

Investigating Innovativeness and Emotional Intelligence as Mediator to Explore Enterprenurial Marketing Strategy Focused on Firm Performance: A Case in Pakistan

Sumaira Aslam¹, Muhammad Naeem Shahid², Muhammad Haris Qureshi³, Dr Amina Muzaffar Qureshi⁴

¹Assistant Professor; The University of Faisalabad

²PhD Scholar; Bahria University, Islamabad

³Lecturer; The University of Faisalabad

⁴Associate Professor; Bahria University, Islamabad

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ABSTRACT

The aim of this paper is to explore the strategic foundations of SME's to adopt Enterprenurial marketing as a framework to achieve higher performance. The study tests the mediation of innovativeness and emotional intelligence and enlighten how both effect the firm performance (growth perspective, and customer value creation). The study uses a cross sectional design to collect the data from a sample of 833 firms in aggregate from two states (e.g. associate members firms 647 and corporate member firms 186) using stratified sampling method. The data was collected through an e-mail questionnaire survey for the firm having email id the firms with no e-mail addresses were sent questionnaires through mail from the SME's registered in Chamber of commerce, Faisalabad. The multi-item scales were designed to measure the innovativeness, emotional intelligence and Enterprenurial marketing strategy. The correlation and regression was used to analyze the variables using SPSS. The findings suggests that that firm's strategic choice has positive relationship with innovativeness and emotional intelligence. It also suggested that emotional intelligence positively mediates while innovativeness negatively mediates the association among the strategic-orientation and firm performance in terms of growth perspective, and customer value creation. The results provides important implications for SME managers to device and implement the Marketing strategies to enhance firm's performance in pakistan.

KEY WORDS: Enterprenurial Market Strategy, Innovativeness, Emotional Intelligence, SMEs

1.1 INTRODUCTION

In entrepreneurship research, marketing has emerged as key term in recent years. Marketing and entrepreneurship are conventionally considered two different fields of study. Marketing is a much enriched field and a mountain of classical research work exists in current literature. Today's turbulent business environment has forced the researchers to explore the concept to the current state as marketing consists of numerous approaches aimed to give companies a growth aspiration in ever changing environment and enhanced Customer value. [1] has contrasted and compared different marketing approaches (e.g. buzz marketing; expeditionary marketing; convergence marketing; guerrilla marketing; viral marketing; disruptive marketing; counterintuitive marketing; and radical marketing etc.) and argued that the alternate methods often confine the interests of marketers considering for fresh traditions to promote and market the products effectually in a challenging situation. "Marketing is a process by which companies create value for customers and build strong customers relationships in order to capture value from customers in return" [2]. Entrepreneurship on the other hand, emerges from the word "Entrepreneur", a French term with literal meanings "undertaker" introduced by Richard Cantillon in 1730 for the individuals who commence self-employment with uncertainty. In the early years entrepreneurship has a very limited scope of an "applied trade" but later on, extensive research on the concept strengthened its grounds and today it is taught as a subject in business studies due to its increasing importance. The current business environment is evident of incredible paybacks of enterprenurial activities for Small as well as large businesses. Enterprenurial activities enable a business to achieve success and to meet with its objectives in an innovative way. [3] defined "Entrepreneurship is one path for creating superior value in the marketplace by leveraging innovation to create products, processes, and strategies that better satisfy customer needs." In marketing, Entrepreneurship is key function that includes innovation and creativity within the firm [4].

1.2 Background of study:

Entrepreneurs have acknowledged the influence of marketing in their businesses a long time ago and in the similar way marketers are also aware of essence of entrepreneurship in marketing efforts to get an edge on competitors, thus rising realization of mutual importance of two disciplines in current age supports the emergence of “entrepreneurship marketing” as a separate field beneficial for both small and large organizations. [5] argued that “The interface between business disciplines has been found to be a fruitful focus for research, especially when applied to the marketing behavior in small and medium-sized businesses (SMEs)”. But there are contradictory views on the significance of entrepreneurial marketing in large and small organizations as Kotler (2003) argued that entrepreneurial marketing practices are important for large and established firms however, [6] found large, traditional firms probably not to be as innovative in marketing efforts as SMEs, and seen more compatibility in entrepreneurship in SME’s. The scope of paper is limited to Small and medium enterprises (SME’s), so the upcoming discussion on the entrepreneurial marketing will target SME perspective only. In early years, entrepreneurship and SME’s were badly ignored by business people and researchers but the economic crunch in last two decades has broadened the scope of SME’s and resultantly of entrepreneurship and entrepreneurial marketing. Consequently, in 1987 to find out the appropriate marketing form that is applicable in SME’s, AMA (American Marketing Association) conducted a “Research Symposium on Marketing and Entrepreneurship” that later on identified as an annual event named “Research at the Marketing-Entrepreneurship Interface Conference.” Entrepreneurial marketing basically deals with the recognition and exploitation of marketing opportunities with innovative, risk taking and proactive orientation toward customer satisfaction and value creation. SME sector is considered to be backbone of an economy for its larger input to export growth and employment generation and poverty reduction. SME sector of Pakistan is contributing 40% in GDP; it has employed 70% people from non-agricultural part and adds 25% in the export earnings of the country. Conversely, regardless of its worth the progress of SME sector in Pakistan is facing hurdles due to numerous reasons mutually on the demand and supply side. The problems consist of energy crisis, skill shortage, political uncertainty, scarcity of capital goods, fiscal indiscipline, poor management, Reliance on non-tax revenues, lack of data on the sector, lesser domestic as well as foreign investment, resistance to change, inflation and marketing difficulties mainly for export-concerned SMEs; to date the major problematic area is absence of suitable financing services.

