

# Entrepreneurial Marketing and Its Effect on MSME Performance in Kaski and Syngja Districts, Nepal

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## Abstract

Entrepreneurial marketing with proactive approach, opportunity focus, calculated risk taking, innovativeness, resource leverage, customer value creation and customer intensity is found appropriate technique to address the present un-linear global market situation due to technological advancement, intense competition and constantly changing need and preference of customers. Prime objective of study is to examine the effect of entrepreneurial marketing on Micro, Small and Medium Enterprise (MSME) performance in Nepal. Mix method of research design with quantitative and qualitative analysis is adopted. For quantitative study, data were collected from 182 owner-managers in Kaski and Syngja Districts and employed the Chi-square statistics to test the hypotheses. Qualitative data were collected from 21 experts from concern departments of government, business association executives and entrepreneurs, and used content analysis. The quantitative study shows that there is significant relationship between entrepreneurial marketing and performance of MSME in Nepal. On the basis of qualitative analysis, MSMEs are found as the best fit for country by considering the geographical situation and economic size. Five dimensional entrepreneurial marketing named customer, market, entrepreneurial, innovation and influence orientations is recommended for further research with large number of sample respondents in wider geographical areas.

**Keywords:** Entrepreneurial Marketing, MSME, Organizational Performance and Entrepreneurial Marketing Orientation



## Introduction

Enterprises that have been operating in small size with limited investment are not able to acquire human resource and modern technology to take better advantage. These firms

have to rely on the resources and capabilities of their owner-managers and they play multiple roles in the business – as a leader, manager, company representative, and of course as an employee

(Gyanwali, 2018). Thus, the entrepreneurial skills of owner-managers are crucial for the success and survival of small firms. These businesses firms are important contributors to economic development of nation.

Nepal government has been given priority to micro, cottage and small industries from the initial planning phase of Nepal. Since few years, the contribution of industrial sector to the GDP is around six percent; out of that micro, cottage, small and medium enterprise retain approximately four percent shares out of that (Ministry of Finance Nepal, 2014). Micro, cottage and small industries are generally described the enterprises which are established with small amount of investment and smaller volume of transaction. Medium scale industries are large size than micro, cottage and small industries but not as greater as large scale industries in accordance to capital investment (Nepal Government, 2016; Ploybut, 2012).

Owner-manager of small firm associated with entrepreneurship have problem for application of marketing activities as similar with textbook as these theories are more applicable in large scales industries. The traditional marketing is conceived of a deliberate and planned process to identify the customer need through formal market research process instead of developing new products and services to meet the changing needs of customers. Entrepreneurial marketing on the other hand is more informal, unplanned activity relying on the intuition and energy of an individual to make things happen. It seems appropriate to examine marketing process in small enterprises in order to develop understanding of entrepreneurial marketing (Stokes, 2000; Morris Schindehutte & LaForge, 2002).

## Statement of Problem

Manufacturing sector is crucial to attain prosperity, generate employment, poverty alleviation, promote trade and spur national growth. In Nepal, the sector has had uneven growth over the years due to longstanding weaknesses in the adoption of new technology, poor infrastructure, shortage power, stalled political process, difficult trading conditions and global competition. Manufacturing industries are labor intensive and raw material based (Central Bureau of Statistics Nepal, 2014).

Limited studies have done in the area of entrepreneurial orientation and performance of MSMEs in Nepalese context even though MSME can contribute significantly for economic development of nation. Thapa (2014) justifies that the scope for scientific research program in micro entrepreneurship is as novel field. The specific study in the area of entrepreneurial marketing and MSME performance is still lacking within the local context. Therefore, the study on affect of entrepreneurial marketing on performance of MSME in Nepal is essential.

## Significance of the Study

MSME contribution for economic development of the states has been highlighted in various studies. Large companies competing through mass production, product differentiation and economic scales are being shifted to small enterprises relaying on knowledge, initiative and flexibility (Gupta, 2012). Small and medium enterprises are becoming main sources of employment and competitiveness creating entrepreneurial spirit and innovation (Gorica & Buhajoti, 2016).

The study will be important to Nepal Government for MSME policy development.

Similarly, business association like Federation of Nepalese Chamber of Commerce and Industry will be benefitted to develop appropriate training packages and marketing programs. Academicians, researchers and policy makers will be able to use as reference. Therefore, the study is designed to conduct in Kaski and Syangja district of Nepal.

### Objectives of the Study

To examine the effect of entrepreneurial marketing dimensions on MSME performance.

To evaluate the existing situation of MSME in Nepal.

To investigate the ways of intervention by which MSME performance can be improved.

### Research Hypothesis

Twelve alternative hypotheses have been set for study purpose. All these are under the four dimensions of entrepreneurial marketing as customer orientation (three hypotheses), market orientation (three hypotheses), entrepreneurial orientation (four hypotheses) and innovation orientation (two hypotheses).

Ha<sub>1</sub>: Responsiveness to customers has significant effect on MSME performance.

Ha<sub>2</sub>: Customer intensity has significant effect on MSME performance.

Ha<sub>3</sub>: Customer value driven has significant effect on MSME performance.

Ha<sub>4</sub>: Integration of business process leverage has significant effect on MSME performance.

Ha<sub>5</sub>: Net-work and relationship has significant effect on MSME performance.

