Evaluation of Entrepreneurial Marketing Dimensions According to Characteristics of Institutions: Institutions Age and Size

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Abstract

Entrepreneurial marketing is described as the interface between entrepreneurship and marketing. Entrepreneurial marketing is very complex and is related to the highly competitive and dynamic environment. This study examines how the use of entrepreneurial marketing varies as a result of the age and size of higher education institutes. Results showed that there are differences in the use of each entrepreneurial marketing dimension based on institutes age and size. Implications of findings and conclusions are discussed.

Keywords: Entrepreneurial marketing, Age, Size, Higher education institutions.

Introduction

What has become increasingly apparent to researchers is that conventional marketing practices are not always available, or appropriate, for entrepreneurial firms. Recent studies propose firms to be more entrepreneurial in their marketing when dealing with market uncertainty and ambiguity (Read et al., 2009; Santos & Eisenhardt, 2009). A growing collection of evidence suggests that the more successful companies over time are those that are involved in entrepreneurial activity in the higher levels. When pursuing new opportunities with limited resources, the entrepreneur must use innovative approaches in the face of these uncertainties. While the marketing approaches used by entrepreneurs reflect this innovative orientation, they may vary across entrepreneurs based upon the extent of their entrepreneurial experience and characteristics of their business such as age and size.

This study is based on Becherer et al (2008) research which examines how the use of entrepreneurial marketing varies as a result of the experience and motivations of the owner/operator and how the SME was started or acquired. But the contribution of our study is that we've divided statistical society based on age and size into two groups, large and small institutes, old and new institutes, then we studied entrepreneurial marketing dimensions according to these characteristics and a comparison between these groups have formed which haven't considered in previous studies. Unlike many other studies in entrepreneurial marketing which had been done in business firms, this study has been done in higher education institutes. The analysis, therefore, may help to find new knowledge regarding firms’ entrepreneurial marketing practice that was not reported by prior research. The paper proceeds as follows. First, we review the relevant literature and theoretical framework of entrepreneurial marketing and its dimensions. We then explain the research method and present the results and its implication in the last section.

Literature review

Entrepreneurial marketing

Merging two formerly distinct disciplines, the term entrepreneurial marketing is used to describe the marketing processes of firms pursuing opportunities in uncertain market circumstances, often under constrained resource conditions (Collinson & Shaw, 2001; Omura et al., 1993). Beverland and Lockshin (2004) define entrepreneurial marketing as effectual action or adaptation of marketing theory to the particular needs of the small business. These effectual actions must simultaneously address many issues: opportunity, innovation, risk, and resource constraints. For the SME, the source of these actions is likely to be an individual owner/operator (Becherer et al., 2008). Review of existing research about marketing and entrepreneurship indicate that Knowledge of Marketing and Entrepreneurship has always been two attractive research areas for many researchers.

So, On the one hand, raise awareness about the impact of entrepreneurship and innovation in Businesses and the role of marketing in obtaining of success in the other hand led to the combination of these two disciplines and creation of entrepreneurial marketing concept. Entrepreneurial marketing is very complex and is related to the highly competitive and dynamic environment (Hills & Hultman, 2006). A firm’s emphasis on entrepreneurial marketing will tend to vary in intensity based on the stage of
organizational development and level of environmental turbulence. Regardless, firms striking out in new directions will tend to place a greater emphasis on entrepreneurial marketing dimensions.

In contrast, traditional marketing strategies, emphasizing effectiveness (market penetration) and efficiency, tend to dominate when markets become more stable and firms become more established (Morris et al., 2002). Morris et al (2002) characterize entrepreneurial marketing as an organizational orientation having seven underlying dimensions. Four of these dimensions—proactiveness, opportunity focus, calculated risk taking, and innovativeness—build directly on research examining the entrepreneurial orientation of the firm. Together with customer intensity, resource leveraging, and value creation, each dimension can be employed to a greater or lesser extent by an organization (Becherer et al., 2008).

Dimensions of entrepreneurial marketing

Proactiveness

Bateman and Crant (1993) argue that proactivity is a personal behavioural construct that exhibits a relatively stable tendency to effect environmental change. Frese and Fay (2001) bring this further in proposing that proactivity will have a positive impact on individual as well as organizational performance. Proactivity, in a working environment context, can be defined as a continuous organizational process that aims to anticipate, improve and evaluate occupational health and safety practices (Andersen et al., 2010).

