

## The Study of the Impact of Entrepreneurial Marketing and Marketing Orientation on Indian Small and Medium Enterprises Performance

<sup>1</sup>Ranbir Singh Sodhi, <sup>2</sup>Dr. Byju John

<sup>1</sup>Research Scholar, <sup>2</sup>Professor

<sup>1,2</sup>Department of Management, Kalinga University, Naya Raipur [C.G.], India

**Abstract:** This study empirically validates the entrepreneurial marketing (EM) model proposed by Kilenthong et al. within the context of Indian small and medium enterprises (SMEs). The analysis confirms four of the six EM dimensions growth orientation, opportunity orientation, total customer focus, and value creation through networks as significant contributors to SME performance, while “informal market analysis” and “closeness to the market” were found to be non-significant. Multiple regression analysis revealed that growth orientation, opportunity orientation, and total customer focus are the most influential factors driving SME success in India. The findings affirm that entrepreneurial marketing has a positive and significant impact on the overall performance of SMEs, thereby reinforcing its strategic importance. The study offers theoretical validation of the EM construct and provides practical implications for SME owners, policymakers, and trainers to optimize resource allocation and enhance performance. In the broader context of India’s economic vision, strengthening EM practices among SMEs could play a crucial role in achieving the nation’s USD 5 trillion economic target.

**Keywords:** Entrepreneurial Marketing, Market Orientation, SME Performance, Growth Orientation, India

### 1. Introduction

The starting point of any business activity is entrepreneurship and marketing (Drucker, 1954) and these are essential for the economy (Whalen & Akaka, 2016). These two fields have been seen as basic strategic orientation through which the firm senses and reacts to opportunities and stimuli that could be either internal or external (Day, 1994; Shane & Venkataraman, 2000). The Marketing stream has a strong customer and market orientation. This philosophy and orientation is also required in the discipline of entrepreneurship (Hills & LaForge, 1992a). There are some more similarities between the two disciplines. They connect the organization to the external world, interact with the environment and have to deal with risk and uncertainty (Becherer & Maurer, 1997; Kwak et al., 2013; Miles & Arnold, 1991; Morris & Paul, 1987). In addition to being process-oriented and market-driven, they know that it is desirable to seek and exploit opportunities, be proactive, creative, flexible, and innovative in their approach (Carson, 2010; Gilmore et al., 2013). The emerging field that interconnects the two is Entrepreneurial Marketing (EM) (Hills et al., 2008; Sethna et al., 2013). (Miles & Darroch, 2006) state that Entrepreneurial marketing is “exploiting attractive marketing opportunities by leveraging innovation to create goods and services that generate superior value”.

### Small and Medium Enterprises

Small and medium-sized enterprises play a crucial role in nation-building and enhancing economic growth by significantly contributing to the country's GDP. They generate employment opportunities and foster the accumulation of wealth and capital (Laukkanen et al., 2013; Nichter & Goldmark, 2009). A study indicates that nearly all global businesses, with the exception of one percent, are classified as SMEs (Gilmore et al., 2013). Small and medium-sized enterprises are often acknowledged for their creativity and ability to identify opportunities that larger organizations may overlook (Gilmore, 2011; Gilmore et al., 2013). It became apparent from the 1980s that the concepts and frameworks effective for large organizations did not always translate

successfully to SMEs. This realization prompted a shift in perspective, highlighting the need to consider SMEs as distinct entities from their larger counterparts (Carson & Cromie, 1989; Gilmore, 2011). Small and medium-sized enterprises often face resource constraints, whether in terms of capital, workforce, or access to global markets (Carson & Gilmore, 2000; Stokes & Wilson, 2006). Consequently, their organizations operate in a manner distinct from that of larger entities (Hansen & Eggers, 2010). The present century has witnessed significant expansion and advancement in emerging economies such as India. While smaller organizations may face greater vulnerabilities compared to their larger counterparts (Cacciolatti & Lee, 2015), they possess significant potential to capitalize on this situation (Boso et al., 2013). This fluctuation results in elevated achievements and dismal performances (Hall, 2002; Hughes & Mustafa, 2017). Marketing is critical for the growth of SMEs. (Brooksbank et al., 2003; Keh et al., 2007; Romano & Ratnatunga, 1995) and Marketing has been shown to improve SME performance in studies. (Verhees & Meulenbergh, 2004). The contribution of SMEs is essential for driving economic growth.