Ha<sub>6</sub>: Market intelligence generation has significant effect on MSME performance.

Ha<sub>7</sub>: There is significance relationship between calculated risk taking and MSME performance.

Ha<sub>8</sub>: There is significance relationship between proactiveness and MSME performance.

Ha<sub>9</sub>: There is significance relationship between opportunity driven and MSME performance.

Ha<sub>10</sub>: There is significance relationship between willingness to change and MSME performance.

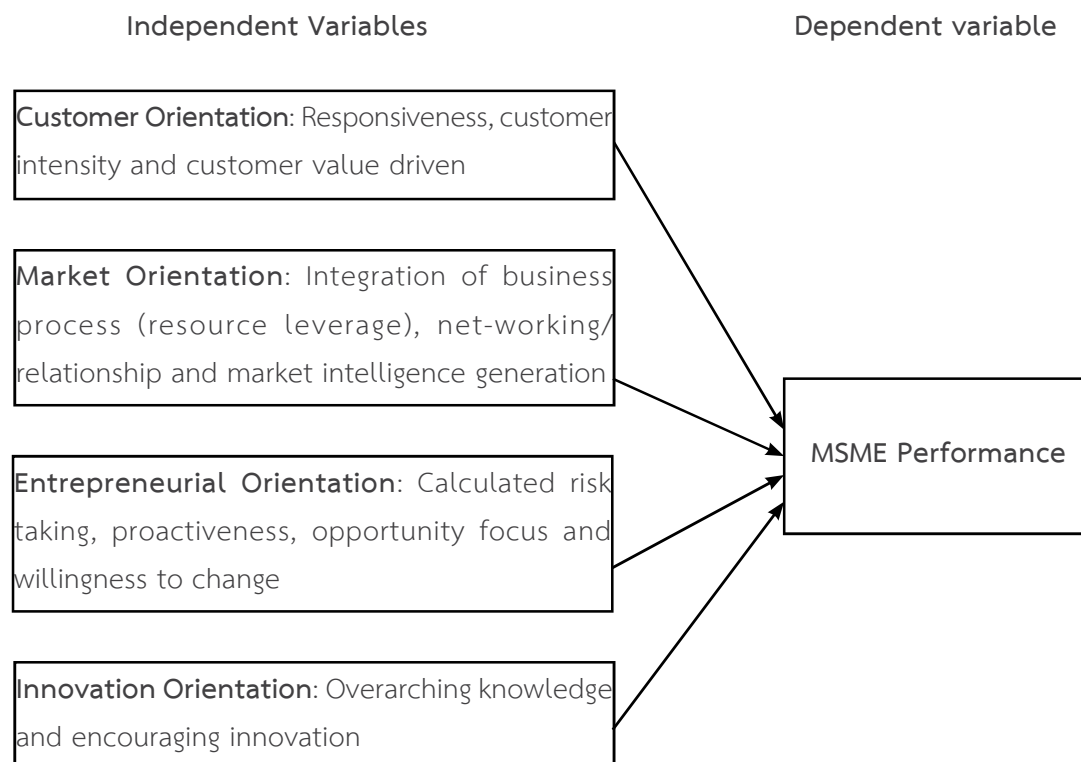
Ha<sub>11</sub>: Overarching learning and knowledge has significant effect on MSME performance.

Ha<sub>12</sub>: Encouraging and retaining innovation has significant effect on MSME performance.

### Identification of Research Gap and Conceptual Frame Work

A lot of research works have been done since last three decades in the field of entrepreneurial marketing interface in business discipline. It is found that appropriate marketing approach influences significantly to improve the performance of new and small scale enterprises in various countries. Although research on MSME has increased in recent years, there is lacking of studies on entrepreneurial marketing practice in MSME of Nepal.

After setting the hypothesis, a conceptual frame work is proposed whereas dependent variable is MSME Performance which is measured in terms of relevance, effectiveness, efficiency and financial viability (Mitchell, 2002). Independent variable includes the four dimensions of entrepreneurial marketing as customer orientation, entrepreneurial orientation, market orientation and innovation orientation (Jones & Rowley, 2011). Measurement of performance in MSME with reference to entrepreneurial marketing is first attempt in Nepal which has conducted with help of conceptual framework as figure 1.