1.3 Statement of Problem:

The importance of scientific research to facilitate knowledgeable decisions for a country's economic development cannot be exaggerated. Throughout the world, the SME sector is increasingly using evidence-based solutions to formulate policies and develop initiatives for sustainable growth and development. For developing countries, however, the main challenge in this regard is the lack of mechanisms to gather the necessary data; and lack of expertise to analyze it for the development of policies and projects. In short, developing countries do not have a strong research culture.

The case of Pakistan is exactly the same. Our economic landscape is dominated by small and medium-sized enterprises (SMEs), yet there is relative neglect on academic and research institutions in the country to study the characteristics and challenges of the unique SME sector and to develop scientific solutions to the various groups of interest. There are not two opinions among the policymakers that the SME sector needs to be strengthened as a driving force for sustainable economic growth and the launch of SME focused research is an important step in this direction. There is also the consensus that encouraging this culture always requires cooperation between industry, science, government and development agencies. This research will highlight the challenges and perspectives of the SME sector in Pakistan and will give a mechanism to small firms through which the firm level performance can be enhanced.

1.4 Justification of Research

SMEs in Pakistan need to strengthen the concept and applications of intellectual capital in their organizations in order to achieve the competitive edge in the market. It is indispensable for SMEs in Pakistan to revolutionize and adopt the concept and applications of intellectual capital in order to dilute the emerging economics challenges. There is also a call for research in the 1st and 2nd SME conferences organized by SMEDA and UMT in 2016 and 2017 to overcome the SME problems in Pakistan. This study advanced the literature in the field of entrepreneurship by testing a new model of firm’s strategic choice based on three dimensions i.e. entrepreneurial orientation, marketing orientation, and learning orientation that links the emotional intelligence and innovativeness with firm performance. While such perspective is considerably new and relevant to general marketing literature, the fact that this paper is one of few papers that focus on firms strategic choice using entrepreneurial orientation marketing orientation and learning orientation in SME context of Pakistan adds to its originality.

1.5 Objectives:

The current study has three main objectives. First, to analyze the firm's strategic orientation by integrating the effects of EO (Entrepreneurial-Orientation), LO (Learning-Orientation) and MO (Marketing-Orientation). Second, explores the entrepreneurial marketing impact on firm performance. Third, it will analyze the way, innovativeness and emotional intelligence is mediating the relationship between independent variable (entrepreneurial marketing strategy) and dependent variable (firm's Performance).

1.6 Significance of study:

The current situation of SME sector of Pakistan requires extensive research to provide entrepreneurs with new intuition to cope with uncertainties. The study will provide an insight in the field of entrepreneurial marketing to the SME's to avail the opportunities at the right time. This will help entrepreneurs to use their explicit and tacit knowledge to explore the firm's innovativeness. There is no or limited research on the topic in Pakistan.

1.7 Research Question:

1. How the Entrepreneurial marketing strategy in integration of EO, LO and MO is related with innovativeness and emotional intelligence of firm?
2. How the firm's innovativeness influences the firm's performance with a change in emotions, positive or negative aspects?
3. How all dependent, independent, mediating and control variables used in conceptual framework are related to each other.

1.7 Structure of paper:

The chapter two consists of literature review having theoretical framework and development of hypothesis. The chapter three contains research methodology employed. The proceeding chapter four, data analysis and interpretation describe the summarized data, table's graphics to draw results. Lastly, conclusions and recommendations are given.

