

Entrepreneurial Marketing and SME performance: A conceptual model and constructive proposition

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A B S T R A C T

The paper explores entrepreneurial marketing as a significant construct to improve the SMEs performance. For the purpose, various notions of entrepreneurial marketing are combined and comprehend on the basis of literature. Further, some potential conditions are determined to improve SMEs performance. Two moderators (entrepreneurial education and government support programs) are identified from various suggestions that form the part of proposed model.

Keywords: Entrepreneurial marketing, SME performance, Entrepreneurial education, Government support programs, Human capital theory, Resource advantage theory.

Introduction

Over the last decade, several factors like globalisation, environmental upheaval, and legislative changes, have had an impact on the business ecosystem which consists of multiple stakeholders like government, firms, suppliers and customers. Such stakeholders collaborate consciously through diverse business arrangements to produce value and advance the country's economic growth. Among them small and medium enterprises (SMEs) are regarded as a vital engine for the country's overall growth (Gunjati and Adake, 2019). However recently, the global business ecosystem has been witnessing COVID-19 outbreak and its subsequent waves, which have diminished economic flow as well as firms' development. Especially, in the emerging countries like Egypt, India and South African nation these negative effects are more significant on SMEs, since there is lack of investigation into their business management, strategic planning and functionalities (Yadav and Bansal, 2019). Similarly, the marketing practices of SMEs are discussed as one of the key function which has been neglected by marketing researchers despite its operational difference from large organisation. Marketing activities are essential for every organisations, however its role become more imperative for SMEs because their survival and growth depend on every single customer (Becherer *et al.*, 2012). Further, considering the characteristics of SMEs i.e. non-separation of entrepreneurship, decision-making process i.e. owner/manager personality influence, limited resources and impact on marketplace various researchers have questioned the adequacy of traditional marketing on the same. Although studies based on developed economies have contended that the marketing practices (entrepreneurial marketing) of SMEs do not comply with the traditional marketing, such assessment remained sparse in developing

countries (Yadav and Bansal, 2019). Since 1982 various researchers have contributed to the field of EM. However, the field seems to lack an in-depth study on the influence of EM on SME performance (Whalen *et al.*, 2016). Consequently, researchers worldwide have recommended exploring conditions and further empirical work to establish more constructive results (Ahmadi and O'Cass, 2016). Hence, considering the present conditions of SMEs' environment as well as the prevailing issue prior to the pandemic i.e. high failure rate, various notions are proposed to improvise their situations through a marketing lens.

Aim and objectives

The paper includes a thorough review of the literature to determine the association between EM and SME performance. Further, we find various circumstances that may affect the relationship between EM and SMEs' performance. The various theories are also analysed to determine their significance for the field. The authors seek to establish the relationship between various moderators through a proposed model to enhance SMEs' performance and competitiveness. Based on the model, we contend that EM can produce better results for SMEs if specific variables are considered. We then try to analyse those variables in the form of moderators, i.e., entrepreneurial education (EE) and government support programs (GSPs) to understand the impact on EM. Further, this article explores EM's interaction with human capital and R-A theory to find out various potential and implications for the field. Finally, the influence and implications of the study that are proposed to be relevant beyond the Covid-19 pandemic are discussed. Lastly, the article gets enclosed with discussion, future directions, and conclusion.

Methodology/Theory:

In the context of this study, Human capital and Resource theories can be useful to glorify the concept of EM, as firms facing similar problems (uncertainties) tend to apply EM over TM (Morrish, 2011; Alqahtani and Uslay, 2020). Human capital theory, as a multifaceted concept, explains the economic benefit that individuals and society can obtain from investment in humans (Sweetland, 1966). It has also been explored extensively in the field of entrepreneurship. It emphasizes the enhancement of capacity building through education and skill, which helps tackle unpredictability inherent to entrepreneurship (Inoti and Mburu, 2017). This theory places considerable stress on educational investment in anticipation of boosting economic development, which is in line with the proposition of the study. Similarly, the paper is based on resource advantage theory, which states that enterprises need to be innovative and entrepreneurial to remain competitive (Hunt and Morgan, 1996). We propose the R-A theory because of its significance in conceptualizing, understanding and developing SMEs (Grimmer *et al.* 2017). For the study, resource advantage theory underlies two things. First, it recognizes the relevance of external factors (institutions, regulations, and markets), which can be useful to glorify the relationship between EM and SMEs' performance (Friske and Zachary, 2018). Second, the theory might amplify the effectiveness of EM as it asks for continuous innovation (SMEs' focal point) that leads to competitive advantage and might lead to superior outcomes (D' Andrea, 2019).