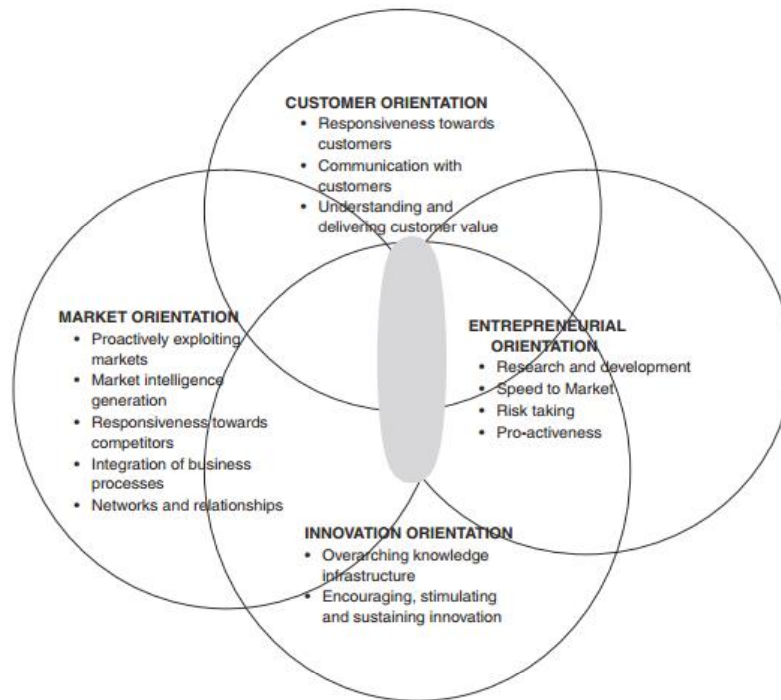
**Figure 1:** *Conceptual Framework*

## Literature Review

Even though marketing and entrepreneurship were regarded two different disciplines traditionally, entrepreneurial marketing is combination of marketing propositions in the entrepreneurial way. Entrepreneurial marketing is defined as effectual action or adoption of marketing theory to the particular needs of the small business (Becherer, Haynes & Fletcher, 2006). Entrepreneurial marketing is the marketing of small firms growing through entrepreneurship (Bjerke & Hultman, 2002). The rapid development of entrepreneurship over last thirty years and application of marketing behavior in small and medium sized business are found to be fruitful since the issue raised by Gerald Hills in 1982 (Hills, Hultman & Miles, 2008; Toghraee, Rezvani, Mobaraki, & Yadollahi, 2017). Growth orientation, opportunity orientation, total customer

focus, value creation through networks, informal marketing analysis and closeness to the market are observed as important elements of entrepreneurial marketing (Kilenthong, Hills & Hultman, 2015).

Seven underlined dimensions of entrepreneurial marketing are presented as proactiveness, calculated risk taking, innovativeness, an opportunity focus, resource leveraging, customer intensity and value creation (Morris, Schindehutte & LaForge, 2002). Further, Jones and Rowley (2011) conceptualized a model of SME Entrepreneurial Marketing Orientation on the basis of their study. In their model, entrepreneurial marketing paradigm is described with four broad entrepreneurial marketing dimensions as customer orientation (CO), entrepreneurial orientation (EO), innovation orientation (IO) and market orientation (MO) as shown in figure 2.



**Figure 2:** *Model of SME Entrepreneurial Marketing Orientation*

Organizational performance has been described by various studies in terms of financial and non-financial achievements. Previous studies, however, have suggested that performance measures include growth and financial performance (Wiklund, 1999). In another side, organizational performance as the measure of organizational success with regards to the value it creates and delivers to internal as well as external customers (Antony & Bhattacharyya, 2010).

Bakar, Ahmad, Mahmood, Arshad and Razalli (2015) presented the performance scale including 10 points of measures. These factors are return on investment, net profit, control of operational expenses, market share, product/service cycle time, customer service level, inventory level, resource utilization, sales growth and sales volume.

Mitchell (2002) presented the organizational framework to describe the organizational performance influencing elements.

According to this framework, performance is affected by organizational motivation, influence of external environment and organizational capacity to achieve the performance desired. He also explained that organizational performance itself can be measured in four buckets – relevance, effectiveness, efficiency and financial viability. All these measures are affected by organization’s motivation and capacity and by its interaction with the external environment.

MSMEs provide economic growth, employment and innovation. SMEs have contributed significantly to job creation, social stability and economic welfare of the countries (Aziz, Mahmood, Tajudin & Abdullah, 2014). MSMEs also act as supplier of goods and services to large organizations. Most MSMEs have been characterized as dynamic, innovative, efficient and their small size allows for flexibility, immediate feedback, short decision-making chain, better understanding and quicker response to

customer needs (Idar & Mohmood, 2011).

Empirical review of literature on entrepreneurial marketing and MSME performance gives the broader idea in this academic discipline. Relationship between entrepreneurial marketing and organizational performance of MSME in Nigeria recommended that young and upcoming entrepreneurs should be compelled to train and be abreast of modern marketing technique/strategies before the establishment of their business for better understanding of marketing problems and challenges (Kesinro, Ogunlusi & Adu, 2016). Autonomy, risk-taking, and pro-activeness and competitive aggressiveness are positively correlated with MSME performance (Gautam, 2016).

Nepal Airlines Corporation has been applying entrepreneurial marketing practices by maintaining reliability and punctuality on flight, networking and extra benefits to customers, integrated marketing communication, proactive approach to consumers, word-of-mouth promotional practice, internet based ticket selling, image of national flag carrier and resource leveraging (Gyanwali, 2016). Entrepreneur's parental profession plays role in entrepreneurship development and many people take inspiration from their family members while selecting a profession (Pant, 2015).

Micro enterprises of Nepal have been facing different problems as marketing, technology, operation, economic and personal barriers. Lack of working capital, high interest rate and difficulties on credit collection are financial problems. One window support system is needed to entrepreneurs as like in India (Karki, 2015).

Entrepreneurship Development Institute of India (EDI) identified 13 entrepreneurial competencies as initiative, see and act on opportunities, persistence, information

seeking, concern for high quality work, commitment to work contract, efficiency orientation, systematic planning, problem solving, self-confidence, assertiveness, persuasion and use of influence strategies which are critical for an enterprise to become competitive in the global world (Kaur & Bains, 2013).

