

In praise of entrepreneurial marketing: a study on entrepreneur-led firms

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Abstract

This study investigates the drivers and practices of entrepreneurial marketing (EM). It explores how the entrepreneur's conception of the business environment, together with the company- and entrepreneur-specific factors, affect entrepreneur-led firm's EM actions. We establish a research model and test it with a sample of 3097 entrepreneur-led small firms from Finland. The results show that external pressure from important actors in the market have a significant effect on a small firm's EM practice. Marketing decisions in entrepreneur-led firms depend on the entrepreneur's ability to interpret changes and signals in the business environment. In addition, situational factors such as the company's internationalization goals and the entrepreneur's growth aspirations regarding the firm affect its EM actions.

Introduction

Marketing is a central concern of entrepreneurial research, even though entrepreneurs are not typically marketing experts (Martin, 2009; Jones, 2010). A number of literature streams in management and strategy have stressed the crucial function played by marketing in constructing and sustaining competitive advantages (Bettiol et al., *forthcoming*). According to Collinson and Shaw (2001), entrepreneurship can look to marketing as the key function within the firm, which can encompass innovation and creativity. Since the mid-1980s a steady stream of research has examined the marketing/entrepreneurship interface in small and medium-sized enterprises (SMEs) and much of that work has concentrated on issues surrounding the implementation of marketing in entrepreneurial companies (Hill and Wright, 2000). The term "Entrepreneurial Marketing" (EM) has come to describe the marketing activities of small and new ventures (Kraus et al., 2010).

EM represents an exploration of ways in which entrepreneurial attitudes and behaviors can be applied to the development of marketing strategy and tactics (Kurgun et al., 2011). The interest on it has been in existence for a number of decades, but many scholars (e.g., Usley and Teach, 2008; Fillis, 2010) argue that the research has been U.S.-centric, and that the Nordic school of thought has a lot to offer for research progress. Moreover, Hills and Hultman (2011) argue that although the research on EM is 30 years old, many important questions still are waiting for an answer. There is especially need for research on the links between interpretation of environment and EM application (Hills and Hultman, 2011). Whereas research now emphasizes EM techniques in SMEs (Collinson and Shaw, 2001), there can be

significant differences in the application of marketing in entrepreneur-led and non-entrepreneur-led firms. EM is, ultimately, an individual style of doing business shaped by the situation-specific worldview of the individual entrepreneur (Fillis, 2010).

The purpose of this research is to investigate EM drivers and actions in entrepreneur-led companies. The study takes place in the Nordic business context. Entrepreneurs provide an interesting research frame for the study, because their cognitive categorization and assessment of business situations is different from others and because it is the entrepreneur's perception of the marketing environment that matters (Becherer and Maurer, 1997). Our objective is to explore the links between (i) marketing development drivers that arise from the interpretation of the business environment, (ii) the company- and entrepreneur-specific aspects that characterize decision-making, and (iii) marketing action and practices in entrepreneur-led companies. We examine these relationships through the entrepreneurial marketing construct.

The remainder of this paper is organized into three sections. After this brief introduction, we provide a literature review in which we discuss EM and its underlying elements in the context of small firms. We also present our hypotheses and proposed framework on EM in entrepreneur-led companies, which links the perceived marketing development drivers and entrepreneurial marketing actions taken in the company with company- and entrepreneur-specific characteristics. We then proceed by explaining our data and research methodology and present the results of the quantitative empirical analysis. Finally, we conclude the study by discussing our findings and their implications, and providing avenues for future research.

Theory

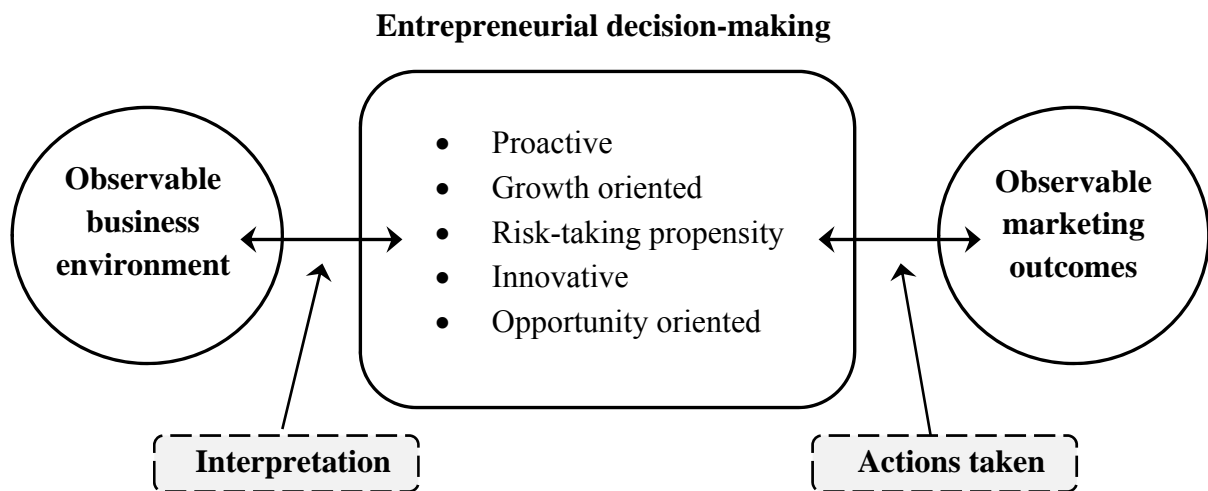
Foundations of entrepreneurial marketing

