

How smes with different growth intentions vary in terms of market and brand orientation?

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Abstract

Purpose of the paper and literature addressed: The aim of this paper is to examine how SMEs with varying growth intentions differ from each other with regard to market orientation and brand orientation.

Research method: Responses from 492 SMEs were analysed. They were clustered into four groups according to their growth intentions and then ANOVA was used to explore whether these groups differed in their market or brand orientation.

Research findings: The results indicated that the higher growth intention group the SME belonged to the more market and brand oriented it was.

Main contribution: The study sheds more light into the little researched themes of market and brand orientation in the context of SMEs. It also highlights the importance of supporting growth oriented SMEs in their pursuit of becoming more market or brand oriented.

Keywords: market orientation, brand orientation, growth intention, SMEs

Introduction

The aim of this paper is to investigate how SMEs with different growth intentions differ from each other regarding market and brand orientation. It is argued that attitudes affect intentions and through that behaviour of small business owner-managers (Ajzen 1991). They also influence their goal setting (Reijonen 2008). In this study, it is examined whether in those firms where growth is seen as an important goal they have also adopted market and brand orientations both of which are seen to lead to enhanced market performance. Market orientation is measured in three dimensions: customer orientation, competitor orientation and inter-functional coordination and these are examined separately. Brand orientation is measured in terms of whether the brand is seen as a valuable asset to the firm and whether it plays an essential part in the strategy and marketing and in the running of the firm. Growth willingness or intention is represented by the goals related to growth and success the firms find important.

In the SME context it is not evident that every small firm aims to grow. As Gray (2002) pointed out, in majority of the small firms, especially in micro enterprises (0-9 employees) which constitute the majority of our sample, the main business challenge is to survive and only a few are interested in growth. Furthermore, it is argued that those few small firms who are willing to grow are likely to be very innovative and adopt more structured and strategic approach to their business. The reason why brand orientation is interesting in this approach is that branding is an important factor in generating growth and profitability (Wong & Merrilees 2008).

The growth of a firm is usually evaluated by the changes in its size. Growth measures include e.g. changes in turnover, assets, number of employees, market share, market value of the firm, physical output and different measures of profitability (e.g. Dobbs & Hamilton 2007, Murphy, Trailer & Hill 1996). These have been used as separate measures or as a combination. In this study the respondents were asked to evaluate how important different goals relating to firm growth were to them. The chosen goals included: increase in turnover, increase in ROI, increase in equity ratio, expansion of market area, increase in market share, and increase in the number of customers. These measures represent different aspects of firm growth and small business owners tend to have different objectives with regard to them. For example the study of Reijonen and Komppula (2007) indicated that the growth in turnover is desirable to most owner-managers whereas the increase in the number of employees is not due to various reasons relating e.g. to hiring costs and quality of work.

Growth intentions in SMEs

According to the theory of planned behaviour (TPB), personal attitudes influence intentions and through them behaviour (Ajzen 1991). An attitude is an evaluation of an object, whether it is good or bad (Wiklund, Davidsson & Delmar 2003). It consists of three elements: 1) *cognitive element* relates to the beliefs and thoughts about the object, 2) *affective element* consists of positive or negative emotions toward the object and, finally 3) *conative or behavioural element* comprises intentions and predispositions to act in a particular way toward the object (Robinson et al. 1991). Thus, personal attitudes reflect the beliefs and opinions of the individual about the behaviour and also about the personal impacts of that behaviour's outcome (Krueger, Reilly &

Carsrud 2000). Individuals seem to acquire automatically an attitude toward behaviour, because a belief connects the behaviour to a particular outcome that is already assessed as positive or negative (Veciana, Aponte & Urbano 2005). In the evaluation intrinsic rewards of the outcome seem to be the most important (Krueger & Brazeal 1994).

TPB has been used to explain entrepreneurial activity and new venture formation (e.g. Robinson et al. 1991). Wiklund, Davidsson and Delmar (2003) have also applied it in their study of firm growth. It is suggested that entrepreneurs base their growth willingness on the assessment of the consequences of the growth (Davidsson 1989). Based on the attitudes of the outcomes they make a decision of the desirability of it. It has been studied that in small businesses there are both economic and non-economic outcomes that affect the owner-managers attitudes towards growth (Wiklund, Davidsson & Delmar 2003).

