

Entrepreneurial marketing in insurance industry State or private? Compare and prioritize

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Abstract

The aim of this study was to determine the level of entrepreneurial marketing and its dimensions in two sector i.e. public and private insurance companies in north of Iran, Mazandaran province. To evaluate the level of EM, we used Nonparametric Test and Entropy to prioritize them. 253 questionnaires were distributed by using cluster sampling method. The results indicated that the level of EM in public sector is greater than the average level but in private one, its level is equal with the average threshold. Results of Entropy indicated that calculated risk taking has the highest priority in public sector but in private sector proactiveness has the highest priority.

Keywords: Entrepreneurial marketing, proactiveness, calculated risk taking, insurance company

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Introduction:

Traditional marketing may not be adequate for firms to compete in this highly dynamic business environment. Recent studies propose firms to be more entrepreneurial in their marketing when dealing with market uncertainty and ambiguity. A growing collection of evidence suggests that the more successful companies over time are those that are involved in entrepreneurial activity in the higher levels (Hills & Hultman, 2006).

What has become increasingly apparent to researchers is that conventional marketing practices are not always available, or appropriate, for entrepreneurial firms. The very fact of its newness means a nascent business venture is more likely to face uncertain market conditions and limited resources. When pursuing new opportunities with limited resources, the entrepreneur must use innovative approaches in the face of these uncertainties. While the marketing approaches used by entrepreneurs reflect this innovative orientation, they may vary across entrepreneurs based upon the extent of their entrepreneurial experience, the motivations for starting the business, and how the business was acquired (Becherer et al., 2008).

Entrepreneurial marketing utilizes a “big picture” perspective and focuses on creative approaches to innovation, risk management, resource leveraging and value creation. The concept of entrepreneurial marketing is a framework encompassing a range of marketing activities the organization will employ, particularly in a turbulent marketing environment. Entrepreneurial marketing has been suggested as most effective when environmental change is great and resources are limited (Becherer & Maurer, 1997).

Indeed, empirical evidence suggests that there exists a significant correlation between an enterprise’s marketing and entrepreneurial orientations, both widely being responsible for corporate success (Jones and Rowley, 2011). In one of the most comprehensive discussions on entrepreneurial marketing to date, Morris et al. (2002) propose that entrepreneurial marketing is composed of a proactive organizational focus on customer satisfaction through innovative and efficient value creation throughout the value chain (Miles and Darroch, 2004).

So the evaluation of the level of entrepreneurial marketing is the main objective of this study and aimed to help insurance company managers to focus on these dimension of their service to attain more satisfied customers especially in Iran.

The reminder of this article is organized as follow: First, we review the relevant literature and theoretical framework. We describe the empirical approach and the data collection. The last section outlines the implications of our findings and discusses avenues for further research.

Literature Review:

-Entrepreneurial marketing:

Merging two formerly distinct disciplines, the term entrepreneurial marketing is used to describe the marketing processes of firms pursuing opportunities in uncertain market circumstances, often under constrained resource conditions (Collinson & Shaw, 2001; Hills, 1987; Omura, Calantone, & Schmidt, 1993). Beverland and Lockshin (2004) define entrepreneurial marketing as effectual action or adaptation of marketing theory to the particular needs of the small business.

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Morris, Schindehutte, and LaForge (2002) characterize entrepreneurial marketing as an organizational orientation having seven underlying dimensions. Four of these dimensions— proactiveness, opportunity

focus, calculated risk taking, and innovativeness—build directly on research examining the entrepreneurial orientation of the firm. Together with customer intensity, resource leveraging, and value creation, each dimension can be employed to a greater or lesser extent by an organization.

Morris et al. (2002) explored the construct of entrepreneurial marketing and suggest that it is "the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging value creation", in other words, they link between entrepreneurial orientation dimensions that are mentioned by (Lumpkin and Dess 1996) and marketing identity. Collinson and Shaw (2001) described entrepreneurial marketing as responsiveness to the marketplace and a seemingly intuitive ability to anticipate changes in customer demands. An anticipation change is the core activity of the entrepreneur because he takes advantages of collecting market information from his/her networks relationships with minimum financial resources and restrictions on the time available to engage in market research. They see the intersection between marketing and entrepreneurship lies on the change focused, opportunistic in nature and innovative in management approach.

