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Reviewing the Relationships among Entrepreneurial Marketing, Innovation, and Business Performance

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Abstract: The purpose of this paper is to examine and review the relationships among entrepreneurial marketing, innovation, and business performance. A conceptual model of the entrepreneurial and relationship marketing created increasing innovations, and the impact on business performance. Academic implications of this paper in exploring the concept of entrepreneurial and relationship marketing increasing innovation and their impact on business performance.
Keywords: Entrepreneurial marketing, Innovation, Business performance

LITERATURE REVIEW

Entrepreneurial Marketing

Entrepreneurial marketing (EM) is merging the two disciplines, marketing and entrepreneurship, this case arises because of an awareness of the importance of entrepreneurship and innovation to marketing, and marketing for successful entrepreneurship. The emphasis is adapting form of marketing that are suitable for small and medium enterprises (SMEs) and recognizing the important role of entrepreneurs in any marketing activities [1]. There are four different approaches to defining the EM [2], first focused on the commonalties between "marketing and entrepreneurship", is "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" [3].

The second approach is "entrepreneurship in marketing", is "EM is distinguished by a set of strategies for opportunity creation; customer intimacy based innovative products, adaptive resource enhancement and legitimacy for the emerging firm and its products." [4] and definition of Bjerke dan Hultman [5] is "EM is marketing of small firms growing through entrepreneurship." The third approach is "marketing in entrepreneurship", "EM is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, reactiveness, and may be performed without resources currently controlled." [6] And the fourth approach is the combination of marketing and entrepreneurship creates something distinctive, something new, is "EM as a set of processes of creating, communicating and delivering value, guided by effectual logic and used in highly uncertain business environments." [2]. Morris *et al.* [3] develop seven underlying dimensions of EM: reactiveness, calculated risk-taking, innovativeness, opportunity focus, resource leveraging, costumer intensity, and value creation. Dimensions of Morris, et al. is supported by researchers, including Miles & Darroch [7], Becherer *et al.* [8], Morrish & Deacon [9], Hacioglua *et al.* [10], Becherer *et al.* [11], Al-Manasra *et al.* [12], Rezvani *et al.* [13]. Mort *et al.,* [4] identify the four key strategies of EM: opportunity creation; customer intimacy based innovative products; resource enhancement; and legitimacy. Overall, they find that building legitimacy is a fundamental EM strategy and as a critical dimension of EM bringing through enhanced performance outcomes. Legitimacy is gaining acceptance and trust. In this paper, we adopt dimensions of Morris *et al.* [3] and Mort *et al.* [4], because this is relating to the formulation of the problem and the object of this study

Relationship Marketing

Relationship marketing (RM) is one of the oldest approaches to marketing, and is a broad topic, and many researchers have approached it from different perspectives [14]. According to Sin *et al.* [15] RM as a paradigm that emerged in marketing will continue to grow until the key dimensions have been identified and operationalized. Harker

[16] conducted a review of the definition of RM, this is done to find out what the researchers perceived as a key conceptualization of their definition. From the results of the review, Harker divide seven "conceptual category" derived from RM literature, which is the basis for defining the relationship marketing. There are different approaches to defining the RM. "RM refers to all marketing activities directed toward establishing, developing, and maintaining successful relational exchanges" [17]. From their research that the Commitment and Trust in addition to an important variable in the relationship marketing but also a key mediating variables between the five variables predecessor: Relationship Termination Costs, Relationship Benefits, Shared Values, Communication, and Opportunistic Behavior. According to Sin *et al*. [15] "RM is viewed as a philosophy of doing business successfully or as a distinct organizational culture/value that puts the buyer-seller relationship at the centre of the firm's strategic or operational thinking." Definition Sin et al. further emphasize the relationship marketing as a philosophy and culture of the organization; it is not just activities like Morgan & Hunt mentioned. Dimensions of Sin, *et al.* [15] base on dimension of Callaghan *et al.* [18]; Morgan and Hunt [17]; Wilson [18] and Yau *et al*. [1], is called "relationship marketing orientation (RMO)", where the RMO is a multi-dimensional construct that contains six components: trust, bonding, communication, shared values, empathy and reciprocity. Dimensions of Sin, *et al*. [15] are supported by Sin, *et al*. [19] and Hau & Ngo [20].

Thorough definition of relationship marketing by Grönroos [21] "the process of identifying and establishing, maintaining, and enhancing, and when necessary also terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and this is done by a mutual exchange and fulfillment of promises." Definition of Grönroos [21] is common to the entire marketing. He gradually expand the definition of which includes the relationship to the many stakeholders, governments and competitors. Even he also points to the need to break away in the relationship and the results achieved through fulfillment and promised reciprocal exchange. According to Gummesson [22] relationship marketing is "Interaction in networks of relationships." Furthermore, the concept into a Total Marketing kerelasian [22] "Interaction in networks of relationships, recognizing that marketing is embedded in the total management of the networks of the selling organization, and its nano, market and mega relationships. It is directed to long-term win–win relationships with individual customers, and value is co-created between the parties involved. It transcends the boundaries between specialist functions and disciplines." Definition Gummesson [22] broadens the 30R approach; the definition does not only rely on the relationship, but further to the network and mutually beneficial interaction, value added creation among actors (customers and other stakeholders). Base on the definitions above, relating to the formulation of the problem and the object of this paper, we adopt dimension of Morgan and Hunt [17] and Sin, *et al* [15].

Innovation

Innovation is the lifeblood of the organization and determine in a company. The company's ability to innovate can help dominate the market today or develop new markets, which contribute to sustainable industry leadership, so that innovation is an important strategy for the company [23]. Traditional arguments about innovation has centered around two schools of thought, i.e Social deterministic schools and Individualistic school, Whereas what 'drives' innovation has tended to divide into two schools of thought: the market-based view and the resource-based view [24]. Varis & Littunen [25] divides the two types of innovation (1) Based on the object changes, innovation consists of product innovation, process innovation, market innovation and organizational innovation, and (2) Based on the extent of change, which is on basis of their "newness or radicalness". Peter F. Drucker [26] defines innovation "as changing the value and satisfaction obtained from resources by the consumer." According to OECD Oslo Manual [27] "innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations." There are four dimensions of innovation is product innovation, process innovation, marketing innovation and organizational innovation [27]. This was reiterated in the OECD Innovation Strategy [28]. The dimensions of the OECD Oslo Manual were supported by Hassan, *et al*. [29] and Gunday, *et al*. [30]. Their research had shown an effect of innovation on the performance of marketing innovation and financial performance. In this paper we adopt the definition and dimensions of innovation suggested by OECD [27].

Business Performance

The concept of business performance [31] is narrowly centered on the use of simple outcome based on financial indicators that are assumed to reflect the fulfillment of the economic goals of the firm; this concept refers to the financial performance such as market growth, profitability, earnings per share. While the broad concept of business performance, in addition to financial performance indicators also include performance indicators of operational (i.e., nonfinancial). Best [32] classifies performance into two groups: internal performance (financial) and external performance (marketing).

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