To a great extent marketing in SMEs is related to the owner-managers' attitudes to, experience of and expertise in marketing (McCartan-Quinn & Carson 2003). In addition, their abilities, motivations and goals greatly affect the decision to enlarge or maintain the firm size they are comfortable with (Walker & Brown 2004). As attitudes reflect the assessment of the outcome of behaviour, it could be argued that they affect the goal setting of small business owner-managers (Reijonen 2008). Empirical studies have shown that owner-managers have a diverse set of business goals, many of which do not relate to firm growth and a great part of the owner-managers also state that they have a 'no-growth' objective (Greenbank 2001). Thus, it is argued that many small business owners are content to keep their firms small (Walker & Brown 2004). Not only the goals, but the importance of them seem to direct owner-managers' attention and behaviour (Reijonen 2008). Those who emphasise economic goals are more sensitive to financial performance and those who highlight non-economic goals are satisfied with lower levels of financial performance, as long as it is sufficient to allow them to pursue their non-economic goals (Cooper & Artz 1995).

In conclusion, attitudes represent the feelings and beliefs individuals have on particular objects and they affect the goals they set; goals on the other hand direct motivation and intentions because there is a natural aspiration to achieve the targets set (Reijonen 2008). In this study, we are not interested in small business owner-managers' attitudes towards growth, per se. However, we believe that they are reflected in the growth goals and as how important these goals are regarded. Furthermore, as goals direct motivation to act in a certain way they represent intentions. In turn, the Theory of Planned Behavior suggests that intentions predict behaviour. Consequently, we examine how SMEs with different growth intentions vary according to their adoption of market orientation and brand orientation. As is seen in the next section both of them are regarded to enhance firm performance.

Market orientation and brand orientation

Market orientation is the implementation of marketing concept (Kohli & Jaworski 1990) that, in turn, is a prescription of how an enterprise achieves its goals (Houston 1986). Market orientation can be defined to mean an organisation's purpose to find out needs and wants in its target markets, and then to satisfy those needs more effectively and efficiently than its competitors

(Slater & Narver 1998). In the two seminal papers of Narver and Slater (1990) and Kohli and Jaworski (1990) the content, construct and consequences of market orientation were discussed. According to Narver and Slater (1990), market orientation is an organisation culture that consists of three elements: customer orientation, competitor orientation and interfunctional coordination. They state that customer and competitor orientation include the activities of obtaining customer and competitor information and disseminating it throughout an enterprise, and finally creating customer value based on it. Kohli and Jaworski (1990) emphasised these tasks involved in market orientation. Thus, they defined it to include 1) generation of market intelligence concerning present and future needs of the customers, 2) dissemination of it throughout the organisation and 3) organisation-wide task of responding to it by making and implementing plans (Jaworski & Kohli 1993). They argued further that enterprises differ in the extent to which they perform these tasks (Kohli & Jaworski 1990).

While the concept of market orientation focuses on customers and competitors, brands on the other hand offer multi-stakeholder orientation towards business operations. There are several definitions of brand orientation. According to Urde (1999), it is an approach where the processes of a firm are related to the creation, development and protection of brand identity in a constant interaction with customers. Hankinson (2001) and Merrilees (2005) have suggested continuum-based definitions of brand orientation. According to Hankinson (2001), it describes the extent to which enterprises regard themselves as brands and accept the theory and practice of branding. Merrilees (2005), in turn, states that it refers to the extent to which the brand becomes the core of a marketing strategy.

Both Urde (1999) and Wong and Merrilees (2008) argue that the aim of brand orientation is to achieve competitive advantage. This goal is focal also in market orientation. Narver and Slater (1990) stated that market orientation helps a firm to create superior value for customers and, consequently, achieve superior competitive advantage and, further, above-normal market performance. The impact of market orientation on firm performance has been investigated widely. The summary of González-Benito and González-Benito (2005) show that the relationship between the two has been studied in various geographical, economic and political scenarios, in different markets and between different industry types (e.g. product/service, profit/non-profit organisations). Furthermore, different firm sizes, competitive strategies and competitive environment situations have been taken into account. The summary indicated that in the majority of the studies market orientation has a positive impact on firm performance which has been measured e.g. by self-reported, judgemental evaluations of profitability (e.g. Kim 2003, Narver & Slater 1990), market share, percentage of new product sales and ROI (eg. Matsuno, Mentzer & Özsoy 2002), market growth (Kim 2003), overall performance of the business unit last year and overall performance relative to major competitors last year (e.g. Pulendran, Speed & Widing 2003, Jaworski & Kohli 1993). There were also studies where no direct relationship between market orientation and performance was detected, but in these there often were mediators, such as innovation (Vázquez, Santos & Álvarez 2001) and knowledge-related resources (Olavarrieta & Friedman 2008) through which market orientation seemed to positively influence performance. Other factors that may act as mediators are customer loyalty and quality (Kirca, Jayachandran & Bearden 2005).