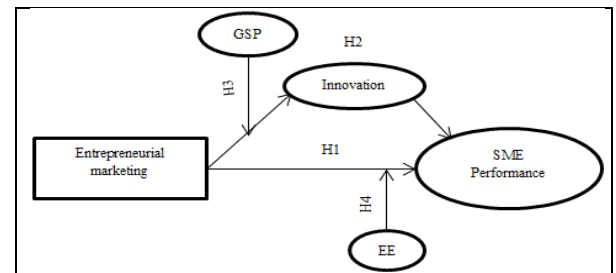
Hypotheses/propositions:

H1: EM influence SME performance positively.

H2: Innovation mediates the relationship between EM-SME performances.

H3: GSP positively moderates the indirect effect of EM on SME performance through innovation.

H4: EE moderates the relationship between EE-SME performances.



Implication/conclusion

The present study have proposed EM as a distinct construct leading to competitive advantage and enhanced performance considering marketing as the most common factor for entrepreneur's loss in emerging countries(Cavusgil and Cavusgil, 2012; Quinn and Gilmore, 2015; Westgren and Wuebker, 2019). It integrates EM literature to conceptualize various developments like government support programs and entrepreneurial education to address the shortage of work with respect to SMEs. However, considering the present condition, i.e., COVID-19, global economic crisis and high failure rate, we have recommended measures to resurge the SMEs through a marketing lens, i.e., EM. Further, our study has proposed EE as a moderating variable that might lead to improved SME performance. It is proposed that educating owners/managers about past mistakes through theoretical knowledge and practical exposure will build competitiveness and rationality while seeking opportunities. Thus, the efficacy of existing entrepreneurial education and its impact on EM application may be evaluated.

In addition, studying the various financial (aid, subsidies, credit guarantee schemes) and non-financial (training, small business counselling, workshop) programs provided by government can benefit the SMEs (foundation for formulation of more effective programs). Overall, the proposition will enhance the understanding of emerging marketing practices of SMEs, as well as the significance of numerous institutional variables in assisting them to flourish in the long run.

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**CONFERENCE PRESENTATION
ON
ENTREPRENEURIAL MARKETING AND SME PERFORMANCE: A
CONCEPTUAL MODEL AND CONSTRUCTIVE PROPOSITION**

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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 (WORLDWIDE)