Proactiveness reflects entrepreneurial willingness to dominate competitors through a combination of proactive and aggressive moves, e.g., introducing new products or services ahead of competition and acting in anticipation of future demand to create change and shape the environment. Moreover, having a proactive orientation involves discovering and satisfying the latent, unarticulated needs of customers through collecting customer- and competitor-based information (Keh et al., 2007). Proactiveness is concerned with implementation of something new, doing what is necessary to anticipate and act upon an entrepreneurial opportunity.

Opportunity focus

Recognition and pursuit of opportunity are marketing actions critical to SME success. Market potential is generally evaluated by degree of fit relative to the capabilities and resources of the firm. It is the ability of the firm to select the right opportunity that determines success (Becherer et al., 2008). Although opportunity can arise randomly, entrepreneurial marketers are known for proactively searching for new opportunities. Being forward looking and having the will to become pioneers makes entrepreneurial firms able to serve unsatisfied needs and capture emerging opportunities before their competitors can. Innovation and creativity are crucial tools that help entrepreneurial firms to turn opportunities into realities (Kilenthong et al., 2010).

Calculated risk taking

The power of risk taking including willing to using substantial resources for exploiting of opportunities with using Business strategies Based on the results may be very uncertain (Morris et al., 2004). Firms that have adopted entrepreneurial marketing processes take calculated, rational, measured risks. Firms that have adopted entrepreneurial marketing processes are not gamblers but risk accepters who understand that innovation in the current social, technological, and economic environments is inherently uncertain and requires rational betting on long shots. One method for managing risk is to work in alliance with other parties, which these firms believe will both provide complimentary capabilities and help shift the risks to other parties (Miles & Darroch, 2004).

Innovativeness

The degree to which a successful organization emphasizes innovation in its market actions can range from the highly innovative new market creator to the incremental market builder. The market creator must break with past solutions to offer the customer a radically different value. The incremental innovator builds on existing customer relations and market knowledge. SMEs may choose to focus on innovative means of marketing since the firm may not have the resources to break with industry standards (Becherer et al., 2008). Innovativeness refers to a firm's tendency to engage in creative processes, experimentation of new ideas, which may result in the institution of new methods of production and/or bringing new products or services to current or new markets. The innovativeness aspect of entrepreneurial orientation would promote change and creative behaviors, which encourage active exchange of ideas, increase information flows and novelty in new product development.

Customer intensity

The dimension of customer intensity builds on what is often viewed as a central driving force of marketing in the organization: a customer-centric orientation employing innovative approaches to create, build, and sustain customer relationships. Many studies suggest successful organizations are those that place a greater emphasis on customer intensity. However, it has also been suggested that extreme customer orientations might inhibit the breakthrough of innovations that create markets and disrupt equilibrium, since these radical changes are out in front of customers (Becherer et al., 2008). Customer orientation has its roots in early services marketing literature in which the importance of customer-focused employees was a tangible sign of quality for the firm and its services. Since then, the concept of customer orientation within firms has been investigated by a number of authors and researchers; indeed, some authors view customer orientation as the ‘pillar of marketing’ (Jones & Rowley, 2011).
Resource leveraging

One of the key challenges of marketing in new ventures is scarcity of financial and personnel resources. This scarcity demands a strict monitoring of marketing costs, and restricts the range and intensity of marketing activities a new venture is able to pursue. Entrepreneurs can either alleviate this problem by trying to acquire additional resources, such as venture capital or bank loans, or by trying to achieve a maximum effect of these scarce resources. Findings on this topic can be categorized in two groups: strategies and tactics for reducing the amount of resources that must be spent for particular marketing activities (let others pay); and strategies and tactics that require only few resources, yet have a high impact in the marketplace. Strategies and tactics for reducing the amount of resources spent for particular marketing activities include the free-riding strategy as well as the strategy of forming alliances with other organizations.

The second group of findings focuses on strategies and tactics that require only few resources yet promise to produce a high impact in the marketplace. These strategies/tactics include the adoption of a niching strategy, a gradual step by step development of marketing activities, and low-cost guerrilla tactics in marketing (Gruber, 2004). At its most basic level, leveraging means more work with less. Marketers must develop a capacity for resource leveraging. The ability to recognize an under-utilized resource, to see how a resource could be used in a non-conventional way, or to convince those that control a resource to let the marketer use it, requires insight, experience, and skill (Morris et al., 2004).