With regard to brands, brand performance and brand equity have been used to measure the success of brands in the market. Aaker (1991) stated that brand equity comprises brand name

awareness, loyal customers, perceived quality and brand associations that add (or subtract) value to the product or service. Wong and Merrilees (2007) argued that brand performance measures strategic achievements of a brand. In literature brand equity has been seen to have positive effects on business operations. According to Wood (2000), high brand strength and brand equity may lead to competitive advantage providing added value and profit for a firm. Positive brand equity may increase customer loyalty, help to gain larger margins, offer additional brand extension opportunities and enhance trade cooperation (Keller 2003, Park & Srinivasan 1994). These are all market-related factors that may affect firm performance and provide basis for growth and profitability. Positive effects of branding on business performance have been supported in many studies (Aaker 1991 Kerin & Serthumaran 1998).

In the context of SMEs the research concerning brand orientation is scarce. However, a limited number of empirical studies on market orientation in SMEs have been conducted. As the business owner-manager is central in every function of the firm it is important to understand how s/he regards market orientation and marketing concept behind it. It has been argued that marketing concept is not adopted in a great part of small enterprises and that the decision whether to adopt it or not is dependent on business goals (Peterson 1989). Peterson (1989) stated that in small enterprises they may believe that the adoption of marketing concept would result in greater profits but still they are not motivated to adopt it because profits are not an overriding goal in their business operations. Tregear (2003) suggested that for an individual market orientation means the adoption of a philosophy the main aim of which is to satisfy customer needs and consequently to gain profits and growth. In addition, she argued that this philosophy gives purpose and meaning to the functions performed by individuals and lead to the prioritisation of particular marketing-related activities. She stated further that it competes with other goals and desires of the individual that are derived from value sets and perceived sources of satisfaction in his/her chosen employment. Consequently, market orientation could be seen as a set of behavioural tendencies that is adopted partially and/or temporarily by an individual pursuing to achieve multiple goals (Tregear 2003). Thus, goals can offer an explanation for the extent of the adoption of business philosophies and marketing practices of small business owner-manager. The literature suggests that they are not always receptive to marketing if there is no need for growth or expansion (Hogarth-Scott et al. 1996).

Data and methods

Questionnaire development

In the questionnaire development we leaned on the literature on market orientation and brand orientation discussed above (Table 1). In prior research different measures of market orientation have been applied. Kohli, Jaworski and Kumar (1993) developed one of the best known measures: MARKOR that focuses on the measurement of the activities relating to generation of market intelligence, dissemination of it within the organisation and responsiveness to it. Deng and Dart (1994) adopted the cultural view on market orientation presented by Narver and Slater (1990) and established a measure that comprises four components: customer orientation, competitor orientation, interfunctional coordination and profit emphasis. Later on, Gray et al.

(1998) developed what they called “a better measure of market orientation” in which they integrated the ideas of Narver and Slater (1990), Jaworski and Kohli (1993) and Deng and Dart (1994). The results of Gray et al.’s (1998) study showed that some of the variables measuring intelligence dissemination (Jaworski and Kohli 1993) could be combined with the measures of interfunctional coordination (Narver and Slater 1990). In this study we examined market orientation through three elements: customer orientation, competitor orientation and interfunctional coordination (Narver & Slater 1990). But as suggested by Gray et al. (1998) the scale measuring interfunctional coordination included variables relating to intelligence dissemination. Brand orientation was measured by four items derived from the work of Wong and Merrilees (2008).

Table 1. Measure items in the questionnaire.

