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Bandara, KBTUK and Jayasundara, JMSB and Naradda  
Gamage, Sisira Kumara and Ekanayake, EMS and  
Rajapackshe, PSK and Abeyrathne, GAKNJ and Prasanna,  
RPIR

Faculty of Social Sciences and Humanities, Rajarata University of  
Sri Lanka

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# **Entrepreneurial Marketing & Performance of Small & Medium Enterprises in Developed and Developing Economies: A Conceptual Exploration**

KBTUK Bandara, JMSB Jayasundara, Sisira Kumara Naradda Gamage, EMS Ekanayake,  
PSK Rajapackshe, GAKNJ Abeyrathne, RPIR Prasanna  
Faculty of Social Sciences and Humanities, Rajarata University of Sri Lanka, Mihintale, Sri Lanka  
*email: [prasannarjt@ssh.rjt.ac.lk](mailto:prasannarjt@ssh.rjt.ac.lk)*

## **ABSTRACT**

Small and Medium Enterprises (SMEs) are renowned as the engine of economic development in both developed and developing regions in the era of economic globalization. However, the existing knowledge in the field outlines numerous factors that hinder SMEs' growth and survival and lead to business failures in terms of bankruptcy and liquidation. In such a context, Entrepreneurial Marketing (EM) is one of the critical determinants of growth and survival of the SME sector since their marketing approaches do not fit with established traditional marketing theories. Successful SMEs can acquire a competitive advantage on their unique benefit of "smallness," often under limited resource conditions and uncertain market circumstances. Hence, this paper aims to review the literature on EM and its impact on the performance of SMEs, particularly in developed and developing regions. Accordingly, the review identified a range of EM dimensions that directly affect SME performance in developed and developing regions. The study also identified many other variables have a causal effect on the relationship between EM and SME performance, including external environment, internal venture environment, and venture approach to marketing. Finally, the study provides practical implications for practitioners and theoretical implications for researchers as an array of progressive areas for future endeavors.

**Keywords:** *Entrepreneurial Marketing, Marketing, Small and Medium Enterprises, SME Performance*

## 1. INTRODUCTION

Small and Medium Enterprises (SMEs) play a significant role in economic development in developed and developing regions (Fatoki, 2019). Since the early stages of economic globalization, researchers investigated the role of SMEs on the development platform. They outlined their contribution in terms of GDP, creating employment opportunities, mobilizing domestic savings, alleviating poverty, distributing income, contributing to export earnings, and through regional development (Fatoki, 2019; Hoque, Awang, and Gwadabe, 2018; Gorica and Buhajoti, 2016). Further Hoque, Awang, and Gwadabe, (2018) highlighted the dominant role of SMEs in economic development in both developed and developing regions: a tool to address various economic issues such as poverty, inequality, unemployment among women and youth; an instrument to make the more balanced, vibrant, and stable economy; and a critical sector for social inclusion

When considering the developed countries like the USA, EU, and Japan, more than 99% of all businesses are SMEs while contributing to two-thirds of all private sector employment (Fatoki, 2019). According to the World Bank Report (2018), the SME sector in developing countries also contributes up to 40% of gross domestic product and 60% of total employment opportunities while contributing to two-third of formal non-agricultural private sector employment (Fatoki, 2019).

Even though SMEs' role in the economy is vital, many of them are plagued by business failures in bankruptcy and liquidation. In developed countries like the USA, about 20% of SMEs fail within the first year of operation, 50% by the end of the fifth year, and 65% by the end of the tenth year (Fatoki, 2019). According to Priyanath and Premarathne (2015), 70% of SMEs, particularly in the developing regions, are closed down within three years of commencements, and 60% of them are closed down within the first year of commencement.

The existing knowledge in the field outlines numerous factors that hamper the growth and survival of SMEs in both developed and developing regions. For instance; SMEs in Pakistan is plagued by business failures due to the problems like energy crisis, skill shortage, political uncertainty, scarcity of capital goods, fiscal indiscipline, poor management, reliance on non-tax revenue, lack of data on the sector, lesser foreign direct investments, resistance to change, inflation and market difficulties, and the main problem they encountered is the lack of appropriate financing services (Aslam *et al.*, 2018).

According to Fatoki (2019), South Africa has a high failure rate of SMEs, mainly due to financial and marketing challenges. Bangladesh has high business failures mostly due to inappropriate entrepreneurial behavior, lack of resources & finance, inappropriate marketing strategy, and weak relationship with stakeholders in the era of globalization (Hoque, Awang, and Gwadabe, 2018).

More than 85 percent of SMEs in Sri Lanka also face significant survival challenges, and more than 75 percent fail within five years of startup. The reasons behind these business failures include the lack of prior business planning, lack of up to date reliable accounting data, inappropriate financial and human capital management, the inadequate commitment of owners for business management, lack of prior business and management experience, inadequate startup capital, and lack of marketing skills and knowledge (Priyanath and Premarathne, 2015; Ekanayake *et al.* 2020; Naradda Gamage *et al.* 2020a; Jayasundara *et al.* 2019). Many studies cited the structural rigidities of the economy, particularly institutional barriers and lack of entrepreneurial culture in the country, as growth retarding factors of SMEs (Bayarcelik *et al.* 2014; Naradda Gamage *et al.* 2020c).