Entrepreneurialism in Thailand has been harmed throughout known history by the segregation of the labor market, lack of governmental and institutional support and low level of emphasis placed upon value-adding activities (Walsh, 2007). Favorable industrial policy, sufficient number of training and consulting services, minimizing the unnecessary bureaucratic process of financial institutions and reduction of unplanned power cut off are recommended for industrial development in Nepal (Gyanwali, 1997).

## Research Methodology

As much as accurate and realistic finding and conclusion is possible by adopting the proper methodology and appropriate tools of survey. Situation analysis, gap identification and analysis of finding have been made as the formal practices of studies. Sources of quantitative information are 182 MSME owner managers through structured questionnaire on the basis of random sample technique and 21 experts from government authorities and business association for qualitative information through personal interview. The population is estimated with help of membership record of business associations (Federation of Nepalese Chamber of Commerce and Industry, and Federation of Cottage and Small Industries of Nepal) and government record of registration of industries (department of industry and department of cottage and small industry). The analyses of quantitative data, hypothesis test, have

been made by chi-square test. Content analysis has been made for qualitative information.

### Analysis of Quantitative Data and Test of Hypotheses

Owner-managers' demographic information includes the gender, districts, nature of their business and type of enterprises. The relationship has been measured between demographical information and owner-managers' response on 36 statements that are related to entrepreneurial marketing. Twelve hypotheses have been tested under the four orientations of entrepreneurial marketing as customer,

entrepreneurial, market and innovation orientation by employing Chi-square statistics.

### Customer Orientation

Customer orientation includes the three areas named responsiveness, customer intensity and customer value creation. Each of them has been tested with selected demographic elements namely gender, district and nature of firm.

Ha<sub>1</sub> Responsiveness to customers has significant effect on MSME performance.

Ha<sub>2</sub> Customer intensity has significant effect on MSME performance.

Ha<sub>3</sub> Customer value driven has significant effect on MSME performance.

**Table 1**

*Chi-square Test for Customer Orientation Elements*

Statements	Gender P Value	District P Value	Nature P value
<b>Statements related to responsiveness to customers</b>			
We reply the enquiries of customers timely.	0.140	0.130	0.303
Our staffs try to solve the problems of customers if they have.	0.338	0.760	0.537
I closely monitor our level of commitment in serving customers' needs.	0.487	0.850	0.104
<b>Statements related to customer intensity</b>			
I frequently measure my company's customer satisfaction.	0.307	0.055	0.668
We believe that satisfied customers are key advertisers of our business.	0.783	0.104	0.306
My company's competitive advantage is identifying customers' needs.	0.748	0.002**	0.682
<b>Statements related to customer value driven</b>			
My company creates value for customers with excellent service.	0.351	0.036*	0.500
Company's pricing structure reflects value created for customers.	0.339	0.192	0.756
Employees can contribute to add value for customers.	0.611	0.071*	0.887

\* P value  $\leq$  0.05

\*\* P value  $\leq$  0.01

Frequency (N) = 182



Table 1 shows that customer value driven has significant affect on the performance while analyzing the statements with geographical factor. Two statements of this hypothesis have P value < 0.05. Alternative hypothesis Ha3 is accepted. Responsiveness to customers has no significant affect on MSME performance and only-one statement relating to customer intensity, identifying customers' need, is found highly significant to MSME performance. So, Ha1 and Ha2 are rejected.

## Market Orientation

Market orientation includes the three

areas as integration of business process (resource leverage), networking/ relationship and market intelligence generation. The three alternative hypotheses have been tested on the basis of response in the related statements.

Ha<sub>4</sub> Integration of business process (resource leverage) has significant effect on MSME performance.

Ha<sub>5</sub> Networking and relationship has significant effect on MSME performance.

Ha<sub>6</sub> Marketing intelligence generation has significant effect on MSME performance.

**Table 2**

*Chi-square Test with Market Orientation Elements*

Statements	Gender P Value	District P Value	Nature P value
<b>Statements related to integration of business process /Resource leverage</b>			
I have been able to leverage our resources by bartering or sharing.	0.093	0.009**	0.011*
My company prides itself on doing more with less.	0.485	0.645	0.844
My company has a small staff that delegates authority efficiently.	0.239	0.020*	0.270
<b>Statements related to networking and relationship</b>			
We are affiliated with business association of our industry.	0.615	0.001**	0.203
We have good network with suppliers, customers and stakeholders.	0.391	0.000**	0.105
We take part and support financially to community programs.	0.499	0.024*	0.675
<b>Statements related to marketing intelligence generation</b>			
We have systematic practice to collect & maintain marketing information	0.841	0.219	0.407
Our sources of information - customers, suppliers, staffs, internet/ medias	0.208	0.220	0.898
We know our competitors' marketing strength.	0.122	0.032*	0.647

\* P value ≤ 0.05

\*\* P value ≤ 0.01

Frequency (N) = 182



Table 2 shows that integration business process (resource leverage) has significant effect on business performance while analyzing the statement relating to district and nature of business by retaining a statement P value < 0.01 and another statement P value < 0.05. Net working and relationship has also significant effect on MSME performance. Two statements are significant at P value <0.01 level and one statement is significant at P value <0.05 level. Regarding the marketing intelligence generation issue only one statement is found significantly related to performance. Alternative hypothesis, Ha4 and Ha5 are accepted and Ha6 is rejected.

