The entrepreneurial marketing orientation of International New Ventures: conceptual model and research framework

Introduction: entrepreneurial marketing in the international business studies

The current literature indicates that the research problems regarding the management of internationalizing SMEs (among them so-called International New Ventures — INVs) are relevant also in the Visegrad Region (Nowinski and Rialp, 2013; Wach, 2015; Danik, Kowalik and Kral, 2016). These problems are all the more important because the share of such SMEs in the foreign trade has been growing and its role in the economic growth is vital. In particular, the SMEs are jointly generating over 82% of the annual Polish exports value, and the accelerated expansion model has been applied by a considerable number of them...
Entrepreneurial marketing conceptualizations

Applying entrepreneurial marketing can be a way of overcoming some internationalization challenges for the INVs, because this concept has been considered useful in relation to smaller, younger, and resource-constrained entrepreneurial firms (Hills, Hultman and Miles, 2008). According to the often-cited definition EM is „the proactive identification and exploration of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation” (Morris, Schindehutte and LaForge, 2002, p. 5). Thus, this concept refers to the marketing processes of firms pursuing opportunities in uncertain market circumstances, often under constrained financial conditions (Becherer, Haynes and Helms, 2008). Stokes (2000) and later Ionita (2012) have compiled the differences between „traditional” (also called „administrative” — Hills et al., 2008) and entrepreneurial marketing. Among these differences, it is important to note that in EM the entrepreneur, his competencies and ideas are in the center — as opposed to the customer-centric view of „traditional” marketing. Moreover, the core idea of EM is the marketing network, which is viewed from the entrepreneur’s perspective, where he is the main actor and the connections are his relationships established to conduct marketing activities (Ionita, 2012). As Morris, Miles and Deacon claim (2010, p. 304), EM is characterized by a drive to discover/create, access and successfully exploit attractive economic opportunities by leveraging innovation all driven by the desires, needs and motives of the entrepreneur. These characteristic elements relate also to international business and make the EM concept fit well with the characteristics of INVs’ founders (Evers and O’Gorman, 2011; Morris and Jones, 2012).

Summing up, it is important to consider the following dimensions of the EM concept, put forward in the literature (tab. 1). Starting from Morris’s definition and the seven elements framework, the EM concept has been operationalized with use of different dimensions, relating both to the strategic and operational level. As can be seen from Table 1, the earliest proposed dimensions of EM relate to the concept of entrepreneurship and its main three components. More recently, the authors added dimensions of marketing orientation (customer orientation, customer relationships and co-creation of value). In the newer conceptualization, Gilmore (2011) underlined that
also networking is the crucial characteristic of entrepreneurs, and that networks of different types contribute strongly to the intrinsic value of entrepreneur’s business. This characteristic has also been maintained in the newest theoretical model of entrepreneurial marketing orientation (EMO), by Jones and co-workers (2011; 2013). According to these authors the entrepreneurial marketing orientation concept is a sum of elements comprising the entrepreneurial, market, customer and innovation orientations.

So far, the conceptualizations of EM have been applied in few empirical studies relating to international business. In an emerging market study, market orientation and entrepreneurial orientation (EO) were considered the organizational capabilities that make up the entrepreneurial marketing approach (Kocak and Ambibola, 2009). The scales containing these constructs were used to study five cases of Turkish BGs. The entrepreneurial capital, market orientation, entrepreneurial orientation and innovation were considered as main sources of successful performance of these firms. The authors proved that organizational structure, the entrepreneurial processes adopted in creating firms, as well as marketing and learning orientation, were all crucial ingredients for successful early internationalization.

Gabrielsson and Hallback (2013) applied the EM concept to the qualitative study of Finnish born global companies. It has shown that the core elements of entrepreneurial marketing strategies of these companies were: innovativeness (understood as value innovation, co-created marketing and low-cost marketing) and adaptation to local markets and clients.

Another study concerning the born global companies provided a qualitative exploration of small software technology firms based in Wales, the UK and New Zealand (Morrish and Jones, 2012). Thus, the EMO concept was applied by these authors in the international business context. They also found that networking contributed to successful internationalization.

