Identifying and ranking the factors affecting entrepreneurial marketing to facilitate exports

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C H R O N I C L E	A B S T R A C T
	Small and medium enterprises (SMEs) are believed the most important components of today's businesses and they can boost the growth of economy. This paper presents an empirical investigation to identify and rank important factors influencing on entrepreneurial marketing to facilitate exports of SMEs. The study designs a questionnaire in Likert scale and distributes it among 387 randomly selected entrepreneurs who act as managers of some SMEs in city of Tehran, Iran. Cronbach alpha is calculated as 0.873, which is well above the acceptable level. Using principle component analysis, the study has determined four factors including competitive intelligence, competitive advantage, external factors and internal factors to facilitate the export of SMEs.

1. Introduction

During the last few years, there have been extensive efforts on detecting important factors for stimulating small and medium enterprises (SMEs) (Nikfarjam & Zarifi, 2015). Knight (2000) investigated the interrelationships of entrepreneurial orientation, marketing strategy, tactics, and organization performance among SMEs influenced by globalization. Oparaocha (2015) investigated the effect of the applying of institutional networks by SMEs in the context of international entrepreneurship (IE). The study shed light into SMEs' awareness of, reaching to, and actual implementation of the resources available through institutional networks and whether these were inducements or deterrents for entrepreneurial activities in foreign markets. A qualitative study design using a multiple case study method was implemented to examine five internationalized SMEs from Sweden and Finland. The results recommended that institutional network relationships had a positive impact on the internationalization process of SMEs. Nevertheless, the effect was continuous and intertwined in various stages of the internationalization process.

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Öztamur and Karakadılar (2014) explored the role of social media for SMEs as a new marketing strategy tool for the firm performance perspective. They concentrated on a case study incorporating the comparison and analysis of totally four American and Turkish companies' Facebook and Twitter accounts according to the number of likes and followers, richness of content, interaction with customers and the use of language. They reported that the common problems of the Turkish SMEs were associated with using formal language during the customers' communication process and generating unattractive content lacking richness to absorb their customers' attention in their social media activities.

According to Zaridis and Mousiolis (2014), theories developed about Entrepreneur and SME highlight the relative importance of certain factors like "business size, market share, management and ownership, data associated with the survival and competitiveness of SMEs, potential fundraising, sales, profitability and liquidity, lack of skilled personnel in the industry, distribution channels data and market information, barriers to entry in certain markets, changes taking place in markets, birth of niche markets, operation in a niche, closed or protected local or regional market, data on acquisition of a business, use of innovation or new technologies, organizational structure, customers, suppliers, creditors and relationship with public institutions and policies, lack of confidence in external consultants, resources control, networking and clustering".

Tzoulis et al. (2013) explained the implementation of some modern marketing tool, a database named as WooDB in SMEs. Zehir et al. (2015) studied the relationship between market orientation, innovation capability and export performance as well as the mediator effect of innovation ability on the relationship between market orientation and export performance with an implementation on SMEs in Turkey. They reported that innovation capability had a partial mediator impact on market orientation dimensions and export performance. The results indicated that SMEs could be able to reach competitive advantage through improving a market-driven innovation capability. Tsai and Kuo (2011) proposed an integrated model to address the constraints of itemized annual budgets in an empirical case study of entrepreneurship policy for SMEs in Taiwan. The results indicated that incubator center, financial assistance, and knowledge-sharing platforms could help policy makers evaluate and select feasible entrepreneurship policy mix.

2. The proposed study

Small and medium enterprises (SMEs) are believed the most important components of today's businesses and they can boost the growth of economy. This paper presents an empirical investigation to identify and rank important factors influencing on entrepreneurial marketing to facilitate exports of SMEs. The study has accomplished among the managers of SMEs who were active in city of Tehran, Iran. The sample size is calculated as follows,

$$N = Z_{\alpha/2}^2 \frac{p \times q}{e^2}, \tag{1}$$

where N is the sample size, $p = 1 - q$ represents the probability, $z_{\alpha/2}$ is CDF of normal distribution and finally ε is the error term. For our study we assume $p = 0.5, z_{\alpha/2} = 1.96$ and e=0.05, the number of sample size is calculated as N=384. The study designs a questionnaire in Likert scale and distributes it among 387 randomly selected entrepreneurs who act as managers of some SMEs in city of Tehran, Iran. Cronbach alpha is calculated as 0.873, which is well above the acceptable level. In addition, Kaiser-Meyer-Olkin Measure of Sampling Adequacy yields a Chi-Square value of 3142.45 with Sig. = 0.000. Table 1 shows the results of Communalities. As we can observe from Table 1, all values are greater than 0.5 and these variables are used for the implementation of principle component analysis. Table 2 shows the results of our findings. Fig. 1 also shows the results of Scree plot.

