

**MARKETING POTENTIALS OF SMALL AND
MEDIUM ENTERPRISES IN FIJI**

BY

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A thesis submitted in a partial fulfilment of the requirements for the
degree of Master of Commerce (MCOM)

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DECLARATION

Statement by Author

I, Ashna Ashwini Chandra, declare that this thesis is my own work and that, to the best of my knowledge, it contains no material previously published, or substantially overlapping with material submitted for the award of any other degree at any institution, except where due acknowledge is made in the text.

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Statement by Supervisor

The research in this thesis was performed under my supervision and to my knowledge is the sole work of Ms. Ashna Ashwini Chandra.

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Designation.....

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ABSTRACT

The main aim of this research is to analyse and identify the marketing potentials of small and medium enterprises in Fiji. Fiji is a small developing country with huge potential to take advantage from the resources available. This thesis attempts to explore the current marketing practices used by Small and Medium Enterprises (SMEs) in Fiji and to identify and establish marketing opportunities and see if SMEs have potential to reap benefits and instigate growth towards knowledge-based economy. Small and Medium Enterprises (SMEs) sector has emerged as a highly vibrant and dynamic sector of the Fiji's and also of the most developing countries economy over the last five decades.

The Purpose of this research is to identify the marketing potentials of Small and Medium Enterprises in Fiji by the use of selective factors using the literature and research questions. Small and medium enterprises (SMEs) generally refer to independently owned and managed businesses which employ a limited number of employees and have assets within certain range. The specific size of employees and assets differs slightly in definition from country to country. The Small and Medium Enterprise sector in Fiji plays an important role by providing employment to a substantial majority of the population and has been contributing to the economic development of this small developing nation in the South Pacific.

The Small and Medium Enterprise sector in Fiji is still at a developing stage, and has been quite successful in a lot of ventures; it is also posed with some problems and challenges. Moreover the thesis will also highlight how the industry structure has implications on Small and medium businesses marketing which introduces tighter and new challenges for SMEs. They are faced with variety of challenges and opportunities.

Nevertheless the study will also look at how marketing theory has been developed based on studies on large organisations. Consequently, it cannot be applied directly to Small and Medium Enterprises, where marketing practices may differ

considerably from those of their larger counterparts. Thus, the need to examine the marketing potentials for Small and Medium Enterprises has been recognized.

Well managed and healthy Small and Medium Enterprises are source of employment, opportunities and wealth creation for the entire nation. Small and Medium Enterprises is one of the sectors which have potential for growth through extensive marketing. At the end of the research one will be able to see and understand that if through and ideal marketing opportunities are used than small firms will prove its major role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth.

In the study it will also be highlighted that marketing is the most important factor for the success of any enterprise. Large enterprises have enough resources at their command to hire manpower to take care of marketing of their products and services. SME sector does not have these resources at their command and thus needs institutional support for providing these inputs in the area of marketing.

A questionnaire-based survey of Small and Medium Enterprises countrywide was selected as the most appropriate research method among those available. Other methods include personal interviews and case studies. The preferred method facilitates the gathering of required information from a larger sample size over the wide geographic area.

There is a need to provide space for the small enterprises to grow into medium scale enterprises, for that is how they will be able to adopt better and higher levels of technology and remain competitive in a fast globalizing world. On the other hand managing relationships with customers is also important especially for many firms because they engage in different types of transactions and their customers 'need vary considerably'.

Firms see marketing as a tool for boosting corporate growth, improving financial performance, and augmenting competitive edge (Samiee & Walters, 1990). This is especially true for Small and Medium Enterprises since internationalization is purported to be a necessary ingredient to ensure the survival and growth of small firms (D'Souza & McDougall, 1989). Small firms can make one or more marketing mix decisions across national boundaries, establishing manufacturing facilities overseas and coordinating marketing strategies across the globe.

The need of the hour presently is to provide sustenance and support to the whole Small and Medium Enterprise sector, with special emphasis on rural and micro enterprises, through suitable measures to strengthen them for converting the challenges into opportunities and scaling new heights. In the present competitive age, marketing is one of the weakest areas wherein SMEs face major problems.

Consideration of sectors in which small businesses appear to hold a comparative advantage in innovation might lead one to conclude that smaller businesses do well who place a premium on flexibility and resourcefulness. The government's role in facilitating the environment for SMEs to survive and thrive is equally important.

ABBREVIATIONS

ADB	Asian Development Bank
ADV	Added Domestic Value
ASF	Agility Strategic Framework
EO	Employers' Organisation
FDB	Fiji Development Bank
FTIB	Fiji Islands Trade & Investment Bureau
FNU	Fiji National University
GDP	Gross Domestic Product
HR	Human Resources
ICT	Information and Communication Technology
IT	Information Technology
IM	International Marketing
IIM	Internet International Marketing
ISO	International Organization for Standardization
MNC	Multi National Corporation
NCSMED	National Centre for Small & Micro – Enterprise Development
OECD	Organization for Economic Co-operation and Development
PCN	Personal Contact Network
RBF	Reserve Bank of Fiji
R & D	Research & Development
SMES	Small & Medium – Enterprises
SBAU	Small Business Advisory Unit
SPSS	Statistical Package for the Social Science
SCM	Supply Chain Management
SYMRS	Systematic Random Sampling
TPAF	Training and Productivity Authority of Fiji
TQM	Total Quality Management
UNDP	United Nation Development Program

TABLE OF CONTENTS

Title page	i
Declaration of originality	ii
Acknowledgements	iii
Abstract	iv
Abbreviations	vii
Table of Contents	viii
List of Tables	xii
List of Figures	xiii
CHAPTER ONE: INTRODUCTION	1
1.1 Research background	3
1.2 Significance of the Study to the Topic	3
1.3 Research County Background	4
1.4 Research Aim	5
1.5 Research Objectives	6
1.6 Hypotheses	6
1.7 Organization of Thesis	11
CHAPTER TWO: LITERATURE REVIEW	13
2.1 Introduction	13
2.2 SME Sector in Fiji	14
2.2.1 Gender	15
2.2.2 Ethnicity	16
2.2.3 Location	16
2.2.4 Income Generation	16
2.3 Critical Challenges Faced by SMEs in Fiji	17
2.3.1 Competition	18
2.3.2 Financial Problem	18
2.3.3 Labour Issues	20
2.3.4 Pricing of Goods	20
2.3.5 Capital Related Good	20
2.3.6 Geographical Location and infrastructure	21

2.4 Importance of SMEs to Economies	21
2.5 Promoting Small & Medium Enterprises for Sustainable Development	22
2.5.1 Building Supply Chain Capacity	23
2.5.2 Improving Standards	24
2.5.3 Strengthening Local Distribution Network	25
2.6 Small Firms Entrepreneurship and theory, and Marketing Practices In Theory and the Perceived Benefits	27
2.6.1 Small Firm Marketing	28
2.6.2 Entrepreneurship Marketing	29
2.6.3 Relationship Marketing in SME Context	29
Customer Relationship Management	32
Interactive Marketing	32
International Marketing	33
2.7 Networking	35
2.8 Agile Marketing for SME Manufacturing	37
2.9 Approaches to Small Firm Marketing	38
2.9.1 Marketing as a Functional Problem	39
2.9.2 Marketing as a Business Philosophy	39
2.9.3 Creating a Competitive Advantage	40
Product Diversification	40
Modernizing	40
2.9.4 The Competency Debate	41
Marketing Competency	42
Entrepreneurial Competency	43
Sales Competency	43
2.10 The Development of Marketing Orientation & Marketing Capability	44
2.10.1 Market Orientation	44
2.11 Marketing Practices	48
2.11.1 Strategic Thinking	49
2.11.2 Customer Orientation & CRM	49

2.12 The Industry Structure and its Implication on SME Marketing	52
2.12.1 Threat of New Entrant	52
2.12.2 Threat from Substitute	52
2.12.3 Bargaining Power of Customers	53
2.12.4 Bargaining Power of Suppliers	54
2.13 The Environment of Marketing	55
2.13.1 Uncontrollable Factors	55
Economy	55
Technology	56
Political	57
2.14 Dynamic Capabilities	57
CHAPTER THREE: METHODOLOGY	59
3.1 Research Methodology	59
3.1.1 Research Problem	59
3.1.2 Research Objectives	60
3.2 Justification for the Paradigm & Methodology	61
3.3 Evolution of the Research	63
3.4 Conceptual Framework	64
3.4.1 Conceptual Development	65
3.4.2 Competitiveness Criteria	66
3.4.3 Performance Criteria	68
3.5 The Research Design	68
3.5.1 The Population and the Sample	70
Advantages of Systematic Research Design	70
3.5.2 Questionnaire Design	71
3.5.3 Pilot Survey	72
3.5.4 Data Collection	72
3.5.5 Reliability Test	74
3.5.6 Data Analysis	74
3.6 Problem Recognition/Limitation of the Study	77
3.7 Ethical Consideration	77
3.8 Conclusion	78

CHAPTER FOUR: DATA ANALYSIS & INTERPRETATION	79
4.1 Introduction	79
4.2 Demographic Statistics	79
4.3 Descriptive Statistics	80
4.4 Hypothesis Testing	89
4.4.1 Hypotheses 1 (H1)	90
4.4.2 Hypotheses 2 (H2)	92
4.4.3 Hypotheses 3 (H3)	95
4.4.4 Hypotheses 4 (H4)	96
4.4.5 Hypotheses 5 (H5)	98
4.5 Patterns of data for each research questions hypotheses	99
4.5.1 Hypotheses Outcome	100
4.6 Discussion	101
4.7 Conclusion	105
CHAPTER FIVE: CASE STUDY	106
5.1 Introduction	106
5.2 Objectives of the Case Study	106
5.3 Criteria Selection for the Case Study	106
5.4 Data Collection Techniques for Selected Case Studies	108
5.5 Case Study 1: Organic Earth Fiji	108
5.5.1 Background of the Firm	108
5.5.2 Competitive Variables that makes Organic Earth Marketable	109
5.5.3 Discussions	113
5.6 Case Study 2: Nadi Handicraft Centre	113
5.6.1 Case Profile	114
Product Sold by Suva Handicraft Market	115
5.6.2 Case Conclusion	117
CHAPTER SIX: RECOMMENDATION & CONCLUSION	119
6.1 Introduction	119
6.2 Key Findings of the Study	121
6.3 Implications	123
6.4 Recommendation	124

6.5 Limitations	129
6.6 Further Direction of Research	129
6.7 Conclusion	129
REFERENCES	131
APPENDIX	155

List of Tables

Table 2.0: SME Employment by Location	16
Table 2.1: GDP by Activity at Constant Prices of 1995	17
Table 2.2: Entrepreneurship and Relationship Marketing Theory Links	36
Table 3.1: Summary of the Research Types	61
Table 3.2: Study Sites	71
Table 3.3: Hypotheses Testing	76
Table 4.0: Social Demographic Profile	81
Table 4.1: Factors Affecting Marketing Practices	83
Table 4.2: Factors that create marketing potentials for SMEs	84
Table 4.3: Concerns amongst entrepreneurs	87
Table 4.4: Contribution of marketing variables to the overall Small and Medium Enterprises competitiveness	89
Table 4.5: Competitive Dependency on Factors	91
Table 4.6: Factors Affecting Marketing	94
Table 4.7: Factors to Achieve Sustainable Competitive Advantage	95
Table 4.8: Competitive Factors	97
Table 4.9: Presents the correlation results	98
Table 4.10: Hypotheses outcome	100

List of Figures

Figure 1:0: SME Contributions Employment to GDP	27
Figure 2.0: Agile Marketing for the Manufacturing Based SME	38
Figure 2.1: Driving Factors for Modernizing and Diversifying SME	41
Figure 2.2: Antecedents of Market Orientation	45
Figure 2.3: The Role and Relevance of Marketing: the New Model	48
Figure 2.4: Customer Orientation and Business Performance	51
Figure 2.5: Porter's Five Forces Analysis	52
Figure 3.1: Evolution of the Research	64
Figure 3.2: Competitiveness Framework SMEs	66
Figure 3.3: Performance Criteria for the Manufacturing	68
Figure 3.4: Framework of Research Methodology	69
Figure 3.5: Hypotheses Linkages with Constructs	75
Figure 4.0: Relationship between Dependent and Independent variable	92

CHAPTER 1

BACKGROUND AND SIGNIFICANCE OF THE STUDY

Insufficient knowledge on marketing in small business remains and an appropriate small business marketing theory, specifically related to the understanding and knowledge of strategic marketing is absent in Fiji's Small and Medium enterprises (Hills, 1987; Wortman, 1987). A marketing system develops and become systematized and formalized in businesses which the managers should take care of.

Marketing enables Small and Medium Enterprises to widen the market areas by increasing the company visibility, promote the company image by showing its dynamism and innovative spirit and improve the quality of customer service (Tambunan, 2005). Market characteristics, without a thorough understanding of the market, customers, order fulfilment requirements and possible pitfalls, many small firms that attempt to move from a local marketplace to a global one will fail at the endeavour and possibly fail completely (Swatman & Chan, 2001). Internet creates an additional channel of distribution for Small and Medium Enterprises products/services that has the potential to increase profitability by passing intermediaries.

Global wealth has almost doubled since 1990, but nearly half of the world's population subsists on less than US\$2 per day¹. Poverty remains a major challenge to sustainable development, environmental security, global stability and a truly global market. The key to poverty alleviation is economic growth that is inclusive and reaches to most people. Improving the performance and sustainability of local entrepreneurs and Small and Medium Enterprises, which represents the backbone of the global economic activity, can help achieve this type of growth. "A modern and thriving Small and Medium Enterprise sector supports the transformation of the economy by creating jobs and helping the innovation and adaptation of the economic system" (Dallago).

Well managed and healthy Small and Medium Enterprises are source of employment, opportunities and wealth creation for the entire nation. They can contribute to local

¹ *World Business Council for Sustainable Development*

stability and generate tax revenues. Fiji Government recognized the importance of Small and Medium Enterprises development to Fiji's future plans, and therefore in 2002 a centre was set up under the Small and Micro-Enterprises Development Act 2002 which is now called, National Centre for Small and Micro Enterprises Development (NCSMED)². Centre is mandated by legislation to develop, promote and support Small and Medium Enterprises and has developed a 10 year Strategic Plan (2003 – 2012).

Moreover in Fiji the aim of NCSMED are the development of business training programmes, advocacy for a supportive policy and regulatory environment for Small and Medium Enterprises, and facilitation of credit and funding for Small and Medium Enterprises. The Centre is a key player in Government's goal to realize a quantum leap in the nation's economy. Small and Medium Enterprises represent a huge potential for wealth and employment creation which is largely untapped in Fiji's economy. In order for Fiji to reach its full potential for economic and social development, everyone must focus their attention on country's Small and Medium Enterprises.

“For big companies, marketing of small and medium companies represent a link with the world: where they come from, and from where the future competition can appear; for the businessmen they represent a (secure) place of work, a stage in the carrier, a link with the world of businessmen; for economy, the small and medium enterprises are new ideas launchers determining a more efficient usage of resources”³. Policies that can help the transformation of the Small and Medium Enterprise sector include; fostering, modernization and competitiveness of individual Small and Medium Enterprises, for example by stimulating and easing investment activity; Small and Medium Enterprise vertical integration with domestic and foreign companies; and horizontal integration amongst Small and Medium Enterprises⁴.

² *National Centre for Small and Micro Enterprises, 2002*

³ *Anda, I., & Corna, R., the Place of Small & Medium Enterprises in the Romanian Economy.*

⁴ *Dallago, B., (n.p.). Transitional Economies: The Importance of Small and Medium Enterprises, University of Toronto, Italy.*

1.1 Research Background

Previous research on Small and Medium Enterprise sector focused on the performance of Small and Medium Enterprises in Fiji which emphasized the interplay between entrepreneurial characteristics, organizational structure and corporate culture. Thus this research will focus on the marketing potentials of Small and Medium Enterprises in Fiji. It portrays healthy Small and Medium Enterprise sector is considered to be the backbone of any developed economy. NCSMED's findings state that over the past decades the role of Small and Medium Enterprises has been considered of great importance in accelerating economic growth and development. Therefore is it of great importance to identify the marketing potentials for the sector and suggest recommendations that can be incorporated to bring about changes. Entrepreneurship is a significant factor in the development of Small and Medium Enterprise sector.

1.2 Significance of the Study to the Topic

The need for this research is suggested by a gap in literature, as there has been no research done on the proposed topic in Fiji. Fast changing global economic scenario has thrown up various opportunities and challenges to the Small and Medium Enterprises in Fiji. While on the one hand, many opportunities are opened up for this sector to enhance productivity and look for new markets at national and international level, it has also, on the other hand, put an obligation to upgrade their competencies to meet the competition as new products are launched at an astonishing pace and are available worldwide in short time. Marketing is one of the weakest areas wherein SMEs face major problems.

After discussions with supervisors and other experts in this industry we concluded that there are good reasons for focusing on Small and Medium Enterprise marketing. Pacific Island governments and in particular Fiji government is seeking equitable and sustainable economic growth led by the private direct investment, the marketing potentials of the Small and Medium Enterprises are the centre of these aspirations because of their effectiveness in creating jobs, national own-ability and flexibility to adjust to economic change (Huges, 2005).

Marketing plays a very crucial role in the development of any sector and so does in promoting the very upcoming and emerging sector in Fiji. Marketing is directly related to the Small and Medium Enterprise growth and development. Small and Medium Enterprises are crucial to stimulating growth, generating employment and contributing to poverty alleviation. This research is extremely important as this allows one as a means to gain and emphasize to the public the huge contribution that Small and Medium Enterprises make, or can make, towards Fiji's economy and prospects. Such a research also allows putting together ideas on how best Fiji can promote the development of such an important sector of this country.

This research will also provide broader exposure to Fiji's, small & medium enterprises to facilitate them in exploring new business opportunities in emerging and developing markets. It will be further recommended through this study that Exhibitions may be organised in consultation with the concerned stakeholders and industry associations thus the calendar for these events may be finalised well in advance and publicised widely amongst all participants/stakeholders. Such expositions showcase the diverse technologies, products and services produced/rendered by Fiji's Small and Medium Enterprises and provide them with excellent business opportunities, besides promoting trade, establishing joint ventures, technology transfers, marketing arrangements and image building of Fiji's Small and Medium Enterprises in foreign countries. Small & Medium Enterprises should be provided space at concessional rates to exhibit their products and services in such exhibitions/fairs

1.3 Research Country Background

Small and Medium Enterprises represent a huge potential for wealth and employment creation which is largely untapped. Small and Micro Enterprises are critical to raising the living standards of Fiji's people (Fiji Times, 2007). Small and Medium Enterprise is one of the sectors which have potential for growth through extensive marketing.

According to Narube (Fiji Times, 2007) "we must recognize the contribution of small and micro enterprises in Fiji's economy and we must promote its development". Different marketing approaches should be realized and used to promote such sectors in the economy. With a population of 827,900 (Fiji Islands Bureau of Statistics, 2009)

having unique aspects of history, culture and consumption patterns, SMEs draw upon the community for their workforce and rely on it to do business. For the communities, Small and Medium Enterprises provide goods and services tailored to local needs and at costs affordable to local people.

Thus this indicates that marketing for the Small and Medium Enterprises in Fiji plays a very vital role for economic development and employment creation. They are an important source of employment to particularly for low skilled, as well as women and young people, who usually make up the greatest proportion of the unemployed in Fiji.

1.4 Research Aim

In a developing country like Indonesia, SMEs have historically been in the main player in domestic economic activities, especially as a large provider of employment opportunities, hence a generator of primary or secondary source of income for many households (Tambunan, 2006). In OECD countries Small and Medium Enterprises and Micro enterprises account for over 95 per cent of firms, 60-70 per cent of employment and, 55 per cent of GDP and generate the lion's share of new jobs⁵. In developing countries, more than 90 per cent of all firms outside the agricultural sector are Micro enterprises, generating a significant portion of GDP. For example in Morocco, 93 per cent of industrial firms are Small and Medium Enterprises and account for 38% of production, 33% of investment, 30 per cent of exports and 40 per cent of employment⁶. In Bangladesh, enterprises of less than 100 employees account for 99 per cent of firms and 85 per cent of employment. Similarly in Ecuador, 99 per cent of all private companies have less than 50 employees and account for 55 per cent of employment. Therefore it becomes very important to understand the marketing potentials of SME sector in order to gain comparative advantage.

The aim of this research is to explore the marketing potential of Small and Medium Enterprises by:

- Exploring marketing capabilities & competitiveness of the Small and Medium Enterprises
- Showcase the competencies of Small and Medium Enterprises

⁵ World Business Council for Sustainable Development, 2004

⁶ World Business Council for Sustainable Development, 2004

- Studying about the prevalent market scenario of Small and Medium Enterprises and its impact on their activities.
- Help Small and Medium Enterprises facilitate the formation of consortia of Small and Medium Enterprises for marketing of their products and services.
- Exploring the marketing skills of the micro, small & medium entrepreneurs
- Provide platform to Small and Medium Enterprises for interaction with large institutional buyers.

1.5 Research Objectives

To accomplish the aim, following specific objectives are proposed:

1. To critically analyze the marketing activities of Small and Medium Enterprises in Fiji (competency, product, pricing, promotions and supply chain management)?
2. To find out the key determinants of marketing practices of Small and Medium Enterprise?
3. To establish the extent of the customer and competitor orientation in Small and Medium Enterprises and to gain insights into its role in shaping Small and Medium Enterprise marketing activities?
4. To critically analyse how direct effect of products geographic location of the firm and market pressure faced by Small and Medium Enterprises?
5. To find out the Factors that is positively related towards creating a substantive marketing potential?

1.6 Hypotheses

The attached Hypothesis intends to facilitate answers to help analyze the research topic

H1: Can effective marketing factors such as pricing, product, promotion, Supply Chain Management, political, economic, environmental, and opportunity contribute significantly towards the enhancement of Small and Enterprises competitiveness?

It is assumed that competitiveness is influenced by factors such as price, product, promotion, supply chain management, political, economic, environmental, and

opportunity (Allen, 2011). Product design and packaging determines the quality of the product which customers get attracted to. Quality of the product can also be achieved by setting standards such as achieving ISO standards (Shee, 2002). Getting product in the market at the right time also plays a vital role in marketing.

In terms of market characteristics, without a thorough understanding of the market, customers, order fulfilment requirements and possible pitfalls, many small firms that attempt to move from a local marketplace to a global one will fail at the endeavour and possibly fail completely (Swatman, 2000). External environmental factors also impact the promotion of the product either positively and negatively.

Siu (2000) showed that “higher performing Chinese small firms in Hong Kong gave a higher priority to marketing, particularly strategic marketing planning, than other business functions in their overall approach to business”. Thus above research implies that effective marketing help the Small and Medium Enterprise to achieve greater performance and profitability leading to Small and Medium Enterprise growth.

It is noted that the business environment in which Small and Medium Enterprises operate is dynamic and may well lend itself to a variety of successful approaches and strategies. Several studies have shown that for many small businesses is a customer base located within a small geographic area. Expansionary activities may include jumping from pocket to pocket of clusters.

Today’s markets, entrepreneurs are faced with environmental turbulence stemming from technological advances, changes in consumer demand, and new regulations (Helfat et al., 2007). Thus small businesses should adapt to these environmental changes in order to succeed in the market. These developments can affect organizational performance and also cause competitive advantages to be less valuable or to even become redundant.

H2: Are the Factors such as political, economic, product market and opportunity that is positively related towards creating a substantive marketing potential?

Marketing Entrepreneurship emphasizes the importance of marketing and its pivotal role in helping transform the entrepreneurial activities of Small and Medium Enterprise in to effective and competitive business (Hills, 2001, pg.173).

According to previous research marketing of a small sector is affected by many factors surrounding the company. Degree of growth and the rate at which a new venture grows are dependent on marketing (Allen, 2009). More over if the company entering is by nature small and relatively stable in terms of growth, it will of course be more difficult to achieve the spectacular growth and size of the most rapidly growing companies (Allen, 2009). Factors affecting the marketing practices can help to expand the product market.

With disruption of government and the spread of criminality, these factors caused uncertainty and insecurity for Small and Medium Enterprises and gave an indirect boost to tax evasion and regulation avoidance as adaptation mechanisms⁷. Therefore the above indicate that marketing of the Small and Medium Enterprises should be embarked on, so that the potentials of Small and Medium Enterprises are known to the world. “In practically every country, Small and Medium Enterprises constitute almost 90 percent of all commercial business activity”⁸.