-Proactiveness:

Proactiveness reflects entrepreneurial willingness to dominate competitors through a combination of proactive and aggressive moves, e.g., introducing new products or services ahead of competition and acting in anticipation of future demand to create change and shape the environment. Moreover, having a proactive orientation involves discovering and satisfying the latent, unarticulated needs of customers through collecting customer- and competitor-based information (Keh et al, 2007).

Proactiveness is concerned with implementation of something new, doing what is necessary to anticipate and act upon an entrepreneurial opportunity. Involving two related marketing actions, organizational proactiveness consists of practices by which the firm anticipates challenging situations and actions taken to deal with those events. From an entrepreneurial perspective, proactiveness describes marketing actions through which the firm redefines its external conditions to reduce uncertainty and lessen dependency and vulnerability (Becherer et al., 2008).

-Opportunity Focus:

Recognition and pursuit of opportunity are marketing actions critical to SME success. Market potential is generally evaluated by degree of fit relative to the capabilities and resources of the firm. It is the ability of the firm to select the "right" opportunity that determines success (Hamel, 2000; Hamel & Prahalad, 1994).

Opportunities requiring substantial resource commitments may be unattainable to smaller owner-operated firms. However, in the SME, the recognition and pursuit of opportunity are more closely aligned with the entrepreneur's individual perceptions (Forlani & Mullins, 2000; Mullins & Forlani, 2005; Schindehutte & Morris, 2001). Where others perceive problems, entrepreneurs are more likely to see potential (Palich & Bagby, 1995).

- Calculated Risk Taking:

Firms that have adopted entrepreneurial marketing processes take calculated, rational, measured risks. Firms that have adopted entrepreneurial marketing processes are not gamblers but risk accepters who understand that innovation in the current social, technological, and economic environments is inherently uncertain and requires rational betting on long shots (Miles and Darroch, 2004).

While bold market-breaking actions by a firm might be viewed as high risk, entrepreneurs view those actions as well within their capabilities and perceive less risk. In a differing approach to risk taking,

an SME might choose a more incremental process and take actions to pursue a series of smaller, less risky outcomes (Dickson & Giglierano, 1986; Venkatraman, 1989).

- Innovativeness:

Innovation-focused marketing actions allow the firm to concentrate on new ideas that lead to new markets, products, or processes. The degree to which a successful organization emphasizes innovation in its market actions can range from the highly innovative new market creator to the incremental market builder (Becherer et al., 2008).

Innovativeness refers to a firm's tendency to engage in creative processes, experimentation of new ideas, which may result in the institution of new methods of production and/or bringing new products or services to current or new markets. The innovativeness aspect of entrepreneurial orientation would promote change and creative behaviors, which encourage active exchange of ideas, increase information flows and novelty in new product development (Morrish, 2011).

- Customer Intensity:

Many studies suggest successful organizations are those that place a greater emphasis on customer intensity. However, it has also been suggested that extreme customer orientations might inhibit the breakthrough of innovations that create markets and disrupt equilibrium, since these radical changes are out in front of customers (Becherer et al., 2008).

Customer orientation has its roots in early services marketing literature in which the importance of customer-focused employees was a tangible sign of quality for the firm and its services. Since then, the concept of customer orientation within firms has been investigated by a number of authors and researchers; indeed, some authors view customer orientation as the „pillar of marketing“ (Jones and Rowley, 2011).

- Resource Leveraging:

The dimension of resource leveraging is not simply a matter of effectively using limited resources, but instead a creative synergistic process. In some cases it is recognizing a resource not seen by others (Morris, Schindehutte, & LaForge, 2002).

Findings on this topic can be categorized in two groups: strategies and tactics for reducing the amount of resources that must be spent for particular marketing activities (“let others pay”); and strategies and tactics that require only few resources, yet have a high impact in the marketplace. Strategies and tactics for reducing the amount of resources spent for particular marketing activities include the free-riding strategy as well as the strategy of forming alliances with other organizations (Gruber, 2004).

