized by turbulence and competition managers should unlearn the traditional marketing concepts and substitute them with more innovative ideas and concept such as EM (Hills et al., 2010).

## **2.13 Entrepreneurial marketing drivers and outcomes**

Companies do not operate independently as they are affected by both external and internal environments that continuously have an impact on their outputs. To explain this phenomenon, Morris et al., (2001, 2002) have developed a theoretical model that defines the relationship between entrepreneurial marketing, its drivers and its outcomes (Figure 2). The said model consists of the external environmental condition, internal organizational environment, organizational approaches to marketing, and organizational outcomes. The model begins with the conditions from the external environment, which among others include many variables as the heterogeneity of supply and demand, the negotiation power of buyers and suppliers, the substitute availability, the presence of aggressive competition, change in technology, instability in the economic environment and factors of regulatory policies. The changes in external factor directly affect the elements of firms’ internal environment which are a market orientation (MO), the entrepreneurial orientation (EM) and other variables that are related to the internal environment. There are three components of market orientation: orientation toward customers, orientation toward competition, and coordination between internal functions. The entrepreneurial orientation includes firms’ risk-taking, innovativeness, and proactiveness. High external turbulence requires higher adaptability and flexibility towards customer and competition and the higher levels of innovation and entrepreneurship. As a result, the approach to marketing function will differ depending on the level of turbulence in the external environment. Organizational climate factors may highly influence the firm’s approach to marketing. The extent of EM and EO, as well as the level to which firm becomes more entrepreneurial, are obstructed or facilitated depending on the firm’s ability to adapt its internal environment to respond to external factors. As a result, EM is more possible in companies that are characterized by flat and decentralized organizational structures, cultures that are characterized by the sense of change and innovation,

failure acceptance and individual empowerment, systems of control that are designed around trust principles, strategies that emphasize growth, human resource management that promotes creative behavior, flexibility and ability to change, acceptance of change, and the combination of the behaviors that are independent and cooperative. EM can have two- way relationship with these organization variables, by being affected and affecting them.

**Figure 2: Relationship of EM with its drivers and outcomes**



**Source: Adapted from Morris et al. (2001; 2002)**

The organizations' approach to marketing can affect the organizational outcomes which may be financial or non-financial, intermediary or final, and short-term or long-term. It was empirically tested that companies' MO and EO have a positive correlation with the performance of the company, especially when dealing with heterogeneous markets, aggressive competition and other factors of the external environment.

In terms of non-financial outcomes, EM should create higher rates of new products, services, more customer-oriented culture, more satisfied and loyal customers, more strengthened resources and more fruitful alliances and networks. In terms of financial outcomes, EM should



try to create a higher lifetime value of customers, higher incomes, higher asset growth and, higher profitability.

## **2.14 Entrepreneurial marketing strategies**

Hills and Hultman (2008) have developed EM strategies based on Schumpeter and Kirzner. Their model is based on two dimensions: value logic (Schumpeterian dimension) and opportunity (Kirznerian dimension).

As stated by them, EM is a method of value creation and value creation is the main objective of both marketing and entrepreneurship. Customer value is a mutual creation process since neither can be created solely by the producer nor by the buyer, because if the seller doesn't provide value to the customer that the market may be lost. Therefore, to maintain the interaction with the seller, customers must recognize the value within an exchange process. The value logic represents what customers receive in exchange for the money they spent and what seller benefits regarding the product offered. As long as the customers meet their expectation they will repeat their exchanges and the seller will be able to maintain its market position. The Schumpeterian dimension applies when the existing value is changed by adding innovation that offers enhanced perceived customer value. The Kirznerian dimension has to do with the ability of the entrepreneur to see the opportunities that others can't see. Based on these two dimensions, four strategies may occur (Figure 3).

A traditional marketing strategy is when a seller becomes dominant in a market and establishes the perceived customer value so the company can be profitable. This may be used in the case when entrepreneurs maintain the existing markets and exchange the same customer value.

Kirznerian EM strategy has to do with exploring new unexplored opportunities. When using this strategy entrepreneur discovers new markets but applies the same business models by offering the same value logic in every new market.

**Figure 3: Entrepreneurial marketing strategies**

		<b>VALUE LOGIC</b> (Schumpeterian Dimension)	
		<b>OLD/SAME</b>	<b>NEW/BETTER</b>
<b>OPPORTUNITY</b> (Kirznerian Dimension)	<b>EXISTING MARKETS</b>	<b>Traditional Marketing</b>	<b>Schumpeterian Entrepreneurial Marketing I</b>
	<b>NEW MARKETS</b>	<b>Kirznerian Entrepreneurial Marketing</b>	<b>Schumpeterian Entrepreneurial Marketing II</b>

**Source: Hills and Hultman (2008)**

Schumpeterian EM strategy is applied when entrepreneurs change the value logic by continuously exploring new innovations and introducing novelties which influence the customers' perceived value in the existing market.

Schumpeterian EM strategy II applies when customer value expectations are exceeded by offering better value to new markets through intentional and continuous innovation with the purpose of destabilizing the existing value balance.

Entrepreneurs may choose to act based on above-mentioned strategies or they may make combinations of all the types (Hills and Hultman, 2008).

## 2.15 Entrepreneurial marketing types

EM can be considered as a set of alternative marketing approaches. The relation of EM to promotional activities is mainly based on finding cheaper alternatives to communicate with the clients. The growth of the customer base is mainly done through the word of mouth communication and recommendation (Stokes, 2000). The goal of EM is also targeting the customers which are not accessible on TV or printed media (Kraus et al., 2009) by finding and attracting them using alternative approaches.

**Table 11: Types of EM in field of promotion**

<b>Form</b>	<b>Characteristics</b>
<b>Guerrilla marketing</b>	Low cost, effective communications; cooperative efforts and networking; leveraging resources, using energy and imagination.
<b>Buzz marketing</b>	Consumer-generated information distributed verbally through personal networks
<b>Viral marketing</b>	Self-replicating promotion fanning out over community webs and spreading like a virus, multiplying and mutating as like-minded people market to each other
<b>Ambush marketing</b>	Strategic placement of marketing material and promotions at events that will attract consumer and media attention. Creating the impression that the company is the general sponsor of an event when it is actually not.
<b>Social media marketing</b>	Internet and technology specific. A dynamic shift in how people are using the internet: creating and participating in social spaces through the internet; extension of convergence marketing

**Source: Adopted from Morris et al., 2002**

According to Kraus et al. (2009) the best recognized and the most successful EM approaches to promotion are Guerrilla, Viral, and Buzz Marketing. In addition to these, Hisrich and Ramadani (2017) have considered also Ambush Marketing as a type of EM marketing, while Maritz et al., (2010, 2011) claim that Social Media Marketing or as they call it Social Network Marketing is another significant EM approach which may be described as a “interface

between technology, radical innovation, and EM” (Maritz et al., 2011.p.32). All these EM forms have at least one thing in common; they are in a large part based on the word of mouth marketing. Main characteristics of those five main types of EM are presented in Table 11.

### **2.15.1 Guerrilla marketing**

Guerrilla Marketing has been applied for more than fifty years. In 1960, Small and Medium Enterprises in the USA were forced to search for alternative methods of promotion which were innovative, low-cost and effective. This was done in order to compete with larger companies and thus to try to respond to market changes by using unconventional means of marketing (Hutter and Hoffmann, 2011). The concept has gained its popularity when Levinson (1984) has published his first book about guerrilla marketing which has provided the guiding principles for small businesses. Guerrilla marketing is considered as an antecedent of other entrepreneurial marketing forms (Levinson, 1984). According to Levinson (1984), every kind of advertisement that is innovative and eye-catching is considered to be a part of the guerrilla marketing concept. Therefore, guerrilla marketing is often described as being unusual, fancy, provoking, original, different, dynamic, flexible, innovative and imaginative (Hutter and Hoffmann, 2011). It can be said that it represents the unconventional marketing activities intended to get maximum results from minimal resources. It is assumed to be “surprising, efficient, rebellious, infectious, and in the best case even spectacular, thereby bursting through conventional perceptions and leading to a ‘wow factor’” (Kraus et al., 2010, p. 27). According to Hutter and Hoffmann (2011), other marketing types such as buzz marketing, ambush marketing, and viral marketing can be included in guerrilla marketing. They emphasize that guerrilla marketing has three characteristics that could be evoked by different instruments: the surprise, diffusion and the low-cost effect (Hutter and Hoffmann, 2011). The main purpose of the surprise effect is to surprising the customers with remarkable activity and to draw their attention in the advertising message which is done through ambient and sensation marketing (ambient and sensation marketing are instruments that openly try to surprise customers by putting the advertisement where no one expects them( see more in: Luxton and Drummond, (2000)). The diffusion effects’ duty is in finding new ways of raising the number of people who are exposed

to the promotional message without raising the cost of the marketing campaign. This is usually done through the use of viral and buzz marketing. The low-cost effect is evoked by the diffusion effect and the low budget needed for performing these activities, this is mainly done through ambush marketing (Table 12).

It is worth stressing that as far the marketing mix elements (product, place, price, and promotion) are concerned, the main focus of guerrilla marketing is on activities and tools related to promotion (around 70%), while this focus is much lower on other three elements (approximately 10% each) (Hisrich and Ramadani, 2017). It is usual for guerrilla marketing activities to be carried out only once. Besides, these activities should be distinctive and limited to one specific event, because in case they are used again, they usually show no effect (Kraus et al., 2009). Initially, guerilla marketing was intended especially for small businesses; however, nowadays it is successfully being employed also by larger companies (Hisrich and Ramadani, 2017).

**Table 12: Characteristics of Guerilla marketing and corresponding instruments**

<b>Effect</b>	<b>Definition</b>	<b>Instruments</b>
<b>Surprise</b>	Surprising the consumers with unusual activity to draw their interest in the advertising message	Ambient marketing Sensation marketing
<b>Diffusion</b>	Providing ways of increasing the number of individuals exposed to the marketing message without increasing marketing campaign cost	Viral marketing Buzz marketing
<b>Low cost</b>	Evoked by diffusion effect and low budget needed for performing these activities	Ambush marketing

**Source: Hutter and Hoffmann (2011)**

### **2.15.2 Ambush marketing**

Ambush marketing known also as parasite marketing refers to any message or action “from which one could reasonably infer, that an organization is associated with an event, when in fact it is not” (Payne, 1998, p. 324). Ambush marketing is mostly associated with the sponsorship of most important events and it is mainly found in events related to sport (Olympic Games, NFL Super Bowl, FIFA World Cups, etc.) (Hisrich and Ramadani, 2017). The idea of ambush marketing is in strategic placement of promotional and marketing material that will draw the attention of people and media at different events. This happens when a company, usually a competitor of the official sponsor, tries to redirect the attention of the audience from the official sponsor to itself (Meenaghan, 1998). Ambush marketing may be described as a purposive attack on a rival’s official sponsorship in an “effort to gain market share, and to confuse consumers as to who is the official sponsor” (Sharma, 2015.p. 2).

### **2.15.3 Buzz marketing**

Buzz marketing represents another form of the word of mouth marketing that turned out to be a response to the fact that the increased number of customers is critical comparing to classic methods of advertising (Kraus et al., 2010). Buzz is a type of EM by which a specific product or service gets promoted from one person to another, with no direction, supervision or assistance of the company (Hisrich and Ramadani, 2017). This is done by using the recipient’s e-mail or mobile network in order to create a ‘buzz’ about the product and then leaving the actual advertising to customers (Kraus et al., 2009). The target people in buzz marketing are those who are considered opinion leaders and have large social networks because it is expected that they will spread the message exponentially (Kraus et al. 2010). Buzz marketing is considered to be more effective than other forms of marketing, due to the fact that people tend to trust more to information that they receive from members of their family, relatives, colleagues, friends or neighbors than the information received directly from a company (Hisrich and Ramadani, 2017; Kraus et al., 2010). This form of promotion has its strength and weaknesses. The biggest strength is its credibility because people trust more people they know than they trust advertising.

The weakness of buzz marketing may occur in cases when customers are not convinced about the product and the effect of this type of promotion may be counterproductive (Kraus et al, 2010). Buzz marketing is most appropriate for products and service that are new to the customer and are perceived as innovative and exciting (Kraus et al., 2010).

#### **2.15.4 Viral marketing**

The expression “viral marketing” was for the first time used in 1997 as a new type of entrepreneurial marketing that is strongly associated with internet development. Being aware of the customer’s resistance to the traditional form of TV and newspaper advertising the companies found new alternative approaches such as viral marketing (Kraus et al. 2009). Viral marketing is also known as “word-of-mouth” marketing (Hisrich and Ramadani, 2017.p.95). It is usually used as a way of doing marketing through social networks in order to increase the awareness for different products or brands by distributing messages like a “virus” (Dobele et al., 2005.p.148; Phelps et al., 2004). According to Dobele et al. (2005), viral marketing can be defined as “making email into a form of advocacy or word-of-mouth referral endorsement from one client to other prospective clients” (Dobele et al., 2005.p.144). Practically, it is done by forwarding the message with the attached advertisement from one person to the list of his email contact. The success of viral marketing largely relies on customers’ will, desire and his own benefit to further continue distributing the information to his personal network of friends, family, colleagues, etc., (Dobele et al., 2005; Hisrich and Ramadani, 2017, Kraus et al., 2009). The spread of information to the wide audience through viral marketing is very quick and can be achieved with very little cost and efforts (Dobele et al., 2005, Hisrich and Ramadani, 2017). This form of marketing can be considered as impersonal (with no face to face contact) as well as the as the technology version of buzz marketing (Kraus et al.,2009).

### 2.15.5 Social media marketing

Social media has become very popular over the past few years because of the shift in the way of how people use the internet. Even though there is no general and accepted definition of the social media they are usually described as web-based services that allow users to create profiles and communicate or share different content which is easily accessible by others (Ellison, 2007). In a technical sense, these media offers the participants the ability to post, comment, tag, review, like, dislike, follow, and many more options (Sadiku-Dushi, 2017). Content sharing is one of the main functions of social media. Being such, social media is considered as highly effective at spreading messages, mainly when users of these media find the messages entertaining, surprising, and/or humorous. That's why "when a message is shared widely within a relatively short period of time, it is said to have 'gone viral'" (Barger and Labrecque, 2013. p.6.) what increases the awareness for both the message and its creator. Social media have drawn the attention of not only individual but also companies. Companies may engage with their customers in a less expensive and more efficient way that they have done through traditional communication tools since social media is considered as a cost-effective way of performing marketing activities (Paridon and Carraher, 2009). That is why social media have become relevant for every company regardless of their size (Sadiku-Dushi, 2017). But still, the use of social media is not considered an easy task since it requires a new way of thinking (Kaplan and Haenlein, 2010).

**Table 13: Most popular social media**

<b>Social Media</b>	<b>Use of Media</b>
<b>Facebook</b>	Connecting with people, sharing photos and videos
<b>Instagram</b>	Sharing photos videos, online videos
<b>Linkedin</b>	Connecting with people
<b>Twitter</b>	Connecting with people
<b>Youtube</b>	Sharing videos
<b>Pinterest</b>	Sharing photos

**Source: Internet**



Social media should not be considered only as a tool for marketing but it is a place where the company interacts with its existing and potential customers, therefore communication is considered to be the key for success on social media (Sadiku-Dushi, 2017). Companies that decide to use social media for promotional purposes have to understand that they need to be truly dedicated to communication and to be aware that this task requires time and effort to respond to all customers' messages and comment (Edosomwan et al., 2011). Regardless of that, social media marketing is considered as a very useful and as a vital element of being successful in online marketing (Vinerean et al., 2013).

Table 13 highlights the types of the most popular online communication media which can be used as alternative marketing approaches. When choosing among these online media, the important things that should be taken into consideration are the purpose of the specific media and the participant in the given media, because the same marketing message may not be suitable for all the platforms as well as may not be successful in all of them. This may happen because the communication style that is effective in one of them may not be consistent with the brand image (Barger and Labrecque, 2013).

## **2.16 Entrepreneurial marketing dimensions**

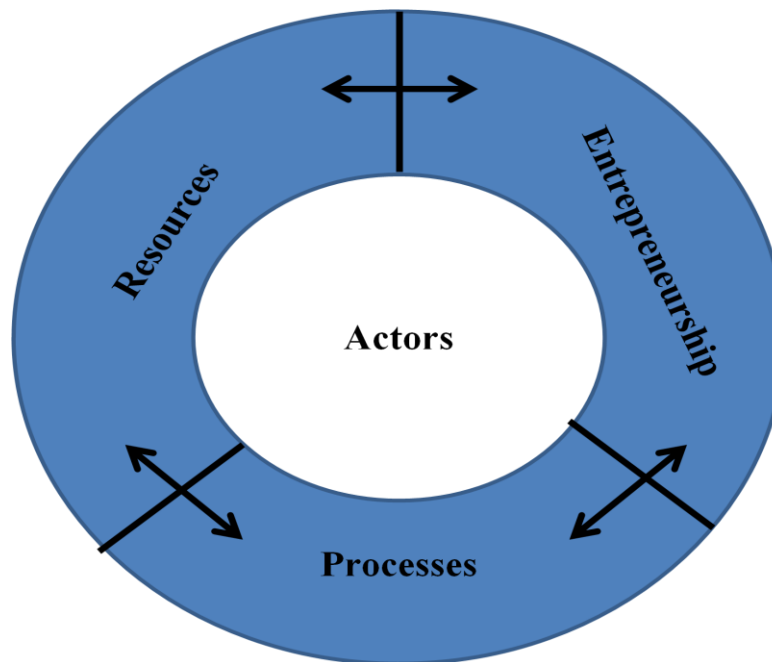
In recent years, different researchers have used different classification when investigating firms' EM behavior. Those classifications differ depending on the context of the study and vary not only in content but also in the number of the dimensions they use. Even though the EM behaviors are widely studied, there is still no general accordance regarding the number of EM dimensions (Kilenthong et al., 2015).

Previous studies have recognized a number of characteristics of EM behaviors such as focus on innovation (Hills and Hultman, 2013; Morrish, 2011; Whalen et. al., 2016), calculated risk-taking (Hills and Hultman, 2011), focus on opportunity recognition (Hills and Singh, 1998), and flexible approaches to markets (Shaw, 2004). Because of the different number of characteristics given by different scholars a number of debates have surfaced in the literature

with regard to the nature of the construct of EM, its dimensionality (Hills and Hultman, 2006; Morris et. al., 2002) the interdependence of the dimensions (Kilenthong et al., 2016) and the nature of the dimensions (Hills and Hultman, 2006).

Bjerke and Hultman (2002) have identified four pillars of entrepreneurial marketing, namely; entrepreneurship, processes, actors, and resources (Figure 4). The pillar of entrepreneurship highlights proactiveness, the opportunity search, and innovation and it refers to how and why opportunities can be recognized and applied in the customer value creation. The term ‘processes’, includes all the activities and the means by which a firm creates customer value. Actors represent entrepreneurs that execute the processes to create value for customers. The resources are the inputs that are needed to generate customer value. Resources can be either possessed by firms or generated by cooperation with external actors (Bjerke and Hultman, 2002).

**Figure 4: Four pillars of EM**



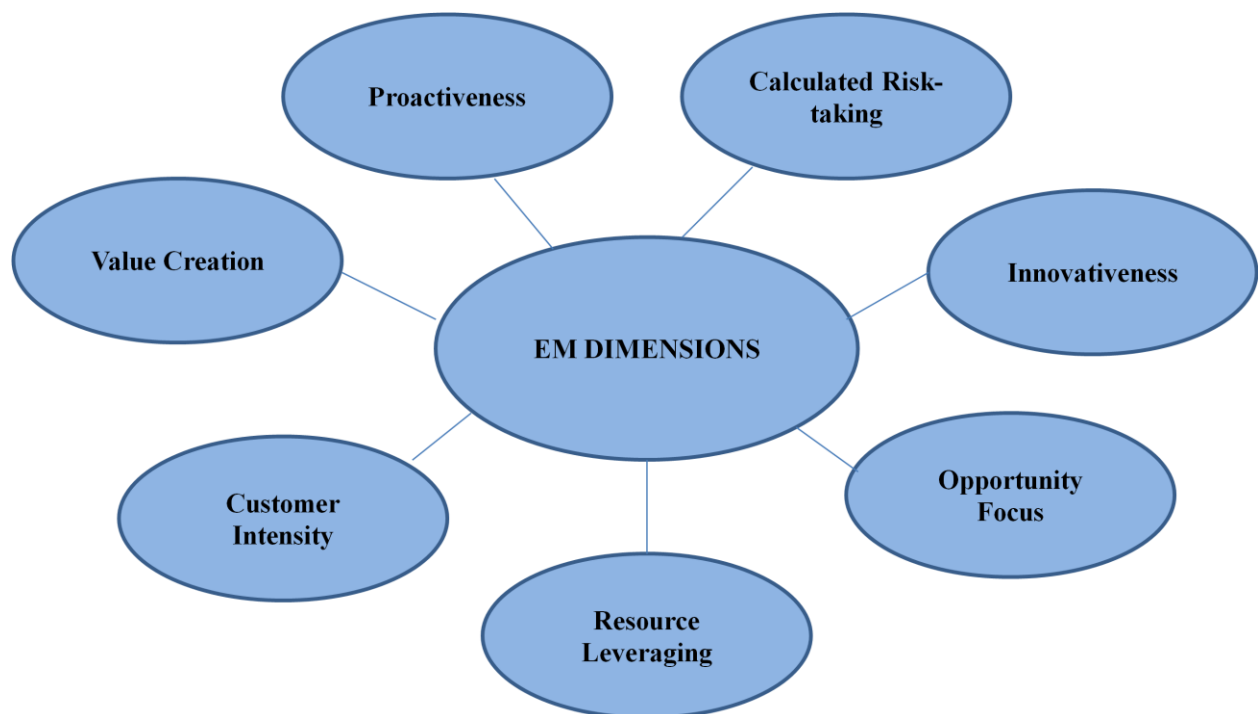
**Source: Adopted from (Bjerke and Hultman, 2002)**

Hills and Hultman (2013) in a study that investigated how entrepreneurial companies employ their marketing practices have found several marketing behaviors that are typical for entrepreneurial firms. Those behaviors are not implementing the marketing mix concept,

importance on high-quality products, the use of intuitive decision making, the use of personal networks in marketing, low commitment on formal research, and the influence of owners personal goals on the company's marketing goal. The above-mentioned behaviors have been also reported in similar studies (Hills and Hultman, 2013; Stokes, 2000).

Morris et al., (2002) have defined seven entrepreneurial marketing dimensions, namely; proactiveness, opportunity focus, calculated risk-taking, innovativeness, resource leveraging, customer intensity, and value creation (Figure 5). The first four dimensions derive from entrepreneurial orientation literature. A fifth dimension, resource leveraging, is very stressed in guerilla marketing and also it is very often found in the entrepreneurship literature. Whereas, the two last dimensions derive from marketing orientation literature.

**Figure 5: EM dimensions**



Shaw (2004), has investigated the EM in the context of social entrepreneurship. He has classified EM behaviors by four themes such as entrepreneurial effort, opportunity recognition,

entrepreneurial organizational culture, and networks and networking. Gruber (2004) when elaborating on marketing in small and new companies suggested three important dimensions like newness, smallness, and uncertainty and turbulence.

In addition, Jones and Rowley (2010) have created a framework known as EMICO. This framework has fifteen dimensions that derive from the literature on entrepreneurial orientation (EO), market orientation (MO), innovation orientation (IO) and customer and sales orientation (CO/SO).

In a more recent study by Kilenthong et al. (2015) have proposed six dimensions of EM; opportunity orientation, growth orientation, the creation of value through networks, full customer focus, informal market research and, proximity to the market.

Given that there is no consensus among scholars regarding the number of EM dimension, based on existing literature and similar conceptualization of EM, this thesis will use the seven dimensions proposed by Morris et al., (2002). According to Morris et al. (2002), EM incorporates both the entrepreneurial orientation (EO) and marketing orientation (MO) constructs. Therefore before elaborating the seven dimensions, we will first take a look at EO and MO.

### **2.16.1 Entrepreneurial orientation**

Entrepreneurial orientation (EO) is a notion which is used to measure the capabilities of the firms' managers to be innovative, to take risks and to compete (Covin and Slevin, 1988). This orientation is thought to drive the development of a new business venture (Chaston and Sadler-Smith, 2012).

The term entrepreneurial orientation was first introduced by Miller (1983). According to him a firm to be considered entrepreneurial should engage in the innovation of product and markets, it should undertake risky actions and should be the first to undertake proactive innovations. Therefore, innovativeness, proactiveness, and risk-taking are three dimensions that are linked to entrepreneurship (Miller, 1983). In addition, Lumpkin and Dess (1996) have

introduced another two dimensions to Miller's three, which are autonomy and competitive aggressiveness. According to Lumpkin and Dess (2001) autonomy is described as an independent action that is taken by a person or a team with the aim of bringing the business concept forward toward its completion. Innovativeness has to do with the willingness to support experimentation and creativity in creating new products or services, as well as new technological management in developing new processes. Risk-taking represents the tendency to take risky actions such as going into unidentified new markets, placing large amounts of resources into assignments with insecure outcomes, or entering into large debts. Proactiveness represents a perspective that is opportunity-seeking and forward-looking that has to do with the introduction of new services or products ahead of rivals and acting in the creation of future demand in order to create change and shape the environment. Competitive aggressiveness has to do with the firm's effort to perform better than industry competitors. This is characterized by an aggressive attitude and a strong response to rivals' actions.

