

# The Role of Attitude Toward Marketing and Marketing Practice on Marketing Performance: A Theoretical Framework Development for SMEs

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**Abstract**— Entrepreneurial marketing is known as implementation marketing in Small Medium sized Enterprises (SMEs). Many scholars investigated the entrepreneurial marketing issue in various contexts and environments. Previous studies found an inadequate marketing practice in SMEs. Then the research results concluded differences marketing practices between large size firms and SMEs. The nature of SME cause the behavior issue such as attitude toward marketing became one element that involve in marketing practice. The objective of this paper is to develop a conceptual model to improve marketing performance. This paper contributes to entrepreneurial marketing literature in exploring the influence of marketing attitude and marketing practice toward marketing performance.

**Keywords**—*Entrepreneurial Marketing, SME; Marketing Attitude*

## I. INTRODUCTION

A huge number of literature shows the evidences that SMEs play an important role in economics worldwide. In crisis economy situation, SMEs demonstrate their survival ability. As shown by larger size firms, marketing also relates to SME survival and success [1] [2]. Marketing is one of significant problem in SMEs [3] [4]. The problems were identified including knowledge about customer behaviour and customer attitude, segmentation, planning process, marketing strengths, and promotion [3].

Marketing in SME is still not supported by established theory [4] [5]. Mostly marketing theory refers to conventional marketing and relates to marketing practice in large firms. This theory is not easy to apply in SMEs. The difficulty is caused by SME characteristics such as simple structure with unclear hierarchy in decision making, limited financial and capital resources, knowledge, experience and skill of human resource [4]. [6] identified the nature of SMEs based on organizational perspectives such as, more flexible and simpler than the larger size firms. [7] further added there was limited market power in SMEs.

In marketing practice, SME more focuses on sales, informal networking, and word of mouth promotion [8]. Consequently, marketing in SME differs from larger firms [8] [9] [10]. [7]

found entrepreneurs or owners involve are dominant in SME activities. Therefore, marketing in SMEs should be associated with entrepreneur aspect, then it known as Entrepreneurial Marketing [2].

## II. DISCUSSION

### A. Entrepreneurial Marketing

Entrepreneurial marketing (EM) is known as adaptation of marketing theory to the certain needs of SMEs [1] [11]. [12] emphasized EM is theory that involved entrepreneurship and marketing discipline. The integration between those two discipline was firstly published on the first marketing and entrepreneurship research conference in University of Illinois Chicago in 1982 [13] [14]. More three decades the linkage between marketing and entrepreneur is an emerging theme in the literature and become generally accept-ed theory [15]. However, definition of EM is still in discussion [14].

There is a variety definition of EM. [16] defined EM as marketing process in SMEs to find and response the opportunities in market. EM is a construct that developed as marketing activities alternative in SME [17]. In addition EM is used to represent an entrepreneurial implementation of marketing process. That's opinion supported by [18] who noted EM as the marketing of small firms growing through entrepreneurship.

[17] furthermore claimed EM is "proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation". EM synthesized into seven dimensions namely: proactiveness, calculated risk taking, innovativeness, opportunity focus, resource leveraging, customer intensity and value creation [17]. Those dimensions can be classified become two elements of entrepreneurship and marketing element [19]. Entrepreneurship element represented by pro-activeness, calculated risk taking, innovativeness, opportunity focus, and resource leveraging. Marketing element consists of customer intensity and value creation.

According to [20], EM consists of six elements namely: market orientation, entrepreneurial orientation, learning orientation, growth aspiration, environmental uncertainty and networking. From the behavioral perspective, [21] emphasized EM as an interface of two disciplines of marketing and entrepreneurship that involved entrepreneurial marketing behavior. Previous studies not only found the association of marketing and entrepreneurship but also the reciprocal influence of both [22] [23]. Next section will discuss marketing practice and behavioral aspect of entrepreneur such as attitude toward marketing.