## 2. Research Design and Sampling

This section explains how to get the data required organizing the research problem. It lays out the specifics of putting the strategy into action. Conclusive research was used in the study on entrepreneurial marketing and market orientation since the goal was to test research hypothesis and explore specific links. Large representative samples are used in conclusive research, and the results are analysed quantitatively. This study employed a quantitative research methodology. The findings of this study are considered conclusive because they are used as information for organization's decision. To test the dimensions of EM, the effect of EM on SMEs performance and the effect of MO on SMEs performance, the research used descriptive research with cross sectional design.

This was accomplished through the creation and administration of a focused survey of Indian entrepreneurs. The official questionnaire was designed for structured data collection, and questions were answered in a predetermined sequence. The structured-direct survey was administered. The questions predominantly consisted of fixed alternatives, requiring the respondent to select from a specified set of options. The most frequent method of collecting data is the structured survey, which entails administering a questionnaire. The sampled SMEs were involved in various economic sectors. They were categorized as either manufacturing or services. A significant portion of the companies surveyed consisted of 70.7% micro-enterprises, 19.9% small enterprises, and 9.4% medium enterprises, according to the definitions set forth by the MSME Act, Government of India.

## 3. Data analysis and results (EM & FP)

### Introduction

CB-SEM would be appropriate to identify the dimensions of entrepreneurial marketing. EFA followed by CFA would identify the applicable EM dimensions in Indian SMEs. PLS-SEM evaluation has two parts - the assessment of measurement and structural model. While the first part establishes the reliability and validity of the construct, second ascertains the significance hypothesized relationships. Various hypotheses were put forward to assess the connection between predictors and the outcome.

H1: All the six dimensions "growth orientation, opportunity orientation, total customer focus, value creation through networks, informal market analysis, and closeness to the market", have a significant effect on EM.

H2: Entrepreneurial marketing has a positive influence on the overall SMEs performance.

The survey questionnaire was constructed utilizing a recognized scale. The framework comprised six distinct independent variables - "growth orientation, opportunity orientation, total customer focus, value creation through networks, informal market analysis, and closeness to the market". The performance of the SME served

as the dependent variable. Cronbach's alpha was employed to assess the reliability of the scale constructs. The questionnaire items and their corresponding Cronbach alpha values are summarized in Table 7.

**Table 3.1: EM Dimensions and its measures**

Dimensions		Measures	Cronbach's alpha
“Growth Orientation” (GO)	GO1	“Long term growth is more important than immediate profit”.	0.70
	GO2	“Our primary objective is to grow the business”.	
	GO3	“We try to expand our present customer base aggressively”.	
Opportunity orientation (OO)	OO1	“We constantly look for new business opportunities”.	0.66
	OO2	“Our marketing efforts lead customers, rather than respond to them.”	
	OO3	“Adding innovative products/ services is important to our success.”	
	OO4	“Creativity stimulates good marketing decisions”.	
Total customer focus (TCF)	TC1	“Most of our marketing decisions are based on what we learn from day to day customer contact.”	0.75
	TC2	“Our customers require us to be very flexible and adapt to their special requirements.”	
	TC3	“Everyone in this firm makes customers a top priority.”	
	TC4	“We adjust quickly to meet changing customer expectations.”	
Value creation through networks (VCTN)	VC1	“We learn from our competitors.”	0.68
	VC2	“We use our key industry friends and partners extensively to help us develop and market our products and services.”	
	VC3	“Most of our marketing decisions are based on exchanging information with those in our personal and professional networks”.	
Informal Market Analysis (IMA)	IM1	“Introducing new products/ services usually involves little formal market research and analysis”.	0.64
	IM2	“Our marketing decisions are based more on informal customer feedback than on formal market research”.	
	IM3	“It is important to rely on gut feeling when making marketing decisions.”	
Closeness to market (CTM)	CF1	“Customer demand is usually the reason we introduce a new product and/ or service.”	0.40
	CF2	“We usually introduce new products and services based on the recommendations of our suppliers.”	
	CF3	“We rely heavily on experience when making marketing decisions.”	

