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**The mediating role of digital marketing on entrepreneurial marketing and small and medium sized enterprises performance: A conceptual paper**Suleiman Garba Aminu<sup>1</sup> & Murtala Aminu Ibrahim<sup>2</sup><sup>1</sup>*Department of Business Administration, Faculty of Management Sciences,  
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**Abstract**

*Small and medium sized enterprises (SMEs) play an important role in the development of nation's economies. However, they continue to suffer poor growth and lack efficiency in their activities. These has been attributed to their poor marketing programmes among other myriad of challenges bedeviling their performance. This paper seeks to propose a framework on the mediating role of digital marketing on the impact of entrepreneurial marketing on SMEs performance. A review of relevant literatures was conducted to determine the relationships between the variables of interest. A conceptual framework is proposed in the study along with propositions that seek to explain the relationship among the variables. The framework can be used by future studies to empirically verify the assertions of the study.*

**Keywords:** SMEs performance, Entrepreneurial Marketing, Digital Marketing.

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**1. Introduction**

The role of small and medium sized enterprises (SMEs) in the development of nation's economies have been fully acknowledged in extant literatures (Ibrahim 2015; Dzisi & Oforu, 2014; Miles, Lehman & Fillis, 2017; Adel, Mahrous, & Hammad, 2020). SMEs help in strengthening economies, create a diversified source of national income and improve country's competitiveness. According to the Steering group (2019), SMEs contribution to GDP in Japan and China is about 60% while in middle east countries like UAE, SMEs constitute more than 50% of GDP. In sub-Saharan Africa, SMEs constitute over 90% of business operations as well as 50% of the labour force (Kawira, 2021). Countries with a lower income per capita, SMEs usually have higher impact on the employment level of about 78% compared to countries with a larger income where the percentage goes down to 59% (The Steering group, 2019).

However, SMEs in especially developing economies like Nigeria continue to face severe challenges in financing, management, marketing and technology (Ibrahim & Shariff, 2016). Despite their fundamental roles, SMEs continue to suffer the setbacks of slowed growth and performance, with an estimated 70% folding up by the third year of operation (World Bank, 2015). Unlearning traditional ways of doing things has become imperative in the face of increasing turbulence, uncertainties and intense competition in the business operating environment. For instance, the practice of marketing has evolved rapidly with advancement of technology in analyzing big and complex data (Ziakos and Vlachopoulou, 2020). Marketers no longer rely on conventional traditional marketing to reach their target audience but require innovative and proactive channels to ensure continuous acquisition and retention of customers (Saglam and Montaser, 2021). SMEs survival in the ever-increasing

competitive business environment is largely hinged on their ability to gain customers through non-conventional marketing approach (Bjerke & Hultman, 2002; Sadiku-Dushi, Dana, & Ramadani, 2019). This has led to emergence of concepts such as entrepreneurial marketing and digital marketing. Although the concepts have not in any way replace the traditional marketing practice, they however provide an avenue through which businesses can achieve their marketing objectives more effectively (Sarwoko and Nurfarida, 2021; Troisi, Maione, Grimaldi, & Loia 2020).

The aim of this article is to propose a framework on the mediating role of digital marketing in entrepreneurial marketing's impact on SMEs performance. Entrepreneurship forms the bedrock of SMEs in Nigeria, the world over. While marketing is the means through which firms communicate and deliver value (Toghraee, Rezvani, Mobaraki & Farsi, 2018). The point of convergence between entrepreneurship and marketing has evolved as a concept and was first introduced as entrepreneurial marketing in 1982 at a conference in University of Illinois, Chicago sponsored by International Council for Small Business and American Marketing Association. The impact of entrepreneurial marketing on SMEs performance has been empirically established in the literature (Sadiku-Dushi et al. 2019; Hoque and Awang, 2019; Adel, Mahrous, & Hammad, 2020). This study will develop a conceptual framework of the mediating role of digital marketing on the impact of entrepreneurial marketing on SMEs performance.

## **2. Literature Review**

### **2.1 SMEs Performance**

Various performance indices have been employed to measure SMEs performance by different scholars. Studies in marketing as an academic field of research have used firm growth and efficiency (Sadiku-Dushi

et al., 2019; Hacıoglu, Eren, and Celikkan 2012). Similarly, Moullin (2007) posits that firm performance comprises outstanding practices in managing and delivering value for customers and stakeholders. Furthermore, looking at SMEs performance from entrepreneurial perspective, Sandberg (2003) conceptualize performance as the ability to survive, grow and contribute to the creation of employment and alleviate poverty. High growth and enhanced performance of SMEs have been attributed to entrepreneurial marketing by previous studies (Nwankwo & Kanyangale, 2020).