### B. Marketing performance

Marketing is important issue for all type of organization including SMEs. Many studies show the evidence that marketing determines the firm success. [3] suggested evaluate and measure the marketing performance. Therefore, marketing performance is an important issue to discuss especially in SMEs that having some limitation in nature to apply conventional marketing. Further investigation has to focuses on improving marketing performance.

Previous studies developed a variety marketing performance measure. There is increasing number of marketing performance discussion in literature [24]. Generally, the measure can be classified become four aspects, namely: financial, non-financial, input and multiple measures [25]. Furthermore [25] explained four dimensions used to measure financial performance were profit, sales, revenue, cash flow. And six dimensions for measure non-financial were market share, quality of service, adaptability and customer satisfaction, customer loyalty, and brand equity. And four dimensions are utilized for input measure are: marketing asset, marketing audit, marketing im-plementation and marketing orientation. The last dimension is multiple measures that consist of efficiency, effectiveness, and multivariate analysis.

Recent study of [26] stated three aspects of marketing performance, they are: sales growth, market share and profitability. [27] only used market growth to measure marketing performance of SME in Indonesia.

This paper adopts five marketing performance measure from combination of the studi of [28] [29] [30] [31] [32] [33]. The measure can be classified become financial performance (sales and profit growth) and non-financial performance (customer growth, new product and new market). This measure developed based on entrepreneur perception toward the increasing of sales growth, profit growth, customer growth, new product and new market on the last three years compare to competitors [34]. [17] claimed both financial and non-financial performance associated with EM. Since EM consists of marketing and entrepreneur aspect, next section will discuss marketing practice and behavioral aspect of entrepreneur such as attitude toward marketing.

### C. Marketing practice

Marketing practice reflected by daily business activities [4]. In the marketing literature, conventional marketing that adopted in every day operations by large firms is difficult to apply in SMEs. As one of management function, conventional marketing relates to other function such as manufacturing and

financing. There is a problem for SME firms with limited worker to apply those functions separately. [17] identified the nature of marketing practice in SMEs is un-planned, non-linear and based on visionary of entrepreneur.

Recent study [26] follow opinion of [8] and [35] that classified marketing practices become four activities, namely: transaction marketing, data-base marketing, interaction marketing and network marketing. However, [10] explained marketing activities in SMEs dominated by networking.

[12] suggested 13 marketing activities as follow:

1. Relationship marketing
2. Customer orientated
3. Market development
4. Product development
5. Brand management
6. Reputation management
7. Market segmentation
8. Market penetration
9. Pricing strategies
10. Sales orientated
11. Production orientated
12. Direct marketing
13. Other related marketing activities

In line with the study of [4] that investigated how marketing concept put into practice in SMEs, [36] have been suggested three components of market orientation to evaluate marketing practice in that firms. Three components consist of customer orientation, competitor orientation and inter-functional co-ordination. [36] further suggested 12 indicators of market orientation utilized to measure marketing practise in 5 point scales (1 = no extent at all, 2 = very small extent, 3 = small extent, 4 = large extent and 5 = very large extent). Twelve indicators namely:

1. Customers needs requirements
2. Customers preferences
3. Customers expectations
4. Customers satisfaction
5. Relationship building
6. Reliance on customers for opportunities
7. Information for planning
8. Information for continuous improvement
9. Information for providing quality service
10. Information for ensuring customer satisfaction
11. Information for improving your product
12. Information for developing new product

This paper follows [36] in measuring marketing practice and use previous research finding [37] that stated marketing practice such as promotion influenced marketing performance to proposed the hypothesis. Another study that found association between marketing activities and SME performance [7] also used as bases to formulate the following hypothesis:

H1: Marketing practice has positive influence on marketing performance

### D. Attitude toward marketing

Attitude is subjective predisposition that explains favorable and unfavorable manner toward object in organization [38]

[39]. As entrepreneur psychology aspect, attitude is growing issue in SME literature. [40] and [41] found the dominant role of entrepreneur in take decision. Another study pointed out an involvement of entrepreneurial spirit in EM [42]. In addition, [43] reported the effect of entrepreneur personality and style toward decision making.

