

The Effect of Entrepreneurial Marketing on Manufacturing SMEs' Performance during Pandemic: The Mediating Role of Innovative Performance

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Abstract

The majority of research on entrepreneurial marketing (EM) indicates a favourable impact on SME performance. Those studies, however, lacks insights on the existence of such relationship during unstable setting like pandemic. Therefore, the study seeks to investigate and determine the impact of EM on the performance of manufacturing-based SMEs in India during Covid-19. Furthermore, the paper investigates the mediating effect of innovative performance on EM-SME performance. The study employed questionnaires and schedules to collect information from 302 SMEs throughout India. The propositions were analysed through Structural Equation Modelling. The result shows that EM has a positive and significant influence on SME performance and Innovative performance. Moreover, innovative performance partially mediates the relationship between EM-SME performances. The findings suggest that, EM strategies were helpful for manufacturing SMEs (worst-hit industry) to innovate, sustain and develop during pandemic. The study tests the theoretical notion that EM may be successful in unexpected circumstances (COVID-19). The findings can help SMEs as a roadmap, particularly those in developing countries to implement innovative strategies and increase their chances of success. A detailed review of the extant EM literature has rarely identified it as a higher order concept. To the best of our knowledge, there is a lack of investigation on the effect of EM on innovative performance. Furthermore, the study is among the few to test the effectiveness of EM during pandemic like Covid-19.

Keywords – Entrepreneurial marketing, Innovative performance, Small and Medium enterprise performance, COVID-19, Resource-based view theory (RBV).

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**CONFERENCE PRESENTATION
ON
THE EFFECT OF ENTREPRENEURIAL MARKETING ON MANUFACTURING
SMES' PERFORMANCE DURING
PANDEMIC: THE MEDIATING ROLE OF INNOVATIVE PERFORMANCE**

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DEFINITION OF SMALL AND MEDIUM ENTERPRISES (SMES)

Indian MSME Classification (MSME Act, 2006)

Composite criteria: Investment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing and Services	Investment < Rs. 1 cr and Turnover < Rs. 5 cr	Investment < Rs. 10 cr and Turnover < Rs. 50 cr	Investment < Rs. 20 cr and Turnover < Rs. 100 cr

Source: Msme.gov.in

Classification of MSME in Europe and USA

Composite Criteria: Number of person employed and Annual Turnover

Criteria	Micro	Small	Medium
Number of People	0-10	11-50	51-250
Turnover (€M)	0-2	2-10	10-50

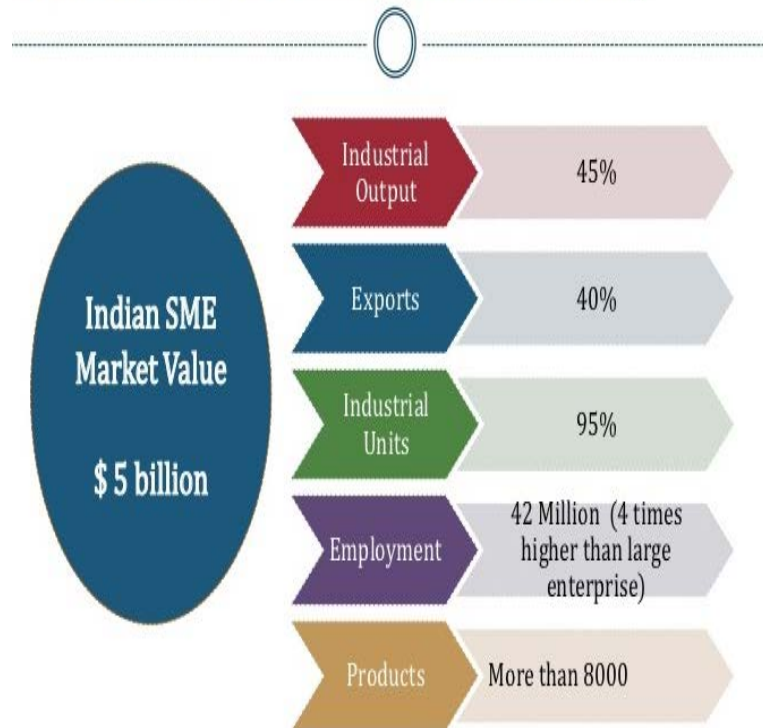
Source: SBA (2019)



CONTRIBUTION OF SMES



Contribution of SMEs in Indian Economy



Source: msme.gov.in



PROBLEM STATEMENT

According to the report IBM institute for Business Value and Oxford Economics (2019) titled 'Entrepreneurial India', 90% of SMEs fails within first five year of operation