Marketing and entrepreneurship largely determine the fate of SMEs around the world – their success, their growth, and their profitability (Hills and Hultman, 2011b). Hultman and Hills (2011) argue that there are many links between the two concepts. Both are driven and affected by environmental turbulence and both have a behavioral orientation (Hisrich, 1992). Marketing within the smaller firm can often be viewed as an integral part of managing entrepreneurial activities (Chaston, 1997) and the sum of marketing plus entrepreneurship is greater than their individual component parts (Jones, 2010). According to Gilmore (2011), the term “entrepreneurial” refers to the overall activities and behavior of entrepreneurs, which includes behavior that is competitive and drives the marketing process.

Entrepreneurial marketing is a concept which so far has been hard to grasp (Kurgun et al., 2011). According to Bjerke and Hultman's (2002) definition, “entrepreneurial marketing is the marketing of small businesses growing through entrepreneurship.” It is something that has long been practiced especially in small firms and for many entrepreneur-led companies it is something which is “second nature” (Collinson and Shaw, 2001). Understanding EM is based on knowing how SME owner/managers or entrepreneurs do business and how they make decisions, deliver their market offering in the market place within the constraints of limited resources, expertise, impact, and size (Gilmore, 2011). It is noted that EM is a matter of degree and various combinations of the underlying dimensions result in marketing that is more or less entrepreneurial (Lin and Smyrniotis, 2007).

Gilmore (2011) concludes that entrepreneurial marketing is subject to external change factors, it is driven by the entrepreneur, it is opportunistic, intuitive and if the firm is to survive, it is profit driven. According to Hills and Hultman (2011), EM is the result of entrepreneurial interpretation of information, decision-making, and marketing actions. We focus on the two key interfaces between these elements: i) interpretation of business environment and the entrepreneurial decision making, and ii) marketing actions and company's observable entrepreneurial marketing outcomes (Figure 1).

Figure 1 Elements of entrepreneurial marketing (Hills and Hultman, 2011)



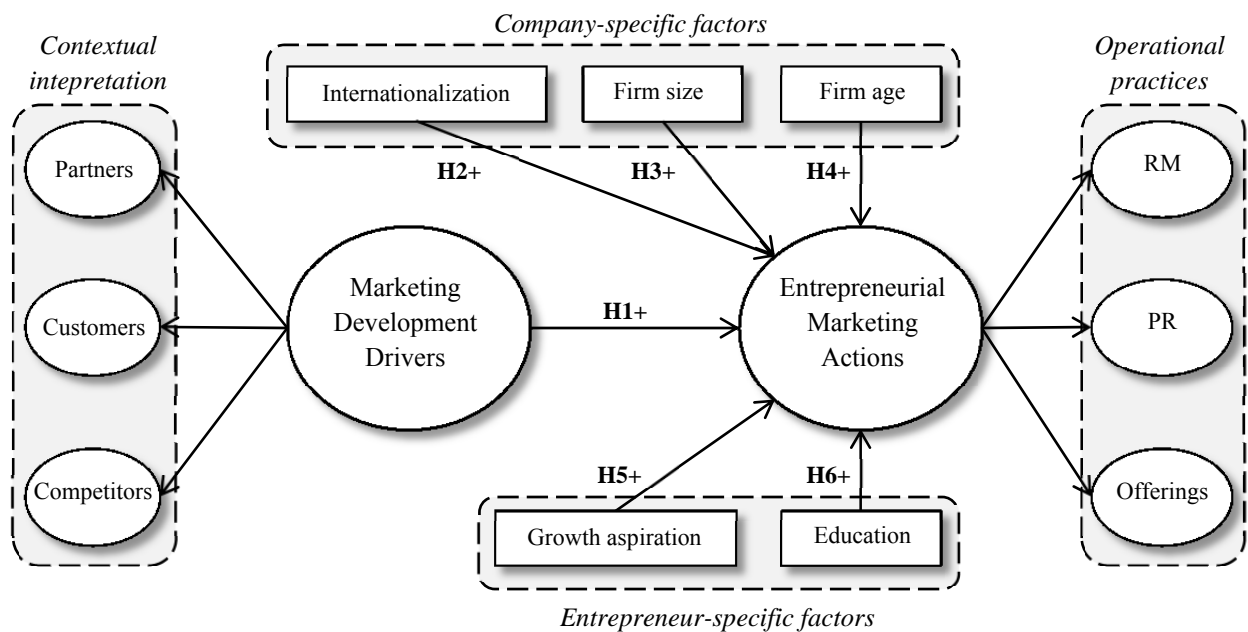
We are interested in the relationship between EM's contextual antecedents and operational practices (Sashittal and Jassawalla, 2001). We hold that different types of firms pursue diverse marketing strategies depending on internal and external factors (Stokes, 2000). This view is based on Scott and Bruce's (1987) argument that to be effective the entrepreneurial manager needs to be able to recognize and anticipate the pressures for change both inside and outside the enterprise, and to plan for them. According to Al-Askari (2011), entrepreneurs should re-examine internal and external factors related to marketing and their effect on the new situation in contemporary turbulent business environments.