### Entrepreneurial Orientation

Calculated risk taking, proactiveness, opportunity focus, willingness to change are

assumed as the key elements of entrepreneurial orientation. The relationship between entrepreneurial related statements and demographic factors are assessed here under.

Ha<sub>7</sub>: There is significance relationship between calculated risk taking & MSME performance.

Ha<sub>8</sub>: There is significance relationship between proactiveness and MSME performance.

Ha<sub>9</sub>: There is significance relationship between opportunity driven and MSME performance.

Ha<sub>10</sub>: There is significance relationship between willingness to change and MSME performance.

**Table 3**

*Chi-square Test with Entrepreneurial Orientation Elements*

Statements	Gender P Value	District P Value	Nature P value
<b>Statements related to taking calculated risk</b>			
We would rather accept a risk to pursue an opportunity than miss it.	0.115	0.072	0.095
While making a new decision, I do so in stages rather than all at once.	0.067	0.004**	0.071
My marketing efforts are directed for taking calculated risk of the business.	0.499	0.006**	0.228
<b>Statements related to proactiveness</b>			
I am great at turning problems at my company into opportunities.	0.160	0.150	0.247
When it comes to company, I am more action oriented than reacting on it.	0.276	0.002**	0.020*
In my company, I enjoy facing and overcoming obstacles to put best ideas.	0.933	0.002**	0.260
<b>Statements related to opportunity focus</b>			
We look beyond current customers and markets for more opportunities.	0.006**	0.580	0.618
My company is always looking for new opportunities.	0.574	0.285	0.293

When new market opportunities arise, my business very quickly acts them.	0.465	0.046*	0.452
<b>Statement related to willingness to change</b>			
I consistently monitor and improve the marketing approaches of business.	0.913	0.005**	0.019*
I have a passion for continually changing the ways of products/ services.	0.300	0.029*	0.726
My business is one of the first in community to alert its marketing methods.	0.718	0.602	0.446
* P value $\leq$ 0.05	** P value $\leq$ 0.01	Frequency (N) = 182	

The above table 3 shows that the entire four alternative hypotheses have significant relationship MSME performance. Half of the entrepreneurial marketing statements are highly significant with demographic elements at P value  $\leq$  0.01 and some other statements are significant at P value  $\leq$  0.05. Alternative hypotheses Ha7, Ha8, Ha9 and Ha10 relating to calculated risk taking, proactiveness, opportunity focus and willingness to change are accepted.

### Innovation Orientation

Innovation dimension includes the two areas named overarching learning and knowledge; and encouraging and retaining innovation. The assessment is made between innovation related statements and demographic elements of respondents to draw the output.

Ha<sub>11</sub>: Overarching learning and knowledge has significant effect on MSME performance.

Ha<sub>12</sub>: Encouraging and retaining innovation has significant effect MSME performance.

**Table 4**

*Chi-square Test with Innovation Orientation Factors*

Statements	Gender P Value	District P Value	Nature P value
<b>Statements related to overarching learning and knowledge</b>			
We have been overarching our learning and knowledge properly	0.943	0.004**	0.283
We revise working procedures, policy & job flow-charts well	0.139	0.151	0.165
Communicating with customers is a best way to create new ideas	0.844	0.255	0.237
<b>Statements related to encouraging and retaining innovation</b>			
My company tends to be more innovative than other competitors	0.504	0.001**	0.139
Top management creates encouraging & stimulating creativity	0.611	0.067	0.402
Staffs are appreciated officially for their innovative, creative jobs	0.805	0.299	0.265
* P value $\leq$ 0.05	** P value $\leq$ 0.01	Frequency (N) = 182	

Only one statement under each hypothesis is found highly significant. Hence, there is somehow relationship with MSME performance even though both hypotheses are rejected.

Seven hypotheses, out of twelve, are accepted. These accepted hypotheses are  $H_{a_3}$  related to customer value creation,  $H_{a_4}$  related to integration of business resources or leveraging resources,  $H_{a_5}$  related to networking and relationship,  $H_{a_7}$  relating to calculated risk taking,  $H_{a_8}$  relating to proactiveness,  $H_{a_9}$  relating to opportunity focus, and  $H_{a_{10}}$  relating to willingness to change. Other four hypotheses have somehow significant relationship with MSME performance. Only one hypothesis is rejected.

### Analysis of Qualitative Data

Qualitative analysis is made to fulfill the research gap and meet the research objectives. It includes the existing situation of MSME in Nepal and the best ways to improve their performance.

### Existing Situation of MSME in Nepal

Even though traditional goods and crafts producing industries were in existence since ancient time in Nepal, formal initiation of government for enterprise development took place with establishment of 'Udyog Parisad' in 1935 A.D. Industrial sector was remained always with priority from the beginning of five year planning system, started from 1956 A.D. Due to the lack of entrepreneurial mind set and inadequate support from government the goal of industrial development was not achieved as desired. But some other Asian countries having similar types of socio-cultural environment have took advantages of liberalization, globalization and computerized networking technology and accelerated their economic development.

Low risk intensity family business: MSME in Nepal are still operated by family members. Lack of professional management and risk taking propensity is still exists.