The USA Bureau of Labor Statistics (2018) identified negative consequences associated with a high failure rate of SMEs at the micro-level, the market level, and macro level, particularly in developed and developing regions. At the micro-level, entrepreneurs may discourage to start another business due to failures. At the market level, the SMEs' inability negatively affects the value chain, and at the macro level, SME failure leads to create unemployment, poverty, and income equality.

Under these circumstances, Entrepreneurial Marketing (EM) is one of the critical determinants of growth and survival of SMEs since their marketing approaches do not fit with established traditional marketing theories (Becherer *et al.* 2012). Successful SMEs can acquire a competitive advantage on their unique benefit of “*smallness*” while competing in the global market condition (Sadiku, Dana, and Ramadani, 2019; Hacıoglu *et al.* 2012; Aslam *et al.* 2018; Becherer *et al.* 2012). Thus, Sadiku, Dana, and Ramadani (2019) have proposed that entrepreneurs and managers of small firms have to unlearn traditional management principles and replace them with new innovative thoughts and actions, such as EM, with increasing dynamics and competition in the current business context. As per Bercherer *et al.* (2008), EM represents an aggressive and untraditional marketing approach, which provides

SMEs with the means to guarantee growth and survival in the long run, despite the limited resource conditions.

Hence, the concept of EM is described as unplanned, nonlinear, and visionary marketing activities of the entrepreneur, characterized by seven dimensions framework in terms of proactiveness, opportunity focus, calculated risk-taking, innovativeness, customer intensity, resource leveraging, and value creation (Morris *et al.* 2002). EM is the “Marketing process of small firms growing through entrepreneurship” (Becherer *et al.* 2012), and Eggers *et al.* (2020) suggested EM as the best approach to eliminate business failures and enhance SMEs’ growth and survival in the long run.

Having understood the positive impact of SMEs on the economic development of both developed and developing regions, many scholars have particularly focused on the EM approach adapted by SMEs during the past few decades. Thus, a review of the existing knowledge in the field of EM to identify how each dimension of EM impact the performance of SMEs will be a more outstanding contribution to current EM and SME literature, notably to broaden the understanding of the measures to ensure growth and survivability of SMEs in the economic competition.

Accordingly, the first section of the paper provides a summary of the background and problem of the prescribed research area; the second section defines the key terms of the review - SMEs & SME performance and EM; the third section provides a summary on EM models and behaviors; the fourth section explains the methodologies adopted in the selected articles. Subsequently, the fifth section reviews the results and findings of selected articles to answer the conceptualized problem on “*Entrepreneurial Marketing and its Impact on Performance of SMEs.*” Finally, the study provides concluding remarks and future implications over the prescribed research area

## **2. Defining SMEs, SME Performance, and Entrepreneurial Marketing**

### ***2.1 Defining SMEs***

Small and Medium Enterprises (SMEs) are not universally defined. The lower and upper levels of thresholds of the definition of SMEs are differently defined by the international organizations and countries based on the number of employees, annual turnover, capital

assets, input usage, production capacity, level of technology adoption, management practices, and concerning the characteristics specific to the sector, region, and the country (Prasanna *et al.* 2019). Considering the definitions derived by 132 countries, the majority have defined lower and upper levels of thresholds as the firms with many workers ranging between 10 to 50 and 50 to 250 respectively (IFC, 2011). The World Bank defined the business firms using the number of employees – 5 to 19, 20 to 99, and more than 100 as the small, medium, and large enterprises. In the Sri Lankan context, the SME policy framework published by the Ministry of Industry and Commerce defines SMEs based on the number of employees and annual turnover. Accordingly, the category of SMEs is made up of enterprises which employ less than 300 employees and with a yearly turnover not exceeding Rs. 750 Million.

## ***2.2 Performance of SMEs***

Performance is a construct that has various definitions in the literature. Most scholars have defined SME performance based on the firm's significant results in terms of sales growth, the efficiency of investment, customer acquisition, increasing market share, and returns, which can be identified as 'complex series of actions that integrate skills and knowledge' (Hoque, Awang, and Gwadabe, 2018). Thus, Becherer *et al.* (2012) emphasized SME performance as 'how profitable a firm is carrying out' and identified it as the 'ability of firms to accomplish the desires of a firm's stakeholders.' Moreover, they stated the SME performance in terms of outcome constructive management activities consisted of efficiency, effectiveness, productivity, and growth. They illustrated performance as the power of a firm to yield satisfactory results and actions.

Fatoki (2019) and Mojekeh *et al.* (2018) have further elaborated firms' performance as a set of both financial and non-financial indicators. Fatoki (2009) identified financial measures in terms of profitability, turnover or sales, and market value indicators, and non-financial performance measures in terms of owners and employee satisfaction, customer satisfaction, and environmental and social performance. Mojekeh *et al.* (2018) have identified return on assets (ROA), return on investments (ROI), return on equity (ROE), market share sales growth, and profitability as financial performance measures and customer contentment, worker commitment, innovation capability, internal business process improvement, and service delivery effectiveness as non-financial performance measures. Notably, Fard and Amiri (2018) also identified SME performance in terms of Production performance, Market performance, and Innovative performance.