Nummela et al. (2004) suggested that managerial experience and market characteristics are important drivers of the global mindset, which in turn is one of the key parameters of international performance. Focusing more on marketing goals, branding, distribution channels and production quality in order to address the growing opportunities of this globalization are important for Small and Medium Enterprises in the new era. The types of activities undertaken by Small and Medium Enterprises to promote their product and brand name also play an important role.

⁷ Gupta, C. P., & Khader, S. A. (2002). *Enhancing SME Competitiveness in the age of Globalisation*, Asian Productivity Organisation, Tokyo

⁸ Barakat, Y, N., (2001, October 4). *The Role of Small and Medium Enterprises in the Economy*, Jordan Times, October 4th

H3: Can the key determinants of marketing practices of Small and Medium Enterprise such as Marketing orientation helps to achieve sustainable competitive advantage for Small and Medium Enterprises in Fiji.

Pelham (1997) found marketing orientation to have a strong relationship with performance in small and mid-sized firms. Small firms may be better suited to the adoption of a marketing orientation due to their greater response speed (Katz, 1970), flexibility (Feigenbaum and Karnani, (1991), and ability to exploit market niches (Caroll, 1994).

Much of the existing research on marketing orientation has examined the external environment, including industry characteristics such as market turbulence or market growth, competitive conditions such as hostility or intensity, and even the degree of technological turbulence (Wahab & Ali, 2010). Marketing orientation comprises of customer orientation, competitor orientation and entrepreneurial activity.

In China Small and Medium-sized Enterprises(SMEs) plays an ever-increasing role in sustainability achievement not only for their significant not only for their significant contribution to china's economy accounting for 99% of the country's enterprises, 40% of GDP, 60% of exports and 75% of job opportunities ((Yu and Bell, 2007). They further elaborated that in order to set China firmly on a path towards long term sustainability, it is necessary to shift the development paradigm of SMEs.

Research shows that small businesses are market oriented when its culture is well organised and entirely committed to the continuous creation of superior value (Macintosh, 2007).

H4: Direct effect of products geographic location and other challenges faced by the firm, creates market pressure for Small and Medium Enterprise

According to Teece & Pisano (2009) convenient location and a quality product will serve as an upper hand to competitive challenges and poses a particular difficulty for small enterprises if they are acting alone to access the market served by larger enterprises as well. Small and Medium Enterprises are encountered by many challenges in the market such as cost, and quality problems and the export capabilities of the firm (Bamford & Bruton, 2011).

Most research shows Effective supply chain performance is now critical to a company's success; entrepreneurs must ensure efficiency in terms of customer satisfaction (Allen, 2009). More over entrepreneurs should ensure that warehouses and distribution centres are efficiently located and look at every aspect of the supply chain to see if there are ways to reduce costs.

Small businesses tend to trade only in a limited geographical area (Curran & Blackburn, 1990). Thus this connects chance closely to the series of local economy, with limited opportunities to compensate for any downturn. The location of Small and Medium Enterprises goods and services are beyond the customers reach. Thus other potential market segments have no access to their products.

Businesses are at their most vulnerable when they are very young and very small. Only a small percentage stay in business in the long term; over two-thirds close in the decade in which they opened. Marketing is certainly important in the early years as it creates a vital interface between the organization and its external environment. The most important adjustment for the survival and growth of small firms is active market development, a continuous search for new market opportunities and an expansion of the customer base (Kuratko, 2009).

H5: Are Customer and competitor orientation, entrepreneurial activity, competency, market for product and opportunity positively related towards creating a substantive marketing potential and mindset of Small and Medium Enterprises.

As per Popescu et al (2011) research Small and Medium Enterprise with a higher extent of customer and competitor orientation, and entrepreneurial activity will lead to a higher degree of global mindset, in order to increase their customers from abroad.

Customer orientation represents the sufficient understanding of one's target buyers to be able to create superior value for them continuously. Entrepreneurial activity such as doing things differently and retaining customers tends to enhance the degree of relationship between entrepreneurs and customer (Bamford & Bruton, 2011).

Previous research stated that the most important factor of organisation market orientation is customer orientation and competition orientation (Narver & Slater, 1990). Entrepreneurs are individual who recognize opportunities where others are chaos or confusion (Kuratko, 2009) and they are central to entrepreneurial process. Thus is the reason they have been known as aggressive catalyst for change within market place and thus known as independent thinkers who dares to be different against a background of common events.

1.7 Organization of Thesis

This thesis is organized into six chapters. This chapter has presented research background and the main aim for the study. Five research questions and objectives have been advanced and the significance of conducting this research has been outlined.

Chapter 2: provides a comprehensive review of literature in marketing of Small and Medium Enterprises in Fiji, the potential of marketing, the concept of consistency, business environment, customer and competitor orientation, organizational culture and opportunities. It further draws attention to the gaps in literature on marketing potentials and develops the theoretical framework for the present study. This chapter also articulates the hypothesis for empirical testing.

Chapter 3: devoted to the research methodology. The research methods adopted by the researcher are discussed. These methods include primary and secondary approaches, recording and verification of data and the data analysis techniques. This chapter clearly outlines the methods and techniques used for data gathering and analysis as seen fitting for this particular research. Also highlighted are the limitations of this research and the problems encountered during the process.

Chapter 4: looks at the response rates from the main study. This is a full on chapter on the data analysis and interpretation of the results on the main study. Chapter provides the descriptive aspects of the sample and the business profile of the respondents. The results of the hypotheses testing will be presented and the empirical from the questionnaire survey in relation to the problems and constraints facing the respondents will be highlighted.

Chapter 5: case studies that were selected from the main study. In this chapter, a background of firms is given and the various marketing factors that firms have undertaken in order to boost competitiveness are discussed. Efforts are made to verify the usefulness of the pre-determined competitive factors and to validate findings from data analysis. Both cases are well documented and comparisons are made.

Chapter 6: concludes thesis with a discussion of the findings in the context of the available literature. A consideration of the implications of the findings, and suggestions regarding directions for future research is also included in this chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this section, related literature has been reviewed to establish the progress of current research on marketing potentials of Small and Medium Enterprises in Fiji. This review includes a compilation of previous research, and a critical analysis through means of a summary, classification, comparison and evaluation of all previous literature followed by some research questions. The literature review has been divided as such to include an overview of parent discipline, research problem area and its boundaries, previous research done and research questions.

Marketing is certainly important in the early years as it creates a vital interface between the organization and its external environment. Though the basic principles of marketing are universally and equally valuable to both large and small businesses, academic research into the marketing/entrepreneurship interface has been addressed only relatively recently (Davis et al, 1985). While research studies (Carson, 1985; Carson et al, 1995) into marketing in small business have proliferated, empirical evidence has been generated on an ad hoc manner, as a consequence of the general absence of a systematic approach to the subject (Cannon, 1991).

It can be seen that Small and medium Enterprises have unique characteristics that differentiates them from conventional marketing in large organisation. Studies have shown that Small and Medium Enterprises marketing is a haphazard and informal because of the way an owner manager does business; they make most decisions on their own, respond to current opportunities and circumstances and so decision making occurs in a haphazard and apparently chaotic way (Gilmore et al, 2001).

Academic studies have shown that marketing plays a significant role in small and medium enterprises (Ylioposito & Joensuu, 2009). Marketing is one of the biggest problems owner manager face in their business operations and, on the other hand, it is recognised as one of the most important business activities and essential to the survival and growth of the enterprise (Stokes 2000b, Simpson & Taylor 2002). Thus

the most important adjustment for the survival and growth of small firms are active market development, a continuous search for new market opportunities and an expansion of customer base. Therefore according to Romano and Ratnatunga's (1995) extensive literature review, on marketing in small businesses can be categorized as marketing as a culture; marketing as a strategy; and marketing as a tactics.

Across the developing world, nations are increasingly challenged by the pressures to integrate with the global economy and embracing small and medium businesses as a vehicle for social and economic development. Most Small and Medium Enterprises meet huge obstacles due to: the nature of transition, including the lack of relevant institutions and infrastructure, and the experience and expertise necessary to successfully operate in a competitive market economy; poverty and low income that depress demand for Small and Medium Enterprises and prevents the formation of investment capital; and policy mistakes, including the inconsistency and instability of policies (Bamford & Bruton, 2011).

Firms which are most enthusiastic in making adjustment in what they do, and how they do it, particularly in relation to the market place, appear to have greater chance of survival than those who carry on as before. As the function that supplies the necessary information and direction to guide such adjustment, marketing provides the key interface between a small business and its external environment (Zontanos & Anderson, 2004)

The study also examines the influence of a number of marketing variables on business success, such as pricing, supply chain management, business environment, competition, customer and competitor orientation. While there has been some research which has explored the relationship between marketing variables and firm's business processes and successors in the context of Small and Medium Enterprises, the result of this research is mixed.

2.2 Small and Medium Enterprises Sector in Fiji

In April 2004, the cabinet approved a memorandum titled "Medium Enterprises in Fiji" to look after medium enterprises in Fiji. The existence of Small and Medium

Enterprises in Fiji has long been recognized and their contribution has been much appreciated. With the establishment of government sponsored support services such as National Centre for Small and Micro-Enterprises Development (NCSMED): the advisory committee was set up by government to oversee the development of medium sized enterprises in Fiji. The following section provides an overview of the socio-economic contribution by Small and Medium Enterprises sector in Fiji.

The Small and Medium Enterprises sector has proved to be stronger and persists to make a considerable contribution to nationwide development, particularly in improving the superiority of life of the socially and economically disadvantaged. It is evident, that there remain massive untouched economic development opportunities for the sector to expand and grow, especially in the rural areas where huge natural resources remain underutilized. In order to take advantage of this potential, it is crucial that government and stakeholders must firstly be aware of the nature, characteristics and development needs of Small and Medium Enterprises.

The National Centre for Small and Micro Enterprises commissioned a preliminary study and attempts to provide relevant and useful data on Small and Medium Enterprises to help better understand the sector. The NCSMED has summarized the importance of Small and Medium Enterprises in Fiji:

2.2.1 Gender

Males predominate Small and Medium Enterprise sector in both formal and informal employment registering 67 percent of participation over that of women at 33 percent. Thus this means that there are 2 male Small and Medium Enterprise workers for every 1 female Small and Medium Enterprise worker. Since Small and medium enterprises is relatively labour intensive, this research reflects that Fiji has good unskilled labour, without issues such as strikes. Thus respective stakeholders should intervene and organise for marketing initiatives. Fiji's wide range of topography and climate provides ideal conditions for growing many value crops and tropical fruits, which in turn have great potential for agribusiness activities (Asian Development Bank 2006 & Gunasena et al.2003).

2.2.2 Ethnicity

Fijians outweigh in the Small and Medium Enterprise sector, particularly in informal employment but share almost the same rate of contribution with Indians in paid/formal employment in Small and Medium Enterprises. It is estimated that there are 261 Fijian working in Small and Medium Enterprise per 1,000 Fijian populations. For the Indo-Fijians rate is much lower at 175 (Singh, 2006). Fijians being natives and acquiring more land spaces, it can be analysed that Fijians can get involved in the planting and exporting of the root crops to the overseas markets.

2.2.3 Location

Overall, rural based Small and Medium Enterprises posted a slightly higher rate at 54 percent (Table 1.0) compared to that in urban areas at 46 percent (Singh, 2006). The same rate applies for paid/formal employment in Small and Medium Enterprise and for informal employment. Due to agribusiness most of the Small and Medium Enterprises are found in the rural area thus helping in improving the rural infrastructure and boosting in the forms of small enterprises. The main criteria for choosing the location the enterprise is usually proximity to office.

Table 2.0 Small and Medium Enterprise Employment by Location

	Rural	Urban	Total
SME Formal	10,969	9,344	20,313
SME Informal	80,822	68,848	149,670
Total (1996)	91,791	78,192	169,983
Est. Total(2003)	102,072	86,949	189,021

Source: 1996 Population Census, 1997 Annual Employment Survey Estimates Fiji

2.2.4 Income Generation

Small and Medium Enterprises contribute significantly to the economy of Fiji in terms of income generation. Actually subsistence activity is one of the top 6 biggest contributors to the Gross Domestic Product (GDP). In 2007, it posted a GDP of \$432,787,000. According to Popescu et al, (2011), establishment of small and medium enterprises increases the living standards as well as ensuring financial stability as a catalyst for national economic growth. Thus this can enable government to create a knowledge based arena for small and medium enterprises by building an

information society to small enterprises, extending the internet and electronic commerce, stimulating additional small and medium enterprises, and investing in education and training.

Researchers Prusak and Matson (2006) have identified the following characteristics of the knowledge based economy: physical distance will represent no longer an obstacle to the small enterprises, better communication, education, successful implementation of projects and being able to reach to the world. SMEs can undertake product, process and technology innovations to develop new products and services upgrade or transform processes and diversify into other lines of business so that they are better able to create marketing potentials for their product.

Table 2.1 GDP by Activity at Constant Prices of 1995 at Factor Cost (F\$000)

Top 5 GDP Contributors								
ANNUAL REAL GROSS DOMESTIC PRODUCT ESTIMATES								
Activity	2000	2001	2002	2003	2004	2005	2006	2007[p]
Agriculture, Forestry, Fishing & Subsistence	460,308	434,063	454,482	434,940	457,418	461,275	458,803	432,787
Mining and Quarrying	40,845	41,566	40,081	37,833	43,384	30,045	15,092	312
Manufacturing	400,344	449,852	453,488	448,857	506,482	428,292	440,027	440,993
Electricity & Water	93,980	100,150	104,429	108,696	112,905	114,385	122,073	122,564
Construction	125145	116,492	126,221	134,873	140,693	177,534	191,740	152,334

Source: Bureau of Statistics 2007

Research shows that small and medium enterprises product can get in demand and can add more to the national GDP if these products are packaged properly, maybe they can be sold on par with the international products on the market and they might have a better chance of survival in the market (Ramnarain & Gungaphul, 2010). By redesigning packaging, using standards used for foreign products, business owners may also be able to better attract buyers.

2.3 Critical Challenges Faced by Small and Medium Enterprises in Fiji

Research on small business development has shown that the rate of failure in developing countries is higher than in the developed world (Arinaitwe, 2006). The foremost important challenges faced by the entrepreneurs are the unavailability of the

consistent markets for their products. Smaller firms and medium-enterprises have become the favoured vehicle for the contemporary economic and social regeneration (Carr, 2000; Beaver & Carr, 2002).

According to Zontanos and Anderson (2004) “business are at their most vulnerable when they are very young and very small”. The risks of being the competitive market for Small and Medium Enterprises are relatively very high. Their lack of market power and dependency on small customer base results in an environment which is much less controllable and more uncertain than those of larger organization (Wynarczyk et al., 1993). Moreover there are many factors which lead to Small and Medium Enterprises failure and it has impact on Small and Medium Enterprises perceived benefits and this need to be taken into account.

The encouragement and the support given to small business sector are a confirmation of its continuing contribution to overall economic performance especially in terms of self-employment, new venture creation and entrepreneurship in Fiji (Leppard & McDonald, 1991). A number of resources have been in place to neutralize the effects of positional restrictions. However, there appears to be many unresolved problems that need to be addressed. Critical problems are discussed below:

2.3.1 Competition

In Fiji for Small-scale processors of food products, one of the big obstacles to successful marketing is the need to adhere to quality and hygiene standards (Walker et al, 2009), thus increasing the level of competition within the industry. Performance of a small firm is influenced by many factors and one of them is its ability to respond to competition by way of adopting appropriate strategies to combat the threats. Competing with the well established big businesses is a problem for all businesses around the world and which affects individual marketing initiatives. Competition poses the major threat to small business operators in Fiji (Singh, 2006).

2.3.2 Financial Obstacles

Finance is one of the most talked-about barriers to business start-ups and also to expansion into related areas. The Fiji government (and other donor agencies) has taken measures to alleviate this problem but the progress is slow. Small firm has less

to spend on marketing both in absolute terms and even as a percentage of income; this is because of the impact of fixed costs which take up a higher proportion of revenues; financial limitations also restrict their ability to employ marketing specialists (Weinrauch et al., 1991).

Baldacchino (1995; 1999) highlighted that small island states such as Fiji as compared to its counterparts lack the investment capital that can be permeated in the development of SMEs. There have been numerous studies that analyze the financial obstacles affecting the growth and survival of SMEs. These studies are both quantitative and qualitative in nature. Cost items associated with running a small business operation. Burdens resulting from such cost items as rent and rates, gas and oil, telephone charges, supplies and bank charges are quite evident that increases the overall cost of doing business in Fiji.

Thevaruban (2009) studied small scale industries and its financial problems in Sri Lanka. He underscored that MSMEs of small scale industries in Sri Lanka finds it extremely difficult to get outside credit because the cash inflow and savings of the MSMEs in the small scale sector is significantly low (Ganesan, 1982; Gunatilaka, 1997; Laxmi and Kumar, 1999; Ganesan, 2000) . Thus it can be recorded that financial institution does give emphasis on credit lending to the SMEs in Sri Lanka.

Pandaram and Amosa (2010) got opinions from family business entrepreneurs concerning the impact of family and business factors in the general operations of their businesses. The business factors of great importance to family business entrepreneurs were corporate taxes, customer pricing demands, political stability and increasing costs of labor and materials. Notably, the family factors of significant importance to the family business entrepreneurs were succession planning and the risk of the firm being in-grown (Rogers, 2003; Pinson and Jinnett, 2006; Strauss, 2008; Fredrick and Kuratko, 2010).

Research conducted by Naidu and Chand (2011) showed that financial obstacles are as follows: namely; inability to obtain external financing; inability to obtain internal financing; insufficient capital, start-up costs; expensive raw materials; high wholesale price; large losses due to scrap rate, sabotage, breakage and crime; decline in sales

volume; bad debts and write offs; heavy equipment and maintenance costs; government tax, VAT and customs duty; payroll, rent and utilities; transportation and petrol costs; high interest rates on loans; ability to meet financial obligation; insurance costs and delay in account receivables payment.

2.3.3 Labour Issues

Given the high rate of unemployment in Fiji, one would have expected locating, training and keeping skilled workers in the respective firms to be a lesser problem. Finding a suitable job is very difficult in any economy. Employees who are qualified but cannot find a job tend to be employed by the Small and Medium Enterprises, thus they are likely to remain on the job until they find a better one or start their own small business. This is not uncommon in small and medium-sized enterprise.

2.3.4 Pricing of Goods

According to Leonidou (1995), Katsikeas and Morgan (1994), and Keng and Juan (1989) pricing is a important problem for SME exporters; the inability to offer satisfactory prices in international markets can stem from increases in the unit cost of goods sold due to the additional costs of modifying the product, packaging for the export markets, higher administrative, operational and transportation costs, high tariffs, taxes or fees, and higher costs of marketing and distribution. The inability to offer the right prices makes export sales difficult and negatively affects company export market share and profitability.

This may be due to the ignorance of pricing mechanism or as resellers they had little control over prices. As the imported products either offers prices that are relatively very high or very low, which lets the larger firms to take advantage of this situation. Consumers go for products which offer lower price with a higher quality and as a result the local produces are not sold in most of the cases.

2.3.5 Capital Related

Research conducted by Fiji Development Bank (2007) pointed out that Small and Medium Enterprises have basically poor credit worthiness; lack of proper financial statement which limits their ability to pay; Small and Medium Enterprises tends to

engage themselves in too many activities all at once; they also possess negligible assess backing, limiting their marketing effort; and are undercapitalized.

2.3.6 Geographical Location and Infrastructure

Tushabomwe-kazooba (2006) examined that factors affecting small business development include poor infrastructure, poor geographical location, failure to conduct basic market research and the economy.

Okpara (2010) examined that with regard to poor infrastructure; services such as electricity, transportation, and water sanitation play a critical role in a country's development and are directly linked to small business success and economic growth. Power failure affects the production of goods and services, and inaccessible roads affect the distribution of goods and services and increase transportation costs. Businesses may find it problematic to operate in rural areas that are not accessible, even though the rural areas may have high demand for their products. This limits the ability of businesses to expand and the opportunity to generate profit in order to remain in business.

2.4 Importance of Small and Medium Enterprises to Economies

In a developing country like Indonesia, SMEs have historically been the main player in domestic economic activities, especially as a large provider of employment opportunities, and hence a generator of primary or secondary source of income for many households (Tambunan, 2006). In OECD countries Small and Medium Enterprises and Micro enterprises account for over 95 per cent of firms, 60-70 per cent of employment and, 55 per cent of GDP and generate the lion's share of new jobs⁹. In developing countries, more than 90 per cent of all firms outside the agricultural sector are Micro enterprises, generating a significant portion of GDP. For example in Morocco, 93 per cent of industrial firms are Small and Medium Enterprises and account for 38% of production, 33% of investment, 30 per cent of exports and 40 per cent of employment¹⁰. In Bangladesh, enterprises of less than 100 employees account for 99 per cent of firms and 85 per cent of employment. Similarly

⁹ World Business Council for Sustainable Development, 2004

¹⁰ World Business Council for Sustainable Development, 2004

in Ecuador, 99 per cent of all private companies have less than 50 employees and account for 55 per cent of employment

2.5 Promoting Small and Medium Enterprises for Sustainable Development

According to Tambunan(2008), entrepreneurship development is also a current important issue related to economic development in Indonesia, thus it is often said that the lack of entrepreneurship has been the main important cause of relatively low economic development in the country as compared to other Asian countries such as Malaysia, Thailand, China, south Korea and Singapore.

Tambunan (2005) stated that Indonesia values SMEs for several reasons; these enterprises are important as domestic producers of cheap import substitution consumer goods especially for low-income groups, and as supporting industries producing components, tools, and spare parts for LEs. They are known to be most important sources of economic growth and foreign currencies.

Abdin (2009) cited, that in Bangladesh SMEs may become the main foreign currency-earning sector for the country if they get enough nursing with professionalism. In addition to that Abdin also stated that SME sector can be successful and sustainable tool for alleviating poverty, increasing household earnings and boosting export earnings of Bangladesh.

Moreover it can also be seen that UNDP's support towards the promotion of Small and Medium Enterprises has been tremendous globally. For example in Egypt UNDP helps in creating an enabling environment for access to a broad range of financial services, supporting the role of the private sector and SMEs as potential vehicles for generating growth and employment, reducing poverty, and providing the poor with greater access to markets, goods and services (Waly, 2010).

UNPD has also set up a project to support for Business Innovation and Development Centre in Deir Ezzor. The primary objective of this centre is to improve business capacities of existing enterprises and allow well-trained, viable MSMEs and SMEs to pursue their activities after graduation from the centre, thus generating sustainable employment opportunities and business activity (UNDP Programme, 2010).

Malecki (1997) suggests that formation of new firms is especially essential for regional and local well-being. In developing countries jobs and government revenues are mostly sourced from the development of Small and Medium Enterprises. As Rajan and Zingales (1998) concluded that existing businesses generate two-thirds of industry growth, where as one third comes from new venture creation.

2.5.1 Building Supply Chain Capacity

As referenced in many publications, undoubtedly, the role of supply chain management is an important factor in boosting the organizational success and so is for small and medium enterprises (Anantadjaya et al, 2008). Supply Chain Management involves the implementation of practical improvements in the supply chain to make it more competitive and more responsive to consumer demands.

Agarwal (2006) cited in his research that there is a need to examine the changing needs and role of SMEs in this context as well in the context of increasing mergers and acquisitions since these are important players in the supply chain management. He also stressed on the point that the new world trade rules and increasing operations of transnational corporations (TNCs) are opening business opportunities as well as posing challenges for SMEs, including an active role in international supply chain management, rural development, innovation management, services sector, etc. Thus as the global marketplace continues to develop SMEs can provide an effective tool for economic growth through participation in the global supply chain.

The many large corporations that source their supplies require reliable suppliers. Large corporations can help Small and Medium Enterprises become more reliable business partners by providing training in basic skills such as management, book-keeping, business planning, marketing, distribution and quality control¹¹. They can assist through technology transfers, direct investment in infrastructure, and the sharing of knowledge. This makes Small and Medium Enterprises more competitive and facilitates access to credit. All of this can benefit the corporations by creating effective and inclusive supply chains.