Most of the industry, trade and service enterprises of Nepal are operating in a traditional way, family owned business. Nepalese enterprises have low risk bearing capacity and they want to remain is small size so that it could be managed by family members. Application of business principles in micro and family owned enterprise is rare. Small and medium sized enterprises are best fit in Nepal considering the economic size, capital formation mechanism, population and employment opportunity, support mechanism, expansion scope, sales turnover and consumption volume. Association Executive (1)

Government Executive (1) mentions "entrepreneurs have practice to launch business without analyzing competitive market. Most of the small businesses are established on the basis intuition of owner and they are lacking proper business plan which may be risky to handle the contingency situation."

Influence of socio-cultural assumption: Women entrepreneurs are still influenced by socio-cultural assumptions. As a woman, they need to bear the work-load on household affairs. Women entrepreneurs have some problems as compared to males. Basically, women need to take-care of family members and they have lack of financial accessibility. Culturally, women can't be imagined participating for dinner till late night with outsiders even they would be regular supplier or customers. Association Executive (5)

MEDPA as an appropriate approach: Nepal government introduced Micro Enterprise Development Program (MEDEP) to provide necessary support to small scale enterprises. It has updated as Micro Enterprise Development

for Poverty Alleviation (MEDPA) and has been implemented to all over the country extensively. Cottage and Small Industry Office has introduced Micro Enterprise Development for Poverty Alleviation (MEDPA) in all 75 districts of the country. Marketing facilitation, appropriate technology transfer, access the approach for micro finance, skill development training and entrepreneurial awareness development program have been operating to support the industrial development in the country. Government Executive (4) Entrepreneurial support program are helpful to enhance the employment opportunity, economic development and building-up the confidence of entrepreneur. My confidence level is increased after participating MEDEP. Now, I have good net-work with ministry and I can put my opinion in national and international forum but I was shy to introduce myself in front of the group while I was in village 15-16 years ago. Association Executive (6)

Political interference: Nepalese economy was not able to achieve its objectives for last two decades. First half had conflict with armed Maoists. After ceasefire of conflict, second half was spent for drafting and introducing the new constitution. Government Executive (1) says “political leaders deliver their words and assure for greater support to entrepreneurs in their speech. When entrepreneurs start to register and operate the business they need to suffer with strike and Nepal Band because of political reasons.”

Lack of creativity and duplicating the business ideas from others may limit the growth and sustainability of the enterprise. Involvement in social activities and putting second priority for business has become the present fashion in Nepal. Primary reason for business failure is deciding emotionally and copying from others. Lack of feasibility study, poor plan for

investment and operational activities and extra show of businessman for taking leading position in social organizations are some other reasons of lacking behind the MSME. Owner-manager (4)

Lack of coordination: The lack of coordination among the support agencies and inadequate support for entrepreneurship development are the reasons for poor result. Different agencies implement their programs in their own modality. For example, some agencies provide training allowances and other agencies charges the training fee. Similarly, duplication of programs in some of geographical territories and no support programs to other geographical area is unfair practice of support agencies. Government Executive (3)

Lack of entrepreneurial education: Lack of entrepreneurial education is a key factor for poor entrepreneurial environment as the parents and society expects their child to be become a doctor, engineer, charter accountant but not an entrepreneurs. Lack of motivational education to start business is main problem in Nepal. For example, if the students are asked what they want be in future, most of them reply to become a Doctor, Engineer, Chartered Accountant, Pilot, Police Inspector, Army Officer, Banker, Nurse and abroad study but rarely mentioned for becoming entrepreneur. Owner-manager (9)

Weak implementation of rules: Because of lack of proper implementation rules customers are being cheated and have been suffering from poor quality of goods and services. Some micro and small industries are being operated without receiving commencement letter from government such letter. For example few bakery, noodles and chips Industries are also found selling their products without labeling; manufacturing date, expiry date, weight, maximum retail price and

ingredients. Some food processing industries have not appointed food specialist which is mandatory to them. Association Executive (3)

Entrepreneurs have dilemma and confusion for long term planning due to frequent change in industrial policy. Association Executive (4) opinions “industrial enterprise act which governs the micro, cottage, small and medium enterprises is being changed frequently and some clauses of this act are found contradictory with other rules like provision income tax.”

Electricity load-shading, unavailability of labor and least priority of leaders: Geographical remoteness, electricity load shading, lack of roadways, unavailability of skilled labor and poor service delivery mechanism are problems of MSME in Nepal. Leaders least preference to become Minister of Industry is crucial issue for industrial development. The challenges for enterprise development are difficult to transport the resources in geographically remote areas, unavailability of skilled labor and over influence of political alliance groups are hindrances of enterprise development. Additionally, political leaders have least preference to be an Industry Minister as they prefer to become Home Minister, Local Development Minister and such other ministries. Government Executive (4)

Push marketing: It is identified that MSME in Nepal have been adopting push marketing approach. Sales promotion, discount, prize and such other schemes are important to motivate customers for pulling the products. Micro, small and medium enterprises adopt push marketing strategy; they sell their products/ services with appropriate incentives to the dealer, wholesaler and retailer. Entrepreneurs design seller oriented marketing program and make them happy by

discount, additional offer, tour package and such other prizes. Owner-manager (5)

MPS model: Market, Problem, Solution (MPS) and Fit model is a best tool in successful marketing in the changing marketing situation. Market, Problem, Solution (MPS) and Fit model is a suitable tools to success the MSME. First of all the market (M) is to be identified. After that real problems (P) of customers which are not met yet should be investigated. The possible solutions (S) should be validated with test marketing. Unmet needs of target customers are solved properly with customized and tailored service. Government Executive (5)

### Improvement Interventions

The study identified the various ways and important actions as the means of economic development through smooth operation of MSME. Recommendations are also made for application of entrepreneurial marketing activities.