### ***2.3 EM Definitions***

Merging the two distinct disciplines of entrepreneurship and marketing, the term entrepreneurial marketing helps to describe the firms' marketing process pursuing opportunities in uncertain market circumstances (Becherer *et al.* 2008). This concept was introduced in 1982 as a new paradigm that integrates both entrepreneurship and marketing. Indeed, the qualities attributed to both entrepreneurship and marketing can be identified in entrepreneurial marketing activities, while EM has emerged through an entrepreneurial perspective on traditional marketing (Kurgun *et al.* 2011). During the past few decades, the concept of entrepreneurial marketing has evolved to a great extent. As a result, several debates have surfaced with EM literature concerning its definitions, conceptual models, EM dimensions, and empirical investigations of the dimensions.

The study of Morris *et al.* (2002) laid the foundation for the EM literature by describing the EM as *“unplanned, nonlinear, visionary marketing actions of the entrepreneur by proactive identification and exploration of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation”* and introduced the seven dimension framework based on entrepreneurial orientation and marketing orientation. This model provides the base for later research work.

Entrepreneurial marketing is centered on what entrepreneurs do (Stokes, 2000), and therefore has close links to research on SME marketing (Miles and Darroch, 2004). According to Hill and Wright (2000), EM has been described as the marketing orientation of small firms driven and shaped by the owner manager's personality. Becherer *et al.* (2008) has designated SME marketing as entrepreneurial marketing since it represents an aggressive and untraditional approach, enabling entrepreneurs to guarantee the success of their business, despite limited resource conditions. Jones and Rowley (2011) and Eggers *et al.* (2012) also argued that entrepreneurial marketing is particularly appropriate to small firms. Thus, Beverland and Lockshin (2004) defined entrepreneurial marketing as *“effective action or adaptation of marketing theory to the specific needs of SMEs while those effective actions simultaneously resolve problems concerning restrictions regarding innovation, opportunities, risk, and resources.”* They have further viewed SME marketing as entrepreneurial marketing since it represents an aggressive and untraditional approach, which enables entrepreneurs with the means to guarantee the success of their business, despite limited resource conditions.

The latest research of Hoque, Awang, and Gwadabe (2018) have identified EM as “an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, proactiveness and may be performed without resources currently controlled.” Further, Eggers *et al.* (2020) disclosed that “EM as a spirit, an orientation, as well as a process of pursuing opportunities in growing ventures that create perceived customer value through relationships, especially by employing innovativeness, creativity, selling, market immersion, networking, and flexibility.”

### **3. ENTREPRENEURIAL MARKETING MODELS AND BEHAVIORS**

#### ***3.1 Four pillars of EM***

Bjerke and Hultman (2004) found four entrepreneurial marketing pillars, namely, entrepreneurship, processes, actors, and resources. The pillar of entrepreneurship highlights proactiveness, opportunity search, and innovation. It refers to why and how opportunities can be recognized and implemented in the customer value creation; the term processes include a range of activities which a firm uses to create customer value; actors represent entrepreneurs that run the processes and create customer value, and resources are the inputs needed to generate customer value.

#### ***3.2 The Seven-dimension model introduced by Morris et al. (2002)***

Most studies (Hacioglu *et al.* 2012; Becherer *et al.* 2012; Gorica and Buhajjoti, 2016; Eggers *et al.*, 2020) reviewed in this paper are based on the seven-dimension framework introduced by Morris *et al.* (2002), which is focused on both entrepreneurial orientation and marketing orientation. The seven dimensions include proactiveness, opportunity-driven, resource leveraging, innovativeness, risk-taking, value creation, and customer intensity. The first five dimensions are related to entrepreneurial orientation, and the last two dimensions are related to marketing orientation.

***Proactiveness*** is characterized by the firm’s orientation towards searching for new ways to acquire a competitive advantage over large-scale counterparts through incremental changes to existing production and marketing practices (Morris *et al.* 2002). Proactiveness can be identified as the opportunity-seeking and forward-looking perspective while introducing new

products ahead of market competition, which leads to change in the marketing environment (Hacioglu *et al.*, 2012).

**Opportunity driven** can be defined as recognition and pursuit of untouched market opportunities regardless of resources under control (Morris *et al.*, 2002), whereas the degree-of-fit determines the market opportunities concerning resources and capabilities of the firm; it is the ability of the firm to choose the “right opportunity” at the “right time,” leading to long term success (Becherer *et al.* 2012).

**Customer intensity** is the process of identifying creative approaches to customer acquisition, retention, and development (Morris *et al.* 2002). It is characterized by the attributes of customer equity, visceral relationships, and emotional dimension to a firm’s marketing efforts.

Entrepreneurial Marketing incorporates the dimension of **risk management** or **calculated risk-taking**, which represents the explicit efforts to recognize the risk factors and then to manage or mitigate those factors (Morris *et al.* 2002).

**Innovation** is characterized by the firm’s capability to create new ideas that can be commercialized into new products, services, technologies, and markets (Runderspanjol, 2001: cited in Morris *et al.* 2002; Naradda Gamage *et al.* 2019; Naradda Gamage *et al.* 2020b). In the context of EM, the dimension of innovativeness can be ranged from opportunity identification, concept generation towards product development, and creative augmentation of a firm’s resource base to support innovation (Hacioglu *et al.* 2012; Carson and Gilmore, 2000).

**Resource leveraging** can be identified as the firm’s ability to recognize a resource which has not being used optimally, see how the resource could be used in non-conventional ways, and convince those that control the resource to let the marketer use it in a more productive manner (Morris *et al.* 2002). Hence, entrepreneurs are not merely constrained by the resources under their control but can leverage resources in diverse ways such as using others’ resources to accomplish own purpose, complementing one resource with another to reach higher combined value, getting the use of resources that others haven’t recognized, using certain resources to obtain other resources, and reaping the benefits of resources more than others in the past (Morris *et al.* 2002).

