Exploration of Entrepreneurial Marketing Orientation model among SMEs in Oman

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Abstract

Oman, administered by the Middle Eastern standards, is a middle income economy, where oil makes a larger contribution to the GDP of the country. Like every other nation in the Gulf Cooperation Council (GCC), the Sultanate of Oman too has been adversely affected by the decline in oil prices over the past year. The country saw its revenues go down by more than 50% in recent years. Thereby Oman started to rethink its strategies. Presently Oman is into its vision Oman 2020, commenced in 1995 as a five year plan comprising series of goals for economic and social development. It comprises economic and financial stability, redesigning government's role in the economy with the cooperation of the private sector, building a diversified economy based on national resources, globalization of the Omani economy, upgrading the Omani workforce and developing human resources. There is an upcoming concentration of entrepreneurship being injected into SMEs as a catalyst to achieve economic and social development objectives, including growth, innovation, employment, and equity. SMEs can manifest within an economy in a number of ways, and it includes both formal and informal economic activities for the purposes of creating wealth. Having understood the significance of SMEs and its role in economic development of Oman the present study is undertaken to explore the best orientation model that will enable entrepreneurs to rethink and implement the best entrepreneurial marketing strategies via SMEs at Oman. A sampling frame of eighteen units comprising SMEs, public sector, private sector and educational institutions was selected and an in-depth face to face semi-structured interview was carried out. Case study approach with an investigation of contemporary phenomenon from selected units was undertaken. Through this method various evidences were gathered from several sources like documentation, records, interviews, direct observation, participant observation and physical artifacts. Thereby the present paper explores and describes the phenomenon by qualitative content analysis through text interpretation method.

Keywords: SMEs; Marketing orientation (MO); Entrepreneurship orientation (EO); Entrepreneurial marketing (EM)

Introduction

Oman, administered by the Middle Eastern standards, is a middle income economy, where oil makes a larger contribution to the GDP of the country [1,2]. CBO (2015) stated that as per IMF–World Economic Outlook projections, there was a decline in real GDP growth rate in Oman from 4.7% in 2013 to 2.95% in 2014. Moreover, 4.62% are the output growth projected to be in Oman for the year 2015. On 23rd July 1970, the renaissance started with the present ruler, His Majesty Sultan Qaboos bin Said Al-Said.

Like every other nation in the Gulf Cooperation Council (GCC), the Sultanate of Oman too has been adversely affected by the decline in oil prices over the past year. The country saw its revenues go down by more than 50% in recent years. Thereby Oman started to rethink its strategies. There has been a renewed focus on Oman’s ecosystem for entrepreneurs and SMEs in particular ever since the SME Development Symposium was held in the country at Sahh Al Shmeihat in 2013, which was organized as per the directives of the Sultanate’s ruler; His Majesty Sultan Qaboos bin Said al-Said. One of the outcomes discussed in that event was the ways to accelerate entrepreneurship and SMEs in Oman.

Presently Oman is into its vision which commenced in 1995 as a five year plan comprising series of goals for economic and social development say; economic and financial stability, redesigning government’s role in the economy with the cooperation of the private sector, building a diversified economy based on national resources, globalization of the Omani economy, upgrading the Omani workforce and developing human resources [3].

There is an upcoming concentration of entrepreneurship being injected into SMEs as a catalyst to achieve economic and social development objectives, including growth, innovation, employment, and equity. SMEs can manifest within an economy in a number of ways, and it includes both formal and informal economic activities for the purposes of creating wealth. In they can contribute to economic development through high-growth enterprises that can serve as an important source of income and employment for vulnerable populations.

Having understood the significance of SMEs and its role in economic development of Oman the present study is undertaken to explore the entrepreneurial marketing orientation model among SMEs in Oman.