Table 1
The summary of Communalities

	Initial	Extraction		Initial	Extraction
VAR00002	1.000	.560	VAR00016	1.000	.661
VAR00003	1.000	.553	VAR00018	1.000	.546
VAR00004	1.000	.559	VAR00019	1.000	.598
VAR00007	1.000	.833	VAR00020	1.000	.533
VAR00008	1.000	.954	VAR00021	1.000	.833
VAR00009	1.000	.955	VAR00022	1.000	.954
VAR00010	1.000	.935	VAR00023	1.000	.955
VAR00011	1.000	.726	VAR00024	1.000	.935
VAR00012	1.000	.980	VAR00025	1.000	.726
VAR00013	1.000	.805	VAR00026	1.000	.980
VAR00014	1.000	.966	VAR00027	1.000	.805
VAR00015	1.000	.585	VAR00028	1.000	.966

Table 2
The summary of principle component analysis

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.608	23.366	23.366	5.608	23.366	23.366	3.148	13.117	13.117
2	3.534	14.725	38.092	3.534	14.725	38.092	2.456	10.235	23.352
3	2.487	10.364	48.455	2.487	10.364	48.455	2.361	9.836	33.188
4	1.882	7.843	56.298	1.882	7.843	56.298	2.279	9.494	42.682
5	1.802	7.510	63.808	1.802	7.510	63.808	2.269	9.454	52.136
6	1.349	5.620	69.428	1.349	5.620	69.428	2.196	9.151	61.287
7	1.182	4.925	74.353	1.182	4.925	74.353	2.110	8.792	70.079
8	1.060	4.418	78.772	1.060	4.418	78.772	2.086	8.693	78.772
9	.992	4.135	82.907						
10	.888	3.700	86.607						
11	.728	3.034	89.641						
12	.595	2.481	92.122						
13	.555	2.313	94.434						
14	.496	2.068	96.502						
15	.491	2.046	98.548						
16	.348	1.452	100.000						
17	1.751E-016	7.297E-016	100.000						
18	9.698E-017	4.041E-016	100.000						
19	1.404E-017	5.850E-017	100.000						
20	-2.617E-017	-1.091E-016	100.000						
21	-3.059E-017	-1.274E-016	100.000						
22	-7.398E-017	-3.082E-016	100.000						
23	-1.069E-016	-4.456E-016	100.000						
24	-2.703E-016	-1.126E-015	100.000						
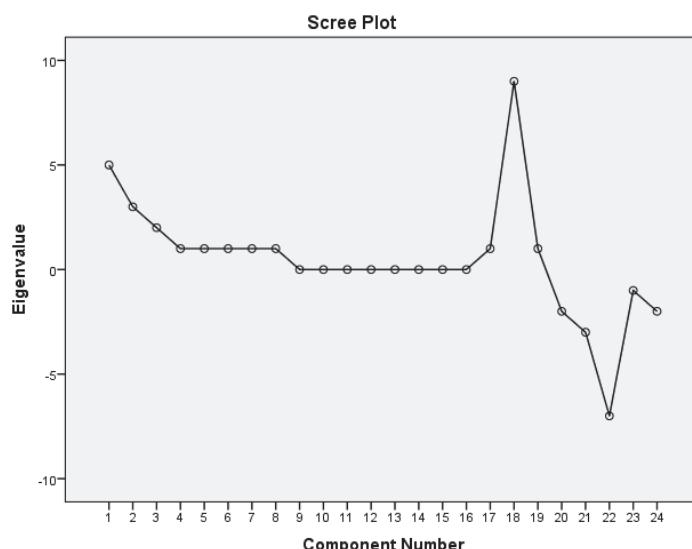
Fig. 1. The results of Scree plot

Table 3
The results of principle component analysis using Varimax rotation

	1	2	3	4	5	6	7	8
Know-how of employee	.388					.616		
Product diversification						.667		
Firm age						.675		
Geographical distance		.485		.389		.553		
foreign markets information		.943						
Distribution network				.959				
Legal requirement			.914					
Product quality	.593		.465					
Increasing the number of new markets								.969
Export experience	.858							
Entry mode to foreign markets							.956	
Cooperate with other firms (especially across borders	-.383			.543				
Bribery and favouritism	-.523			.509				
Technology transfer				.669				
Economic and political stability				.733				
Tax system				.680				
Transportation problem		.485		.389	.553			
Creativity		.943						
Leadership				.959				
Specification			.914					
Bureaucracy	.593		.465					
Access to insurance and alliances								.969
Access to market rules	.858							
Government policy							.956	

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 7 iterations.