- Value creation:

Huber (2001) state that many marketing strategists and industrial-organization (IO) economists emphasize that creation of superior customer value is a key element for ensuring companies' success. The concept of value, however, is one of the most overused and misused concepts in social sciences in general and in management literature in particular. It is used in diverse fields such as finance, economics, management, information systems, ethics, aesthetics, justice, social equity and fairness, etc. Further, value is discussed in many streams of marketing literature- including: relationship marketing, pricing, and consumer behavior – in total quality management literature, and strategy literature (Azaddin, 2004).

Value is defined in relation to pricing as the difference between customer's perceptions of benefits received and sacrifices incurred (e.g. Leszinski and Marn, 1997). Customers' benefits include tangible and intangible attributes of the product/service offering. The sacrifice component includes monetary and non-monetary factors such as time and effort needed to acquire and use the product/service (Azaddin, 2004). The focal point of entrepreneurial marketing is innovative value creation, on the

assumption that value creation is a prerequisite for transactions and relationships. The task of marketers is to discover untapped sources of customer value and to create unique combinations of resources to produce value (Morris et al, 2002).

Methodology:

In our study samples include insurance companies of Mazandaran province in margin of Caspian Sea in Iran. So the state and private insurance companies were selected. The only public one is Iran insurance company which has 10 branches and 381 representatives in Mazandaran province. Among private one, the two one i.e. Karafarin and Parsian insurance company were selected. Karafarin Company has 2 branches and 72 representatives, also, Parsian Company has 5 branches and 118 representatives, therefore, in total, 598 cases were the statistical society of this study.

The survey instrument was comprised of 20 items measured on a five-point Likert scales ranging from strongly disagree to strongly agree. The items were adapted to the insurance context from previous studies.

In the research, 280 questionnaires had been distributed. But, 253 of them were analyzable. The samples of 253 respondents were 149 (58.89) percent public company and 101 (41.11) percent private one, and 58.89 percent of respondents were from Iran company and others belong to private insurance companies.

To determine reliability of the questionnaire in this research, we used Cronbach's alpha. Cronbach's alpha for constructs has shown in Table 1 which is acceptable, so the questionnaire reliability is acceptable.

To determine validity, convergent validity was assessed for all constructs and indicators. Convergent validity was assessed by examining the factor loading for statistical significance which has been shown in Table 2 via Smart PLS.

	Cronbachs alpha	Total
<i>Proactiveness</i>	0.863	0.813
<i>Opportunity Focus</i>	0.720	
<i>Calculated Risk Taking</i>	0.783	
<i>Innovativeness</i>	0.787	
<i>Customer Intensity</i>	0.787	
<i>Resource Leveraging</i>	0.719	
<i>Value creation</i>	0.818	

Table 1: Cronbachs alpha for Reliability

Dimensions	Factor loading
<i>Proactiveness</i>	0.934
	0.829
	0.902
<i>Opportunity Focus</i>	-0.239
	0.606

<i>Calculated Risk Taking</i>	0.913
	0.866
	0.860
<i>Innovativeness</i>	0.775
	0.816
	0.865
<i>Customer Intensity</i>	0.822
	0.852
	0.917
<i>Resource Leveraging</i>	0.751
	-0.058
	0.632
<i>Value creation</i>	0.592
	-0.685
	0.242
	0.138
	0.817
	0.772
	0.535
	0.866
	0.777

Table 2: Measurement model Items and estimate coefficients

Result:

The aim of this study was to evaluate the level of entrepreneurial marketing and its dimensions in state and private insurance companies in Iran. The data were analyzed by Kolmogorov-Smirnov test and it has been determined that the data are not normal so Binominal Test (Nonparametric Test) was selected to evaluate the level of variables. The results of Binominal Test have been shown in Table 4.