Measure items	Source
Customer orientation	
V1 We have a strong commitment to our customers	Gray et al. (1998); Deng and Dart (1994); Narver and Slater (1990)
V2 We are always looking at ways to create customer value in our products	Gray et al. (1998); Deng and Dart (1994); Narver and Slater (1990)
V3 We encourage customer comments and complaints because they help us do a better job	Gray et al. (1998); Deng and Dart (1994); Narver and Slater (1990)
V4 Our business objectives are driven by customer satisfaction.	Farrell et al. (2008); Narver and Slater (1990)
V5 We measure customer satisfaction on a regular basis	Gray et al. (1998); Deng and Dart (1994); Narver and Slater (1990)
V6 After-sales service is an important part of our business strategy	Gray et al. (1998); Deng and Dart (1994); Narver and Slater (1990)
Competitor orientation	
V7 We regularly monitor our competitors’ marketing efforts	Gray et al. (1998); Deng and Dart (1994)
V8 We frequently collect marketing data on our competitors to help direct our marketing plans	Gray et al. (1998); Deng and Dart (1994)
V9 Our people are instructed to monitor and report on competitor activity	Gray et al. (1998); Deng and Dart (1994)
V10 We respond rapidly to competitors' actions	Gray et al. (1998); Deng and Dart (1994); Narver and Slater (1990)
V11 Our top managers often discuss competitors' actions	Gray et al. (1998); Deng and Dart (1994); Narver and Slater (1990)
V12 We target customers and customer groups where we have, or can develop, competitive advantage	Farrel et al. (2008); Deng and Dart (1994); Narver and Slater (1990)
Interfunctional coordination	
V13 Market information is shared inside our organization	Gray et al. (1998); Deng and Dart (1994)
V14 Persons in charge of different activities in our organisation are involved in preparing business plans/ strategies	Gray et al. (1998); Deng and Dart (1994)
V15 We do a good job integrating the activities inside our organization	Gray et al. (1998); Deng and Dart (1994)
V16 We regularly have inter-organizational meetings to discuss market trends and developments	Gray et al. (1998); Jaworski and Kohli (1993)
V17 We regularly discuss customer needs in our organization	Gray et al. (1998); Jaworski and Kohli (1993)
Brand orientation	
V18 Branding is essential to our strategy	Wong & Merrilees (2008)
V19 Branding flows through all our marketing activities	Wong & Merrilees (2008)
V20 Branding is essential in running this company	Wong & Merrilees (2008)
V21 The brand is an important asset for us	Wong & Merrilees (2008)

In the growth intention measures the respondents had to express how important they found different goals related to the business to be. Six goals were analysed: (1) increase in turnover, (2) increase in ROI (return on investment), (3) increase in equity ratio, (4) expansion of market area, (5) increase in market share, and (6) increase in the number of customers.

The contact information of the SMEs was obtained from a company register held by a local regional development company. From this register all those enterprises were selected that 1) employed up to 249 persons, 2) operated in the area of North Karelia, Finland 3) were profit seeking organisations and 4) had an e-mail address. Thus, an online questionnaire was emailed to 4502 SMEs. We gained 595 responses, the response rate being 13 per cent. From these answers, 492 with no missing values were included in the factor analysis.

Methods

The analysis included three steps: 1) the clustering of the respondents in terms of growth intention, 2) the factorization of the market orientation and the brand orientation elements and finally 3) ANOVA test exploring the statistical differences between the defined clusters.

Cluster analysis was performed, using K-means clustering procedure to detect the differences among the SMEs in term of growth intention. For the factor analysis, principal component method was conducted with varimax rotation, to explore whether the variables create those factors in case of SMEs that is expected from the earlier literature (Customer orientation, competitor orientation, interfunctional coordination and brand orientation). This factorization was made in order to use the mean values of the variables which belong to one factor for the further analysis. ANOVA was conducted and the results were strengthened with the post-hoc tests were the differences of all the pairs are tested separately. Post hoc pairwise tests were applied to see the differences between each of the groups. The most commonly used tests are Tukey HSD and Sheffé LSD (Hair et al., 1998). As ANOVA assumes equal variances among groups, and there were cases in which this assumption was not fulfilled, Tamhane's T2 was also used.