Table 7 indicates that, aside from proximity to the market, the remaining factors exhibit alpha values between 0.64 and 0.75, which can be regarded as satisfactory. The proximity to the market exhibits a low alpha of 0.4, indicating that it may be excluded from the scale. The initial five items evaluated can be deemed reliable and exhibit a strong level of internal consistency.

#### Exploratory Factor Analysis (EFA)

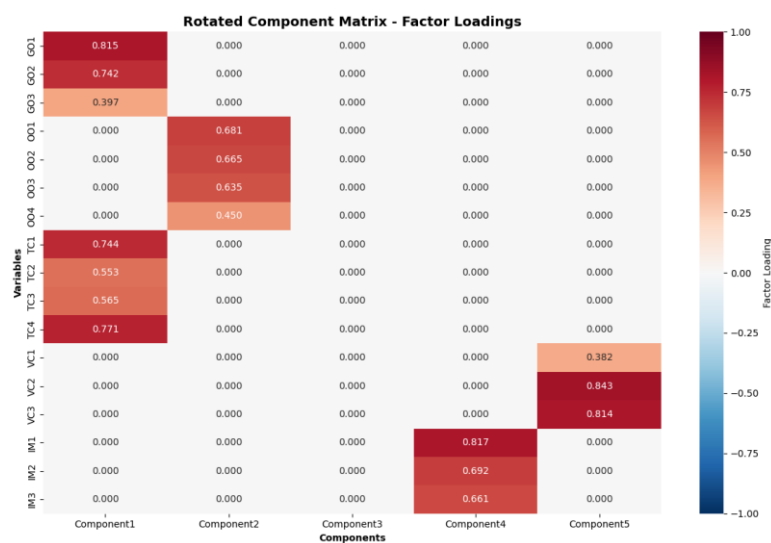
An EFA was run on SPSS (Version 21) to analyse the factors being formed. The first five factors were valid. The sixth factor “Closeness to Market” was rejected as it showed a low Cronbach  $\alpha$  of 0.4. Table 8 shows the five factors.

Table 3.2: EFA

**Rotated Component Matrix<sup>a</sup>**

	Component				
	1	2	3	4	5
GO1			.815		
GO2			.742		
GO3			.397		
OO1		.681			
OO2		.665			
OO3		.635			
OO4		.450			
TC1	.744				
TC2	.553				
TC3	.565				
TC4	.771				
VC1					.382
VC2					.843
VC3					.814
IM1				.817	
IM2				.692	
IM3				.661	

The KMO value of 0.831 was in the acceptable region.



## CFA

The EFA was followed by confirmatory factor analysis. The CB-SEM was done using AMOS (Version 22). Both SPSS and AMOS are IBM products. The items having factor loading < 0.5 were removed. As, the

exploratory factor analysis (EFA) run in SPSS had indicated only five factors, the SEM also confirmed the same five. Figure 1 presents the resultant measurement model.