### **2.16.2 Marketing orientation**

Marketing orientation may be described as an organizational culture where all employees throughout the company are fully dedicated to constantly generate superior value for customers or as a sequence of marketing actions that lead toward better company performance (Gudlaugsson and Schalk, 2009). Companies that are marketing oriented usually focus on satisfying their customers through continuously enhancing their products and establishing long-term relationships with their customers (Narver and Slater, 1990). Jaworski and Kohli (1993) claim that market orientation represent the behaviors and activities of the company. It is found that the companies that are market-oriented have a higher capability in realizing higher profits compared to the companies that are nonmarket-oriented. According to Jaworski and Kohli (1990), MO begins with market intelligence, which takes into consideration the expressed needs and preferences of the customers, and also factors that influence those needs and preferences. Next, this intelligence must then be informed and dispersed to everyone in the organization in order to adapt to the market needs. Finally, the organization needs to respond to this intelligence by selecting target markets, offering products/services that furnish present and future needs, and

promoting them to customers. Marketing orientation was found to have a positive impact on company performance (Jaworski and Kohli, 1993; Narver and Slater, 1990). Thus it can be concluded that companies that are market-oriented create a long-term relationship with their customers and are much profitable than companies that are less marketing oriented.

### **2.16.3 Proactiveness**

Proactiveness may be regarded as behavior by which marketer does not take the external environment as a situation in which the organization must be adjusted. The external environment is more seen as a possibility where marketers try to redefine its elements in order to decrease the vulnerability and dependence within the firm (Morris et al., 2002). Proactiveness is a response to opportunities. Proactiveness provides company with the ability to predict the changes or market demand and be among the first to react to them (Lumpkin and Dess, 2001). Proactive orientation has to do with realizing and meeting the hidden and unspecific customer needs through gathering information from customers and competitors (Keh et al., 2007). A company that is proactive is considered a leader rather than a follower, since it is determined to grab new opportunities, even if sometimes it may not be the first doing so (Covin and Lumpkin, 2011). Proactiveness means implementing something new or undertaking everything that is necessary in order to predict and perform upon an entrepreneurial opportunity (Rezvani and Khazaei, 2014).

### **2.16.4 Calculated risk-taking**

Risk-taking represents the company's ability to take calculated actions in order to reduce the risk when pursuing an opportunity (Becherer et al., 2012). An entrepreneur undertakes calculated risks and always tries to find ways to control the causes that make those risks appear (Hisrich and Ramadani, 2017). Companies that employ entrepreneurial marketing take measured, rational and, calculated risks. One way to oversee the risk is to collaborate with different parties, which may provide additional capability, and this way help to transfer the risks to other parties

(Miles and Darroch, 2006). Calculated risk-taking has to do with the readiness of a company to chase opportunities that appear to have a realistic chance of producing lower losses or significant performance discrepancy (Morris et al. 2001). The risk is not uncontrollable but instead is reasonable and can be calculated and managed (Morris, 1998). In other words, risk-taking represents the company's ability to allocate its resources on projects that have a considerable likelihood of failure but may also bring chances of high profits (Qureshi et al., 2010).

#### **2.16.5 Innovativeness**

Innovativeness is considered as a crucial factor for the company's survival. Innovativeness is considered as a critical determinant of firms' performance (Calantone et al., 2002; Danneels and Kleinschmidt, 2001; Hult et al., 2004; Read, 2000; Wiklund and Shepherd, 2003). The innovation process in marketing operations is permanent, given that managers constantly employ new approaches to pricing, packaging, segmentation, customer relationship management, brand management, and other different operational processes (Hacioglu et al. 2012). Innovation is defined as the company's skill to keep up a stream of new fresh ideas which can be used to create new products, services as well as technologies or markets (Morris et al. 2001; Otieno et al., 2012). Regardless of their limited resources, entrepreneurial firms have a particular ability to innovate (Freel, 2000). Focusing on innovation may help firms to move beyond opportunity recognition, by using new or existing resources in new ways (Morris et al., 2002).

The importance of innovation in the entrepreneurial process has been highlighted since the influential work of Schumpeter. As a result, innovation is included as one of the most important dimensions of entrepreneurial orientation (Miller, 1983; Lumpkin and Dess, 1996; Wiklund and Shepherd, 2005; Covin and Lumpkin, 2011; Covin and Wales, 2012).

### **2.16.6 Opportunity focus**

Opportunities stand for overlooked market positions that may be potential sources of profit. They derive from the market imperfections, and knowing how to use them in the right way is what makes entrepreneurial marketing to be different. (Morris et al, 2002). Companies that employ entrepreneurial marketing constantly scan the environment in order to notice or generate new opportunities, access these opportunities and then use them in order to gain competitive advantage (Morrish et al., 2010).

Focus on the opportunities goes far beyond the identifying new business idea to including in everyday activities of the company (Hills and Hultman, 2013). Opportunity recognition today has an important role in entrepreneurship theory and has a very important role in entrepreneurship research (Hills et al., 2010). “Commitment to opportunities” and “opportunity recognition skills” are identified as factors that distinguish EM apart from traditional marketing (Hills et al. 2008,p. 107). The ability of the firm is seen in selecting the best opportunity that determines success (Becherer et al., 2008). According to Kilenthong et al.(2010) creativity and innovation are the most important tools that may help entrepreneurs to convert opportunities into reality.

### **2.16.7 Resource leveraging**

Entrepreneurs are excellent at leveraging resources given that their ambitions always exceed their available resources. In SMEs, instead of being constrained by resource limitations, by resource leveraging the firms are able to access resources in order to do more with less (Becherer et al., 2012). According to Morris et al. (2002), entrepreneurial marketers are able to leverage resources in many ways like recognizing resources not seen by others, using others' resources to complete their own purposes, complement resources with one another to increase their value, use certain resources to find other resources and extending resources much more than others have done in the past.



Leveraging is a process that is more creative than a mechanical process and is not something that one just decides to do. It is obvious that not all are the same in the resource leveraging since some may be more creative than others in using resources. It requires experience, skills, and insight to successfully identify not fully used resources, to find out how to use the specific resource in a nonconventional way, and to encourage those who have control over the resource to allow the entrepreneur to use it. The same implies also for the ability to get the employees to work overtime, to encourage different departments to complete tasks they usually do not perform, or combining the sets of resources in order to give more output. The most critical task within resource leveraging is the skill to use other's resources to complete own firms' purpose. This may be done by borrowing, leasing, recycling, renting, sharing, and outsourcing (Morris et al., 2001).

Morris et al., (2001) also point out that it is important not to misunderstand the resource leverage. The philosophy of leverage is not about cutting or squeezing resources in an attempt to increase productivity. It is about finding and using resources more creatively, more intelligently and in a more focused way.

#### **2.16.8 Customer intensity**

Entrepreneurial marketing includes the need for a creative approach for the attraction, retention, and growth of the customers (Morris et al, 2002). This element builds up the passion for the customers as well as employees' recognition for products and services as the main values of the company (Hisrich and Ramadani, 2017). Customer intensity is a key dimension of EM and a central element of market orientation construct (Kohli and Jaworski, 1990). EM has a high intensity of customer orientation. Entrepreneurs are often deeply involved and personally committed to serve customers and to respond to their needs and wants (Hills, 2012). Entrepreneurs are continuously involved in the market, and they always have in mind their vision and customers' preferences (Hultman, 1999). Hills et al. (2008) found that entrepreneurs are often ready to put significant efforts and costs in order to satisfy customers' preferences and that they use this ability to make quick decisions and to quickly adapt to customer needs. They are

aware that customer retention is never granted, but instead involves continuous investments. (Homburg et al., 2012).

#### **2.16.9 Value creation**

Despite the fact that traditional marketing is more focused on the transactions and customer relationships, the most important point of entrepreneurial marketing is the fact that is innovative and is oriented on value creation, as a result, the marketers' task is to find the unused source of customer value and use it to create an exclusive mixture of different sources to create value (Morris et al., 2002). In EM, value creation is combined with a focus on innovation and thus "the focal point of EM is innovative value creation, on the assumption that value creation is a prerequisite for transactions and relationships" (Morris et al., 2002. p.8). Companies that implement entrepreneurial marketing processes have more ability to recognize and utilize opportunities and take advantage of them to improve the benefits of their offer and lower the cost of the offer, which results in a greater value for the customer (Miles and Darroch, 2006).

### **2.17 Empirical review on entrepreneurial marketing dimensions and SME performance**

Entrepreneurial marketing is a relatively new field of study which has attracted the attention of numerous academics. But, even though there are numerous results on this topic when searching the literature, there is only a limited number of articles that have studied the impact of the entrepreneurial marketing dimensions on SME performance and growth.

This study will be based on seven dimensions developed by Morris et al. (2002) because while conducting a literature review it was found that these dimensions are used more frequently in different studies.

But, even though Morris et al. (2002) have detected the seven dimensions of the entrepreneurial marketing, their study was based only on theoretical principles.

Several studies that have employed the seven EM dimensions proposed by Morris et al. (2002) are presented below.

Miles and Darroch (2006) have investigated how large companies could leverage entrepreneurial marketing practice to increase their competitive advantage. Their study was based on previous research on entrepreneurship and entrepreneurial marketing with examples from a continuing case study of companies in New Zealand, the USA, UK, and Sweden. The study aimed to demonstrate how large companies can strategically employ entrepreneurial marketing in order to more effectively and efficiently create or determine, evaluate, and take advantage of entrepreneurial opportunities. They used risk management, opportunity-driven, pro-activeness, innovation, value creation, customer intensity, and resource leveraging as the independent variables that contribute to the competitive advantage. They found that, in open markets, the superior value for both company owners and customers may be created if the entrepreneurial marketing processes can be strategically employed.

Kurgun et al. (2011) in a qualitative study conducted among boutique hotels in Izmir-Turkey have tried to understand are the marketing approaches of boutique hotels consistent with the entrepreneurial marketing approaches. They have carried out semi-structured interviews with nine ‘boutique’ hotels. They pointed out that entrepreneurial marketing concepts have been adopted and were of great importance for boutique hotels.

Becherer, Helms, and McDonald (2012) in their article “The effect of entrepreneurial marketing on outcome goals in SMEs” have examined the relation between seven entrepreneurial marketing dimensions on the qualitative and quantitative outcomes of SMEs including company success, customer success, financial success, return goals, growth goals, excellence, and the entrepreneur’s standard of living. Using a sample of 174 owners of SMEs, by applying stepwise regression they revealed that entrepreneurial marketing dimensions impact the outcome variables. Based on the research results they have found the entrepreneurial marketing dimensions employed in the study have direct and positive influence on the outcomes related to SMEs. The value creation is found to stand out as a dimension that impacts not only financial performance but also the growth and general sustainability of the company.

Similarly, conducting a study on a sample comprised of 560 Turkish manufacturing industry SMEs from Hacioglu, Eren, and Celikkan (2012) have explored the impact of EM on innovative performance. The research results discovered that four out of seven EM dimensions: pro-activeness, customer intensity, innovativeness, and resource leveraging have shown a positive relationship with innovative performance. They also found that EM is very suitable for small and medium enterprises. Moreover, they claim that innovativeness is the crucial dimension for gaining competitive advantage for SMEs.

Morrish and Deacon (2012) have also used the seven EM dimension developed by Morris et al., (2002) in their study named “A Tale of Two Spirits: Entrepreneurial Marketing at 42Below Vodka and Penderyn Whiskey”. The objective of their study was to find out the approach to entrepreneurial marketing. The authors conducted qualitative research by employing two cases; 42Below- Company from New Zealand engaged in vodka production, and Penderyn Distillery- Company from Wales evolved in whiskey distillers. After analyzing their data, they found that both cases have successfully employed entrepreneurial marketing.

Rezvani and Khazaei (2014) have studied if there is a variation in the use of entrepreneurial marketing depending on the age and size of higher education institutions. They have found that there were differences in the use of each of the entrepreneurial marketing dimensions, depending on the age and size of the studied institutions. While in smaller companies is found that proactiveness, opportunity focus, innovativeness and resource leveraging were more emphasized, larger companies tend more toward risk-taking and customer intensity. Value creation is found to have the same importance for small and large companies.

Hamali (2015) has measured the impact of EM on small business performance, specifically to the small garment industry in Bandung City in Indonesia. He performed a study on a sample of 90 participants. After conducting a regression analysis he found that four out of seven EM dimensions; proactiveness, value creation, resources leveraging, and customer intensity have significant and positive effects on business performance.

In a study conducted by Hamali, Suryana, Effendi, and Azis (2016), with a sample of 200 small companies of wearing apparel small industries in West Java, Indonesia, authors have examined the impact of entrepreneurial marketing on innovation as well as its impact on

marketing and financial performance. They found that entrepreneurial marketing has an impact on innovation and then together with innovation they both have an influence on the business performance of the studied companies.

Olannye and Edward (2016), in their study “The Dimension of Entrepreneurial Marketing on the Performance of Fast Food Restaurants in Asaba, Delta State, Nigeria” have employed the survey research method through a sample of 160 employees and clients in a number of selected Fast Food Restaurants. In order to collect the data, they have used a validated 20-item structured questionnaire. They analyzed the data through the correlation and multiple regressions. The results of the study discovered that pro-activeness, opportunity recognition and entrepreneurial innovation have a significant positive impact on competitive advantage.

In a more recent study “Effect of entrepreneurial marketing on the performance of real estate enterprises: A case of Optiven Limited in Nairobi, Kenya”, Mugambi and Karugu (2017) have analyzed the impact that entrepreneurial marketing has on the performance of real estate companies, specifically in the case of Optiven Limited. The main objective of their study was to reveal the impact of strategic orientation, market orientation, innovation orientation, and resources leveraging on the performance of the sampled company. They found that there is a strong association among strategic, innovation and market orientation as well as the resource leveraging dimensions on the performance of Optiven Limited.

The latest study in this area is “The impact of entrepreneurial marketing dimensions on the organizational performance within Saudi SMEs” conducted by Rashad (2018). The sample for the study comprised of 50 SME managers and owners located in Jeddah. They collected the data through email administered questionnaires. The gathered data were analyzed through factor and regression analysis. The results from factor analysis revealed that all the EM dimensions were found in the sampled companies. Whereas, the result obtained from regression analysis showed that opportunity focus, calculated risk, and value creation are the three EM dimensions that have a positive correlation to performance while proactiveness, innovativeness, customer intensity, and resource leveraging are negatively related to performance.

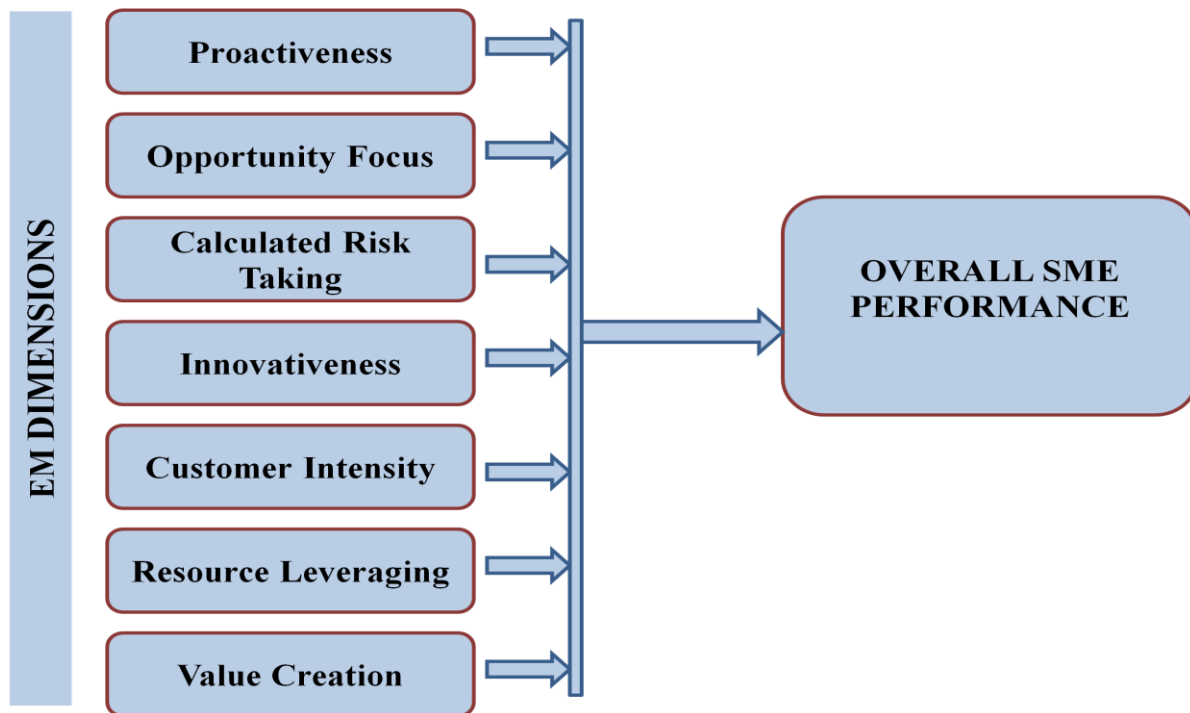
Morris (2002) claimed that entrepreneurial marketing is a field that is rich in research opportunities and he suggested that additional insight is needed to his seven dimensions

developed by him. Even though there are still ongoing debates about EM, its drivers, its manifestation, and its relationship with performance and even though progress is evident, there is much to be done in the future. In an extensive review in entrepreneurial marketing literature by Toghraee et al., (2017) it was found that there is substantial heterogeneity of approaches among studies, indicating that there is a challenge on the intersection of marketing and entrepreneurship. Literature shows that there are too many miscellaneous samples, too many remote survey studies with single respondents and very few qualitative studies; therefore, there is a need of improving the quantitative research quality.

## 2.18 Conceptual framework

A conceptual framework may be defined as a “network or a ‘plane’ of linked concepts that together provide a comprehensive understanding of a phenomenon” (Jabareen, 2009.p.49).

**Figure 6: Conceptual Framework of the current study**



Source: Author

Miles and Huberman claim that the conceptual framework “explains, either graphically or in narrative form, the main things to be studied—the key factors, concepts, or variables—and the presumed relationships among them” (Miles and Huberman, 1994. p. 18). It is something that is created by the researcher incorporating pieces that may be borrowed from elsewhere, but the structure should be something that is built for the purpose of the research and not something that exists ready-made (Maxwell, 2012).

The extensive literature review has provided a general idea of the concepts and variables that will be adopted to research the correlation between entrepreneurial marketing dimensions and SME performance. The conceptual framework of the current research can be illustrated as follows (Figure 6).

## 3 CHAPTER 3: METHODOLOGY

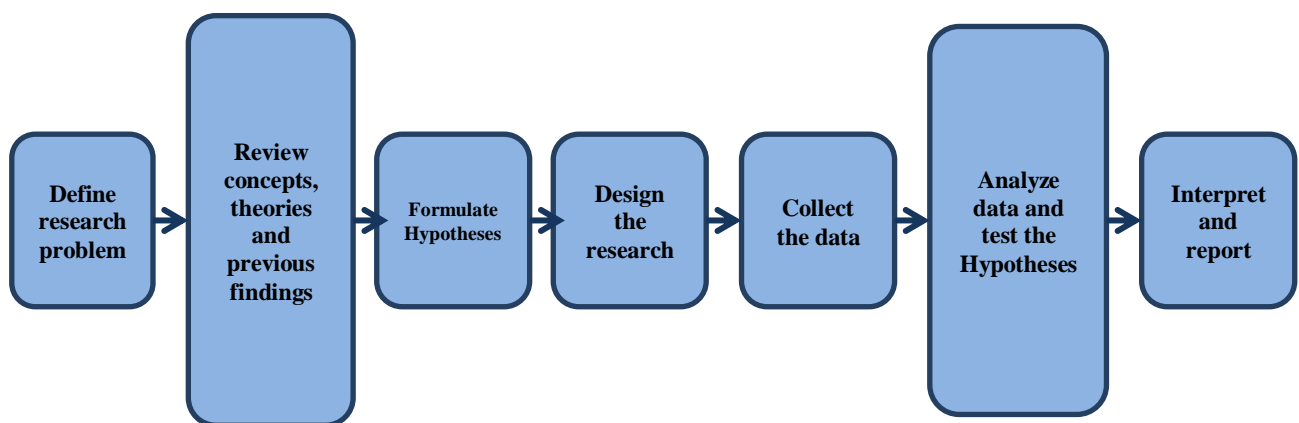
### 3.1 Introduction

The current chapter aims to present the research design and the research methodology used in this study. This chapter will highlight the research process, study approach, research design, the data collection method, sampling process and technique, sample size, the sources of data collection and the survey instrument. It will also give an overview of study variables and will explain the techniques used to test the study hypotheses.

### 3.2 Research process

Prior to continuing with the research methodology details, techniques, and strategies, it is useful to present a general idea of the research process. The research process represents a set of procedures and steps which are essential for conducting effective research (Kothari, 2004). The research process with its steps is shown in Figure 7.

**Figure 7: Flow of research process**



Source: Adopted from Kothari (2004)



### **3.2.1 Research approach**

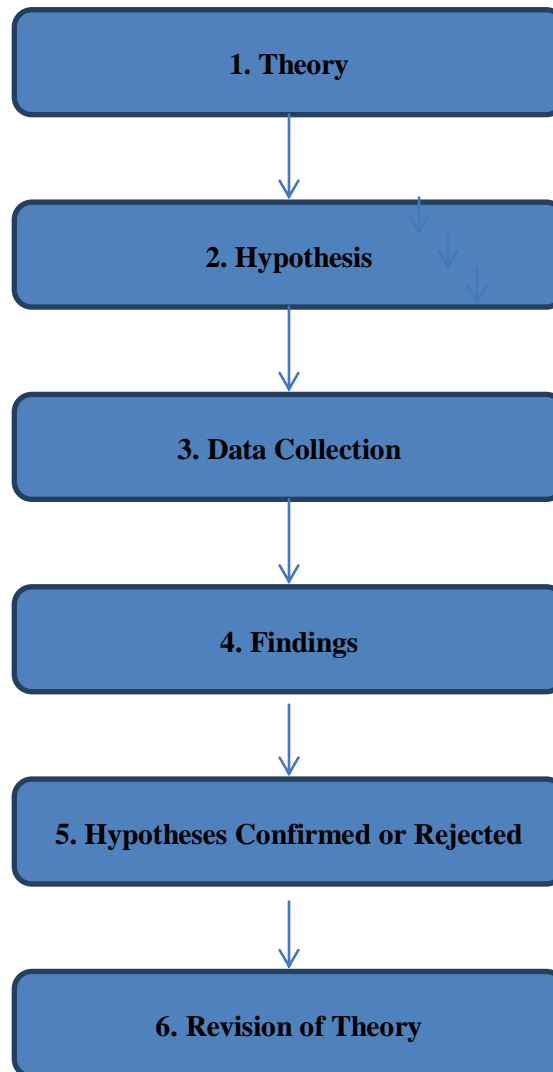
The very important step in performing any research study is to decide on the research approach that will be used. The researchers may choose between the two main research approaches; inductive and deductive (Perry, 1998; Saunders et al., 2009). The deduction can be explained as moving from general to specific (Elo and Kyngäs, 2008; Gray, 2013), while induction can be understood as moving from specific to general (Glaser and Strauss, 2017; Thomas, 2006).

Deductive approaches are based on existing theories or models which are used to develop theories or hypotheses which after that are tested through empirical observation. On the contrary, when using inductive approach, hypotheses and theories are developed by explaining empirical observations of the real world (Lancaster, 2008), i.e. by moving from fragmented details to a more general view of the situation (Gray, 2013). In other words, the deduction is more appropriate when there is a broad literature on the topic from which the hypothesis can be drawn, whereas when there is a scarcity in the existing literature on the specific topic, the use of inductive approach is more appropriate (Saunders et al., 2009).

The deduction process is a linear process where one step follows other in a logical order as shown in Figure 8, however, there may be cases when this order needs to be changed (Bryman and Bell, 2012).

As mentioned above, the deductive approach starts by looking at the theory, developing the hypothesis based on that theory with the focus on current research and then testing the theory (Greener, 2008) and assessing the hypothesis validity (Dubois and Gadde, 2002). Deductive approach is considered as the only justifiable research method used to develop knowledge and therefore should also be the only approach that is used in the social sciences (Crowther and Lancaster, 2012; Lancaster, 2008). It is suggested that the deductive approach is associated with quantitative research studies (Bryman and Bell, 2012).

**Figure 8: Deduction process**



**Source: Bryman and Bell (2012)**

In view of the above mentioned, a deductive approach is considered as a more appropriate approach for the current study, in which existing facts and theories have provided the basis for the study. By adopting this approach the study hypotheses that were developed based on the past theories are tested. The finding of the study may support, modify or perhaps doubt the existing theories.