2.1 Literature Review and Hypothesis:

The essence of Entrepreneurial marketing is robust in today's businesses as it helps a business to identify the available opportunities and also suggests the innovative and unique ways to capture them. Organizations do not work in isolation but is in influence of various external turbulent environmental factors and internal organizational climate indicators. The firms with a strategy more compatible to internal and external organizational factors enable firms to get competitive edge. As [7] argued that firm owned precious; rare; improperly imitable; and not commutable resourcefulness and capacities consisting of tangible and intangible assets (e.g. management skills, processes, procedures, routines, information and knowledge firm controls) can be viewed as foundations of competitive edge. The idea of strengthening the internal resource has its grounds in resource based view (RBV). RBV can extend the current research on entrepreneurship from side to side the entrepreneurial development of cognizance, innovation, considerate marketplace opportunities, and matched knowledge that contributions convert diverse outputs [7]. Researchers view entrepreneurship as opportunity exploitation and define it as the development of value and combination of unique resources to exploit an opportunity. Thus by focusing and improving the internal resources, a firm may be able to have unique set of internal resources that facilitates the opportunity exploitation process better than competitors. Marketing researchers, however, put little efforts to find the way; RBV can be used in marketing field. [7] discussed that marketing can assist to understand the necessity of exceptional resourcefulness need to view in from the perspectives of customer requirements whereas ability to imitate can be measured in relation to the imitation capabilities of rivals and the ability of firm to improve the in-imitation capacity using the cross selling and bundling. So the theory suggests that RBV has its managerial implication in both fields (entrepreneurship and marketing). Entrepreneurial marketing is a strategy, resources and capabilities serve as foundation to create customer value. The interface between Entrepreneurship and marketing pressed researchers to draw similarities and dissimilarities in two fields and tried to refer the effective utilization of marketing strategy with a focus on innovation to meet with competition. [1] explained entrepreneurial marketing as "proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging and value creation". They further argued that Entrepreneurial Marketing robust with many theoretical backgrounds (e.g. transaction cost theory; resource-based theory; resource advantage theory; and strategic-adaptation theory). The paper will view Internal organizational factor i.e. entrepreneurial orientation (EO), Learning-orientation (LO) and market-orientation (MO) as resources and will combine these in "firm's strategic choice" to see its effect on firm's growth aspiration and customer value creation by mediating innovativeness and emotional intelligence. The basic assumption of paper is resource-based view described by [8],

described that according to the view point of firms, sources of competitiveness are the intangible physical assets and unique competencies that are not easily copied or replaced. Though, RBV considers internal and external resources of firm to get competitive advantage, the paper will investigate three elements of firm specific resources: Entrepreneurial Orientation, Learning Orientation and Marketing Orientation. The paper aims to gather information on role of EO, LO and MO in identifying firm's strategic option and its reflection on firm's growth and customer value creation in presence of mediating role of innovativeness and emotional intelligence. The study will specifically target the SME's of Pakistan and all variables will be treated accordingly. The essence of market-orientation, learning-orientation and entrepreneurial-orientation vary and depending on organizational type.

Entrepreneurial Orientation (EO):

Entrepreneurial-Oriented (EO) represents a firm's strategy to face the new business challenges in today's dynamic business environment. [9] describes EO as a firm's strategic-orientation, obtaining precise facets of entrepreneurial management styles and methods. Entrepreneurial orientation is essential for resource-based theories (RBT) as it distinguish which suitable resources are eventually matter of entrepreneurial orientation and required to compete in the market place. EO focuses on how firm operates rather than what it does. EO leads a company towards being proactive more than competitors with a consideration of procedures, practices, and decision-making actions to explore new market opportunities. Thoughtful aspects related to entrepreneurial intentions are vital because intentions are consistent predictors of entrepreneurial action [10]. According to [9], the EO highlights five dimensions including work autonomy, risk taking, pro activeness, innovativeness and competitive aggressiveness out of which pro activeness; risk taking; and innovativeness are commonly used [11, 12]. However, researchers have different perspectives on how these dimensions work, whether jointly or in isolation increase the degree of firm's EO. [11] inferred that dimensions of EO enable the entrepreneurial behavior of a firm. Whereas [9] found the basis of these dimensions on firm's independent and varied characteristics that influence the firm's internal and external factors. Another perspective is presented by [12] suggests that EO improves the association among the knowledge based resources, a firm have and its performance, also [13] look EO as a fit with organizational strategy and structure. Entrepreneurial marketing embodies a new insight to change organizational paradigm as [14] identified that aspects of firm include openness to new ideas. [12] identified that relationship between the performance of the firm and knowledge based resources is enhanced by entrepreneurial orientation and it is also linked with learning orientation.

Learning Orientation (LO):

Learning may cause continuous change in behavior of individuals or organizations. Learning generally viewed as a necessary asset to compete specifically in organizational context. According to a general view about learning orientation, individuals as well as organizations needs continuous learning and "who stops learning will face survival problems". Learning may occur on individual, group and organizational levels. Organizational learning is a instrument by which individual knowledge of employees can be transferred into social knowledge by organizations [15, 16]. Organizational learning requires the quick action of managers to face and respond internal or external change and embedding the outcomes in organizational context. Organizational learning combines the values, market information, behaviors, processes and actions in form of culture. Research shows reciprocal relations in individual and organizational learning as both types may cause each other. [17] explained organizational learning is cyclical as individual arrangements lead to organizational interface with situation and outcomes are understood by individuals who learn through refreshing their believes around cause effect relationships. Relationship among Organizational learning, market orientation and organizational performance can be discovered from the resource based view of the firm [8, 18], Learning orientation may enhance the ability of firm to create value for customers and resultantly increased firm performance. [19] proposed that learning orientation leads towards heterogeneity in the knowledge premise in organizations, and enhance market efficiency by providing superior values to end customers.

