

## Entrepreneurial Marketing and Its Impact on the Firm's Performance

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### **ABSTRACT**

*In this study, we examine the role of entrepreneurial marketing dimensions on the performance of small and medium firms.*

*Research Method: The present study is applied-descriptive research and the statistical population of this research includes senior and middle managers in Baharestan Industrial Town of Tehran, which according to the available statistics in 2020 in the number of about 600 people. To evaluate the significance of the research hypotheses, the values of significance coefficients (t-value) were used, and to evaluate the intensity of the effect of the hypotheses, factor load coefficients were used.*

*Results: The overall fit of the model was 0.65, indicating a strong fit for this model. Based on the findings of this study, proactiveness, opportunity focus, customer intensity, innovation, risk-taking, resources leveraging, and value creation have a significant impact on the performance of small businesses. Conclusion: The findings show that most respondents tend to be highly focused and understand and use resources and create value as an entrepreneur, and this is considered very important by most participants.*

*Keywords: Innovative Marketing, Entrepreneurial Marketing Dimensions, Efficiency, SME or small-medium enterprises, Entrepreneurship, Business Performance*

### **Introduction**

In recent decades, the concept of sales and sales performance has changed radically. In the past, due to the pristine business environment and the lack of intense competition, firms achieved their goals with the simplest and most superficial sales measures. Today, using marketing rules as a way for large firms to grow and be profitable is widely accepted. The existing scientific works in this field have been completed over the years and their main focus is mainly on large and reputable firms. In contrast, the scientific works in the field of small and medium-sized firms, and the marketing activities of such firms are still evolving. It can even be said that some small and medium-sized firms believe that marketing is not related to their business needs. (Bechere et al., 2012).

Based on scientific marketing perspectives, entrepreneurial marketing is considered as a complement to traditional marketing. Also, the two concepts are similar in terms of value creation for business sustainability. However, there are some differences in the characteristics of each (Sarma et al., 2013). Although entrepreneurial marketing is generally an evolved and developed traditional marketing concept, there are significant differences between the two concepts. The difference between these two approaches is known in the form of a spectrum that traditional marketing with risk avoidance and central control features is on one side of the spectrum and entrepreneurial marketing with a high degree of entrepreneurship is on the other side of the spectrum (Samander, 2017).

Entrepreneurial marketing leads the organization to create competitive advantages and thus higher performance. As mentioned earlier, in today's business, the factors that affect performance enhancement have taken on a new color and surface. The current value that is conveyed to consumers from a business or product and service includes anything that gives them a sense of novelty, freshness, and difference. Under such circumstances, the company's performance will improve and business owners will achieve financial and non-financial goals more fully and widely. (Jones and Rowley, 2011).

Today, the competitive environment and the growing role of technology and knowledge in the success of companies, has led to the use of a combination of market orientation and customer orientation, as the main keywords of traditional marketing, innovation, and entrepreneurship. In today's dynamic market, while firms need to be market-oriented, it is equally important to consider entrepreneurial orientation. Firms that take an entrepreneurial approach must have both a customer-oriented and an entrepreneurial approach. The traditional concept that the customer is the center of everything is no longer a sustainable strategy. Entrepreneurial firms perform better in market-driven or market-stimulated firms by creating a balanced strategic approach between market orientation and entrepreneurship. Given the above, it seems that entrepreneurial marketing has a significant impact on the performance of small and medium businesses. The present study was conducted to investigate this issue.

### Conceptual model of research

According to the above, the conceptual model of the present research is in the form of Figure 1;

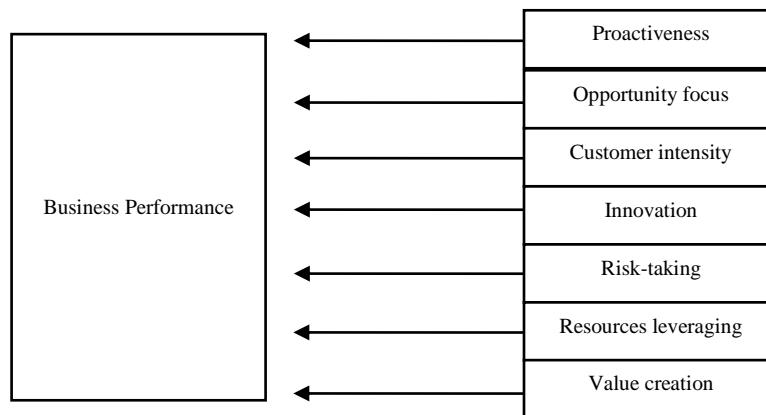


Figure 1: The conceptual model of research

### Research Methods

The present study was an applied-descriptive survey study.