Statement of the problem

The Royal Decree No. 36/2013 formed the Public Authority for the development of SMEs in Oman, governing SMEs with its main office at Muscat and its branches following the head office. SMEs in Oman receive financial support from public and private sectors. Education and training to SMEs is an essential one where they lack behind. SMEs have to assess in what way and to what extent they decide to internalize their functions. Educational institutions position themselves in markets through imparting entrepreneurial education and training to SMEs. Governments on their part make informed trade-offs between

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investments in industrial policies, balanced interventions at the structural level. By doing this the gap between knowledge transfer, idea generation, innovation, technology transfer, skill and competencies development is filled through consensus, integration of different spheres and the emergence of hybrid SME units.

The success factor of SMEs depends on how well it orients itself towards marketing and entrepreneurial philosophy and its integrated version. Narver and Slater [4] stated "Market orientation as the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continues superior performance for the business". To implement market orientation, Kohli and Jaworski [5] highlighted, it is important that the top management must take risks and improve their business, as risk taking is one of the elements of entrepreneurial orientation used by the owner/manager of the firm. Beveland and Lockshin [6] and Becherer et al. [7] claimed that entrepreneurial marketing is the right way to implement marketing in SMEs.

Thereby the proposed research will examine the paradigm shift of marketing orientation (MO) or entrepreneurship orientation (EO) into entrepreneurial marketing (EM) and their dynamic interconnections in the growth and development of SMEs.

Review of Literature

Detailed reviews are listed below, categorised on the basis of key words used in the present study:

Marketing orientation (MO)

Kohli and Jaworski opined that Marketing orientation is the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it. Narver and Slater stated that it is possible to measure market orientation based on the behaviour of the firm towards: (a) customer orientation (b) competitor orientation and (c) inter-functional coordination. Studies conducted by Drysdale [8] examined that marketing is one of the management concepts that is misinterpreted by people, especially in the field of management. Webster [9] found that marketing and its related processes has three aspects, which are: (a) cultural, (b) strategies and (c) tactics. Webster explained each aspect. Culture is an elementary set of values and beliefs by which firms are directed. Then, strategies reflect how the firm targets and positions itself and how it will compete with its products in the market. Finally, tactics is the element of the marketing mix used by the managers. On the other side, Narver et al. found that market orientation represent organizational culture, not a set of actions and procedures that are not included in the culture of the organization, while creating superior value for the customer is taken into consideration by the employees by using their skills and knowledge to achieve that. In addition, studies by Kohli et al. found that there is an impact of MO on the Total Quality Management (TQM) of SME performance. Avlonitis and Gounaris, mentioned about the effect of MO on the performance of SME and Verbees and Menlengbrei [10] the effect of market orientation and innovativeness of the firm and how it affect its performance.

Entrepreneurial orientation (EO)

Covin and Slevin [11] found out that both types of orientation say market and entrepreneur have a positive effect on the performance of the firm, especially in SMEs. According to Covin and Miles, firms with a high entrepreneurial orientation tend to seek opportunities, strengths and competitive advantages in the environment in which they function. In the studies of Zahra and Covin [12], three dimensions of EO were stated: (a) Innovation, (b) Risk taking, and (c) reactivity. Moreno and Casillas [8] mentioned that the dimensions that represent EO, are: (a) innovative, (b) proactive and (c) risk-taking behaviour, which attempt to lead to firm growth. Lumpkin and Dess [13] added that there is a link between entrepreneurship and entrepreneurial orientation, and the five dimensions of entrepreneurial orientation as: (a) innovation, (b) risk taking, (c) reactivity, (d) autonomy, and (e) competitive aggressiveness. It was noted by Geletkanycz [14] that national culture affects the behaviour of the organizational members of the firm as well the managerial attitudes and beliefs. According to Muller and Thomas [15], national culture has an impact on the entrepreneurial behaviour of individuals, which is formulated by the entrepreneurial orientation of the firm.