**Value creation** is a process of discovering unexploited sources of customer value and creating unique combinations of resources to produce value (Morris *et al.* 2002), which leads to acquiring a competitive advantage over large-scale businesses (Becherer *et al.* 2012).

### ***3.3 EM Behaviors and the dimensions developed by Hills and Hultman (2013)***

Concerning entrepreneurial marketing growth directions, Hills and Hultman (2013) identified six types of EM behaviors, including growth orientation, opportunity orientation, customer focus, value creation through networks, informal market analysis, and closeness to market, based on Schumpeterian and Kirznerian strategy.

### ***3.4 EMICO framework by Jones and Rowley (2011)***

Jones and Rowley (2011) introduced the EMICO framework comprising fifteen EM dimensions based on entrepreneurial orientation, innovation orientation, customer orientation, and marketing orientation. The dimensions of research & development speed to market, risk-taking, and proactiveness represents entrepreneurial orientation. Further, the dimensions of exploiting markets, market intelligence generation, responsiveness towards competitors, integration of business processes, networks, and relationships represent market orientation. The dimensions of responsiveness towards customers, communicating with customers, understanding and delivering customer values, promotion, and sales represent the customer orientation, while the dimensions of knowledge infrastructure and propensity to innovate represent the innovation orientation.

### ***3.5 Stokes 4I's model***

Innovation, as a starting point, is followed by target markets, marketing initiatives, and networking. Stokes and Wilson (2010) proposed a model for the EM process (4I's model) with the dimensions of innovation, identification, interaction, and information. According to Stokes and Wilson (2010), innovative developments and adjustments to products and services are targeted at identified customer groups contacted through interactive marketing methods. Whole informal information gathering monitors the marketplace and evaluates new opportunities, which may, in turn, leads to further innovations.

### **3.6 EM contingency framework by Whalen et al. (2016)**

Whalen *et al.* (2016) introduced an EM contingency framework that emphasizes opportunity recognition, operant resources (knowledge, skills, and factors of production), entrepreneurial organization, environmental turbulence (market, competitive, technological), entrepreneurial marketing, and competitive advantage.

## **4. METHODOLOGY**

Based on the idea that EM leads to the growth and survival of SMEs in the competition, in the long run, the central objective of this study is to review the existing knowledge in the field of Entrepreneurial Marketing and its impact on the performance of SMEs in both developed and developing regions. The specific objectives of this research are to review the conceptual models, methodologies, results, and findings adapted by the selected articles related to the central theme of EM and SME Performance, and finally, to provide concluding remarks and future implications over the prescribed research area.

The methodology adopted by this study included an initial extensive web search (via Google Scholar) using two keywords - *Entrepreneurial Marketing* and *SME performance*, which downloaded 50 articles. At the second stage, 30 articles were selected for this review, considering the papers' relevance level with the central topic. Twenty articles, which do not relate to the prescribed research area of this study, were avoided.

Entrepreneurial Marketing is a relatively new field of study. Many scholars in both developed and developing regions have focused on this subject area. Table 1 depicts a classification of literature based on country of origin (developed and developing regions).

**Table 1: Literature classification based on country of origin (Developed and developing regions)**

<b><i>Region</i></b>	<b><i>Number of studies</i></b>	<b><i>Percentage of studies</i></b>
Developed regions	05	16 %
Developing regions	25	84%

Table 2 presents a summary of methodologies adopted by the selected articles reviewed in this study.

**Table 2: Summary of Methodologies adapted by selected articles**

<i>Paper Title &amp; Authors</i>	<i>Source</i>	<i>Data Type</i>	<i>Research Approach</i>	<i>Sample Size &amp; Tools</i>	<i>Country</i>
The Effect of Entrepreneurial Marketing on outcome goals of SMEs (Becherer <i>et al.</i> , 2012)	New England Journal of Entrepreneurship	Primary	Quantitative	A sample of 174 SME operators, Stratified random sampling, Five-point Likert scale, Factor analysis, and stepwise regression analysis	United States
The effect of entrepreneurial marketing on firm's innovative performance in Turkish SMEs (Hacioglu <i>et al.</i> , 2012)	Procedia of Social & Behavioral Sciences	Primary	Quantitative	A sample of 560 SMEs in the Turkish Manufacturing Industry, Field survey via structured questionnaire, Five-point Likert scale, KMO test, Exploratory factor analysis, Regression analysis	Turkey
The effect of Entrepreneurial Marketing on Bangladesh SME performance and the role of organization culture: A Structural Equation Modeling (Hoque, Awang, and Gwadabe, 2018)	Journal of Management & Operation Research	Primary	Quantitative	A sample of 384 SME owners, Cluster random sampling, 10-point Likert scale, Structural Equation Modeling (Multivariate Analysis)	Bangladesh
Entrepreneurial Marketing & Performance of Small & Medium Enterprises in South Africa (Fatoki, 2019)	Journal of Reviews on Global Economy	Primary	Quantitative	A sample of 170 small business owners, Self-administered questionnaire survey, Convenience snowball sampling, Kolmogorov Smirnov Test Descriptive statistics, Multiple regression analysis	South Africa
The effect of Entrepreneurial Marketing on business performance: Small Garment Industry in Bandung City, Indonesia (Hamali, 2015)	Journal of Developing Country Studies	Primary	Quantitative	A sample of 90 small industries, Five-point Likert scale, Minimum sample iterative formula, Descriptive and correlation analysis, Multiple Regression Analysis	Indonesia
Entrepreneurial Marketing and Performance of Selected Small &	Scholars Journal of Economics,	Primary	Quantitative	A sample of 370 selected SME operators, purposive sampling, Correlation Analysis,	Nigeria