Efficient support mechanism: Entrepreneurship has direct impact on economic development and employment opportunities. Government should provide proper supports that are beneficial to the real entrepreneurs at grass root level but not only to limited number of players who are in close contact of political leaders. State has two roles for development issues; either provide employment or create appropriate environment to run business so that employment opportunity can be generated. Subsidy is being given to farmers for purchasing fertilizer and seeds. But the benefits of this scheme are being taking by handful agents who have linkage with political leaders and government authorities, real farmers have no access of such benefits. Similarly, private nursing homes are taking advantages of grants. Association Executive (1) It is the responsibility of Nepal government to prepare and implement

appropriate policy which needs to address the diversified zones of development regions from Nawalpur in Terai to Manang in Himal. The plan should be helpful to minimize the existing gap between export and import trade.

To minimize the gap of trade deficit, presently 7% export and 93% import, export promotion is essential. MSME should be promoted as it has significant contribution for economic development of the states. Industrial sector has 6 percent contribution in the Nepalese economy. Out of that, MSME shares by 4 percent. Our products should be competitive for selling international market. We can take economic advantages of two giants neighboring countries, China and India. Association Executive (4)

Strong commitment and continuous dedication of Ministry of Industry is essential. Side by side unauthorized practices on business sectors should be controlled. Association Executive (2) opinions “strong role of government is essential to control the duplication of products and to take legal actions to those brokers who have been importing such goods by using unauthentic route at the border.” Similarly, owner-manager (2) gives importance for protection of customer interest in his statement “customers are cheated by low quality products as originality of products can not be identified by their color and pattern. Concern authorities should take actions if someone is taking undue advantages from customers.”

Entrepreneurial education and motivation: Intensive training for entrepreneurial motivation is to be provided as entrepreneurial mind-set is important one. Formal education in school and college on entrepreneurship is essential. Free vocational courses, exposure visiting opportunity, grants, seed money and loan should be accessible easily.

Entrepreneurial mind-set is most. Short term trainings are useful but not sufficient. School and college education are helpful to orient youths for developing entrepreneurs. The supportive socio-cultural environment is most. Present government policy encourages youth for foreign employment which should be replaced by encouraging youth for establishing enterprise in our own country. Government Executive (4)

One window tax policy and entrepreneur friendly bureaucracy: Entrepreneurs should have easy and simple procedure to fulfill required formalities in government authorities like business registration and its renewal. One window policy should be established. Different departments of government ask different reports and taxes. We want to pay total amount of tax and submit the report in a single department rather than fulfilling requirements of different department. Government should trust entrepreneurs and provide necessary assistance to promote the industrialization in the country. Owner-manager (3) Attitude of government authorities and parliament members should be positive to develop enterprise friendly environment. It should be discouraged money laundering practice and unethical business deals on the protection of political leaders. Political and policy level corruption should be eliminated. Proper investigation and control should be done on money laundering and unethical practice for converting black money into white. Government should promote training institutions which provide training for skilled workers. Loan should be provided easily to the entrepreneurs. Industrial corridor should be developed.

Owner-manager (7)

Marketing game between buyer and seller; government as an umpire: Marketing mechanism

is like a foot ball game where supplier and buyer play in the ground, and government performs an umpire. Effective coordination among government agencies should be maintained.

Buyer and seller are two players in the market and government is an umpire. Government needs to observe marketing function carefully and should take necessary action if someone plays unfairly. Smooth regulation of ideal market is possible with responsible government, honest businessman and aware customers. Syndicate and cartel is never being worthy to the society. Association Executive (3)

## Discussion

On the basis of conceptual framework, the elements of entrepreneurial marketing and their effect on MSME performance is examined. Four entrepreneurial marketing dimensions are customer orientation, market orientation, entrepreneurial orientation and innovation orientation as presented by Jones and Rowley (2011). The assessment on 12 elements of entrepreneurial marketing as responsiveness, customer intensity, customer value creation, resource leverage, networking and relationship, marketing intelligence generation, calculated risk taking, proactiveness, willingness to change, overarching learning and knowledge, and encouraging and stimulating innovation is made. Seven hypotheses are accepted through the Chi-square test result. Hypotheses related to customer value driven, resource leverage, networking and relationship, calculated risk taking, proactiveness, opportunity focus and willingness to change are accepted. It indicates that entrepreneurial marketing has significant effect on MSME performance in Nepal as similar result to Nigeria (Kessinro, Ogunlusi & Adu, 2016). The research objective examining the

effect of entrepreneurial marketing dimensions on MSME performance is fulfilled by this assessment.