Figure 3.1: Measurement Model (CFA)

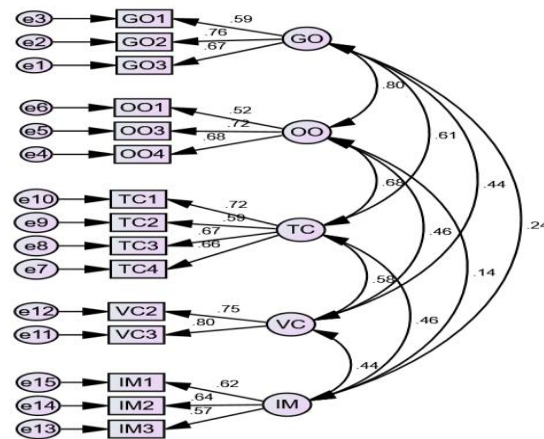
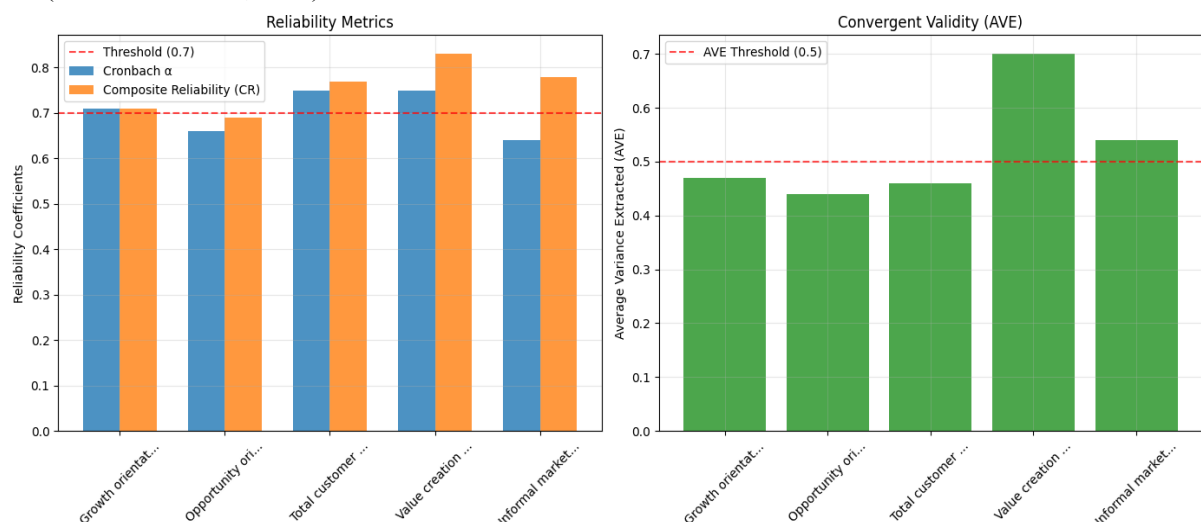


Table 3.3 displays CR and Cronbach  $\alpha$  for each variable in final model.

Construct	Cronbach $\alpha$	AVE	CR
“Growth orientation”	0.71	0.47	0.71
“Opportunity orientation”	0.66	0.44	0.69
“Total customer focus”	0.75	0.46	0.77
“Value creation through networks”	0.75	0.7	0.83
“Informal market analysis”	0.64	0.54	0.78

All of the  $\alpha$ s were above 0.6, and that is adequate. AVE for everyone was higher than the permitted amount of 0.4.(Adcock & Collier, 2001).