<i>Paper Title &amp; Authors</i>	<i>Source</i>	<i>Data Type</i>	<i>Research Approach</i>	<i>Sample Size &amp; Tools</i>	<i>Country</i>
Medium Enterprises in Nigeria (Mojekeh <i>et al.</i> 2018)	Business & Management			Multiple Regression Analysis	
The Impact of Entrepreneurial Marketing Dimensions on the Organizational Performance within Saudi SMEs (Rashad, 2018)	European Journal of Business & Management	Primary	Quantitative	A sample of 50 managers & owners of SMEs, Simple random sampling, Survey questionnaire, Five-point Likert scale, Exploratory Factor Analysis, Regression Analysis	Saudi Arabia
Entrepreneurial Marketing Dimensions and SME Performance (Sadiku, Dana, and Ramadani, 2019)	Journal of Business Research	Primary	Quantitative	A sample of 217 SMEs, Non-Probability sampling (“drop off and pick” technique), Descriptive statistics, Pearson Correlation, Regression Analysis	Kosovo State
Investigating Emotional Intelligence as Mediator to Explore Entrepreneurial Marketing Strategy Focused on Firm Performance: A case in Pakistan (Aslam <i>et al.</i> 2018)	Journal of Applied Environmental and Biological Sciences	Primary	Quantitative	A sample of 833 firms, stratified random sampling, E-mail survey, Five-point Likert scale, Correlation, and Regression Analysis	Pakistan
Entrepreneurial Factors affecting the performance of motor repair firms in Nairobi industrial area: A Case of Members of the Kenya Motor Vehicle Repairers Association (Mugambi and Karugu, 2017)	International Academic Journal of Innovation, Leadership, and Entrepreneurship	Primary	Mix Approach	Sample size-227, Survey questionnaire, Content Analysis, Descriptive statistics, Correlation, and regression analysis	Kenya
Developing a scale for Entrepreneurial Marketing: Revealing its inner frame and prediction of performance(Eggers <i>et al.</i> , 2020)	Journal of Business Research	Primary	Quantitative	A sample of 1155 Austrian firms, online questionnaire survey, random sampling technique, multi-layered analysis, exploratory factor analysis (EFA), Omega, Confirmatory factor analysis (CFA), HTMT	Austria
Entrepreneurial Marketing: Evidence from SMEs in Albania (Gorica and Buhajoti, 2016)	American Journal of Marketing	Primary	Qualitative	Sample size: 4 SMEs, Semi-structured interviews, Thematic area analysis	Albania

<b><i>Paper Title &amp; Authors</i></b>	<b><i>Source</i></b>	<b><i>Data Type</i></b>	<b><i>Research Approach</i></b>	<b><i>Sample Size &amp; Tools</i></b>	<b><i>Country</i></b>
The effects of entrepreneurial marketing on born global performance (Abimbola <i>et al.</i> 2009)	International Marketing Review	Primary	Qualitative	Sample of five BG enterprises based on literal replication, semi-structured in-depth interviews, Multi-case analysis	Turkey
An Empirical Investigation Of Entrepreneurial Marketing Dimensions (Kilenthong, Hills, and Hultman, 2015)	Journal of International Marketing Strategy	Primary	Quantitative	Sample of 752 business owners, stratified random sampling, Individual interviews, Five-point Likert scale, confirmatory factor analysis (CFA), root mean square residual (RMR), the Covariance matrix	United States
Entrepreneurial marketing effects on sports club manager performance (Conceptual Model) (Rizvandi and Tojari, 2019)	Journal of Summer Conferences of Sports Science	Primary	Quantitative	Sample of 700 sport club managers, cluster sampling, Structural Equation Modeling (SEM). Statistical method - Partial Least Squares (PLS)	Iraq
The Effect of Entrepreneurial Marketing Dimensions On Micro, Small, and Medium Enterprise Performance in Indonesia. (Hadiyati and Lukiyanto <i>et al.</i> 2019)	International Journal of Scientific & Technology Research	Primary	Quantitative	Sample size - 42 micro and small businesses SEM-PLS model, Random Sampling	Indonesia
The effect of entrepreneurial marketing on halal food SMEs performance (Fard and Amiri <i>et al.</i> 2018)	Journal of Islamic Marketing	Primary	Quantitative	Correlative descriptive research method, simple random sampling, sample size – 384, Five-point Likert scale, structural equations modeling based on partial least square (Smart PLS 3)	Iran
Does gender difference play a moderating role in the relationship between entrepreneurial marketing and Bangladeshi SME performance (Mohammad <i>et al.</i> 2019)	Journal of Accounting	Primary	Quantitative	Sample size: 220 SMEs, random sampling, self-administrated questionnaire, Confirmatory factor analysis	Bangladesh

## 5. RESULTS & FINDINGS

Based on the idea that EM is a strategic element of SMEs' success in growth and survival, many scholars have provided significant findings to the EM literature during the past few decades. Hence, this section outlines the results and conclusions of existing literature on the impact of EM on the performance of SMEs in both developed and developing regions.