THE ECONOMICS OF SMALL BUSINESS

SMALL OR MEDIUM-SIZED

around
95%

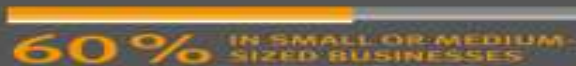


BIG CORPORATIONS

around
5%

Source: World Bank

PRIVATE-SECTOR EMPLOYMENT



Source: World Bank

CONTRIBUTION TO WORLD GROSS VALUE ADD

SMALL OR MEDIUM-SIZED

about
50%



Source: World Bank

EVOLUTION OF CREATED JOBS



IMPACT ON



INCOME



EMPLOYMENT



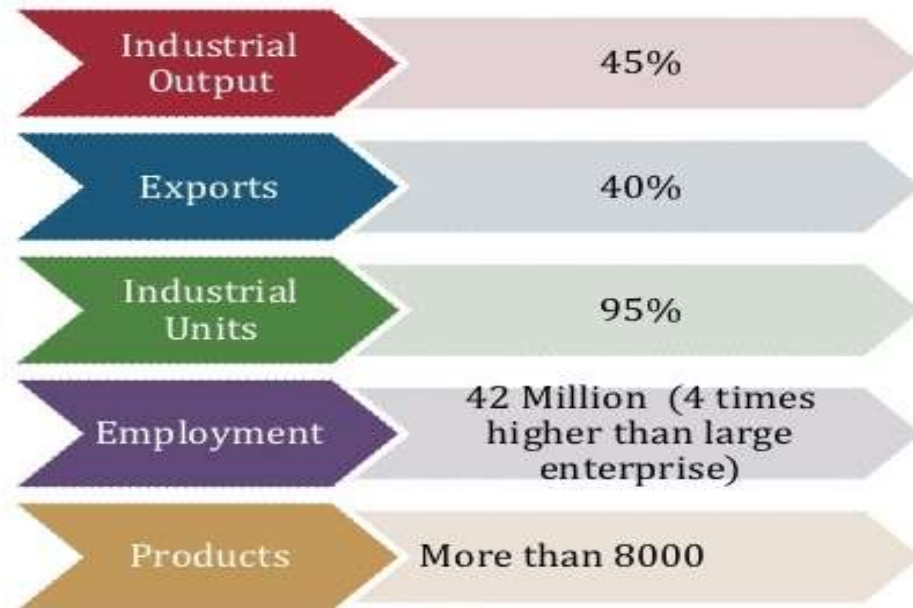
WIDER ECONOMIC OUTPUT



SMES CONTRIBUTION IN INDIA

Contribution of SMEs in Indian Economy

**Indian SME
Market Value
\$ 5 billion**



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

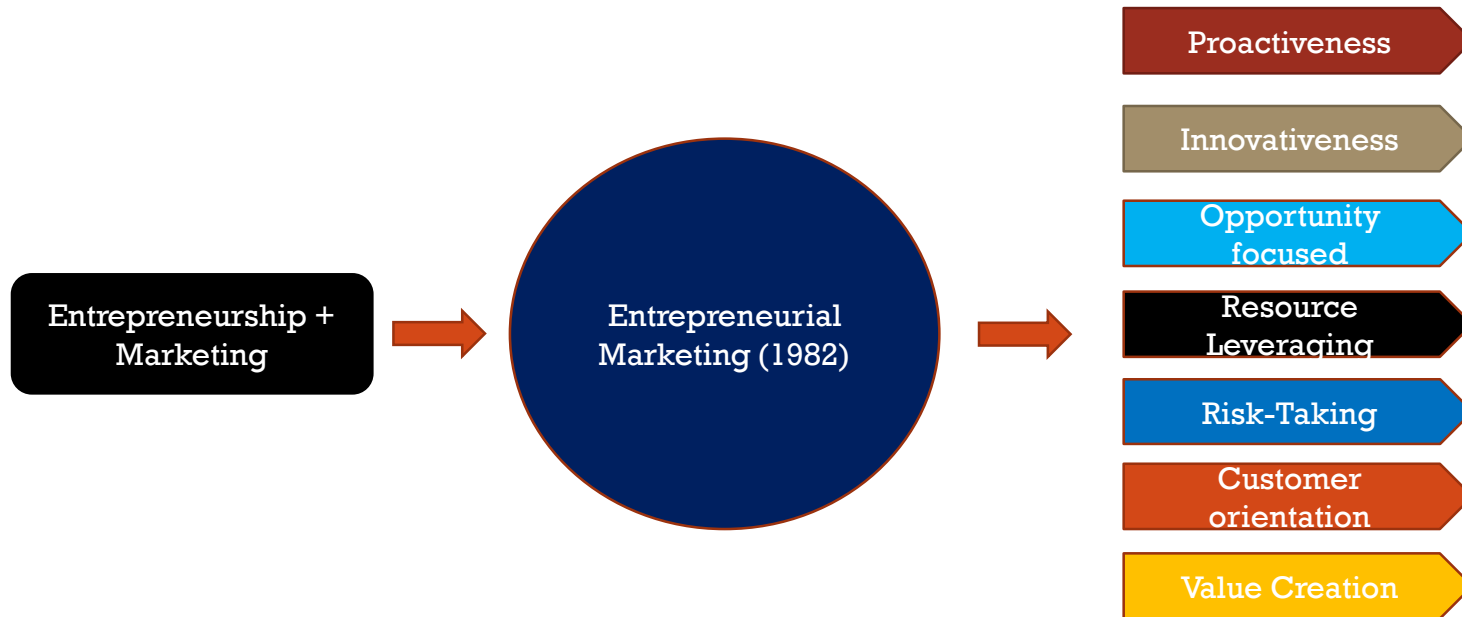
Human
Resources

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”.



ENTREPRENEURIAL EDUCATION

- Education enhance the ability to combine contemporary practical advances with academic theory.
- Entrepreneurial Education can aid in comprehending the relevance and mechanisms of innovation and risk factors in the business environment through affective, cognitive and skill based intervention.
- Marketing according to AMA “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.”