Entrepreneurial marketing (EM)

According to Carson [16], entrepreneurial marketing in SME is more necessary and focused, because the way of doing marketing planning is informal. As a result, there is a need for planned marketing, which will help to provide long term prospective planning for the firm from the entrepreneur of the firm. However, this makes marketing education necessary and important which will have a long term impact on a firm’s performance by implementing formal marketing through the education of marketing. Recent studies outlined by Franco et al. Jones and Rowley [17] and Eggers et al. [18] that entrepreneurial marketing is suitable for small firms. Becherer et al. consider that marketing in SMEs is preferred to be called entrepreneurial marketing, because it uses an informal approach based on the situation by giving the entrepreneur the chance to utilizing the limited resources in the best possible way. Miles and Darroch [19] claim that environmental uncertainty creates the relationship between marketing orientation and entrepreneurial orientation.

Influential factors of success for the entrepreneurs Experiential Learning: Carson and Gilmore [20] indicated that Experiential Learning is based on the Knowledge, Experience, Communication, and Judgment of the entrepreneur, the owner/manager of the SME. Moreover, they defined experiential learning theory as being” based on the relationship between knowledge and learning”.

Marketing and management competencies: Middltlon and Long [21] define competency as “a combination of knowledge, skills and attributes which are given reference in task environment”. Carson and Gilmore mentioned that is important to develop suitable, correct competencies, due to the constraint and deficiency of the resources available to the SME. Carson et al. [22] stated, “Core competencies of the SME marketing is related decision making which is consist of knowledge, experience, judgment and communication”. Carson and Gilmore highlight that there is a difference between the features which are for marketing management decision making competencies that are not the same as for marketing competencies regarding SMEs’ character, as indicated by the character of the owner/manager of the firm. Hill stated that experience is the element that forms a competency; however, experience influences the major marketing decisions.

Developing competencies: There are different ways to improve and develop the marketing of the SME; Carson argues that this can happen in two ways: by word of mouth and the other way is the potential of customers that tried the product based on their experience. While Carson and Gilmore mention that these four competencies are developed to achieve experimental learning. According to Carson
et al. entrepreneurial marketing management is related to four main competencies, which are: job and industry experience, market and product knowledge, ability to guide the firm by using communication skills and ability to address opportunities by good critical evaluation. Hill stated that marketing competencies show the level of sales orientation, the level of using networking and the level of planning being implemented by SME through formal marketing. According to Fillis [23], international experience has an impact on the decision making process of the decision maker; however, there are other aspects that affect the growth of the firm, which are: a lack of knowledge and limitation of resources.

SME marketing

Carson stated that entrepreneurial marketing is achieved in three ways: formalize the marketing network, maximize education resources and develop marketing management competencies. Moreover, it is important to focus on the aspects which are common between entrepreneurship and marketing management competencies. SMEs are not looking at the aspect of marketing. Carson [24] highlighted that marketing in small firms is learnt through experience, which is based on their use of different approaches based on the requirements of the situation. While Carson adds that small businesses do not give more importance to marketing compared to other aspects, like finance and accounting functions, however this is based on the characteristics of the firm which affects the marketing functions throughout the different development stages of the firm.

Educating SMEs

Carson mentioned that entrepreneurs could take advantage of a proper education and training, especially about marketing. Carson discussed the need to educate SME with marketing knowledge, mentioning its impact, though Drucker states that industry and educational training institutions face an obstacle because of the different needs to develop the skills; for example: innovativeness, judgment and creativity. Gibb looked at the aspects that need to be taken into consideration in terms of creating an entrepreneurial culture in the community, by focusing on the “key areas of university entrepreneurial potential. He mentioned the key areas and aspects to be considered to create an entrepreneurial university that creates and builds up an entrepreneurial culture in the community or country by engaging the educational institutions, both private and public, on all levels. Mavondo et al. mentioned the relationship between MO and LO (Learning Orientation). They state, based on their study, that there exists a strong relationship between market orientation and learning orientation, which is affected by the culture of learning. In the studies of Carson about difference between the young managers (new graduates) and the entrepreneurs, there is a possibility to organize joint learning so that both of them can learn from each other. However, there are several advantages to joint learning, which helps to reduce the gap between the formal marketing and the entrepreneur and also to combine the education and learning, as young managers tend to use more formal marketing and focus on theory with low experience, while, on the other hand, entrepreneurs tend to use informal marketing.