### Entrepreneurial marketing operationalization and measurement

The studies mentioned above have applied qualitative tools to analyze the entrepreneurial marketing phenomenon in the international business context. Among these tools, Jones, Suoranta and Rowley (2013) have included an EMICO framework comprising 15 dimensions, prepared by collapsing the scales used so far in measurement of EO, MO, customer orientation (CO) and innovation orientation (IO, see: tab. 2). Such an approach to the scale formation has been assessed as advisable in management studies (Hart and Diamantopoulos, 1993).

The EMICO approach enables exploration of such activities as calculated risk taking, leveraging additional resources by networking and aggressively exploring new markets. It also has the advantage, that it has been used for a multi-country comparison.

Moreover, the concepts of CO and IO which have special importance for SMEs are included in the framework. Jones and co-workers treat CO as important in creating and maintaining competitive

<table>
<thead>
<tr>
<th>Authors</th>
<th>Dimensions</th>
</tr>
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<tbody>
<tr>
<td>Morris et al., 2002</td>
<td>proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, customer intensity and value creation</td>
</tr>
<tr>
<td>Bjerke and Hultman, 2002</td>
<td>four-pillars: entrepreneurship, resources, processes and actors (e.g. entrepreneur, coordinating firm and network)</td>
</tr>
<tr>
<td>Jones and Rowley, 2007</td>
<td>proactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, customer orientation and value creation</td>
</tr>
<tr>
<td>Kocak and Ambibola, 2009</td>
<td>entrepreneurial orientation and market orientation, enabled by entrepreneurial capital</td>
</tr>
<tr>
<td>Gilmore, 2011</td>
<td>networking, innovative marketing and managerial competencies</td>
</tr>
<tr>
<td>Jones, Suoranta and Rowley, 2013</td>
<td>proactive marketing activities, opportunity recognition, use of networks to leverage resources, customer relationships, co-creation of customer value</td>
</tr>
</tbody>
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Source: own compilation based on the sources quoted in table.
advantage especially by the service firms. Such firms were also included in these authors’ study, and thus CO was recognized by them as separate element of EM measurement framework (Jones et al., 2013). This approach is justified, taking into account that already Narver and Slater (1990) have regarded CO as a culture that accentuates the creation of customer value and the overriding organizational goal.

On the other hand, innovativeness was recognized as a driving force of EM (Hills et al., 2010). Therefore for the purpose of EMICO framework, the IO was treated as a concept regarding separate measurement, and a scale prepared by Siguaw, Simpson and Penz (2006) was chosen, because they had conceptualized IO using a set of interfirm innovative behaviors.

The dimensions listed in Table 2 have been applied in a comparative study of high-tech start-ups originating in the UK and the USA (Jones et al., 2013).

A different team of authors has developed an EM scale, extensively tested and validated for use in quantitative research (Fiore, Niehm, Hurst, Son and Sadachar, 2013). The scale comprises four dimensions of the EM concept, proposed by Morris et al. (2002). These dimensions are: opportunity vigilance (6 items), consumer-centric innovation (4 items), value creation (3 items) and risk management (3 items). In a study with use of this scale, two samples of companies were included, consisting of operators of small retail and service sector businesses. The scale development and validation procedures have ensured that the instrument is internally consistent, multi-dimensional, and stable across samples (see: Fiore et al., 2013). This instrument however needs testing on companies operating in the international business context and in the manufacturing industry.

### Considerations for EMO measurement in the CEE context

The CEE countries have undergone systemic transformation from centrally-planned economy, which has influenced the ways of setting up companies and running foreign operations (e.g. Cieslik and Kaciak, 2009). Furthermore the business environment in these markets is still undergoing substantial changes (Cerna, 2016). Therefore it seems reasonable to re-think the measurement approaches to EMO, considering their applicability in this specific business context.