### *5.1 Findings of EM and SME Performance in Developing Regions*

Many papers reviewed in this study are based on SMEs in developing regions such as Turkey, Pakistan, Bangladesh, Iran, Iraq, Nigeria, South Africa, Kenya, Indonesia, Albania, and Kosovo State. Most of the studies are based on seven EM dimensions of proactiveness, innovativeness, opportunity-driven, risk-taking, customer intensity, value creation, and resource leveraging introduced by Morris *et al.* (2002).

In this regard, Hacıoglu *et al.* (2012) has provided some useful insights on the relationship between seven EM dimensions and innovative performance of Turkish SMEs, and the results revealed that four EM dimensions, i.e., proactiveness, innovativeness, customer intensity, and resource leverage, have a significant positive impact on firm's innovative performance. Hamali (2015) investigated the effect of seven EM dimensions on business performance in the small garment industry in Indonesia and found that proactiveness, resource leverage, value creation, and customer intensity are positively related to business performance.

Similarly, Sadiku, Dana, and Ramadani (2019) explored the impact of seven EM dimensions on a firm's overall performance (measured in terms of efficiency, profit, owner's personal goal, and firm and owner's reputation) in Kosovo State. The results suggested that proactiveness and calculated risk-taking have a significant negative effect on a firm's overall performance, while opportunity-driven, innovativeness, customer intensity, resource leveraging, and value creation have significant positive effects on overall firm performance. The number of EM dimensions with an impact on SME performance in this study are similar to the other previous studies of Hamali (2015) and Hacıoglu *et al.* (2012) conducted in developing regions like Turkey and Indonesia respectively.

Based on the fact that the performance of SMEs will positively impact sustainable development, Fatoki *et al.* (2018) have researched the relationship between EM (in terms of seven dimensions) and a firm's financial performance and personal performance of owners of SMEs in South Africa. Results revealed that four EM dimensions, i.e., customer intensity, resource leverage, opportunity focus, and value creation positively impact on a firm's financial performance. In comparison, the three EM dimensions of customer intensity, resource leverage, and value creation have a significant positive effect on the personal performance of SMEs in South Africa.

Mojekeh *et al.* (2018) examined the influence of seven EM dimensions on the performance of selected SMEs in Enugu State, Nigeria, and found that opportunity focus, calculated risk-taking, and value creation dimensions of EM are positively related to the SMEs' performance. These findings are consistent with the results of similar empirical studies conducted in other developing regions like Turkey, Indonesia, Kosovo State, and South Africa

Fard and Amiri (2018) have specifically investigated the effect of all seven EM dimensions on different aspects of performance (Production performance, Market performance, Innovative performance) of Halal food SMEs of Iran. Results revealed a positive and significant effect of seven EM dimensions on the market and innovative performances of Halal food SMEs (in Iran). However, the effect of EM on the production performance of companies is not confirmed.

Secondly, they have empirically researched that the impact strength of EM on different aspects of performance falls into a particular order: the impact of EM on innovative performance is more potent than market performance. Conceivably, this difference is associated with the modality of EM conceptualization developed by Morris *et al.* (2002). Finally, the results verify that halal food SMEs' financial performance is predicted by innovative performance, followed by market performance and production performance.

Mohammad *et al.* (2019) investigated the effect of seven EM dimensions to identify how gender differences affect entrepreneurial marketing and SME performance in Bangladesh. Results revealed a significant relationship between entrepreneurial marketing and firm performance, while there is a causal effect of the moderating variable (entrepreneur's gender) on the relationship between EM and firm performance.

Aslam *et al.* (2018) explored the mediation effect of innovativeness and emotional intelligence between entrepreneurial marketing strategy and firms' performance in Pakistan. The study proved that a firm's strategic choice has a positive relationship with innovativeness and emotional intelligence. It also suggested that emotional intelligence positively mediates while innovativeness negatively mediates the association between the strategic-orientation and firm performance in terms of growth perspective and customer value creation.

Hoque, Awang, and Gwadabe (2018) proposed a measurement model through their study on EM, SME performance, and organizational culture of Bangladeshi SMEs. The EM strategy and organizational culture were significantly related to Bangladeshi SME performance, and organizational culture was found to have a mediated relationship between EM and SME performance.

Mugambi and Karugu (2017) examined how EM dimensions of strategic, innovation, market and resource leverage orientations affect the performance of real estate enterprises in Nairobi, Kenya, and Rizvandi and Tojari (2019) tested the relationship between the nature and orientation of the entrepreneurial market, the club nature, and its relationship between entrepreneurial marketing and performance, based on small-scale club managers in Iraq. The results illustrated a positive and significant relationship between all discussed independent variables and organizational performance, except for the entrepreneurship orientation. A positive and significant relationship between all independent variables discussed was noted with entrepreneurial marketing, except for market orientation, and the most critical factor influencing the organization's performance was found to be the club's nature.

Hadiyati and Lukiyanto (2019) disclosed that entrepreneurial marketing dimensions including philosophy marketing, marketing strategy, methods, and marketing intelligence have a significant positive effect on the performance of the micro and small business sectors in Indonesia (measured in terms of employee growth, market share growth, and sales growth).