Technology information transfer

Gibb defines knowledge transfer as “the formal and informal transfer of new discoveries and innovations resulting from research (usually scientific) conducted at universities to the commercial and non-commercial sector for public benefits”. Hasen et al. [25] stated, “Marketing student lack the necessary skills to translate abstract knowledge to efficient marketing practice”. There are many way to educate the small firms. As Huckzynski [26] mentioned that there are more than 300 different styles and ways to be used by the lecturer, trainer and tutor of management education, which means that, for small businesses, there are different tactics that should be used as required [26-30].

Objectives of the Study

The primary objective of the present study is to explore the best orientation model that will enable entrepreneurs to rethink and implement the best entrepreneurial marketing strategies via SMEs at Oman.

In addition to the primary objective following secondary objectives were also listed for the present study: Firstly to identify the differences between Market orientation (MO) and Entrepreneurial Orientation (EO) practices being followed by the SMEs in Oman. Secondly, to identify the most influential factors of success for the entrepreneurs say: knowledge, skills and competencies [31,32]. Thirdly, the impact of entrepreneurial education in the field of marketing and the interaction among government, private sector and educational institutions in the process of technology information transfer in facilitating SMEs to develop and progress is studied as well (Figure 1).

Research Methodology

The present study was descriptive in nature as describes the practices being followed by each SME units and tried to explore the orientation techniques being adopted by them. Population comprises of four different units namely: SMEs, Governmental (Public) organizations, large (Private) enterprises and educational institutions of Oman. Among the defined sampling frame eighteen units from each stratum were identified comprising 6 public sector organizations, 6 SMEs, 4 private companies and 2 educational institutions respectively. An in-depth face to face semi-structured interview was carried out among each unit of selected organization [33-38]. As investigation of contemporary phenomenon from selected units was undertaken, this can be termed as case study approach. Through this method different evidences are gathered from several sources like documentation, records, interviews, direct observation, participant observation and physical artifacts. Open-ended questions were used to conduct study in more elaborate fashion and to gather realistic responses covering different aspects of the study. Thus the paper explores and describes the phenomenon by applying qualitative content analysis as a text interpretation method in case study research and was duly examined.

Research implications

- It was found that SMEs in Oman are from FMCG, media and PR, Social media, retail and medical tourism industries started their business between 2005 and 2013 [39,40]. Most of the entrepreneurs were qualified with higher educational degrees and postgraduate studies, no matter whether their business was related to their education. Knowledge, skills and competencies were found to be the most influential factors for the success of the entrepreneurs. It was found that successful entrepreneurs do not relay on traditional approach which was taken by most of the youth in Oman.

- It was found out that marketing in their business should be concentrated, as no formal marketing philosophies were being implemented but they rely mainly on social media and try to get customers by chance and fail to use any systematic, orderly scientific approaches. Irrespective of the size of the businesses all entrepreneurs
face problem in terms of understanding the concepts and philosophies of marketing and entrepreneurship. Hence there arises a need for marketing philosophies to be injected into their business plans and to bring connectivity among the facilitators say public and private organizations and educational institutions. Few entrepreneurs are trying to create their own standards in terms of quality and policies but education plays a vital role in it. Some firms try to foresee the expectations of the customers which enable them to capture potential customers [41,42]. In bring up quality standards, organizations such as Origin Oman, the Public Authority of Consumer Protection, the Directorate General for Standards and Specifications can be integrated into the system. As a result, this will help the SME to focus more on customer needs and satisfaction and would change the image of Omani products in the minds of the citizens. SMEs could think about expanding their profile of businesses towards exporting or internationalization. Again the five dimensions of entrepreneurial orientation namely (a) innovation, (b) risk taking, (c) reactiveness, (d) autonomy and (e) competitive aggressiveness needs concentration among SMEs. This would enable the entrepreneurs to develop their skills in a better fashion.