Value creation

The focal point of entrepreneurial marketing is innovative value creation, on the assumption that value creation is a prerequisite for transactions and relationships. The task of marketers is to discover untapped sources of customer value and to create unique combinations of resources to produce value (Morris et al, 2002). Because of the superior ability to identify and exploit opportunities, we argue that firms that adopt entrepreneurial marketing processes are better able to identify attractive entrepreneurial opportunities and exploit them by leveraging innovation to enhance the offering’s benefits and/or decrease the offering’s costs, resulting in a superior value for the customer (Miles & Darroch, 2004).

Hypotheses

Entrepreneurial firms are often defined as new or young firms. New firms are at the beginning of their development stages, and are more likely to face uncertainty, ambiguity, and turbulent environment than old firms. Numerous studies find that marketing practices in new firms are different from marketing practices in established firms (Kilenthong et al., 2010). Weinrauch et al (1990) find that younger firms use different marketing techniques than older firms. Research has shown that entrepreneurial behavior is more common in younger firms (Gruber, 2004). Luo et al (2005) found, for example, that younger firms are more likely to exhibit entrepreneurial strategic behaviors than older firms. Most studies obligingly include firm age in their research design to parcel out any spurious influence of age-related effects on other focal constructs.

Sorensen and Stuart (2000) find that while older firms tended to engage in more frequent innovation than younger firms, those innovations tended to be closely related to the firm’s existing knowledge stock. Consequently, entrepreneurial behaviors among older firms exhibit diminishing congruence with current market expectations. Thus, while older firms may actually be more entrepreneurial in terms of quantity of behaviors, such behaviors are increasingly incongruent with the market over time, which, in turn, diminishes the ability of older firms to capture value from their entrepreneurial strategies in the form of superior growth. In conjunction with a structural advantage that enables younger firms to pursue entrepreneurial strategies with greater agility, younger firms are better positioned to capture greater value from innovative, proactive, and risk-taking strategic behaviors than their more mature peers (Anderson & Eshima, 2013). This leads to the following hypothesis: H1: Higher education institutes will exhibit differences in the use of each entrepreneurial marketing dimension based on their age.

Anderson and Eshima (2013) defined size as number of full-time employees in the present. Many studies showed that there is a relationship between firm size and entrepreneurial marketing practice (Andersen et al., 2010; Prabhu et al., 2012; Kilenthong et al., 2010; Becherer et al., 2008; Jones & Rowley, 2011; Hills & Hultman, 2006). Researchers recognize that marketing in small firms is distinct from marketing in large firms. Overall, small firms are considered more entrepreneurial than large firms because of several characteristics. First, small firms have restricted resources and capabilities. Compared to large firms, small firms have less financial and human resource. As a result, they cannot perform the same kind of marketing activities that large firms can. Second, small firms do not have formal organization structures or formal systems of communication. Their marketing planning is intuitive, loose and unconstructed. Third, small firms have a simple and ad hoc marketing decision-making process. Small firms can develop an irregular change in their decision-making pattern during their business engagement.

Fourth, small firms have fewer dominating decision makers than larger firms. Marketing decisions in small firms can be linked directly to specific personal goals of owners/managers. Lastly, small firms can quickly response to their customers because they have better organization structure than large firms. They are closer to customers and can access customer information better than large firm. These above characteristics are the evidence suggesting that entrepreneurial marketing behaviors should be more prevalent in small firms than in large firms. In other words, firm size seems to have a direct impact on entrepreneurial marketing behaviors (Kilenthong et al., 2010). This leads to the following hypothesis: H2: Higher education institutes will exhibit differences in the use of each entrepreneurial marketing dimension based on their size.
Methodology

Sample

The samples include active managers of higher education institutions of Tehran province in Iran. 56 questionnaires were completed and were ready for analyzing. The samples of 56 respondents were 57.1 percent male (N=32) and 42.9 percent female (N=24) and 67.9 percent were graduated (N=38) and 26.8 percent with MA degree (N=15) and 5.4 percent with PhD degree (N=3).

Measures

In the questionnaire designed to survey institutes about entrepreneurial marketing activities, respondents were queried about their institute age and size. In this study, respondents were asked to specify institutes based on their age and size. So, four groups being identified: large and small, old and young. Younger institutes have seven years old or younger and older institutes are older than seven years. Also, smaller institutes are institutes that have 15 employees or fewer, while larger institutes are institutes that have 16 employees or more. These categories are according to research conducted by Kilenthong et al (2010). To measure the effects of nature of institute on entrepreneurial marketing, in the research was used the combination of 26-items questionnaire developed by Kilenthong et al (2010). Seven latent variables were measured in this study.