¹¹ World Business Council for Sustainable Development, 2004

In today's global economy, global enterprises rely on an extensive and critical supplier base. Most of these suppliers are small and medium sized enterprises (SMEs). According to the World Environment Centre in emerging economies, SMEs often lack the expertise and resources to address process-related sustainable development issues. However, these SME's have the greatest opportunity to minimize the environmental effect of their production while also improving productivity and competitiveness.

2.5.2 Improving Standards

According to Ramsurrun and Dalrymple Government, policy-makers and academics in Mauritius are amongst various parties discussing the competitiveness of the small and medium-sized enterprises (SME's) in a globally competitive market, which has thus led to various claims regarding improving competitiveness such as creating high skill, high productivity, producing and improving quality goods in order to improve business excellence within the SME sector.

Total Quality Management (TQM) provides the overall concept that promotes continuous improvement in an organization. It focuses primarily on total satisfaction for both the internal and external customers, within a management environment that seeks continuous quality improvement of all systems and processes (Rahman, at el, 2006). Research showed that implementation of TQM in Indonesian SMEs has appeared from implementation of the ISO 9000 and thus a great amount of effort and promotion has been put into quality development of Indonesian SMEs.

In Tokyo, facilitating the adoption of product quality and process standards through; Promoting the adoption of harmonized standards by MNEs in procurement procedures and the diffusion of that information to SMEs; Providing information and professional training to implement product quality standards required for exports; and ensuring that national certification systems do not impose excessive burdens on SMEs for compliance procedures and that group certification for SMEs in the same geographic region is promoted to lower costs while ensuring that there is trust in the control mechanisms as well as promoting labeling initiatives to give added, low cost assurance (OECD Conference, 2008).

Companies are increasingly asked about operations of their suppliers, and thus offer transparency along their supply chain. Large corporations can help their Small and Medium Enterprises suppliers to comply with international standards such as ISO 14001 (World Business Council, 2004). Such compliance can enable Small and Medium Enterprises to compete in international markets while at the same time improving the overall quality of suppliers to large corporations. Developing standards and setting the benchmarks will help the Small and Medium Enterprises to compete at an international level.

According to Agarwal (2006) innovation capabilities and new business models are emerging important factors for growth and competitiveness, mainly based on acquired technologies thus improving the standard of SMEs in India. SMEs in traditional sectors, for new and high technologies as well as manufacturing and service sectors may require differentiated policies for SMEs.

2.5.3 Strengthening local distribution network

According to research in Uganda a mutually beneficial story linkage between affiliates of Trans-national Companies (TNCs) and large domestic corporate on the one hand and SMEs on the other provide a fresh impetus that the country requires to return to its impressive economic gains.

As instigated by Humphery (2001) the considerable literature on industrial districts and small firm clusters has focused on the dynamism of small firms arising from linkages between firms within a local setting, which leads not only to economies of agglomeration, but also dense inter-firm networks and the development of local public and private institutional capabilities (Humphery 2001).

UNDP's initiative in 2009 for EGYPT was for the growth for sustainable business where by pro-poor programming introduced the concept of inclusive markets programming which develop markets that include the poor in the demand side as clients, customers, and the supply side as employers, producers, and business owners along value chains. In addition to that UNDP in Egypt help develop intermediaries who in their turn should support market integration of SMES and MSMEs (Alavi, 2010)

Small and Medium Enterprises have local knowledge, understand domestic consumer demand, and have access to remote regions¹². By contracting local Small and Medium Enterprises to sell and distribute their products in these markets, large organizations can help strengthen the sales capacity and incomes of Small and Medium Enterprises. At the same time, large organizations can strengthen their own distribution networks and open up new markets for their products by interacting and with potential customers and providing them with pre-purchase information.

In Lao German Corporations review (2007) FDI contributes directly through measurable employment and income generation impacts and it indirectly contributes to economic development through linkages (backward and forward) with SMEs, spill over's, demonstration effects, and so on.

Strategies to promote business association can be considered a critical part of industrial policies. A government that wishes to support the development of specific industries with large learning spill over's might use a more targeted policy than a government that primarily focuses on general economic improvement.

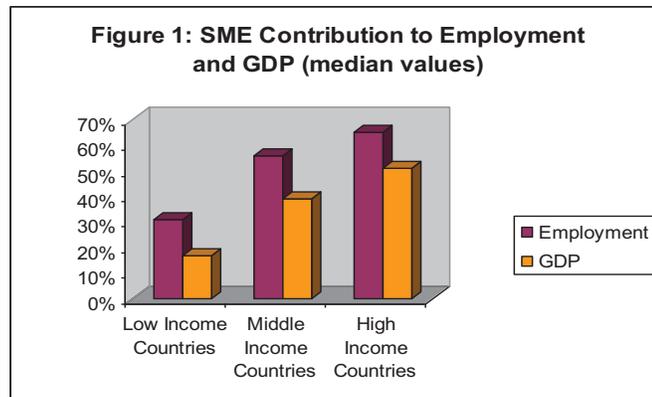
Major policy areas can be distinguished that are especially relevant for building linkages between FDI and SMEs (UNCTAD 2006) and they are as follows:

<p><i>On the FDI side:</i></p> <ol style="list-style-type: none"> 1. Improving the investment climate 2. Attracting FDI strategically; and 	<p><i>On the SME side:</i></p> <ol style="list-style-type: none"> 1. Strengthening the local absorptive capacity; 2. Developing domestic SME suppliers
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Source: UNCTAD (2006)

Graph below shows the contribution of Small and Medium Enterprise sector to employment generation and to the economies GDP.

¹² Anda, I., & Corna, R., *The Place of Small & Medium Enterprises in the Romanian Economy*



Source: World Bank

2.6 Small firms and Entrepreneurship Practice and Theory & Marketing Practices in Theory and the Perceived Benefit

It is well accepted that a strong SME will result in a competitive edge for an economy (Day, 2000). According to Nugent, Wang and Yao, (2002) SMEs in Korea reflects a much greater share in employment. A theory of entrepreneurship is a verifiable and logically coherent formulation of relationship, or underlying principles, that either explain entrepreneurship predict and entrepreneurial activity (for example, by characterizing conditions that are likely to lead to new profit opportunities or for the formation of new enterprises, or provide normative guidance (Kuratko, 2009).

Small firm marketing practices have been historically assessed in the context of existing models based on large firm practices (Coviello et al., 2000). Entrepreneurs engage in the execution of conception, pricing, promotion and distribution of ideas, goods and services to create an exchange that satisfy customers. Exploratory research hinted, for example that the use of personal contact networks, a strong selling focus, a strong awareness of some aspects of formal marketing as the characteristics of what can be termed as SME marketing practice (Hill, 2001). Entrepreneurs put in extra initiatives to extract profit from new, unique and valuable combinations of resources in an uncertain environment.

The strategic formulation school of thought approach to entrepreneurial theory emphasises the planning process in successful venture development (Kuratko, 2009).

Based on Jeffer, Dennis and Micheal's (2000) research strategic formulation is as a leveraging of unique people, unique market, unique product or unique resources.

The literature on industrial districts has emphasized the close links between firms and entrepreneurs within geographically-bound spaces. According to Humphrey Industrial districts are networks of small firms which are linked together through division of labor and specialization in ways that lead to the enhancement of collective capabilities and economies of scale and scope (2001).

Furthermore Firms which are most enthusiastic in making adjustments in what they do, and how they do it, particularly in relation to the market place, appear to have a greater chance of survival than those who carry on as before (Deakins & Freel, 2008). As the function that supplies necessary information and direction to guide such adjustments, marketing provides the key interface between a small business and its external environment.

Literature of Carter and Jones-Evans, (2000) have shown a relationship between the size of a firm and the number of customers, with a high percentage of small businesses dependent on less than ten customers and some on only one buyer. According to Curran and Blackburn, (1994) one consequence is that small businesses tend to trade only in a limited geographical area, so this ties their fortunes closely to the cycles of the local economy, with limited opportunities to compensate for any downturn (Storey, 1982; Hall, 1995).

2.6.1 Small Firms' Marketing

All organizations operate with a market or industry for which there are usually 'norms' to which they conform, particularly in the case of small firms (Bamford & Bruton 2011). Literature shows that many small firms, although positively encouraged to export, find difficulties and barriers in doing this. Fundamental to any market development is market knowledge; this is the basis of any sound marketing decisions (Deakins & Freel, 2009). According to Kuratko (2009) in the case of SME marketing there are two key issues: personal-contact networks; and, marketing competencies including internationalization and a small firm's ability to short cut its various stages.

Rhys (1989) suggests that small firm pursues its marketing function in a way which aims at insulating it as much as possible from direct competition with more efficient producers. Gilmore's et al (2001) analysis shows that Northern Ireland and Australia illustrates how and why networking is used by SME owner/managers as a tool or approach for carrying out meaningful marketing.

2.6.2 Entrepreneurship Marketing

Entrepreneurship marketing is wholly dependent on the word-of-mouth which helps to develop the customer base recommendation. Zontanos and Anderson (2004) argued “that there are 4Ps, but a very different 4Ps, “person, “process”, “purpose” and “practices” and that these dimensions provide a better framework for understanding entrepreneurial relationship marketing”. It was presented that while entrepreneurship is notoriously difficult to define, few would argue against the broad conception of “the creation and extraction of value, usually from an existing use value to a new higher market value (Anderson, 1998). Moreover according to Narver and Slater (1990) marketing orientation creates the necessary behaviours to create value.

Entrepreneurial marketing has been used in various ways, and often somewhat loosely (Tyejee et al, 1983; Hultman, 1999; Stokes, 2000; Lodish, Morgan, Kallianpur, 2001; Kotler, 2001). Entrepreneurial marketing has most frequently been associated with marketing activities in firms which are small and resource constrained, and thus must rely on creative and most often unsophisticated marketing tactics that make heavy use of personal networks (Bamford & Bruton, 2011).

Moreover entrepreneurial marketing represents an opportunistic perspective wherein the marketer proactively seeks novel ways to create value for desired customers and build customer equity (Allen 2009).

2.6.3 Relationship Marketing in Small and Medium Enterprise Context

(Interaction- based relationship marketing to acquire customers and achieve sales growth)

Relationship Marketing represents an emerging school of marketing thought, which offers an essential framework for understanding, explaining, and managing the relationships (Khalili, 2005, MacMillan et al., 2004; Rao & Perry, 2002). The

relationship marketing paradigm calls for business organisations to see their customers and other stakeholders as partners, to form long-term relationships with them and to reap the ensuing benefits of trust, loyalty and increased profitability (Hunt & Morgan, 1994).

Small and Medium Enterprises operate with a strong focus on personal relationships with customers, suppliers, employees, and other stakeholders (Carson et al., 1995; McGowan and Durkin, 2002). This is said to be the competitive advantage of Small and Medium enterprises against larger firms. According to Wahab (2010) Relationship Marketing is strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with customers and key stakeholders.

It represents an important phenomenon in the focus of marketing continuum from transactional approach to relational approach (Chaston & Mangles, 2003; Christopher et al., 1991; Roslin & Melewar, 2004). Specifically, the general focus of Relationship Marketing is to build long term relationships with customers (Bansal, 2004; Chaston & Mangles, 2003; Gronroos, 1994; 1996; Rao & Perry, 2002; Roslin & Melewar, 2004; Rowly, 2004; Sin et al., 2002; Tomer, 1998).

McKenna (1991) further emphasizes putting the customers first and shifting the role of marketing from manipulating the customer, to genuine customer involvement. It should be stressed out that relationship marketing would be perceived as relatively low risk, as its investment is relatively low, markets are targeted and contact is very direct. Moreover it should also be noted that relationship marketing is highly flexible and can easily adapt to changing demands.

Findings of several studies on services have suggested that in order to acquire and maintain competitive advantage, organizations should develop long-term relationships with their customers (Gronroos, 1991; Berry, 1983; Gummesson, 1987; Jackson, 1985; Levitt, 1983). Firms have accepted that customer retention is more profitable than customer attraction.

Berry (1983) in somewhat broader terms also has a strategic viewpoint on relationship marketing. He stressed that attracting new customers should be viewed only as an intermediate step in the marketing process for the Small and Medium Enterprises. Developing closer relations with customers and making them loyal are equally important aspects of marketing. According to Berry this “new” approach should be defined as; attracting, maintaining and enhancing customer relationships. Walter and Gemunden (2000) stated that marketing relationships emerge from a complex set of relationships. In particular relationship marketing is about getting closer to closer to the customer.

Some authors such as Cardwell (1994) argue that a company’s very survival will depend on their moving closer to the customer, and fully understanding customer needs and wants, building a relationship and thus developing an attitude of consistent customer dedication. A small firm’s marketing advantage, in contrast to a large firm, is precisely the close relationships between the entrepreneur and customers.

Entrepreneurs consequently often know their customers personally and the result of such close relationship interaction leads to benefits including customer loyalty and higher levels of customer satisfaction (Carson, 1985). Another aspect that helps cement the relationship between the entrepreneur and the customer is the flexibility of the small firm, as small firms are usually more flexible in responding to customer inquiries (Carson et al., 1995).

Finally one of the biggest advantages for the small firm is easy access to market information. Entrepreneurs are close to their customers and markets, and close to their staff (Brooksbank et al, 1992; Liu 1995). The entrepreneur usually gathers information in an informal manner and prefers face-to-face communication in doing so (Hisrich & Peters, 1992). As a result, entrepreneurs can access vital, timely and inexpensive market information.

Views of Gronroos (1996) recommended that thriving relationship marketing practice needed firms to view their firms as a service firm, views the organization from a process of management perspective, and develop partnerships and networks. Percy, Visvanathan and Watsons review (2010) states that a continuing relationship where

customers look for value in the total service offering requires internal collaboration among functions and departments.

- **Customer Relationship Management (CRM)**

According to Ellatif (2008) CRM is an integrated approach to identifying, acquiring, and retaining customer. It basically engages the combination of marketing, sales, customer service, and the supply-chain functions of the organization, to achieve greater efficiencies and effectiveness in delivering customer value. The major goals for CRM to reduce the overall cost of the business while at the same time ensuring that there is increase in income and profits for the organisations.

As discussed by Wahab and Ali (2010) in addition to customer loyalty, customer repurchase is another CRM performance dimension; other dimensions include retention intention, word of mouth, and brand loyalty. Research shows that CRM connect the potential of relationship marketing strategies to create profitable, long-term relationships with customers and other key stakeholders.

Moreover CRM is set of regulations and movements in any organization and businesses to assist companies make use of different strategies in order to help the company gather customers and retain those who are loyal customers (Payne & Frown, 2011). Basically the overall goals are to find, attract, and win new customers, nurture and retain those the company already has, entice former customers back into the fold, and reduce the costs of marketing and customer service.

- **Interactive Marketing**

Interactive Marketing is the ability for individuals and companies to communicate personally and straight forwardly with each other irrespective of distance (Faed et al, 2011). Interactive marketing is a communication or conversation between the customer and the company and it is the company to choose which method to use while launching an interactive marketing.

Whilst undertaking interactive marketing organisations may face with vast amount of customers and competitors and only with effective interactive tools and methods, organisation can get to know with individuals and their complaints or compliments

(Faed et al, 2011). Owners' managers do not define their own marketing mix in terms of product, pricing, place and promotion; entrepreneurs appear to prefer interactive marketing as it leads to customer loyalty (Zontanos & Anderson, 2004). It was researched that interactive marketing is basically moved on from being transactional to conversation in nature.

They specialise in interactions with their target markets because they have strong preferences for personal contact with customers, rather than impersonal marketing of mass promotion (day et al, 1998). Small businesses are now finding very easy to accommodate the informal approach through the networks of contacts and they choose conversational relationship in which they have contacts with their current and potential customers.

- **International Marketing (IM)**

Exporting is considered to be one way of stimulating growth of SMEs, gradually improving the quality standards of SME products, and capturing more global shares. According to Wang (2009) "going-out" is an inevitable way for Chinese enterprises to going abroad.

Research shows that Columbian government has designed PROEXPORT agency that will be responsible for the commercial promotion of Colombia's non-traditional SME exports. It offers international marketing support and advice to Colombian SME businesses through services to help design and implement export strategies. In addition to above PROEXPORT agency also promotes the effective incorporation of Colombian SME companies into international markets through identification of market opportunities; design of strategies for market penetration; internationalization of firms; help to design action plans; and specialized services for foreign companies interested in acquiring goods and services.

A number of strategies are presented to SMEs to generate revenues from international markets, such as exporting, international niche marketing, domestic delivered or delivered niches services. They can also engage into direct marketing which includes including electronic commerce, and participation in the global supply chain (Doole & Lowe, 2008).

In Latin America and East Asia programme was created to improve SME export management skills by defining and executing export plans. The goal of the programme is to create an export plan that clearly defines the product's characteristics, the target markets, the costs and export price, and the promotion strategies in international marketing and distribution channels.

In most cases Small and Medium Enterprises can easily achieve global competitiveness by building virtual assets such as information skills, digital resources, and competencies (Riquelme, 2002). Effective and efficient use of IT (information technology) is a key factor differentiating successful firms from the less successful firms.

It is how ever noted that small firms find it very difficult to go across national boundaries, therefore it was recommended that Small and Medium Enterprises can make full use of the Internet International Marketing (IIM). IIM allows Small and Medium Enterprises to overcome the natural disadvantage of small size and geographic distance and thus allows them to access customers, suppliers, and collaborators around the world (Hsu & Chou).

It is usually seen that in the changing global environment, small companies have greater flexibility and ability to changes quickly and overcome difficulties as its management is less complex than in large multinationals (Balabanis & Katsikea, 2003).

Due to Small and Medium Enterprises operating on small scale it can also be assumed that they will easily be able to adjust to changes in consumer behaviour and demand, this is also very true for Fiji's Small and Medium Enterprises. As the company gains international experience and it creates international binds with customers, suppliers and other business partners (Johanson & Vahlne, 2003). This indicate that internationalisation increases Small and Medium Enterprises confidence in overseas markets, thus reduces entry costs and that leads to greater geographical expansion.

2.7 Networking

Numerous studies have shown how entrepreneurial networks enhance entrepreneurship (Aldrich & Zimmer, 1986; Birley, 1985; Carsrud & Johnson, 1989, Johansson & Peterson, 1984; Johansson et al, 1994). Networks actually enhance survivability for entrepreneurs. Like marketing focuses on change, consideration of networks provides a framework for understanding how resources, knowledge and information are collected and managed. Economists have begun to recognise that interpersonal relationships have a crucial role to play in the success of Small and Medium Enterprises (Coleman, 1990; Putnam, 1993). Thus Fafchamps and Minten's (1991) suggested that entrepreneurs should invest in social interaction.

Embeddedness mirrors the multiple dimensions of relationship marketing. Thus Zontanos and Anderson (2004) explicitly states that a case exists for conceptually linking the process known as entrepreneurial networking with the particular form of networking being considered as relationship marketing and both are extending outwards, and both are building relationships founded on trust. Ahuja (2000) believes that, the closer the relationship among members, the faster the speed of sharing resources is, so firms can acquire resources needed to improve the capability and effectiveness of that process.

Marketing by networking is done through personal contact networks (PCNs), carried out with people with whom the owner-manager has had a relationship – either in the past or currently (Gilmore, et al., 2001). Networking generally occurs as a natural and inherent entrepreneurial activity. The way in which marketing by networking is carried out is often pre-determined by industry behaviours and norms through regular meeting occasions and industry activities or in just doing business.

Table 2.2 highlights the common boundaries of relationship marketing and entrepreneurship theory.

Table: 2.2 Entrepreneurship and Relationship Marketing Theory links

Links	Relationship Marketing	Entrepreneurship
Value	Narver and Slater (1990)	Anderson(1998)
Centrality of individual	Sheth et al. (1991)	Gartner (1899); Chell (1985)
Complex relationships	Walter and Gumunden (2000)	Jack and Anderson (2002)
Strong customer focus	Hisrich and Peters (1992)	Hisrich and Peters (1992)
Behavioural orientation	Kholi and Jaworski (1990)	Cravens et al. (1993)
Personal Contact	Berry (1983)	Day et al. (1998)
Communication	Carson (1985)	Carson (1985)
Flexibility	Carson et al. (1995)	Carson et al. (1995)
Intergration	Jay and Dean (1998)	Jay and Dean (1998)
Exploration	Zontanus and Anderson (2004)	Zontanus and Anderson (2004)
Competitive Positioning	Bolton and Tarasi	Miles and Covin (1999)
Integrative Conceptualisation		Morris, Schindehutte and LaForge (2002)
Market Orientation	Hunt and Lambe (2003)	Bhuian and Menguc (2005)
Enhancing global value chains	OECD Global Conference (2007)	OECD Global Conference (2007)
Customer Relationship Management	Wahab and Ali (2010)	Wahab and Ali (2010)

Strategic and tactical challenges	Percy, Visvanathan and Watson (2010)	Percy, Visvanathan and Watson (2010)
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2.8 Agile Marketing for SME Manufacturing

With respect to marketing agility, the objective is basically to provide an approach whereby SMEs are able to make use of marketing tools and techniques that are normally only used by large firms (Pooltan, Ismail, Reid & Arokiam, 2008). Adding on the agility framework provides a platform for SMEs such that they are better placed to exploit new and emerging opportunities in the marketplace.

Anderson and Pine (1998) put it so well: “companies can be said to be agile when they can produce a variety of products on a small scale with no compromise to quality and at relatively no extra cost, as if producing those products at mass”. Why agility is important for Small and Medium Enterprises? Small and Medium Enterprises will at some point have ambition to grow, quite often this will involve tendering and supplying to large companies with exacting standards of supply (Poolton, et al, 2006).

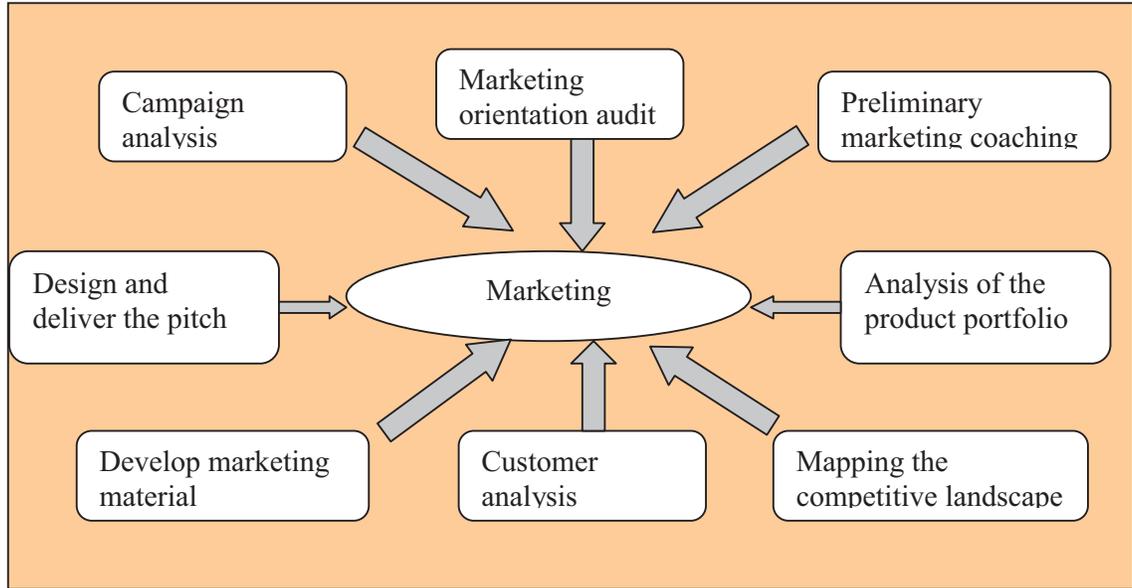
Research shows that becoming more responsive or “agile” is recognized as providing firms with the best opportunity they have for meeting competitors head-on in the marketplace (Nagel and Dove, 1991; Christian at al., 2001; Hammer, 2004). Agile marketing is to get much more exposure and success from limited marketing spends.

According to Sharifi, Zhang (1999) and Lee (2004) it is strange for Small and Medium Enterprises to be considered on a very large array of performance criteria such as delivery-time and quality as major factors, together with other such as product development and product support. Thus in situations like these, agile marketing can provide Small and Medium Enterprises with the means to compete with the best in the marketplace.

The Agility Strategic Framework (ASF) enables Small and Medium Enterprises to customize a route to agility based on current capabilities and the competitive nature of the operating environment (Poolton, et al, 2006). It provides individuals the

environment and support they need to succeed, and forces teams to consistently reflect on and adjust their behaviour to increase effectiveness.