### **2.2 Entrepreneurial Marketing**

Entrepreneurial marketing (EM) has been conceptually defined by several scholars since the concept came into being in 1982. Whalen et al. (2016) most recently conceptualize entrepreneurial marketing "as a combination of innovative, proactive, and risk-taking activities that create, communicate, and deliver value to and by customers, entrepreneurs, marketers, their partners, and society at large." This definition encapsulates the very essence of entrepreneurship which is basically about taking risk beyond security, and marketing which is about communicating and delivering value. Similarly, Morris et al. (2002) posit that EM is the "proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to the risk management, resource leveraging and value creation." "EM is a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility" (Hills and Hultman, 2011, p. 6). It can be deduced from extant literature that EM is generally associated with startups and small medium businesses trying to effectively and efficiently achieve their objectives, using

innovative marketing means rather than the traditional more sophisticated expensive marketing model.

Scholars have argued that there is a significant positive relationship between EM and firm performance (Astuti, Afiff & Balqiah, 2018; Fink, Koller, Gartner, Floh, & Harms, 2020). Fink et al. (2020) in their study using structural equation modelling and a sample of 234 fan page members to collect data to determine the long-term effect of celebrity endorsement on purchase intention in a two-wave longitudinal design, reported a significant positive behaviour.

### **2.2.1 Entrepreneurial Marketing Dimensions**

Although several EM dimensions have been postulated in the literature, this study focuses on seven dimensions of EM that have been identified by Morris et al. (2002). These dimensions are derived from either entrepreneurial orientation or marketing orientation literatures. However, resource leveraging as a dimension of EM has also been associated with guerilla marketing (Gkarane, Efstratios-Marinos, Vassiliadis, & Vassiliadis, 2019). Innovativeness, proactiveness and risk taking and proactiveness are rooted in entrepreneurship literature, while, value creation and customer intensity are of the marketing orientation school of thought (Sadiku-Dushi et al. 2019).

Proactiveness is responsiveness of marketers to external opportunities. It may also be regarded as behavior that does not necessitate the organization to adjust to external environmental factors. The external environment is more seen as a possibility where marketers try to redefine its elements in order to decrease the vulnerability and dependence within the firm (Morris et al., 2002). Proactiveness is a response to opportunities. Proactiveness provides company with the ability to be forward looking and agile in terms of reflexes to take action as opportunities

present themselves (Lumpkin and Dess, 2001).

Risk taking is the hallmark of entrepreneurs, and a company's ability to take calculated efforts to reduce the risk inherent in an opportunity or address the root causes of the risk as they appear is calculated risk taking (Becherer et al., 2012; Hisrich and Ramadani, 2017). Morris et al. (2001) further buttress calculated risk taking to imply an organization's ability to pursue an endeavor that presents a higher prospect of return in relation to the loss discrepancy. Essentially, therefore, calculated risk taking has to do with audacity of a company to make positive decision in the face of high chances of failure with an even higher return.

Innovation can be described as the company's ability to maintain a flow of novel ideas that can be translated into new products, services, technologies or markets. (Otieno, Bwisa, & Kihoro, 2012). With the increasing number of consumers that have been described as digital natives due to their being born and raised in the digital era when widespread adoption of digital technology has been achieved (Munsch, 2021), entrepreneurs have continued to devise innovative use of digital platforms to reach their target customers. Innovative entrepreneurs leverage on digital marketing to increase efficient use of resources which ultimately results in enhanced firm performance (Daud et al., 2021). Resource leveraging on the other hand is simply the firm's ability to take advantage of resources available and utilize in more way than one, thereby achieving more with less (Becherer et al., 2012).

Another dimension of EM is opportunity focus and has been described as generating new set of noticeable opportunities by scanning the environment, access these opportunities and then use them in order to gain competitive advantage (Morris et al., 2010). The other two dimensions are customer intensity and value creation. Customer intensity has to do with the

creative attraction, retention and growth of customers. This is embedded in the ability of entrepreneurial marketer to find the unused source of customer value and use it to create an exclusive mixture of different sources to create value (Morris et al., 2002).

