Corporate identity, customer orientation and performance of SMEs: Exploring the linkages

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Abstract This research aims to explore the impact of corporate identity (CI) on performance in B2C small and medium enterprises (SMEs) in food processing, with varying degrees of customer orientation (CO). The research is embedded in the positivistic paradigm. Based on a literature review, a conceptual model (consisting of five hypotheses) has been tested with 102 samples using PLS-SEM tool. This study establishes the mediating role of CO on the CI and performance linkage, it provides empirical evidence to CI and performance linkage, and makes an incremental contribution by extension of theory of CI and CO in the given context.

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Introduction

In the era of globalization and integration of markets, both large corporations as well as small and medium enterprises (SMEs) have to face increased global competition. Organizations are thus seeking new ways to achieve competitive advantage. Marketing is one among such strategies, and it has the potential to make a useful and ongoing contribution to the performance of SMEs. It is accepted that the fundamental principles of marketing are universally applicable to large and small businesses (Reynolds, 2002; Siu & Kirby, 1998), but the empirical manifestations may vary. Researchers have been examining the role, function, relevance, and transferability of marketing principles and practices to SMEs (e.g., Berthon, Ewing and Napoli, 2008; Coviello, Brodie & Munro, 2000; Juntunen, Saraniemi, Halttu, & Tähtinen, 2010). The present work contributes to the existing body of knowledge by examining the applicability of two important marketing concepts (marketing of the organization and marketing the organization’s offering) at the organization level in an integrated fashion in the context of food processing business-to-consumer (B2C) SMEs. Researchers consider making the company the ultimate product...
The gaps pointed out by He and Mukherjee (2009) and Beckman and Harris (2007) have served as the springboard for the current research. Further, the literature review reveals lack of empirical support for CI and performance linkage (Cornelissen & Elving, 2003; Dacin & Brown, 2002; Melewar & Karasamongolu, 2006; van Tonder, 2006; van Tonder & Lessing, 2003). Empirical studies on corporate identity and customer orientation as performance enabler are rare among large organizations (Melewar, Saunders, & Balmer, 2001; van Tonder, 2006) and more so in the context of SMEs.

A review of SME literature suggests that SMEs vary significantly according to their growth mode and strategies. Pasanen (2003) empirically established three distinct types of SMEs, namely (1) stable independent survivors; (2) innovators with continuous growth; and (3) networkers with leapwise growth; he articulated and classified the factors of success affecting the performance of all three categories of firms into most important, fairly important and least important.

According to Pasanen (2003) the "most important" factors of success were good knowledge of customers and their needs, ability to find quick solutions for changing customer needs, customer feedback, long-term customer relations, good reputation of the firm, clear-cut identity of the firm, good financial base and adequate cash resources, continuity of personnel, quality of raw materials and reliable suppliers, cooperative personnel, fast and reliable delivery, continuity of key persons, good inter-personal relations with customers and suppliers, simple and flexible organization, high-quality products, quality of management, availability of skilled staff, good marketing skills, environmental scanning, and anticipation of new business opportunities. The "fairly important" success factors were personnel training, strong inter-dependency with customers, simple and low-cost production technique, small number of owners, and difficult-to-imitate product. The "least important" success factors were good terms of payment, weak competition, and external owners.

The independent variables selected for investigation in our study are from among the "most important" factors of success. For example, the CO concept encompasses issues such as good knowledge of customers and their needs, ability to find quick solutions for changing customer needs, customer feedback, long-term customer relations, The CI component refers to the issue of identity of the firm/organization and corporate identity management lies at the heart of the concept of the reputation of the organization.

In view of the above, the present work examines the role CI and CO as enablers of performance (market performance and financial performance) in SMEs. The study also examines the impact of customer orientation on the performance of SMEs. By assessing the direct and indirect effects of CI of SMEs, this study aims to reveal the importance of the synergy between CI and CO for better performance.

The paper has been divided into five sections. The first section presents the conceptualization/definitions of various constructs. The next section presents a conceptual model integrating CI, CO, and performance; and the hypotheses. In the third section, the methodology used has been analysed, followed by the results in the fourth section. The paper concludes with the discussion about implications to theory and practice along with the limitations and future research directions in the fifth section.
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