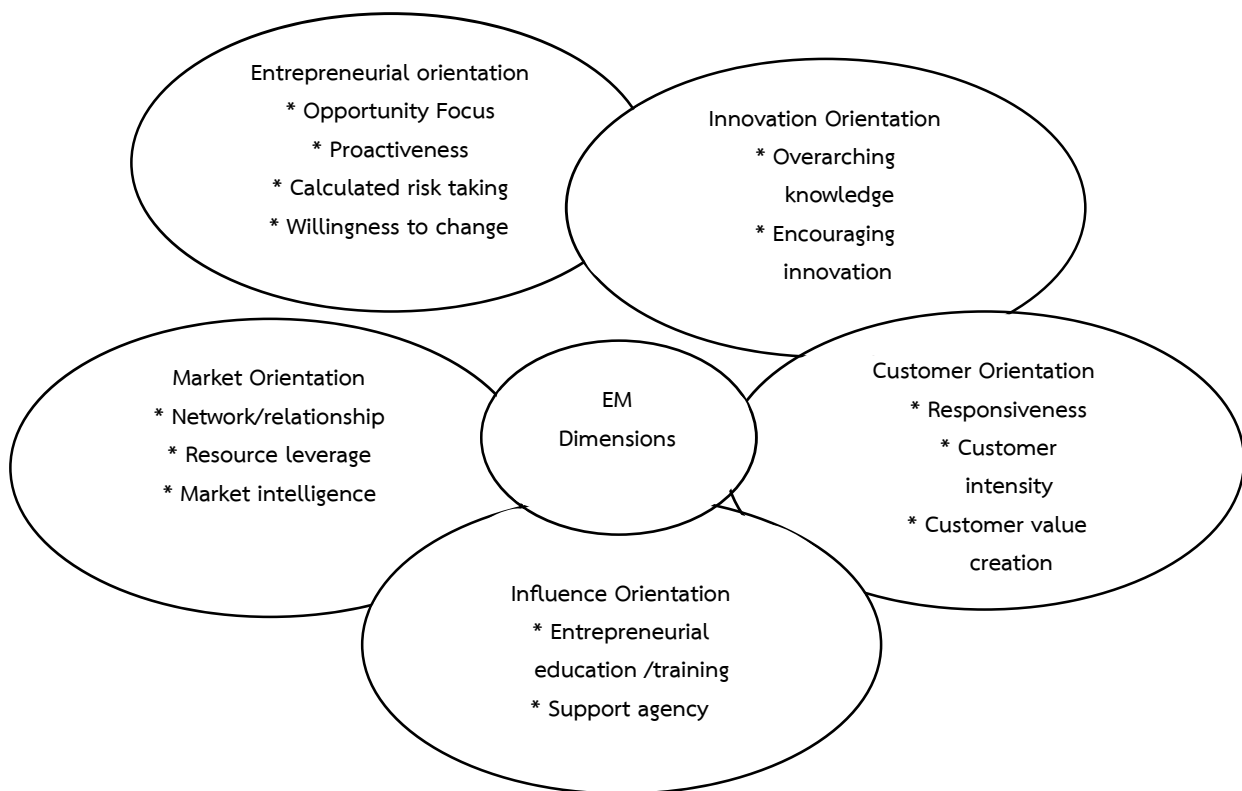
Qualitative analysis on the basis of research gap, identified the prevailing situation of MSME and the best direction for their better performance is studied. The existing situation is pictured that MSME of Nepal are operating mainly under the family management with low risk intensity. They have influence of social-cultural influence like responsibilities to women for household chores and division of provision as accordance to ethnicity of people. Undue political influence and bureaucratic hurdles are observed. Lack of entrepreneurial motivating training and education are observed as the key factors for slow growth of MSME. Frequent change of industrial policy, long hour electricity load shading and poor infrastructure facility would be the reasons for being unable to serve goods and services in competitive price as similar as previous studies (Karki, 2015). Essential actions that should be adopted to improve MSME performance are enterprise support system, one window tax policy and simple bureaucratic process (Gyanwali, 1997; and Walsh, 2007). Protection of customers' rights and controlling the unethical marketing practice are to be maintained. Entrepreneurial education and motivational training are essential. Two objectives relating to evaluate the existing situation of MSME in Nepal and investigating the best ways to improve the MSME performance are achieved by qualitative analysis.

The study proposed five dimensional model of entrepreneurial marketing for MSME performance. The model includes market orientation, customer orientation, entrepreneurial orientation, innovation orientation and influence orientation. Influence orientation is newly proposed dimensions over existing framework.



In this regard, entrepreneurs should possess influencing and persuasion skills to convince government authorities for grabbing opportunities and making them to decide in favor of enterprises (Kaur & Bains, 2013). Owner-managers' soundness on entrepreneurial marketing is expected by training and educational opportunities. All together 14 elements as opportunity focus,

proactiveness, calculating risk taking, willingness to change, overarching knowledge, encouraging innovation, networking/relationship, resource leverage, market intelligence, responsiveness, customer intensity, customer value creation, entrepreneurial education/training and support agency persuasion are provisioned under five dimensions of entrepreneurial marketing. The proposed model is presented in figure 3.



**Figure 3:** *Five dimensional model of entrepreneurial marketing for MSME performance*

Examination and test on the proposed model with larger number of sample respondents covering wider geographical area is recommended for further research as this research is limited within the two districts of Nepal. Enterprise

friendly policy and entrepreneurs encouraging bureaucratic practice should be adopted by Nepal Government as MSMEs are found best fit by considering the economic size and geographical constraints of the country.



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