- **Difference between traditional marketing and entrepreneurial marketing**

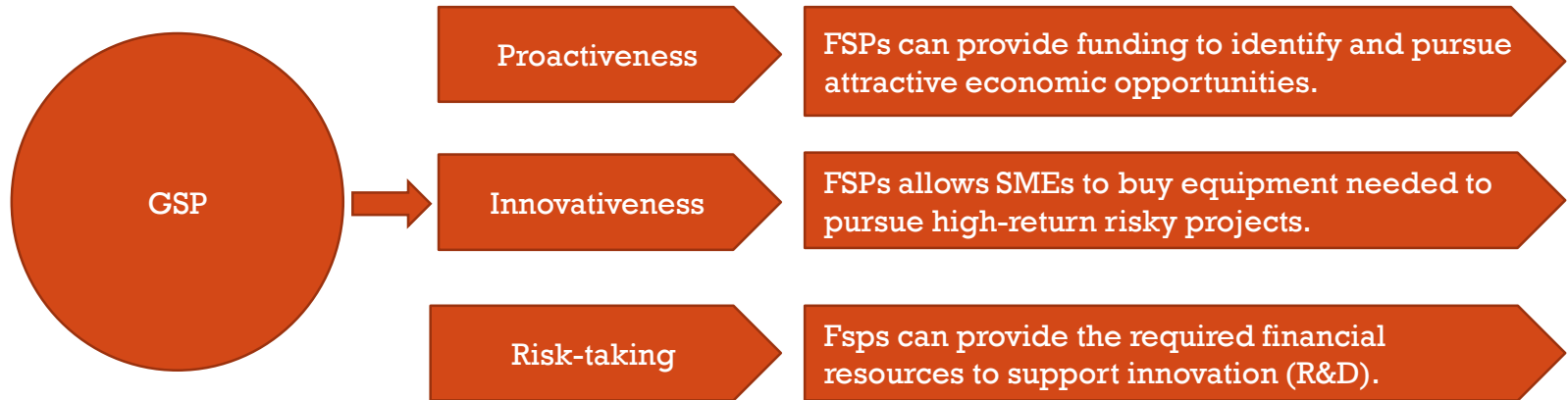
Marketing Principles	Traditional Marketing	Entrepreneurial Marketing
Strategic Orientation	Customer oriented (market driven)	Innovation oriented (idea driven)
Strategy	Top-down approach: segmentation, targeting, positioning	Bottom-up approach: targeting a limited base of customers, further expansion
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)



GOVERNMENT SUPPORT PROGRAMS (GSP)

- Government support programs (GSPs) are formulated to supplement and encourage active functioning of SMEs and plays a significant role in the progression of economies.
- Government directs these programs to cope with the changes and avoid institutional voids which come with adverse effects on the environment.



IMPLICATIONS

- The study might be able to solve the problem (failure rate of SMEs) through a marketing lens.
- It may help the government and policy makers to formulate effective policies for SMEs.
- Finally, the empirical outcome of the study will help the educational institutions in framing courses that are more suitable for the SMEs.



THANK YOU