Results

Cluster analysis

Four clusters were identified from the respondent firms with the help of the growth intention variables. With this approach it was possible to differentiate not just those companies that have low and high growth intention, but also those that are motivated in reaching different kind of goals concerning to growth. The reasons why respondents were defined into four clusters instead of three or five was that in the case of three clusters the inequality of cluster members would have been too big and that four-cluster solution provided a better understanding of the companies' growth intention. In case of five-cluster solution we got three clusters with moderate growth intentions, but they did not show any reasonable differences in the growth motivation. Moreover, there was no theoretical background to name those clusters.

Table 2 shows the centres of the created four clusters which can be interpreted as the typical members of the clusters. The analysis resulted in group (1) with low growth intention, (2) with moderate growth intention only in return on investment and equity ratio, (3) with moderate growth intention, but not in terms of return on investment or equity ratio, and (4) with high

growth intention. Looking at the second and the third group more closely the increase in return on investment and in the equity ratio both are related to the capital structure of the company. Contrary, the other four growth intention variables (turnover, market area, market share, and number of customers) relate to “concrete growth” in terms of expansion of business operations. These results suggest that among those firms that are not that committed to growth two different motivations are traceable, the one related to capital structure represents a long run thinking and it is more in favour of the owners or investors interests, the latter one shows a shorter run orientation because the increase in turnover and market share does not necessarily mean more profit for the company. In accordance with these, we refer to group (2) as capital adequacy growth intention group and to group (3) as expansion growth intention group. The F-statistics show that the clusters differ the most in terms of increase in market share and the increase in the number of customers (Table 2).

Table 2: Cluster centers

	Cluster I.	Cluster II.	Cluster III.	Cluster IV.	F-value	Sig.
	n=46	n=153	n=110	N=183		
Increase in turnover	2	3	4	5	168,226	p<0.001
Increase in ROI (return on investment)	2	4	3	5	148,012	p<0.001
Increase in equity ratio	2	4	3	5	145,941	p<0.001
Expansion of market area	2	3	4	4	217,262	p<0.001
Increase in market share	2	3	4	4	289,035	p<0.001
Increase in the number of customers	2	3	5	5	274,517	p<0.001
Cluster name	<i>Low growth intention</i>	<i>Capital adequacy growth int.</i>	<i>Expansion growth intention</i>	<i>High growth intention</i>		

Principal component analysis

The initial factor procedure, with all the 21 items measuring market and brand orientation produced a four-factor solution with eigenvalues greater than 1. The factor solution revealed that one variable concerning the customer orientation did not load any of the factors and one concerning the interfunctional coordination showed significant loadings to two factors so these were therefore removed from the further analysis.

After removing the two variables the revised factor solution was generated with the remaining 19 items (Table 3). The revised factor solution created four factors with eigenvalues greater than 1. The solution represents 76.13 per cent of the total variance of the variables. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (0.948) and the Bartlett test of sphericity (p<0.001) confirmed that the factor analysis was appropriate. As it can be seen on Table 1 the internal consistency of the items are also proven by Cronbach’s alphas which range from 0.882 to 0.966 showing good reliability.

Table 3: Results of the PCA analysis

Measure items	α	Eigenvalue	Variance (%)	Factor loading
Customer orientation	0.889	2.025	20.719	
We have a strong commitment to our customers				0.774
We are always looking at ways to create customer value in our products				0.708
We encourage customer comments and complaints because they help us do a better job				0.779
Our business objectives are driven by customer satisfaction.				0.820
We measure customer satisfaction on a regular basis				0.548
After-sales service is an important part of our business				0.722
Competitor orientation	0.918	9.879	20.769	
We regularly monitor our competitors' marketing efforts				0.854
We frequently collect marketing data on our competitors to help direct our marketing plans				0.840
Our people are instructed to monitor and report on competitor activity				0.778
We respond rapidly to competitors' actions				0.780
Our top managers often discuss competitors' actions				0.685
Interfunctional coordination	0.882	1.103	15.698	
Market information is shared inside our organization				0.681
All departments are involved in preparing business plans/				0.771
We do a good job integrating the activities inside our				0.750
We regularly have inter-organizational meetings to discuss market trends and developments				0.740
Brand orientation	0.966	1.475	18.845	
Building a brand is a focal part of our strategy				0.868
Building a brand is integrated in all our marketing				0.830
Building a brand is an essential part of our business				0.870
Brand is a valuable asset to us				0.861
Total variance extracted			76.225	
Note: KMO measure of sampling adequacy = 0.948; Chi-square = 7941.201; Bartlett's test of sphericity. $p < 0.001$				