### **3.2.2 Research design**

Commonly there are two types of analysis that may be used in research, one is the quantitative (deductive) and the other one is qualitative (inductive) research (Soiferman, 2010). Quantitative research methods are used in studies that use statistical analyses that include formal and organized measurements to accomplish their findings, qualitative research methods, on the other hand, are used in studies that do not need to quantify their results, instead, they obtain the results based on interviews and observations (Marczyk et al., 2005). Quantitative research uses statistics to connect what is already known and what can be learned through research (Soiferman, 2010). According to Sukamolson (2007), the use of deductive research provides the following advantages:

1. Gives the estimation of general populations,
2. Shows the extent of people's attitudes,
3. Offers results that can be statistically expressed,
4. Allows statistical analyze among a variety of groups,
5. Offers precision, is final and standardized,
6. Measures the level of events, trends, actions, etc.
7. Gives answers to "How often?" and "How many?"

Based on the above discussion and considering that quantitative methods are most suitable methods for studying different social reality phenomena, and are particularly appropriate for hypothesis testing (Sukamolson, 2007), this research is based on the quantitative method. An additional reason for opting for this approach is to find the correlations between the dependent and independent variables defined in the study (Hopkins, 2008).

### **3.3 Methods of data collection**

Deciding on the research approach for collecting the data is often referred to as the research methodology (Lancaster, 2008) or research strategy (Saunders et al., 2009). Choosing the right research strategy depends on the research question, research objectives, the quantity of existing knowledge, the available time, the resources that researchers have on disposition and philosophical foundations (Saunders et al., 2009). There is a wide choice of research methodologies that may be found in literature, such as; experiment, case study, a survey, grounded theory, action research, and observation (Lanscaster, 2008; Saunders et al., 2009).

A survey research methodology is generally related to the deductive approach and is usually used when there is a need to collect data from a large population in cost affordable way (Saunders et al., 2009). The survey research allows gathering data which can be easily analyzed applying descriptive and inferential statistics. Moreover, survey research offers the researcher more control over the whole research process and, when is used in a sample it offers the possibility to produce findings that may represent the whole population with low cost as well as are easy to explain and understand. Also, the data collected through the survey research can be used to explain possible reasons for the eventual relationship between variables in a study and to construct models of these relationships (Saunders et al., 2009).

Survey strategy uses sampling and questionnaires to determine the population characteristics with statistical accuracy (Sukamolson, 2007). This is done by surveying the sample of the population about their attitudes, behaviors, and opinions by describing what people think, say and do (Marczyk et al., 2005).

Given that this study is based on a quantitative approach where a large number of data should be collected, therefore, the survey strategy is seen as the most suitable approach in this case. The data collection based on a survey strategy is usually done through questionnaires.

### **3.3.1 Sampling procedures and techniques**

All the items in any field of investigations represent “universe” or “population” (Kothari, 2004,p.55). If all data from the population are collected, it is called “census” (Saunders et al., 2009,p.210). In the real world, when conducting studies that have a large population it is impossible to include the whole population due to the different limitation such as the time, cost or even access. These limitations lead to the selection of only a few items from the general population, which would be representatives of the whole population. The selected items (respondents) are known as a sample, while the process of selection is called sample technique (Kothari, 2004). Consequently, a sample represents the selection of a small set of cases from a large group of cases in order to generalize the findings to the population (Creswell, 2013). It is crucial for the sample to have the same characteristics as the population. This is why the sampling is considered a critical step when designing a survey (Lanscaster, 2008).

There are generally two types of sampling procedures (Kothari, 2004; Saunders et al., 2009; Walliman, 2011) known as:

1. Probability sampling
2. Non-probability sampling

Probability sampling is also known as “random sampling” (Kothari, 2004.p.60) or representative sampling. In a probability sample, the chance of being selected is equal for each case from the total population. This sampling technique is very often associated with survey research. There are many techniques that are used for selecting representative samples such as simple random sampling, cluster sampling, stratified sampling, etc. (Walliman, 2011).

In non-probability sampling, cases for the sample are intentionally selected by the researcher. The data obtained from this sampling technique cannot be generalized. The most used techniques for selecting non-probability samples are accidental sampling, quota sampling and snowball technique (Walliman, 2011).

Since the population for the current study is large, there is a need for drawing a representative sample from the whole population. The best option for choosing a sample that can

represent the whole population is through random sampling. This choice is also suitable for performing inferential statistics which usually requires random sampling (Marczyk et al., 2005). Random sampling also increases the chances that a sample will represent the general population.

### 3.3.2 Sample size

There are different opinions regarding the sample size for conducting research. According to Green (1991), the number of independent variables in the model should be the base for deciding on the optimal sample size. Bartlett and al., (2001) recommend that such a sample should be five to ten times more than the number of independent variables for multivariate research. Sample size can be specified also based on the Krejcie and Morgan's (1970) "Table for Determining Sample Size for a Finite Population". There is also a possibility to define a sample size based on a famous Yamane (1967) formula:

$$n = N / (1 + Ne^2)$$

Where:

N - represents the sample size

N - represents the population size

E - represents the margin of error (for 95% confidence interval  $e=0.05$ ).

When the data about the study population is not precise, the calculation of sample size can also be based on the statistics that will be used in the study. Thus, for correlation and regression (as in the study) the rule of thumb is 50 participants, which number should be increased by increasing the number of independent variables (IV) (VanVoorhi and Morgan, 2007). According to Harris (1985) (as cited in VanVoorhi and Morgan, (2007)) the researcher can define the minimum sample size based on the number of predictors in a study by increasing that number by at least 50.

Since the data in this research will be analyzed through descriptive and inferential statistics such as correlation and regression the researcher opted for a Grenn's (1991) formula for testing the multiple correlations and VanVoorhi and Morgan's (2007) suggestion for regression equations with more than six predictors.

Based on the Green's (1991) formula  $N > 50 + 8m$  (m represents the number of independent variables) the sample size for performing the correlation in this study will be as follows:

$$N > 50 + 8 \times 7$$

$$N > 50 + 56$$

$$N > 106$$

When performing the regression using six or more predictors, VanVoorhi and Morgan (2007) suggests at least 10 participants per predictor, however, when it is possible, he recommends increasing the number with approximately 30 participants per predictor. Based on his suggestion the sample size for regression in the actual case would be:

$$7 \text{ IV (independent variables)} \times 30 \text{ participants} = 210$$

Based on the calculations above, the sample size needed for correlation and regression for this study resulted to be 210 participants. However, in order to take care of the non-response rate and minimize errors, this number is rounded to 250 questionnaires.

### **3.3.3 Data collection**

Before a detailed discussion of the methods used for data collection for this research, it is important to make a distinction between secondary and primary data and their role in research. Secondary data are defined as a review of existing knowledge and data that already exist and they mostly consist of literature review (Bryman and Bell, 2012; Saunders et al., 2009). The literature review has two main purposes: firstly, it informs and brings together relevant aspects of

different related studies; and secondly, it represents the foundation on which the study can broaden and contribute to the knowledge base.

On the other side, primary data are original data that are fresh and newly collected especially for the purpose of the study (Kothari, 2004).

### **3.3.4 Sources of data collection**

Since this study is based on the deductive approach, both types; primary and secondary data are collected. Secondary data are obtained from previous related theories and are used for conducting a literature review. Whereas, the primary data are new, are collected specifically for this study and, are used to carry out the descriptive and inferential statistics.

The primary data will be collected from primary sources-owners of the SMEs. Being aware that small companies often do not keep their financial data accurately, and even if they do, they hesitate to give access to these data, the researcher opted for collecting subjective data. Subjective data, as it was mentioned before, are data that are collected directly from the SME owners and they represent their perception of their firms' performance in relation to their competitors (Dess and Robinson, 1984). Self-administered questionnaires will be hand delivered and also hand retrieved by the method also known as "drop off and pick" technique (Steele et al., 2001). Even though the self-administration of questionnaires will be more costly and time consumable when comparing to mail distribution the research favors it because of the benefits it offers. The researcher believes that the "drop off and pick" technique will allow the higher rate of response and a faster collection of data since the author will meet the owners in person and may give explanations and additional explanation to the respondent. Even in cases when there is no face-to-face contact, the chances of completing the questionnaire are much greater when the survey instrument is left by personal delivery delivered in hand comparing to those delivered by mail (Allred and Ross-Davis, 2011).



### **3.3.5 Data collection instrument**

A survey is usually used in the deductive approach methodology and is generally used to gather data from a large population with lower cost (Saunders et al., 2009).

The questionnaire is considered as the most appropriate tool for collecting primary data for this research. A questionnaire is a research tool consisting of a number of questions or statements for collecting information from respondents. Given that the questionnaires have been found to be the most common technique for collecting data in quantitative studies (Bryman, 2006) researcher chose a fully structured questionnaire. The survey questionnaire for this study is developed by using measurement scales used in studies done by Becherer et al. (2012), and Li et al., (2009).

The questionnaire consist of three parts: the first part contains general and demographic information about the participants, the second part consists of the questions related to entrepreneurial marketing dimensions and the third part have the questions regarding the performance of the company.

Since the questionnaire is translated from English to Albanian before its final distribution it was tested in advance in a small pilot group to ensure that all respondents will clearly understand all the questions and phrasing in the survey and that they will have no doubt in responding to them. As suggested by Czaja (1998), the group of respondents was asked to complete a draft questionnaire and then they were asked if they understood the phrases and questions, and, whether they had difficulty answering the questionnaire. After the pilot testing phase, the final questionnaire is constructed and is distributed to the owners of selected SMEs by “drop off and pick” technique.

## **3.4 The study variables**

As mentioned above the great part of the survey questionnaire for this study will be developed using measurement scales adopted from prior studies that had previously reviewed

each dimension. This study will use the seven EM dimensions developed by Morris et al., (2002) as the independent variables, namely:

1. Proactiveness
2. Opportunity focus
3. Calculated risk taking
4. Innovativeness
5. Customer intensity
6. Resource leveraging, and
7. Value creation

These independent variables are to be measured by adopting the previously used scale by Becherer et al. (2012).

Murphy (1996) suggested that the best way to measure the whole organizational performance is to include financial and nonfinancial measures. It is also recommended to use multiple performance dimensions. Therefore, following his suggestions, the SMEs performance in this study is measured through five dimensions, such:

1. Efficiency
2. Growth
3. Profit,
4. Reputation and
5. Owners' personal goals.

The first three dimensions are selected from the work of Murphy et al. (1996) whereas the measurement scales are adopted from the work of Li et al. (2009). The two last dimensions reputation and owner's personal goals are measured by a scale created by the researcher especially for the purposes of this study.

In most research, the reputation is measured from the customer view, whereas in this study the reputation is measured from the owner's perspective which can be considered as an added value to this research. Also, the owner's personal goals are added as a variable based on a Becherer et al.'s (2012) work, who claims that the personal owner's outcomes are important to be considered as the company outcomes.

The questions were grouped corresponding to the variables selected for the study. The questionnaire will consist of three parts:

1. General and demographic information about the participants,
2. Entrepreneurial marketing dimensions
3. Performance dimensions

On every question, respondents were asked to express their level of agreement on a five-point Likert-type scale ranging from "strongly agree" to "strongly disagree". Each variable, item and their measurement scales are summarized in Table 14.

**Table 14: The study variables**

	<b>Dimensions</b>	<b>Type of variable</b>	<b>Number of items</b>	<b>Adapted from</b>	<b>Measurement scale</b>
<b>Entrepreneurial Marketing Variables</b>	Proactiveness	IV	5	Becherer et al. (2012)	Liker scale from strongly agree to strongly disagree
	Opportunity Focus	IV	5	Becherer et al. (2012)	Liker scale from strongly agree to strongly disagree
	Calculated Risk Taking	IV	3	Becherer et al. (2012)	Liker scale from strongly agree to strongly disagree
	Innovativeness	IV	4	Becherer et al. (2012)	Liker scale from strongly agree to strongly disagree
	Customer Intensity	IV	7	Becherer et al. (2012)	Liker scale from strongly agree to strongly disagree
	Resource	IV	6	Becherer et al.	Liker scale from strongly

	Leveraging			(2012)	agree to strongly disagree
	Value Creation	IV	5	Becherer et al. (2012)	Liker scale from strongly agree to strongly disagree
Performance Variable	Efficiency	DV	3	Li et al. (2009)	Liker scale from strongly agree to strongly disagree
	Growth	DV	3	Li et al. (2009)	Liker scale from strongly agree to strongly disagree
	Profit	DV	3	Li et al. (2009)	Liker scale from strongly agree to strongly disagree
	Reputation	DV	5	Researcher	Liker scale from strongly agree to strongly disagree
	Owner's personal goals	DV	4	Researcher	Liker scale from strongly agree to strongly disagree

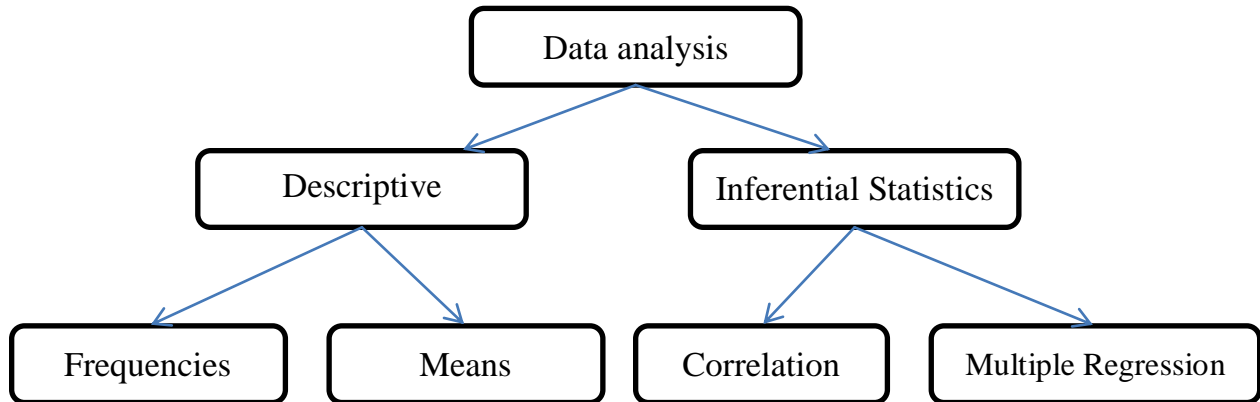
*\*IV-Independent Variable DV- Dependent Variable*

**Source: Author**

### 3.5 Data analysis

The collected data were analyzed using STATA v.14 (Software for Statistics and Data Science). Initially, the reliability test was performed and then the data were analyzed using both descriptive and inferential statistical techniques (Figure 9). Descriptive statistics is a statistical tool used to summarize and describe raw data and information about basic patterns in the sample. The descriptive statistic is very useful in gaining a better understanding of data, but it is not suitable for providing valuable information in explaining the multiple relationships between several variables (Sekaran, 2003). Therefore the application of also inferential statistics such as correlation and multiple regressions will be necessary for this research. Inferential statistics is a very useful statistical tool to test hypotheses and conceptual models about population relationships (Sekaran, 2003).

**Figure 9: Data Analysis**



### **3.5.1 Reliability test**

As mentioned previously, the survey questionnaire for this study has been developed using the measurement scales from prior studies. The questionnaire was translated and adapted from English into Albanian, therefore in order to check the internal consistency and reliability; it is recommended to perform the Cronbach's Alpha test. Cronbach's Alpha was created in 1951 by Lee Cronbach, to measure the internal consistency of a scale, giving it values from 0 to 1 (Tavakol and Dennick, 2011). The higher score of the coefficient represents the higher reliability of the scale (Santos, 1999). Therefore, to determine the internal consistency of variables, especially those using Likert scale items, as in this study, it is recommended to test the scale reliability using the Cronbach's alpha (Gliem and Gliem, 2003).

### **3.5.2 Correlation**

The correlation analysis is needed to measure the significance of the association between the study variables. The correlation coefficient is usually represented by the "r" letter and can take values between -1 and +1. The +1 value shows an ideal positive correlation, as opposed to the value of -1 which represents ideal negative correlation. Values in between -1 and +1 show a

weaker positive or negative correlation (Saunders et al., 2009; Walliman, 2011) There may also be a 0 value that represents the perfect independent correlation, but this is a very unusual case in research. In correlation, both variables are treated equally and neither is considered to be a predictor or an outcome (Crawford, 2006).

### **3.5.3 Multiple regression**

The correlation only measures the relationships among variables and cannot predict the value of a dependent variable based on the independent variable value. Consequently, the multiple regression is seen as the right model to better understand the impact of the entrepreneurial marketing dimensions as independent variables on the overall SME performance as the dependent variable. Multiple regression analysis represents the statistical relationship between two or more independent and dependent variables (Jackson, 2015).

## **3.6 Pilot testing**

In this research, the pilot study was undertaken in order to improve the methodology and pre-test the questionnaire before distributing it to the final sample.

As mentioned above the survey questionnaire for this study is developed using measurement scales from previous studies undertaken by Becherer et al. (2012) and Li et al. (2009). In order to adopt it and use it in this study, the questionnaire was first translated from English into Albanian. The translation was done by the researcher and researcher's colleague who has high English proficiency. The first translated draft was forwarded to some colleagues and owners of SME in order to check whether the questions are understandable. After receiving the suggestions, the revised version of the questionnaire was distributed to a small pilot group using a "drop and pick" technique. The pilot group consisted of 19 respondents, a number that is considered adequate based on the literature suggestions that a number of participants in pilot studies should be between 10 to 30 (Hill, 1998) or 10 to 40 (Hertzog, 2008).

Based on the recommendations for measuring the internal consistency of variables, especially those using Likert items, this study will use the Cronbach's alpha test. The value of alpha results should range from 0 to 1 and it is considered that the higher the alpha score the more reliable the scale is (Santos, 1999). In order for results to be acceptable, the value of alpha is suggested to be in a range from 0.70 to 0.95 (Tavakol and Dennick, 2011). The results of the reliability test for each of the new variables for the pilot study are given in Table 15.

**Table 15: Cronbach's Alpha in Pilot Testing**

<b>Variables</b>	<b>Number of Items*</b>	<b>Cronbach's Alpha</b>
Proactiveness	6	0.782
Opportunity Focus	5	0.743
Calculated Risk Taking	3	0.851
Innovativeness	4	0.726
Customer Intensity	7	0.880
Resource Leveraging	6	0.582
Value Creation	5	0.947
Performance	18	0.945
Overall questionnaire	60	0.976

**Source: Stata Output, 2018**

Table 15 shows that the overall questionnaire has a Cronbach's Alpha of 0.976. The independent variables of proactiveness, opportunity focus, calculated risk-taking, innovativeness, customer intensity, resource leveraging, and value creation had Alpha values of 0.782, 0.743, 0.851, 0.726, 0.880, 0.582 and, 0.974 respectively; while the dependent variable overall SME performance had a Cronbach's Alpha of 0.945. Even though the dimension of resource leveraging had the lowest alpha of 0.582, because of the low number of cases in pilot testing, the researcher decided to keep all the questions and proceed to the final sample with the same questionnaire.

## **4 CHAPTER 4: FINDINGS**

### **4.1 Introduction**

This chapter contains a detailed presentation, analyses, and interpretations of the findings of the data collected from the field. The highlight will be on the review of the characteristics of the sample, measurement development, and the presentation of the results of the study. Also, the results of hypothesis testing will be reported.

### **4.2 Data collection process**

After pilot testing and ensuring that the questionnaire is valid and reliable the final version of the questionnaire was distributed personally by researcher and three assistants using the “drop off and pick” technique during the period of August - October 2018.

The SMEs sampled for this study covered companies that were engaged in different economic sectors such as production, construction, wholesale, retail, hotels, restaurants, transport, real estate education, health, etc. For the purpose of the study, all the sectors were grouped in three main groups: trade, production, and service.

#### **4.2.1 Response rate**

In this study, a total of 250 copies of questionnaires were distributed to randomly selected SMEs. Out of 250, 245 questionnaires were collected. From all the collected questionnaires, 28 resulted as not valid because were incomplete and afterward it was impossible to contact these SME owners in order to fill the missing data. As the result, only 217 questionnaires were taken as the final sample for the study representing 86% response rate which is considered as very good. This response rate is considered adequate for the study also based on the suggestions of VanVoorhi and Morgan (2007) who recommend that at least 10 participants are needed per



predictor, however, when it is possible their recommendation is to increase the number with approximately 30 participants per predictor. Being that there are seven independent variables in this study, the number of 217 completed questionnaires is considered sufficient. Table 16 shows the number of questionnaires and their percentages.

**Table 16: Questionnaire distribution and collection**

<b>Questionnaires</b>	<b>Number</b>	<b>Percentage</b>
Total questionnaires distributed	250	100%
Questionnaires collected	245	98%
Questionnaires rejected	28	11%
Questionnaires analyzed	217	86 %

**Source: Field survey (2018)**

#### **4.2.2 Reliability analysis**

As mentioned previously, the survey questionnaire for this study is developed by using measurement scales adopted from prior studies. To give more meaning to the collected data, the questions that measured the same construct were computed by creating seven new independent variables named proactiveness, opportunity focus, calculated risk-taking, innovativeness, customer intensity, resource leveraging, value creation, and one dependent variable named overall SME performance. In order to determine the internal consistency of the newly created variables, especially those using Likert scale items it is recommended to test the reliability of scales using Cronbach's alpha (Gliem and Gliem, 2003). The purpose of the Cronbach's Alpha is to measure the internal consistency of a scale and is expressed in numbers ranging from 0 to 1 (Tavakol and Dennick, 2011). In this study, Cronbach's Alpha was used to test the reliability of the proposed constructs. The findings are as indicated in Table 17.

The overall model had a Cronbach's Alpha of 0.941, while the independent variables proactiveness, opportunity focus, calculated risk-taking, innovativeness, customer intensity, resource leveraging, and value creation had a Cronbach's Alpha of 0.910, 0.895, 0.861, 0.882, 0.817, 0.664 and 0.874 respectively; while the dependent variable overall SME performance had

a Cronbach's Alpha of 0.931. Resource leveraging had the lowest alpha of 0.664 which is close to 0.7 and can be considered as acceptable.

**Table 17: Questionnaire Cronbach's Alpha Calculation**

<b>Variables</b>	<b>Number of Items*</b>	<b>Cronbach's Alpha</b>
Proactiveness	6	0.910
Opportunity Focus	5	0.895
Calculated Risk Taking	3	0.861
Innovativeness	4	0.882
Customer Intensity	7	0.817
Resource Leveraging	6	0.664
Value Creation	5	0.874
Overall SME Performance	18	0.931
Overall questionnaire	60	0.941

*\*The number of items refers to the number of questions that were computed to form the new variables*

**Source: Stata output. v.14, 2018**

Since the acceptable alpha values are suggested to be in a range from 0.70 to 0.95 (Tavakol and Dennick, 2011), it is considered that all the items measured in this study are reliable and have relatively high internal consistency.

### **4.3 Data analysis**

As mentioned earlier, in order to collect the respondents' opinions regarding the variables in the study, this study has used Liker-Scale data. The difference between Likert-type items and Likert scale is that Likert-type items are defined as single questions that use some aspect of the original Likert response alternatives. In Likert-type items, even though multiple questions may be used in a research instrument, there is no attempt by the researcher to combine the responses from the items into a composite scale. The Likert scale, on the other hand, is a collection of more Likert-type items that are combined into a single merged variable during the data analysis process. When combined, the items are used to provide a quantitative measure of a character or personality trait. Usually, the researcher is interested only in the combined score that represents the personality attribute. Likert scale is created by calculating a combined score (sum or mean)

from Likert-type items. The combined score for Likert scales should be analyzed at the interval measurement scale. Therefore it is recommended to include mean for central tendency, standard deviations for variability as descriptive statistics and the Pearson's r, t-test, ANOVA, and regression procedures for inferential statistics (Boone and Boone, 2012). Table 18 provides examples of data analysis procedures for Likert scale data.

**Table 18: Suggested data analysis procedures for Likert scale data**

<b>Statistics</b>	<b>Likert Scale Data</b>
Central Tendency	Mean
Variability	Standard Deviation
Associations	Pearson's r
Other Statistics	ANOVA, t-test, regression

**Source: Boone and Boone (2012)**

## **4.4 Descriptive statistical analysis**

The analysis of the descriptive statistics is presented in this section. Descriptive statistics is a tool that is used to summarize and describe the raw data and information about the sample's basic patterns and allows its understanding and interpretation. Descriptive statistics is considered to be very useful tools to help gain a better understanding of the data and are commonly used to sum up a study sample before analyzing the study hypotheses (Marczyk et al., 2005). According to Marczyk et al. (2005), the main purpose of the descriptive statistics is to precisely describe distributions of variables within a given set of data.

The demographic information presented below is a true representation of the SMEs in the study area as presented by the sampled respondents of the SMEs that were part of the study.

### **4.4.1 Descriptive statistics of the demographic variables**

The tables below present the general findings of the individual respondents and SMEs demographic information.

#### 4.4.1.1 Demographic characteristics of respondents by gender

The first question in the demographic part of the questionnaire was related to the SME owner's gender.

**Table 19: Characteristics of respondents by gender**

<b>Respondent's Gender</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Female	57	26.27
Male	160	73.73
Total	217	100 %

**Source: Field survey, 2018**

Based on the results presented in Table 19, males dominate as a gender as they constitute 73.73 % of the population or expressed in number they represent 160 respondents. Female owners represent 26.27 % of the sample or 57 respondents. The implication of the result is that even though SMEs operation in the study area is carried out by both genders, the participation of the males in SMEs ownership is much more than their female counterparts.

#### 4.4.1.2 Demographic characteristics of respondents by age

The researcher wanted to know from the respondents their age groups. The results are presented below.

