Entrepreneurial Marketing – Often described, rarely measured
A proposal for an operationalization of Entrepreneurial Marketing in SMEs based on established frameworks in the literature

1. Purpose

Based on the literature, until now Entrepreneurial Marketing (EM) has been seen from two different perspectives, but it is not yet clear which perspective will prevail (Kraus et al. 2008). The first perspective shows EM as a special marketing for start-up enterprises and is thus characterized by the age and size of a company (Kraus et al. 2011). The second perspective defines EM as “proactive, identification and exploitation of opportunities” which use “innovative, risk-taking, unplanned, non-linear, visionary marketing action” (Morris et al. 2002). According to the Resource-based View it is important for the long-term success of a company to have strategically valuable, unique and imitable resources (Barney, 1991). Therefore, EM can be seen as a resource, which can create competitive advantages. There is no generally accepted definition of EM, but the author of this article agrees with Kraus et al. (2008) who claims that you cannot restrict EM to factors such as age and size (Chell et al. 1991) and thus the following definition will be used:

“…EM represents a different approach to envisioning the business itself, its relationship with the marketplace and the role of marketing function within the firm (Morris et al., 2002).”

Thus, Entrepreneurial Marketing can be viewed as a strategic entrepreneurial posture or behaviour in marketing, which is represented by an individual and/or organisation (Chaston, 2000; Gruber 2004).

Amongst others, an essential milestone in the research of EM was the first Marketing and Entrepreneurship Conference in 1982. Since that time, EM has become more and more important. Other essential milestones included the publication of the first article in the Journal of Marketing with a direct focus on entrepreneurship (Dickson & Giglierano, 1986) and in 1999, the founding of the Journal of Research in Marketing and Entrepreneurship. Consequently, increased acceptance of EM in the scientific community was achieved. (Hills et al., 2008) Up to now, the EM area of research has generated a large number of conceptual articles (Eggers et al., 2009). In spite of the milestones (Hills et al., 2010) and numerous publications (Eggers et al., 2009), EM is still regarded as a young science (Gruber, 2004). Perhaps one possible explanation for this is maybe the lack of established quantitative measurement (Eggers et al., 2009; Finotto et al., 2010), because qualitative approaches were primarily used (Collinson & Shaw, 2001). The intention of this article is to fill the gap in the existing research on the quantitative measurement of EM.

2. Theoretical background

The outcome of the literature review (carried out in January 2011) did not identify a generally accepted quantitative measurement of Entrepreneurial Marketing. However, some researchers show conceptual frameworks for the measurement of EM, which are for the most part the basis for this measurement proposal. As detailed below, the most common concepts are shown in a chronological order and all dimensions or rather pillars are shown in table 1.
According to Bjerke and Hultman (2002) the conceptual framework for entrepreneurial marketing is based on four pillars (see table 1): entrepreneurship, resources, actors and process. Entrepreneurship refers to why and how opportunities can be realized and thus, implemented in the customer value creation. Resources (e.g. cooperation with partner or information) are necessary to first create customer value. Next to the resources, the pillar actors is also important for the realization of the value creation. At least, processes are relevant in order to create customer value. For those a complex mixture of processes is required, starting with the planning through to the implementation. (Bjerke & Hultman, 2002)

In contrast, Morris, Schindehutte & LaForge (2002) identifies seven EM dimensions to measure EM (see table 1). Based on the Morris et al. (2002) article four dimensions, namely proactiveness, risk-taking, innovativeness and opportunity-focus arise from the entrepreneurial orientation (EO) literature and the dimensions of customer intensity and value creation arise from the market orientation (MO) literature. The framework is extended to the dimension resource leveraging, but there is no reference to established or newly developed scales (Morris et al., 2002) Later, Kocak (2004) carried out a quantitative measuring of EM and based his research on Morris et al. (2002) findings.