Proactiveness, opportunity focus, calculated risk taking, innovativeness, customer intensity, resource leveraging, and value creation which represented the entrepreneurial marketing elements. Items of these seven latent variables is consist of 3 items for proactiveness, 3 items for opportunity focus, 3 items for calculated risk taking, 3 items for innovativeness, 3 items for customer intensity, 4 items for resource leveraging, and 7 items for value creation. Respondents were asked to rate their agreement on a five point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) for the items of entrepreneurial marketing dimensions. For internal reliability, Cronbach’s alpha coefficients were calculated for all items. Results indicated that all the scales were considered to be reliable (Cronbach’s alphas).

For determining reliability of the questionnaire in this research used Cronbach’s alpha. Cronbach’s alpha for this study is 0.85, which is above the acceptable threshold which indicating a good correlation between the questions. So the questionnaire reliability is acceptable. Cronbach’s alpha for constructs are: proactiveness: 0.734, opportunity focus: 0.924, calculated risk taking: 0.864, innovativeness: 0.871, customer intensity: 0.768, resource leveraging: 0.746, value creation: 0.727 so the constructs reliability is acceptable. To increase the internal validity of the questionnaire, after compiling, it was seen by a group of experts and their views on the questions and variables, and the overall structure of the questionnaire were collected and the revised questionnaire was used and acknowledge by them.

Results

The proposed hypotheses were tested using independent samples test via SPSS 15. to determine whether the hypotheses were supported or not.

Institutes age

Independent samples test was conducted for each of the seven entrepreneurial marketing dimensions in two groups of age (institutes with seven years old or younger and institutes older than seven years). As shown in table 1, the age differed significantly in the proactiveness, opportunity focus, calculated risk taking, customer intensity and resource leveraging dimensions of entrepreneurial marketing. So, H1 is partially supported.
As shown in the table 1, institutes with seven years old or younger exhibited a greater emphasis on the customer intensity (p<0.04) and opportunity focus of their entrepreneurial marketing. This is supported by past finding of other researchers (Kielenthong et al., 2010; Becherer et al., 2008). In older institutes (institutes older than seven years) like younger institutes the customer intensity and opportunity dimensions are emphasized greater than other dimensions. The proactiveness dimension of entrepreneurial marketing is stronger for younger institutes (p<0.06). In other dimensions, opportunity focus and resource leveraging dimensions in younger institutes are greater than older institutes. And other dimensions (calculated risk taking, innovativeness, customer intensity, and value creation) in older institutes are greater than younger institutes.

### Institutes size

Independent samples test was conducted for each of the seven entrepreneurial marketing dimensions in two groups of size (institutes that have 15 employees or fewer and larger institutes are institutes that have 16 employees or more). As shown in table 2, the size differed significantly in the proactiveness, opportunity focus, and customer intensity and resource leveraging dimensions of entrepreneurial marketing. So, H2 is partially supported.

### Table 1. Analysis of variance of entrepreneurial marketing dimensions by age.

<table>
<thead>
<tr>
<th>Entrepreneurial marketing dimensions</th>
<th>Age</th>
<th>Mean</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactiveness</td>
<td>≤ 7</td>
<td>3.29</td>
<td>0.5</td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td>&gt; 7</td>
<td>3.10</td>
<td>1.07</td>
<td>0.07</td>
</tr>
<tr>
<td>Opportunity focus</td>
<td>≤ 7</td>
<td>3.64</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 7</td>
<td>3.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calculated risk taking</td>
<td>≤ 7</td>
<td>2.90</td>
<td>0.16</td>
<td>0.2</td>
</tr>
<tr>
<td></td>
<td>&gt; 7</td>
<td>3.04</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovativeness</td>
<td>≤ 7</td>
<td>3.37</td>
<td>0.58</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 7</td>
<td>3.47</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer intensity</td>
<td>≤ 7</td>
<td>3.86</td>
<td>4.02</td>
<td>0.04</td>
</tr>
<tr>
<td></td>
<td>&gt; 7</td>
<td>3.94</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource leveraging</td>
<td>≤ 7</td>
<td>3.46</td>
<td>2.39</td>
<td>0.06</td>
</tr>
<tr>
<td></td>
<td>&gt; 7</td>
<td>3.22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value creation</td>
<td>≤ 7</td>
<td>3.28</td>
<td>2.97</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt; 7</td>
<td>3.36</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 2. Analysis of variance of entrepreneurial marketing dimensions by size.