Marketing Orientation (MO):

According to [20], marketing orientation (MO) is a cultural perspective in which all employees dedicate themselves to provide superior value to customers. This depicts that insight of marketing determinants and opportunities allows the firm to create a strategic fit among organizational resources and market opportunities by changing its culture. Culture is "the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization" [21]. MO leads organizations toward situation handling in a way better than competitors to get advantage so it is a sense to handle the contingencies and fluctuations exist in environment better than competitors and such wisdom require an adjustable culture that supports change. MO can be studied from two perspectives, behavioral and cultural and it is generally agreed that MO needs to be considered and understood from cultural perspective rather than behavioral aspect and espouse values since culture intervene between firm strategy and its implementation decisions. LO is based on MO of firm because first managers get

considerations of market challenges and then learning serves as a tool to study the market opportunities and fluctuations [20] argued that organizational learning takes places on the foundations of market orientation. Furthermore, [17] offered that a LO is a resource and have an effect on quality of market-oriented behaviors. All firms have market-oriented behaviors which have direct relation with emotional intelligence of managers, but its quality may be weak or strong depends upon the firms. The theorists also explored a significant positive association between MO and emotional intelligence (EI). [22] discussed that MO 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”.

H1: Firm’s strategic choice (based on a mix of entrepreneurial-orientation, learning-orientation and market-orientation) has a significant relationship with outcome variables (growth aspiration and customer value creation).

Innovativeness:

Innovativeness is the capacity of the firm to launch new ideas, product and processes. Innovativeness is an orientation, the extent to which a firm exploits the novel ideas to offer innovative products to its customers, degree to which it wants to lead in stiff competition and also depend on firm’s growth aspiration. [23] define innovativeness the process of creating differentiations and new solutions to weak the competitors. Literature recognizes entrepreneurial orientation, learning orientation, and market orientation as key antecedents of innovativeness such as market orientation is seen to be more important element. [24] and [20] highlighted that learning orientation is the basic essence in the development of competitive advantage [19], and [9] emphasized the importance of entrepreneurial orientation for getting competitive edge. Market orientation improves firm’s performance through quality, customer loyalty and innovativeness [25]. Marketing researchers identified in firm’s culture that learning orientation is very important element [14] and in an organizational context it has impact on firm’s proclivity to create new knowledge [26]. Entrepreneurial orientation (EO) is closely related with innovativeness because (EO) is the strategic practices which an organization use to recognize and that organizations use to identify and commence a new businesses [27].

H2: Firm’s strategic choice (based on a mix of entrepreneurial orientation, learning orientation and market orientation) has a significant and positive relationship with innovativeness.

H3: Innovativeness will mediate the relationship between Firm’s strategic choice (based on a mix of entrepreneurial orientation, learning orientation and market orientation) and outcome variables (firm performance and value creation).

Emotional Intelligence (EI):

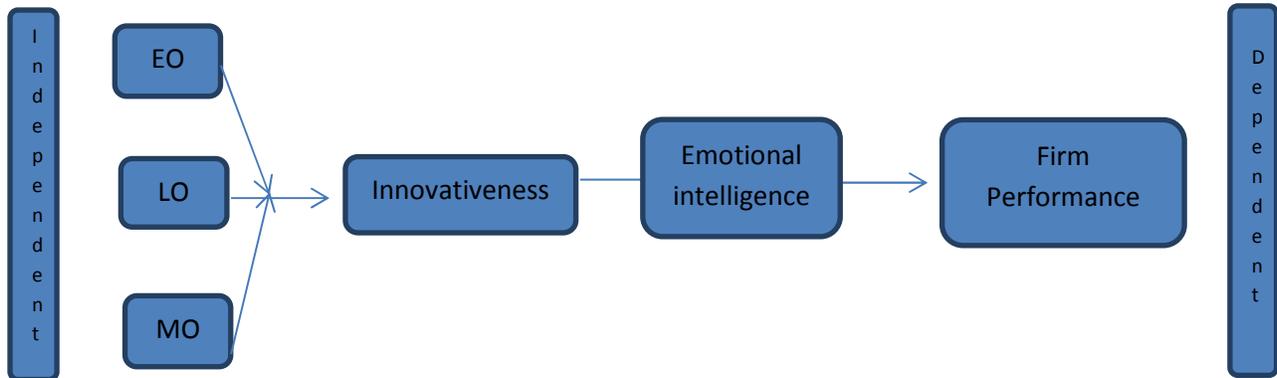
The concept of Emotional intelligence is derived from the notion of social intelligence [7]. Emotional intelligence (EI) enables entrepreneurs to study and manage their own as well as other’s emotions. EI is an interpersonal as well as impersonal construct. EI defines capacity, competency or expertise to observe, measure, and managing the emotions of self, others, or groups [28]. EI allows perceiving, assessing and conveying emotion to create value. Emotional intelligence helps entrepreneurial businesses to observe the customer perception and future response of new offerings. Entrepreneurial marketing emphasis customer equity, intuitive relationship and emotional dimensions to support marketing efforts of firms (Morris, et al.). EI emphasis on substantial use of emotions in the place of work by shifting attitudes of managers regarding how well they handle their and each other’s emotions. [28] first presented the model of emotional intelligence that encompasses four dimensions: first, emotional awareness that focuses on get awareness of personal and others emotions, (b) second dimension is easing emotion, using emotions to control thoughts, (c) third is comprehend the emotions, or knowing about behavior related responses to emotion, and (d) fourth includes the management of emotions in self and in others to improve own growth and relationships. A firm led by the characteristics of emotional intelligence will be better able to face difficult times, proactively dealing with stakeholders by managing their emotions to attain achievement more efficiently than the firms lacking in these critical skills. According to RBV, internal competencies of the company are the main cause behind differences in success of firms within the same industry [8]. The firms with better emotional intelligence framework are more in position to achieve their profit and value creation objectives. Emotional intelligence is basically the capacity to attain and apply knowledge from one’s emotions and those of others to produce beneficial outcomes [8]. This paper will test the mediating role of emotional intelligence with EO, MO and LO as the firms with strong emotional intelligence can create a competitive edge by understanding that how various emotions affect entrepreneurial marketing exchanges, we study it across SME sector of Pakistan. Entrepreneurial orientation is willingness of firm to take risks, being aggressive and proactive to innovate and capture marketplace opportunities.