	<i>state insurance companies</i>		<i>private insurance companies</i>	
	Sig.	Mean	Sig.	Mean
Entrepreneurial marketing	0.000	3.0947	0.062	3.0760
Proactiveness	0.743	2.9978	0.202	2.9263
Opportunity Focus	0.000	2.8166	0.024	2.9199
Calculated Risk Taking	0.000	2.6644	0.039	2.7468
Innovativeness	0.000	2.6174	0.000	2.7115
Customer Intensity	0.049	3.2662	0.624	3.0449
Resource Leveraging	0.000	4.0917	0.000	4.0769
Value creation	0.071	3.2090	0.624	3.1058

Table 4: The results of Binominal Test in public and private sector

As shown in Table 4, the level of entrepreneurial marketing (EM) in public sector is above the average threshold, but in private sector it is at the same level of the median. So, the level of

entrepreneurial marketing in public sector is more than private one. Also, the level of the dimensions of EM in public sector is as follow: the level of proactiveness and value creation is equal with the median level. The level of Opportunity Focus, Calculated Risk Taking and Innovativeness are less than the average, but the level of Customer Intensity and Resource Leveraging is more than the average threshold.

Furthermore, the level of the dimensions of EM in private sector is as follow: the level of proactiveness, value creation and Customer Intensity is equal with the median level. The level of Opportunity Focus, Calculated Risk Taking and Innovativeness are less than the average, but Resource Leveraging is more than the average threshold.

To priority the dimensions of entrepreneurial marketing in both sector we used Entropy technique. As shown in Table 5, in state sector, Calculated Risk Taking has the highest weight and highest priority and Customer Intensity has the lowest weight and lowest priority. Also, in private insurance companies, Proactiveness has the highest priority and Value creation has the lowest priority in this sector.

		<i>Proactiveness</i>	<i>Opportunity Focus</i>	<i>Risk Taking</i>	<i>Innovativeness</i>	<i>Customer Intensity</i>	<i>Resource Leveraging</i>	<i>Value creation</i>
<i>Weights</i>	state	0.1433	0.1453	0.1470	0.1429	0.1369	0.1404	0.1438
	private	0.2191	0.1310	0.1783	0.1576	0.1404	0.0912	0.0819
<i>priority</i>	state	4	2	1	5	7	6	3
	private	1	5	2	3	4	6	7

Table 5: Prioritization of entrepreneurial marketing dimensions by using Entropy

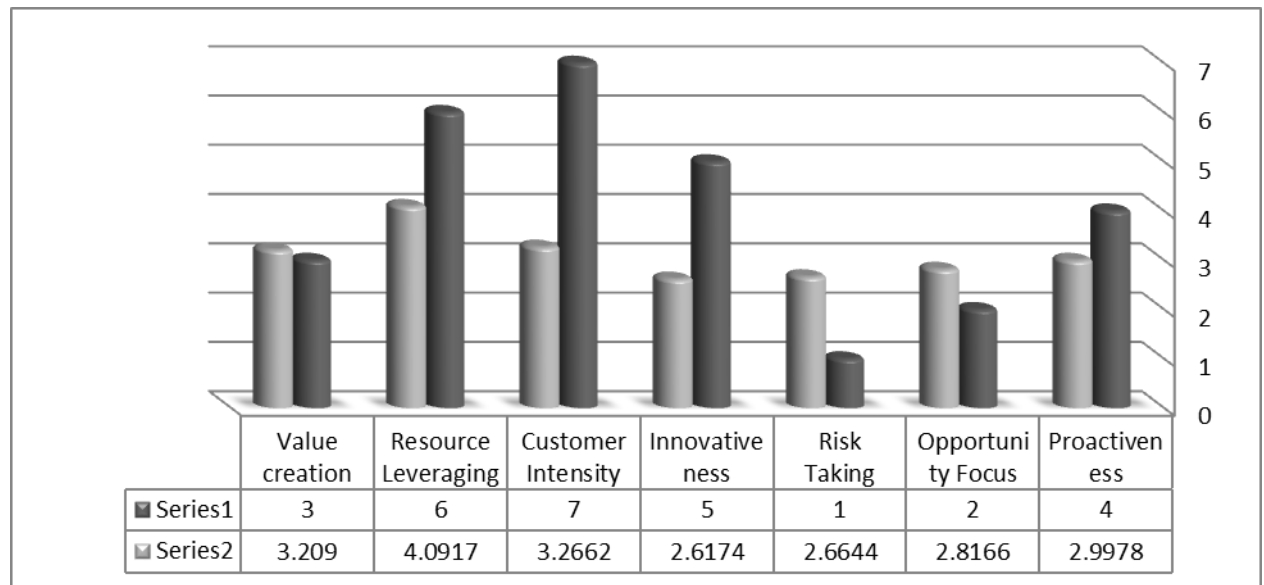


Diagram1: mean of entrepreneurial marketing dimensions with them priorities in state sector