Apart from the above quantitative studies, the qualitative research of Gorica and Buhaljoti (2016) explained how SMEs in Albania use EM to increase their operations' efficiency based on the seven EM dimension framework. Results suggested that SME owners depend upon word-of-mouth recommendations as they lack time and resources for marketing.

However, they spent considerable time talking to customers, networking, and building relationships with satisfied customers who then recommend the business to others.

A qualitative study of Abimbola *et al.* (2009) disclosed that EM factors of organizational structure, innovation, marketing, and learning orientation are all critical for successful early internationalization of born global firms from emerging economies.

### ***5.2 Findings of EM and SME Performance in Developed Regions***

Only a few studies considered in this review are conducted in developed regions such as the United States, Austria, and Saudi Arabia. In this regard, a survey conducted in the United States by Becherer *et al.* (2012) explained how entrepreneurial marketing dimensions are related to both qualitative and quantitative outcome measures of SMEs and entrepreneur, including company success, financial success, customer success, satisfaction with return goals, and satisfaction with growth goals, excellence, and entrepreneurs' standard of living. Their study revealed that EM dimensions have a direct and positive influence on outcome measures of SMEs, particularly value creation.

When considering the success related outcome variables (customer success, financial success, and substantial company success), the dimension of value creation impact all three aspects of success; it is insightful that risk-taking has a positive and significant effect on financial success, while customer intensity is directly related to customer success. The results also revealed that innovation, resource leverage, and value creation significantly impact building strong company success. Interestingly, the results also suggested that while six EM dimensions of innovativeness, risk-taking, value creation, resource leverage, and customer intensity out of seven EM dimensions impact on outcome variables, only the "excellence outcome" is affected by four EM dimensions of value creation, proactiveness, innovation, and customer intensity.

Similarly, Rashad (2018) investigated the relationship between EM and performance of SMEs in Saudi and revealed that opportunity-focused, calculated risk taken, and value creation dimensions of EM are positively related to performance.

Maritz *et al.* (2010) introduced a model of application for EM by integrating both academic and practiced theories. The background of this model was based upon the research study of Morris *et al.* (2002). External environment (economic, social, technological), internal

venture environment (market orientation, entrepreneurial orientation), and venture approach to marketing (innovations, communication) are the independent variables, which affect the dependent variable of venture outcome.

In addition to the seven EM dimension framework of Morris *et al.* (2002), several studies have developed models to explain EM, and its relationship with a firm's performance, especially in developed regions. Kienthong, Hills, and Hultman (2015) found six underlying factors of EM behaviors, namely growth orientation, opportunity orientation, total customer focus, value creation through networks, informal market analysis, and closeness to the market, via confirmatory factor analysis, which lead to firm's performance.

The recent study of Eggers *et al.* (2020) developed a valid scale for EM, revealing its inner frame and prediction of performance based on Austrian SMEs. The results indicated that EM consists of three correlating dimensions, i.e., change driving, bootstrapping, and risk-taking, with a positive effect on a firm's performance.

## **6. CONCLUDING REMARKS**

Having understood the positive impact of SMEs on the economic development of both developed and developing regions, many scholars have specifically focused on the EM approach adapted by SMEs during the past few decades. Hence this paper aims to review literature in EM and its impact on the performance of SMEs in developed and developing regions. The significance of this review arose since it provides insight to owners or operators of SMEs and policymakers regarding the relevance of entrepreneurial marketing approach for the SME sector. New business ventures must identify which EM dimensions are most effective in achieving various successful outcome goals, often under uncertain market circumstances and resource-constrained conditions, while ensuring growth and survivability in the long run. Based on this theoretical argument, the study reviews the conceptual models, methodologies, results, and findings adapted by the selected articles concerning the central theme of "Entrepreneurial Marketing (EM), and its impact on the performance of SMEs in developed and developing regions." Finally, it provides concluding remarks and future implications over the prescribed research area.