[11, 27] and emotional intelligence helps to Understand emotions that are necessary to analyze complex emotional knowledge [29].

H4: Firm's strategic choice (based on a mix of entrepreneurial orientation, learning orientation and market orientation) has a significant and positive relationship with EI.

H5: EI will mediate the relationship between Firm's strategic choice (based on a mix of entrepreneurial orientation, learning orientation and market orientation) and outcome variables (firm performance and value creation).

Theoretical Framework



The model is derived from study of Hult, Huerly & Knight, (2004)

3. METHODOLOGY

3.1 Research Design:

The research is conducted using quantitative method based on primary data. The theoretical support has been collected from various sources like books, journals, conference papers and to gather primary data a mail survey method was employed. E-mail survey is becoming famous due to its benefits over postal mail for surveys in terms of cost, swiftness, easiness and timeliness. [30] stated that e-mail survey offers an easier and more immediate response. Some researchers have conducted cost benefit analysis of e-mail survey and concluded that the cost of e-mail survey is less than paper survey and is 5 to 20 percent of the cost of using paper survey [7] and cost of e-mail surveys significantly reduces with gradual increase in sample sizes [31]. The study focused to measure the degree of entrepreneurial marketing sense of firms relating to business-to-consumer market. The study employs an e-mail questionnaire survey approach to collect data and the firms with no e-mail addresses were sent questionnaires through mail. The questionnaires and a cover letter describing the basic purpose of the study and assurance of secrecy were e-mailed to firms with e-mail addresses mentioned in lists. However, the firms for which e-mail addresses were not available on the website of Chamber of Commerce, questionnaire and cover letters were sent with pre-addressed return postal envelopes to the firm owners.

3.2 Population:

The population includes the corporate as well as associated members of chamber of commerce Faisalabad. According to the lists published on web for year 2012-13 corporate SME's are 930 and Associate SME's are 3234 with a total of 4164 in number.

3.3 Sampling Technique/Procedures:

The sample for study has been drawn upon stratified random sampling method referred by [10] The population was divided into two parts for analysis. Associate members and corporate members registered in chamber of commerce, Faisalabad and for the both strata systematic random sampling was performed using an estimated fraction of 1/5.

3.4 Sampling Size:

Based upon the stratified random sampling (systematic) method referred by with an estimated fraction of 1/5 a sample of 647 for associate members were calculated and with the same fraction a sample of 186 was calculated for corporate members. So the total sample size is 833 for both strata.

3.5 Research Instrument /Tools:

The questionnaire contains the variables e.g. (entrepreneurial orientation, entrepreneurial capital, Marketing orientation, innovativeness, emotional intelligence, and firm's performance), and thirty items are selected from previous researches to measure them. Total measures are cautiously associated with the theoretical characteristics of each hypothesis. All independent, dependent and mediating variables require five-point Likert-scale having responses ranges from 1 for "strongly disagree", through 3 for "neutral" to 5 for "strongly agree". The Likert scale was invented by [32]; he defined it to assess the attitudes. To access market orientation the Deshpande' et al. (1993) Scale was used that is originally consisted of 9 items based on three sub dynamics of competitor orientation, customer orientation, and product orientation but for the analysis seven items were used spreading on all sub dynamics. Entrepreneurial Orientation (EO) was measured by using the scale of [27] comprising of thirteen items. However, the present study used the six items to measure the Entrepreneurial orientation. To measure the learning orientation four items were adopted from [33]. Innovativeness was measured by using the five-item scale of [33, 14]. The performance variable was calculated using subscales like firm's sales growth, patterns of market share, profitability, and overall performance. The cronbach's alpha is a measure to calculate the internal reliability of the items, which was found to be .825 offering measures better than 0.70 and so are reliable [6]. See Table-1 and Table-2