Our main proposal is that an entrepreneur's interpretation of the business environment, i.e. marketing development drivers affects the entrepreneur-led company's marketing actions. In other words, the better the interpretation of environment, the more entrepreneurial marketing action the small business echoes. We conceptualize marketing development drivers as a second-order construct, which consists of contextual pressure in competition, customer demand, and partner relations (Hill and Wright, 2000; Dilts and Hanlon, 2002; Hills et al., 2008). Consequently, we consider EM actions as a second-order construct, which comprises relationship marketing, public relations, and the development of superior offerings (Chaston, 1998; Lodish et al., 2001; Lin and Smyrniotis, 2007; Hills et al., 2008) as different marketing practices.

We also anticipate that other, situational factors promote a small firm's EM practice. The nature of EM is that it is dominated by the inherent characteristics of the entrepreneur and the inherent limitations of the small firm (Hills et al., 2008). This notion suggests that EM should be studied at two distinct levels: the entrepreneur-specific level and the company-

specific level. Company-specific variables include firm size and age (Balabanis and Katsikea, 2003) and the level of internationalization (Knight, 2000; Al-Askari, 2011), whereas entrepreneur-specific variables include growth-aspiration (McCartan-Quinn and Carson, 2003) and educational level (Martin, 2009). We establish our research hypotheses on these relationships in the following sections; first, we explain what we consider as entrepreneurial marketing actions, and second, we discuss the contextual and situational factors that lead to the EM practice. Our research model and hypotheses are depicted in Figure 2.

Figure 2 Conceptual research model and hypotheses



Marketing actions - operational practices for entrepreneurial marketing

EM strategy is important, because it leads to application of practices that help the company succeed (Knight, 2000). To survive in competitive, rapidly changing markets, organizations must focus on building long lasting customer relationships through relationship marketing (Webster, 1982). Furthermore, the development and launch of new offerings to attract new customers and to permit new market entry is essential (Chaston, 1998). Dilts and Hanlon (2002) argue that typical marketing strategy includes differentiation of products and services from those of competitors through distinctive competence and public relations that focuses on establishing and maintaining favorable corporate image. We anticipate that EM practices include relationship marketing, public relations, and the development of superior offerings.

Relationship marketing. Relationships with customers and other stakeholders are at the foundation of EM (Hills et al., 2008). Chaston (1998) found that the highest growth rate will be achieved by entrepreneurial style firms performing relationship marketing (RM). Chaston (1998) further links EM with relationship marketing and argues that an orientation towards EM and/or RM will enhance the overall performance of small business. RM refers to all marketing practices directed toward establishing, developing, and maintaining successful relational exchanges (Morgan and Hunt, 1994). According to Chaston (1997), it shows that

companies move closer to their customers. However, RM is not only about customers; it is also about partners. Chorev and Anderson (2006) argue that creating alliances with partners is often required to penetrate foreign markets and to provide a desirable complete solution. Partners contribute to the product, pricing, and promotional decisions of entrepreneurs (Collinson and Shaw, 2001). Marketing strategies emphasizing relationships with partners are associated with greater environmental uncertainty (Dilts and Hanlon, 2002).

Public relations. Martin (2009) stresses the importance of communication for entrepreneurs, as well as the role of promotions and public relations in business. Marketing activities need to be complemented with appropriate promotional marketing suited to customers (Lin and Smyrniotis, 2007) through, e.g., participation in a fair. Web has changed the way in which small businesses manage and build customer and other stakeholder relationships, gain publicity, and conduct public relations. E-technology can be a very useful way for firms to expand their marketing activities, because it is a cost-effective option and allows small firms to reach a wider or specific target market (Gilmore, 2011). Small businesses can use the tools of Internet and social media to improve their reputation, strengthen their brand, and pre-empt or respond to customer, supplier, or other stakeholder feedback (Jones, 2010). According to Jones (2010), Web technologies should be used to improve consumer-business relations, to empower consumers, and to strengthen relations of understanding between buyers, consumers, sellers, and small-medium enterprises. Entrepreneurs can enhance their creditability by creating a professional image with an efficient website (Gilmore, 2011).

Offerings. EM is characterized by responsiveness to the marketplace and an intuitive ability to anticipate changes in customer demands (Collinson and Shaw, 2001). New and improved offerings are developed by working in close partnership with customers (Chaston, 1997). Al-Askari (2011) argues that entrepreneurs tend to stress the product/customer focus. The entrepreneur in small companies is often personally engaged in promoting novel products and in relating to relevant clients and partners through rapid and effective communication processes and instruments (Stokes, 2000). Entrepreneurs are essentially people who create new markets, products, and services (Al-Askari, 2011). Entrepreneurial companies often survive by offering a different range of products and services than their competitors (Knight, 2000; Gilmore, 2011). When it comes to marketing practice, even the packaging of the product is important as it will be strongly linked to the overall brand image of the firm (Gilmore, 2011). Knight (2000) further argues that small firms will likely benefit by differentiating their offerings through product specialization. Successful entrepreneurs are those who have created a very specific, unique offering (Gilmore, 2011).