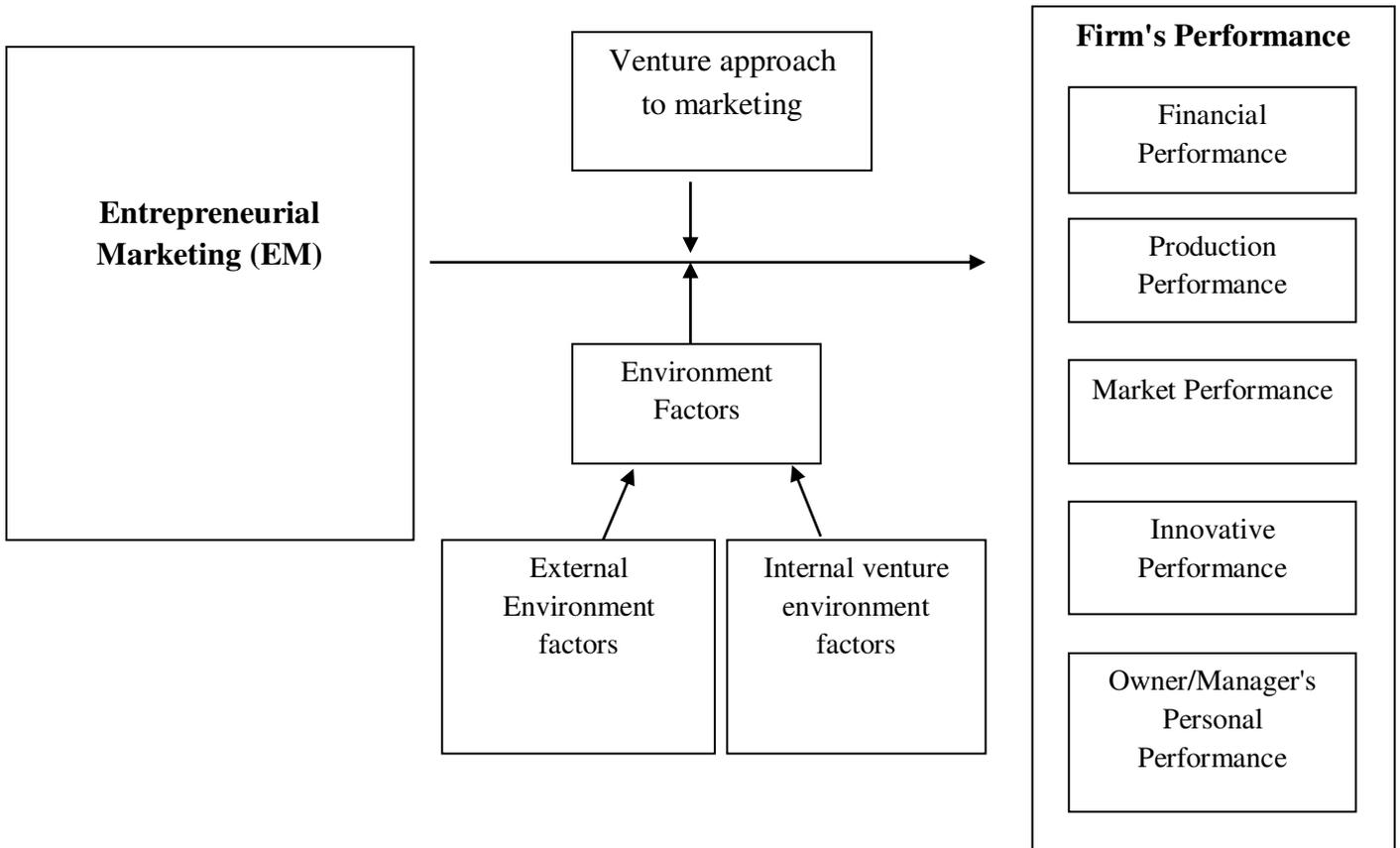
The review identified that the seven EM dimensions framework of Morris *et al.* (2002) is the model most cited by the studies in this paper. The dimensions include proactiveness,

innovativeness, opportunity-driven, risk-taking, customer intensity, value creation, and resource.

Other researchers have identified different EM dimensions. For instance, Hadiyati and Lukiyanto (2019) proposed EM dimensions in terms of philosophy marketing, marketing strategy, methods, and marketing intelligence, while Eggers *et al.* (2020) developed a valid scale for EM, revealing its inner frame and prediction of performance based on three EM dimensions of change driving, bootstrapping, and risk-taking. Mugambi and Karugu (2017) identified EM dimensions of strategic, innovation, market, and resource leverage orientations. In contrast, Kilenthong, Hills, and Hultman (2015) revealed six underlying factors of EM behaviors, namely growth orientation, opportunity orientation, total customer focus, value creation through networks, informal market analysis, and closeness to the market.

The review identified five performance outcome categories of SMEs in terms of Financial Performance, Production Performance, Innovative Performance, Market Performance, and Owner/Manager's Personal Performance. Accordingly, most scholars have explored the impact of EM dimensions on the performance of SMEs in both developed and developing regions. The impact strength of each dimension on SME performance varies from one research to another.

The existing literature outlined other variables that have a causal effect on the relationship between EM and SME performance. This includes the external environment (economic, social, technological), internal venture environment (organizational structure and culture), and venture approach to marketing (Communication, marketing orientation, entrepreneurial orientation, learning orientation, innovativeness, and emotional intelligence).



**Figure 1: Proposed Framework for SME Development through EM Approach**

## 7. IMPLICATIONS FOR FUTURE RESEARCH

This subject field seems promising and interesting since it provides useful insights to owners or operators of SMEs and policymakers regarding the relevance of the entrepreneurial marketing approach for the SME sector's success. There are vast possible areas in the field of Entrepreneurial Marketing that can be studied further. First, there is a shortage of studies conducted in the field of EM in under-developed countries, while a substantial number of research and experiments are conducted in both developed and developing countries.

Investigating the EM behaviors and how the EM strategies impact the performance of SMEs in those underdeveloped economies is imperative since such economies could be improved by emphasizing, particularly on SMEs. Second, there is a broad scope to study the differences in EM behavior of entrepreneurs based on their demographic characteristics and stage of their business cycle when achieving a variety of successful outcome goals. Thirdly, most of the studies related to EM have used the seven-dimension framework introduced by

Morris *et al.* (2002). We were unable to find an agreed number of studies that have fully confirmed the validity of these seven dimensions.

Fourthly, most studies considered in this review have collected subjective data directly from the owners of SMEs and not from objective sources such as financial statements or other internal records of SMEs. Therefore, their answers may not be entirely honest. Most studies have used subjective data to measure performance such as growth, efficiency, profit, reputation, and owner's personal goals; these results cannot represent the company's realistic performance because they are only based on the owner's perception. These opportunities and limitations provide an array of progressive areas that can be proposed as implications for future researchers.

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