3.6 Data Collection:

A follow up mail was sent to the firms who haven't respond the first e-mail or mail using the same procedure adopted in first attempt approximately after a week, 255 usable questionnaires were returned with a response rate of nearly 30% from which 178 questionnaires were received from associated members with a response rate of 27.51% and corporate members returned 77 questionnaires and 41.40% response rate was calculated.

4. Data Analysis:

The H1 was tested by correlation coefficient between Firm's *strategic choice (based on a mix of market orientation, learning orientation and entrepreneurial orientation,)* and *firm performance*. The Output Value of Correlation Coefficient $r_1 = .440$ (relationship between MO and firm performance), $r_2 = .423$ (relationship between EO and firm performance) and $r_3 = .462$ (relationship between LO and firm performance) is showing a positive and moderate relationship with firm performance and p- value (Significance) on the second line $p = .000$ depicts Relationship is significant. The results are presented in Table 3.

The H2 was tested on proposed relationship between Firm's *strategic choice based on a mix of market orientation, learning orientation and entrepreneurial orientation,)* and *innovativeness*. This relationship was also tested by correlation coefficient between both construct. Table 4 contains the Output Value of Correlation Coefficient $r_1 = .518$ (relationship between MO and Innovativeness), $r_2 = .492$ (relationship between EO and Innovativeness) and $r_3 = .327$ (relationship between LO and Innovativeness) is showing a positive and moderate relationship with innovativeness and p- value (Significance) on the second line $p = .000$ depicts Relationship is significant.

The H4 was tested on proposed relationship between Firm's *strategic choice based on a mix of market orientation, learning orientation and entrepreneurial orientation,)* emotional intelligence, was also based on the correlation coefficient. The result presented in Table 5 depicts the Output Value of Correlation Coefficient $r_1 = .210$ (relationship between MO and emotional intelligence), $r_2 = .169$ (relationship between EO and emotional intelligence) and $r_3 = .268$ (relationship between LO and emotional intelligence) is showing a weak and positive relationship with emotional intelligence and p- value (Significance) on the second line $p = .000$ depicts relationship is significant.

4.1 Testing for mediation:

H3 and H5 have been tested by using the approach of [34]. This approach is based on several regression analyses in four steps and it is necessary to examine the significance of coefficients at each of the four steps. The following steps are involved in this process.

Step 1 Perform a simple regression, in which independent variable predicts dependent variable.

Step 2 Perform a simple regression, in which independent variable predicts mediating variable

Step 3 Perform a simple regression, in which mediating variable predicts dependent variable.

Step 4 Perform multiple regression. In which independent and mediating variables predict dependent variable.

Testing Mediation for the 1st link taking EI as dependent variable

The basic purpose of Steps 1, 2 and 3 is to establish that zero-order relationships among the variables of the study. If relationship is insignificant in any one or more of these steps, it is usually concluded by researchers that mediation

is not possible or likely (even though this is not always true, see [11]). So an assumption is that if there are significant relationships from Steps 1 to 3, then researchers can proceed to Step 4. But from Step 1 to 3, we have got insignificant results for our model in case of market orientation and entrepreneurial orientation in step 1 and learning orientation in Step 2. So the first and second conditions of mediation are not proved for the 1st link of our model. See Appendix-6

Testing Mediation for the 2nd link taking Firm Performance as dependent variable

We have got significant results for the model of study. In the Step 4, mediation is supported if the effect of Mediating variable remains significant after controlling for independent variable. If independent variable is no longer significant when Mediating variable is controlled, the finding supports *full mediation*. If independent variable is still significant, the finding supports *partial mediation*. In our model partial mediation is proved because innovation is still significant while included in regression equation with emotional intelligence.

So for the 2nd link of our model, partial mediation is proved. Hence Hypothesis 5 is proved which means that emotional intelligence mediates the relationship between firm performance and innovativeness.

5. Findings

5.1 Summary of finding:

The study explored the mediation effect of innovativeness and emotional intelligence between entrepreneurial marketing strategy and firm's performance. The study proves that a firm's strategic choice of entrepreneurial marketing with three key innovativeness antecedents enhance the organizational performance. All three variables of firm's strategic choice have a positive relation with innovativeness the results are same drawn by [14] and emotional intelligence is also proved to be in positive relation with firm's strategic choice. The study also demonstrates that emotional intelligence positively mediates the relationship between innovativeness and firm performance in a comprehensive suggested model. The other finding shows a negative mediation link of innovativeness between strategic orientation of firm and emotional intelligence. The most important contribution of this study is that it explored innovativeness with its antecedents that gives a deep insight in innovation field. The study of emotions is missing in entrepreneurial marketing research so the study tries to bridge that gap by studying the emotional intelligence as a mediator. The study suggests the need of emotional intelligence to run a successful SME business. Next the study takes MO EO and LO as key strategic resources of the firm and recommends to make them strengthened under the ideology of RBV to meet with external forces successfully.