<table>
<thead>
<tr>
<th>Entrepreneurial marketing dimensions</th>
<th>Age</th>
<th>Mean</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proactiveness</td>
<td>≤ 15</td>
<td>3.65</td>
<td>0.10</td>
<td>0.04</td>
</tr>
<tr>
<td></td>
<td>≥ 16</td>
<td>3.17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunity focus</td>
<td>≤ 15</td>
<td>3.72</td>
<td>0.88</td>
<td>0.05</td>
</tr>
<tr>
<td></td>
<td>≥ 16</td>
<td>3.56</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calculated risk taking</td>
<td>≤ 15</td>
<td>2.79</td>
<td>0.11</td>
<td></td>
</tr>
<tr>
<td></td>
<td>≥ 16</td>
<td>3.08</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovativeness</td>
<td>≤ 15</td>
<td>3.50</td>
<td>1.74</td>
<td></td>
</tr>
<tr>
<td></td>
<td>≥ 16</td>
<td>3.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer intensity</td>
<td>≤ 15</td>
<td>3.88</td>
<td>0.33</td>
<td>0.07</td>
</tr>
<tr>
<td></td>
<td>≥ 16</td>
<td>3.90</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource leveraging</td>
<td>≤ 15</td>
<td>3.39</td>
<td>0.07</td>
<td>0.01</td>
</tr>
<tr>
<td></td>
<td>≥ 16</td>
<td>3.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value creation</td>
<td>≤ 15</td>
<td>3.31</td>
<td>4.88</td>
<td></td>
</tr>
<tr>
<td></td>
<td>≥ 16</td>
<td>3.31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As shown in the table 2, institutes that have 15 employees or fewer exhibited a greater emphasis on the customer intensity (p<0.07) and opportunity focus of their entrepreneurial marketing. In big institutes (institutes that have 16 employees or more) like younger institutes the customer intensity and proactiveness dimensions are emphasized greater than other dimensions. The proactiveness dimension of entrepreneurial marketing is stronger for smaller institutes (p<0.04). In other dimensions, opportunity focus and resource leveraging and innovativeness dimensions in smaller institutes are greater than bigger institutes. And other dimensions (Calculated Risk Taking, Customer Intensity) in bigger institutes are greater than smaller institutes. But the dimension of value creation is the same in both small and big institutes. It means that creating the best programs and services for customers have the same importance for both institutes.
Conclusion

This study investigates the practice of entrepreneurial marketing in institutes with different characteristics using independent samples test analyses. The objective was to find the relationship between entrepreneurial marketing and those characteristics, including institutes age and size. Results support the argument that there are differences in the use of each entrepreneurial marketing dimension based on their size and age and our hypothesis were partially supported. Younger firms are found to use proactiveness, opportunity focus and resource leveraging dimensions of entrepreneurial marketing more than older firms. Klenenthong et al (2010) said that smaller firms did not use entrepreneurial marketing more than larger firms and researches showed that younger firms in some dimensions use less entrepreneurial marketing. Results imply that knowing about future, best using of opportunity and the best use of resources is more important for younger institutes than older one.

Considering the size of institutes, proactiveness, opportunity focus, innovativeness and resources leveraging was most emphasized among smaller institutes. This implies that using of innovative strategies and solutions is more important for smaller institutes than bigger one. Also, other dimensions like calculated risk taking and customer intensity was most emphasized among bigger institutes. It imply that bigger institutes value an orderly and risk-reducing management process much more than using leadership initiatives for change and having a long term relationship with customer is very important for them. Surprisingly one dimension (value creation) has the same importance for both small and big institutes.

It implies that creating greater value for customers, creating value for customers by the best programs and services is very important for them and they are more likely to adjust and adapt their marketing strategies according to changes in customers' preference. Klenenthong et al (2010) in his research find that, taking account both the impact of firms age and firm size together, results support an argument that larger firms grow larger because they are more growth oriented, while smaller firms are small because they are less growth-oriented. That is, the impact of firm size on entrepreneurial marketing practice may not be as simple as previously anticipated. Impact of firm size on any marketing variables may be burial by other factors that are not taken into account simultaneously. For example: operator’s status. This indicates a need for further research in the future.

This study has some limitations. First, the findings of the study may have limited generalizability. The sample, which seemed appropriate for this particular study, was managers from one province. It would be more meaningful if the same findings hold consistent in different types of managers of other service sections and organizations from other cities.

References