Marketing drivers - contextual interpretation of the environment

Marketing and entrepreneurship are interrelated responses to the environment in which a company is operating (Hill and Wright, 2000). Managers are more and more faced with rapidly changing environments, involving changes in competition, customer demand, and technology (Dilts and Hanlon, 2002). According to Fillis (2010), today's market conditions are shaped by chaos, fragmentation, uncertainty, complexity, and ambiguity. Environmental uncertainty concerns attributes upon which entrepreneur's attention may be selectively focused, such as customers, competitors, suppliers, regulatory agents, partners, and other actors (Dilts and Hanlon, 2002). Consequently, marketing decisions in entrepreneurial-led firms are based on daily contacts and networks while value is created through effective

relationships, partnerships, and alliances (Jones and Rowley, 2009). We think that the key drivers of marketing development relate to partners, customers, and competitors.

Partners. Hill and Wright (2000) pinpoint understanding markets, customers, and competition among the central aspects in marketing/entrepreneurship interface. Moreover, they (*ibid.*) emphasize selling, sourcing and buying relationships, suggesting that partners are essential. Chorev and Anderson (2006) found that networking with partners can be very useful for a small business by assisting in expanding its own limited resources and capabilities. As small companies typically lack knowledge and market information, they can access new resources and save time through the partner networks (Collinson and Shaw, 2001). They should leverage the strengths of others by seeking cooperation with both customers and major companies to overcome their deficiencies and lack of resources and to improve their access to markets (Chorev and Anderson, 2006). Partners can also be suppliers or distributors in the supply chain, and understanding their needs is as crucial as understanding those of the customers. Marketing leadership is often characterized by innovative marketing techniques and careful control of distribution channels (Knight, 2000). Chorev and Anderson (2006) argue that for supply and distribution partners, environmental uncertainty exists because of a lack of experience in selling, delivering, and supporting products on a new market.

Customers. Marketing literature generally accepts that a company should focus on its customers and the 'customer-first' philosophy is a predominant one in a successful business (Hill and Wright, 2000). An organization is always more or less able to generate market intelligence pertaining to current or future customer needs and to respond to it in an organization-wide manner (Duus, 1997). Therefore, Mohr (2001) stresses the importance of identifying the customer's new and changing needs that the company should meet in the future. Understanding their needs and implementing their feedback is the only way to achieve a sellable product (Chorev and Anderson, 2006). Chorev and Anderson (*ibid.*) argue that the risk for customers is magnified by the uncertainties associated with, e.g., a new technology. The pressure for EM includes the search for unusual, new, and creative promotion methods in order to attract customers (Al-Askari, 2011). Chaston (1997) argues that with EM –driven companies the pressure for change, which can come from customers, is in the area of increasing the effectiveness of the new product development process and/or reducing "time-to-market" schedules.

Competitors. The literature about the marketing orientation of small firms concentrates on the difficulties that companies experience and encounter in their practice of marketing (Hill and Wright, 2000). Al-Askari (2011) suggests that EM practice depends on competitive trends in addition to customers' expectations. This view is supported by Hills et al. (2008), who suggest that marketing competencies in entrepreneurial firms are typically driven by a superior understanding of market positioning. This aspect highlights the need to understand markets in terms of competition. Recognizing current and future competitors are among the key drivers of marketing practice (Mohr, 2001). Entrepreneurship, and, therefore, the entrepreneur, has an important complementary role to marketing in this, because it aids the process of identifying as yet unperceived needs and helps in identifying opportunities in a changing environment (Collinson and Shaw, 2001). Atuahene-Gina and Ko (2001) point to the intensity of market competition by tapping the perceived similarity of competitor offerings, price competition, and aggressiveness of the competitor's behavior. Based on the previous discussion, we hypothesize as follows:

H1: Marketing development drivers – i.e. pressure from the business environment in terms of partners, customers, and competitors – have a direct positive relationship with entrepreneurial marketing actions.

Company-specific factors endorsing EM

Zontanos and Anderson (2004) argue that it is generally accepted that the characteristics of the small firm influence its marketing practice. Hill and Wright (2000) discuss these aspects also as the situational factors. We identify three types of company-specific factors: internationalization, firm size, and firm age.

Internationalization. Internationalization reflects the trend of companies selling and distributing products, services, and brands in many countries around the world. It is the evolutionary process by which companies become involved in international business (Knight, 2000). Chorev and Anderson (2006) discuss the role of increasing internationalization for small firms and argue that international marketing is a key issue for the company's success. Market-oriented small businesses are likely to respond to the forces of globalization by expanding their selling activities into foreign markets. Knight (2000) puts forward that internationalization has a moderating influence between marketing and entrepreneurship, and suggests that the effect varies at different levels of globalization. Nevertheless, marketing leadership is associated with globalization response, or actions that small firms initiate to respond to globalization. It means that companies make needed changes to marketing and business strategies (Knight, 2000). Entrepreneurial firms need to consider globalization in their marketing practices, because they increasingly operate in a competitive situation in which organizations have no national boundaries (Al-Askari, 2011).