Figure 2.0: Agile Marketing for the Manufacturing Based Small and Medium Enterprises



Source: *Agile Marketing for the Manufacturing-based Small and Medium Enterprises (Poolton, et al, 2006)*

2.9 Approaches to Small Firm Marketing

Streams of categories	Emphasis	Marketing	Unit of Analysis	Representative Literature
Stages Growth Model				
Traditional	Organizational Changes	Functional Problems	Organizational Structure and analysis	Churchill and Lewis(1983); Kanzanjian (1984); Flamholtz (1986)
Environment Marketing	Marketing Responses	Business Philosophy	Marketing Structure and Strategy	Tybee et al (1983); Carson (1985)
Management Style Approach				
Push	Environmental Influences	Look after itself marketing	External Public	Scase and Goffee (1980); Watkins and Blackburn(1986)
Pull	Personal Characteristics	Entrepreneurial Marketing	Psychographic Characteristics	Ford and Rowley (1977); Smart and Conant 1994)
Behavioural	Organization	Organizational	Organizational	Carson and

	Culture	Marketing	Culture	Cromie (1989); Morris and Paul (1978)
Management Function Approach				
Business Function	Solve management problem	Tactical marketing concept	Marketing department or managers	Broom and Longenecker (1979)
Planning Component	Assist strategic planning	Small share or low cost marketing	Entrepreneurs or owners or managers	Frantz (1978); Ames and Wellsfry (1983)
Business Philosophy	Strategic planning concept	Strategic marketing	Small firms	Waterworth (1987); Colleran (1985)
Contingency Approach				
Small Business Orientation	Limitation of Small Business	Specific Paradigm	Small Firm	Carson (1990); Carson et al (1995)
Marketing Orientation	Marketing as a discipline	Normative Marketing	Marketing Discipline	Miller and Anttila (1987); Brooksbank et al, (1992a)

Marketing in Small Firms, detailed comparison among four approaches

2.9.1 Marketing as a functional problem

As small firm grows, marketing becomes a minor issue. However Marketing is identified as a derivative of business strategies. Often a marketing scheme gets developed and becomes systematized and formalized (Siu & Kirby, 1996). These days' managers replace the owner-manager and take charge of the immediate marketing and sales functions. According to Siu and Kirby (1996), with growth, marketing decreases from “critically important” to “modestly irrelevant”.

2.9.2 Marketing as a Business Philosophy

Researchers have argued that constant market planning is a requirement for success alongside expansion and have shifted the research thrust to proactive marketing strategies (Tyebjee *et al.*, 1983) and the marketing evolution process (Carson, 1985).

Marketing develops from the functional to corporate level and plays a key role in the firm's strategic decision making. Thus, the importance of marketing increases alongside company growth and the marketing activities change in response to environmental changes (Siu & Kirby, 1996). Carson incorporates the life cycle model

and evolution concept to identify a four-stage evolutionary process of marketing (1985).

2.9.3 Creating a Competitive Advantage

Competitive advantage is mostly based on quality and service, while those competing on price were in the highly competitive markets with little or no product differentiation and low entry barriers (Cambell Hunt, 2000). According to Hogarth-Scott (et al, 1996) “product differentiation is a source of competitive advantage in some businesses while others were looking for niche markets”.

- **Product Diversification** also creates competitive advantage. Product diversification enables the company to focus on a single product market or in a few closely related product markets achieving efficiency in production (Walker et al., 2009). Diversification is basically spreading and increasing production and integration with market which leads to firms’ growth (Ferrell & Hartline, 2005). OCED describes that product diversification means the supply of new products to the existing markets, whereas market diversification represents the opportunity to sell existing products to new markets. Thus Small and Medium Enterprises can make use of product and market diversification by linking diversification strategies to market strategy.
- **Modernizing** – includes creation of new ventures (through the development of telecommunication infrastructure, technology and broadband services in remote areas creates new opportunities), and include measures and instruments that create potentials for new industries (Allen, 2009). Malecki (1997) argues that the pace of modernization is slower in small firms since they lack awareness of new manufacturing methods and opportunity to acquire hands-on experience with new technologies.

The use of proper logistics in the Supply Chain will shorten the dissemination of information tremendously. Innovation is also another form of modernization. Boime (1976) further suggests that entrepreneurial talents are crucially important – an entrepreneur’s activities transform the physical nature of the environment. Entrepreneurs have the capability to introduce new

ingredients to entrepreneur's roles, as they act as early adopters on the consumers' side (Allen, 2009).

Figure 2.1: Driving Factors for Modernizing and Diversifying Small and Medium Enterprises

- I. Accelerating pace and faster dissemination of information and technological development (knowledge base) which lead to a shortening of product life cycles;
- II. The demand for (low cost country) outsourcing because of the need to maintain competitiveness. This leads to a mobility of resources and affects small and mid-sized subcontractors of large firms;
- III. Harmonization of norms and regulations; and
- IV. Increased demand for safety because of tensions between different cultures and religions.

Adopted from: OCED Part II Key Policy Issues In Entrepreneurship and Small and Medium Enterprises Development

In order to succeed in the long term, organizations must compete effectively and outperform their rivals in a dynamic environment; thus they should be strategically aware, and should continuously look for opportunities to exploit their strategic abilities, seek improvement and adopt new ways in every area of the business, creating awareness, grasping and understanding of current strategies and successes.

2.9.4 The Competency Debate

Globalization and the emergence of internationally active small and medium-sized enterprises (Small and Medium Enterprises) are key worldwide trends (Perry & Alam, 2005). As found out by Rothwell (1986) competence became the buzz word of 1980's in the jargon-ridden sphere of management development.

One broadly accepted definition of competence, however, is that it is an underlying characteristic of a person which results in effective and/or superior performance in a job (Klemp, 1980) or, as advocated by Boyatzis (1982), an effective mix of motives, traits, skills, aspects of one's self-image or social role, or body of knowledge used by

an individual. More specifically here, it is vital to consider the role of marketing competency and what the literature offers on this important topic.

- **Marketing competency;** there is little in the literature relating to which competencies are most appropriate for marketing (Carson, 1993). Marketing is on the offensive and future-focused in character and very much about initiating as much as reacting to continuous change opportunities. Research shows that the scope and variety of the decision needed in running the SME business are more generalists than specialist in any one area, with exception of a technical competence. Literature offers some consideration as to which competencies are appropriate for marketing (although what is offered considers competencies from a management or decision-making perspective) (Hill 2001).

Effective Marketing Competencies in SMEs are listed below are:

<p>Level 1</p> <p>Intuition, Knowledge, Communication, Judgement, and Experience</p> <ul style="list-style-type: none"> • Competencies identified at this level is vital for competent decision making
<p>Level 2</p> <p>Vision, Opportunity focus, Relational, Commitment, and Communication</p> <ul style="list-style-type: none"> • These competencies reflects the importance attached to the sales and personal selling orientation of SMEs
<p>Level 3</p> <p>Personality, Relationship, Building, People Skills, Trust, Approachability, Listening skills, Adaptability, Empathy, Honesty, Motivation, Ambition, Achievement, Enthusiasm, Confidence and Aggression</p> <ul style="list-style-type: none"> • Competencies at level 3 signifies that the higher the competency level, the more situation/task and operational in character the marketing activity is likely to be.
<p><i>Adopted from: Hill 2001</i></p>

Moreover Hardy (1992) outlines typical marketing challenges that face organizations and develops a core set of marketing competencies, which he divides into general skills, sub-skills, knowledge, orientation (including values and standards) and fostering vision, creativity and path-finding. General skills are described as

identification and solution of marketing problems, use of problem-solving frameworks, for example, marketing environment analysis, and evaluation of options.

Sub-skills include identification of market opportunity, creatively viewing and analyzing markets, assessing competitors and markets, predicting market channel behaviour, managing market information, forecasting, financial analysis and organizational analysis. The thesis here is that there exists in the Small and Medium Enterprise a generic set of marketing competencies which are influenced by the owner-manager, founding entrepreneur.

- **Entrepreneurial Competency** – Smart and Conant (1994) cited that an entrepreneurial orientation is positively and significantly related to distinctive marketing competencies and organization performance. In particular, the study makes a link with the work of Hills and La Forge (1992), where they suggest that the entrepreneurial orientation has six dimensions. These are:
 - I. The propensity to take risks.
 - II. A tendency to engage in strategic planning activities.
 - III. An ability to identify customer needs and wants.
 - IV. A level of innovation.
 - V. The ability to persevere in making your vision of the business a reality.
 - VI. The ability to identify new opportunities.
- **Sales Competency**

Hill's (2001) findings showed interesting outcome in respect of sales competencies is the regularity of the interaction of the two competencies of knowledge and experience. Which is thus understood as knowledge is born of experience and that experience is the constructive and meaningful absorption of knowledge. The aspect sales competency is that both knowledge and experience is vital for personal selling. The main components of knowledge and experience as identified by Hill's (2001) are: technical, product, industry, customer, markets and sales. In respect of technical, product and industry problems, the competency of knowledge dominates, whereas when it comes to dealing with markets, customers and making the sale, the value of "quality" experience is dominant.

Flynn (1992) and Weilbaker (1990) offer a range of skills that are viewed as being important to effective personal selling. Effective selling in the SME, however, requires both competencies to some extent. These include product knowledge, professionalism, selling skills, appearance, courtesy, manners, honesty, reliability and clarity.

2.10 The Development of Marketing Orientation and Marketing Capabilities

It is widely known that for business to achieve superior performance they must develop and sustain competitive advantage. Systems approach portrays small firm marketing disputes the role of marketing in the management of a company thus should be considered from a comprehensive and multi-level perspective” (Moller & Anttila, 1987). They further proposed a model to appreciate the marketing capacity of small firms, which comprises two major components: the external and internal field of marketing capability.

2.10.1 Market Orientation

According to Kholi and Jaworski (1990) “market orientation is the implementation of marketing concept, which means that the actions of a market-oriented firm are consistent with ideas of marketing concept”. It is a business approach or philosophy that focuses on identifying and meeting the stated or hidden needs or wants of the customers, through its own or acquired products.

Businesses are market-oriented when its culture is well organized and entirely committed to the continuous creation of superior customer value. A better understanding of marketing and a consistency in its application lead to small firm success and that medium-sized companies tend to use long-term strategic planning skills informally, to adopt a reactive, instead of a proactive, perspective in planning, and to set offensive rather than aggressive marketing objectives and strategies.

Narver and Slater (1990) states “that the two most important factor of organizations market orientation is customer orientation and competitor orientation”. Heart of a market orientation is its customer focus. Creating superior value for buyers continuously requires that a seller understand a buyer's entire value chain. In addition to the above Superior value requires that the seller identify and understand the

principal competitors' short-term strengths and weaknesses and long-term capabilities and strategies.

It can be seen that small firms may be better suited to the adoption of marketing orientation since their greater response speed, flexibility, and ability to exploit market niches (Carroll, 1994). Marketing orientation further leads to small firm's development, product innovation, greater profitability and competitive advantage. Becherer (et al, 2001) found out that "differentiation strategy appears to be more associated with higher levels of marketing orientation than a price focused strategy".

Based on Kohli and Jaworski (1990) they emphasized on and introduced organizational factors that enhance or impede market orientation and they are:

- Senior management factors
- Interdepartmental dynamics
- Organizational systems

Senior management factors play a very pivotal in facilitating market orientation. They basically emphasize on the commitment to it and the communication of this commitment enhances the adaptation of market orientation.

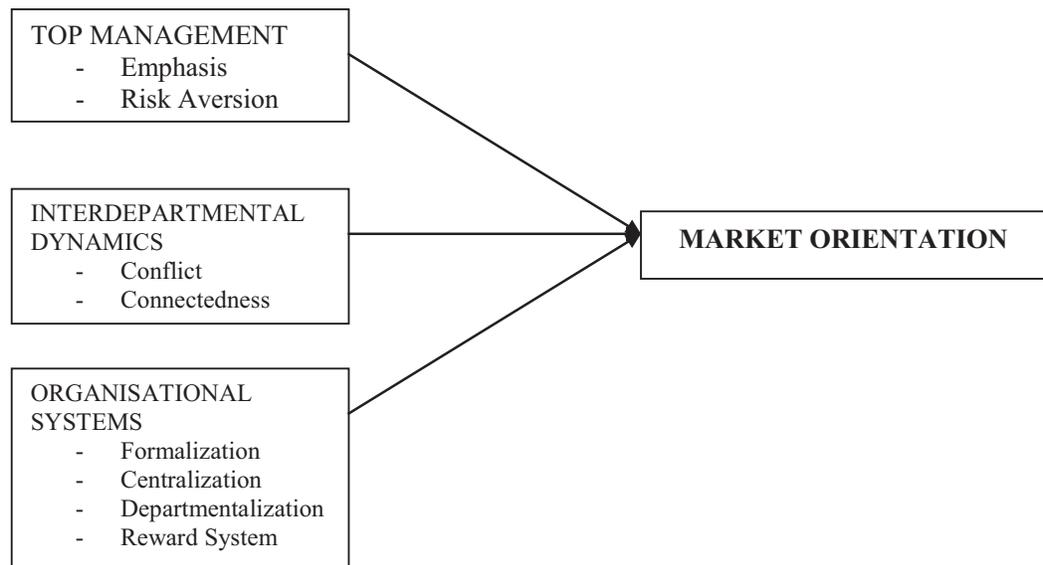


Figure 2.2: Antecedents of market orientation (adopted from Jaworski & Kohli 1993)

Moreover the interdepartmental dynamics describe interactions and relationships between different departments of an organization (Kohli & Jaworski, 1990). On the

other hand organizational systems include antecedents such as formalization, centralization, departmentalization, and reward systems. Formalization is basically the degree to which jobs are standardized; centralization is where decision making is concentrated at a single point in the organization; departmentalization is the basis by which jobs are grouped together (Robbins et al, 2004).

According to Robbins (2009) jobs which have low formalization prompt employees to have great deal of freedom to exercise discretion in the completion of their daily tasks. As for departmentalization one of the most popular ways to group activities is by functions performed (Robbins, 2009). On the other hand the concept centralization includes only formal authority – that is, the rights inherent in ones position (Robbins et al, 2004). Reward systems are used as measurement in the organization which acts a motivator to the employees to sell more and more for the organization and achieve the organizational objectives. Reward systems tend to have a positive impact on the firms profitability and productivity. Kirca (et al, 2005) also found that market-based reward systems seem to have a strong positive impact on market orientation.

In context of Small and Medium Enterprise it would be more appropriate to study for example what kind of impact tension, direct contact or segregation of different tasks between individual has on the market orientation (Reijonen, 2009). This will thus help to find out impact on the customer relationship in the market, for example if employer employee relationship is not maintained internally, then there will not be a positive relationship with the firms employees and it current and potential customers.

Harris (2002) found that there are five dimensions, that explain the differences in management approaches describing how market orientation is developed, and they are as follows:

1. Hearts and minds – focus is on the need to change the existing beliefs and attitudes supporting market orientation.
2. Behavioural and emotional display – focus is on changing and controlling how employees behave.
3. Customer Relationship – highlights the importance of long-term customer relationship.

4. Extent of Political Activity – development of market orientation in an organization is characterized by political maneuvering.
5. Extent of Imitation – emphasis is on the identification of the key success factors of competitors and, then mimicking them.

Moving on Interdepartmental dynamics also play a vital role in determining the height of marketing orientation (Ogbuehi et. al., 1995). For example, whilst interdepartmental conflicts have a propensity to reduce market orientation the interdepartmental connectedness contribute to market orientation. Interdepartmental connectedness has been described by Jaworski and Kohli (1993) to include physical proximity and communication between departmental through telephone, e-mail and the like. It can be noted through research that marketing orientation is vital for all the departments.

On the other hand several studies have found that lack of integration between engineering and marketing leads to conflict. Crittenden et al, (1993) review shows that usually conflict between marketing and engineering arise from the need to manage diversity due to the number and breadth of products, customization of product and product quality. Improved communication can reduce conflict and thus manage diversity.

In the other context marketing capabilities also plays a very important role in the development marketing orientation. According to Vorhies (et al, 1999) and Tuominen (2002) marketing capabilities are regarded as prerequisites of market orientation. Employees should be able to repeatedly apply their knowledge to combine intangible resources such as services which impress customers with the tangible ones such as product itself in order to solve the marketing problem and help firms to achieve customer satisfaction and increasing customer loyalty.

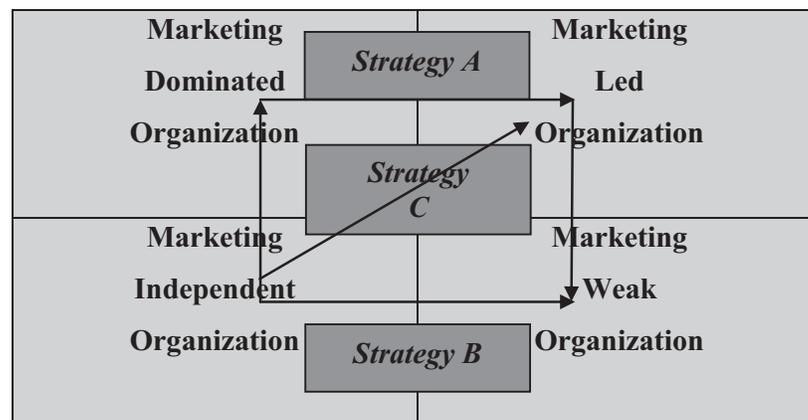
According to Pandey (2004) in order to implement the business strategy we need to develop the critical organizational capabilities. Thus Day 1994 defines Capabilities as: Complex bundles of skills and collective learning, exercised through organizational processes, which ensure superior coordination of functional activities (Day 1994, pg. 38)

Day (1994) further explains that firm has a few distinctive capabilities that are difficult to develop and imitate and with the help of which, firms can create superior customer value and achieve a market position that is valuable and difficult to match. Those capabilities will help the firm to achieve and sustain competitive advantage. The rapidly changing marketing environment is making it harder than ever for marketers to compete effectively. Many traditional approaches to organizing the marketing function result in a group that cannot respond to evolving market complexity quickly enough.

Day (1994) stated that every firm has its own set of capabilities. He further noted that they can be usefully sorted into three categories: into inside-out, outside-in and spanning capabilities. Technological advancement and human resource management are certain examples that are activated by market requirements, competitive challenges and external opportunities. On the other hand outside-in capabilities, include market sensing, customer linking, and connect organizations.

2.11 Marketing Practices

Figure 2.3: The Role and Relevance of Marketing: The new Model (Adapted from Simpson and Taylor, 2002)



According to Simpson and Padomore (2005) the reactive strategy (Strategy B) is the most likely approach to be taken by a Small and Medium Enterprise attempting to become 'Marketing Led'. It was highly suggested that SMEs should attempt to become 'marketing led' organization where possible rather than 'marketing weak' or

‘marketing dominated’ and that by doing so Small and Medium Enterprises would have better performance.

Strategy A on the other hand accumulated that proactive approached of ‘Strategy A’ were also found but these were often strategically oriented and highly motivated Small and Medium Enterprises with a dynamic, well trained and committed management team (Simpson & Padmore, 2005). The marketing independent category simply described those firms able to operate without significant recourse to marketing activities due to the stability of their business environment and their own lack of ambition.

2.11.1 Strategic Thinking

In order to be successful, organizations must be strategically aware. According to Papulova (1996) entrepreneurs should understand how changes in their competitive environment are unfolding and further they should actively look for opportunities to exploit their strategic abilities, adapt and seek improvements in every area of the business, building on awareness and understanding of current strategies and successes.

2.11.2 Customer Orientation and Customer Relationship Management

Customer orientation is regarded as a cultural and behavioural aspect of market orientation (Strong & Harris, 2004; Narver & Slater 1990). In addition to the above Appiah-Adu and Singh (1998) also defined customer orientation to describe an organization-wide focus on evaluating and addressing customer needs. They argued further that it consists of both customer understanding and consumer satisfaction focuses. Customer orientation centres on providing the best value for money to the customers.

According to Strong and Harris (2004) there are three antecedents of customer orientation such as; relational tactics, human resource tactics and procedural tactics. Relational tactics is basically to achieve long-term reciprocal customer alliances; human resource tactics involve the training, evaluation and empowerment of employees and their goal is to support employee activities that offer marketing

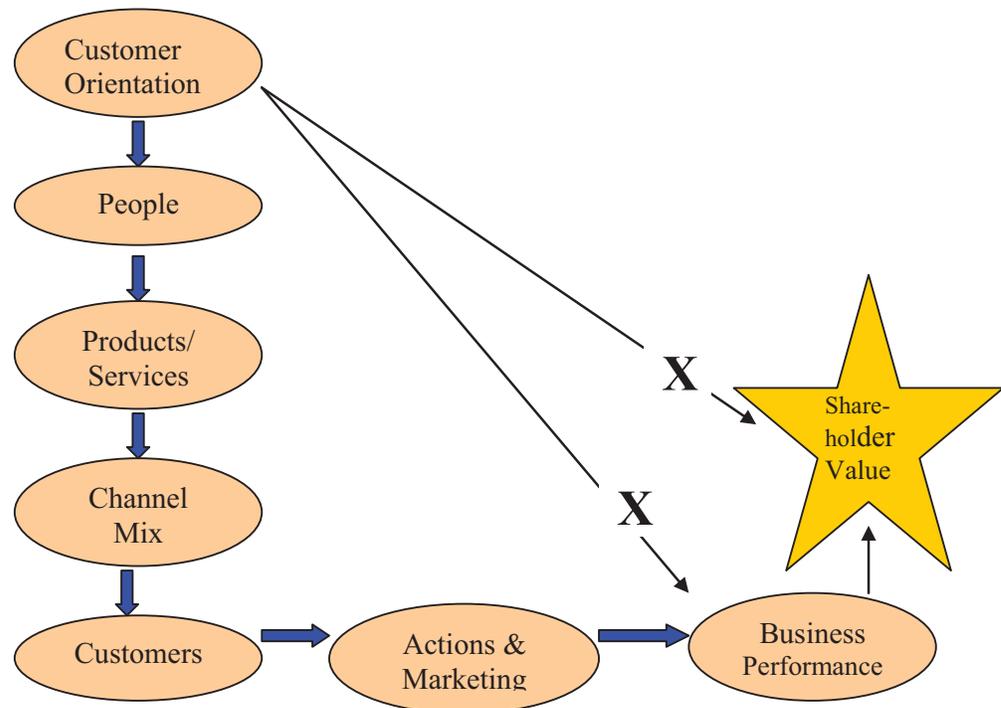
solutions to customer problems; and procedural tactics focuses on caring and visiting customers.

By focusing on the Customer it means that a company's managers and sales people should direct and orient their activities at the customer before, during and after sales. The relationship term is a way of moving companies away from having purely "transactional" contact with customers to building broader and deeper relations to create higher customer loyalty. And at the same time, create higher revenues from the lifetime relationship with the customer.

Moreover customer orientation has, traditionally been analyzed at two levels; organizational (e.g. Appiah-Adu & Singh 1998, Strong & Harris 2004) and individual (Donovan et al, 2004, Macintosh 2007) levels. Companies must develop a mindset and culture of customer centricity in their own people, in their products/services, their channel use and their interactions with the customers.

Stock and Hoyer (2005) explained the difference between the two levels; at the individual level, the focus has been on the interpersonal contact between employees and customers. They stated further that at the individual level customer orientation can be divided into customer-oriented behaviour (e.g. the ability of a salesperson to help customers to achieve their goals) and customer-oriented attitude (the extent of a salesperson's affect for or against customers). Further more if a firm truly wants to implement a long-term customer orientation strategy the focus should be on both behaviours and attitudes (Stock & Hoyer 2005).