The statistical population of this study includes senior and middle managers in the Baharestan industrial town of Tehran, which according to the available statistics in 2020, this number is about 600 people. In this study, using a stratified random sampling method and Cochran's formula the sample size was determined, and considering the success of the community, the (p) 50% and error level (d) equal to 5% of the minimum sample size of 148 people was determined. Field and library methods were used to collect information. The questionnaire method was used to collect data. The questionnaire of the present study is taken from Sadikudoshi (2019) research and consists of 54 items. To analyze the data in this study, descriptive statistics methods including frequency indices and inferential statistics such as structural equations were used. SPSS software was used for descriptive data analysis and Smart PLS software was used for modeling.

### Results

**Measurement model test:** To evaluate the reliability of the identified factors using Cronbach's alpha coefficient, combined reliability and factor loadings have been investigated. Also, the validity of the identified factors was measured by divergent validity criteria (Fornell and Larker method) and convergent validity.

## Reliability

**Table 1: Reliability results of identified factors**

Variable	Cronbach alfa	Variable	Cronbach alfa
Proactiveness	0.78	Overall performance effectiveness	0.77
Opportunity-focused	0.72	Development	0.72
Customer Intensity	0.77	Profit	0.76
Innovation	0.77	Owner's personal goals	0.77
Risk-taking	0.76	Reputation	0.75
Resource leveraging	0.73	Business performance	0.90
Value creation	0.72		
Variable	Combined reliability	Variable	Combined reliability
Proactiveness	0.79	Overall performance effectiveness	0.73
Opportunity-focused	0.81	Development	0.72
Customer intensity	0.78	Profit	0.81
Innovation	0.75	Owner's personal goals	0.80
Risk-taking	0.83	Reputation	0.78
Resource leveraging	0.81	Business performance	0.92
Value creation	0.76		

As can be seen from Table 1, all variables have a Cronbach's alpha higher than 0.7, indicating the appropriate reliability of the measurement tool. Also, the results of the table show that the combined reliability coefficient of all identified factors is more than 0.7, which indicates the reliability of the above structures.

### Validity:

#### Content validity

Concerning this matter, by providing a questionnaire to several professors of the Department of Educational Sciences who are considered as experts and professionals in this field, they were asked to discuss this with the researcher if there is any ambiguity in the hypotheses. As a result, no ambiguity was reported due to this. Therefore, it can be said that the data collection tool in this study has a formal validity.

#### Convergent validity

**Table 2: AVE criteria values for each of the variables**

Variable	AVE	Variable	AVE
Proactiveness	0.59	Overall performance effectiveness	0.58
Opportunity-focused	0.58	Development	0.56
Customer Intensity	0.54	Profit	0.60
Innovation	0.53	Owners personal goals	0.50
Risk-taking	0.51	Reputation	0.52
Resource leveraging	0.53	Business performance	0.59
Value creation	0.40		

As mentioned in Table 2, the criterion value for the suitability of AVE values is 0.5; Therefore, according to the above table, all values are more than 0.5, which indicates that the convergent validity of the model is appropriate.

#### Divergent validity

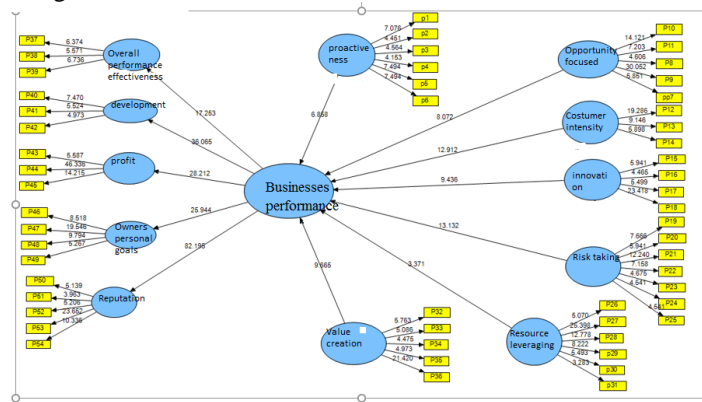
**Table 3: Evaluation of divergent validity by Fornell and Larcker methods**

	Proactiveness	Opportunity focused	Customer intensity	Innovation	Risk-taking	Resource leveraging	Value creation	Overall performance effectiveness
Proactiveness	0.76							
Opportunity focused	0.71	0.76						
Customer intensity	0.68	0.71	0.73					
Innovation	0.73	0.57	0.70	0.72				
Risk-taking	0.69	0.63	0.60	0.52	0.71			
Resource leveraging	0.71	0.71	0.71	0.63	0.58	0.72		
Value creation	0.7	0.61	0.65	0.71	0.65	0.7	0.70	
Overall performance effectiveness	0.75	0.70	0.71	0.64	0.75	0.65	0.68	0.76

The results in Table 4 indicate the existence of divergent validity between the identified factors of the model.

