

# ENTREPRENEURIAL MARKETING AND ITS ANTECEDENT: AN EMPIRICAL INVESTIGATION OF THE ROLE OF ENTREPRENEURIAL ORIENTATION

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## ABSTRACT

Entrepreneurial marketing (EM) behaviors are different from traditional marketing behaviors (Morris et al. 2002; Hills et al. 2008). Previous studies mention several characteristics of EM behaviors such as calculated risk-taking (Carson and Grant 1998), decisions based on intuition and experience (Siu and Kirby 1999), inherent focus on recognition of opportunities (Hills and Singh 1998), flexible approaches to markets (Sashittal and Jassawalla 2001), and exploitation of smaller market niches (Stasch 1999). To investigate if EM behaviors happen systematically, there is a need for empirical study to identify patterns in firms' EM behaviors.

The purpose of this study is to determine if a systematic relationship exists between firms' entrepreneurial orientation and EM behaviors. Entrepreneurial orientation (EO), a major concept in the field of entrepreneurship, emerges from literature in strategic management as strategic postures that explain firms' behaviors. Prior studies examine entrepreneurial firms, firms with high level of EO, and report that they are different from managerial firms (Covin 1991; Covin and Slevin 1989; Covin and Slevin 1994; Miller and Friesen 1982). Those studies, although they showed that entrepreneurial firms practice EM, did not explicitly investigate a systematic relationship between EO and EM behaviors. If this study empirically finds a systematic relationship between EO and EM behaviors, a foundation for knowledge accumulation in the fields of entrepreneurship and entrepreneurial marketing will be provided.

This study empirically investigates EM behaviors as the outcome of EO. In particular, we hypothesize that EO is an antecedent of EM behaviors. The theoretical concept regarding a relationship between EO and EM was introduced in Hills and Hultman (2006). Firms with a high level of EO are expected to practice EM more than firms with lower levels of EO. In this study, EO dimensions include proactiveness, innovativeness, and risk-taking.

Entrepreneurial marketing behaviors are believed to be evident in smaller firms versus larger firms and in younger firms versus older firms. Prior research acknowledged that there are differences between marketing practices in small firms and large firms (Bjerke and Hultman 2002; Carson et al. 1995; Coviello et al. 2000; LaForge and Miller 1987). Researchers also cite impact of age as an important factor in firm's marketing strategy and practices (Spitzer et al. 1989; Schwartz et al. 1993; Teach and Tarpley 1989). Our model is consistent with findings in previous research, but we hypothesize that EM is not driven by size or age per se, but by EO. That is, small and young firms engage in more EM because they evidence high EO.

This study uses archival data collected for a Research Foundation by The Gallup Organization. The sampling frame used for the survey was drawn from the files of the Dun and Bradstreet Corporation. A random stratified sample design was employed to compensate for the highly skewed distribution of businesses by employee size. The total sample size comprised 545 respondents. EM behaviors are measured by several items where respondents indicate how marketing is performed in their businesses. EO dimensions were measured by items that have been extensively validated in prior research. Relationships between each dimension of EO and each EM dimension are investigated by multi-group confirmatory factor analysis. The impact of EO on EM behaviors is determined by a comparison of the latent means of factors underlying EM dimensions between firms with different levels of EO (firms with a high level of EO vs. firms with a low level of EO).

Results from our multi-group confirmatory factor analysis show that EM behaviors are systematically practiced by firms. That is, firms with a high level of EO engage in more EM than firms with a low level of EO. Specifically, firms with high level of innovativeness, proactiveness, or risk-taking are more growth-oriented and opportunity-oriented in their marketing than firms with low level of innovativeness, proactiveness, or risk-taking. This suggests that EM behaviors do not happen by chance but have a systematic relationship with EO. This study brings EO, a major concept in the domain of entrepreneurship, into the field of entrepreneurial marketing to help explain an antecedent of firms' EM behaviors. Our results encourage researchers to further pursue this important relationship and shed new light on this domain.

References Available on Request.