Figure 2.4: Customer Orientation and Business Performance

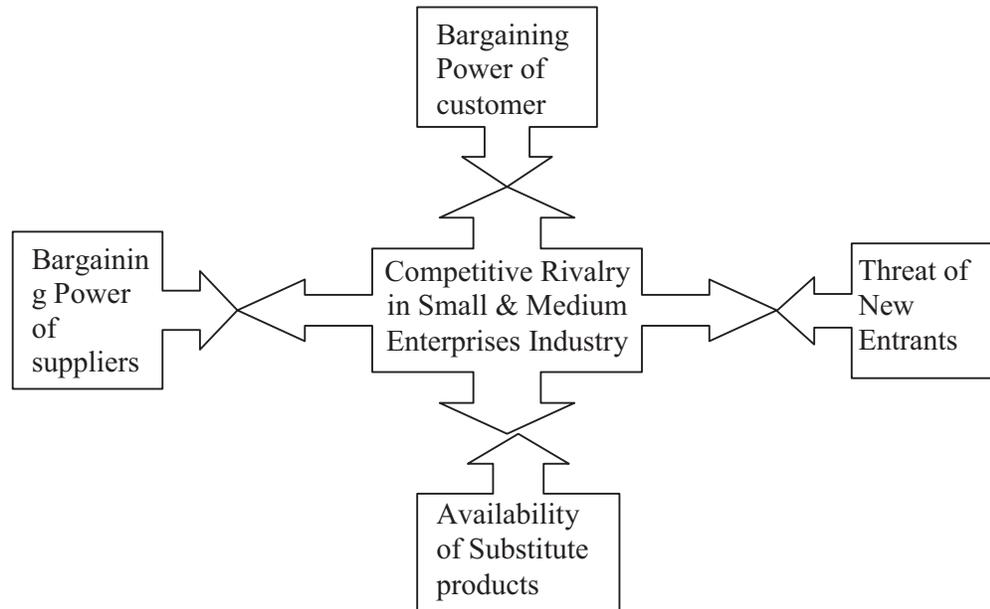


Customer orientation can be seen as an enabler for relationship management tasks, because the emphasis is on understanding the needs of customers and on committing to customers (Yliopisto, 2009). Thus customer orientation helps small entrepreneurs to meet or go beyond meeting customer orientation. The interrelationships of four constructs – marketing concept, market orientation, customer orientation and customer relationship management – are manifold. Customer orientation is an aspect or a behavioural and cultural element of market orientation (Narver & Slater 1990, Strong & Harris 2004). Customer relationship management and market orientation affect one another reciprocally and the same goes for customer relationship management and customer orientation.

In addition to the above market orientation and customer orientation form the basis for customer relationship management (Ryals & Knox, 2001; Javalagi et al, 2006). On the other hand, it enhances market and customer orientations (Strong & Harris, 2004)

2.12 The industry structure and its implications on Small and Medium Enterprises Marketing - tighter competition will introduce new challenges for SMEs

Figure 2.5: Porter's Five Forces Analysis



Source: Porter five forces analysis

2.12.1 Threat of New Entrant

The possibility of threats from new entrants is perceived as real and substantial. Major force shaping competition within an industry is the threat of new entrants (Kotler et al, 2003). For example, in past five years (from 2010) migrant Chinese traders have entered the retail industry in Tonga, capturing a sizable share of the market, The threat of new entrants is a function of both barriers to entry and the reaction from existing competitors. If entry barriers are low or non-existent many competitors will join the crowd, reducing total profit of the industry (Timothy, 2004). Jeffcoate (et al. 2002) suggested that Small and Medium Enterprise needs to analyze its own strengths and weaknesses on a continuing basis and to compare them with those of its competitors.

2.12.2 Threats from substitute

In contrast, if an industry's product is unique and serves very unusual functions, it cannot be substituted easily. The existence of products outside the realm of the common product boundaries increases the propensity of customers to switch to alternatives (Kotler et al., 2003) such as:

- Buyer propensity to substitute
- Relative price performance of substitutes
- Buyer switching costs
- Perceived level of product differentiation
- Number of substitute product available in the market

For Small and Medium Enterprises in Fiji there exist lots of substitutes for the local produce, produced locally and in Pacific Regions (Bernroider, 2002). For SMEs there is product to product, service and need substitution thus making it more difficult for SMEs to sell and market their products and services? There is also generic substitution due to pacific culture.

According to Analoui, Karami (2004), the existence of substitutes enable the buyers to make a comparison of products in terms of price, quality and other benefits offered by the substitute products. According to Bernroider (2002) the retail sector is becoming more prices competitive thus the availability of substitute product forces SMEs to reduce its price which can be significantly noticed by the customers. This ultimately means those customers are actually shopping for better deal.

2.12.3 Bargaining Power of Customers

Availability of full information about products and lower switching costs appear to be powerful threats perceived by the business operators (Singh, 2006). The buyers' knowledge of products is comparatively less threatening. This may be due to the unavailability of product specifications and/or the buyers' ignorance of the features of various competitive products. In the Pacific context, information flow from industry to buyer is not fully developed as in the west (Singh, 2006).

Research shows that bargaining power of customer in Pacific and all of the worked depend on the following:

- buyer concentration,
- degree of product differentiation,
- buyer switching costs,
- access to backward integration,
- impact of the product on the buyer's product quality, and

- The amount of information available to the buyer.

According to Baba (2002) a general manager of Japanese Gas Company, there is hardly any easy customer these days, thus they have to increase investment due to distant customers and also create product and services that are environmental friendly.

It appears that Pacific Island countries have become more adept in managing over time and have realised the benefits of cooperating in discussions of access (Parris & Grafton, n.d). Customers of now days have access to direct price comparisons on through different marketing mediums. This allows customers to shop around for the most competitive prices for their needs.

2.12.4 Bargaining Power of Suppliers

The bargaining power of suppliers depends on variables (such as number of suppliers, supplier concentration, and lack of alternatives) that shape the bargaining power of buyers. These include:

- concentration of suppliers,
- branding
- quality and supply to the market
- importance of the industry to suppliers,
- threat of forward integration,
- access to other sources of supply and
- The nature of labour supply.

Example Bartols et al (2008) bargaining power of suppliers at Wal-Mart is very selective in their choices of suppliers and thus suppliers must have competitive prices, financial stability, proven success in the marketplace, and offer excellent products in order to receive contracts with Wal-Mart. Suppliers of raw materials and influence industry profitability and competition by affecting the cost of production. If suppliers are powerful, they can obtain high prices for the raw materials they provide. They may also negotiate favorable terms of trade. They can decide product features, packaging, payment schedule, credit terms, transportation, insurance, and delivery costs and schedules (Bartol et al, 2008).

2.13 The Environment of Marketing

Studies of business success in Small and Medium Enterprises generally are categorized into two broad groups. Marketing operates in an environment with controllable and uncontrollable elements (Gillian and Wilson, 2009). Controllable factors are those that are within control of the organization, where as uncontrollable factors are those that are beyond organizations control such as competition, government, economy and technology which affect organizations performance.

The studies that focus on external factors typically examine the role of government in creating an environment that is conducive to smaller business success. It is noted from several research that impediment to success among Small and Medium Enterprises is the unavailability of various forms of support, such as financial and training support.

Because small businesses generally lack financial and managerial capabilities, government world-wide are urged to formulate policies designed to help reduce the vulnerability of these firms in the market. It has been argued that the focus on business context, and in particular the role of the government, as the primary determinant of Small and Medium Enterprise success, negates the important contribution of business owner as the key decision maker influencing business outcomes (Baum & Locke, 2004; Baum et al., 2001).

2.13.1 Uncontrollable Factors

- **Economy**

The rates of economic growth in nation have significant impact on firms marketing capabilities. A growth for economies usually means that there is usually very strong marketing potential and of the prime significance to marketers are consumers' perceptions regarding the economy (Bernroider, 2002).

According to Gillian and Wilson, (2009) when the rate of inflation is high, prices of some goods and services may go beyond the reach of many consumers; and consumers are thus forced to alter their spending habits. In Fiji devaluation has had drastic effects of the products, consumers are experiencing price hikes for most of the

local products, and international importers are also taking advantage of this 20 percent devaluation since now they are able to buy more for less.

For Small and Medium Enterprises dealing in international markets, value of the dollar relative to other currencies often has a major impact on foreign markets. More over another factor affecting the marketing of SMEs is the rate of unemployment which influences people to cut back on luxuries where ever possible. On the other hand a high rate of economic growth in the country is usually good and depicts larger marketing potentials (Bartol, 2008).

- **Technology**

Technological advancements are beyond any firms control especially the smaller ones. New technologies create new products and new processes It is important that small firms must realize the need for improved technology in order to remain competitive in foreign as well as in the local market and to minimize the impact of resource shortages. Technology can reduce costs, improve quality and lead to innovation. These developments can benefit consumers as well as the organizations providing products.

According to Elliott, Rundle-Thiele, and Waller (2010) “Technology does not just change the expectations and behaviours of customers and clients”. Technology also improves the effectiveness of the entire supply chain whereby stock levels are automatically monitored and maintained.

Technology has created a society which expects instant results. This technological revolution has increased the rate at which information is exchanged between stakeholders. A faster exchange of information can benefit businesses as they are able to react quickly to changes within their operating environment. For example Internet is having a profound impact on the marketing mix strategy of organisations. Consumers can now shop 24 hours a day from their homes (Elliott, Rundle-Thiele, and Waller 2010).

- **Political**

These refer to government policy such as the degree of intervention in the economy. What goods and services does a government want to provide? To what extent does it believe in subsidizing firms? What are its priorities in terms of business support? Political decisions can impact on many vital areas for business such as the education of the workforce, health of the nation and the quality of the infrastructure of the economy such as road and rail system.

Fiji is facing growing problems of urban drift, unemployment, poverty, crime and the ever-present political instability (Huges, 2004). The garment sector, which thrived after the Fiji Government introduced incentive packages in the late 1980's, has suffered setbacks due to political upheaval, with some closing their factories due to non-renewal of preferential agreements in 2003.

Research points to areas where it is considered that at the moment there is insufficient research-based knowledge for the implementation of goal-oriented political initiatives to stimulate entrepreneurship. Thus it can be said that political system influence entrepreneurs' behaviors and decisions.

2.14 Dynamic Capabilities

Whilst some see dynamic capabilities as the key to competitive advantage (Teece, Pisano and Shuen 1997), others seem to doubt that there actually are such things. Dynamic capabilities necessarily end up identifying organizational (and individual) capabilities that enable the business enterprise to build and maintain value enhancing point of differentiation.

It is basically how firms integrate its internal and external resources to adapt to rapidly changing environment. "Technological innovation and changing customer tastes are part of the landscape in strategic decisions are made" (Teece, 2009). In all the instances strategic choice guides the selection of best products and services to offer to customers, the market segments, suggest which business models to employ, the appropriate level of diversification, and the development of organizational structures, and policies and practices needed to coordinate activities.

Consequently marketers need to respond appropriately and rethink capabilities such as new product development and marketing (Dreyer and Gronhaug, 2004; Silverblatt and Korgaonkar, 1987). More over Zott (2003) argues that firms deal better with environmental turbulence than others and that it is of interest to identify the factors that cause performance differentials when responding to environmental turbulence. In general, performance differentials have either been attributed to the industry (e.g. Schmalensee, 1985) or to the organisation itself.

The development and evolution of dynamic marketing capabilities is influenced by knowledge creation, codification and integration, as well as investment processes (Zott (2003)

CHAPTER 3

METHODOLOGY

3.1 Research Methodology

The purpose of this chapter is to describe the research methods used in this study. Rosselet (2004) makes it clear that the choice of research methodology depends on the research problem and research objectives. From an ontological point of view, the dissertation adopts an assumption of subjectivism. It is assumed that reality is based upon perceptions and experiences which may differ from person and change over time and context (Eriksson & Kovalainen, 2008).

Literature does not provide any definite marketing variable therefore it is crucial to identify the most important ones for Fiji's Small and Medium Enterprises. A questionnaire-based survey of Small and Medium Enterprises countrywide was selected as the most appropriate research method among those available. Other methods include personal interviews and case studies. The preferred method facilitates the gathering of required information from a larger sample size over the wide geographic area. The principal components of the research methodology are illustrated in a concise manner in Figure 3.4 which includes the design and validation of the questionnaire, selection of the manufacturing firms, execution of survey and the analysis of results.

3.1.1 Research Problem

From the literature research, it was evident that Small and Medium Enterprise sector lacked 'marketing potentials'. This research project was conducted to find out why this was so, and it further looked at the various marketing factors that firms in Fiji can engaged and prioritize in order to close this gap. Budget allocation for Small and Medium Enterprises each year is not so impressive and also the high cost of doing business further discourages the entrepreneurs to take part in the marketing activities

Small and Medium Enterprise is critical to boost growth, reduce unemployment and raise the living standards of Fiji's people. The potential here is huge, and this is even more vital for Fiji's economy at this critical point in time.

3.1.2 Research Objectives

The objectives and hypothesis of the study are outlined in Chapter 1. In this section of Chapter 3, the objectives of the study are elaborated. The intention was to:

1. To carry out a literature review on the marketing potentials for small and medium enterprises sector in Fiji in general.
2. To carry out a literature review that focuses on marketing variables of the Small and Medium Enterprises sector in Fiji and that determines its marketing potentials (see chapter 2).
 - a. Review relevant literature to provide background for the Fiji's context. This includes:
 - i. General background of Fiji's Small and Medium Enterprises development and its contribution to Fiji's economy
 - ii. Challenges of Small and Medium Enterprises in Fiji
 - iii. Small and Medium Enterprises for sustainable development
 - iv. Small firms and entrepreneurship practice and theory & Marketing Practices in Theory and the Perceived Benefit
 - v. The competency debate and the approaches to small firm marketing
 - vi. The Development of Marketing Orientation and Marketing Capabilities
 - vii. The environment of marketing in Fiji
 - b. Use a conceptual framework model on marketing and its potentials for Small and Medium Enterprises as a basis for narrowing our study and appropriate focus.
3. To conduct a pilot survey and a main survey of the Small and Medium Enterprises in Fiji and to validate the problem statement
 - a) This pilot survey involves design, distribution of a person administered marketing potentials beta – questionnaire to the entrepreneurs. The questionnaire looks at selected marketing variables or factors that firms in Fiji engage in to enhance competitiveness.
 - b) The main survey involved distributing the revised questionnaire to the Small and Medium Enterprise firms in the sample.
4. To examine the questionnaires in the main study with SPSS statistical package.

- a) Take out testing of the hypotheses - Hypothesis testing usually explains the nature of certain relationships among groups or the independence of two or more factors in a situation. Once the data have been collected and prepared for analysis, several statistical procedures can help to better understand the responses (Hair et al, 2009).
 - b) Interpret the results after testing followed by discussions for better understanding.
5. On the basis of the research findings in Chapter 4 and 5, make recommendations and conclusions for further research in the final chapter. The recommendations and conclusions for further research are in the final chapter. These recommendations should be realistic and relevant and should help address the problem in the context of Small and Medium Enterprises in Fiji

3.2 Justification for the Paradigm and Methodology

For this research, a combination of quantitative and qualitative research was seen fitting for the research problem, which was to determine the marketing potentials of Fiji’s Small and Medium Enterprises with selected marketing variables. This is summarized in Table 3.1

Table 3.1 Summary of Research Type

Qualitative Research
<p>Research problem</p> <ul style="list-style-type: none"> • How? • How are Fiji’s Small and Medium Enterprises performing in the competitive marketing environment • Why are they facing marketing problem?
<p>Literature Review:</p> <ul style="list-style-type: none"> • Exploratory – what are the variables involved? • After a thorough literature review marketing factors like, competencies, pricing, product, promotions, distribution and supply chain management, business environment, competition, and customer and competitor orientation have been selected as variables necessary for firms marketing

competitiveness, From the literature review, possible research questions are developed, eg.

- What factors contribute to marketing capabilities?
- Determinants of Small and Medium Enterprise marketing?
- How does customer and competitor orientation shape the Small and Medium Enterprises marketing activities?
- How does geographic location of the product affect Small and Medium Enterprises?
- Factors that create substantive marketing potential?

Paradigm

- Phenomenological/interpretive. All data collected is then interpreted and documented in line with marketing potential and competitiveness

Methodology

- For example case study research or action research
- Results from the main study helped to identify two selected cases on which an in depth study takes place via observation, open questions, related documents and empirical conclusions are made.

Quantitative Research

Research problem

- Who (how many)?
- How many firms in Fiji have marketing capability?
- What (how much)
- What competitive variables do these firms invest in, to boost the overall performance?

Literature review:

- Explanatory – what are the relationships between the variables, which have been previously identified and measured?
- Marketing factors are identified as dependent variables that influence the level of competitiveness from the literature review. The relationship between firm competitiveness (independent variable) and marketing factors

(dependent variables) is measured and tested.

Also research questions are developed.

1. Effective marketing factors such as pricing and product quality contributes significantly towards the enhancement of Small and Enterprises competitiveness.
2. Factors affecting the marketing practices of Small and Medium Enterprises such as political, economic, product market and opportunity.
3. Marketing orientation helps to achieve sustainable competitive advantage for Small and Medium Enterprises in Fiji
4. Direct effect of product geographic location of the firm, and the market pressure faced by Small and Medium Enterprise
5. Customer orientation, entrepreneurial activity, competency, Small and Medium Enterprise mindset, market for products and opportunity is positively related towards creating a substantive marketing potential

Paradigm

- Positivist. All data is measured and tested and then explanations follow.

Methodology

- For example, survey or experiment. A questionnaire survey in called for 120 SMEs in Fiji. These are studied via a structured questionnaire. This design helps to test the variable relationships and the hypotheses.

3.3 Evolution of the Research

Figure 3.1 displays evolution of the research. The factors or criteria that enhance marketing competitiveness in the context of Small Medium Enterprises sector were identified. This was done by means of a comprehensive literature review, proposed framework and discussions with supervisors. In addition, pre-testing or pilot test of the questionnaire further identified the necessary factors of marketing competitiveness in Fiji's Small and Medium Enterprises sector.

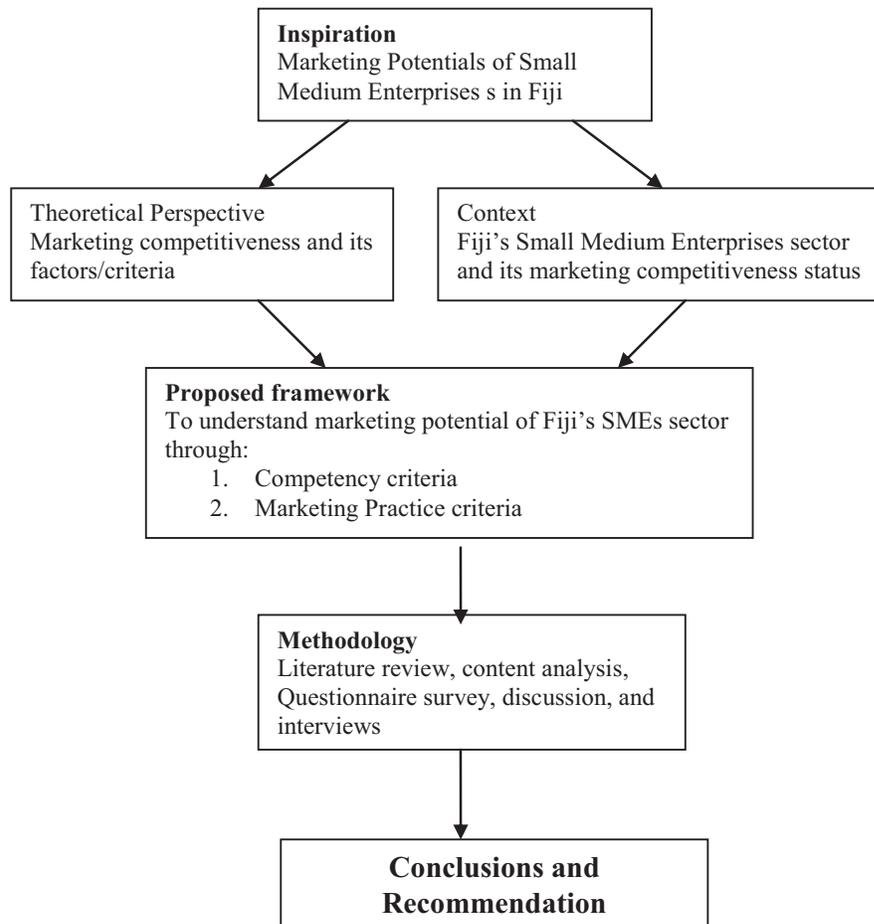


Figure: 3.1 Evolution of Research

Necessary questions were developed using selected factors and distributed to the respondent firms. The evolution of this research from motivation to methodology is presented in the framework Figure 3.4.

3.4 Conceptual Framework

In the subsections that follow, details of the conceptual framework, identification of marketing and competitiveness criteria and research framework are discussed. Rosselet (2004) distinguishes between three levels of methodological dimensions of research, namely methodological paradigms, research methods and research techniques. Methodological paradigms, most abstract level, include the distinction between qualitative and quantitative research. Research methods are those used in certain stages of research process, for example sampling, data collection and data analysis. Research techniques include the concrete level of methodological

dimensions and include specifics related to research methods. Incorporating Rosselet (2004) above-mentioned methodological dimensions, a detailed framework of the research methodology for this study is presented in Figure 3.2.

3.4.1 Conceptual Development

The chief objective of this research is to assess the potentials of Small and Medium Enterprise sector in Fiji and this call for a proper conceptual framework that crisply encompasses the main focus and intent of the study. Although there are a number of models, frameworks and theory related to marketing, there is no specific and universal model available for Small and Medium Enterprise marketing and its crucial factors.

In an attempt to incorporate the various levels of marketing factors (Pun, 2004; Cavana et al., 2000), the researcher proposed the following framework. These factors also known as concepts are explored to the fullest extent in this study. It is hoped that the proposed framework serve as a useful indicator in monitoring and understanding the marketing potential of Small and Medium Enterprises.

The conceptual framework Figure 3.2 presents the background framework of the study.

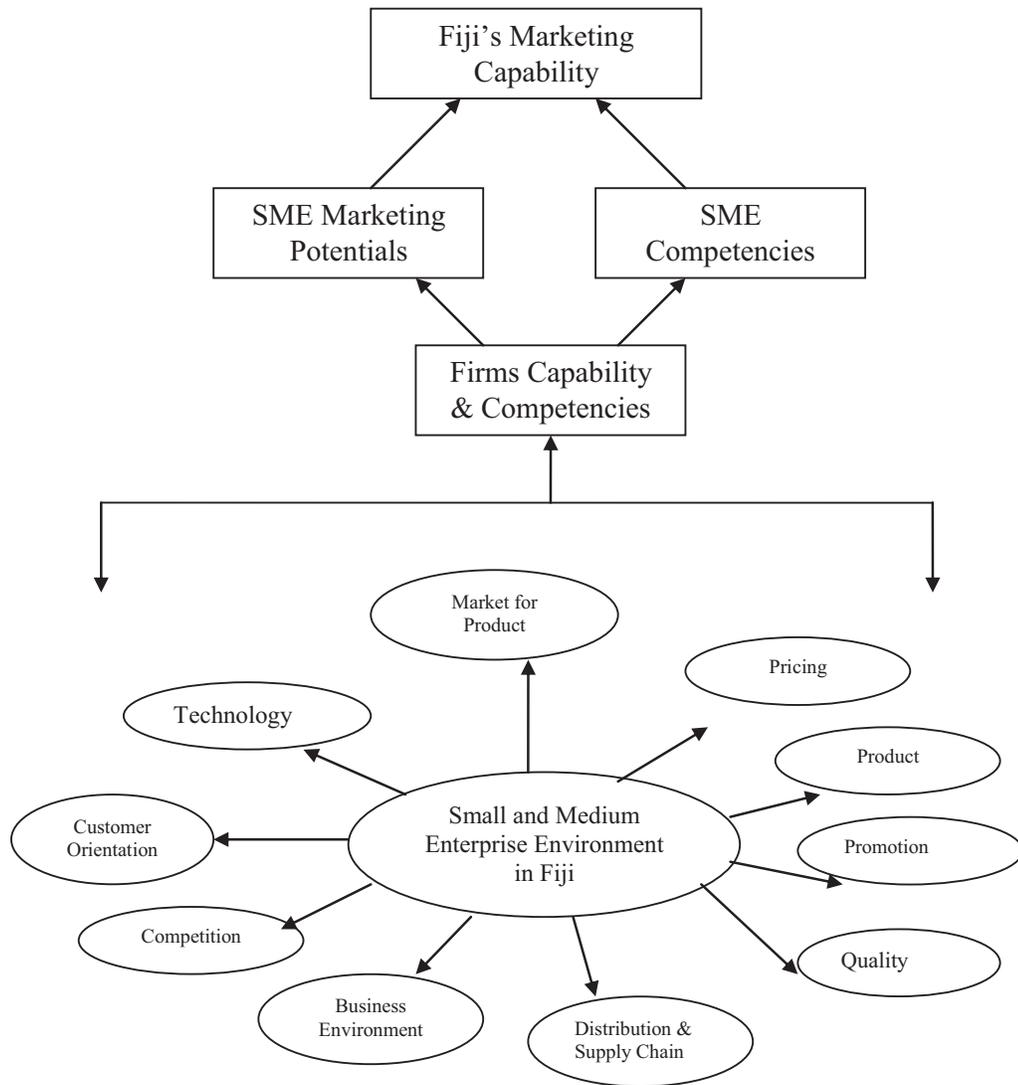


Figure 3.2 Competitiveness Frameworks for Small and Medium Enterprises

Small and Medium Enterprises and entrepreneurship are now recognized world-wide to be a key source of dynamism, innovation and flexibility in advanced industrialized countries, as well as in emerging and developing economies (Deakins & Freel, 2009). The interactions of these variables such as price, product, quality etc. within a Small and Medium Enterprises firm contribute to its marketing competitiveness. All these firms within the Small and Medium Enterprises sector collectively with marketing capability of the sector are known as “industry competitiveness”.