5.2 Conclusions:

The study stresses the implication of entrepreneurial marketing in the SME' to increase their performance however [1] argued that "if a firm decides to take entrepreneurial marketing approach, many existing attitudes, behaviors and structures have to be re thought as its culture fosters innovativeness". So the firms with the capacity and strategic orientation to start with entrepreneurial marketing have to restructure their existing patterns.

5.3 Recommendations:

It suggests the managers or owners of SME's to have a deeper look on marketing orientation, Entrepreneurial orientation and learning orientation to meet with ever changing customer, stakeholders as well as environmental forces.

5.4 Limitations and Future Research:

The study is limited in scope as it is conducted in only one city of Pakistan and sample was narrowed due to limitation of time. The study can be conducted in other cities of Pakistan. There are more than one hundred thousand SME's registered in SMEDA only in city of Faisalabad so the study can be conducted by taking a different population.

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Appendix-1:

Table-1 Reliability of entrepreneurial marketing strategy measure (internal resources)

	Cronbach's alpha	Mean	SD	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Market Orientation (MO)	0.817				
We have routine or regular measures of customer service.		3.8000	1.12733	.551	.810
Our product and service development is based on good market and customer information.		3.9294	.99750	.563	.810
We know our competitors well.		3.8510	1.04681	.501	.813
We compete primarily on the basis of product or service differentiation.		3.8667	1.13197	.372	.819
The customer's interest should always come first, ahead of the owners		3.8941	1.07977	.539	.811
Our product/services are the best in the business.		3.8000	1.04768	.225	.825
I believe this business exists primarily to serve customers.		3.6745	1.14325	-.030	.838
Entrepreneurial Orientation (EO)	0.818				
Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives.		3.8235	1.06309	.429	.816
Employees have the ability of thinking and self-managing.		3.9412	.98835	.280	.822
My firm stressed full delegation for employees.		3.6471	1.22673	.390	.818
A strong proclivity for high risk projects (with chances of very high returns).		3.7804	1.10422	.359	.819
My firm encouraged individuals or teams to develop new ideas.		3.8157	.98079	.309	.821
My firm is very aggressive and intensely competitive.		3.6510	1.10107	.462	.814
Learning Orientation (LO)	0.815				
Managers basically agree that our organization's ability to learn is the key to our competitive advantage.		3.6275	1.11116	.451	.815
The basic values of this organization include learning as a key to improvement.		3.7922	1.03859	.544	.811
The sense around here is that employee learning is an investment, not an expense.		3.7961	.98691	.277	.823
Learning in my organization is seen as a key commodity necessary to guarantee organizational survival.		3.8039	1.09076	.505	.812

Appendix-2

Table-2 Reliability of performance (Functional and overall)

	Cronbach's alpha	Mean	SD	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Performance	0.816				
Functional performance					
Relative to competitors the firm had a larger market share	0.822	4.1451	.96724	.207	.825
Relative to competitors the firm was growing more faster		4.1569	.86426	.277	.822
Relative to competitors the firm was more profitable		4.0784	1.02033	.344	.820
General or overall performance					
performed excellent in general	0.816	3.8980	1.12829	.439	.815
Performed excellent relative to competitors		4.1255	1.04990	.401	.817

Appendix-3:

Table-3 Correlations between Firm's strategic choice (based on a mix of entrepreneurial orientation, learning orientation and market orientation) and firm performance

		MO	PERFORMANCE
Pearson Correlation Sig. (2-tailed)		1	.440**
	N	255	.000 255
	PERFORMANCE	.440**	1
Sig. (2-tailed)	N	.000 255	.000 255
			EO
		1	.423**
Pearson Correlation Sig. (2-tailed)		1	.423**
	N	255	.000 255
	PERFORMANCE	.423**	1
Sig. (2-tailed)	N	.000 255	.000 255
			LO
		1	.462**
Pearson Correlation Sig. (2-tailed)		1	.462**
	N	255	.000 255
	PERFORMANCE	.462**	1
Sig. (2-tailed)	N	.000 255	.000 255

** Correlation is significant at the 0.01 level (2-tailed).

Appendix-4:

Table-4 Correlations between Firm's strategic choice (based on a mix of entrepreneurial orientation, learning orientation and market orientation) and Innovativeness