**Table 20: Characteristics of respondents by age**

<b>Respondents Age</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Less than 25 years	17	7.83
25-35 years	65	29.95
36-45 years	80	36.87
46-55 years	40	18.43
Above 55 years	15	6.91
Total	217	100%

**Source: Field survey, 2018**

Table 20 shows that 17 respondents representing 7.83 % were younger than 25 years. 65 of the respondents belonged to the age group between 26 and 35 years, representing 29.95% of the total studied sample. The next age group of 36-45 years includes 80 respondents,

representing 36.87% of the cases studied. 40 respondents or 18.43 % belong to the age group of 46-55 years, while 15 respondents or 6.91% were older than 55 years. From the finding, it can be seen that even though all the age groups are represented in the study, most SME owners are in the age group of 36-45 years.

#### **4.4.1.3 Demographic characteristics of respondents education**

One of the questions in the demographic part of the questionnaire was related to the level of the education of the SME owner.

**Table 21: Characteristics of respondents by education**

<b>Respondents Education</b>	<b>Frequency</b>	<b>Percentage (%)</b>
High school	69	31.80
Bachelor	117	53.92
Master	30	13.82
PhD	1	0.46
Total	217	100%

**Source: Field Survey, 2018**

The results in Table 21 show that 69 respondents or 31.80% have only a high school degree, 117 or 53.92% responded that they have a bachelor degree. The number of respondents that have chosen the master level of education was 30 or 13.82%. Whereas, only one respondent or 0.46% is with a Ph.D. education level. It is obvious from the above results that little more than half of the respondents have a bachelor degree in education.

#### **4.4.1.4 Demographic characteristics of company type**

As mentioned before, this study has covered companies that were engaged in different economic sectors such as production, construction, wholesale, retail, hotels, restaurants, transport, real estate, education, health, etc. For the purpose of the study, all the sectors were

grouped into three main categories: trade, production, and service. Their frequencies are presented in Table 22 below:

**Table 22: Characteristics of Company Type**

<b>Company Type</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Production	32	14.75
Trade	96	44.24
Service	89	41.01
Total	217	100%

**Source: Field survey, 2018**

Most of the SMEs that were part of this study are in the trade sector, they account for 44.24% or 96 out of the total number of respondents. 89 of the companies or 41.01% offer different services, while 32 companies or 14.75 were in the production sector. Results show that the companies that were sampled for the study cover all sectors of the economy.

#### **4.4.1.5 Demographic characteristics of company age**

One of the questions that were in the interest of the researches was about years of the business operation or company age. The results are shown in Table 23.

**Table 23: Age of companies**

<b>Company Age</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Less than 1 year	9	4.15
1- 5 years	77	35.48
5-10 years	67	30.88
10-15 years	39	17.97
More than 15 years	25	11.52
Total	217	100%

**Source: Field survey, 2018**

The results show that the lowest number of surveyed companies, only 9 of them or 4.15% were in business for less than 1 year. 77 companies or 35.48% were in business between 1-5 years. Businesses that are operating between 5 and 10 years are represented in 67 cases or 30.88% of the total studied companies. 39 or 17.97% of companies operate between 10-15 years in business and 25 companies or 11.52% operate longer than 15 years. It is clear to conclude from the responses that about 60% of the companies are older than 5 years.

#### **4.4.1.6 Demographic characteristics of company size**

The information about the number of employees was one of the questions included in the demographic part of the questionnaire. Knowing that the number of employees is the only criteria based on which the companies are classified as SMEs, responses were grouped into three levels identifying micro, small and medium enterprises. The result of the survey is presented in Table 24.

**Table 24: Size of company**

<b>Company Size</b>	<b>Frequency</b>	<b>Percentage (%)</b>
Less than 9 employees	148	68.20
10-49 employees	68	31.34
50-250 employees	1	0.46
Total	217	100%

**Source: Field survey, 2018**

The majority of the surveyed companies, respectively 148 of them or 68.20% based on their number of employees are classified as micro since they declared that they employ less than 9 employees. 68 surveyed companies or 31.34% employ between 10 and 49 employees, which based on these criteria can be classified as small. Whereas, only 1 company or 0.46% belongs to the medium companies because it employs more than 50 employees. The results clearly show that more than 99% of the companies covered in this study are micro and small companies.

#### 4.4.2 Descriptive statistics of entrepreneurial marketing variables

Entrepreneurial marketing is a phenomenon that cannot be observed and measured directly. Therefore as disused in Chapter 4 there are 36 Likert items identified from the literature that are believed to represent the behavior of Entrepreneurial marketing. Based on the construct that they measure, these items were combined in order to form the seven dimensions of the EM that will be acting as independent variables in this study.

Following tables report the descriptive statistics for each of the seven EM variables; proactiveness, opportunity focus, calculated risk-taking, innovativeness, customer focus, resource leveraging, and value creation.

##### 4.4.2.1 Descriptive statistics of the EM variable – proactiveness

In this study Proactiveness was measured by 6 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree.

**Table 25: Descriptive Statistics for Proactiveness**

Number of items	Proactiveness	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	I am constantly on the lookout for new ways to improve my company	154	70.97	62	28.57	1	0.46	0	-	0	-
2	I am always looking for better ways to do things in my company.	150	69.12	66	30.42	1	0.46	0	-	0	-
3	I excel at identifying opportunities for my company	127	58.53	79	36.4	10	4.61	1	0.46	0	-
4	I am great at turning problems at my company into opportunities	119	54.84	82	37.79	12	5.53	4	1.84	0	-



5	When it comes to my company, I am more action oriented than reaction oriented	134	61.75	73	33.64	9	4.15	1	0.46	0	-
6	Nothing is more exciting in my company than seeing my ideas turn into reality	133	61.29	78	35.95	5	2.3	1	0.46	0	-

**Source: Field survey, 2018**

There was a total of six questions that were aimed to gain a respondents opinion about how proactive they are. Table 25 gives the frequency and percentage for each question. Results indicate that 154 respondents representing 70.97% strongly agreed that they are constantly looking for new ways of improving their company. 66 respondents or 28.57% agreed with the same statement while only one (0.46%) respondent had a neutral opinion. It is obvious from the results that a majority of the respondents are constantly looking for new ways to improve their business. The other question was do they look for better ways to do things in their companies. 150 respondents or 69.12% strongly agreed to this statement, 66 respondents representing 30.42% agreed and only one respondent or 0.46 % had a neutral opinion regarding this statement. Further, 127 respondents or 58.53 % strongly agreed that they excel at identifying opportunities for their companies, another 79 or 36.4% agreed, 10 respondents or 4.61 % had a neutral opinion, while only one SME owner representing 0.46% disagreed. The researcher wanted to know also if SME owners consider themselves as great at turning problems into opportunities in their companies. Results show that 119 or 54.84% and 82 or 37.79% of the respondents strongly agreed and agreed respectively, that they are great at turning problems into opportunities. 5 SME owners or 5.53% were neutral regarding this issue while 4 or 1.84% disagreed. It is obvious from their answers that the majority of the respondents consider they great when it comes to turning problems into opportunities in their companies. Another question related to proactiveness was whereas they are more action or reaction oriented. 134 or 61.75% respondents strongly agree that they consider themselves more action-oriented, similarly, 73 or 33.64% agree with the statement. 9 respondents representing 4.15% were neutral and only one respondent or 0.46% disagreed with this statement. The outcome of the responses indicates that most of the SME owners are more action than reaction oriented. 133 representing 61.29% and 78 or 35.95% of the respondents strongly agreed or agreed that nothing is more exciting than

seeing their own ideas turning into reality into their companies. 5 SME owners representing 2.3% were neutral in expressing their opinion and only 1 respondent or 0.46% disagreed. The findings have provided that the majority of the SME owners think that nothing is more exciting in the company than when their ideas turn into reality.

The results indicate that most of the responses on all of the six questions regarding the proactiveness are positive, meaning that SME owners may generally be considered as proactive.

#### 4.4.2.2 Descriptive statistics of the EM variable –Opportunity Focus

Opportunity focus was measured by 5 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The items with their statistical values are presented in the Table 26 below:

**Table 26: Descriptive statistics of opportunity focus**

Number of items	Opportunity Focus	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	My management approach looks beyond current customers and markets for more opportunities for our company	107	49.31	101	46.54	9	4.15	0	-	0	-
2	I am good at recognizing and pursuing opportunities for my company	105	48.39	105	48.39	7	3.22	0	-	0	-
3	I would characterize my company as opportunity driven	95	43.78	111	51.15	11	5.07	0	-	0	-
4	My company is always looking for new	117	53.92	96	44.2	4	1.84	0	-	0	-

	<b>opportunities</b>										
5	<b>My company will do whatever it takes to pursue a new opportunity</b>	104	47.93	101	46.5	12	5.53	0	-	0	-

**Source: Field survey, 2018**

To measure if the SME owners are opportunity-focused they had to answer five Likert-type items. Firstly they were asked if their management approach looks beyond current customers and markets for more opportunities for their companies. 107 representing 49.31% of the respondents strongly agreed, 101 respondents or 46.54% agreed, and only 9 representing 4.15% had a neutral opinion regarding this question. The second question aimed to understand whereas they consider themselves good at recognizing and pursuing opportunities for their companies. 105 SME owners representing 48.39 % of the respondents strongly agreed, 105 or 48.39% agreed, while 7 or 3.22% were neutral in their answers. 95 respondents or 43.78% and, 111 representing 51.15% strongly agreed and agreed that categorize their companies as opportunity driven. 11 respondents or 5.07% on the other side were neutral regarding this issue. The researcher also wanted to know if their companies always look for new opportunities. 117 SME owners or 53.92% strongly agreed that their company is always looking for new opportunities. Additional 96 respondents or 44.2% agreed and only 4 respondents representing 1.84% were neutral regarding this statement. The last question aiming to measure the opportunity focus was whether their companies do whatever it takes to pursue new opportunities. 104 or 47.93% of the respondent strongly agreed, 101 or 46.5% agreed and 12 respondents or 5.53% neither agreed nor disagreed with this statement.

The finding proved that most of the respondents' answers were positive indicating that most of the respondents consider their companies as opportunity-driven.

#### **4.4.2.3 Descriptive statistics of the EM variable – Calculated risk-taking**

Calculated risk -taking was measured by a 3 Likert type items, with responses from 1 - Strongly Disagree to 5 - Strongly Agree.

**Table 27: Descriptive statistics of Calculated Risk Taking**

Number of items	Calculated Risk Taking	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	My business would rather accept a risk to pursue an opportunity than miss it altogether	93	42.86	97	44.70	24	11.06	3	1.38	0	-
2	My business is willing to take risks when we think it will benefit the company	84	38.71	105	48.39	26	11.98	2	0.92	0	-
3	My company would not be considered gamblers, but we do take risks	79	36.41	97	44.70	31	14.28	8	3.69	2	0.92

**Source: Field Survey, 2018**

Calculated risk-taking was measured through three statements. Table 27 shows that 93 respondents or 42.86% strongly agreed that their business would rather accept the risk to pursue an opportunity than miss it. Additional 97 respondents representing 44.70% agreed to the above statement, 24 or 11.06% had a neutral opinion, while 3 respondents or 1.38% disagreed with this statement. 84 or 38.71% and 105 or 48.39% strongly agreed and agreed respectively that their business is willing to take the risk when they think it would benefit the company. 26 respondent representing 11.98% were neutral while 2 respondents disagreed with it. Further, 79 respondents or 36.41% strongly agreed that even if they do take risk their companies may not be considered gamblers. There were 97 respondents or 44.70% who agreed, 31 or 14.28% were neutral, while 8 or 3.69% and 2 or 0.92% of the respondents disagreed and strongly disagreed with this statement.

The results from the table above show that the majority of the responses are concentrated on the positive answers indicating that SME companies consider themselves as risk-oriented.

#### 4.4.2.4 Descriptive statistics of the EM variable – Innovativeness

The innovativeness variable in this study is measured by 4 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the Table 28.

**Table 28: Descriptive statistics for Innovativeness**

Number of items	Innovativeness	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	My company tries to use innovative approaches if it will help them get the job done more efficiently	102	47.00	102	47.00	13	6.00	0	-	0	-
2	Being innovative is a competitive advantage for my company	102	47.00	94	43.32	21	9.68	0	-	0	-
3	My company tends to be more innovative than most of my competitors	92	42.40	85	39.17	36	16.59	4	1.84	0	-
4	I create an atmosphere that encourages creativity and innovativeness	93	42.86	106	48.85	18	8.29	0	-	0	-

**Source: Field survey, 2018**

The respondents were further requested to give their level of agreement on 4 questions related to innovativeness. The result from the table shows that 102 (47%) respondents strongly agreed and 102 (47%) agreed that their company tries to use innovative approaches if it will help them get the job done more efficiently while 6 respondents accounting for 6% were neutral regarding this issue. 102 respondents or 47% strongly agreed that being innovative is a competitive advantage for their company. 94 or 43.32% agreed and 21 representing 9.68% were neutral. When asked about if they consider that their company as more innovative than most of the competitors, 92 or 42.40% and 85 or 39.17% strongly agreed and agreed respectively, 36 (16.59%) respondents were neutral regarding this statement while 4 of the respondents representing 1.84% disagreed with the above statement. Further, 93 or 42.86% of the respondent

strongly agreed that they create an atmosphere that encourages creativity and innovativeness, 106 respondents or 48.85% also agreed, whereas 18 respondents representing 8.29% neither agreed nor disagreed thus keeping their opinion as neutral.

It is obvious from the results presented in the above table that most of the questions are in the strongly agree and agree category indicating that most of the respondents consider that their companies are innovative.

#### 4.4.2.5 Descriptive statistics of the EM variable – Customer intensity

The customer intensity variable in this study is measured by 7 items scale with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the table below

**Table 29: Descriptive Statistics for Customer Intensity**

Number of items	Customer Intensity	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	I frequently measure my company's customer satisfaction	103	47.5	97	44.70	16	7.37	1	0.46	0	-
2	I expect that all employees in our firm recognize the importance of satisfying our customers	130	59.9	83	38.3	4	1.84	0	-	0	-
3	My business objectives are driven by customer satisfaction	117	53.9	91	41.9	9	4.14	0	-	0	-
4	I pay close attention to after-sales service	125	57.60	86	39.6	6	2.76	0	-	0	-
5	I encourage my employees to strive for innovative	124	57.1	83	38.3	9	4.15	1	0.46	0	-

	<b>approaches to creating relationships with customers</b>										
<b>6</b>	<b>Sometimes, my company does not pay attention to customers who think they know more about our business than we do</b>	54	24.9	83	38.3	51	23.5	25	11.5	4	1.84
<b>7</b>	<b>I make sure that my company's competitive advantage is based on understanding customers needs</b>	99	45.6	97	44.70	19	8.76	1	0.46	1	0.46

**Source: Field survey, 2018**

Customer Intensity as seen in Table 29 is measured through seven statements. When asked about measuring customer satisfaction 103 respondents representing 47.5% and 97 or 44.70% of the respondents strongly agreed and agreed that they frequently measure company's customer satisfaction, 16 or 7.37% of the respondents had neutral answers while 1 or 0.46% of the respondents disagreed with this statement. 130 (59.9%) respondents strongly agreed that they expect that all employees in the firm recognize the importance of satisfying customers. 83 or 38.3% agreed, and 4 respondents representing 1.84% remained neutral. When asked about whether they consider that the business objectives are driven by customer satisfaction, 117 respondents or 53.9% strongly agreed, 91 or 41.9% agreed and 9 or 4.14% were neutral. 125 (57.60%) and 86 (39.60%) respondents strongly agreed and agreed that they pay close attention to the after-sale service, and only 6 or 2.76% of the respondent were neutral. 124 respondents or 57.1% strongly agreed that they encourage employees to strive for innovative approaches to creating relationships with customers, 83 (38.3%) respondents also agreed to this statement, while 9 (4.15%) were neutral and only 1 (0.46%) disagreed. The next statement was whereas sometimes their company does not pay attention to customers who think they know more about their business than they do. 54 respondents or 24.9% strongly agreed, 83 or 38.3% agreed, 51 (23.5%) neither agreed nor disagreed, 25 (11.5%) respondents disagreed and 4 or 1.84% of the respondents strongly disagreed with this statement. Regarding the last statement, 99 respondents or 45.6% strongly agreed that they make sure that their company's competitive advantage is

based on understanding customers needs, 97 or 44.70% agreed, 19 or 8.76% had a neutral answer, 1 or 0.46% disagreed and another one representing 0.46% strongly disagreed with this statement.

Findings show that the majority of the responses are positively stated meaning that the majority of the respondents consider their companies as customer oriented.

#### 4.4.2.6 Descriptive statistics of the EM variable – Resource leveraging

Resource leveraging variable in this study is measured by 6 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the table below

**Table 30: Descriptive statistics for Resource Leveraging**

Number of items	Resource Leveraging	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	I have used networking and/or an exchange of favors to our advantage in my company	70	32.26	68	31.34	53	24.42	22	10.14	4	1.84
2	I have been able to leverage our resources by bartering or sharing	84	38.71	97	44.70	29	13.36	5	2.31	2	0.92
3	People who know me well would say that I am persistent, even tenacious, in overcoming obstacles	134	61.75	72	33.18	11	5.07	0	-	0	-
4	I use creative approaches to make things happen	113	52.07	91	41.94	13	5.99	0	-	0	-
5	My company	103	47.47	98	45.16	16	7.37	0	-	0	-



	<b>prides itself on doing more with less</b>										
<b>6</b>	<b>In the past, we have always found a way to get the resources we need to get the job done</b>	115	53.00	83	38.24	19	8.76	0	-	0	-

**Source: Filed survey, 2018**

Further, the respondents were asked to their opinion about resource leveraging in their companies. One of the questions that were aimed to gain a better understating about resource leveraging was whether they have used networking or favor exchange to their advantage in their companies. Table 30 shows that 70 respondents representing 32.26% strongly agreed that they have used networking and exchange of favors in their advantage in the company, additional 68 or 31.34% also agreed with this statement, 22 or 10.14% and 4 or 1.84% disagreed and strongly disagreed respectively while a number of 53 respondents or 24.42% remained neutral. Next, 84 or 38.71% of the respondents strongly agreed that have been able to leverage their resources by bartering or sharing, 97 (44.7%) agreed, 29 or 13.36% were neutral while 5 (2.31%) disagreed and 2 (0.92%) respondents strongly disagreed. 134 or 61.75% of the total respondents strongly agreed with the statement that people who know them well would say that are persistent, even tenacious, in overcoming obstacles, 72 respondents or 33.18% also agreed with this statement while only 11 respondents representing 5.07% were neutral to this. When asked whereas they use creative approaches to make thing happen, 113 or 52.07% and 91 representing 41.94% of the respondents strongly agreed and agreed that they use creative approaches to make thing happen while only 13 respondents or 5.99% gave a neutral answer regarding this question. 103 respondents representing 47.47% strongly agreed that their company prides itself for doing more with less, 98 or 45.16% of the respondents also agreed with this statement while 16 or 7.37% of the total respondent remained neutral in their answer. 115 and 83 respondents representing 53% and 38.24% respectively strongly agreed and agreed that in the past they have always found a way to get the resources they needed to get the job done, the neutral answer regarding this statement was given by 19 or 8.76% of the respondents.

It is clear that based on the results most of the companies that were part of the study may be considered as they leverage their resources in order to do “more with less”.

#### 4.4.2.7 Descriptive statistics of the EM variable – Value creation

Value creation is measured by 5 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the table 31.

**Table 31: Descriptive statistics for value creation**

Number of items	Value Creation	Strongly Agree		Agree		Neutral		Disagree		Strongly Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	I make sure that my company creates value for consumers with excellent customer service	139	64.06	76	35.02	2	0.92	0	-	0	-
2	I make sure that my company does an excellent job of creating value for customers	137	63.13	76	35.03	4	1.84	0	-	0	-
3	I make sure my company's pricing structure is designed to reflect value created for customers	144	66.36	66	30.41	6	2.77	1	0.46	0	-
4	I make sure my managers understand how employees can contribute to value for customers	130	59.91	79	36.4	7	3.23	1	0.46	0	-
5	Providing value for our customers is the most important thing my company does	133	61.29	77	35.48	7	3.23	0	-	0	-

Source: Field survey, 2018

Value creation as a variable was measured by gaining the respondents level of agreement or disagreement on five statements. 139 of the respondents representing 64.06 % strongly agreed that they make sure that their company creates value for customers with excellent customer service, additional 76 respondents or 35.02% agreed and only 2 or 0.92% of the total respondents were neutral to this statement. 137 and 76 respondents representing 63.13% and 35.03% strongly agreed and agreed respectively that they make sure that their companies do an excellent job of creating value for customers while 4 respondents or 1.84% remained neutral. When asked about pricing structure related to the value offered to customers, 144 or 66.36% of the respondents strongly agreed that they make sure that company's pricing structure is designed to reflect the value created for customers, 66 or 30.41% of the respondents agreed, 1 respondent representing 0.46% disagreed with this statement, while 6 or 2.77% had a neutral attitude regarding this. 130 respondents or 59.91% strongly agreed that they make sure that their managers understand how employees can contribute to value for customers, 79 or 36.4% also agreed, 7 respondents or 3.23% were neutral while 1 (0.46%) respondent disagreed to this statement. Finally, 133 or 61.29% of the respondents strongly agreed that providing value for customers is the most important thing that their companies do. Additional 77 or 35.48% of the respondents agreed to this and only 7 (3.23%) respondents remained neutral to the statement.

Based on the survey result it may be concluded that most of the SME owners consider that their company creates value for customers.

#### **4.4.3 Descriptive statistics of performance variables**

Performance as a dependent variable is measured based on Murphy's (1996) suggestion who states that the best way to measure the whole organizational performance is to include financial and nonfinancial measures. It is also recommendable to use multiple performance dimensions. Following his suggestions, the overall SMEs performance in this study is measured by five dimensions such as efficiency, growth, profit, reputation and owner's personal goals with total 18 Likert type items that are combined to form a Likert Scale Type data.

#### 4.4.3.1 Descriptive statistics of the performance variables – Efficiency

Efficiency is measured by 3 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the Table 32.

**Table 32: Descriptive statistics for Efficiency**

Number of items	Efficiency	Completely Agree		Agree		Neutral		Disagree		Completely Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	My firm is usually satisfied with return on investment	58	26.73	121	55.76	34	15.67	4	1.84	0	-
2	My firm is usually satisfied with return on equity	57	26.27	118	54.38	39	17.97	3	1.38	0	-
3	My firm is usually satisfied with return on assets	50	23.04	120	55.30	43	19.82	4	1.84	0	-

**Source: Field survey, 2018**

To measure the efficiency of the SMEs that were a part of the study the respondents were asked whereas they are satisfied with the return on investment, return on equity and return on assets. 58 respondents or 26.73% strongly agreed that they are satisfied with the return on investments, 121 or 55.76% agreed, 34 respondents representing 15.67% were neutral to the statement and only 4 or 1.84% of the respondents disagreed that they are satisfied with the return on investment. When asked about satisfaction with return on equity, 57 or 26.27% strongly agreed, 118 or 54.38% agreed, 39 or 17.97 % were neutral while 3 or 1.84% of the respondents disagreed that they are satisfied with the return on equity. Similar answers were collected also when asked about their satisfaction with return on assets. 50 respondents or 23.04% strongly agreed and 120 respondents or 55.30% agreed that they are satisfied with the return on assets. 43 or 19.82% and 4 or 1.84% of the respondents were neutral and disagreed with this statement.

Findings show that generally the answers are more positively related indicating that most of the surveyed SMEs consider their business efficient.

#### 4.4.3.2 Descriptive statistics of the performance variables – Growth

Growth is measured by 3 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the Table 33 below:

**Table 33: Descriptive statistics for growth**

Number of items	Growth	Completely Agree		Agree		Neutral		Disagree		Completely Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	My firm is usually satisfied with sale growth	60	27.65	117	53.92	37	17.05	3	1.38	0	-
2	My firm is usually satisfied with market share growth	58	26.73	117	53.92	35	16.12	7	3.23	0	-
3	My firm is usually satisfied with employee growth	55	25.35	113	52.07	43	19.82	6	2.76	0	-

**Source: Field Survey, 2018**

Company growth is commonly used to measure SMEs overall performance. In order to collect the opinion about the company growth, respondents were asked to give their level of agreement or disagreement related to three statements. Firstly, they were asked whether they are usually satisfied with the sale growth. 60 or 27.65% strongly agreed, 117 or 53.92% agreed 37 or 17.05% were neutral, while 3 respondents representing 1.38% disagreed that they are satisfied with the sale growth. As for the market share growth, 58 respondents or 26.73% strongly agreed as well as 117 or 53.92% that agreed that their company is usually satisfied with the market share growth. 35 or 16.12% were neutral and 7 or 3.23% of the respondents disagreed with the above statement. 55 or 25.35% and 113 or 52.07% of the respondents strongly agreed and agreed that their firm is usually satisfied with the employee growth, 43 respondents representing 19.82% were neutral and 6 respondents or 2.76% disagreed with the statement.

The result in Table 33 shows that most of the answers are positioned in strongly agree and agree to columns, which gives the indication that surveyed companies are mostly satisfied with their growth.