Firm size and firm age. Ashworth (*forthcoming*) emphasize that small business research traditionally focuses on two organizational dimensions: firm size (number of employees or turnover) and organizational maturity (age, years in operation). Balabanis and Katsikea (2003) utilize firm size and age as the aspects leading to entrepreneurial posture and argue that as companies become larger, they tend to become less entrepreneurial. Collinson and Shaw (2001) augment that EM activities in large companies need a very entrepreneurial leader within the organization to maintain the necessary focus and culture. On the other hand, Bell et al. (2007) found that marketing investments among small companies and larger companies are quite similar relative to firm size. In fact, large organizations have accumulated resources that enable more marketing, and a greater pool of resources gives large companies more space to take risks and tolerate losses from unsuccessful entrepreneurial efforts (Balabanis and Katsikea, 2003). The increased tolerance for risks may actually promote additional EM actions. The same paradox applies with firm age: there is general agreement that smallness and newness create specific difficulties for businesses (McCartan-Quinn and Carson, 2003) in terms of resources and skills, although marketing is especially a critical issue for new companies (Chorev and Anderson, 2006). Based on the discussion on situational factors, we hypothesize as follows:

H2, H3, H4: Company-specific factors – in terms of (H2) internationalization, (H3) firm size, and (H4) firm age – have a direct positive relationship with entrepreneurial marketing actions.

Entrepreneur-specific factors encouraging EM

Dilts and Hanlon (2002) emphasize the importance of entrepreneur's individual level aspects in connection with the company-level characteristics. The entrepreneur plays a key role in shaping the firm's culture, strategy, and marketing tactics (Hill and Wright, 2000; Jones and Rowley, 2009; Morris, 2011). Zontanos and Anderson (2004) argue that the active role of the entrepreneur distinguishes 'formal' marketing from 'entrepreneurial' marketing. EM describes the marketing orientation of small firms and it means a style of marketing behavior that is driven and shaped by the entrepreneur's personality (Hill and Wright, 2000). The form of EM depends largely on the competencies and motives of the entrepreneur (Fillis, 2010). Therefore, Hill and McGowan (1999) suggest that entrepreneurial success derives from two key sources: i) the personality profile of the entrepreneur and ii) the managerial competence of the entrepreneur. We maintain that the personality profile can be assessed through the entrepreneur's growth aspiration. Moreover, the entrepreneur's level of education matters, because managerial competence includes formal competences through training and education.

Growth aspiration. The entrepreneur's attitude to growth of the firm will largely determine whether or not the firm is actively "grown" (McCartan-Quinn and Carson, 2003). It also reflects the entrepreneur's personality concerning risk-taking. Brush et al (2009) link growth with marketing and show that, of the firms that seek to grow, there appears to be a difference between intentions and outcomes, and that marketing is strongly connected to growth patterns. Marketing to achieve growth is what many entrepreneurs are passionate about (Hills et al., 2008). Fast-growth small companies invest in maintaining sound relationships with stakeholders and developing superior offerings for positional advantages (Lin and Smyrniotis, 2007). Growth aspiration includes tangible growth indicators such as revenue growth, increase in market share, and growth of profits, but also intangible inputs and outcomes in growing a business and pursuing opportunities, e.g. accumulated knowledge (Al-Askari, 2011). We consider increased marketing actions as intangible indicators of growth.

Education. The traits, styles, competencies, and behaviors of the entrepreneur are key components of entrepreneurial organizing (Martin, 2009). In this vein, they have an influence on the entrepreneur's decision making and EM. According to Home (2011), entrepreneurial research emphasizes that entrepreneurial qualities can be advanced by education and training. Much of the education in today's society is formal basic education and points to the providing individuals with better job opportunities, whereas there is also a lot of specific education for the purposes of developing one's working skills and knowledge. However, McCartan-Quinn and Carson (2003) note that entrepreneurs often believe the best education to be through experience, but on the other hand, they may be afraid of exposing their own educational deficiencies. This is problematic, because education in general and marketing education in particular are useful for the small company with scarce marketing knowledge and resources. The previous discussion on entrepreneurial qualifications leads us to hypothesize as follows:

H5, H6: Entrepreneur-specific factors – in terms of the entrepreneur's (H5) growth aspiration and (H6) education – have a direct positive relationship with entrepreneurial marketing actions.

Methodology

Our focus is on two key interfaces: interpretation between business environment and the decision making; and entrepreneurial marketing actions between the decision-making and marketing outcomes. We used data from the semiannual 2007 SME survey in Finland for our empirical analysis. The fall 2007 survey was conducted by The Federation of Finnish Entrepreneurs, but we were able to include a set of questions on companies' marketing activities into the survey. We developed the scales for small business marketing drivers and practices based on a literature review. The study relies on the respondents' perceptions, because objective measures were not available from other sources.