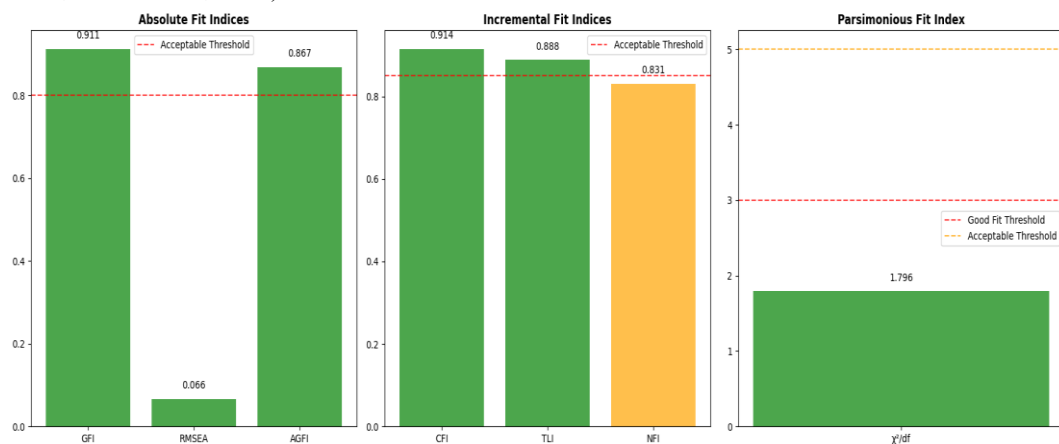


To help to analyse, there are many fitness indicators. While some enable gauge the absolute fit, some are there to gauge the incremental fit and some others for the parsimonious fit. Table 10 lists the fitness indices along with their acceptable values.

Table 3.4: Fitness Indices

Category	Index	Index abbrev.	Level of acceptable fit	Level of good fit	Index Value
Absolute Fit	Goodness of fit index	GFI	$\geq 0.8$	$\geq 0.9$	0.911
	Root mean square of error approximation	RMSEA	$\leq 0.08$	$\leq 0.05$	0.066
	Adjusted goodness of fit index	AGFI	$\geq 0.85$	$\geq 0.95$	0.867
Incremental fit	Comparative fit index	CFI	$\geq 0.85$	$\geq 0.95$	0.914
	Tucker-Lewis Index	TLI	$\geq 0.8$	$\geq 0.95$	0.888
	Normalised fit index	NFI	$\geq 0.8$	$\geq 0.95$	0.831
Parsimonious fit	Chi square/ degree of freedom	Cfmin/df	$\leq 5.0$	$\leq 3.0$	1.796

The values of fitness index for the model fall within the acceptable range (Byrne, 2016; Hu & Bentler, 1999; Kline, 2015; Simon et al., 2010).



#### 4. Conclusions and Discussions

This study successfully validated the model of entrepreneurial marketing put forth by Kilenthong et al. within the background of Indian SMEs. Nonetheless, it was able to verify that merely four of the six dimensions

suggested by Kilenthong et al. were confirmed. The findings confirmed the “principles of growth orientation, opportunity orientation, total customer focus, and value creation through networks”. The analysis did not identify “informal market analysis closeness to the market” as significant. Several of the initial investigations conducted by Kocak, Schmid, and Fiore (Fiore et al., 2013; Kocak, 2005; Schmid, 2012) did not succeed in empirically validating all the dimensions of EM within their specific countries. This study aims to delineate the four dimensions of EM that influence the performance of small and medium enterprises in India. The findings from the multiple regression analysis indicate that growth orientation, opportunity orientation, and total customer focus are three key aspects of EM that are positively correlated and significantly influence the performance of SMEs.

- Our findings indicate that EM contributes positively to the performance of SME firms.
- This study also demonstrated that the hypothesis was confirmed. The findings indicate that entrepreneurial marketing positively influences the overall performance of SMEs within the Indian context.
- This research contributes to the field by formulating and evaluating a model that connects market orientation with performance in small enterprises.
- Grasping the significance of the dimensions can provide SME owners with enhanced clarity on the allocation of their precious resources, time, and energy.

EM is a significant factor influencing the performance of a firm. Small and medium enterprises in India play a significant role in employing a large segment of the population and account for approximately one-third of the country's GDP. If India aims to reach its goal of becoming a USD 5 trillion economy by 2025, with approximately 2.5 trillion contributed by SMEs, this study could serve as a valuable resource for those involved in policy formulation and the training and development of small and medium enterprises in the country.