### 2.3 Digital Marketing

Technology is altering the traditional marketing landscape allowing entrepreneurs to use the various digital platforms to communicate and deliver value to their customers (Cant and Wild, 2016). Coreynen, Matthyssens, & Van Bockhaven, (2017) posit that digitizing work processes and integrating phone, Internet, and mobile technologies to transform the communication interface with customers, suppliers, and channel partners is basically digitalization, or the integration of digital media into a firm's practices. In other words, digital marketing is a set of techniques developed on the internet with a view to persuade customer to buy or use a product or service (Avery, Steenburgh, Deighton, & Caravella, 2012). Digital marketing has become a veritable tool of performance for SMEs in the face of an increasingly expensive traditional marketing platforms (Alwan and Alshurideh, 2019). Digital marketing has remarkably improved in terms of use and profitability which has led to the emergence

of digital ecosystem, connecting users round the clock. Traditional form of marketing communication using advertising has continued to prove ineffective because of the increased use of digital platforms and social media sites like Facebook and snapchat (Munsch, 2021).

Studies have reported the relationship between digital marketing and firm performance as positive (Bala and Verma 2019; Wang, 2020; Kawira, 2021). Informing customers about products and services and ultimately selling those products and services to customers can be done through social engagement, diffusion, and interaction which are facilitated by digital marketing, enhance SMEs performance (Lamberton & Stephen, 2016; Martín-Consuegra et al., 2018). Similarly, several studies have reported positive relationship between digital marketing and SMEs performance (Darma and Noviana, 2020; Dumitriu, Militaru, Deselnicu, Niculescu, & Popescu, 2019; Djakasaputra, Wijaya, Utama, Yohana, Romadhoni, & Fahlevi, 2021). Digital marketing has made inroads into global marketing space as it aids in content development, place and timing which offers personalization and customization of products and services, which in turn results in SMEs performance (Huang & Rust, 2020).

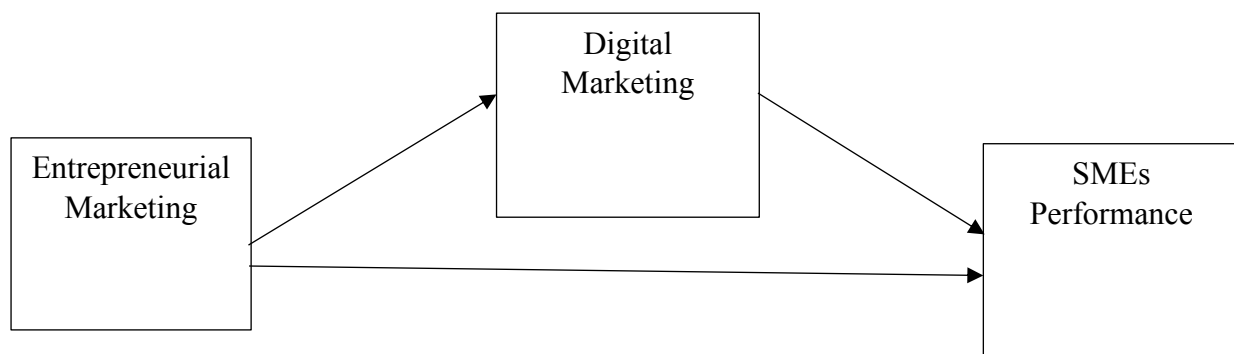


Figure 1: Conceptual framework

## 4. Conceptual propositions

Following the review of extant literature and the development of the study framework, this paper suggested the following prepositions.

P1 Entrepreneurial marketing leads to digital marketing

P2 Entrepreneurial marketing leads to SMEs performance

P3 Digital Marketing leads to SMEs performance

### 3. Conclusion

The aim of this study was to develop a conceptual framework to investigate the mediating role of digital marketing on the impact of entrepreneurial marketing on SMEs performance. Studies have shown the existing relationship between entrepreneurial marketing and firm performance (Astuti et al., 2018; Sadiku-Dushi et al., 2019; Daud et al., 2022). Seven dimensions have widely used in the literature to measure the variable of entrepreneurial marketing. However, not all the dimensions have a significant impact on SMEs performance (Sadiku-Dushi, 2019). In the same vein, digital marketing has also been proven in the literature to have an impact on SMEs performance (Daud et al., 2022; Alwan and Alshurideh, 2022). Hence, in order to validate the relationship between entrepreneurial marketing and SMEs performance, digital marketing was introduced in the framework.

Although this study has attempted to proffer a framework in the body of existing literature, the study is just a conceptual one. This is the paper's major limitation that can provide an avenue for future research. Essentially, therefore, the framework developed can be used to conduct an empirical study to ascertain the postulations of the framework.

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