The survey yielded a total of 3823 usable responses for the analysis. However, to address specifically entrepreneur-led companies in our analysis, we filtered out all non-entrepreneurs' responses from the data. We then used PLS path modeling as a method to empirically test our model with the residual sample of 3097 entrepreneurs. According to the demographics analysis, 25 percent of these respondents comprised one-person firms with the entrepreneur as the sole employee. The firms in the data were generally small, as almost 97 percent of them had fewer than 50 employees and only a mere three percent had more than 50 employees. We established a research model to investigate how marketing development drivers, which arise from the external business environment, and the internal situational issues at both the company- and entrepreneur-levels, affect the entrepreneurial decision making concerning the entrepreneur-led firms' marketing practices.

Scale validity and reliability

We performed an empirical analysis using the SmartPLS 2.0 by Ringle et al. (2005). Partial Least Squares (PLS) path modeling is a component-based approach that does not require multivariate normal data and places minimum requirements on measurement levels (Tenenhaus et al., 2005). The advantages of PLS include the ability to model multiple constructs, the ability to handle multicollinearity among the independents, robustness in the face of missing data, and the creation of independent latents directly on the basis of cross-products involving the response variables (Chin et al., 2003). PLS helps to avoid biased and inconsistent parameter estimates for equations, because it considers all path coefficients simultaneously and estimates multiple individual item loadings in the context of a theoretically specified model rather than in isolation. It is appropriate when the research model is in an early stage of development and has not been tested extensively (Teo et al., 2003).

We apply Wold's (1982) method of partial least squares to estimate parameters. First, we used Harman's one-factor test to address common method variance (CMV), which can be a problem when both dependent and independent variables are measured in the same survey. We used the variables from the marketing drivers set (independent constructs) and the marketing practices set (dependent constructs) for factor analysis (PCA with Varimax rotation), but did not include the single-item variables that describe the situational factors in the model (see Appendix 1). Factor analysis revealed six factors with an eigenvalue greater than one. Together they explain 62.0 percent of the total variance, and the first factor explains 11.5 percent. CMV is unlikely to be a concern with the data, because no single factor explains most of the variance (Podsakoff and Organ, 1986). Second, we examined composite reliability values (ρ_c) and average variance extracted values (ρ_v) for each first-order latent variable to assess the reliability and validity of the constructs (Table 1).

Almost all composite reliability values were above the recommended level of .70 (Fornell and Larcker, 1981) and most constructs exceeded the recommended .50 benchmark for average variance extracted (Diamantopoulos and Siguaw, 2000). Even though a couple of values fell marginally below the recommended benchmark level, they indicate that the scales perform sufficiently. Table 1 shows correlations for the first-order constructs and single-item variables. We measured marketing development drivers (independent variable) and entrepreneurial marketing actions (dependent variable) as second-order constructs by using Wold's (1982) repeated indicators method, which suggests all items included in the analysis be configured as reflective indicators (Haenlein and Kaplan, 2004).

Table 1 Construct correlations and descriptive statistics of measures

Construct	ρ_v	ρ_c	1	2	3	4	5	6	7	8	9	10	11	12	13
1 PART	.59	.74	(.77)												
2 CUST	.56	.71	.03	(.75)											
3 COMP	.58	.72	.11	.14	(.76)										
4 RELS	.54	.69	.17	.14	.11	(.73)									
5 PUBL	.63	.77	.21	.06	.12	.10	(.79)								
6 OFFS	.65	.79	.20	.16	.10	.16	.21	(.81)							
7 INTL [†]	-	-	.17	-.06	.03	.15	.35	.12	-						
8 SIZE [†]	-	-	-.01	.07	.07	.10	.24	.09	.26	-					
9 AGE [†]	-	-	.04	-.05	-.04	-.02	-.10	.02	-.13	-.29	-				
10 GROW [†]	-	-	.17	.06	.06	.19	.28	.21	.25	-.32	.08	-			
11 EDUC [†]	-	-	.04	.01	-.08	.13	.12	.11	.16	.16	-.04	.09	-		
12 DRVS ^{††}	.40	.66	-	-	-	-	-	-	-	-	-	-	-	-	-
13 ACTS ^{†††}	.44	.69	-	-	-	-	-	-	-	-	-	-	-	-	-

Note: SD = standard deviation; ρ_v = average variance extracted; ρ_c = composite reliability; square root of ρ_v on diagonal (in parentheses); [†] = single-item; ^{††} = second-order #1-3; ^{†††} = second-order #4-6.

To assess discriminant validity, we examined the correlation matrix of the constructs. According to Fornell and Larcker (1981), satisfactory discriminant validity among constructs is obtained when the square root of the average variance extracted is greater than corresponding construct correlations. In our data, the square root of the average variance extracted exceeded their correlations for each pair of first-order constructs. All constructs met the criterion, which supports the discriminant validity of the constructs. PLS path modeling does not include proper single goodness of fit measure, but we used Tenenhaus et al.'s (2005) global fit measure (GoF) for PLS to evaluate it. Whereas the criteria for small, medium, and large effect sizes are .10, .25, and .36, the GoF of our model is .25 indicating a medium effect and an acceptable fit to the data.