		MO	INNOVATIVENESS
Pearson Correlation Sig. (2-tailed)		1	.518**
	N	255	.000 255
	INNOVATIVENESS	.518**	1
Sig. (2-tailed)	N	.000 255	.000 255
			EO
		1	.492**
Pearson Correlation Sig. (2-tailed)		1	.492**
	N	255	.000 255
	INNOVATIVENESS	.492**	1
Sig. (2-tailed)	N	.000 255	.000 255
			LO
		1	.327**
Pearson Correlation Sig. (2-tailed)		1	.327**
	N	255	.000 255
	INNOVATIVENESS	.327**	1
Sig. (2-tailed)	N	.000 255	.000 255

** Correlation is significant at the 0.01 level (2-tailed).

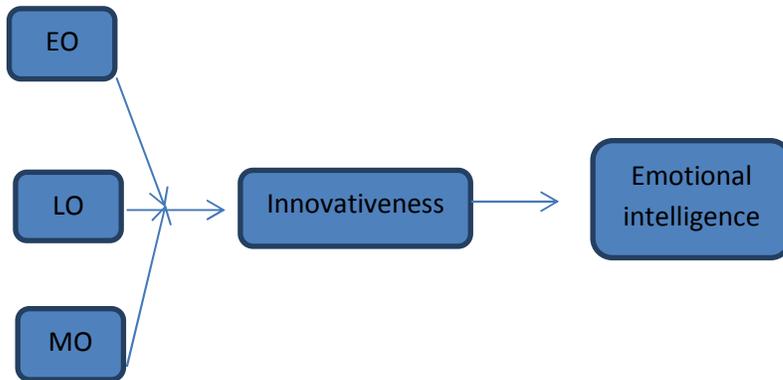
Appendix-5:

Table -5 Correlations between Firm’s strategic choice (based on a mix of entrepreneurial orientation, learning orientation and market orientation) and Emotional intelligence

		MO	EMOTIONAL_INTELLIGENCE
MO	Pearson Correlation	1	.210**
	Sig. (2-tailed)		.000
	N	255	255
EMOTIONAL_INTELLIGENCE	Pearson Correlation Sig. (2-tailed)	.210**	1
		.000	
	N	255	255
		EO	EMOTIONAL_INTELLIGENCE
EO	Pearson Correlation	1	.169**
	Sig. (2-tailed)		.000
	N	255	255
EMOTIONAL_INTELLIGENCE	Pearson Correlation Sig. (2-tailed)	.169**	1
		.000	
	N	255	255
		LO	EMOTIONAL_INTELLIGENCE
LO	Pearson Correlation	1	.268**
	Sig. (2-tailed)		.000
	N	255	255
EMOTIONAL_INTELLIGENCE	Pearson Correlation Sig. (2-tailed)	.268**	1
		.000	
	N	255	255

** Correlation is significant at the 0.01 level (2-tailed).

Appendix-6



Step 1:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	2.992	.292		10.247	.000
	MO	.031	.108	.027	.288	.774
	EO	.043	.085	.039	.501	.617
	LO	.224	.082	.231	2.740	.007

a Dependent Variable: EMOTIONAL_INTELLIGENCE

Step 2:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Constant	1.633	.214		7.625	.000
	MO	.395	.079	.402	4.999	.000
	EO	.266	.062	.286	4.272	.000
	LO	-.074	.060	-.089	-1.237	.217

a Dependent Variable: INNOVATION

Step 3:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.609	.270		9.660	.000
	INNOVATION	.389	.069	.333	5.616	.000

a Dependent Variable: EMOTIONAL_INTELLIGENCE

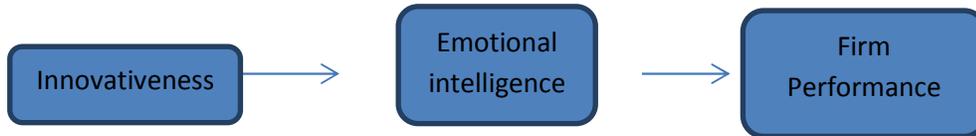
Step 4:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.363	.311		7.586	.000
	INNOVATION	.385	.083	.330	4.658	.000
	MO	-.121	.109	-.105	-1.116	.265
	EO	-.060	.085	-.055	-.709	.479
	LO	.252	.079	.260	3.205	.002

a Dependent Variable: EMOTIONAL_INTELLIGENCE

Appendix-7



Step 1:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.260	.235		9.616	.000
	INNOVATION	.464	.060	.435	7.685	.000

a Dependent Variable: PERFORMANCE

Step 2:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.609	.270		9.660	.000
	INNOVATION	.389	.069	.333	5.616	.000

a Dependent Variable: EMOTIONAL_INTELLIGENCE

Step 3:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.167	.206		10.505	.000
	EMOTIONAL_INTELLIGENCE	.458	.050	.502	9.233	.000

a Dependent Variable: PERFORMANCE

Step 4:

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.305	.250		5.220	.000
	EMOTIONAL INTELLIGENCE	.366	.050	.402	7.362	.000
	INNOVATION	.321	.058	.301	5.521	.000

a Dependent Variable: PERFORMANCE