Further, Jones and Rowley (2009) try to explore the entrepreneurial marketing orientation in SMEs with the EMICO framework. This is divided into fifteen dimension based on the literature of entrepreneurial orientation (EO), market orientation (MO), innovation orientation (IO) and customer/sales orientation (CO/SO). After creating this framework, the EMO model was developed. The four components (EO, MO, IO and CO) were merged in this model, but the EMO model resulted from an analysis of the individual scales in different business areas of SMEs and their overlaps. (Jones & Rowley, 2011)

<table>
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<tr>
<td>Four pillars including opportunities and value creation:</td>
<td>Seven dimensions based on EO, MO and resource leveraging:</td>
<td>Fifteen dimensions based on EO, MO, IO, CO/SO (EMICO framework):</td>
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<td><em>Entrepreneurship</em></td>
<td><em>Proactiveness</em></td>
<td>Research and development / speed to market / risk taking / proactiveness, proactively exploiting markets / market intelligence generation / responsiveness toward competitors / integration of business processes / networks and relationships / knowledge infrastructure / propensity to innovate / responsiveness toward customers / communication with customers / understanding and delivering customer value and promotion and sales</td>
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<td><em>Resources</em></td>
<td><em>Opportunity-focused Calculated risk-taking Innovativeness</em></td>
<td>Extended approach: EMO Model (EO, MO, IO and CO)</td>
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<td><em>Actors</em></td>
<td><em>Customer intensity Resource leveraging Value creation</em></td>
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<tr>
<td><em>Processes</em></td>
<td><em>EO, MO + dimension resource leveraging</em></td>
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Table 1: Different frameworks and their synergy
As we have seen in table 1, the above frameworks show an overlap in a number of dimensions. Further theoretical refurbishment is necessary to illustrate this overlap in more depth. In this article, the measuring of entrepreneurial marketing is based on the framework developed by Morris et al. (2002) with modification (see section 3 – operationalization of EM).

3. **Method**

To identify the relevant frameworks and subsequently the operationalization of the items a literature review was carried out, using EBSCO. Overall, 129 articles were found, which were directly or indirectly related to the topic entrepreneurial marketing. Following this, to measure entrepreneurial marketing the individual dimensions were determined based on Morris et al. (2002), since his framework has been described in detail and thus has been the most appropriate for this study.

Beginning with the original framework, Morris et al. (2002) split EM into *seven dimensions*, opportunity-focus, proactiveness, innovativeness, customer intensity, calculated risk-taking, resource leveraging and value creation, which are fleshed out with several scales for six dimensions (Miller & Friesen, 1983; Covin & Slevin, 1994; Morris & Sexton, 1996; Zahra & Garvis, 2000 (EO) and Jaworski & Kohli, 1993; Slater & Narver, 1995; Han et al., 1998 (MO)). In contrast, the dimension resource leveraging is only described at the level of action or implementation, so the development of this scale at a higher level is still missing. Furthermore, the Morris et al. (2002) framework includes the dimension opportunity-focus. Research results from recent studies have revealed that more than just recognizing the opportunities and possibilities in the market is necessary (Eggers et al. 2009). In fact, a change in market structure and behavior of market participants must be created in order to permanently influence the market (Stolper, 2007). In addition, recognizing market opportunities before the competitors do, leads customers into a new direction (Kraus et al., 2008; Rößl et al., 2009).

With the most recent research findings in mind, an adaption on the Morris et al. (2002) framework has carried out. First, the dimension opportunity-focus was replaced by market driving. Second, the dimension resource leveraging was brought to a higher level than the operational level. As figure 1 shows, all seven dimensions are aggregated to the four variables: entrepreneurial orientation (EO), market orientation (MO), resource leveraging (RL) and market driving (MD). Consequently, these variables are aggregated to EM.

![Figure 1: designed EM construct](image-url)
Finally, the scales were translated into German (translation and back translation) and were pretested with seven owner-managers of SMEs in Austria. The items in the questionnaire were measured with seven-point Likert scales (1 = strongly disagree, 7 = strongly agree).