3.4.2 Competitiveness Criteria

Key factors and concepts seen to be crucial for manufacturing competitiveness are listed below. Each factor is further broken down to best meet the research objectives.

1) Price

Penetrating the market with low price and then with competitive pricing and its linkage with quality, cost leadership strategy and the role of technology in influencing product prices.

2) Product

Product quality, superiority, and its image or appeal, such as design and packaging and its availability.

3). Promoting

Creating awareness about product locally and internationally. Using mass marketing to gain a competitive edge over its competitors.

4). Quality

Quality of products, achievement of quality awards, particularly ISO standards, and its usefulness in boosting business growth and morale, awareness of quality awards.

5). Distribution and Supply Chain

Proper coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers.

6). Customer

Market potential of the product and geographic spread of customers and the market pressure faced by the firm.

7). Technology

Development and upgrading of firms' technology. Particularly the processes and appreciation of the importance of research and development for growth (R&D).

8). Information Technology (IT)

Use of computer technology and software in firms' operations management, innovation and benchmarking practiced.

9). Marketing of product

Cost and quality problems encountered in the local and international market and export capabilities of the firm.

10). Business Environment

Internal and external forces which affects marketing of the product and internal functions of the business

11). Customer Orientation

Customer orientation represents the sufficient understanding of one's target buyers to be able to create superior value for them continuously.

These factors selected from literature were used as the basis for the preparation of the questionnaire.

3.4.3 Performance Criteria

The firms in the sample were assessed on the criteria of productivity, export ability and performance. These criteria are indicative of the firms' overall standing in the market and their efforts towards marketing competitiveness and are displayed in Figure 3.3.



Figure 3.3 Performance Criteria for the Small and Medium Enterprise Firm

3.5 The Research Design

Research design serves as an overall plan of the methods used to collect and analyze the data (Hair et al, 2009). Hair (2009) further stated that determining the most appropriate research design is a function of the research. The methods adopted in this research were a multiple approaches. Survey research based on a questionnaire as a method of data collection has been recommended by many authors in the area of Small and Medium Enterprise marketing (Forza, 2002; Voss et al, 2002; Bertrand and

Fransco, 2002). More specifically, the confirmatory survey research method adopted can contribute to scientific knowledge through data collection and hypothesis testing (Pinsonneault & Kraemer, 1993; Fillippini, 1997; Malhotra & Grover, 1998). As a starting point a framework summarizing all the iterative steps of this research in presented in Figure 3.4

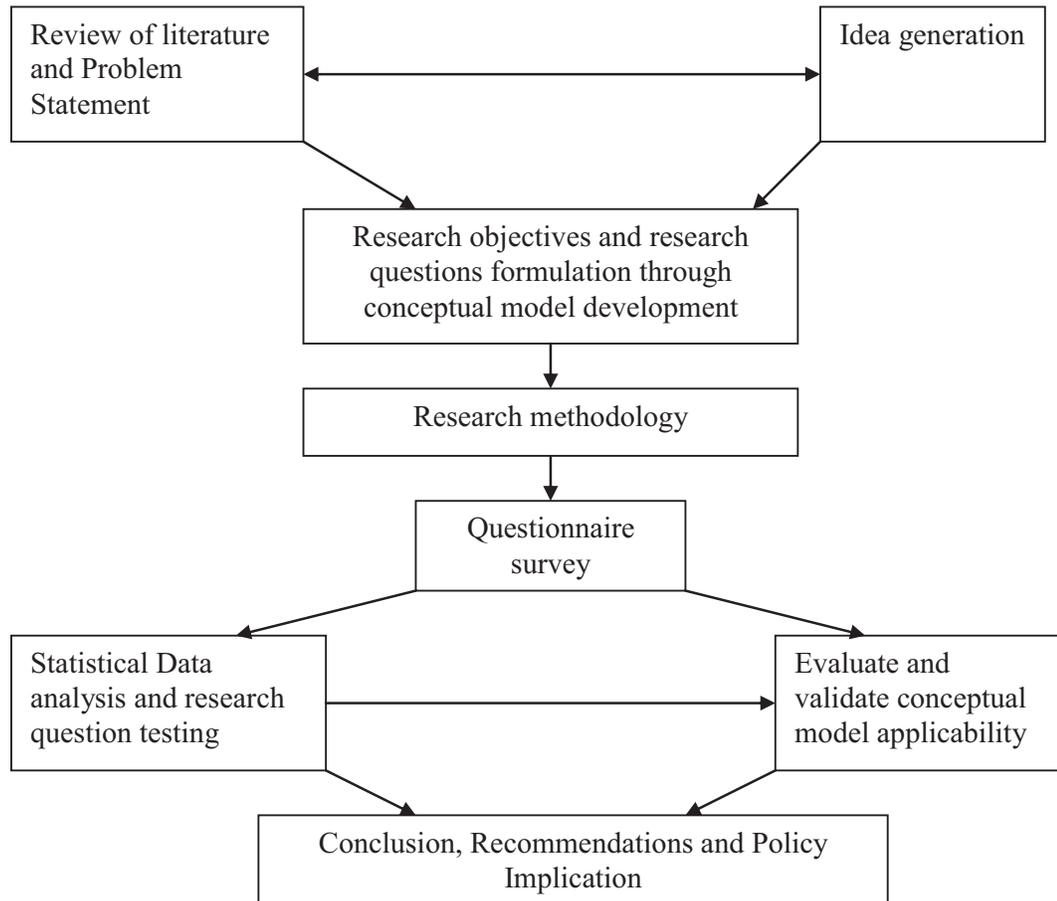


Figure 3.4: Framework of Research Methodology

Most important data sources were the literature review and the individuals who gave feedback for this research. The literature research was comprised of relevant refereed journals, articles, books, newspapers, business magazines and master’s thesis.

Moreover supplementary information was gathered from the internet, which is the world wide website of information on Small and Medium Enterprise marketing practices. Informal discussions with industry professionals provided valuable information for the identification of criteria’s for inclusion in the questionnaire.

Therefore, the major data collection methods in the research were literature reviews, statistical data from secondary sources, questionnaire surveys, interviews and content analysis. Content analysis is the process of identifying, coding analysis and categorizing the primary patterns in data (Patton, 1990). The term content analysis involves an information analysis of the key events of an industry recorded in reports, research papers, business magazines, newspapers, and internet etc.

3.5.1 The Population and the Sample

The population comprises in Fiji (for definition of Small and Medium Enterprises, see chapter2). The sample of firms, in this study, was selected from the list of Small and Medium Enterprises obtained from various councils around the country. Selection of approximately 120 firms, from a population of so many, was based on systematic random sampling.

This research adopted systematic random sampling which is similar to simple random sampling but requires that the defined target population be ordered in some ways, usually in the form of customer list (Hair, 2009). Thus for this research the listing for the companies was abstracted from Registrar of Companies, and then they were basically selected on the choice of subjects who are widely dispersed and fall in the criteria of Small and Medium Enterprise and are able to provide the information required (Cavana et al, 2000). The selection of companies, as the unit of analysis, was judged on the basis of the number of workers, the value of fixed assets and the annual turnover (Forza, 2002)

Advantages of Systematic Random Sampling (SYMRS)

- Systematic random sampling can be done relatively quickly when compared to simple random sampling
- When executed properly SYMRS can create a sample of objects or prospective respondents that is very similar in quality

Hundred twenty firms included Small and Medium Enterprises of beverages, furniture, handicrafts, garments, assorted good, and other types. These firms gave an overall geographic coverage (Tripathi, 2005; Shah & Ward, 2003). Therefore, the

operational population was small and medium firms located in Suva city, Labasa Town, Ba Town, Nadi Town, Lautoka City and Navua.

Table 3.2 Study Sites

Rank	Place	Administrative Division	Estimated Density 2008	Sample Size
1	Labasa	Northern	1121	20
2	Suva	Central	2553	50
3	Lautoka	Western	1680	10
4	Nadi	Western	998	15
5	Navua	Central	200	10
5	Ba	Western	908	15

Source: Registrar of Companies and National Centre for Small and Micro Enterprise Development

3.5.2 Questionnaire Design

A reliable instrument is one where the same result is obtained from multiple applications. The questionnaire for this study was developed based on an extensive survey of the literature (Guimareas et al., 1999) and designed using the 7-point Likert scale; 1 being least important and being strongly agree, 4 neutral (neither important nor unimportant), and 7 very important and strongly agree. A Likert scale asks respondents to indicate the extent to which they either agree or disagree with a series of mental or behavioural belief statements about a given object (Hair et al., 2009). The choice of Likert scale (i.e interval scale type) was considered appropriate to capture qualitative data (i.e. Non-metric data) (Hair et al, 1992; Laugen at al., 2005) pertaining to competitive variables of the Small and Medium Enterprises. The seven-point Likert scale allows adequate flexibility and choices.

In designing the questionnaire, some basic rules of courtesy, present ability, readability and non-technicality were kept in mind. All efforts were made to prepare a neat questionnaire with appropriate introduction, and a well-arranged set of questions with good alignment to make it easier for respondents to answer (Converse & Presser, 1988).

As per the conceptual model in Figure 3.3, the dependent variable was Small Medium Enterprises marketing and competitive criteria as an independent variable. Eight sections have been identified and they are as follows: (1) Competencies, (2) Pricing, (3) Product, (4) Promotions, (5) Distribution and supply chain, (6) Business Environment, (7) Competition, and (8) Customer & Competitors Orientation.

In order to legitimize the survey instrument above, it is pointed out that similar studies have used a questionnaire approach for surveys of this sort (Noble, 1997; Guimaraes et al., 1999; Li, 2000; Ajitabh et al; Abdel-Maksound, 2004; Bayazit, 2004).

3.5.3 Pilot Survey

Designing good questionnaires is difficult (Hair et al., 2009). A pilot test of the questionnaire was conducted in February 2010 in two phases at the first phase; the expert opinions of academics regarding the content and format of the questionnaire were obtained. Minor changes were made to the wording of the questions using multiple rating listing scales. Further more in the second phase of the pilot survey, questionnaires were self administered to 8 small and medium entrepreneurs in Suva City, which were excluded from the final field survey. The research was substantially evaluated through the pilot survey to find out whether:

- Questions are easy to understand;
- instructions are clear;
- order of the questions are understood; and
- The questionnaire is monotonous and questions are uninspiring.

Thus this helped to increase the context and the structure of the questionnaire. This research then incorporated the suggestions or deletions, if any, to the questionnaire to be distributed in the final survey.

3.5.4 Data Collection

The study involved data collection through research by administering the final version of the questionnaire that emerged after revision in line with the pilot survey

experience. In addition, the selection of methods of data collection depends on a number of other practical issues as well.

The questionnaire was distributed to the selected Small and Medium Enterprise firms located in Suva, Labasa, Lautoka, Ba, Nadi and Navua. Targeted respondents were the Directors, Managers and supervisors of Small and Medium Enterprise firms. Final versions of the questionnaires were administered to collect data for this study. The person administered questionnaire is a survey instruments that are designed to have the respondent serve the roles of both interviewer and respondent (Hair et al., 2009). The personally-administered questionnaire allowed the establishment of rapport with respondent in the early stages of survey, on the spot clarification sought by the respondent and collection of the questionnaires immediately after they were completed.

Moreover person administered survey technique allowed for a 100 percent response rate. This gives the researcher “greater control, as it allows you to benefit from direct contact with the respondent, gather additional related information and to have a ‘fell’ fore the subject” (Thaman, 1999).

The statistical software packages (SPSS) was used to create a data file and coded responses to the closed-ended questions were recorded for data and analysis. The collected questionnaires were given an identification number and the data was entered into the SPSS spreadsheet, a statistical package for data analysis (SPSS Manual, 1999). SPSS is an acronym for ‘Statistical Package for the Social Science’ and is one of the oldest and the most common packages for statistic analysis of data and is available in any version for different operating systems. Released in the Microsoft Windows format and touted as “Real Stats. Real Easy,” SPSS delivers easy data access and management, highly customizable output, complete just-in-time-training, and a revolutionary system for working with chart and graph (Hair et al, 2009). The identification number or serial number helps tracking the questionnaire at the time of need. More over the missing data will remain vacant in the spreadsheet. The unique feature of SPSS is that it handles the missing data without any wrong computation.

3.5.5 Reliability Test

Scale reliability refers to the extent to which a scale can reproduce the same measurement results in repeated trials (Hair et al, 2009). Most popular test within the internal consistency method is the Cronbach's coefficient alpha (Cronbach, 1951) and is expressed in the following way:

$$\alpha = \frac{\overline{np}}{1 + (n-1) \overline{p}}$$

Where

\overline{n} = is the number of items

\overline{p} = a average inter-item correlation

It should be noted that Cronbach's alpha (α) value is more than 0.5 (Nunnally, 1978), one can claim that internal consistency is good enough.

3.5.6 Data Analysis

Firms of all sizes increasingly are collecting and storing data relevant to their business activities (Hair et al, 2009). Hypothesis testing usually explains the nature of certain relationships among groups or the independence of two or more factors in a situation. Various factors of competency and performance criteria their inter-relationship and linkages are presented in Figure 3.5.

Once the data have been collected and prepared for analysis, several statistical procedures can help to better understand the responses (Hair et al, 2009). It is hypothesized that these factors interact among each other and collectively provide the firms with marketing potentials. The various hypotheses (eg. H (1), H (2), H (3), H (4) and H (5) and their respective testing were done using SPSS statistical package are further displayed in Table 3.3

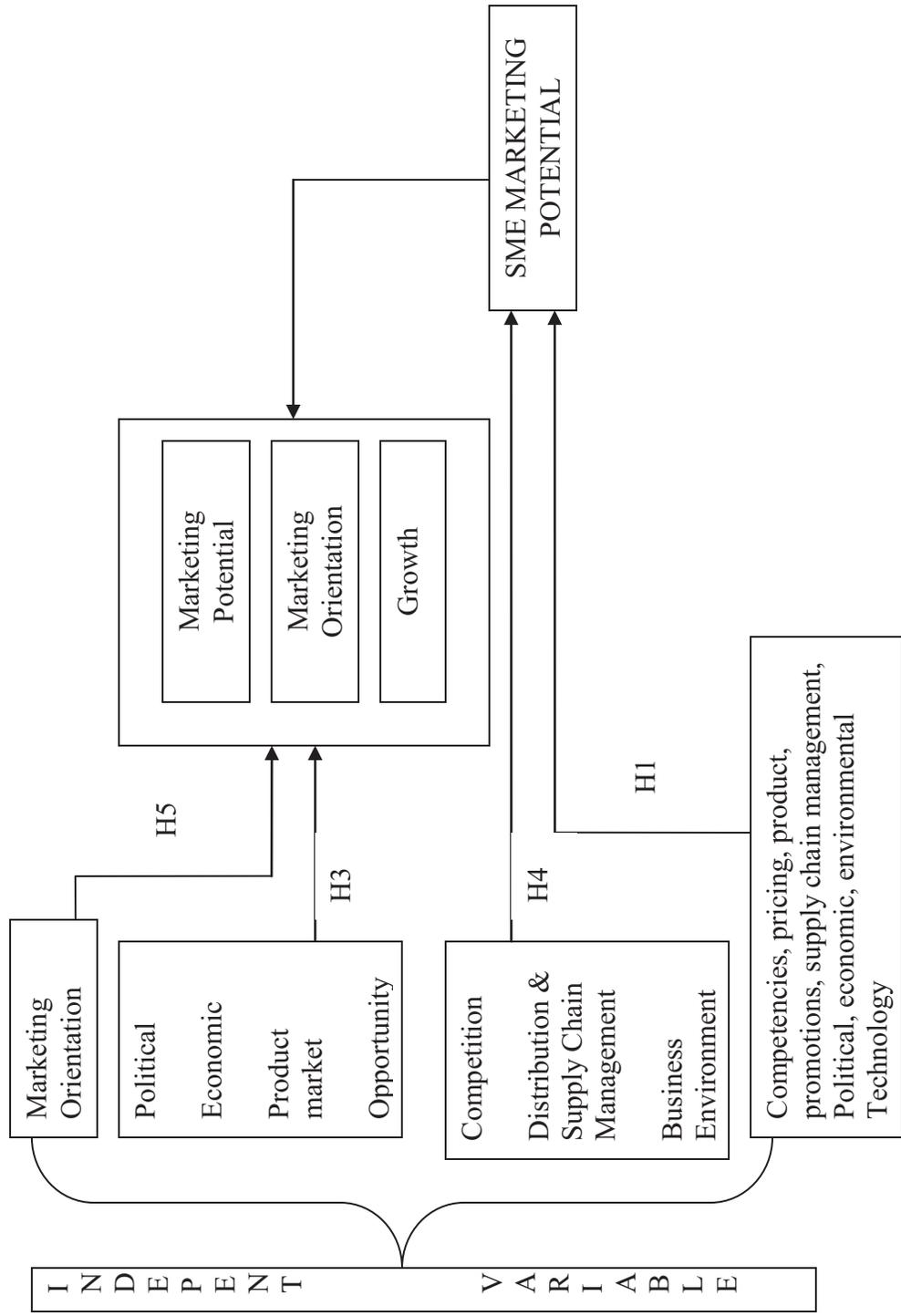


Figure3.5: Hypotheses Linkages with Constructs

Table 3.3 Hypotheses Testing		
Hypotheses	Statistical Test	Remarks
H1 Marketing factors contributing to Small and Medium Enterprise competitiveness	Chi-square test of independence	Independent variable (a).competencies (b).pricing (c).product (d).promotions (e).Supply Chain Management (f).political (g).economic (h).environmental (i).technology (j).opportunity Dependent Variable SME Competitiveness
H2 Factors affecting the marketing practices of Small and Medium Enterprise's	Linear Regression Analysis	Independent Variable (a)political (b)economic (c)product market (d)opportunity Dependent Variables SME Practices
H 3 Marketing orientation for sustainable competitive advantage for: H 3 (a) customer orientation H 3 (b) competitor orientation H 3 (c) entrepreneurial activity	Chi – square	Independent Variables (a) Customer Orientation (b) Competitor Orientation (c) Entrepreneurial Activity Dependent Variable Sustainable Competitive Advantage
H4 There exists a correlation between factors within supply chain management so that customer are better able have access to product	Bivariate Analysis	Independent Variables Supply Chain Management
H 5 Factors such customer orientation, entrepreneurial activity, competency, market for product and opportunity are positively related towards creating a substantive marketing potential	Correlation	Independent Variable customer orientation entrepreneurial activity competency market for product

3.6 Problem Recognition/Limitations of the Study

In order to make the research more simple and manageable, only Small and Medium Enterprises were studied. The 120 Small and Medium entrepreneurs were located in different geographical areas of Fiji, which are similar in terms of business operations. However most of the Small and Medium Enterprises respondents were located in the urban areas of each study site therefore caution should be taken when making comparisons with rural based Small and Medium Enterprises operators. Moreover the time frame and funds allocated for the research provided limitations thus the researcher was unable to interview respondents in rural areas.

Appropriate method was also selected for this study and access to information from respondents was very easily available and all the Small and Medium Entrepreneurs approached willingly gave information to fill in the questionnaires. Thus it can be concluded that the presence of the researcher in administering the questionnaire is important for clarification and validity

3.7 Ethical Consideration

There are many opportunities for both ethical and unethical behaviours to occur in the research process (Hair et al, 2009). This research involved dealing with people and groups therefore it is important to be “thoughtful and considerate of the needs and feelings of others” (Bouma, 1993).

Acting honestly and avoiding ethical dilemmas remain a never-ending concern for the parties involved with research (Hair et al, 2009). Thus ethical considerations concerning employees and owners of the Small and Medium Enterprises were taken into care consideration.

All requests for confidentiality were respected by the researcher and Entrepreneurs were advised that this research is a fulfilment for a Masters Degree in Management & Public Administration at the University of the South Pacific.

3.8 Conclusion

The objective of this chapter is to communicate how research was conducted (Hair et al., 2009). It describes the sampling method and method of data collection which was multiple of this type of research.

The sample selection used for this research was systematic random sampling. Moreover data was collected through self administered questionnaires. Multiple, correlation and multi-co linearity techniques will be used to test the hypothesized relationship.

Chapter 4 Gives the details of data analysis and interprets the results.

CHAPTER 4

DATA ANALYSIS & INTERPRETATION

4.1 Introduction

This chapter reports and interprets empirical research results. In-order to validate, the findings has been tested through appropriate statistical means to see if research questions and hypotheses which were developed have been supported. The analysis had two parts; firstly the results from descriptive statistics are analyzed to illustrate the sector and respondent profile and the importance of marketing factors. First, the results from descriptive statistics are analysed to illustrate the industry and respondent profiles and the importance of marketing factors. Then, the relationships between marketing factors and competitiveness of firms are tested using chi square, correlation, and regression analysis. The final section of the chapter then discusses the results in the context of marketing potentials and competitiveness.

4.2 Demographic Statistics

A profile of the sample is provided in Table 4.0. As indicated in the methodology, the proportionate distribution of the sample is justifiable because of the controlled nature of the survey. In the absence of reliable records of small business operations in Fiji, 123 operators were selected as a sampling size for this research. In terms of 92 respondents were males and 31 were recorded females entrepreneurs. Moreover 2 of the entrepreneurs were found to be under 20, while 10 were categorized under 21-30 age range, 31 between 31-40, 40 between 41-50, and 31 fell in the range of 51 above. It was also found out that 102 participants were in the age range of 20-40 when they entered into the business. Finally 52 out of 123 entrepreneurs had management, technical or both trainings which helped to be more marketable by using the diversifying strategies. Indo-Fijians and women are said to be dominant in industry and business and the same trend prevails in the Small and Medium Enterprises as well (NCSMED, 2010).

The popularity of this sector is probably due to the ease with which it could be started anywhere in Fiji with a small amount of capital, expertise and knowledge. Understandably, in most developing countries small business operators do not venture into manufacturing sector due to inherent problems associated with it such as heavy investment in machine and equipment and lack of technological sophistication (Allen, 2009). Perhaps better education; training and access to technology and capital may help in persuading these entrepreneurs to venture into export-oriented manufacturing operations.

4.3 Descriptive Statistics

The descriptive procedure displays univariate summary statistics for several variables in a single table and calculates standardized values (z score) for frequencies, mean, measures of central tendency and dispersion. It involves the transformation of raw data into a form that would provide information to describe a set of factors in a situation. Simply, descriptive statistics provide the descriptive information of a set of data or describes the phenomenon of interest (Cavana et al., 2000; SPSS Manual, 1999).

In this study, the descriptive test summarizes the respondent and organizational profile and is presented in the following sections.

Tables 4.0 Socio Demographic Profile

Variables	20 or under	21-30	31-40	41-50	51 above	Total
Respondents age	2	10	31	43	37	123
Male	2	7	18	34	33	94
Female	0	3	12	9	7	31
Married	0	3	31	43	37	114
Children	0	6	26	40	36	108
Age when started Business	15	41	47	16	4	123
Work Experience	1	6	21	34	32	94
Experience Relevant to business	0	2	16	22	27	67
Formal Trainings	0	3	12	20	21	56

Small and medium sized enterprises play a principal role in most developed and developing countries and their contribution to local development is widely acknowledged. In highly industrialized nations such as Japan, Germany and France, more than 85% of the companies are in the small to medium scale sector but employ 70% of industrial workers (Asian Productivity organization, 2002).