So far in the research on entrepreneurial marketing, the EO and MO have mostly been considered as reflective constructs (e.g. Becherer et al. 2008; Fiore et al., 2013). A reflective measurement approach is characterized by the fact that the latent construct (in this case the MO or EO) exists independently of the measures used. The variation in the construct causes variation in the item measures, and furthermore the items should have high positive intercorrelations (Coltman, Devinney, Midgley and Veniak, 2008). A similar research approach was applied in a preliminary study on the entrepreneurial orientation of the Polish INVs (Kowalik, Danik and Sikora, 2015). The sample included 69 small and 36 medium-sized firms, selected by using the early internationalization criteria (Knight et al., 2004). To assess the EO of these companies, the statements used by O’Cass and Weerawardena (2009), and based on Covin and Slevin (1989) entrepreneurship scale were used (four elements including three proactiveness indicators and one risk-taking indicator). In addition, two items concerning the innovativeness dimension were derived from Knight and Cavusgil’s (2004) international marketing orientation and unique products development scales, coupled with two additional innovativeness items.

The innovativeness and proactiveness constructs were tested for internal consistency. However, apart from the innovativeness dimension (where items were correlated in pairs), there were no correlations between items „inside” the other dimension. Moreover the Cronbach’s? of the whole scale was at a level below 0.5.
Taking into account the requirements concerning the use of reflective vs. formative measurement models (Coltman et al., 2008), a different approach to study the activity of INVs might be to measure the entrepreneurial constructs by use of formative models. In a formative model, the latent construct is dependent upon a constructivist, operationalist or instrumental interpretation by the scholar. Furthermore, a change in the measures results in a change in the construct under study (Coltman et al., 2008). The latent construct is determined as a combination of its measures. The items within the construct do not need to share a common theme, they are not interchangeable, and they can have any pattern of intercorrelation, but should possess the same directional relationship. In the quoted study Coltman and co-workers have compared the reflective and formative approach to the measurement of market orientation. As a result they proved, that the formative model worked better in terms of discriminant and nomological validity, and also offered greater predictive power, than the reflective one.

The entrepreneurial marketing orientation of an INV can be defined as the behaviors and dispositions of its managers on the foreign markets, including the combination of entrepreneurial and market-oriented activities, characterized by high responsiveness towards the customers. Their entrepreneurial approach includes a focus on innovations and an opportunity-seeking behavior. On the other hand, the market orientation is based on constant information gathering, enabling a quick response to the appearing opportunities.

Based on the studies conducted so far, the proposed items to form the dimensions within the EMO construct are presented in Table 3.

| Table 3. Entrepreneurial marketing orientation — proposed measurement framework |
|-----------------------------------|--------------------------------------|
| **EMO dimensions from EMICO framework** | **Items to be applied in the CEE-based studies** |
| **Entrepreneurial orientation** | |
| Research and development | level of emphasis on investment in R&D, technological leadership and innovation (maintained) |
| Speed to market | stance of the firm: competitive, collaborative, follower, leader, defensive (maintained) focus on launching new products before competitors (added) |
| Risk taking | calculated risk taking, preparedness to seize opportunities (maintained) reliance on intuition and entrepreneurial experience (not necessarily international) (added) |
| Proactiveness | commitment to exploiting opportunities, inherent focus on recognition of opportunities (maintained) passion and commitment of the founders and managers (added) |
| Propensity to innovate | processes for shaping the organizational culture to stimulate creativity and innovation (maintained), covering all innovation types (maintained) introducing known products to new markets at an attractive price/quality level (added) |
| **Market orientation** | |
| Exploiting markets | vision and strategy are driven by the owners and tactical successes, planning in short incremental steps; proactively exploiting small market niches, customization approach to market (maintained) |
| Market intelligence generation | external and internal intelligence gathering through personal contact networks (maintained) environmental monitoring and continuous learning rather than formalized market research (added) |
| Responsiveness towards competitors | responsiveness to competitor innovations, niche marketing strategies, differentiation strategies (maintained) quality and responsiveness of service support (added) competitive advantage based on understanding of customer needs (maintained) conciliatory approach to competitors instead of competitive aggressiveness (added) |
| Integration of business processes | continuous intrafirm information dissemination (added) closely integrated functions, R&D, marketing, sharing of resources, product development is interactive (maintained) |
| Networks and relationships | personal contact networks for finding clients (added) co-creation of value through relationships/alliances; resource leveraging (maintained) intra-firm networks, e.g. with foreign agents (added) market decision making based on daily contact and networks (maintained) |
The original list of items included in the second column of Table 3 was derived from the qualitative study of Jones et al. (2013). In that study, over 50 items were used to describe the dimensions within the EMO conceptual model. In Table 3, 19 of these items are maintained, as they find support in the results of earlier Polish-based studies (indicated in bold). Some items were dropped from the original list, as they related specifically to the software innovation and knowledge infrastructure characteristic of the IT services industry (Jones et al., 2013).