#### 4.4.3.3 Descriptive statistics of performance variables – Profit

Profit is measured by 3 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the Table 34:

**Table 34: Descriptive statistics for profit**

Number of items	Profit	Completely Agree		Agree		Neutral		Disagree		Completely Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	My firm is usually satisfied with return on sales	58	26.73	113	52.07	39	17.97	5	2.31	2	0.92
2	My firm is usually satisfied with net profit margins	52	23.96	122	56.22	40	18.44	3	1.38	0	-
3	My firm is usually satisfied with gross profit margins	53	24.42	113	52.08	47	21.66	4	1.84	0	-

Source: Field Survey, 2018

In order to collect the respondents' opinion about the Profit, they were asked to answer 3 questions. Initially, they were asked about the satisfaction with the return on sales. 58 or 26.73% and 113 or 52.07% of the respondents strongly agreed and agreed that their firm is usually satisfied with the return on sales. 5 respondent or 2.31% and 2 or 0.92% disagreed and strongly disagreed respectively while 39 or 17.97% of the respondents remained neutral to the statement. The satisfaction with net profit margins was the next issue presented to respondents. 52 respondents that equal to 23.96% and 122 respondents or 56.22% strongly agreed and agreed that their firm is usually satisfied with the net profit margins, 40 respondents that equal to 18.44% were neutral to the statement and only 3 or 1.38% of the respondents disagreed. Similarly, 53 or

24.42% and 113 or 52.08% of the respondents strongly agreed and agreed respectively that their firm is usually satisfied with the gross profit margin, 4 respondents or 1.84% disagreed to the same statement while 47 equaling 21.66% of the respondents have chosen the neutrals option as an answer to this statement.

Responses show that most of the SME owners are mostly satisfied with the profitability of their companies.

#### 4.4.3.4 Descriptive statistics of performance variables – Owner’s personal goals

Owner’s personal goals is measured by 4 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the Table 35 below

**Table 35: Descriptive statistics for Owners Personal Goals**

Number of items	Owner’s Personal Goals	Completely Agree		Agree		Neutral		Disagree		Completely Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	I’m satisfied with my personal financial situation	86	39.63	99	45.62	29	13.37	3	1.38	0	-
2	My status in society is improved	99	45.62	90	41.48	27	12.44	1	0.46	0	-
3	My standard of living is improved	96	44.24	91	41.94	27	12.44	3	1.38	0	-
4	I have achieved all my startup goals	54	24.88	88	40.56	64	29.49	9	4.15	2	0.92

**Source: Field survey, 2018**

Owner’s personal goals are added as a variable based on Becherer et al. (2012) work, who claims that the owner’s personal goals are important to be considered as the company outcomes. Respondents gave their answers to four questions regarding the achievement of the owner’s personal goals. 86 respondents or 39.63% strongly agreed that they are satisfied with their personal financial situation. Similarly, 99 other respondents or 45.62% also agreed, 29 or

13.37% were neutral and 3 respondents or 1.38% disagreed with the statement. When asked about the improvement of their status in society, 99 respondents or 45.62% and 90 others representing 41.48% strongly agreed and agreed that their status in society has improved, 27 or 12.44% of the respondents were neutral to the statement and 1 or 0.46% of the respondents disagreed that their status in society is improved. The similar answers were given also regarding the standard of living when 96 respondents representing 44.24% strongly agreed that since they own the business their standard of living is improved, the additional 91 or 41.94% of the respondents agreed to this, 27 or 12.44% were neutral whereas 3 respondents or 1.38% disagreed that their standard of living has been improved. Finally, 54 respondents or 24.88% and 88 or 40.56 % strongly agreed and agreed respectively that they have achieved all they start-up goals, 9 or 4.15% and 2 or 0.92% disagreed and strongly disagreed, while a number of 64 respondents or 29.49% were neutral to the statement.

The survey result presented in Table 35 shows that most of the answers are above the neutral answer indicating that the major part of the respondents is satisfied with the achievement of their personal goals.

#### 4.4.3.5 Descriptive statistics of performance variables – Reputation

Reputation is measured by 5 Likert type items with responses ranging from 1 - Strongly Disagree to 5 - Strongly Agree. The results are presented in the table below:

**Table 36: Descriptive statistics for reputation**

Number of items	Reputation	Completely Agree		Agree		Neutral		Disagree		Completely Disagree	
		Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
1	My company has high reputation	68	31.34	107	49.31	40	18.43	2	0.92	0	-
2	My company treats its customer very seriously	107	49.31	92	42.40	17	7.83	1	0.46	0	-
3	My company is followed by a large number of	58	26.73	87	40.09	57	26.27	14	6.45	1	0.46



	<b>followers on social media</b>										
<b>4</b>	<b>My employees are proud to be the part of this company</b>	62	28.57	91	41.94	64	29.49	0	-	0	-
<b>5</b>	<b>I consider my company philanthropic</b>	48	22.12	75	34.56	74	34.10	17	7.84	3	1.38

**Source: Field Survey, 2018**

Reputation in this study is measured from the respondents' perspective. There were four questions that aimed to reveal the overall reputation of the companies that were subject to the study. The first question was pretty straightforward, by asking respondents opinion whereas their company has a high reputation. The result from the Table 36 indicate that 68 respondents or 31.34% strongly agreed that their company has a high reputation, 107 or 49.31% agreed, 40 or 18.43% were neutral and 2 respondents representing 0.92% disagreed with this statement. When asked about how their treat their customers, 107 or 49.31% of the respondents strongly agreed that their company treats their customers very seriously, 92 or 42.40% also agreed, 17 or 7.83% were neutral while 1 respondent representing 0.46% disagreed to the statement. Respondents were also asked whether their companies are followed on social media by a large number of followers. 58 or 26.73% and 87 or 40.09% of the respondents strongly agreed and agreed that their company is followed by a large number of followers on social media, 57 respondents representing 26.27% were neutral, 14 or 6.45% disagreed and 1 (0.46%) respondent strongly disagreed to this. 62 respondents or 28.57% strongly agreed that their employees are proud to be a part of their companies, 91 or 41.94% agreed and the rest of the respondents accounting for 29.49% neither agreed nor disagreed by choosing to give neutral answers. In order to better understand the reputation, the respondents were asked how philanthropic they consider their companies are. 48 respondents or 22.12% strongly agreed that they consider their company as philanthropic, 75 other respondents representing 34.56% agreed, 74 or 34.10% gave a neutral answer, while 17 or 7.84% and 3 or 1.38% of the respondents disagreed and strongly disagreed respectively.

The results from Table 36 show that the reputation measure received mixed responses from the study's respondents.

#### 4.4.4 Descriptive statistics of the new computed variables

As mentioned before in order to give more meaning to the collected data, the questions from the questionnaire were grouped based on the construct that they were measuring and were computed into new independent variables named proactiveness, opportunity focus, calculated risk-taking, innovativeness, customer intensity, resource leveraging, and value creation, and one dependent variable named overall SME performance. These variables are created by using the mean of the total sum of all the added Likert type items. As these newly created variables will be used to perform the inferential statistics, table below presents their descriptive statistics.

**Table 37: Descriptive statistics for computed variables**

Number of items	Computed Variables	Observations	Mean	Std. Deviation	Min	Max
1	Proactiveness	217	4.58	.479	2	5
2	Opportunity Focus	217	4.44	.479	3	5
3	Calculated Risk Taking	217	4.21	.670	2	5
4	Innovativeness	217	4.33	.577	3	5
5	Customer Intensity	217	4.37	.468	3	5
6	Resource Leveraging	217	4.31	.453	3	5
7	Value Creation	217	<b>4.60</b>	.446	3.2	5
8	Overall SME Performance	217	4.05	.514	2.61	5

**Source: STATA output, 2018**

The result from Table 37 shows that the mean value for all the new variables is larger than four, ranging from a lowest value of 4.05 to a highest of 4.60. The standard deviation ranges from 0.446 to 0.670.

## 4.5 Inferential statistics – correlation and regression analysis

### 4.5.1 Correlation between variables

In social studies, there are often times where it is needed to know whether there is any relationship between the different variables included in the study. When there is a need of

finding out such relationship this can be done by the method of correlation which is considered as the most fundamental and useful measure of the relationship between variables (Marczyk et al. 2005).

As previously mentioned, the analysis of the correlation is essential for measuring the significance of the relationship between the study variables. The correlation coefficient is represented by the letter “r” and may take values in a range between -1 and +1. The value of +1 stands for an ideal positive correlation, whereas the value of -1 shows the ideal negative correlation. Whereas, values between -1 and + 1 illustrate a weaker positive or weaker negative correlation (Saunders et al., 2009; Walliman, 2011). There may also be a 0 value that represents the perfect independent correlation, but this is a very unusual case in research. In the correlation, variables are treated equally, and neither is considered to be a predictor or an outcome (Crawford, 2006).

There are an extensive number of correlations that may be used based on the type of scale used to measure the variables. The correlation between variables in this study is measured using Karl Pearson’s correlation coefficient, known also as the Pearson Moment method, named in honor of the English statesman Karl Pearson, who is said to be the inventor of this method (Singh, 2006).

**Table 38: Guideline for Pearson correlation coefficients**

<b>Coefficient Value</b>	<b>Strength of Association</b>
<b><math>0.1 &lt; r &lt; .3</math></b>	small correlation
<b><math>0.3 &lt; r &lt; .5</math></b>	medium/moderate correlation
<b><math>r &gt; .5</math></b>	large/strong correlation

**Source: Cohen (1988)**

The extent of the Pearson coefficient represents the strength of the correlation. Although there are no strict rules for assigning the strength of the correlation to specific values, there are some general guidelines provided by Cohen (1988). These guidelines are presented in Table 38.

Since the main objective of the current study is to measure the impact between EM dimensions and overall SME performance, correlation analysis was necessary to measure the significance of the association between the new computed variables. The result of the Pearson correlation is presented in the table below:

**Table 39: Correlation Analysis**

		<b>Proactiveness</b>	<b>Opportunity Focus</b>	<b>Calculated Risk Taking</b>	<b>Inovativeness</b>	<b>Customer Intensity</b>	<b>Resource Leveraging</b>	<b>Value Creation</b>
<b>Proactiveness</b>	Pearson Correlation Significance	1.0000						
<b>Opportunity Focus</b>	Pearson Correlation Significance	0.7029* 0.0000	1.0000					
<b>Calculated Risk Taking</b>	Pearson Correlation Significance	0.4397* 0.0000	0.4304* 0.0000	1.0000				
<b>Inovativeness</b>	Pearson Correlation Significance	0.5891* 0.0000	0.5246* 0.0000	0.4204* 0.0000	1.0000			
<b>Customer Intensity</b>	Pearson Correlation Significance	0.5366* 0.0000	0.5329* 0.0000	0.3528* 0.0000	0.5146* 0.0000	1.0000		
<b>Resource Leveraging</b>	Pearson Correlation Significance	0.4280* 0.0000	0.3907* 0.0000	0.3570* 0.0000	0.3255* 0.0000	0.4275* 0.0000	1.0000	
<b>Value Creation</b>	Pearson Correlation Significance	0.5137* 0.0000	0.4747* 0.0000	0.3089* 0.0000	0.4378* 0.0000	0.5376* 0.0000	0.3873* 0.0000	1.0000

*\*All Correlations are significant at the 0.05 level*

**Source: STATA Output, 2018**

The result from Table 39 shows that all the correlation coefficients between the constructs in this study show a moderate to high positive correlation. The Person Correlation between opportunity focus and proactiveness is 0.7029 which indicates that there is a strong positive relationship between these two variables. The correlation between calculated risk-taking and proactiveness is 0.4397 and calculated risk-taking and opportunity focus is 0.4304 indicating that there is a moderate positive relationship between these variables. The correlation coefficient between innovativeness and proactiveness and innovativeness and opportunity focus is 0.5891

and 0.5246 showing a strong positive relationship between these variables, while the correlation between innovativeness and calculated risk-taking is 0.4204 indicating a moderate positive relationship between these two variables. The Pearson correlation between customer intensity and proactiveness is 0.5366, customer intensity and opportunity focus is 0.5329 and customer intensity and innovativeness is 0.5146 indicating a strong positive relationship between these constructs. The moderate positive correlation of 0.3528 is seen between customer intensity and calculated risk-taking. There is a moderate positive relationship between resource leveraging with all variables, with 0.4280 for proactiveness, 0.3907 for opportunity focus, 0.3570 with calculated risk-taking, 0.3255 with innovativeness and 0.4275 with customer intensity. On the other side, value creation indicates a strong positive relationship of 0.5137 with proactiveness and 0.5376 with customer intensity, while it shows a moderate relationship between value creation and opportunity focus with a Person correlation coefficient of 0.4747, value creation and calculated risk-taking with 0.3089, value creation and innovativeness with 0.4378 and value creation and resource leveraging with coefficient of 0.3873. Results also show that p-value for all the correlations are less than the significance level of  $p < 0.05$  which indicates that all the correlations are significant. This significant association between all the study variables provides the basis for the upcoming regression analysis which will help in understanding the cause and effect as well as will explain the statistical relationship between variables.

## **4.6 Regression analysis**

While the correlation only measures the relationships between variables and thus cannot guess the impact that an independent variable has on the dependent variable, regression analysis is seen as the proper model that that helps to gain a better understanding of the impact between these two types of variables.

Simple and multiple regression are two fundamental types of regression analysis. Simple regression is usually used to forecast the values of the dependent variable by the single independent variable, whereas, multiple regression uses may use more than two independent variables for predicting the value of the dependent variable (Marczyk et al., 2005). Hence,

multiple regression analysis is related to the statistical linkage between more than one independent and dependent variables (Jackson, 2015).

In simple regression, there are only two variables, one independent and one dependent variable. Therefore, the simple regression can only interpret what a physical way in which these two types of variables are correlated (Kothari, 2004). The simple regression model may be presented by the following formula:

$$Y_i = \beta_0 + \beta_1 X_1 + u_i$$

Where:

$Y$  Represents the dependent variable

$X$  Represents the independent variable

$\beta_0$  Represents the regression constant,

$\beta_1$  Represents the regression coefficient, and

$u_i$  Is the error term

In practice, there are cases with two or more independent variables, where the simple regression cannot be implemented. Therefore, there is a need to use multiple regression which is considered as an addition to simple linear regression. Multiple regression is used when there is a need to predict the magnitude of a dependent variable based on the value of two or independent variables. The variable that is calculated represents the dependent variable, whereas variables used to calculate the value of the dependent variable are called independent variables (Coetzee, 2005). The multiple regression model is presented in the following formula:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_i X_i + u_i$$

Where

$Y$  represents the dependent variable

$X_1, X_2, X_i$  are independent variables

$\beta_0$  , is regression intercept or constant

$\beta_1, \beta_2, \beta_i$  are the regression coefficients, and

$u_i$  is the error term

The higher the degree of the relationship between the independent variables ( $X_1, X_2, \dots, X_i$ ) is, the less reliable are the regression coefficients ( $\beta_1, \beta_2, \dots, \beta_i$ ) in multiple regression. A high level of the correlation between independent variables causes a problem that is known as the problem of “multicollinearity”. Therefore, for making a correct estimation, only one set of the independent variable should be used in such situations, as adding the second independent variable that is highly correlated with the first independent variable, may give unreliable regression results (Kothari, 2004).

#### 4.6.1 Regression model of the current study

The model used in this study is based on study objectives and hypotheses and may be presented as follows:

$$\text{Overall SME Performance} = f(\text{Entrepreneurial Marketing Dimensions})$$

It is worth mentioning that Overall SME Performance as the dependent variable is measured by five dimensions in this study which include:

1. Efficiency (EFF)
2. Growth (GRTH)
3. Profit (PRF)
4. Owner personal Goals (OPG)

## 5. Reputation (REP)

Similarly, Entrepreneurial Marketing as the independent variable has seven dimensions which are:

1. Proactiveness (PRO)
2. Opportunity Focus (OF)
3. Calculate Risk Taking (CRT)
4. Innovativeness (INV)
5. Customer Intensity (CI)
6. Resource Leveraging (RL)
7. Value Creation (VC)

Therefore the model for every dimension of performance can be shown as below:

$$1. EFF = f(PRO, OF, CRT, INV, CI, RL, VC)$$

$$2. GRTH = f(PRO, OF, CRT, INV, CI, RL, VC)$$

$$3. PRF = f(PRO, OF, CRT, INV, CI, RL, VC)$$

$$4. OPG = f(PRO, OF, CRT, INV, CI, RL, VC)$$

$$5. REP = f(PRO, OF, CRT, INV, CI, RL, VC)$$

In the form of multiple regressions, the above relationship can be presented as follows:

$$EFF = \beta_0 + \beta_1 PRO + \beta_2 OF + \beta_3 CRT + \beta_4 INV + \beta_5 CI + \beta_6 RL + \beta_7 VC + ui$$

$$GRTH = \beta_0 + \beta_1 PRO + \beta_2 OF + \beta_3 CRT + \beta_4 INV + \beta_5 CI + \beta_6 RL + \beta_7 VC + ui$$

$$PRF = \beta_0 + \beta_1 PRO + \beta_2 OF + \beta_3 CRT + \beta_4 INV + \beta_5 CI + \beta_6 RL + \beta_7 VC + ui$$

$$OPG = \beta_0 + \beta_1 PRO + \beta_2 OF + \beta_3 CRT + \beta_4 INV + \beta_5 CI + \beta_6 RL + \beta_7 VC + ui$$

$$REP = \beta_0 + \beta_1 PRO + \beta_2 OF + \beta_3 CRT + \beta_4 INV + \beta_5 CI + \beta_6 RL + \beta_7 VC + ui$$

Where:



EFF - Efficiency

GRTH - Growth

PRF - Profit

OPG - Owners Personal Goals

REP - Reputation

PRO - Proactiveness

OP - Opportunity Focus

CRT - Calculated Risk Taking

INV - Innovativeness

CI - Customer Intensity

RL- Resource Leveraging

VC - Value Creation

$\beta_0$  - Regression constant or intercept

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6, \beta_7$  Regression coefficients

$u_i$  is the error term

To explore the impact of the independent variables on the five dimensions of SMEs performance used in the work, a new model that will measure the overall SME performance was developed. The new model used the mean of the total sum of all the five performance dimensions by creating a new dependent variable. The relationship between the newly created dependent variable and the seven independent variables may be presented through the following model:

$$OPRF = \beta_0 + \beta_1 PRO + \beta_2 OF + \beta_3 CRT + \beta_4 INV + \beta_5 CI + \beta_6 RL + \beta_7 VC + u_i$$

Where Overall SME Performance (OPRF) is the average of the combined values of Efficiency (EFF), Growth (GRTH), Profit (PRF), Owner personal Goals (OPG), and Reputation (REP).

Based on the study hypotheses a priori expectations of  $\beta$  coefficients are:

$$H_0: \beta_1 = 0 \quad H_1: \beta_1 > 0$$

$$H_0: \beta_2 = 0 \quad H_2: \beta_2 > 0$$

$$H_0: \beta_3 = 0 \quad H_3: \beta_3 > 0$$

$$H_0: \beta_4 = 0 \quad H_4: \beta_4 > 0$$

$$H_0: \beta_5 = 0 \quad H_5: \beta_5 > 0$$

$$H_0: \beta_6 = 0 \quad H_6: \beta_6 > 0$$

$$H_0: \beta_7 = 0 \quad H_7: \beta_7 > 0$$

The a priori expectation is that the regression coefficients will have greater than zero values, indicating that all the independent variables are expected to have a positive impact on the Overall SME performance.

Since the study hypotheses will be tested by running a multiple regression it is worth mentioning that multiple regression performed using the STATA gives two important outputs. One is summary statistics and the second one is the regression table. Summary statistics gives the R Squared value which is also known as the coefficient of determination, or the coefficient of multiple determination for multiple regression. In simple words, R-squared represent the impact of all the independent variables together (Singh, 2007). R-squared may be explained as the variation in the dependent variable that is predicted by the dependent variable ("DSS - Interpreting Regression Output", n.d.). R-squared is a measure that is used to evaluate the goodness of fit in the regression model, and always takes values between 0 and 1. Values closer to 0 indicate that the model explains the poor model fit while the values closer to 1 represent the perfect fit (Devasthali, 2014). The other value that is given in summary is, adjusted R-Squared

which is slightly smaller than R-Squared, but more accurate in measuring the goodness of fit of the model as it adjusts the standard errors of the model.

The regression table contains the regression coefficients, their standard errors, t-tests, and the P-Value. Regression coefficients represent the contribution of each independent variable on the value of the dependent variable (Singh, 2007). On the other side, the standard error is an estimate of that standard deviation of the coefficients among cases whereas the t test represents the coefficient divided by its standard error ("DSS - Interpreting Regression Output", n.d). P-values “are used to determine whether a null hypothesis formulated before the performance of the study is to be accepted or rejected” (du Prel et al., 2009. P.1) at a certain confidence level.

#### 4.6.2 Test of hypothesis

As mentioned above the hypotheses in this study are tested by conducting regression analysis. Therefore, in order to test the impact of Proactiveness (PRO), Opportunity Focus (OF), Calculated Risk Taking (CRT), Innovativeness (INV), Customer Intensity (CI), Resource Leveraging (RL) and Value Creation (VC) on Overall SME Performance (OPRF) the multiple regressions were run based on the following model:

$$OPRF = \beta_0 + \beta_1 PRO + \beta_2 OF + \beta_3 CRT + \beta_4 INV + \beta_5 CI + \beta_6 RL + \beta_7 VC + ui$$

The following table gives the result of the Multiple Regression:

**Table 40: Multiple Regression Analysis**

Performance	Coefficients	Std. Err.	t	P> t
Proactivity	-.0674073	.0996397	-0.68	0.499
<b>Opportunity Focus</b>	<b>.2465957</b>	<b>.0941186</b>	<b>2.62</b>	<b>0.009</b>
Calculated Risk Taking	-.0142601	.053077	-0.27	0.788
Innovativeness	.0618931	.0697764	0.89	0.376
Customer Intensity	.0339978	.0874655	0.39	0.698
<b>Resource Leveraging</b>	<b>.3051648</b>	<b>.0784999</b>	<b>3.89</b>	<b>0.000</b>
<b>Value Creation</b>	<b>.1836619</b>	<b>.0864055</b>	<b>2.13</b>	<b>0.035</b>
Constant	.7511237	.3849103	1.95	0.052
<b><math>R^2=0.2755</math>, <math>Adjusted R^2=0.2512</math>, <math>Prob &gt;F 0.000</math></b>				

Source: STATA output, 2018

The coefficient of determination R-Squared for the study is 0.2755 or 27.55%. This indicates that 27.55% of the variations in the model can be explained by the explanatory variables of the model while 72.45% can be attributed to unexplained variation captured by the error term. According to Hair et al. (2011), there are no general rules regarding the value of the R squared value, and the decision of what value of R squared is considered adequate depends on the particular research discipline. In this case, we consider that the value of R squared may be considered adequate since even lower R squared values may be found in similar studies (example: Hacıoglu et al. 2012; Becherer et al. 2012). The Adjusted R-Square (25.12%) shows a slight penalty for additional explanatory variables introduced by the researcher.

The regression output as seen in the above table, among other data gives the  $\beta$  coefficients for each independent variable. These coefficients will be interpreted for each independent variable comparing to the a priori expectations that all the  $\beta$  coefficients are greater than 0.

**1. Proactiveness:** As shown by the results of the regression coefficients above, there is a negative relationship between proactiveness (PRO) and overall SME performance (OPRF) and as can be noticed this result is not in line with a priori expectation that  $\beta_1 > 0$ . This means that a unit of increase in proactiveness will result in a corresponding decrease in overall SME performance by 0.067 units.

**2. Opportunity Focus:** The outcome of the regression analysis shows that a positive relationship exists between opportunity focus (OF) and overall SME performance (OPRF). The result is in line with a priori expectation that  $\beta_2 > 0$  meaning that a unit increase in opportunity focus will result in a corresponding increase of 0.24 units in overall SME performance (OPRF).

**3. Calculated Risk-Taking:** A negative relationship exists between calculated risk-taking (CRT) and overall SME performance (OPER). The results show that the coefficient for calculated risk-taking is not in line with a priori expectation that  $\beta_3 > 0$ . This means that a unit increase in calculated risk-taking (CRT) will result in a corresponding decrease in overall SME performance (OPER) by 0.014 units.

**4. Innovativeness:** Regression results show that there is a positive relationship between innovativeness (INV) and overall SME performance (OPRF) and that the results are in line with

a priori expectation that  $\beta_4 > 0$  meaning that a unit increase in innovativeness will result in an increase of 0.061 units in overall SME performance.

**5. Customer Intensity:** There is a positive relationship between customer intensity (CI) and overall SME performance (OPRF). Even though the result is not statistically significant ( $p < 0.05$ ) it is in line with a priori expectation that  $\beta_5 > 0$ . This means that a unit increase in customer intensity will result in an increase of 0.033 units in overall SME performance.

**6. Resource Leverage:** The outcome of the regression analysis shows that a positive relationship exists between resource leveraging (RL) and overall SME performance (OPRF). The results show that the coefficient for resource leveraging is in line with a priori expectation that  $\beta_6 > 0$  meaning that a unit increase in resource leveraging will result in a corresponding increase of 0.30 units in overall SME performance (OPRF).

**7. Value Creation:** a positive relationship exists between value creation (VC) and overall SME performance (OPRF) and the outcome corresponds to the a priori expectation that  $\beta_7 > 0$ , meaning that a unit increase in value creation will result to a corresponding increase of 0.18 units in overall SME performance (OPRF).