3. Conclusion and discussion

According to the results of Fig 2, which summarizes the results of our survey, four factors including competitive intelligence, competitive advantage, external factors and internal factors are believed to be the most important factors for facilitating the export of SMEs. The first factor, competitive intelligence, consists of four factors including, creativity, employee skills, R & D investment and foreign market information. The second factor, competitive advantage, includes product diversification, marketing methods and access to infrastructures. The third factor, external factors, includes five factors including market investment, cooperation with other firms, technology transfer, government policy and financial support. Finally, the last factor, internal factors, includes three items including product quality, product diversification and firm innovation. The results of this survey are consistent with findings of other studies.

Nikfarjam and Zarifi (2015), for instance, performed an exploration investigation to determine entrepreneurial marketing factors influencing on SMEs, which were active in Iranian food industry. They reported that five factors including innovative approach, flexible marketing, customer, product strategy and resources were influencing the most on entrepreneurial marketing factors. Alibeyki and Khosravi (2014) performed a study for strategic knowledge management assessment of SMEs based on value creation and opportunities abduction. Mahroeian (2012) performed a survey on the effect of different factors on e-Commerce adoption among SMEs of Malaysia and demonstrated that e-commerce adoption had been significantly influenced by its organizational readiness, perceived ease of use, and also perceived usefulness factors.
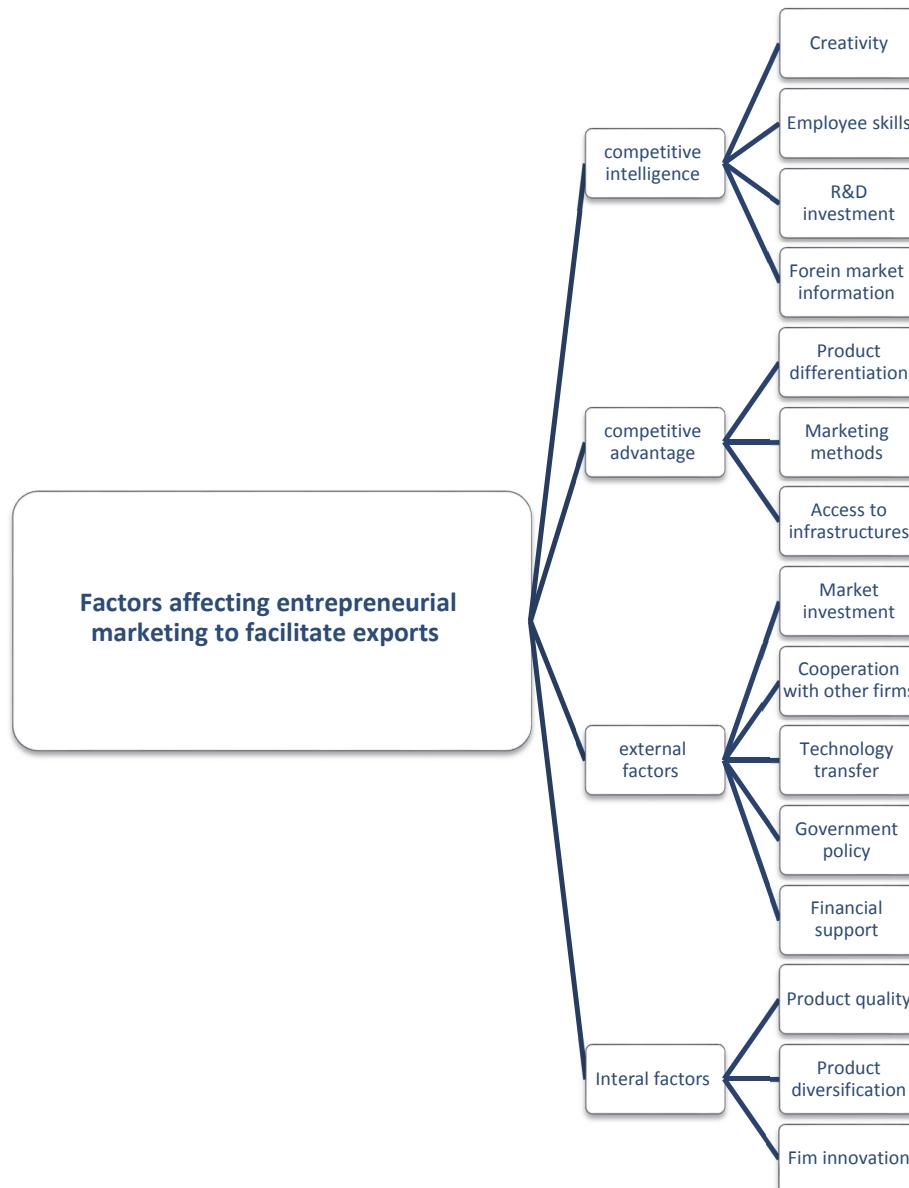
Fig. 2. The results of principle component analysis

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