## References

- [1] Adcock, R., & Collier, D. (2001). Measurement validity: A shared standard for qualitative and quantitative research. *American political science review*, 95(3), 529-546.
- [2] Al Barwami, K. M., Al-Jahwari, M. R., Al-Saidi, A., & Al Mahrouqi, F. S. (2014). *Towards a growing, competitive and dynamic small and medium-sized enterprises sector in Oman: Strategy and policies*. Central Bank of Oman, Economic Research and Statistics.
- [3] Aldas-Manzano, J., Kuster, I., & Vila, N. (2005). Market orientation and innovation: An inter-relationship analysis. *European Journal of Innovation Management*, 8(4), 437-452.
- [4] Alpan, L., Yilmaz, C., & Kaya, N. (2007). Marketing orientation and planning flexibility in SMEs. *International Small Business Journal*, 25(2), 152-172.
- [5] Alqahtani, N., & Uslay, C. (2018). Entrepreneurial marketing and firm performance: Synthesis and conceptual development. *Journal of Business Research*, xx(x).
- [6] Alvarez, S. A., & Barney, J. B. (2007). Discovery and creation: Alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal*, 1, 11-26.
- [7] Alvarez, S. A., & Barney, J. B. (2008). Opportunities, organizations and entrepreneurship. *Strategic Entrepreneurship Journal*, 2, 171-173.
- [8] (2019). *Annual Report 2018-19*. MSME, Government of India.
- [9] Ardichvili, A., Cardozo, R., & Ray, S. (2003). A theory of entrepreneurial opportunity identification and development. *Journal of Business Venturing*, 18(1), 105-23.



- 
- [10] Aria, M., & Cuccurullo, C. (2017). bibliometrix: An R-tool for comprehensive science mapping analysis. *Journal of Informetrics*, 11(4), 959-975.
- [11] Atilla, E. A., Tengilimoglu, D., Dursun-Kilic, T., & Ekiyor, A. (2015). Listening to the voice of the patients: The marketing function, market orientation and performance in hospitals in emerging markets. *Studies on Ethno-Medicine*, 9(1), 25-41.
- [12] Atuahene-Gima, K., & Ko, A. (2001). An Empirical Investigation of the Effect of Market Orientation and Entrepreneurship Orientation Alignment on Product Innovation. *Organization Science*, 12(1), 54–74.
- [13] Aziz, N. A., & Yassin, N. M. (2010). How will market orientation and external environment influence the performance among SMEs in the agro-food sector in Malaysia. *International Business Research*, 3(3), 154-164.
- [14] Bagozzi, R. P., Yi, Y., & Phillips, L. W. (1991). Assessing construct validity in organizational research. *Administrative Science Quarterly*, 421-458.
- [15] Baird, I. S., & Thomas, H. (1985). Toward a Contingency Model of Strategic Risk Taking. *Academy of Management Review*, 10, 230–243.
- [16] Baker, T., & Nelson, R. E. (2005). Creating something from nothing: Resource construction through entrepreneurial bricolage. *Administrative Science Quarterly*, 50, 329–366.
- [17] Balabanis, G., Stables, R. E., & Phillips, H. C. (1997). Market orientation in the top 200 British charity organizations and its impact on their performance. *European Journal of Marketing*, 31(8), 583–603.
- [18] Barrett, G., Jones, T., & McEvoy, D. (2003). United Kingdom: Severely constrained entrepreneurialism. In R. Kloosterman, & J. Rath, *Immigrant entrepreneurship: Venturing abroad in the age of globalization* (pp. 101–122). Berg: Oxford.
- [19] Becherer, R. C., & Maurer, J. G. (1997). The moderating effect of environmental variables on the entrepreneurial and marketing orientation of entrepreneur-led firms. *Entrepreneurship Theory and Practice*, 22, 47–58.
- [20] Becherer, R. C., Helms, M. M., & McDonald, J. P. (2012). The effect of entrepreneurial marketing on outcome goals in SMEs. *New England Journal of Entrepreneurship*, 15(1/2), 1–7.
- [21] Berthon, P. R., Hulbert, J., & Pitt, L. F. (1999). To serve or create? *California Management Review*, 42, 37–58.
- [22] Bhidé, A. V. (2000). *The origin and evolution of new businesses*. New York: Oxford University Press.
- [23] Bhuian, S., Menguc, N. B., & Bell, S. J. (2005). Just Entrepreneurial Enough: The Moderating Effect of Entrepreneurship on the Relationship between Market Orientation and Performance. *Journal of Business Research*, 58, 9–17.
- [24] Birley, S. (1985). The role of networks in the entrepreneurial process. *Journal of Business Venturing*, 1, 107–118.
- [25] Bjerke, B., & Hultman, C. (2002). *EM: The Growth of Small Firms in the New Economic Era*. Cheltenham, U.K.: Edward Edgar.
- [26] Blackburn, R., & Kovalainen, A. (2009). Researching small firms and entrepreneurship: past, present and future. *International Journal of Management Reviews*, 11, 127–148.