ANOVA

The total mean values of the four constructs measured showed that SMEs lean most on customer orientation, followed by brand orientation. On the other hand, it seems that interfunctional coordination and competitor orientation receive low attention, the mean values being below 3. The results of the ANOVA test showed statistically significant differences in market and brand orientation between all the identified clusters. Brand orientation appeared to differentiate the firms the most ($F=35.118$), and interfunctional coordination the least ($F=22.843$). While customer orientation ($F=33.014$) and competitor orientation ($F=32.662$) are in between and rather close to each other.

As can be seen in Table 4 the higher growth orientation group a company belongs to on average the more customer/competitor/brand oriented and inter-functionally coordinated it will be.

(Firms in a expansion growth intention group are considered more growth oriented than the ones in capital adequacy group, because the values of the cluster centres were higher.

Table 4: ANOVA results

	<i>Low growth intention</i>	<i>Capital adequacy growth int.</i>	<i>Expansion growth intention</i>	<i>High growth intention</i>	<i>Total</i>	F- value	Sig.
	n=46	n=153	n=110	n=183	n=492		
Customer orientation	2.79	3.48	3.65	4.00	3.6453	33.014	p<0.001
Competitor orientation	1.59	2.41	2.57	3.04	2.6024	32.662	p<0.001
Inter-functional coordination	1.94	2.77	2.82	3.29	2.8989	22.843	p<0.001
Brand orientation	2.07	3.09	3.20	3.78	3.2739	35.118	p<0.001

Post hoc pairwise (Table 5) tests were applied to see the differences between each of the groups. In order to make sure about the significance of the differences, we used three post hoc tests, namely Tukey HSD, Sheffé LSD and Tamhane's T2. The first two are the most common measures among post hoc tests and the third was used because it is reliable even in the case of heteroscedasticity among groups. Levene test showed heteroscedasticity in case of competitor orientation, that is why this test was also applied. (Appendix 1)

Even though there are rather big distinctions between the mean differences, at the customer orientation case the biggest difference is in between the low and the high growth intention group (-1.21) and the smallest but significant is between expansion growth and high growth intention with a value of -0.35. The difference between the capital adequacy and expansion growth group is statistically not significant. This picture does not change notably among the other dependent variables. Except that in the case of brand orientation the mean differences are higher than at the other groups. The negative value of each differences means that I cluster has a smaller mean value than the J cluster. For example the firm that belongs to the low growth intention group is on average significantly less customer oriented than the one which belongs to the high growth group.

Table 5: Post hoc tests

Dependent Variable	Cluster (I)	Cluster (J)	Mean		Tukey HSD	Sheffé LSD	Tamhane's T2
			Difference (I-J)	Standard Error			
Customer orientation	<i>Low growth int.</i>	<i>Capital adequacy</i>	-0.68836	0.13192	***	***	***
	<i>Low growth int.</i>	<i>Expansion growth</i>	-0.85560	0.13775	***	***	***
	<i>Low growth int.</i>	<i>High growth int.</i>	-1.21014	0.12939	***	***	***
	<i>Capital adequacy</i>	<i>Expansion growth</i>	-0.16724	0.09807	ns	ns	ns
	<i>Capital adequacy</i>	<i>High growth int.</i>	-0.52179	0.08594	***	***	***
	<i>Expansion growth</i>	<i>High growth int.</i>	-0.35455	0.09465	**	***	***
Competitor orientation	<i>Low growth int.</i>	<i>Capital adequacy</i>	-0.82046	0.15873	***	***	***
	<i>Low growth int.</i>	<i>Expansion growth</i>	-0.97597	0.16575	***	***	***
	<i>Low growth int.</i>	<i>High growth int.</i>	-1.44585	0.15569	***	***	***
	<i>Capital adequacy</i>	<i>Expansion growth</i>	-0.15551	0.11800	ns	ns	ns
	<i>Capital adequacy</i>	<i>High growth int.</i>	-0.62539	0.10341	***	***	***
	<i>Expansion growth</i>	<i>High growth int.</i>	-0.46989	0.11389	***	***	**
Interfunctional coordination	<i>Low growth int.</i>	<i>Capital adequacy</i>	-0.83429	0.17409	***	***	***
	<i>Low growth int.</i>	<i>Expansion growth</i>	-0.88024	0.18179	***	***	***
	<i>Low growth int.</i>	<i>High growth int.</i>	-1.35077	0.17076	***	***	***
	<i>Capital adequacy</i>	<i>Expansion growth</i>	-0.04594	0.12942	ns	ns	ns
	<i>Capital adequacy</i>	<i>High growth int.</i>	-0.51647	0.11342	***	***	***
	<i>Expansion growth</i>	<i>High growth int.</i>	-0.47053	0.12491	**	***	**
Brand orientation	<i>Low growth int.</i>	<i>Capital adequacy</i>	-1.01595	0.17889	***	***	***
	<i>Low growth int.</i>	<i>Expansion growth</i>	-1.12708	0.18679	***	***	***
	<i>Low growth int.</i>	<i>High growth int.</i>	-1.70804	0.17546	***	***	***
	<i>Capital adequacy</i>	<i>Expansion growth</i>	-0.11113	0.13299	ns	ns	ns
	<i>Capital adequacy</i>	<i>High growth int.</i>	-0.69209	0.11654	***	***	***
	<i>Expansion growth</i>	<i>High growth int.</i>	-0.58096	0.12835	***	***	***