Data for the study were collected through an online survey sent to owner-managers of Austrian SMEs in the manufacturing sector (with the aid of the database AURELIA (ÖNACE-categorization; section C; SMEs between 10 and 249 employees)). The survey population resulted in 4,069 SMEs. Before the questionnaire was sent online, all 4,069 SMEs were contacted by telephone and asked for their contribution. 2,092 SMEs agreed (51,41%) to take part in this study. 749 owner-managers accessed the survey, which resulted in 318 questionnaires that were returned, constituting an effective response rate of approximately 15%.

4. Results

First, the proposed measurement of EM (figure 1) was tested using reliability analysis with Cronbach’s alpha. The appropriate scales included 31 items (Matsuno et al. (2002) (EO); Narver et al. (2004) (MO); own developed scale, based on Morris et al. (2002) (RL); own developed scale, based on Stolper (2007) (MD)) achieved an alpha of 0,762.

Second, descriptive statistic shows the mean is 4,15. Although, the distribution has a left-skew distribution (-0,209), it is very similar to the Gaussian distribution. The range of the measured EM construct is 4,45, with a minimum of 1,92 and a maximum of 6,36. The median is 4,1786 and the modus is 3,31.

Third, in order to analyze the data and validate the scale a confirmatory factor analysis was used to purify items. The KMO value is 0,910 (p= 0,000). As figure 3 shows, the four factors: market orientation (factor 1), customer orientation (factor 2), external resource leveraging (factor 3) and risk-taking propensity (factor 4) were identified in the rotated factor matrix. All items of proactiveness, market driving and value creation loaded on factor one. The reason seems to be clear, as Kraus et al. (2008) and Rößl et al. (2009) demonstrated that it is very important to recognize market opportunities before competitors do this and thus, leading customers into a new direction (Kraus et al., 2008; Rößl et al., 2009). Next, all seven items in the questionnaire of customer intensity loaded on factor two and all five items in the questionnaire of resource leveraging loaded on factor three. Further, all three items of risk-taking loaded on factor four and one item of innovation also loaded on factor four. The reason could be that the wording of this item is strongly associated with the dimension of risk-taking. The item innovation had to be eliminated from the factor analysis. As can be seen from figure 1, six of seven suggested dimensions in the measurement of EM are also relocated in the factor analysis (see figure 3). The output of the factor analysis is the creation of four new variables: market orientation, customer orientation, external resource leveraging through business relations, risk-taking propensity (of owner managers), which are aggregated to EM.
Finally, some descriptive statistic findings of the new EM construct (figure 3) are shown. The mean is 4.21. Although, the distribution has a left-skew distribution (-0.280), it is very similar to the Gaussian distribution. The range of the measured EM construct is 4.33, with a minimum of 1.82 and a maximum of 6.14. The median is 4.2482 and the modus is 3.55.

5. Conclusions of the work

To sum up, the intention of this research was to develop an entrepreneurial marketing scale based on Morris et al. (2002). The dimension opportunity-focus was eliminated because the change in market structures and behavior of market participants had to be created in order to influence the market permanently (Stolper, 2007). Therefore, the dimension opportunity-focus was replaced by market driving. Morris et al. (2002) described the dimension resource leveraging on an operational level. For this measurement resource leveraging is brought to a higher level. The developed measurement of EM achieved a Cronbach’s alpha of 0.762. To analyze the data a confirmatory factor analysis was used (KMO 0.910; p= 0.000). As figure 3 shows, six of seven suggested dimensions in the measurement of EM are also relocated in the factor analysis. Market orientation, customer orientation, external resource leveraging and risk-taking propensity arise as new measurement of EM.

This is the first study in Austria (SME’s; manufacturing industry) which measures EM and suggests a new proposal for the scientific community. Based on the literature, there is no generally accepted definition of EM at the moment. Section 2 (theoretical background) shows that the recognition of market opportunities leads customers into a new direction. Therefore, questions for further exploration of the topic would be:

- Is there a connection between the type of industries and EM?
- Would cultural differences (Europe/America) affect the definition of EM and thus the operationalization of EM?
- Are there differences between EM in B2B or B2C markets?

The limitations of this study are twofold: size and country specific differences. The measurement of EM has been tested only on Austrian SME’s. Therefore, country specific differences are possible. Also, differences in results can arise between research in SME’s or larger companies.
References