- SME sector in the economy plays a significant role in developing and promoting economic growth. In Oman, the present contribution of the SME sector is very low in terms of GDP of the nation. Hence SME public authorities need to take care of its development and contribution. Focus should be on innovation and creativity through R&D and interactions of media channels, educational institutions and other stakeholders [43-45]. A plan to establish innovation center to aid the development of SME entrepreneurs in Oman is in process. Public Authority for SME development is focusing on promotions by assisting the SMEs to create advertisements on the national TV and Radio.

- Educational institutions at various levels say schools, colleges, universities and training centers are likely to be integrated to impart training and technical skills by developing special curriculum to the upcoming entrepreneurs. This lays foundation for the triadic relationship among industries, government and educational institutions. Entrepreneurship as a course was being taught in all the educational institutions and was imbibed into the curriculum with practical sessions, workshops as well to instill the taught in the young minds [46]. Likewise there is a need to instill marketing ideology into the minds of entrepreneurs to have a better impact on the performance of the firm. Higher educational institutions can make use of researchers, students and lecturers as incubators and technology information transfer units and in turn these educational institutions gather need based research ideas from SMEs and entrepreneurs which would aid in the development of their course content and teaching methodology facilitating interactions among the stakeholders. This will enable SME entrepreneurs and students to gain mutual benefit by gathering knowledge from the academic side and the students to have experiential learning on real situations. For instance, they will be forced to use the theory in practice, based on the situation.

- In short SME sector in Oman would start a new era and it needs a long way to go. Needs a great deal of support and facilitation from the government through laws and regulations. This reflects the fact that the market of Oman is small, as there are a few main family businesses handling different industries [47]. Presently SMEs are entering these sectors/segments, which will increase the need to implement marketing functions and techniques. So far marketing is not being implemented strategically because of many reasons like: the population of Oman, the way that customers look at the products and the level of the customers’ education, which means that the market in Oman is small, which does not require the implementation of marketing. It is important to address that the success of a business
depends greatly on the entrepreneur at the end and his/her level of passion. It is significant to look at the following aspects that will help to create a strong SME sector:

- **Formulation of laws and regulations towards allocation of 10% tenders to SMEs. Support SMEs by having incubators and clubs to give business advice to SMEs.**
- **Knowledge transfer is done through a skills base mentorship programme where a mentor from one of the large organizations would be facilitators and the skill development was done by qualified practitioners through training or coaching.**
- **The Research Council (TRC) a new research platform in Oman supervises innovation with the cooperation of Public Authority for SME development, to develop and make Omanis to think outside the box and operationalize their ideas into real business. This aids new viable creative projects in SME sector in Oman.**
- **The Public Authority for SME development takes a pivotal role in the development of SME sector in Oman. In this aspect, SME Public authority can monitor educational institutions and direct them in curriculum development. In addition, the Public Authority for SME development could create an SME academy that teaches and helps entrepreneurs with services, like a mentorship programme, consultations, library and expert advice.**

### Conclusion

The present paper examines the existing entrepreneurial marketing orientation practices of SMEs at Oman brings to light drawbacks in the existing scenario and the need for dynamic interconnections between the university, industry and government. Thereby Industries have to assess in what way and to what extent they decide to internalize R&D functions. Universities position themselves in markets, both regionally and globally through imparting entrepreneurial education and training. Governments make informed trade-offs between investments in industrial policies, balanced interventions at the structural level. By doing this the gap between knowledge transfer, idea generation, innovation, technology transfer, skill and competencies development is filled through consensus, integration of different spheres of units. This would result in the emergence of hybrid organization equipped with strengths to face present and future challenges.

### References

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