Based on the regression results the regression model may be presented as follows:

$$OPRF = 0.751 - 0.067PRO + 0.246OF - 0.014CRT + 0.061INV + 0.033CI + 0.305RL + 0.183VC$$

The regression output was further used to test the seven hypotheses developed by the study.

#### **4.6.2.1 Test of hypothesis one**

*H<sub>0</sub>: Proactiveness has no significant impact on overall SME performance.*

*H<sub>1</sub>: Proactiveness has a significant impact on overall SME performance.*

The regression results from Table 40 indicate that the p-value for the independent variable proactiveness (PRO) is  $0.499 > 0.05$  which shows no evidence of a significant impact of proactiveness on overall SME performance. The t value is less than its critical value of 1.96 and shows that at 95% confidence level, the proactiveness has no significant impact on overall SME performance; therefore, the findings failed to accept the alternative hypothesis that proactiveness has a significant impact on overall SME performance and as the result there is no other option than to confirm the null hypothesis.

#### **4.6.2.2 Test of hypothesis two**

*H<sub>0</sub>: Opportunity focus has no significant impact on overall SME performance.*

*H<sub>2</sub>: Opportunity focus has a significant impact on overall SME performance.*

The above results show that the p-value for the independent variable opportunity focus (OF) that determinates the good of fitness is  $0.009 < 0.05$ , which indicates that it reaches statistical significance. Also, t value is 2.62 and positively surpasses the critical value of 1.96, and therefore it can be claimed that at 95% confidence level opportunity focus has a significantly positive impact on overall SME performance. Based on the above result we can reject the null hypothesis and easily confirm the alternative hypothesis that claims that opportunity focus has a significant impact on overall SME performance.

#### **4.6.2.3 Test of hypothesis three**

*H<sub>0</sub>: Calculated risk-taking has no significant impact on overall SME performance.*

*H<sub>3</sub>: Calculated risk-taking has a significant impact on overall SME performance.*

The above results show that the p-value for the independent variable calculated risk-taking (CRT) is  $0.788 > 0.05$  which shows no evidence of the significant impact of this variable on overall SME performance. The t value also is less than its critical value of 1.96 and shows that at 95% confidence level calculated risk-taking has no significant impact on overall SME performance. As a result, the findings failed to accept the alternative hypothesis giving no other option than to confirm the null hypothesis that calculated risk-taking has no significant impact on overall SME performance.

#### **4.6.2.4 Test of hypothesis four**

*H<sub>0</sub>: Innovativeness has no significant impact on overall SME performance.*

*H<sub>4</sub>: Innovativeness has a significant impact on overall SME performance.*

The above results show that the p-value for the independent variable innovativeness (INCV) is  $0.376 > 0.05$  which shows no evidence of significant impact of innovativeness on overall SME performance. The t value is 0.89 and is less than its critical value of 1.96 and shows that at 95% confidence level Innovativeness has no significant impact on overall SME performance. Therefore, based on the findings the alternative hypothesis is rejected whereas the null hypothesis that innovativeness has no significant impact on overall SME performance is confirmed.

#### **4.6.2.5 Test of hypothesis five**

*H<sub>0</sub>: Customer intensity has no significant impact on overall SME performance.*

*H<sub>5</sub>: Customer intensity has a significant impact on overall SME performance.*

Regression results show that the p-value for the independent variable customer intensity (CI) is  $0.698 > 0.05$  which shows no evidence of significant impact of customer intensity on overall SME performance. The t value is 0.39 and is less than its critical value of 1.96 and shows that at 95% confidence level customer intensity has no significant impact on overall SME

performance. As a result, the alternative hypothesis is rejected whereas the null hypothesis that customer intensity has no significant impact on overall SME performance is confirmed.

#### **4.6.2.6 Test of hypothesis six**

*H<sub>0</sub>: Resource leveraging has no significant impact on overall SME performance.*

*H<sub>6</sub>: Resource leveraging has a significant impact on overall SME performance.*

The above results show that the p-value for the independent variable resource leveraging that determinates the good of fitness is  $0.00 < 0.05$ , which shows that it reaches the statistical significance. Also, t value is 3.89 and positively surpasses the critical value of 1.96, and therefore it can be claimed that at 95% confidence level resource leveraging positively impacts the overall SME performance. Based on the above result we can easily confirm the alternative hypothesis that claims that resource leveraging has a significant impact on overall SME performance and hence reject the null hypothesis.

#### **4.6.2.7 Test of hypothesis seven**

*H<sub>0</sub>: Value creation has no significant impact on overall SME performance*

*H<sub>0</sub>: Value creation has a significant impact on overall SME performance*

The above results show that the p-value for the independent variable value creation that determinates the good of fitness is  $0.035 < 0.05$ , which shows it reaches statistical significance. Also, t value is 2.13 and positively surpasses the critical value of 1.96, and therefore it can be claimed that at 95% confidence level value creation has a significantly positive impact on overall SME Performance. Based on the above result we can easily confirm the alternative hypothesis that claims that value creation has a significant impact on overall SME performance and consequently reject the null hypothesis.



## 4.7 Dominance analysis

When multiple regression is used to compare and test hypothetically motivated models, it is useful to find out the relative importance of the predictors used in the model (Budescu, 1993). Given that in this study the impact all the EM dimensions is measured against the overall SME performance, following the Azen and Traxel (2009) suggestions, the use of dominance analyses helped in determining the relative importance of every EM dimension individually and the impact of each of the dimensions on a dependent variable in the multiple regression model that we used. The results are presented in the table below:

**Table 41: Dominance Statistics**

<b>Performance</b>	<b>Dominance Statistics</b>	<b>Standardized Dominance Statistics</b>	<b>Ranking</b>
Resource Leveraging	0.0832	0.3021	1
Opportunity Focus	0.0581	0.2109	2
Value Creation	0.0475	0.1725	3
Customer Intensity	0.0284	0.1031	4
Proactiveness	0.0249	0.0902	5
Innovativeness	0.0230	0.0833	6
Calculated Risk Taking	0.0104	0.0378	7

**Source: Stata Output, 2018**

Based on the dominance analysis presented in Table 41, resource leveraging resulted as the most important EM dimension regarding overall SME performance, followed by opportunity focus, value creation, customer intensity, proactiveness, innovativeness, and calculated risk-taking.

## **5 Chapter 5: SUMMARY**

### **5.1 Introduction**

This chapter will provide a detailed discussion of the results of this research. Further, the chapter will give a conclusion of the study. Additionally, the limitations of the study and future research direction will be proposed.

### **5.2 Discussions**

It is obvious that companies today operate in a very competitive environment which is categorized by the terms of high risk, failure to forecast, and fluid boundaries between firm and industry (Morris et al., 2001). As a result, in the actual business environment entrepreneurs have to unlearn the traditional marketing principles and replace them with new innovative actions and ideas such as Entrepreneurial Marketing (Hills et al., 2010). In literature, entrepreneurial marketing is described as an organizational orientation comprised of seven basic dimensions such as; proactiveness, innovativeness, customer intensity, calculated risk-taking, opportunity focus, resource leveraging, and value creation (Hisrich and Ramadani, 2017; Morris et al., 2002). In the literature, it is found that these EM dimensions have a positive impact on company performance. Therefore, the general objective of this study was to measure the impact of these entrepreneurial marketing dimensions on the overall performance of SMEs in Kosovo. Whereas, the specific objectives were to measure the impact of each EM dimension on the overall performance of SMEs in Kosovo. Consequently, each specific objective of the study was represented through research hypotheses, and the discussion of the results will be based on the statistical analysis of the data collected for the purpose of this study in order to test the hypotheses and as a result to achieve the specific objectives of this research.

### 5.2.1 Impact of proactiveness on the overall SME performance

The first specific objective was to define the impact of the EM dimension proactiveness on the -overall SME performance, where we raised the hypothesis that *Proactiveness has a significant impact on Overall SME Performance*. The multiple regression has produced the regression coefficient for proactiveness of -0.0674073 showing that there is a negative relationship between proactiveness and overall SMEs performance which not in line with a priori expectation that beta coefficient will be greater than zero. This means that a unit increases in proactiveness will result in a corresponding decrease in overall SMEs performance by 0.067 units. In addition, the p-value for the independent variable proactiveness is 0.499 > 0.05 which shows no evidence of a significant impact of proactiveness on overall SMEs performance. Moreover the t value is less than its critical value of 1.96 and shows that at 95% confidence level, the proactiveness has no significant impact on overall SME performance; therefore, the findings failed to accept the study hypothesis and as the result there is no other option than to reject it and confirm the null hypothesis stating that proactiveness has no significant impact on overall SME performance.

These findings confirm the work of Rashad (2018) who conducted research on measuring the impact of EM dimensions on performance within Saudi Arabian SMEs. His study was based on a sample of 50 owners of SME in Jeddah. Through multiple regression analysis, he found that proactiveness has a negative relation to the performance of such companies. Based on the result he concluded that Saudi SMEs do not tend to be proactive.

On the other hand, this result does not agree with the findings of Fairoz et al. (2010) who investigated the degree of Entrepreneurial Orientation (EO) and the effects of EO dimensions including proactiveness, innovativeness, and risk-taking to business performance in twenty-five manufacturing SMEs in Hambantota District, Sri Lanka. Their study used interviews as the main instrument for data collection. After they analyzed the data with the qualitative and quantitative technique they found that there was a significant positive relationship between proactiveness and business performance.

Similarly, Lumpkin and Dess (2001) in their study have investigated how proactiveness and competitive aggressiveness as EO dimensions are related to performance. They conducted a survey with 124 executives from 94 companies with executives from non-affiliated, non-diversified firms who were actively involved in strategic decision making at the top level of the firm. They analyzed the data in two phases. Initially, after factor analysis, they found that proactiveness and competitive aggressiveness emerged as two separate factors. Whereas in the second phase, they analyzed the relationship of these two dimensions to performance in different contexts and found proactiveness has a strong statistically significant positive relationship to performance measures. Additionally, they also found that proactiveness is more strongly associated with high performance in dynamic environments, characterized by rapid change and uncertainty.

### **5.2.2 Impact of opportunity focus on the overall SME performance**

The second study objective was to examine the impact of opportunity focus dimension on the overall SME performance, based on which the hypothesis that *Opportunity focus has a significant impact on overall SME performance* was raised. The regression coefficient for opportunity focus is 0.2465957 indicating a positive relationship between opportunity focus and overall SME performance. The coefficient is also in line with a priory expectation that beta coefficient will be greater than zero. Based on the regression coefficient result it may be concluded that a unit increase in opportunity focus will result in 0.24 units increase in overall SME performance. The p-value for opportunity focus is  $0.009 < 0.05$ , indicating that it has reached the statistical significance. Furthermore, the t value of 2.62 exceeds the critical value of 1.96, offering evidence that at 95% confidence level opportunity focus has a positive significant impact on the overall SME performance. The multiple regression results offered enough evidence to reject the null hypothesis and to certainly accept the alternative hypothesis that claims that opportunity focus has a significant impact on the overall SME performance.

This finding of this study is in line with some of the similar studies in the field. Olaynnye and Edward (2016) have researched the dimensions of entrepreneurial marketing on the

performance of a fast food restaurant in Asaba, Delta state, Nigeria. They surveyed 160 employees and customers in a number of selected fast food restaurants. Based on the result of the correlation and multiple regression analysis they concluded that opportunity recognition has a significant impact on competitive advantage on the performance of Fast Food Restaurants in Nigeria and that the opportunity recognition is critical to performance. They also state that companies should be ahead in the identification of opportunities unused by competitors and be the first to find unused resources.

However, the research finding disagrees with the findings of Becherer et al. (2012) who examined the relationship between seven entrepreneurial marketing dimensions on the qualitative and quantitative outcomes of SMEs including company success, customer success, financial success, return goals, growth goals, excellence, and the entrepreneur's standard of living. Using a sample of 174 owners of SMEs, by applying stepwise regression they claimed that entrepreneurial marketing dimensions alone or in combination impact the outcome variables. However, opportunity focus was the only EM dimension that did not significantly impact any of the outcome measures in the study. They claim that opportunity focused may relate better to SMEs that are at the beginning of their life cycle as compared to more established companies.

### **5.2.3 Impact of calculated risk-taking on the overall SME performance**

The third study objective was to define the impact of calculated risk-taking on the Overall SME Performance. This objective was represented by raising the hypothesis that *Calculated risk-taking has a significant impact on overall SME performance*. The regression coefficient for calculated risk-taking produced by the multiple regressions is -0.0142601 showing a negative relationship between calculated risk-taking and overall SME performance, meaning that a unit increase in calculated risk-taking will cause 0.014 units of a decrease in overall SME performance. Moreover, the p-value for the calculated risk-taking is 0.788 > 0.05 which illustrates that there is no proof of the significant impact of this variable on overall SME Performance. The t value is also lower than the critical value of 1.96 and indicates that at 95% confidence level calculated risk-taking has no significant impact on overall SME Performance.

As a consequence, the findings failed to accept the alternative hypothesis giving no other option than to confirm the null hypothesis that states that calculated risk-taking has no significant impact on overall SME Performance.

The findings agree with the similar studies where the calculated risk-taking is not found as a dimension that positively impacts the firm's performance. Such results may be found in the work of Naldi et al. (2007) who focused their study in investigating the impact of risk-taking as an important EO dimension on the performance of family firms. The sample for the study consisted of 265 family and 431 nonfamily Swedish small and medium-sized firms. They used hierarchical multiple regression analysis in order to find the relation between risk-taking and performance in family firms. They found that even if family firms do take risks while engaged in entrepreneurial activities, the risk they take is lesser than in nonfamily firms. Moreover, they confirmed that risk-taking in family firms is negatively related to performance.

Similarly, in a meta-analysis undertaken by Rauch et al. (2004) they attempted to assess the validity of EO by exploring the magnitude of the EO-performance relationship as well as the moderators affecting that relationship. They have analyzed 37 studies that indicated that five sub-dimensions of EO are related moderately with various measures of success. Their meta-analysis revealed that dimensions such as innovativeness, pro-activeness, and autonomy showed consistent positive correlations with performance while risk-taking is found not to have a positive impact on performance.

#### **5.2.4 Impact of innovativeness on the overall SME performance**

Defining the impact of innovativeness on the overall SME performance was the fourth objective of this study, based on which we raised the hypothesis that Innovativeness has a significant impact on overall SME performance. The regression coefficient for the innovativeness was 0.0618931 meaning that a unit increase in innovativeness will result in 0.061 units increase on the overall SME performance. Multiple regression has produced a p-value of 0.376 >0.05 indicating no evidence of significant impact of innovativeness on overall SME performance. Even though that innovativeness is positively related to the overall SME

performance, this relationship is not statistically significant due to the fact that its t-value is 0.89 which is less than the critical value of 1.96, indicating that at 95% confidence level innovativeness has no significant impact on overall SME performance. Consequently, based on the result there is no alternative but to reject the alternative hypothesis and confirm the null hypothesis that states that innovativeness has no significant impact on overall SME performance.

Similar findings may be also found in work conducted by Kraus et al.,(2012b) who conducted research aiming to investigate the effects of EO on the performance of small and medium-sized firms during the global economic crisis. The sample for the study consisted of surveying 164 Dutch SMEs. The EO dimensions that they used in the study were proactiveness, innovativeness, and risk-taking. In order to test the impact of each of the dimensions on the performance, they performed a hierarchical linear regression analysis. The result of their study revealed that innovativeness at the time of the study (2009) did not have a direct significant relationship with business performance.

On the other hand, the results of this study are not in line with the findings of Chung-Wen (2008) who studied the contribution of the knowledge of leadership styles and entrepreneurial orientation at small and medium enterprises as well as their effects on business performance. He aimed to examine how leadership style can affect the development and implementation of entrepreneurial orientation in small and medium enterprises in Taiwan. He also used the dimensions of innovation, proactiveness, and risk-taking and measured their impact on performance through surveying 406 companies in Taiwan. He found that innovation was significantly positively correlated with business performance. After performing standard multiple regressions with business performance as the dependent variable and dimensions of an entrepreneurial orientation as the independent variables he found that innovativeness has a positive impact on business performance.

Similarly, Rua et al. (2018) have researched the contribution of entrepreneurial orientation's strategic determinant that influences export performance based on survey data from 247 Portuguese small- and medium-sized enterprises (SMEs) from textile industry. After applying PLS-SEM path modeling to test their hypothesis they found that entrepreneurial orientation, particularly innovation and proactiveness, have a positive and significant impact on

export performance. They further conclude that Portuguese textile SMEs support new ideas that result in new products and services they offer.

### **5.2.5 Impact of customer intensity on the overall SME performance**

Through the fifth research objective, the researcher aimed to define the impact of customer focus on the overall SME performance. In order to achieve this objective, the hypothesis Customer intensity has a significant impact on overall SME performance was raised. Results showed that there is a positive relationship between customer intensity and overall SME performance, meaning that a unit increase in customer intensity will result in an increase of 0.033 units in overall SME performance. However, the p-value of  $0.698 > 0.05$  shows that even though positive the relationship between customer intensity and overall SME performance is not statistically significant. Moreover, the t value of 0.39 is lower than the critical value of 1.96 indicating that at 95% confidence level customer intensity has no significant impact on overall SME performance. Multiple regressions have produced enough evidence to reject the alternative hypothesis and to accept the null hypothesis that customer intensity has no significant impact on overall SME performance is confirmed.

Even though the results in the current study show that customer intensity is positively related to the overall SME performance, this relationship is found not to be statistically significant. The similar findings were found in the study of Rashad (2018) that was conducted with a sample of 50 SME managers and owners located in Jeddah. The purpose of his study was to identify the impact of applying seven (EM) dimensions; proactive orientation, calculated risk-taking, innovativeness, opportunity focus, resources leveraging, costumer intensity, and value creation on the organizational performance. The gathered data were analyzed through factor and regression analysis. The result obtained from multiple regression analysis showed that customer intensity is negatively related to performance. He also points out that Saudi SMEs do not attach enough importance to consumers so they can reach higher organizational performance.

Contrary data of positive impact of customer intensity on performance have been found by Hamali (2015) who has measured the impact of EM on small business performance,



specifically to the small garment industry in Bandung City in Indonesia. He performed a study on a sample of 90 participants. After conducting a regression analysis he found that customer intensity has a significant and positive effect on business performance.

#### **5.2.6 Impact of resource leveraging on the overall SME performance**

It was in the interest of the study to define the impact of resource leveraging on the overall SME performance, which was the sixth research objective. This objective was represented through the hypothesis that Resource leveraging has a significant impact on overall SME performance. In order to test the given hypothesis, the multiple regressions were used. The regression equation provided a beta coefficient of 0.3051648 for resource leveraging, indicating that there exists a positive relationship between resource leveraging and overall SME performance, meaning that for a unit increase in resource leveraging the overall SME performance will increase by 0.30 units. Additionally, the p-value for the resource leveraging is  $0.00 < 0.05$ , showing that it reaches the statistical significance, as well as the t value of 3.89 which positively surpasses the critical value of 1.96, points out that at 95% confidence level resource leveraging positively impacts the overall SME performance. The research results offered enough evidence to reject the null hypothesis and to certainly accept the alternative hypothesis that claims that resource leveraging has a significant impact on the overall SME performance.

The positive relationship of resource leveraging and performance is found also in a work Mugambi and Karugu (2017) who have analyzed the impact of entrepreneurial marketing on the performance of real estate companies, specifically in the case of Optiven Limited. The main objective of their study was to reveal the impact of strategic orientation, market orientation, innovation orientation, and resources leveraging on the performance of the sampled company. They found that there is a strong association among strategic, innovation and market orientation as well as the resource leveraging dimensions on the performance of Optiven Limited.

Correspondingly, a similar result could be found in Miles and Darroch (2006), who has investigated how large companies could leverage entrepreneurial marketing practice to increase

their competitive advantage. Their study was based on previous research on entrepreneurship and entrepreneurial marketing with examples from a continuing case study of companies in New Zealand, the USA, UK, and Sweden. The objective of their study was to show how large companies may employ entrepreneurial marketing so they can more effectively and efficiently take advantage of entrepreneurial opportunities. They used risk management, opportunity-driven, pro-activeness, innovation, value creation, customer intensity, and resource leveraging as the independent variables that contribute to the competitive advantage. They found that, in open markets, the superior value for both company owners and customers may be created if the entrepreneurial marketing processes can be strategically employed.

### **5.2.7 Impact of value creation on the overall SME performance**

The last specific objective of the study was to define the impact of value creation on the overall SME performance. In order to achieve this objective, the hypothesis that Value creation has a significant impact on overall SME performance was raised. This hypothesis was also tested by running multiple regression. The regression coefficient for the value creation has a positive value of 0.1836619 indicating that there is a positive relationship between value creation and overall SME performance and specifying that for every unit increase in value creation there will be a corresponding increase of 0.18 units on overall SME performance. The results also prove that the p-value for the value creation is  $0.035 < 0.05$ , demonstrating that it reaches the statistical significance. Also, the t-value is 2.13 which positively exceeds the critical value of 1.96, confirming that at 95% confidence level, value creation has a significantly positive impact on overall SME performance. Based on the above result we can easily reject the null hypothesis, and confirm the alternative hypothesis that states that value creation has a significant impact on overall SME performance.

The result of this research is in line with the work of Rezvani and Khazaei (2014) who have studied if there is a variation in the use of entrepreneurial marketing depending on the age and size of higher education institutions. They have found that there were differences in the use of each of the entrepreneurial marketing dimensions, depending on the age and size of the

studied institutions. While in smaller companies is found that proactiveness, opportunity focus, innovativeness and resource leveraging were more emphasized, larger companies tend more toward risk-taking and customer intensity. The value creation as EM dimension is found to have the same importance for small and large companies. Becherer et al. (2012) also claim that value-creation is an entrepreneurial marketing dimension that affects not only financial performance but also growth, customer success, and generally building a strong sustainable company.

The opposite results were found in the work of Hacıoglu et al. (2012) who conducted a study on a sample comprised of 560 Turkish manufacturing industry SMEs. In their study, they have explored the impact of EM on innovative performance and discovered that four out of seven EM dimensions: pro-activeness, customer intensity, innovativeness, and resource leveraging have shown a positive relationship with innovative performance. They found that EM is very suitable for small and medium enterprises. Although, they claim that value creation does not impact the innovative performance of Turkish SMEs.

### **5.3 Conclusions**

Besides deepening the knowledge on the entrepreneurial marketing the general objective of this study was to measure the impact of EM dimensions on the overall performance of Kosovo SMEs. More specifically this study aimed to discover how each dimension of entrepreneurial marketing impacts on the overall SME performance.

Kothari (2004) argued that a research process represents the set of steps that are essential for conductive effective research. These steps should start from defining a research problem, reviewing concept theories and previous findings, formulating study hypotheses, designing the research, collecting the data, analyzing the collected data and testing hypothesis and finally interpreting and reporting the results. Based on this logic Chapter 1 defines the study objectives and presents the study hypotheses that were raised based on the extensive literature review presented in Chapter 2. Chapter 3 presents the detailed methodology used in this research followed by Chapter 4 where the collected data were analyzed and the study hypotheses were tested.

The literature revealed that traditional marketing is not considered appropriate for SMEs. This is because SMEs perform marketing differently comparing to larger companies. The main reasons are found to be the lack of financial and human resources, lack of marketing knowledge and expertise, small business size and their attitude toward business and marketing. Nevertheless, it was noticed that even despite these limitations, the owners of SMEs create the unique ways of doing marketing that is different from traditional frameworks (Fillis, 2002; Stokes, 2000) which may be considered as a form of entrepreneurial marketing.

Marketing as a field has emerged gradually since 1900. From then it has passed through four periods known as “4 Eras” (Shaw and Jones, 2005; Wilkie and Moore, 2003). The first era was known as the foundation of the field (1900-1920), followed by a period known as the traditional approaches to marketing thought (1920 to 1950). The third era happened in the period from 1950 to 1980 and represented the shift from traditional marketing approaches to the contemporary schools of marketing thought. The last era which is still actual is the paradigm broadening (1980 and onwards) when the 4P’s of marketing started to be considered as a not very handy framework, and as a result, new sub-fields of have emerged. This was the period when EM as a new field emerged at the interface between marketing and entrepreneurship trying to explain marketing in the specific context of small and medium entrepreneurial firms.

Entrepreneurial marketing was first introduced in 1982 when marketing researchers have noticed that there is a difference in the approach that entrepreneurs have in marketing their businesses compared to larger firms (Carson and Gilmore, 2000; Morrish et al., 2010). As a new field of study, EM has spread in Europe in 1995, while it has crossed the Anglo-American border in 2003 when the first symposium related to marketing, entrepreneurship, and innovation was organized in Karlsruhe, Germany (Ionita, 2012). Even though it is still considered as a new field of study, there was considerable progress made resulting also in numerous journals where researchers and scholars may publish their studies in this field.

During these past three and a half decades numerous scholars tried to define the concept of EM which has resulted in many definitions ranging from ones that refer to EM as marketing for small companies, ones that make no distinction concerning company size or, and ones that emphasize the aspects of EM such as the value creation innovativeness. However, the one thing that is common in all the EM definitions is that they all contain elements marketing and

entrepreneurship. One of the most frequently EM definition that can be found in the literature defines EM as “proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to the risk management, resource leveraging and value creation.” (Morris et al., 2002. p. 4).