Even though Fiji is facing growing problems of urban drift, unemployment, poverty, crime and the ever-present political instability (Huges, 2005), popularity of small and medium enterprises in Fiji is evident from Table 4.0 where 16.3 percent of the sample started their businesses 2-20 years ago.

The job market is flooded with as many as 6,000 young people every year that do not find formal employment. According to 1999 Fiji Bureau of Statistics survey, about 64 percent of the country's labor force earn a living from the mostly informal small and microenterprise sector indicating the sectors contribution towards economic and social development.

In Fiji SMEs, has been booming throughout the country, providing a major contribution to the country's economic development, mobilizing social resources into production and business activities, creating more employment and improving livelihoods for people.

Table 4.1 Factors Affecting Marketing

Factors	Minimum	Maximum	Mean	Std. Deviation
Competency	4.46	7.00	6.2239	.64772
Pricing	1.08	5.33	2.7398	.83508
Product	1.00	5.00	2.2215	.85243
Promotion	1.67	6.00	4.3631	1.06206
Supply Chain Management	.92	4.00	1.9892	.79773
Political	1.00	5.00	3.7577	.95514
Economic	1.40	5.00	4.4114	.75152
Environmental	1.29	4.71	3.3252	.54515
Competition	1.67	5.20	3.5047	.46702
Customer Orientation	1.00	5.00	4.2967	.63466
Competitor Orientation	1.00	5.00	3.1152	.95269
Entrepreneurial Activity	1.20	5.00	4.0650	.83234
Opportunity	2.60	5.00	3.7504	.45184

According to Table 4.1, respondents indicated that above factors have both positive and negative effects on their marketing. Competency plays a very pivotal role in marketing and thus the responses were generated accordingly where 7 played very important role and 4.46 being just important. With a mean of 4.0 and more, are highly prioritized and have a direct effect on firms marketing or which help to create marketing potential consist of product, pricing, promotion and supply chain management.

For the second group with a mean of 3 and more also has an adverse impact on marketing and consist of political economic and environmental. Moving onto the 3rd

group consisting of competition, customer and competitor orientation, entrepreneurial activity and opportunity with a mean of 3 and more also has a huge impact on Small and Medium Enterprises marketing in Fiji.

Table 4.2 Factors Creating Marketing potential for Small and Medium Enterprises in Fiji

Factors	Minimum	Maximum	Mean	Std. Deviation
Group 1				
Plan the operations of the business	4	7	6.41	.778
Explore new ideas	1	7	6.21	1.133
Perceive unmet consumer needs	1	7	6.12	1.091
Treat new problems as opportunities	2	7	6.09	1.024
Take reasonable job related skill	1	7	4.55	2.189
Look at old problems in new ways to promote business products	2	7	6.21	.880
Maintain personal network with customers	4	7	6.39	.764
Interact with others	4	7	6.31	.748
Dedicated to make business work	5	7	6.50	.645
Keep up to date with market needs	2	7	6.13	.991
Apply learned skills and knowledge to actual practices	1	7	5.25	2.059
Engage in fair, open and honest marketing practices	2	7	5.89	1.234
Maintain a positive attitude	5	7	6.30	.724
Be committed to producing quality goods or services	4	7	6.26	.798
Innovative and do things differently	1	7	6.21	1.081
Scan the environment and look for opportunities	1	7	6.15	1.006
Be proactive and responsive to changes	3	7	6.20	.859
Group 2				
Pricing strategy adopted by your firm is effective	1	5	2.04	.953
Pricing competitiveness in the market	1	6	2.14	1.119
Have control over prices	1	7	2.60	1.819
Product price matched quality	1	6	2.12	1.128
Try to have low prices with good quality	1	7	2.87	1.755

Have a niche market locally	1	6	1.91	1.180
Product is superior in quality compared to others in the market	1	5	2.24	1.095
To meet customer expectation you upgrade your products(design, packaging and quality)	1	7	2.50	1.405
Invest in Research and Development	1	7	4.67	2.026
Produce competitively(cost and quality)	1	5	2.22	.980
Promoting products using news paper is effective	1	7	4.58	2.298
Promoting products using radio is effective	1	7	4.93	2.327
Promoting product through television advertisement	1	7	5.54	2.062
Word of mouth communication is effective for of marketing	1	7	1.65	1.248
Other forms of marketing	1	7	3.37	1.743
Mass marketing	1	7	6.11	1.654
Market product to international market (in South Pacific Regions and beyond)	1	7	5.62	1.990
Have relevant marketing information	1	7	4.30	2.180
Government encourages to export your products	1	7	5.73	2.017
Government provides tax incentives for the export of products	1	7	5.85	1.869
Effective distribution meets the customer needs	1	7	2.03	1.063
There is convenience in reaching the product	1	6	2.05	1.108
Channel provides exceptional time, place and possession utility	1	5	2.09	1.008
Proper coordination of the movement of materials, information and funds across the supply chain	1	6	2.19	1.111
Exclusive distribution is the most restrictive type of market is also done	1	7	2.71	1.736
Group 3				
Regular measures to customer retention	1	5	4.27	.790
Product and services are developed based on market and customer information	1	5	4.34	.734
Knowing your customers well (understanding of customers needs)	1	5	4.15	.955
company is more customer focused	1	5	4.41	.663
One of your employees finds out about competitor action and alerts everyone	1	5	3.37	1.527
Get together periodically to plan a response to changes taking place in the market	1	5	3.53	1.183

Respond immediately to your competitors launch	1	5	3.21	1.444
Have someone to monitor competitors actions in the market	1	5	3.31	1.409
Organize marketing efforts to promote product	1	5	3.89	1.234
Having innovation plan and plan for things prior to actual interaction with the target market	1	5	4.09	1.000
Organize team work to get new product ideas	1	5	3.98	1.032
Reward employees	1	5	4.15	1.069
There are rich investment and marketing opportunities	2	5	4.28	.719
Presence of unique features in the product	1	5	3.93	.977
Buyers have limited budget as such they go for your product	1	5	3.37	1.263
Competitive Advantage	1	5	3.98	.878

The table above shows factors that can create marketing potential for entrepreneurs in Fiji. According to the respondents above factors generally create more marketing potentials for them.

Factors in Group 1 with mean of 6 and more are recognized as very important in marketing. All of the above factors played a very important role and that almost all were given equal or similar priority. However, by studying the mean, the factors can be clustered into two groups. Group 1 with a mean of 6 and more are highly prioritized and consist of business operations, new ideas, unmet consumer needs, opportunities, job related skills, promote business products, personal network, interaction, dedication, satisfying market needs, apply skill and knowledge in actual practice, fair marketing practices, positive attitude, commitment, innovativeness, environmental factors and being proactive to changes.

In the Group 2 with mean of 5 or less, means that respondents have strongly agreed, remained neutral or have shown little disagreement on some factors which actually is a challenge for them at the moment and consist of ineffective pricing strategy, price competitiveness, little control over prices, quality does not match price, local niche

market, product superiority, customer expectations to high, invest in R&D, ineffective marketing channel used, limited market information, geographic location of the customers and poor coordination in the supply chain.

Moving on to the last group which is Group 3, and the responses with mean of 3 and more have shown concerns on the factors which actually helps them to be innovative or retain customers or helps them to market their product and consist of measures taken to retain customers, knowing customer needs, being customer focused, respond to changes, responding to competitor actions, innovation, rewards and incentives to employees, unique product features and competitive advantage.

The SME sector in Fiji is still very young and has little experience of conducting business activities. Therefore, promoting the development of SMEs should be given the highest priority amongst Fiji's political tasks.

Table 4.3 Concerns amongst Entrepreneurs

	N	Mean	Std. Deviation
Customers are price sensitive	123	2.43	1.723
Low prices with good quality	123	2.87	1.755
Huge advertising cost	123	2.04	1.506
Limited marketing information	123	4.30	2.180
Facing quality/cost problem in the export and local market	123	5.11	2.265
Political arena affects marketing	123	3.98	1.244
Too many regulation	123	3.43	1.403
Devaluation	123	4.59	.949
Increase in the total cost of production	123	4.64	.870
Severe price	123	4.10	1.231
Very hard to compete with new business	123	3.79	1.288

Table 4.3 provides an overall representation of the problems as perceived by the entrepreneurs. Ten problems ranked by small and medium business operators 'of most concern with a highest mean of 5.1 and lowest of 2.04 are shown in the above table. The problems identified in this group are 'critical' for almost all the business owners and includes from higher order: quality and cost problem, increased total production cost, devaluation of Fiji Dollar, limited market information, severe price, political instability, too many regulation, hard to compete with new business, and low prices with good quality. Despite their overall high ranking, these problem areas show considerable variation among business owners. For some they can be major problems, and for others the opposite.

Customers being price sensitive becomes a problem to the entrepreneurs as they are not able to select a proper benchmark to meet up with quality of the products. With a mean of 3 and less it indicates that entrepreneurs need to apply strategies to manufacture products that are relatively cheap when compared with the competitor products. On the other hand customer seeks good quality at relatively lower cost, thus this increases the total production cost for the entrepreneurs.

Moreover all 123 entrepreneurs have indicated that huge advertising cost limits there growth as they are not able to make their products available to potential customers. Thus they are not able to reach out to customers who do not have any knowledge on the products. Advertising helps customers to acquire pre-purchase information on product which further leads up to actual purchase.

Too many regulations makes business impossible, perhaps small and medium business owners are not aware of their responsibility or not well-informed. Small and medium enterprises are heterogeneous group who are in different industries and places and each of these industries and places is likely to have different group of problems associated with it. What is important to one group of small business

operators may not be important to another. Probably, each subset of small firms has unique problems associated with it. There are a large number of potential variables from which to choose for detailed analysis.

4.4 Hypothesis Testing

There are five hypotheses that have been formulated to test a few inter-relationships on the contribution of marketing variables to the overall Small and Medium Enterprises competitiveness. Before carrying out hypotheses testing, a reliability test of the constructs was carried out to produce Cronbach's coefficient alpha. According to reliability test in the table 4.4, it can be seen that the standardized item alpha scores for each variable reaches acceptable scores. Consequently, the survey instrument and the variables were determined to be reliable. The following paragraphs explain the hypothesis testing of each one.

Table 4.4 Contribution of marketing variables to the overall Small and Medium Enterprises competitiveness

	Cronbach's Alpha
Core Competency	.490
Pricing	.427
Product	.418
Promotion	.541
Supply Chain Management	.386
Political	.383
Economic	.406
Environmental	.432
Technology	.420
Competition	.408
Customer Orientation	.377
Competitor Orientation	.422
Entrepreneurial Activity	.421
Opportunity	.424

Looking at the Cronbach Alpha of the 14 factors individually in Table 4.4, the reliability of core competency, pricing, product, promotion, economic, environmental, technology, competition, entrepreneurial activity and opportunity are above and this shows that the internal consistency reliability of the measure used in the study can be considered to be good. However, supply chain management, customer orientation and political reveal otherwise. Since these factors are equally important for enhancing small firms' competitiveness, they are included in further analysis.

4.4.1 Hypotheses 1 (H1)

Marketing factors contributing to Small and Medium Enterprises Competitiveness

- H1. (a).SME Competitiveness is dependent on core competencies
- (b).SME Competitiveness is dependent on pricing factors
- (c).SME Competitiveness is dependent on product features and uniqueness
- (d).SME Competitiveness is dependent on promotions
- (e).SME Competitiveness is dependent on Supply Chain Management
- (f).SME Competitiveness is dependent on political conditions
- (g).SME Competitiveness is dependent on economic factors
- (h).SME Competitiveness is dependent on environmental factors
- (i).SME Competitiveness is dependent on technological advancements
- (j).SME Competitiveness is dependent on opportunity

Each of the factors was tested for its contribution towards competitiveness. To test the hypothesis, a series of Chi-square tests was performed using SPSS, the results of which are shown in Table 4.5. A chi-square test is a non-parametric test that establishes the independence or otherwise between two nominal variables.

Decision criteria

A significance level at 5 percent ($\alpha = 0.05$) was set. In other words, if the calculated p -value (significance levels) is less than 0.05, the hypothesis will be rejected.

Table 4.5 Competitive Dependency on Factors

H1	Factors	Value	Df	Asymp. Sig. (2-sided)
(a)	Product	1667.786	162	.220
(b)	Quality	2101.555	208	.413
(c)	Promotion	2603.207	255	.235
(d)	Technology	807.557	812	.537
(e)	Customer Orientation	1804.906	174	.136
(f)	Competitor Orientation	2379.464	232	.191
(g)	Entrepreneurial Activity	2048.455	197	.113
(h)	Opportunity	2671.640	255	.049
(i)	Political	2243.940	220	.272
(k)	Economic	1555.749	150	.191

* $p > 0.05$

H1 (a) The chi-square value of 1667.78, with 162 degrees of freedom is significant (i.e. $p > 0.05$).

(b) The chi-square value of 2101.55, with 208 degrees of freedom is significant (i.e. $p > 0.05$).

(c) The chi-square value of 2603.21, with 255 degrees of freedom is significant (i.e. $p > 0.05$).

(d) The chi-square value of 807.55, with 812 degrees of freedom is significant (i.e. $p > 0.05$).

(e) The chi-square value of 1804.90, with 174 degrees of freedom is significant (i.e. $p > 0.05$).

(f) The chi-square value of 2379.46, with 232 degrees of freedom is significant (i.e. $p > 0.05$).

(g) The chi-square value of 2048.45, with 197 degrees of freedom is significant (i.e. $p > 0.05$).

- (h) The chi-square value of 2671.64, with 255 degrees of freedom is significant (i.e.p >0.05).
- (i) The chi-square value of 2242.94, with 220 degrees of freedom is significant (i.e.p >0.05).
- (j) The chi-square value of 1555.74, with 150 degrees of freedom is significant (i.e.p >0.05).

Interpret Results

As the tables 4.5 indicates H1(a), H1(b), H1(c), H1(d), H1(e), H1(f), H1(g), H1(h), H1(i), H1(j) are supported and are significant at the 5% dependency level and will be accepted. To conclude, it can be said that competitiveness would seem to be dependent on a combination of product, promotion, quality, technology, customer orientation and competitor orientation, and entrepreneurial activity, opportunity, political and economic.

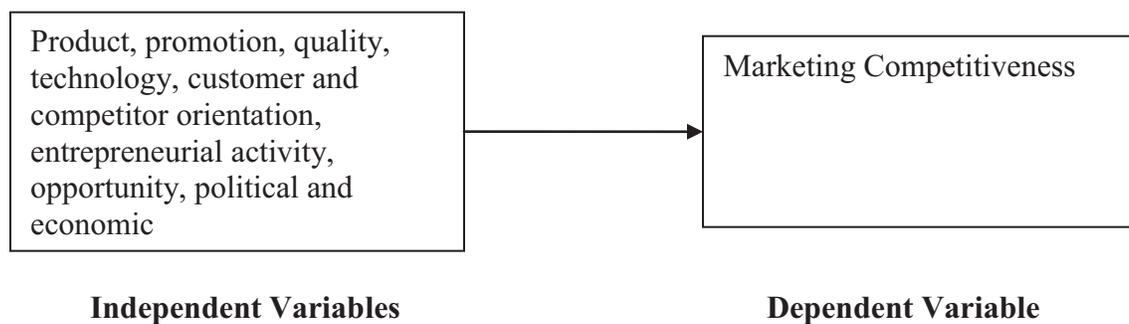


Figure 4.0 Relationships between the Independent Variables (Marketing Factors) and the Dependent Variable (Marketing Competitiveness).

4.4.2 Hypotheses 2 (H2)

I. Formulating Hypotheses

Assess the Factors affecting the marketing practices of Small and Medium Enterprises such as political, economic, product market, and quality.

II. To test this hypothesis, a linear regression test was carried out using the SPSS software package. The linear regression estimates the coefficients of the linear equation involving one or more independent variables that best predict the value of the dependent variable.

III. Decision Criteria

It is assumed that Marketing Practices (the dependent variable) are influenced by factors such as quality, political, environmental, and market for product (the independent variable). The linear regression line formula will be:

$$Y = a + bX$$

Where: Y is the dependent variable

X is the independent variable

a is the intercept of the regression line on the Y axis

b is the slope of the regression line

The backward method has been used for this analysis. The selection of this method lets the user identify how independent variables are entered into the analysis. Backward variable elimination allows the researcher to enter all of the variables in the block in a single step and then removes them one at a time based on the removal criteria. Once the analysis is performed the following questions will be answered:

- How good is the overall model?
- Are all the coefficients significant?
- How should the Beta values be interpreted?
- How should the statistic be interpreted?
- Do you think that there are any important variables left out?
- Is our hypothesis true?

(Cavana et al., 2000).

Table 4.6 Factors Affecting Marketing

		Coefficient ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
Model	B	Std. Error	Beta			
1	(Constant)	4.234	.801		5.288	.000
	Political	.048	.081	.043	.590	.556
	Economic	-.319	.098	-.226	-3.247	.002
	Product Market	.521	.056	.641	9.246	.000
	Opportunity	-.277	.156	-.118	-1.782	.077

a. Dependent Variable: Promotion

Interpret Results

From the output displayed in Table 4.6, it can be said that the regression formed between competitiveness and the factors selected is best given by the equation:

$$\text{Factors Affecting Marketing} = 4.234 + .048(\text{Political}) + -.319 (\text{Economic}) + -.521(\text{Product Market})$$

It can be determined by looking at the significance or p-values for the coefficients. That is, if p-value is less than 0.05 (or a specified a level), it can be concluded that the coefficient is significantly different from zero and hence the variable in the equation is kept. In our case, this is true, as the coefficients for political, economic and product market indicate a $p < 0.05$ and this suggests that political, economic and product market are very significant variables in the regression equation.

The beta value shows that political and economic factors contribute the most to the variation in the dependent variable (Promotion). Hence it can be said that model is good and is accepted.

4.4.3 Hypotheses (H3)

I. Formulating Hypotheses

Marketing competitiveness for sustainable competitive advantage is dependent on: customer, orientation, competitor orientation, entrepreneurial activity.

H3. (a). Marketing competitiveness

- (b). Marketing Competitiveness is related to customer orientation
- (c). Marketing Competitiveness is related to competitor orientation
- (d). Marketing Competitiveness is related to entrepreneurial activity

Each of the factors was tested for its contribution towards competitiveness. To test the hypothesis, a series of Chi-square tests was performed using SPSS, the results of which are shown in Table 4.7, A chi-square test is a non-parametric test that establishes the independence or otherwise between two nominal variables.

Decision criteria

A significance level at 5 percent ($\alpha = 0.05$) was set. In other words, if the calculated p -value (significance levels) is less than 0.05, the hypothesis will be rejected.

Table 4.7 Factors to Achieve Sustainable Competitive Advantage

H1	Factors	Value	df	Asymp. Sig. (2-sided)
(a)	Customer Orientation	1804.906 ^a	174	.136
(b)	Competitor Orientation	2379.464 ^a	232	.191
(c)	Entrepreneurial Activity	2048.455 ^a	197	.113

* $p > 0.05$

H3 (a) The chi-square value of 1804.90, with 174 degrees of freedom is significant (i.e. $p > 0.05$).

(b) The chi-square value of 2101.55, with 232 degrees of freedom is significant (i.e. $p > 0.05$).

(c) The chi-square value of 2603.21, with 197 degrees of freedom is significant (i.e. $p > 0.05$).

Interpret Results

As the tables 4.15 indicate H1 (a), H1 (b), H1(c) are supported and are significant at the 5% and will be accepted. To conclude, it can be said that marketing competitiveness would seem to be dependent on a combination of customer orientation, customer orientation, and entrepreneurial activity in order to achieve sustainable competitive advantage.

4.4.4 Hypotheses (H4)

Formulating Hypotheses

Hypothesis 4: (H4) there exists a correlation between factors within supply chain management so that customer is better able to have access to product

To test this hypothesis, the correlation test was performed. Where there are several variables, there, is always the yearning to know how one variable is related to another, that is, the nature, direction and significance of the bivariate relationships of the variables used in the study. The bivariate correlation used in this research computes Pearson's correlation coefficient, Spearman's rho and Kendall's tau-b with their significance levels. Correlations help measure how variables or rank orders are related (SPSS Manual, 1999; Cavana et al., 2000; Minaro-Viseras et al., 2005).

Decision Criteria

The data used are the symmetric quantitative variables and the test of significance selected was Two-tailed. The result of the correlation test is presented in Table 4.8.

Analyze data with SPSS
Table 4.8 Competitive Factors

Correlations

	Effective distribution	convenience	eliminates redundancies	Proper coordination	Effectiveness of channel members	exceptional time for, place and possession utility	Flow of information to customers	Management has control
Effective distribution	1							
Convenience in	.549**	1						
Eliminates redundancies	.481**	.574**	1					
Proper coordination	.474**	.592**	.659**	1				
Effectiveness of the channel members	.665**	.735**	.636**	.531**	1			
exceptional time, place, and possession utility	.533**	.715**	.633**	.577**	.747**	1		
Flow of information to customers	.517**	.711**	.712**	.699**	.683**	.692**	1	
Management control	.326**	.507**	.651**	.615**	.503**	.591**	.566**	1

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

The Bivariate Correlations test computes Pearson's correlation coefficient. Correlations measure how variables or rank orders are related. Pearson's correlation coefficient is a measure of linear association. Analyzing data from the above table indicates that channel provides exceptional time and possession utility, and effectiveness of channel members has highest correlation coefficient (0.747) and significant at the 0.01 level ($p < 0.01$)

Interpret Results

All the factors in the above table are highly correlated, and the correlation is significant at the 0.01 level ($p < 0.01$). These results supports hypothesis 4. Further, the bivariate correlation analysis indicates the strength of the relationship at the various

intervals. Although it is hard to say which variable causes which, it can be confidently said that the variables are associated with each other thereby supporting the hypothesis (4) correct.

4.4.5 Hypothesis 5 (H5)

I. Formulating the hypothesis

Hypothesis 5: (H5) Customer orientation, entrepreneurial activity, competency, Small and Medium Entrepreneurs mindset, market for products and opportunity is positively related towards creating a substantive marketing potential

To test this hypothesis, the correlation test was performed. Where there are several variables, there, is always the yearning to know how one variable is related to another, that is, the nature, direction and significance of the bivariate relationships of the variables used in the study

II. Decision criteria

The data used are the symmetric quantitative variables and the test of significance selected was Two-tailed.

The result of the correlation test is presented in Table 4.9.

Table 4.9 Customer orientation, entrepreneurial activity, competency, Small and Medium Entrepreneurs mindset, market for products and opportunity Correlation

	Customer Orientation	Entrepreneurial Activity	Competency	SME Mindset	Product Market	Opportunity
Customer Orientation	1					
Entrepreneurial Activity	.463**	1				
Competency	.250**	.144	1			
SME Mindset	.254**	.194	.948**	1		
Product Market	-.179	-.257**	-.516**	-.552**	1	
Opportunity	.407**	.309**	.358**	.332**	-.272**	1

The Bivariate Correlations test computes Pearson's correlation coefficient. Correlations measure how variables or rank orders are related. Pearson's correlation coefficient is a measure of linear association. Analyzing data from the above table indicates that Small and Medium Enterprises mindset and competency, has highest correlation coefficient (0.948) and significant at the 0.01 level ($p < 0.01$)

Interpret Results

According to the output shown in Table 4.16, the significance of p is equal to 0.01. This is generally accepted at the conventional level in social sciences and business research. *Furthermore, there is a* positive significant relationship between the variables, which is represented by 1.0 bivariate correlation analysis indicates the strength of the relationship at the various intervals. Although it is hard to say which variable causes which, it can be confidently said that the variables are associated with each other except for market for product which indicates negative result thereby supporting partially the hypothesis (5)

4.5 Patterns of data for each research question or hypothesis

Table 4.10 charily sums up the outcomes of each hypothesis and its acceptance and rejection using the specific tests.