- 
- [27] Blankson, C., & Omar, O. (2002). Marketing practices of African and Caribbean small business in London. *Qualitative Market Research: An International Journal*, 5(2), 132–134.
- [28] Blankson, C., & Stokes, D. (2002). Marketing practices in the UK small business sector. *Marketing Intelligence and Planning*, 20(1), 49–61.
- [29] Bocconcelli, R., Cioppi, M., Fortezza, F., Francioni, B., Pagano, A., Savelli, E., & Splendiani, S. (2016, December). SMEs and Marketing: A Systematic Literature Review. *International Journal of Management Reviews*, 1-28.
- [30] Borch, O., & Arthur, M. (1995). Strategic networks among small firms: implications for strategy research methodology. *Journal of Management Studies*, 32(4), 419-41.
- [31] Boso, N., Story, V. M., & Cadogan, J. W. (2013). Entrepreneurial orientation, market orientation, network ties and performance: study of entrepreneurial firms in a developing economy. *Journal of Business Venturing*, 28(6), 708-727.
- [32] Brooksbank, R. W., Kirby, D., Tomson, G., & Taylor, D. (2003). Marketing as a determinant of long-run competitive success in medium-Sized U.K. manufacturing firms. *Small Business Economics*, 259–272.
- [33] Brooksbank, R., Kirby, D., & Taylor, D. (2004). Marketing in survivor medium-sized British manufacturing firms: 1987–1997. *European Business Review*, 16(3), 292–306.
- [34] Brooksbank, R., Kirby, D., Taylor, D., & Jones-Evans, D. (1999). Marketing in medium sized manufacturing firms: The state of the art in Britain, 1987–1992. *European Journal of Marketing*, 33(1/2), 103–120.
- [35] Bruderl, J., & Preisendorfer, P. (1998). Network support and the success of newly founded businesses. *Small Business Economics*, 10(3), 213-25.
- [36] Bryman, A., & Bell, E. (2011). *Business Research Methods* (3rd ed.). New Delhi: Oxford University Press.
- [37] Buli, B. M. (2017). Entrepreneurial orientation, market orientation and performance of SMEs in the manufacturing industry: evidence from Ethiopian enterprises. *Management Research Review*, 40(3), 292-309.
- [38] Burgelman, R. A. (1983). Corporate entrepreneurship and strategic management: Insights from a process study. *Management Science*, 29, 1349–1364.
- [39] Bygrave, W. (1989). The entrepreneurship paradigm (1): a philosophical at its research methodologies. *Entrepreneurship: Theory & Practice*, 14(1), 7-26.
- [40] Byrne, B. M. (2016). *Structural equation modeling with AMOS: Basic concepts, applications, and programming*. Routledge.
- [41] Cacciolatti, L., & Lee, S. H. (2015). *Entrepreneurial Marketing for SMEs*. Berlin: Springer.