As mentioned before, the fields of marketing and entrepreneurship have been considered as two completely different fields which were advancing independently of one another until the moment that scholars identified that there are similarities between those two fields and have suggested that they both can complement each other. Since then, marketing and entrepreneurship interface has become a rich focus for research (Hills et al., 2008).

EM as a new and dynamic field has gone through many parallel research streams. According to Hills et al., (2010) there are four main categories that cover some basic parts of EM research known as SME marketing, EM as an early phase of marketing development, Kirznerian EM and Schumpeterian EM. They claim that the two last streams are considered purer EM because based on Schumpeter and Kirzner “entrepreneurial behavior can be linked to disruptive innovative behavior and/or opportunity recognition” (Hills et al., 2010.p.11).

As marketing changed over the years, new marketing approaches have continued to appear. These new approaches were; social marketing, relationship marketing, services marketing, expeditionary marketing, guerilla marketing, one-to-one marketing, service profit chain marketing, real-time marketing, disruptive marketing, viral marketing, digital marketing, network marketing, permission marketing, radical marketing, buzz marketing, customer-centric marketing, convergence marketing, dominant logic marketing, innovative marketing, value creating marketing, and social network marketing. Even though all these marketing approaches are different they many common characteristics such as efficiency in marketing budgets, resource leveraging, finding creative ways for managing different marketing variables, ongoing product innovations, customer intensity and the capability to influence changes in the environment. Based on these common characteristics Morris et al. (2001) have used the term entrepreneurial marketing to capture all these approaches into one general concept.

Some of the EM characteristics that were identified in this field are; the entrepreneur is always at the center of marketing, decisions are related to personal goals and long-time

performance, marketing is based on trust, personal reputation, and credibility, intense focus on promotion and sales, lack of proper planning and strategy, dependence on the owner's intuition and experience, lack of marketing resources, no marketing division, rare formal market research, use of personal networks and contacts, innovative product improvement, focus on proactiveness, opportunity recognition and calculated risk, flexibility and quick response to customer preference change, a role for passion, enthusiasm, and dedication, as well as the passion for leading customers instead of following them.

These characteristics may be found also in the most common types of entrepreneurial marketing that may be found in the literature. EM types such as guerrilla marketing; buzz marketing, viral marketing, ambush marketing, and social media marketing are the most common EM approaches to promotion. The one thing that is in common for all these EM types is that they are based on the word of mouth marketing and are cheaper alternatives for communicating to clients. All these types of entrepreneurial marketing types are shown to be very useful for small and medium enterprises.

Many scholars have tried to investigate the firm's EM behavior by offering a different dimension. Even that these behaviors are widely studied there is still no agreement on the number of dimensions underlying EM behaviors (Kilenthong et al., 2015). The EM dimensions that were found to be more frequently used by researchers are the seven dimensions defined by Morris et al. (2002) - proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, customer intensity, and value creation. Proactive orientation has to do with realizing and meeting hidden and unspecific customer needs through gathering information from customers and competitors (Keh et al., 2007). Risk-taking is the firm's ability to use calculated actions in order to reduce the risk of opportunity pursuit (Becherer et al., 2012). Innovation is defined as the firm's ability to maintain a flow of new ideas that can be interpreted into new products, services, technologies or markets (Morris et al. 2001; Otieno et al. 2012). Opportunities stand for unnoticed market positions that are sources of sustainable profit potential. Resource leveraging is the company's ability to access resources in order to do more with less (Becherer et al., 2012). Customer intensity represents the creative approach to customer attraction, retention, and growth (Morris et al, 2012). And, value creation represents the marketers' task is to find the unused source of customer value and to create exclusive combinations of sources to produce

value (Morris et al., 2002). Existing studies in this fields have found that the above EM dimension have a positive impact on performance (Becherer, et al., 2012; Hacıoglu et al., 2012; Hamali, 2015; Hamali et al., 2016; Morrish and Deacon, 2012; Mugambi and Karugu, 2017; Rashad, 2018).

The importance of EM can also be drawn from the theoretical model created by Morris et al., (2001, 2002) who found that the organization approach to marketing can affect the financial and non-financial outcomes of the organization. According to them the marketing orientation and entrepreneurial orientation of the firm have a positive correlation with the performance of the company, especially when dealing with heterogeneous markets, aggressive competition and other factors of the external environment.

Therefore, the literature suggests that the greatest need for EM is in an environment that is characterized by instability, and when the traditional marketing practices are no longer adequate (Collinson and Shaw, 2001; Morris et al., 2002). Knowing that today's markets have these characteristics, the implementation of EM would be useful and essential for most of the companies operating nowadays.

The literature review revealed that there are some gaps in the research field such as the limited number of quantitative researches that measure the EM dimensions, missing agreement on the EM definition, and missing consensus on the number of EM dimension. Therefore, there is a call for improving the quality of quantitative studies. To react to the call, this study has used a quantitative approach for measuring the impact of EM dimensions on SME performance.

Hence, based on the extensive literature review and the study objectives, seven hypotheses that will measure each of the EM dimensions on the overall SME performance are raised. The overall SME performance was measured through five dimensions; growth, efficiency, profit, reputation and owners' personal goals. These performance dimensions were chosen based on Murphy's (1996) recommendations that besides financial measures, nonfinancial measures should be also included in measuring the overall SME performance. After the comprehensive literature review, the conceptual framework for the current study was created.

The current research was based on the deductive approach, meaning that all the study hypotheses were raised based on the exciting literature, and then were tested through empirical

observation. In order to answer the research objectives and test the study hypotheses, the quantitative research method was used. The sample for the study consisted of 250 randomly selected SME owners. The questionnaire was adopted from the measurement scales used in the previous studies. After successful pilot testing, the questionnaire was distributed by the “drop of and pick” technique. The 217 collected questionnaires were used to perform descriptive and inferential statistics. The obtained result was used to reach the study objectives and to test the raised hypotheses.

Based on the results it can be concluded that entrepreneurial marketing dimensions when treated together positively impact the overall SME performance. This can be explained by R squared of 27.55, meaning that 27.55% of the overall SME performance may be attributed to the seven EM dimensions.

The results confirmed that all the EM dimensions were applied by SMEs in Kosova, but the result of the multiple regression showed that the impact of each dimension on the SME performance is different.

The specific objectives of the study were to measure the impact of each dimension on the overall SME performance. The result confirmed that proactiveness and risk-taking are negatively related to the SME performance, while innovativeness, opportunity focus, customer intensity, resource leveraging and value creation are positively related to SME performance. But, it has to be underlined that even that innovativeness and customer intensity are positively related, their impact on the overall SME performance is not statistically significant. Therefore, it can be concluded that that opportunity focus, resource leveraging and value creation are the EM dimension that significantly impacts the overall SME performance. As a result, three out of seven hypotheses were accepted.

Following the suggestion of Azen and Traxel (2009) when multiple dimensions are used in a regression it is significant to know the relative importance of each EM dimensions. This was found through dominance analysis. Results indicate then when all the EM dimensions are entered together in a multiple regression, resource leveraging is seen as the most important dimension for increasing the SME performance. Opportunity focus and value creation are listed as second and



third, followed by customer intensity, proactiveness, innovativeness and calculated risk-taking that are considered less important.

The number of EM dimensions that were found to impact the SME performance is similar to other previous works in this field. Hacıoglu, Eren, and Celikkan (2012) have studied the impact of EM on innovative performance where they found that four dimensions; proactiveness, innovativeness, customer intensity, resource leveraging are positively related with innovative performance. Hamali (2015) on the other side has measured the impact of EM on small business performance, and he found that four EM dimensions such as proactiveness, resources leveraging, value creation and customer intensity have significant and positive effects on business performance. Olannye and Edward (2016) also found that pro-activeness, entrepreneurial innovation, and entrepreneurial opportunity recognition showed a significant positive effect on competitive advantage. Similarly, Rashad (2018) revealed that three EM dimensions; opportunity focused, the calculated risk taken, and value creation dimensions of EM are positively related to performance. Becherer et al. (2012) have examined the relationship between seven entrepreneurial marketing dimensions on the qualitative and quantitative outcomes of SMEs including company success, customer success, financial success, return goals, growth goals, excellence, and the entrepreneur's standard of living. Based on the research results they have found the entrepreneurial marketing dimensions employed in the study have direct and positive influence on the outcomes related to SMEs. The only variable that was not found to have an impact on any of the outcome goals was the opportunity focus. Whereas the value creation is found to stand out as a dimension that impacts not only financial performance but also the growth and general sustainability of the company.

Based on the research results it can be concluded that SMEs in Kosovo tend to be highly opportunity focused and that they use every opportunity in order to increase the business performance, confirming the fact that the ability of the company is seen in selecting the best opportunity that determines success (Becherer et al., 2008). They also understand the importance of recourse leveraging as a tool for reaching more result with fewer resources. Therefore, instead of being constrained by resource limitations, applying resource leveraging the firms are able to do more with less. Furthermore, the SMEs in Kosovo know the meaning of value creation and are highly committed to creating value for their customers that provides them

with a better overall performance, which is also in line with the fact that the value creation is found to stand out as a dimension that impacts not only financial performance but also the growth and general sustainability of the company (Becherer et al., 2012).

Although, on the other side SME owners should be aware that proactiveness is very important because it provides a company the ability to predict the changes or market demand and be among the first to react to them (Lumpkin and Dess, 2001) thus giving the opportunity to increase their overall performance. It is also obvious from the results that SMEs in Kosovo are reserved at risk-taking. They should be aware that calculated risk-taking has to do with a readiness of a company to chase opportunities that appear to have a realistic chance of producing lower losses or significant performance results (Morris et al. 2001). They also do not tend to be innovative and customer oriented. Being more innovative and customer-oriented may help them grow their overall performance in higher levels because innovativeness is considered as a crucial factor for the company's survival, and at the same time is considered as a critical determinant of firms' performance (Calantone et al., 2002). Whereas, customer intensity is a key dimension of EM and a central element of market orientation construct (Kohli and Jaworski, 1990) meaning that entrepreneurs should be deeply involved and personally committed to serve customers and to respond their needs and wants (Hills, 2012) in order to increase the overall performance.

As a conclusion it can be said that even though each of the EM dimensions was not found to have a significant impact on the SME performance in Kosovo, the importance EM dimensions, in general, cannot be denied, because of the mixed results found in previous studies where the significance of EM dimensions varies among countries, types of SMEs, types of industries or the methodologies used in different studies. Therefore, based on the broad literature review and the current study results it may be concluded that all the EM dimensions have an impact on the SME performance, but their impact differs among different countries, industries, and contexts. Meaning that what impacts the SME performance in Kosovo may not impact the SME performance in other countries. The explanation for this may be found in the theoretical model developed by Morris et al, (2001, 2002) who claim that the external and internal environments factors continuously have an impact on the company outputs.

## 5.4 Implications

This study has significantly contributed to the EM theory, methodology and practice. The main contribution to theory is that this study has put together the most important aspects of the EM concepts, and has confirmed the importance of EM dimensions for the success of the SMEs. The other important contribution is the providing of a new definition that explains the EM as an inexpensive form of marketing that is suitable especially for SMEs who due to their limited recourses, take innovative approaches and calculated risk-taking actions, and proactively use every opportunity to attract more customers through creating superior value in order to increase their performance.

In addition, the worth mentioning contribution is that previous studies have regarded specific industry sectors while this study has covered all the SMEs. Also, this study has measured the overall SME performance and not only specific performance dimensions. Therefore, this study has extended the knowledge by opening new insights on the impact of EM dimensions on the overall SME performance.

Besides its contribution to the general knowledge about this topic, this study has especially contributed to the current literature gap in Kosovo by providing a first study that will link the entrepreneurial marketing dimensions with the performance of SMEs in Kosovo.

The contribution of the study on the methodology can be attributed to the adoption of the questionnaire from the previous studies and addition of supplementary items for measuring the reputation and owner's personal goals as nonfinancial performance measures created especially for the purpose of the study. An additional contribution is testing the created instrument for the first time in the Kosovo context, something that was never done before. Besides, this study has enriched the research methodology by adding the dominance analysis which is used to measure the relative importance of each dimension in cases when multiple dimensions are analyzed through regression analysis, which is done for the first time in the studies measuring EM dimensions. Moreover, one of the identified gaps was the scarcity of quantitative studies, and this study has contributed by increasing the quality of quantitative research in the field.

Regarding the contribution to the practice, this research has proved the use of the EM dimensions from the SMEs in Kosovo, as well as has confirmed how each EM dimension impacts the overall SME performance in Kosovo. The other significant contribution is that business owners that were part of this research have benefited from this study by getting to know some of the concepts of entrepreneurial marketing introduced in this research.

Besides, this study has created a solid base for possibly raising the interest of other scholars and researchers in further developing this research field.

## **5.5 Limitations**

Even though this study has attempted to make a significant contribution to theory and practice the results are still threatened by some limitation. Firstly, the study was based on subjective data collected directly by the SME owners, instead of the objective sources such as their financial statements or other internal records of SMEs, therefore, their answers may not be fully honest. Secondly, the study has used the seven dimensions developed by Morris et al., (2002) even though that there is no agreed number of EM dimensions, and there is no study that has completely confirmed the validity of these seven dimensions. Thirdly, because of the unavailability of collecting objective data to measure the performance, this study uses data that were easy to collect such as growth, efficiency, profit, reputation and owners' personal goals. As a consequence, the results cannot represent the realistic performance of the company because are based only on the owner's perception of their company performance. Fourthly, the sample is chosen by random sampling technique and may not represent all the categories of SMEs proportionally. The study focuses only on SMEs in Kosovo, and the finding may not be applicable to other regions or countries.

## 5.6 Recommendations

Based on the extensive literature review and the current research findings and conclusion there is a number of recommendations that can be drawn.

Knowing the fact that 99% of the companies in Kosovo are classified as SME, and they have a very large contribution to employment and GDP, the result of the study can be beneficial to policymaker who should create better policies for SME, enabling them a better business environment as well as different support schemes such as favorable tax policies, business and marketing consultancy and even subventions in technology and innovations. The government support in the SME sector could provide a favorable setting for SME growth, competitiveness, and overall performance.

The study result show that 62.8% of the surveyed SME owners have a university background, indicating that most of the university graduates concentrate on establishing their own SMEs, therefore it is important for universities to add entrepreneurial marketing as a subject in their study programs, due to the fact that SMEs are contextually different from larger companies and as a result, they use marketing differently (Hills and Hultman, 2006, Hills et al., 2008) and knowing that EM is capable of helping companies to survive and adapt to the changes (Day and Montgomery, 1999). This would help SME owners to learn the new marketing paradigm known as EM that is suitable especially for SMEs and may help them understand how to better market their products or services and as a result increase their overall performance.

Business owners on the other side should put more emphasis on this inexpensive form of marketing that if implemented properly, may help them increase their business performance. Based on the result of this study, special attention should be put on being more proactive and more risk-taking as well as understanding the importance of innovativeness and customer intensity.

Based on the role that SMEs play in Kosovo economy, it is recommended that scholars and researchers switch their research interest from traditional marketing into this new field of study that is proved to be very useful for increasing the performance of SMEs.

## 5.7 Future research directions

Even though this study has made a significant contribution in different fields, still there is no study that may answer all the questions in any study field. Therefore, in this case, future research directions should be proposed to continue exploring and deepening knowledge in the entrepreneurial marketing field.

Firstly, the results of the current research show that proactiveness, risk-taking, innovativeness and customer intensity do not have a significant impact on the overall SME performance, therefore there is a need for further research in order to discover the cause of this non-significant relationship. Secondly, similar studies may be individually undertaken into three sub-groups of SEMs, micro, small and medium enterprises in order to understand how they behave related to each of the EM dimensions. Thirdly, the impact of EM dimensions could be measured separately on the financial and nonfinancial SME performance in order to understand which performance is more affected by the impact of EM dimensions. Fourthly, this research has treated the SMEs in general, and it would be of interest to conduct the same research framework into different industries. Fifthly, similar studies may be undertaken also for large companies as in the literature it is argued that EM can be applied to all companies regardless their size (Kraus et al., 2009; Whalen et al., 2016). Sixthly, because this study was of quantitative nature, a qualitative approach or a combination of research approaches may help in recognizing the issues that affected the negative results. Seventhly, most of the similar studies including the current study have used the multiple regression analysis to measure the impact of EM dimensions; therefore it would be interesting to employ other statistical models to see if they will produce the similar results. Eighthly, as suggested by Murphy (1996) besides multiple performance dimensions the addition of control variables that are relevant to small businesses such as business age, industry or size may be included in order to discover how these factors may impact the study results. Ninthly, the elements of the external and internal organizational environment should be added to the study, to see the impact of these environments on the results. And, finally, the current study was carried out in one country (Kosovo) so the results cannot be generalized to other countries. Hence, the replication of the current study in different countries

may offer different results, and may allow comparison with the current research result and may open new areas for further research.

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## APPENDICES

### Appendix 1: QUESTIONNAIRE

#### PART I: DEMOGRAPHICS

Your Gender?

F\_\_\_\_\_ M\_\_\_\_\_

Your educational background?

High school\_\_\_\_\_

University \_\_\_\_\_

Postgraduate\_\_\_\_\_

Doctorate \_\_\_\_\_

Your company is:

Manufacturing \_\_\_\_\_

Retail \_\_\_\_\_

Service \_\_\_\_\_

Your age?

Less than 25 years \_\_\_\_\_

25-35 years \_\_\_\_\_

36-45 years \_\_\_\_\_

46-55 years \_\_\_\_\_

Number of Employees

Less than 9 employees \_\_\_\_\_

10-49 employees \_\_\_\_\_

50-250 employees \_\_\_\_\_

Please indicate how many years you own this business

Less than 1 year \_\_\_\_\_

1-5 years \_\_\_\_\_

5-10 years \_\_\_\_\_

10-15 years \_\_\_\_\_

More than 15 years \_\_\_\_\_

#### PART II: ENTREPRENEURIAL MARKETING DIMENSIONS

Please indicate the extent to which you agree or disagree with each of the following statements:

No	Statement	Strongly agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	I am constantly on the lookout for new ways to improve my company.					
2	I am always looking for better ways to do things in my company.					
3	I excel at identifying opportunities for my company.					
4	I am great at turning problems at my company into opportunities.					
5	When it comes to my company, I am more action oriented than reaction oriented.					
6	Nothing is more exciting in my company than seeing my ideas turn into reality.					
**	*****	**	**	**	**	**
*	*****	*	*	*	*	*

7	My management approach looks beyond current customers and markets for more opportunities for our company.					
8	I am good at recognizing and pursuing opportunities for my company.					
9	I would characterize my company as opportunity driven.					
10	My company is always looking for new opportunities.					
11	My company will do whatever it takes to pursue a new opportunity.					
** *	***** *****	** *	** *	** *	** *	** *
12	My business would rather accept a risk to pursue an opportunity than miss it altogether.					
13	My business is willing to take risks when we think it will benefit the company.					
14	My company would not be considered gamblers, but we do take risks.					
** *	***** *****	** *	** *	** *	** *	** *
15	My company tries to use innovative approaches if it will help them get the job done more efficiently.					
16	Being innovative is a competitive advantage for my company.					
17	My company tends to be more innovative than most of my competitors.					
18	I create an atmosphere that encourages creativity and innovativeness.					
** *	***** *****	** *	** *	** *	** *	** *
19	I frequently measure my company's customer satisfaction.					
20	I expect that all employees in our firm recognize the importance of satisfying our customers.					
21	My business objectives are driven by customer satisfaction.					
22	I pay close attention to after-sales service.					
23	I encourage my employees to strive for innovative approaches to creating relationships with customers.					
24	Sometimes, my company does not pay attention to customers who think they know more about our business than we do.					
25	I make sure that my company's competitive advantage is based on understanding customers' needs.					
** *	***** *****	** *	** *	** *	** *	** *
26	I have used networking and/or an exchange of favors to our advantage in my company.					
27	I have been able to leverage our resources by bartering or sharing.					

28	People who know me well would say that I am persistent, even tenacious, in overcoming obstacles.					
29	I use creative approaches to make things happen.					
30	My company prides itself on doing more with less.					
31	In the past, we have always found a way to get the resources we need to get the job done.					
** *	***** *****	** *	** *	** *	** *	** *
32	I make sure that my company creates value for consumers with excellent customer service.					
33	I make sure that my company does an excellent job of creating value for customers.					
34	I make sure my company;s pricing structure is designed to reflect value created for customers.					
35	I make sure my managers understand how employees can contribute to value for customers.					
36	Providing value for our customers is the most important thing my company does.					

### PART III: PERFORMANCE DIMENSIONS

Please indicate the extent to which you agree or disagree with each of the following statements:

No	Statement	Strongly agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	My firm is usually satisfied with return on investment					
2	My firm is usually satisfied with return on equity					
3	My firm is usually satisfied with return on assets					
** *	***** *****	*** ***	*** ***	*** ***	*** ***	*** ***
4	My firm is usually satisfied with sale growth					
5	My firm is usually satisfied with market share growth					
6	My firm is usually satisfied with employee growth					
** *	***** *****	**** ****	*** ***	*** ***	*** ***	*** ***

7	My firm is usually satisfied with return on sales					
8	My firm is usually satisfied with net profit margins					
9	My firm is usually satisfied with gross profit margins					
**		****	****	****	****	****
*	*****					
10	I'm satisfied with my personal financial situation					
11	My status in society is improved					
12	My standard of living is improved					
13	I have achieved all my startup goals					
**		****	****	****	****	***
*	*****					
14	My company has high reputation					
15	My company treats its customer very seriously					
16	My company is followed by a large number of followers on social media					
17	My employees are proud to be the part of this company					
18	I consider my company philanthropic					

## Appendix 2 : STATA Output for Reliability statistics in Pilot testing

```
.alpha pro_new_ways_improve pro_better_ways_improvement pro_excel_idntfy_oportunities
pro_problems_into_oporunities pro_actio_reaction pro_exciting_reality
Test scale = mean(unstandardized items)
Average interitem covariance:      .1212476
Number of items in the scale:      6
Scale reliability coefficient:      0.7816

. alpha opr_beyond_customers opr_pursuing_oportunities opr_opportunity_driven opr_new_oportunities
opr_pursue_opportunity
Test scale = mean(unstandardized items)
Average interitem covariance:      .0967836
Number of items in the scale:      5
Scale reliability coefficient:      0.7428

alpha rsk_accept_risk rsk_take_risk rsk_gamblers
Test scale = mean(unstandardized items)
Average interitem covariance:      .3645224
Number of items in the scale:      3
Scale reliability coefficient:      0.8154

alpha inv_inovative_approaches inv_competitive_advantage inv_competitors inv_encourage_innovation
Test scale = mean(unstandardized items)Average interitem covariance:      .1759259
Number of items in the scale:      4
Scale reliability coefficient:      0.7260

. alpha cst_measure cst_importance cst_driven_by_cs cst_after_sales cst_customer_relationship
cst_not_pay_attention cst_understanding_customers
Test scale = mean(unstandardized items)
Average interitem covariance:      .2201337
Number of items in the scale:      7
Scale reliability coefficient:      0.8800

. alpha rsr_networking_favours rsr_resource_lavarage rsr_persistent rsr_make_things_happen
rsr_more_with_less rsr_get_job_done
Test scale = mean(unstandardized items)
Average interitem covariance:      .0949318
Number of items in the scale:      6
Scale reliability coefficient:      0.5821

. alpha val_customers val_excelent val_pricing val_employees val_providing_value
Test scale = mean(unstandardized items)
Average interitem covariance:      .2225146
Number of items in the scale:      5
Scale reliability coefficient:      0.9475

. alpha efc_investment efc_equity efc_assets grth_sales grth_market grth_employee prf_sales
prf_net_profit prf_gross_profit gol_financial gol_status gol_standard gol_startap rep_high
rep_customers rep_followers rep_employees rep_philanthropy
Test scale = mean(unstandardized items)
Average interitem covariance:      .3402324
Number of items in the scale:      18
Scale reliability coefficient:      0.9446

.alpha type_comp gender age education type_comp years_business number_employees
pro_new_ways_improve pro_better_ways_improvement pro_excel_idntfy_oportunities
pro_problems_into_oporunities pro_actio_reaction pro_exciting_reality opr_beyond_customers
opr_pursuing_oportunities opr_opportunity_driven opr_new_oportunities opr_pursue_opportunity
rsk_accept_risk rsk_take_risk rsk_gamblers inv_inovative_approaches inv_competitive_advantage
```

```

inv_competitors inv_encourage_innovation cst_measure cst_importance cst_driven_by_cs cst_af
ter_sales cst_customer_relationship cst_not_pay_attention cst_understanding_customers
rsr_networking_favours rsr_resource_lavaragers rsr_persistent rsr_make_things_happen
rsr_more_with_less rsr_get_job_done val_customers val_excelent val_pricing val_employees
val_providing_value efc_investment efc_equity efc_assets grth_sales grth_market grth_employee
prf_sales prf_net_profit prf_gross_profit gol_financial gol_status gol_standard gol_startap
rep_high rep_customers rep_followers rep_employees rep_philanthropy
Test scale = mean(unstandardized items)
Reversed items:  gender years_business
Average interitem covariance:      .1606981
Number of items in the scale:      60
Scale reliability coefficient:      0.9673