**Structural part Fit Evaluation Criteria**

In the conceptual model of the present study, after performing calculations by smart PLs software, significant t numbers were displayed as Figure 1:



**Figure 2:** T-values to evaluate the structural part of the model

As shown in Figure 2, all significance coefficients are greater than 1.96, which indicates the significance of all hypotheses and relationships between variables at the 95% confidence level.

**Overall model fit (measurement model and structural model)**

**GOF criteria**

The values of R2 are obtained in the section of this criterion and the relevant table; Therefore, the average R2 is equal to 0.79. Also, the Communality values for each of the structures and their averages are given in Table 4:

**Table 4:** Communality values for each structure

Variable	Communality	Variable	Communality
proactiveness	0.59	Overall performance effectiveness	0.58
Opportunity-focused	0.58	Development	0.56
Customer intensity	0.54	Profit	0.60
Innovation	0.53	Owner's personal goals	0.50
Risk-taking	0.51	Reputation	0.51
Resource leveraging	0.53	Business performance	0.59
Value creation	0.40		

Therefore, according to the above values, the GOF standard value is equal to 0.65:

$$GOF = \sqrt{0.79 * 0.54} = 0.65$$

Considering the three values of 0.01, 0.25, and 0.36 which are introduced as weak, medium, and strong values for GOF, and obtaining the value of 0.65 for GOF, a very suitable fit of the general model is confirmed.

**Testing hypotheses**

The results obtained for testing the hypotheses are presented in Table 5:

**Table 5:** Testing hypotheses

Independent variable	Path coefficient	t-test	Test result
Proactiveness	0.097	6.858	Theory confirmed
Opportunity focused	0.101	8.072	Theory confirmed
Customer intensity	0.298	12.912	Theory confirmed
Innovation	0.313	9.436	Theory confirmed
Risk-taking	0.209	13.132	Theory confirmed
Resource leveraging	0.042	3.371	Theory confirmed
Value creation	0.223	9.665	Theory confirmed

The purpose of this study was to determine the impact of entrepreneurial marketing dimensions on the performance of small and medium businesses. The results are as follows:

1- The output obtained from the analysis of data collected from senior and middle managers in Baharestan Industrial Town of Tehran and using structural equation modeling indicates that the variable of proactiveness on business performance, with 95% confidence has a positive and significant effect of 0.09. This means that increasing one unit in proactiveness can improve the performance of small and medium-sized businesses by 9%.

2. This hypothesis examines the effect of opportunity focused on the performance of small and medium-sized businesses. The output of the analysis of data collected from senior and middle managers in Baharestan Industrial Town of Tehran and using structural equation modeling indicates that the variable of opportunity focused, with 95% confidence has a positive and significant effect equal to 0.10 on business performance. This means that increasing one unit in opportunity focused can improve the performance of small and medium-sized businesses by 10%.
- 3- The output obtained from the analysis of data collected from senior and middle managers in Baharestan industrial town of Tehran and using structural equation modeling indicates that the customer intensity variable has a positive and significant effect equal to 0.29 on business performance with 95% confidence. This means that increasing one unit in customer intensity can improve the performance of small and medium-sized businesses by 29%.
- 4- The output obtained from the analysis of data collected from senior and middle managers in Baharestan Industrial Town of Tehran and using structural equation modeling indicates that the innovation variable has a positive and significant effect equal to 0.31 on business performance with 95% confidence. This means that increasing one unit in customer intensity can improve the performance of small and medium-sized businesses by 31%.
- 5- The output obtained from the analysis of data collected from senior and middle managers in Baharestan Industrial Town of Tehran and using structural equation modeling indicates that the risk-taking variable has a positive and significant effect equal to 0.20 on business performance with 95% confidence. This means that increasing one unit in risk-taking can improve the performance of small and medium-sized businesses by 20%.
- 6- The output obtained from the analysis of data collected from senior and middle managers in Baharestan Industrial Town of Tehran and using structural equation modeling indicates that the resource leveraging variable has a positive and significant effect equal to 0.04 on business performance with 95% confidence. This means that increasing one unit in customer intensity can improve the performance of small and medium-sized businesses by 4%.
- 7- The output obtained from the analysis of data collected from senior and middle managers in Baharestan Industrial Town of Tehran and using structural equation modeling indicates that the value creation variable has a positive and significant effect equal to 0.22 on business performance with 95% confidence. This means that increasing one unit in value creation can improve the performance of small and medium-sized businesses by 22%.

## Conclusion

In this research, according to the conceptual model of the research, the hypotheses were analyzed and the hypotheses were accepted. To evaluate the significance of the research hypotheses, the values of t-value coefficients were used, and to evaluate the intensity of the effect of the hypotheses, factor load coefficients were used. Also, the GOF test was used to evaluate the fit of the general model and the result was equal to 0.65, which indicates the strong fit of this model. After collecting the questionnaires, a total of 148 questionnaires were fully returned.

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