Marketing

Finance

Operation
Management

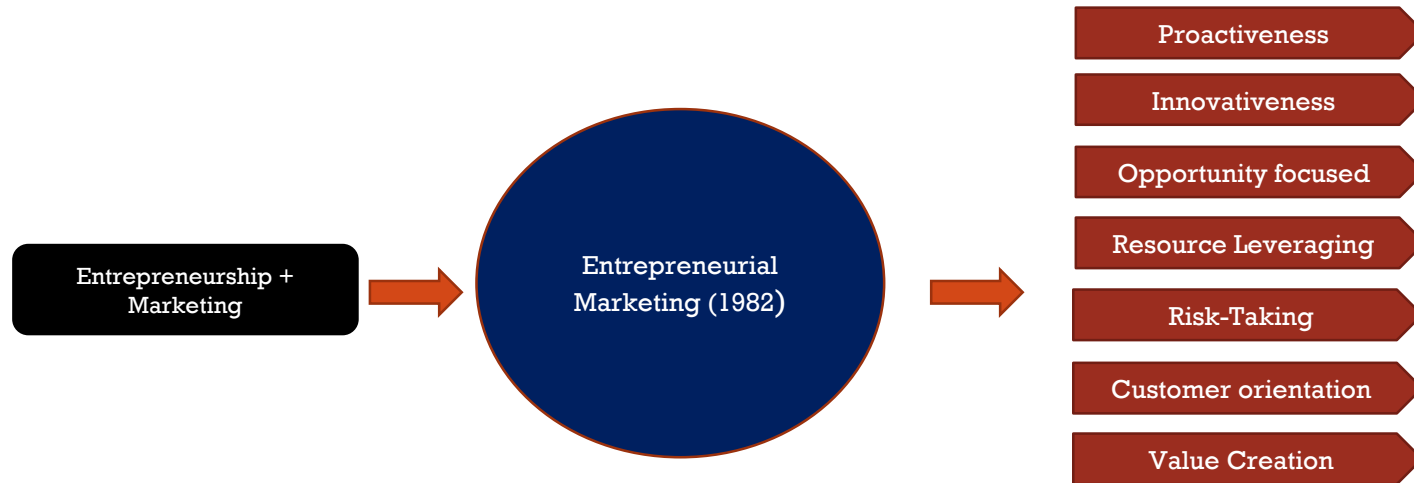
Human
Resources

Reduce the failure rate of SMEs



ENTREPRENEURIAL MARKETING

Morris et al. (2002) defined Entrepreneurial Marketing as “ proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging, and value creation”.



Marketing Principles	Traditional Marketing	Entrepreneurial Marketing
Strategic Orientation	Customer oriented (market driven)	Innovation oriented (idea driven)
Strategy	Top-down approach: segmentation, targeting, positioning	Bottom-up approach: targeting a limited base of customers, further expansion
Methods	Marketing mix (4/7 P's)	Interactive marketing methods, word-of-mouth, direct selling, referrals
Market Intelligence	Formalized research and intelligence systems	Informal networking and information gathering

Source: Adapted from Stokes (2000)



OBJECTIVES

- To determine the impact of EM on Manufacturing SMEs performance during pandemic.
- To assess the mediating role of innovative performance on the relationship between EM and Manufacturing SMEs performance during pandemic.



DATA COLLECTION AND METHODOLOGY

- As the managers/owners are primarily responsible for implementing EM, they were considered suitable for the study.
- For the study, 302 samples were collected through schedule and mail questionnaires.
- The respondents were selected using convenience and snowball sampling.
- The study uses Structural equation modelling (SEM) to explore and validate the hypothesis.



EMPIRICAL RESULTS AND FINDINGS

Structural Model and Path coefficients

Path (Hypothesis)	Estimates	SE	Z	P-value	R ²
EM - FPO	.618	.126	5.382	***	.382
EM - IPO	.223	.163	2.876	.003	.050
INN - FPO	.426	.042	4.189	***	.180

$(\chi)^2 = 982.239$, $df = 454$, $(\chi)^2 / (df) = 2.164$, CFI = .907, TLI = .901, RMSEA = .062

Note: EM – Entrepreneurial marketing, FPO – Firm/SME performance, IPO – Innovative performance.

2. P < .05 – Significant (95 percent confidence interval)

Mediation Estimates and effects

Hypothesis	Direct Effect	P	Indirect Effect	P	Total Effect	p
H3. FPO - EM	.547	.001	.067	.002	.614	.001
EM - IPO	.220	.004			.220	.004
FPO - IPO	.306	.002			.306	.002

$(\chi)^2 = 948.774$, $df = 452$, $(\chi)^2 / (df) = 2.099$, CFI = .913, TLI = .905, RMSEA = .060, R² = .466.



IMPLICATIONS

- The study evaluated and investigated the usefulness of EM under unstable settings such as pandemics (empirical contribution).
- The study contend that EM can significantly affect SME performance in an emerging economy like India. The findings can be applied to others emerging economies as well.
- The mediating role of innovative performance between EM and SME performance is examined, which can help SMEs in gaining competitive advantage and superior performance in long run.
- Theoretically, the findings might aid in development of new marketing paradigm that is best suited for the SMEs.



THANK YOU