```

### Appendix 3 : STATA Output for Reliability statistics for study variables

```
. alpha gender age education type_comp years_business number_employees pro_new_ways_improve
pro_better_ways_improvement pro_excel_idntfy_oporunities pro_problems_into_oporunities
pro_actio_reaction pro_exciting_reality opr_beyond_customers opr_pursuing_oporunities
opr_opportunity_driven opr_new_oporunities opr_pursue_opportunity rsk_accept_risk rsk_take_risk
rsk_gamblers inv_inovative_approaches inv_competitive_advantage inv_competitors
inv_encourage_innovation cst_measure cst_importance cst_driven_by_cs cst_after_sales
cst_customer_relationship cst_not_pay_attention cst_understanding_customers sr_networking_favours
rsr_resource_lavarage rsr_persistent rsr_make_things_happen rsr_more_with_less rsr_get_job_done
val_customers val_excelent val_pricing val_employees val_providing_value efc_investment
efc_equity efc_assets grth_sales grth_market grth_employee prf_sales prf_net_profit
prf_gross_profit gol_financial gol_status gol_standard gol_startap rep_high rep_customers
rep_followers rep_employees rep_philanthrophy
Test scale = mean(unstandardized items)
Reversed items:  education type_comp
Average interitem covariance:      .1028617
Number of items in the scale:      60
Scale reliability coefficient:      0.9415

. alpha pro_new_ways_improve pro_better_ways_improvement pro_excel_idntfy_oporunities
pro_problems_into_oporunities pro_actio_reaction pro_exciting_reality
Test scale = mean(unstandardized items)
Average interitem covariance:      .2095053
Number of items in the scale:      6
Scale reliability coefficient:      0.9100

.alpha opr_beyond_customers opr_pursuing_oporunities opr_opportunity_driven opr_new_oporunities
opr_pursue_opportunity
Test scale = mean(unstandardized items)
Average interitem covariance:      .2057625
Number of items in the scale:      5
Scale reliability coefficient:      0.8953

. alpha rsk_accept_risk rsk_take_risk rsk_gamblers
Test scale = mean(unstandardized items)
Average interitem covariance:      .387815
Number of items in the scale:      3
Scale reliability coefficient:      0.8618
. alpha inv_inovative_approaches inv_competitive_advantage inv_competitors
inv_encourage_innovation
Test scale = mean(unstandardized items)
Average interitem covariance:      .2938499
Number of items in the scale:      4
Scale reliability coefficient:      0.8820

. alpha cst_measure cst_importance cst_driven_by_cs cst_after_sales cst_customer_relationship
cst_not_pay_attention cst_understanding_custome rs
Test scale = mean(unstandardized items)
Average interitem covariance:      .179757
Number of items in the scale:      7
Scale reliability coefficient:      0.8174

. alpha rsr_networking_favours rsr_resource_lavarage rsr_persistent rsr_make_things_happen
rsr_more_with_less rsr_get_job_done
Test scale = mean(unstandardized items)
Average interitem covariance:      .1366601
Number of items in the scale:      6
Scale reliability coefficient:      0.6640

. alpha val_customers val_excelent val_pricing val_employees val_providing_value
```



```
Test scale = mean(unstandardized items)
Average interitem covariance:      .1742725
Number of items in the scale:      5
Scale reliability coefficient:      0.8746
```

```
. alpha efc_investment efc_equity efc_assets grth_sales grth_market grth_employee prf_sales
prf_net_profit prf_gross_profit gol_financial gol_status gol_standard gol_startap rep_high
rep_customers rep_followers rep_employees rep_philanthropy
Test scale = mean(unstandardized items)
Average interitem covariance:      .2468733
Number of items in the scale:      18
Scale reliability coefficient:      0.9312
```

## Appendix 4: STATA Output For descriptive Statistics of Demographic Variables

```

tab gender

```

Gender	Freq.	Percent	Cum.
Female	57	26.27	26.27
Male	160	73.73	100.00
Total	217	100.00	

```

. tab age

```

Age	Freq.	Percent	Cum.
Less than 25 years	17	7.83	7.83
25-35 years	65	29.95	37.79
36-45 years	80	36.87	74.65
46-55 years	40	18.43	93.09
above 55 years	15	6.91	100.00
Total	217	100.00	

```

. tab education

```

Education	Freq.	Percent	Cum.
High School	69	31.80	31.80
Bachelor	117	53.92	85.71
Master	30	13.82	99.54
Phd	1	0.46	100.00
Total	217	100.00	

```

. tab type_comp

```

Type_comp	Freq.	Percent	Cum.
Production	32	14.75	14.75
Trade	96	44.24	58.99
Services	89	41.01	100.00
Total	217	100.00	

```

. tab years_business

```

Years_business	Freq.	Percent	Cum.
Less than 1 year	9	4.15	4.15
1-5 years	77	35.48	39.63
5-10 years	67	30.88	70.51
10-15 years	39	17.97	88.48
More than 15 years	25	11.52	100.00
Total	217	100.00	

```

tab number_employees

```

Number_employees	Freq.	Percent	Cum.
50-250 employees	1	0.46	0.46
Less than 9 employees	148	68.20	68.66
10-49 employees	68	31.34	100.00
Total	217	100.00	

## Appendix 5: Descriptive Statistics Of Entrepreneurial Marketing Variables

```
tab pro_new_ways_improve
```

PRO_New_way   s_improve	Freq.	Percent	Cum.
2	1	0.46	0.46
4	62	28.57	29.03
5	154	70.97	100.00
Total	217	100.00	

```
. tab pro_better_ways_improvment
```

PRO_Better_   ways_Improv   ment	Freq.	Percent	Cum.
2	1	0.46	0.46
4	66	30.41	30.88
5	150	69.12	100.00
Total	217	100.00	

```
. tab pro_excel_idntfy_oporunities
```

PRO_Excel_i   dntfy_oport   unities	Freq.	Percent	Cum.
2	1	0.46	0.46
3	10	4.61	5.07
4	79	36.41	41.47
5	127	58.53	100.00
Total	217	100.00	

```
. tab pro_problems_into_oporunities
```

PRO_Problem   s_into_Opor   unities	Freq.	Percent	Cum.
2	4	1.84	1.84
3	12	5.53	7.37
4	82	37.79	45.16
5	119	54.84	100.00
Total	217	100.00	

```
. tab pro_actio_reaction
```

PRO_Actio_R   eaction	Freq.	Percent	Cum.
2	1	0.46	0.46
3	9	4.15	4.61
4	73	33.64	38.25
5	134	61.75	100.00
Total	217	100.00	

```
. tab pro_exciting_reality
```

PRO_excitin			
g_reality	Freq.	Percent	Cum.
-----+-----			
2	1	0.46	0.46
3	5	2.30	2.76
4	78	35.94	38.71
5	133	61.29	100.00
-----+-----			
Total	217	100.00	

```
. tab opr_beyond_customers
```

OPR_Beyond_			
customers	Freq.	Percent	Cum.
-----+-----			
3	9	4.15	4.15
4	101	46.54	50.69
5	107	49.31	100.00
-----+-----			
Total	217	100.00	

```
. TAB opr_pursuing_oportunities
```

command TAB is unrecognized

```
r(199);
```

```
. tab opr_pursuing_oportunities
```

OPR_Pursuin			
g_oportunit			
ies	Freq.	Percent	Cum.
-----+-----			
3	7	3.23	3.23
4	105	48.39	51.61
5	105	48.39	100.00
-----+-----			
Total	217	100.00	

```
. tab opr_opportunity_driven
```

OPR_Oportun			
ity_driven	Freq.	Percent	Cum.
-----+-----			
3	11	5.07	5.07
4	111	51.15	56.22
5	95	43.78	100.00
-----+-----			
Total	217	100.00	

```
. tab opr_new_oportunities
```

OPR_New_opo			
rtunities	Freq.	Percent	Cum.
-----+-----			
3	4	1.84	1.84
4	96	44.24	46.08
5	117	53.92	100.00
-----+-----			
Total	217	100.00	

```
. tab opr_pursue_opportunity
```

OPR_Pursue_			
portunity	Freq.	Percent	Cum.
-----+-----			
3	12	5.53	5.53
4	101	46.54	52.07
5	104	47.93	100.00

```

-----+-----
      Total |          217          100.00

. tab rsk_accept_risk
RSK_Accept_ |
risk |          Freq.          Percent          Cum.
-----+-----
      2 |           3           1.38           1.38
      3 |          24          11.06          12.44
      4 |          97          44.70          57.14
      5 |          93          42.86          100.00
-----+-----
      Total |          217          100.00

. tab rsk_take_risk
RSK_Take_ri |
sk |          Freq.          Percent          Cum.
-----+-----
      2 |           2           0.92           0.92
      3 |          26          11.98          12.90
      4 |         105          48.39          61.29
      5 |          84          38.71          100.00
-----+-----
      Total |          217          100.00

. tab rsk_gamblers
RSK_Gambler |
s |          Freq.          Percent          Cum.
-----+-----
      1 |           2           0.92           0.92
      2 |           8           3.69           4.61
      3 |          31          14.29          18.89
      4 |          97          44.70          63.59
      5 |          79          36.41          100.00
-----+-----
      Total |          217          100.00

. tab inv_inovative_approaches
INV_Inovati |
ve_approach |
es |          Freq.          Percent          Cum.
-----+-----
      3 |          13           5.99           5.99
      4 |         102          47.00          53.00
      5 |         102          47.00          100.00
-----+-----
      Total |          217          100.00

. tab inv_competitive_advantage
INV_Competi |
tive_advant |
age |          Freq.          Percent          Cum.
-----+-----
      3 |          21           9.68           9.68
      4 |          94          43.32          53.00
      5 |         102          47.00          100.00
-----+-----
      Total |          217          100.00

. tab inv_competitors
INV_Competi |
tors |          Freq.          Percent          Cum.

```

2	4	1.84	1.84
3	36	16.59	18.43
4	85	39.17	57.60
5	92	42.40	100.00
Total	217	100.00	

```
. tab inv_encourage_innovation
```

INV_Encoura			
ge_innovati			
on	Freq.	Percent	Cum.
3	18	8.29	8.29
4	106	48.85	57.14
5	93	42.86	100.00
Total	217	100.00	

```
. tab cst_measure
```

CST_Measure	Freq.	Percent	Cum.
2	1	0.46	0.46
3	16	7.37	7.83
4	97	44.70	52.53
5	103	47.47	100.00
Total	217	100.00	

```
. tab cst_importance
```

CST_Importa			
nce	Freq.	Percent	Cum.
3	4	1.84	1.84
4	83	38.25	40.09
5	130	59.91	100.00
Total	217	100.00	

```
. tab cst_driven_by_cs
```

CST_Driven_			
by_CS	Freq.	Percent	Cum.
3	9	4.15	4.15
4	91	41.94	46.08
5	117	53.92	100.00
Total	217	100.00	

```
. tab cst_after_sales
```

CST_After_s			
ales	Freq.	Percent	Cum.
3	6	2.76	2.76
4	86	39.63	42.40
5	125	57.60	100.00
Total	217	100.00	

```
. tab cst_customer_relationship
```

CST_Customer_relations			
hip	Freq.	Percent	Cum.
2	1	0.46	0.46
3	9	4.15	4.61
4	83	38.25	42.86
5	124	57.14	100.00
Total	217	100.00	

. tab cst\_not\_pay\_attention

CST_Not_pay_attention			
	Freq.	Percent	Cum.
1	4	1.84	1.84
2	25	11.52	13.36
3	51	23.50	36.87
4	83	38.25	75.12
5	54	24.88	100.00
Total	217	100.00	

. tab cst\_understanding\_customers

CST_Understanding_customers			
	Freq.	Percent	Cum.
1	1	0.46	0.46
2	1	0.46	0.92
3	19	8.76	9.68
4	97	44.70	54.38
5	99	45.62	100.00
Total	217	100.00	

. tab rsr\_networking\_favours

RSR_Networking_favours			
	Freq.	Percent	Cum.
1	4	1.84	1.84
2	22	10.14	11.98
3	53	24.42	36.41
4	68	31.34	67.74
5	70	32.26	100.00
Total	217	100.00	

. tab rsr\_resource\_lavarafe

RSR_Resource_lavarafe			
	Freq.	Percent	Cum.
1	2	0.92	0.92
2	5	2.30	3.23
3	29	13.36	16.59
4	97	44.70	61.29
5	84	38.71	100.00
Total	217	100.00	

```
. tab rsr_persistent
```

RSR_Persist ent	Freq.	Percent	Cum.
3	11	5.07	5.07
4	72	33.18	38.25
5	134	61.75	100.00
Total	217	100.00	

```
. tab rsr_make_things_happen
```

RSR_Make_th ings_happen	Freq.	Percent	Cum.
3	13	5.99	5.99
4	91	41.94	47.93
5	113	52.07	100.00
Total	217	100.00	

```
. tab rsr_more_with_less
```

RSR_More_wi th_less	Freq.	Percent	Cum.
3	16	7.37	7.37
4	98	45.16	52.53
5	103	47.47	100.00
Total	217	100.00	

```
. tab rsr_get_job_done
```

RSR_Get_job _done	Freq.	Percent	Cum.
3	19	8.76	8.76
4	83	38.25	47.00
5	115	53.00	100.00
Total	217	100.00	

```
. tab val_customers
```

VAL_Custome rs	Freq.	Percent	Cum.
3	2	0.92	0.92
4	76	35.02	35.94
5	139	64.06	100.00
Total	217	100.00	

```
. tab val_excelent
```

VAL_Excelen t	Freq.	Percent	Cum.
3	4	1.84	1.84
4	76	35.02	36.87
5	137	63.13	100.00
Total	217	100.00	



```
. tab val_pricing
VAL_Pricing |      Freq.      Percent      Cum.
-----+-----
      2 |          1          0.46          0.46
      3 |          6          2.76          3.23
      4 |         66         30.41         33.64
      5 |        144         66.36        100.00
-----+-----
    Total |        217        100.00
```

```
. tab val_employees
VAL_Employees |      Freq.      Percent      Cum.
-----+-----
      2 |          1          0.46          0.46
      3 |          7          3.23          3.69
      4 |         79         36.41         40.09
      5 |        130         59.91        100.00
-----+-----
    Total |        217        100.00
```

```
. tab val_providing_value
VAL_Providing_value |      Freq.      Percent      Cum.
-----+-----
      3 |          7          3.23          3.23
      4 |         77         35.48         38.71
      5 |        133         61.29        100.00
-----+-----
    Total |        217        100.00
```

```
. tab efc_investment
EFC_Investment |      Freq.      Percent      Cum.
-----+-----
      2 |          4          1.84          1.84
      3 |         34         15.67         17.51
      4 |        121         55.76         73.27
      5 |          58         26.73        100.00
-----+-----
    Total |        217        100.00
```

```
. tab efc_equity
EFC_Equity |      Freq.      Percent      Cum.
-----+-----
      2 |          3          1.38          1.38
      3 |         39         17.97         19.35
      4 |        118         54.38         73.73
      5 |          57         26.27        100.00
-----+-----
    Total |        217        100.00
```

```
. tab efc_assets
EFC_Assets |      Freq.      Percent      Cum.
-----+-----
      2 |          4          1.84          1.84
      3 |         43         19.82         21.66
      4 |        120         55.30         76.96
      5 |          50         23.04        100.00
-----+-----
    Total |        217        100.00
```

```
. tab grth_sales
GRTH_Sales |      Freq.      Percent      Cum.
-----+-----
      2 |          3          1.38         1.38
      3 |         37         17.05        18.43
      4 |        117         53.92        72.35
      5 |         60         27.65       100.00
-----+-----
    Total |        217       100.00
```

```
. tab grth_market
GRTH_Market |      Freq.      Percent      Cum.
-----+-----
      2 |          7          3.23         3.23
      3 |         35         16.13        19.35
      4 |        117         53.92        73.27
      5 |         58         26.73       100.00
-----+-----
    Total |        217       100.00
```

```
. tab grth_employee
GRTH_Employ |      Freq.      Percent      Cum.
-----+-----
      2 |          6          2.76         2.76
      3 |         43         19.82        22.58
      4 |        113         52.07        74.65
      5 |         55         25.35       100.00
-----+-----
    Total |        217       100.00
```

```
. tab prf_sales
PRF_Sales |      Freq.      Percent      Cum.
-----+-----
      1 |          2          0.92         0.92
      2 |          5          2.30         3.23
      3 |         39         17.97        21.20
      4 |        113         52.07        73.27
      5 |         58         26.73       100.00
-----+-----
    Total |        217       100.00
```

```
. tab prf_net_profit
PRF_Net_pro |      Freq.      Percent      Cum.
-----+-----
      2 |          3          1.38         1.38
      3 |         40         18.43        19.82
      4 |        122         56.22        76.04
      5 |         52         23.96       100.00
-----+-----
    Total |        217       100.00
```

```
. tab prf_gross_profit
PRF_Gross_p |      Freq.      Percent      Cum.
-----+-----
      2 |          4          1.84         1.84
      3 |         47         21.66        23.50
      4 |        113         52.07        75.58
      5 |         53         24.42       100.00
```

```

-----+-----
      Total |          217          100.00

. tab gol_financial

GOL_Financi |
      al |          Freq.          Percent          Cum.
-----+-----
      2 |           3           1.38           1.38
      3 |          29          13.36          14.75
      4 |          99          45.62          60.37
      5 |          86          39.63          100.00
-----+-----
      Total |          217          100.00

. tab gol_status

GOL_Status |          Freq.          Percent          Cum.
-----+-----
      2 |           1           0.46           0.46
      3 |          27          12.44          12.90
      4 |          90          41.47          54.38
      5 |          99          45.62          100.00
-----+-----
      Total |          217          100.00

. tab gol_standard

GOL_Standar |
      d |          Freq.          Percent          Cum.
-----+-----
      2 |           3           1.38           1.38
      3 |          27          12.44          13.82
      4 |          91          41.94          55.76
      5 |          96          44.24          100.00
-----+-----
      Total |          217          100.00

. tab gol_startap

GOL_Startap |          Freq.          Percent          Cum.
-----+-----
      1 |           2           0.92           0.92
      2 |           9           4.15           5.07
      3 |          64          29.49          34.56
      4 |          88          40.55          75.12
      5 |          54          24.88          100.00
-----+-----
      Total |          217          100.00

. tab rep_high

REP_High |          Freq.          Percent          Cum.
-----+-----
      2 |           2           0.92           0.92
      3 |          40          18.43          19.35
      4 |         107          49.31          68.66
      5 |          68          31.34          100.00
-----+-----
      Total |          217          100.00

. tab rep_customers

REP_Custome |
      rs |          Freq.          Percent          Cum.
-----+-----

```

2	1	0.46	0.46
3	17	7.83	8.29
4	92	42.40	50.69
5	107	49.31	100.00
-----+-----			
Total	217	100.00	

. tab rep\_followers

REP_Followe			
rs	Freq.	Percent	Cum.
-----+-----			
1	1	0.46	0.46
2	14	6.45	6.91
3	57	26.27	33.18
4	87	40.09	73.27
5	58	26.73	100.00
-----+-----			
Total	217	100.00	

. tab rep\_employees

REP_Employe			
es	Freq.	Percent	Cum.
-----+-----			
3	64	29.49	29.49
4	91	41.94	71.43
5	62	28.57	100.00
-----+-----			
Total	217	100.00	

. tab rep\_philanthropy

REP_Philant			
rophy	Freq.	Percent	Cum.
-----+-----			
1	3	1.38	1.38
2	17	7.83	9.22
3	74	34.10	43.32
4	75	34.56	77.88
5	48	22.12	100.00
-----+-----			
Total	217	100.00	

## Appendix 6: STATA Output for descriptive statistics for computed variables

```
summ proactivity oportunity risk inovativeness customer resources Value_creation performance
```

Variable	Obs	Mean	Std. Dev.	Min	Max
proactivity	217	4.586022	.4798128	2	5
oportunity	217	4.447005	.4793927	3	5
risk	217	4.219662	.670807	2	5
inovativen~s	217	4.337558	.5771955	3	5
customer	217	4.373272	.4689413	3	5
resources	217	4.311828	.4536641	3	5
Value_crea~n	217	4.601843	.4463809	3.2	5
performance	217	4.05658	.5148948	2.611111	5

## Appendix 7: STATA Output for Correlation Analysis

```
. pwcorr proactivity oportunity risk inovativeness customer resources Value_creation , sig
star(.05)
```

	proact~y	oportu~y	risk	inovat~s	customer	resour~s	Value_~n
proactivity	1.0000						
oportunity	0.7029*	1.0000					
risk	0.4397*	0.4304*	1.0000				
inovativen~s	0.5891*	0.5246*	0.4204*	1.0000			
customer	0.5366*	0.5329*	0.3528*	0.5146*	1.0000		
resources	0.4280*	0.3907*	0.3570*	0.3255*	0.4275*	1.0000	
Value_crea~n	0.5137*	0.4747*	0.3089*	0.4378*	0.5376*	0.3873*	1.0000

## Appendix 8: STATA Output for Multiple Regression

```
regress performance proactivity oportunity risk inovativeness customer resources Value_creation
```

Source		SS	df	MS	Number of obs	=	217
-----+-----					F(7, 209)	=	11.35
Model		15.7769455	7	2.25384936	Prob > F	=	0.0000
Residual		41.4882588	209	.198508415	R-squared	=	0.2755
-----+-----					Adj R-squared	=	0.2512
Total		57.2652043	216	.265116687	Root MSE	=	.44554
-----+-----							
performance		Coef.	Std. Err.	t	P> t	[95% Conf. Interval]	
-----+-----							
proactivity		-.0674073	.0996397	-0.68	0.499	-.2638349	.1290203
oportunity		.2465957	.0941186	2.62	0.009	.0610523	.4321391
risk		-.0142601	.053077	-0.27	0.788	-.1188949	.0903747
inovativeness		.0618931	.0697764	0.89	0.376	-.0756627	.1994489
customer		.0339978	.0874655	0.39	0.698	-.1384299	.2064254
resources		.3051648	.0784999	3.89	0.000	.1504117	.4599179
Value_creation		.1836619	.0864055	2.13	0.035	.0133239	.3539999
_cons		.7511237	.3849103	1.95	0.052	-.0076805	1.509928

## Appendix 9: STATA Output for Dominance Analysis

```
. domin performance proactivity oportunity risk inovativeness customer resources Value_creation
Regression type not entered in reg().
reg(regress) assumed.
```

```
Fitstat type not entered in fitstat().
fitstat(e(r2)) assumed.
```

Total of 127 regressions

Progress in running all regression subsets

0%-----50%-----100%

.....

Computing conditional dominance

Computing complete dominance

General dominance statistics: Linear regression

Number of obs = 217

Overall Fit Statistic = 0.2755

	Dominance	Standardized	Ranking
performa~e	Stat.	Domin. Stat.	
proactiv~y	0.0249	0.0902	5
oportunity	0.0581	0.2109	2
risk	0.0104	0.0378	7
inovativ~s	0.0230	0.0833	6
customer	0.0284	0.1031	4
resources	0.0832	0.3021	1
Value_cr~n	0.0475	0.1725	3

Conditional dominance statistics

	#indepvars:	#indepvars:	#indepvars:	#indepvars:	#indepvars:	#indepvars:
#indepvars:	1	2	3	4	5	6
7						
proactivity	0.1189	0.0356	0.0119	0.0039	0.0013	0.0010
0.0016						
oportunity	0.1689	0.0776	0.0476	0.0348	0.0286	0.0254
0.0238						
risk	0.0566	0.0111	0.0032	0.0011	0.0004	0.0002
0.0003						
inovativen~s	0.1012	0.0306	0.0125	0.0065	0.0041	0.0031
0.0027						
customer	0.1220	0.0422	0.0186	0.0091	0.0045	0.0020
0.0005						
resources	0.1785	0.0997	0.0751	0.0642	0.0582	0.0546
0.0524						
Value_crea~n	0.1454	0.0645	0.0391	0.0279	0.0219	0.0181
0.0157						

Complete dominance designation



		dominated?:	dominated?:	dominated?:	dominated?:	dominated?:
dominated?:	dominated?:	proactivity	oportunity	risk	inovativen~s	customer
resources	Value_crea~n					
dominates?:proactivity		0	-1	1	0	0
-1	-1					
dominates?:oportunity		1	0	1	1	1
-1	0					
dominates?:risk		-1	-1	0	-1	-1
-1	-1					
dominates?:inovativen~s		0	-1	1	0	0
-1	-1					
dominates?:customer		0	-1	1	0	0
-1	-1					
dominates?:resources		1	1	1	1	1
0	1					
dominates?:Value_crea~n		1	0	1	1	1
-1	0					
-----						

#### Strongest dominance designations

oportunity completely dominates proactivity  
 resources completely dominates proactivity  
 Value\_creation completely dominates proactivity  
 resources completely dominates oportunity  
 proactivity completely dominates risk  
 oportunity completely dominates risk  
 inovativeness completely dominates risk  
 customer completely dominates risk  
 resources completely dominates risk  
 Value\_creation completely dominates risk  
 oportunity completely dominates inovativeness  
 resources completely dominates inovativeness  
 Value\_creation completely dominates inovativeness  
 oportunity completely dominates customer  
 resources completely dominates customer  
 Value\_creation completely dominates customer  
 resources completely dominates Value\_creation  
 oportunity conditionally dominates Value\_creation  
 customer generally dominates proactivity  
 proactivity generally dominates inovativeness  
 customer generally dominates innovativeness