ns – not significant, **p<0.01, ***p<0.001

Conclusions

The aim of this study was to examine how SMEs with varying growth intentions differ from each other with regard to market orientation and brand orientation. Growth intentions were investigated through growth related goals the importance to which the respondents were asked to evaluate. Four distinct groups of SMEs were found. In addition to those who have high and low growth intention we identified a group with growth intention in terms of return on investment and increase in equity ratio, and a group with growth intention in terms of all the other measures but ROI and equity ratio. We call these two groups as Capital adequacy growth intention and Expansion growth intention groups respectively. The theory of planned behaviour suggests that intentions, in turn, are good predictors of behavior (Ajzen 1991). Bearing this in mind, the more particular objective of this study was to investigate whether the extent of growth intention affects

the level of the adoption of market and brand orientations both of which are regarded to enhance firm performance.

In literature, it has been suggested that many of the SMEs have a “no-growth” objective (Greenbank 2001). The results of this study showed, however, that a majority of them have at least some growth intentions. Furthermore, the cluster “high growth intention” was the one that included the largest amount of SMEs.

The results also indicated that the higher growth orientation group the enterprise belonged to the more market or brand-oriented it was. This supports the idea that growth intentions direct behaviour. It also suggests that SMEs have acknowledged the positive effect of the two orientations to firm performance and growth. When comparing the elements of market orientation, customer orientation and competitor orientation differentiated the firms more than interfunctional coordination. Interfunctional coordination referred to, for example, sharing market intelligence through the organisation and the coordinated cooperation between different departments. Most of the respondents represented micro enterprises with less than 9 employees and consequently, it is understandable that they do not pay active attention to inter-organisational cooperation as it probably occurs naturally when the same person is involved in different activities in the enterprise.

More than market orientation the SMEs with varying growth intentions were differentiated by the extent they had adopted brand orientation. According to our results, the SMEs with high growth intentions pay significantly more attention to branding than those with lower growth intentions. They regard brands as valuable assets and brand building as focal in their strategy and business operations. The result suggests that SMEs have recognised the importance of brands in creating sustainable competitive advantage (cf. Wong & Merrilees 2008).

In order to support SMEs with growth intentions it is important to assist them in their pursuit of becoming more market or brand-oriented. This could be done through education and development of simple tools. These tools could, for example, relate to collecting and analysing customer and competitor information. This study focused on the growth intentions and how SMEs with different intentions varied with regard to their adoption of market and brand orientation. It would be interesting to study further how the growth intentions have been realised.

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Appendix 1. Levene test

Test of Homogeneity of Variances				
	Levene Statistic	df1	df2	Sig.
Customer orientation	1.468	3	488	.222
Competitor orientation	5.991	3	488	.001
Interfunctional coordination	1.040	3	488	.375
Brand orientation	.686	3	488	.561