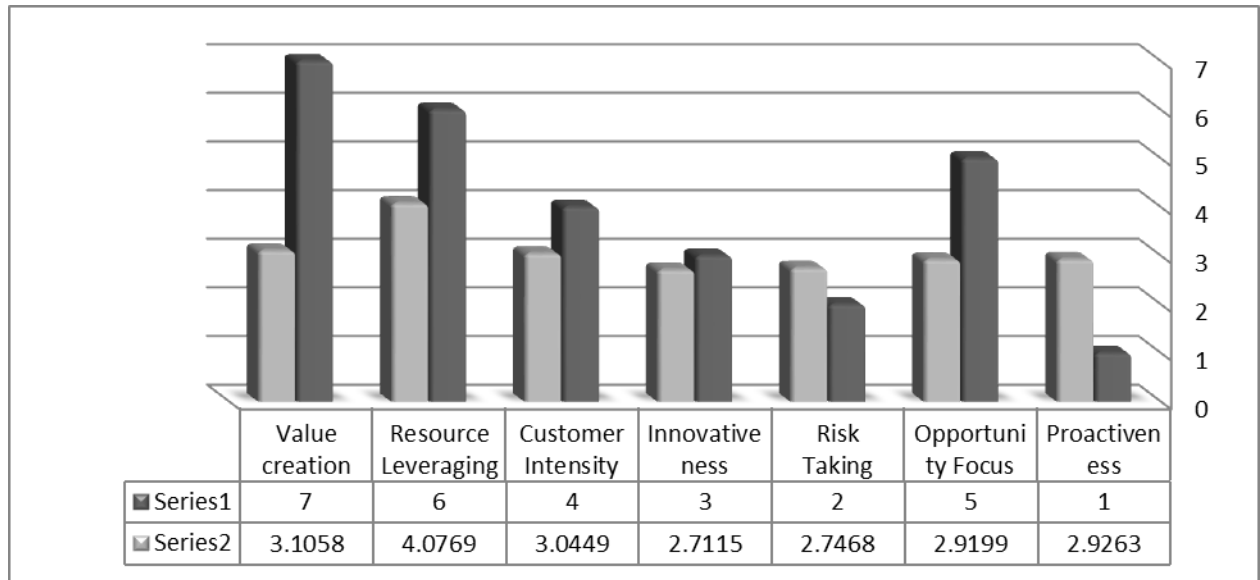


Diagram2: mean of entrepreneurial marketing dimensions with them priorities in private sector

Conclusion and Discussion:

The aim of this study was to evaluate the level of entrepreneurial marketing and its dimensions in public and private insurance companies in Mazandaran province.

This study indicated that the level of EM in both public and private sector is at different levels and priority. The level of entrepreneurial marketing (EM) in public sector is above the average threshold, but in private sector it is at the same level of the median. So, the level of entrepreneurial marketing in public sector is more than private one.

In state sector Calculated Risk Taking has the highest priority but the level of it, is less than the average level, and also, Customer Intensity has the lowest priority and its level is high than the average, therefore, public insurance companies should focus on calculated risk taking and consider it as a part of their planning and strategies to be successful.

In private sector, proactiveness has the highest priority but its level is equal with the median level. Also, value creation as a dimension of EM in these companies has the lowest priority and its level is equal with the median level. As the level of EM in private sector is less than public one, so these companies should concentrate more on EM and its dimension because one of the strategies to be successful in this rival environment is to enhance EM and its dimension in comparison to public companies.

As with any research, this study has certain limitations that should be taken into consideration when interpreting the results. First and foremost, the study was restricted to one sector only, so that a verification of the findings in other industries is desirable. The findings of this study should not be generalised because the sample used in this study was limited to companies located in the same geographic location. Replication studies should be done in different areas using various industry and locations to compare and validate the results of this research.

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