Results

Our empirical analysis reveals that the established conceptual model performs well and the results support all our hypotheses except one. According to the results, marketing development drivers (DRVS) from the business environment drive the entrepreneur-led company's EM actions (ACTS) (H1: $\beta=.279$, $p<.001$). However, the firm's EM practices and tactics are also influenced by various internal aspects at two levels. First, internationalization degree (INTL) (H2: $\beta=.212$, $p<.001$) and firm size (SIZE) (H3: $\beta=.052$, $p<.005$) as company-

level aspects have positive effects on marketing actions. The relationship between firm size and EM actions is very small, yet significant. Conversely, firm age (AGE) ($\beta = -.013$, n.s.) is not a significant driver of EM, even though the theory asserts that for young firms marketing is more critical. Second, entrepreneur's growth aspiration (GROW) ($\beta = .220$, $p < .001$) and educational degree (EDUC) ($\beta = .118$, $p < .001$) have significant positive effects on the EM practice in entrepreneur-led firms. Table 2 lists the results for the hypotheses.

Table 2 Results of hypotheses testing

H#	Relationship	Coefficient	t-value	p-value	Support
H1	DRVS \rightarrow ACTS	.28	16.15	<.001	Yes
H2	INTL \rightarrow ACTS	.21	12.35	<.001	Yes
H3	SIZE \rightarrow ACTS	.05	2.97	<.005	Yes
H4	AGE \rightarrow ACTS	-.01	0.81	n.s.	No
H5	GROW \rightarrow ACTS	.22	12.88	<.001	Yes
H6	EDUC \rightarrow ACTS	.12	8.14	<.001	Yes

Note: N=3097; bootstrap samples=500; df=147.

The explanatory power of the model for the dependent constructs were measured by the squared multiple correlations value (R^2). Marketing development drivers, company-specific factors, and entrepreneur-specific factors explain 27 percent of the variation in EM actions, which is considered acceptable. Implications of the results are discussed in the following.

Discussion

The purpose of this research was to investigate EM drivers and actions in entrepreneur-led companies. In the study, we pointed out that there is a need to understand two interfaces: the interpretation interface between markets and entrepreneurial decision-making, and the actions interface between entrepreneurial decision-making and marketing outcomes. Therefore, we explored the link between marketing development drivers that arise from the interpretation of the pressure from business environment in terms of partners, customers, and competitors and the company's EM practices in terms of relationship marketing, public relations, and offerings development. In addition to the effect of these external factors on marketing practices, we investigated the role of internal factors on EM at both the company- and entrepreneur-levels.

Our empirical study of 3097 entrepreneur-led firms in Finland showed that external pressure from important actors in the market- and marketing environment have a significant effect on a small firm's marketing practice. Entrepreneurial decision-making in small firms is strongly dependent on the entrepreneur's ability to interpret changes and signals in the business environment; namely the needs and wants of its customers and partners, as well as the competitive trends and competitor's actions in the market. Understanding these contextual factors define whether and how an entrepreneur-led company can response to the market turbulence through entrepreneurial marketing. Typical marketing response includes investing into relationship marketing, public relations, and new product and service development.

The study also showed that several internal factors have an effect on the EM decisions in addition to the interpretation of market pressure. At the company-level, increasing internationalization of firms due to the market globalization leads increased EM actions. This may be due to that entering into markets beyond national borders is more and more a must for

many businesses, yet it is highly risky, costly, and requires specific resources, skills and competences as well as active marketing programs to secure the impact and returns of marketing. Albeit larger companies have more resources than small firms and our analysis showed a positive connection between firm size and marketing actions, the effect is marginal. In addition, firm age did not show a significant connection with EM actions.

At the entrepreneur-level, our results showed that the entrepreneur's traits and personality has an effect on the company's marketing actions. The entrepreneur's growth aspirations will significantly increase investments into a small firm's EM practices. This may be due to that growth-orientation reflects the individual's willingness to take risks, because high-growth often comes with risks and unpredicted challenges. On the other hand, the entrepreneur's level of education affects the company's marketing actions. We anticipate that entrepreneurs with a high education are more knowledgeable of different marketing practices and their potential and leverage than those with a lower educational level. This may be especially true when it comes to digital marketing and partnering with different kind of market actors.

Implications

The results of this study have interesting implications to theory and practice. Entrepreneurial marketing is a concept which so far has been hard to grasp (Kurgun et al., 2011). This study gives empirical support to the notion by, e.g., Kurgun et al. (2011) who suggest that EM represents an exploration of ways in which entrepreneurial attitudes and behaviors can be applied to the development of marketing strategy and tactics. Our study points out that the interpretation of environmental pressures in terms of entrepreneurial understanding of immerse needs and market changes is a key aspect in explaining the forms of entrepreneurial action taken in companies. However, this only explains the choices partially, as company-level enablers and restraints as well as the entrepreneur's personal traits, competences and motivations are essential in entrepreneur-led firms.