The new items were added on the basis of the research findings of qualitative interviews with 11 Polish-based INVs (Danik and Kowalik, 2015; Kowalik, Danik and Sikora, 2015; Kowalik and Duliniec, 2015; Kowalik and Danik, 2016).

In specific, in Table 3:
In the entrepreneurial orientation dimension:

- seven items are maintained from Jones et al. (2013) framework,
- three new items are added, based on quantitative Polish studies (Danik and Kowalik, 2015);
- „knowledge infrastructure” is included, as it is connected with information dissemination, being a core element of MO.

In the customer orientation dimension:

- five items are maintained from Jones et al. (2013) framework,
- two new items are added, based on qualitative and quantitative Polish studies (Kowalik and Duliniec, 2015; Kowalik and Danik, 2016).

The proposed framework, comprising 32 items, will be further evaluated in a qualitative study in order to prepare a measurement tool, which could be applied in studying EMO of the INVs based in CEE countries.

Conclusions

The entrepreneurial marketing concept outlined in this paper seems useful in describing the marketing activities of International New Ventures originating in the post-transformation markets. Its dimensions, referring to activity in uncertain market circumstances and in resource-constrained conditions, are applicable to these markets. Moreover, the EM elements including proactive search for op-
opportunities, innovativeness and concentration on responsiveness to customers, correspond to the results of qualitative studies of the Polish INVs and companies from other CEE countries (e.g. Kubíčková, 2013; Kokavcova, 2016).

However, the available EM measurement tools, focusing on EMO assessment, still require adaptation to be applied in research in these markets. They have been tested in developed countries’ environments, and mainly in the service industries. Moreover, perhaps there are other dimensions, regarding the specific approach to competitors, to the innovation policy and networking of SMEs originating in CEE countries, which could be considered for inclusion in the scales, because they represent the phenomenon of entrepreneurial marketing. Similar suggestions towards the EO scale were posed by Covin and Lumpkin (2011).

In connection with that, the application of formative approach to measurement of entrepreneurial marketing orientation could be a solution. It has been applied towards the EO construct by Anderson, Kreiser, Kuratko, Hornsby and Eshima (2015), who suggested that the EO was made up of behavioral and attitudinal elements. Moreover, in the Polish market context, Zaborek and Mazur (2015) have applied the formative approach to the measurement of strategic orientation (SO) of companies, and gave evidence that SO could in fact be formative and not reflective in nature. Their analysis indicated that treating SO dimensions as formative constructs leads to meaningful, interpretable insights.

The nature of EMO construct suggests that formative approach to its measurement may be appropriate. However such a measurement approach is not without limitations. One of the challenges is so-called interpretational confounding, when the construct’s empirical meaning and nominal meaning diverge (Covin and Wales, 2011). Moreover, because formative indicators do not need to covary, they are not required to have the same antecedents and consequences. Thus, finding a model that fits with a formatively measured construct may be difficult.

To avoid some limitations, another approach to measure the EMO in INVs could be to use a scale incorporating three separate first-order reflective scales pertaining to the EMO sub-dimensions (e.g. EO, MO and CO). Such an approach recognizes the multidimensionality of EMO construct, and treats EMO as a disaggregated set of constructs, with the intent to study the effects of these dimensions on INV performance. Similar approach was proposed by Hughes and Morgan (2007) to measure the EO. It avoided the drawbacks of formative approach, and the factors that made firms entrepreneurial were collectively assessed. Taking into account the nature of entrepreneurial marketing orientation, which is composed of sub-dimensions, incorporating entrepreneurialism, customer responsiveness and market orientation, such an approach may be justified. Summing up, in the future a comparison of formative and reflective measurements of EMO of INVs should be performed, in order to find out which one brings more meaningful results.

**Endnotes**

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2 Traditional, administrative marketing is understood in this article as marketing described by scholars in the leading marketing textbooks. Traditional marketing is implemented by large, publicly listed companies establishing formal management structures (Hills et al., 2008).

**References**