Relate to the influence of entrepreneur psychology aspect in SME performance, this paper employs previous studies of [40] [41] [42] since the success SMEs determine by behavior entrepreneur toward implementation of marketing activities. Therefore, this paper proposes the following hypothesis:

H2: Attitude toward marketing has positive influence on marketing performance

Attitude toward marketing is interesting to explore, because its effect to marketing practice is in discussion. [17] suggested entrepreneurial attitude and behavior are antecedents of marketing activities. [44] found the limited marketing practice in SME in con-quence of lack of attitude toward marketing. In other word there is positive association between attitude toward marketing and marketing practice. The influence of attitude toward marketing on marketing practice is supported by [45] who found the linkage of marketing practice and entrepreneurial behavior. However, [46] claimed attitude has not effect on entrepreneurs' intention to implement a marketing practice. This paper utilizes research finding of [44] and proposes the following hypothesis:

H3: Attitude toward marketing has positive influence on marketing performance

[4] suggested attitude toward marketing in five dimensions and eleven statements to measure entrepreneur's attitude in SME. Eleven indicators which are developed in 5 points Likert scale with 1 = strongly disagree, 2 = disagree 3 = neutral, 4 = agree, and 5 = strongly agree, namely:

1. Fit of marketing to SME
  - a. marketing is done in large organization
  - b. our firm does not need marketing
  - c. marketing is an integral part of our business
2. Fit of marketing to everyday business operation
  - a. marketing is done daily in our firm
  - b. every employee is a marketer of our firm
3. Usefullness of marketing
  - a. marketing is usefull to our business operation
  - b. marketing promotes the selling of the firm's products and services
4. Marketing knowledge
  - a. we have enough knowledge about marketing
  - b. we exploit marketing sufficiently in our business operation
5. Scope of marketing
  - a. marketing means generally advertising
  - b. every customer is equally important to our firm.

Based on three proposed hypothesis, this paper predicts influence attitude toward marketing and marketing practice on marketing performance. Then, this paper develop the linkage model as follow:

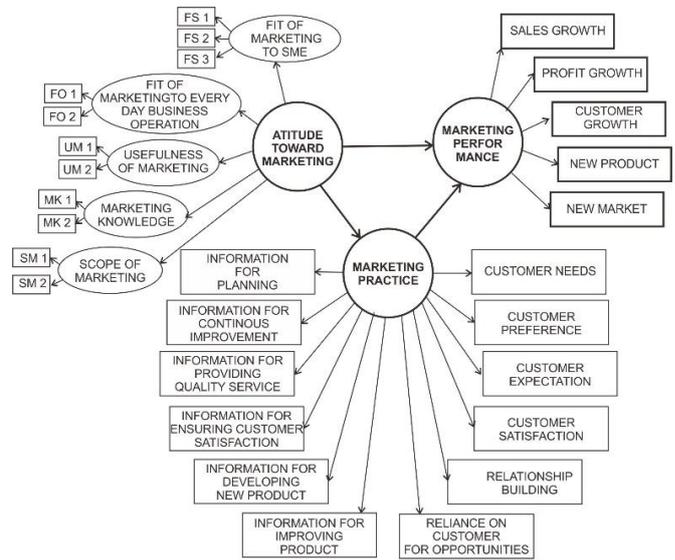


Figure 1. Theoretical framework of influence attitude toward marketing and marketing practice on marketing performance

### III. CONCLUSION

The aim of this paper is to develop theoretical framework to show the linkage between two aspects of EM namely entrepreneur and marketing aspect. Utilizing previous relevant studies, this paper has proposed three hypotheses of attitude toward marketing positively influence marketing practice and marketing performance, then marketing practice positively influence marketing performance. Therefore, attitude toward marketing and marketing practice expected as antecedents of marketing performance. Both of them are controllable aspect. Consequently, to improve marketing performance owner or entrepreneur has to take the program to modify the attitude and improve marketing knowledge.

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