Furthermore, Hills and Hultman (2011) emphasize that today small business marketing focuses on the behavior of a small business owner running the business as a basic operation, and EM focuses on the behavior of an innovative entrepreneur who continuously strives for growth. Our results support this conception by implicating that the entrepreneur's growth aspiration is an essential driver of the company's marketing. Moreover, we showed that firm size does matter – at least marginally – but in a way that is different from the assumption that many entrepreneurial marketing scholars hold. We see that EM is not a small firm thing only; rather the large firm size provides entrepreneur-led companies with more resources for conducting entrepreneurial action. In this vein, we suggest that EM be connected more firmly with entrepreneur- or owner/manager-led companies of any size and maturity.

Business practitioners can benefit of our results in at least two ways. First, they can learn which aspects to focus when pursuing to filter and understand turbulent business environments that are characterized by rich information and emergent needs from the marketing point of view. Our study suggests that firms need to consider not only customer needs and competition, but partners' requests as well. Second, practitioners can understand what the balance between company- and entrepreneur-level aspects in entrepreneur-led firm's marketing decisions is, and how it affects the marketing outcomes; and that entrepreneurial marketing is a feature for entrepreneurial companies at any point of maturity. Companies and their entrepreneurs that are faced by internationalization needs or that aim at a high-growth must prepare for a significant increase in marketing investments and actions. Third,

policymakers and educators from both private and public sectors can understand that by increasing the entrepreneur's educational level they may be able to promote the growth of small businesses in the society. This is due to that entrepreneurs with a high education are inclined to invest more in marketing, which is generally accepted as an antecedent of success and growth in the market.

Limitations and future research

No study is without limitations. A major limitation with this paper is that validity of some of the constructs in our analysis was at the low edge as compared to recommended values. We anticipate that this is partly due to the PLS method that we used for the analysis of the large data. It suits well for this type of research, but a smaller data set could work better. We believe that testing the model with a random subset taken from the full data will provide better values in regard to validity. We are also able to provide a few ideas for future research. As the study shows that the entrepreneur's growth aspirations have a remarkable impact on the company's EM practices, future studies should examine how these practices differ between fast-growth firms and those that reflect slow or no growth. Furthermore, in concordance with the notions by Collinson and Shaw (2001), we suggest that research on EM should focus on the effect of networking with customers and partners, because it is connected to several key aspects of marketing practice, such as entrepreneur's product, pricing, and promotional decisions. In addition, the ever more popular open innovation paradigm raises interesting implications to networking in the EM context, as open innovation networks include customers, partners, and other actors all collaborating for marketing and innovation. They may have remarkable effects on small firms' EM practices and tactics.

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APPENDIX I

Table 3 List of measurement items and factor loadings (PCA w/ Varimax)

<i>Construct</i>	<i>Factor loading</i>	<i>Response options</i>	<i>Item</i>
Marketing development drivers (DRVS)			
Partners (PART)	.80	ii)	Our key marketing challenge is to find new partners for collaboration
	.44	ii)	Our key marketing challenge is to develop the supply/distribution chain
Customers (CUST)	.74	ii)	Our key marketing challenge is to recognize customer needs and wants
	.60	ii)	Our key marketing challenge is to develop our extant customer relationships
Competitors (COMP)	.80	ii)	Our key marketing challenge is to respond to the increased price competition
	.63	ii)	Our key marketing challenge is to know the competitors in our market domain
Entrepreneurial marketing actions (ACTS)			
Relationship Marketing (RELS)	.73	ii)	Our marketing practices emphasize personal selling through close relationships
	.62	ii)	Our marketing practices emphasize networking with partners and customers
Public Relations (PUBL)	.76	ii)	Our marketing practices emphasize participation in fairs and exhibitions
	.75	ii)	Our marketing practices emphasize sustaining a corporate website
Offerings (OFFS) Development	.83	ii)	Our marketing practices emphasize differentiation of products and services
	.72	ii)	Our marketing practices emphasize developing and launching new offering ideas
Company-specific factors			
Internationalization (INTL)	i)	iii)	The main market area of our company is...
Firm size (SIZE)	i)	iv)	The number of employees in our company...
Firm age (AGE)	i)	v)	Our company was established in...
Entrepreneur-specific factors			
Growth aspiration (GROW)	i)	vi)	My plans for business growth is that our company...
Education (EDUC)	i)	vii)	My educational background is...

Notes:

i) Single-item variable

ii) The response options ranged from 0 = "not significant" to 1 = "significant".

iii) 1 = "local", 1 = "regional", 3 = "national", and 4 = "international".

iv) 1 = "1", 2 = "2-4", 3 = "5-9", 4 = "10-19", 5 = "20-49", and 6 = "50 or more".

v) 1 = "1995 or earlier", 2 = "between 1996 and 2000", and 3 = "2001 or later".

vi) Reversed from the original scale; 1 = "will cease its operation within one year", 2 = "does not pursue growth", 3 = "neutral", 4 = "pursues growth if possible", and 5 = "has strong growth-aspirations".

vii) 1 = "comprehensive school; primary school or equivalent", 2 = "secondary education; vocational school", 3 = "upper secondary education; gymnasium", 4 = "college", 5 = "tertiary education; polytechnic", and 6 = "tertiary education; university degree".