4.5.1 Hypotheses Outcome

Table 4.10 Hypotheses outcomes

Hypotheses	Test Required	Outcome (Accepted/Rejected)
H1 SME Competitiveness is dependent (a).core competencies, (b).pricing,(c).product, (d).promotions,(e).Supply Chain Management,(f).political,(g).economic,(h).environmental, (i).technology ,(j).opportunity	Chi – square test (SPSS/descriptive cross tab)	H1(a), H1(b), H1(c), H1(d), H1(e), H1(f), H1(g), H1(h), H1(i), H1(j)
H2 Factors affecting the marketing practices of SME’s such as political, economic, product market and opportunity	Linear Regression Analysis	Accepted H2
H3 Marketing competitiveness for sustainable competitive advantage and is dependent on : (a).customer orientation, (b). competitor orientation,(c).entrepreneurial activity	Chi-square	Accepted H3
H4 There exists a correlation between factors within supply chain management so that customer is better are to have access to product	Bivariate Correlation	Accepted H4
H5 Factors such customer orientation, entrepreneurial activity, competency, market for product and opportunity are positively related towards creating a substantive marketing potential	Correlation	Partially Accepted H5

4.6 Discussion

Discussion of Hypothesis One (H1): The objective of H1 was to assess the statement that Small and Medium Enterprises competitiveness is independent on: competencies, pricing, product, promotions, supply chain management, political, economic, environmental, technology, and opportunity. Chi-square test of independence between Small and Medium Enterprises competitiveness and each variable was carried out.

Results of H1 indicated that the Small and Medium Enterprises competitiveness is dependent of competencies, pricing, product, promotions, supply chain management, political economic, environmental, technology, and opportunity. The results suggest that more important factors tend to be more competitive for small and medium firms in Fiji from than the less important ones. This result is consistent with the literature and also indicates the importance and roles of the, major stakeholders as a competency in the drive to enhance small firms competitiveness.

Discussion of Hypotheses 2 (H2): The objective of H2 was to assess the Factors affecting the marketing practices of Small and Medium Enterprises such as political, economic, product market, and quality. Entrepreneurship emphasizes the importance of marketing and its pivotal role in helping transform the entrepreneurial activities of Small and Medium Enterprises in order to be effective and competitive business (Hill, 2001). Linear regression revealed that political, economic, product market and quality had significant impact on Small and Medium Enterprises marketing.

Furthermore, for a business to be successful, to be able to invest into major marketing factors, a strong and secure finance has to be present. This is a vital prerequisite for firm-level competitiveness and also for long run survivability. An initial point needs to be made about the marketing effort for a small business. As well as it is highly important that small firms respond to the changes which occur in the environment

and use the focus approach to market firms product to those customer that are likely to purchase small firms product. it is also note worthy that small firms need to define its product market that small firms are seeking to serve. It was seen during research that most or all most all small firms have restricted resources, thus this is one of the things that differentiate small firms from large firms.

Political instability in Fiji has had negatively impacted the marketing of the products locally and internally. Though current government support the sustainable growth of Small and Medium Enterprises; but in order to grow businesses require stable political market to go global. Respondents had claimed that devaluation has also lead to increase in the total production cost, thus eventual increase in price and an increase in total cost of production. It also increases the advertising cost which limits the entrepreneurs to do mass marketing.

Discussion of Hypotheses 3 (H3): The objective of H3 was to assess the statement that Marketing competitiveness for sustainable competitive advantage is dependent on: customer, orientation, competitor orientation, entrepreneurial activity. A chi-square test was carried out and it was revealed through the test that marketing competitiveness is dependent on customer orientation, competitor orientation and entrepreneurial activity. These factors contribute significantly towards creating the marketing potentials for Small and Medium Enterprises.

It can be said that competitiveness provides the small firms in Fiji provides new business opportunity to make money in excess of competition. The activated undertake by small firms are viewed as a source of competitive advantage. Nevertheless it becomes the duty of the intuitions and stakeholders to remind the small firms of its own competitive advantage as well as those of its competitors. It was also seen during the survey that one of the causes of failure for small businesses

is there lack of focus on their competitive advantage which help the small firms to create its marketing potential. .

Discussion of Hypotheses 4 (H4): The objective of H4 was to oversee that there exists a correlation between factors within supply chain management so that customers are better able to have access to product. Correlations test revealed that effectiveness of channel members and channel provides exceptional time for possession utility has a highest correlation coefficient .747 and is significant at .01 levels. Effective distribution, convenience in reaching the product, firm eliminates redundancies , proper coordination across the supply chain, channel provides exceptional time, place, and possession utility, flow of information and management control are all highly correlated with the supply chain.

It is very important to be located near the geographic location of the customers. It was noted that with small firms it is usually the lack of funds that pushes the small firms towards reaching the ideal customer. Small firms in Fiji must try reaching those individuals that are most likely to actually buy from the business. According to Bamford & Bruton (2011) in considering the geographic area the small firms should consider how they will reach the potential customers in the area and what information about the product will be supplied to them. There are wide variety of potential marketing activities that can be pursued namely, flyers, sponsorship, affiliations, banner and many more

Discussion of Hypotheses 5 (H5): The objective of H5 was to assess that Customer orientation, entrepreneurial activity, competency, Small and Medium Enterprise mindset, market for products and opportunity is positively related towards creating a substantive marketing potential. Thus the bivariate correlation revealed that competency and Small and Medium Enterprises mindset has a highest correlation coefficient of .948 and is significant at .01 levels.

Marketing includes all the strategies, tactics, and techniques used to raise customer awareness; to promote a product service, or business, and to build long-term customer relationship (Allen, 2010). It can be said that marketing can be thought of as a bundle of intangible benefits a company is providing to its customers, and these benefits reflect the company's core values. In Small and Medium Enterprises competitiveness (H1) can be achieved through product, that is: what is being offered to the customer; price, what the customer is willing to pay; place (Supply Chain Management), channels through which customer can find the product and promotions (different forms of promotions), strategies for creating awareness and reaching to the customer, and the environment in which the business operate should be stable that supports the marketing of the product.

Customer orientation, competitor orientation and entrepreneurial activity (H3) helps the entrepreneurs create marketing potential by taking into consideration the customers' needs and wants. Entrepreneurs engaging themselves in to different marketing campaign such as, trade shows, exhibitions, innovation, banners, billboards, to further promote their product. Competitor orientation is where by the employees finds out about something important about the competitor and alerts the entrepreneur about it, who then takes immediate actions to respond to competitors launch. In order to be effective and up to date entrepreneurs do competitor analysis and plan for responses taking place in the market.

Internet has been a valuable tool for streamlining distribution and supply channels in many industries, and even small, growing businesses can take advantage of its power (Allen, 2010). As effective supply chain performance is now critical to a company's success, entrepreneurs must have ways to measure that performance, especially in terms of customer satisfaction. Effective distribution tends to meet the customers need. Moreover proper coordination of the movement of materials, information and funds across the supply chain was also a common response in meeting customer

satisfaction. The goal of supply chain management is to provide the exact service that customer wants at a minimal cost. Location efficiency is extremely important in reducing cost and meeting customer satisfaction.

Furthermore, for a business to be successful, to be able to invest and afford competitive factors, a strong and secure finance has to be present. This is a vital prerequisite for firm-level competitiveness. Customer orientation, entrepreneurial activity, competency, market for product and opportunity are positively related towards creating a substantive marketing potential, as these factors work simultaneously to developing new products, innovation, meeting customer satisfaction and looking for new markets for current products.

4.7 Conclusion

This chapter has presented an exploratory model of the factors that lead to creating marketing potentials for the Small and Medium Enterprises in Fiji. This chapter has been presented in three folds. The first provides a background profile of respondents of Small and Medium Enterprises in Fiji. The second section provides other important information in the Small and Medium Enterprise sector. The third section provides the empirical results of hypotheses testing that were developed in Chapter 2.

An important point to note is that data analysis must follow the testing of hypotheses that have already been formulated. It would be wrong to alter our original hypotheses to suit the results of the data analysis. However, it is acceptable to develop inductive hypotheses and later test them through further research.

Finally the following chapter (5) introduces two case studies, Organic Earth Fiji and Nadi Handicraft Centre to validate the findings from this chapter. The selected case studies exemplify the results of the hypotheses and research questions and a number of conclusions and comparisons are made towards the end of the chapter.

CHAPTER 5

CASE STUDY

5.1 Introduction

Case research has consistently been one of the most powerful research methods in management (Voss et al., 2002). “It is an exploratory research technique that intensively investigates one or several existing situations similar to the current problem and or opportunity situation” (Hair et al., 2009). A qualitative quasi-deductive case study approach was adapted to validate the findings of the hypotheses tests. Case study deals with the sampling size from which two cases were selected; and the factors that play an important role in their marketing.

5.2 Objectives of the Case Study

The overall goal of the case study is to develop a comprehensive description of issues leading to a better understanding of current problem situation and the potential impact of the interacting elements (Hair et al., 2009). The main rationale for using case study for this research is to identify two successful or nearly successful Small and Medium Enterprise firms in Fiji as case studies to examine the following issues:

1. Factors they have invested to boost the marketing competitiveness
2. Types of knowledge and resources employed to enhance the firms productivity and performance and to make their enterprise operation successful
3. Marketing strategies and practices utilized to remain competitive in the market.

Basis on which the two case studies were selected is discussed below.

5.3 Criteria Selection for the Case Study

Case studies as a measure of triangulation have been used as a follow up to survey based research (Meredith & Vineyard, 1993; Heyer & Brown, 1999; Shee, 2002) in

an attempt to examine deeply and validate previous empirical results. Two case studies were selected as follows:

1. Age of the business
2. Characteristics of growth
3. Crucial requirements identified by respondent for business success.

Based on the above selection criteria, two case studies were identified. Firms were categorized into three groups (Top 15, Top 20 and rest) based on the above mentioned criteria of Age of the business, growth and requirements for business success. It is commonly acknowledged that a single case study has limitations in terms of generalization of the research findings, particularly from a statistical point of view (Prajogo & Sohal, 2004). Voss et al (2002) also supported the notion that the fewer the case studies, the greater the opportunity for observation.

SMEs are now recognized world-wide to be a key source of dynamism, innovation and flexibility in advanced industrialized countries, as well as in emerging and developing economies (Deakins & Freel 2009). Deakins and Freel further discussed that most high growth firms are not innovative in a technical sense, but may include marketing innovations or cross-national alliances. The purpose of this chapter is to report cases of successful firms in Fiji analyzed in terms of the conceptual model in Chapter 2.

The act of establishing a successful small or medium-sized enterprise (SME) is a daunting one in any industry. Those seeking to establish a small and medium enterprise in developing countries, the challenges are even more numerous and complex (Litvak 1992). Clearly, for the managers of such companies, finding a means to compete and succeed in such a turbulent environment is a huge concern. Also, from a governmental policy standpoint, it is important that these firms succeed, given the contribution they can make to the economy.

5.4 Data Collection Technique for Selected Case Studies

There are two approaches to gathering data, one is to have interviewers ask questions about variables and market phenomena or to use self-completion questions (Hair et al., 2009). For this study multiple respondents within the firm or multiple data collection methods (Yin, 1984; Barnes, 2001) were considered to gain the fullest understanding and to validate the findings from the data analysis. This study incorporated the use of interviews through unstructured questionnaires and observations. The key informants were the directors, managers involved in marketing, quality, and supply chain in two firms. These individual had significant involvement in implementing firms marketing strategies and programs to enhance firms marketing competitiveness.

5.5 Case Study 1: Organic Earth Fiji

The first case study selected was Organic Earth Fiji based on the selection criteria discussed in 5.3

5.5.1 Background of the Firm

A NEW business, Organic Earth Fiji, was launched on 23rd September, 2009 which produces 100 percent coconut based product. Organic Earth Fiji is a manufacturer that uses coconut to produce cosmetics such as body oil, lotions and shampoo to name a few Organic Earth Fiji - has been in business for 11 months and has already scooped its first award at 2010 Le Monde International World Quality for Excellence in Belgium in April. Organic Earth Fiji's primary products are soap body bars, body lotions, body oils, massage oils, edible oil and body butter. Moreover Organic Earth strongly believes in the valuable role that beauty plays in society and they are deeply committed to protecting the living beauty of the planet.

What makes Organic Earth Fiji stand out from others is their commitment in creating products where every item is hand made with loving respect for the environment and

the bodies. They see their products as works of art that have been created individually with pride and passion.

High vulnerability to natural disasters such as cyclones, droughts and rising sea level complemented by increasing pests and diseases have significantly and have slowed down economic growth of most of these economies, cutting their level of development back by 10 years (Biman, 2004). Market access is a common problem for small island economies; these countries strain to meet the many requirements (especially the non-tariff requirements) of the international markets and in most cases supply capacity constraints clearly limit access to these markets.

5.5.2 Competitive Variable That Makes Organic Earth Marketable

Ten competitive factors were chosen to investigate Organic Earth Fiji's level of competitiveness and they are as follows: price, product, promotion, quality, distribution and supply chain, customer, technology, information technology, marketing of product, business environment and customer orientation.

- I. **Price** – Price is a very important factor that Organic Earth believes can create firm level competitiveness. No matter how good a product is in terms of quality. The global economic slowdown, which pushed most of the world's leading economies into recession, provided a relative boost to low-price retailers (Elliott, Thiele & Waller, 2010). As uncertainty and fear grow in the minds of consumers, they naturally look to curtail their spending. According the Branch Manager Pricing is a key to ensuring profitability and it can be amongst complex decisions facing a marketer. At Organic Earth Fiji pricing decisions are based on the understanding of the customers, which entails the creation of mutually beneficial exchange of value between one parties to another. Organic Earth also sets the prices for the retailers which allow them to remain competitive and make substantial profits from its market segment.

More over Organic earth believes that customers tend to focus more on the price factor than actual quality.

- II. **Product** - Organic Earth Fiji's products are soap body bars, body lotion, body oils, massage oils, edible coconut oil and body butter this means that it must always ensure best quality for continued sales and profit. Product plays a very pivotal role in the marketing process and Organic Earth ensure that it satisfy the functional, social and psychological needs, wants and demands of customers. Their core concept is that both parties must gain value from the exchange. The challenge of Organic Earth is to sustain the popularity of their product in the market through right appeal, packaging (e.g. right size, packaging materials, and durability), and efficient suppliers. There products have different features that provides value for customers and society at large and this helps them to remain marketable.
- III. **Promotion** – according to organic earth, they believe that a promotion is basically the creation and maintenance of communication with the target market. Supervisors commented that Organic Earth engages is several marketing campaigns such as advertising, sales promotions, door to door selling, internet marketing, personal selling and mass marketing to so as to create awareness about its Organic Brand as they have just been in the market for eleven months now. It was also stated out during the interview that government needs to increase their involvement and priority in the Small and Medium Enterprise sector. Special tax incentives should be introduced by Fiji Government so that Small and Medium Enterprises can go global. Being in the market for eleven months have made them realize that word of mouth communication has really increased their profitability, and they still believe that it can have strong influence on other customers and retailers as well.
- IV. **Quality** – in this globalized world, it can be seen that product quality plays a very pivotal role and is often recognized by the adoption of various quality systems such as ISO 9000 etc. Implementation of quality control measures is

rather very slow in the SMEs which at times hinder firms marketing capability, and this can largely be attributed to financial constraints and lack of awareness. Organic Earth values its current market share and looks forward to attracting more customers engaging in quality practices and acquiring certificates, as these certificates will raise quality levels which match international standards. They also commented that customers are more likely to pick up a product that has a quality seal on its packaging.

- V. **Distribution & Supply Chain** – many manufacturers and service businesses deal directly with the consumers of their products. Organic Earth gets involve in direct marketing, however they also rely on other distributors and individuals to help them get their products to end users, and these individuals and distributors have recognized there marketing intermediaries. Organic Earth further believes that being a new player in the market; marketing intermediaries are useful and necessary as when they can more efficiently connect producers with their customers than can the producers themselves. Marketing intermediaries’ moves product closer to customers as they possess expertise, equipment, experience, contacts, skills and scales of economy.
- VI. **Customer** – since Organic Earth is a totally new operation, they are still trying to capture the market. They are distributing their products to nearly all the retailers to get access to its customer and gain a substantial market share. They are in the process of developing a lasting impression on their customer for their product and with their efficient just in time delivery. Organic Earth has also launched a website and this allows the customers to drop in suggestion for further improvement in their product and service delivery.
- VII. **Technology** – Organic Earth has a future plan for investing in state-of-art technology for their products. Technology is advancing at an unprecedented rate but cost of upgrading the technology remains a major challenge for the Small and Medium Enterprise in Fiji. With the current technology at the Organic Earth, it certainly allows maximum standardization of the product, so

there is very little wastage. Current technology set up has enabled Organic Earth to achieve a high level of capability that could not otherwise have been achieved by just manual process.

VIII. **Business Environment** – micro and macro factors affect firms operation on a day to day basis. Marketers must understand the current and future needs and wants of their customers. For Organic Earth one of the factors which have huge influence it operation is competition which is PURE FIJI LTD and MOKOSOI PRODUCTS LTD, this company which also specializes in the beauty care product have been in the market for many years thus have huge impact on how Organic Earth market its product. Interviewers also commented that the devaluation of the Fiji dollar has increased the cost of production thus forcing the firm to increase the product prices.

IX. **Customer Orientation** – one of the most important evaluations for Organic Earth product is through taking customer suggestions into consideration for product and service redesign. For them it is very important to be close to its market so that they are better able to provide with regular updates. Customer is always right when they believe they are right. They may be dead wrong. But if by their understanding of the situation they believe they are right, and then you need to acknowledge their belief. Customer orientation has indirect effect on firms' profitability. Organic Earth ensures and checks whatever they produce to meet customer requirements and at the same time maintaining international standards.

Further more customer pricing strategies are used where by the focus is on the customers demand for the products.

According to the General Manager “during the first few months of its operations prices were set below its expectation to let the customer try our product”. This is also known as penetration pricing strategy (Kotler, 2001).

5.5.3 Discussions

Several insights can be drawn from the case study and are discussed on the next paragraph. Organic Earth Fiji witnessed a major change in terms of competition, who has been trying to gain competitive advantage by exploiting its marketing capability. As a response to these and be marketable Organic Earth has decided to shift its focus to strength on its marketability factor such as, quality, price, and technology. This will allow the firm to achieve and sustain considerable success in the competitive, challenging and demanding sector.

Moving further on another important point which should not be missed, is the order qualifiers and order winners. Quality for such a new firm plays very pivotal role as an “order qualifier” which can help to get Organic Earth in the lime light. Ever since its opening firm has regularly been involved in market research and getting in touch with its customer to set a benchmark for order qualifier and at the same time enjoying the benefits of being order winner by giving the customer right type of product at right price better than competition.

So to conclude, this case study demonstrate that firms marketing competitiveness is important and that the competitive factors contribute significantly to it.

5.6 Case Study 2 Nadi Handicraft Centre

Tourism continues to play an important role in Fiji’s economic development, contributing significantly to income and employment generation both directly and indirectly. Thus it is regarded as one of the most important activity in many parts of the world including Fiji. Fiji is blessed with its location as the hub of the Pacific, and therefore invests a great deal towards the promotion of its Tourism Industry. The quality of services in all areas of the industry has a direct impact on the earning power of the industry and to employees and, in turn, assures the continual increase in the number of tourists and their spending level. However tourism development is subject to the vagaries of the weather, vulnerable to pollution from urban wastes and sensitive

to overuse and resource for tourism for some countries it is their only product of interest to the international marketplace and thus it must be geared for long term sustainability.

Fiji's tourism industry had its origin in the trans-pacific shipping in the early twentieth century but it was not until the 1940's that the development foundations was laid down, particularly the construction of the international airport in Nadi in 1942 (Britton, 1983). Tourism was and still is a major foreign exchange earner in Fiji. According to the Tourism and Transport et al (2008), tourism industry has provided employment to over 30,000 people. Major market for Fiji Tourism industry is the Australian market and currently Tourism Fiji is trying to attract the Chinese market. It can be analyzed that tourism industry is divided into two segments namely leisure tourists and backpackers. Leisure tourists are mostly interested in historic, culture and monuments and thus become major markets for handicraft business in Fiji.

An improvement to the local infrastructure, such as the Nadi International Airport and the Queens Highway, as well as improving accommodation facilities and services was witnessed between the late 40s and the early 50s. However, it was not until the late 50s to early 70s that Fiji experienced what may be considered a "tourism boom", on account of the expansion of hotel rooms, development of the aviation sector, duty free shopping incentives and the increased marketing initiatives undertaken by the Fiji Visitors Bureau (FVB).

5.6.1 Case Profile

There are various small businesses operating under one banner as Nadi Handicraft Centre. They sell various types of handicraft to the tourists who come for leisure by plane or by cruise ships. It was noted in the recent years that Cruise ship that normally does a sleep away at Lautoka Wharf providing these small retailers with more than enough customers. For these retailers their marketing capability is affected by internal and external marketing environment as they are faced with various

challenges. Immediate strategies need to be implemented to be able to compete in the Tourism industry in Fiji. This case will reflect on how micro and macro environment contributes to and affect the marketing capability o these handicraft retailer based in Nadi Handicraft Centre.

Products Sold by Nadi Handicraft Centre

The following variety of Fijian, regional and international products are sold in Nadi Handicraft Centre:

- a. Artifacts – wooden and woven items that are purchased from PNG
- b. Boutique – items with Fiji and Pacific Island theme of colours and designs including hand painted sulus and T-shirts
- c. Jewellery – locally designed, contemporary and traditional designed corals, opals, shells and pearl jewelleryes.
- d. Paintings – authentic and original silk canvas and the unique Fijian Tapa which are done in Vatulele
- e. Fijian Gifts and Souvenirs – up market and quality items so gifts such as shot glass, fridge magnets, feathers, coasters, wind charms and place mats
- f. Spa and swimwear accessories – natural coconut oil, soaps, body lotions, body gels and seaweed product.
- g. Native – range includes island arti-facts such as ceremonial masks, war clubs, handicrafts dishes and other unique products

The marketing environment refers to all of the internal and external forces that affect a marketer's ability to create, communicate, deliver and exchange offerings of value (Teece & Pisano, 2009).

- I. **Customers** – the retailers are easily able to analyze the future needs and wants of their target market such as baby boomers that actually go for handicrafts products. They are able to present well the Fiji's culture in the

handicraft form which according to them really captures the customers' attention. Vendors in the Suva handicraft centre also stated that "they are able to influence customer preferences and also anticipates how needs and wants can be satisfied and changed in the future".

- II. **Partners** – for all the vendors in the Nadi Handicraft centre needs to understand their partners and how each partner's work and how their collaboration can benefit each party. Current problem faced by the Nadi handicraft retailers are the financiers' loans, insurance and electronic payment transactions with customers. Processing of loans for the Small and Medium Entrepreneurs takes very long time in Fiji. It should also be noted there are no specific insurance brokers who only looks at the need for the SME sector thus affecting their profitability as the Vendors in Nadi Handicraft are hesitant to have enough inventory since none of their products are insured thus making them less marketable.

Furthermore these vendors have devised their own advertisement, often with the help of the publication such as Weekly magazines (Turaga and Marama), radio stations, Tourism Fiji and other information centres which are located in the country have their brochures.

- III. **Competitors** – most Small and Medium Entrepreneurs have been built around and focused on making their customers happy – and doing better than competitors can. In the Nadi Handicraft Centre there are several competitors for each vendor and they have to work hand in hand in formulating their prices and product strategies. The only way competitors differentiate from each other in the Handicraft market is through the service delivery. Monopolistic competition exists for all the vendors in Nadi Handicraft offering product that are similar and this prompts the Small and Medium Entrepreneur competitors strive to differentiate their product offerings from

others. Nadi Handicraft Vendors differentiate by using different packing, bleach, price, promises of quality.

- IV. **Prices** – even though promotional activities are based on competitors' strategies, Nadi handicraft uses cost based pricing strategy for its products. For the product which they import from other international suppliers, mark-up of 75-105% is placed on products after considering the suppliers and freight cost. Nadi Handicraft Market keeps very strict rules and procedures that need to be followed regularly. Nadi Handicraft vision is to ensure that the management and staff work closely ensuring that the customer receives quality service
- V. **Economic forces** – are factors which affect how much money people and Small and Medium Entrepreneurs can spend. The devaluation for Fiji dollar in 2009 had created an advantage for the handicraft centre around Fiji as now tourists with greater currencies are willing to spend more. They will eventually pay less for more products. However the negative side is that cost of producing the handicraft now cost more, forcing the vendors to increase the prices.
- VI. **Competitor & Customer Orientation** – Upon speaking to almost half of the vendors at the Nadi Handicraft, they spend 10-12% of their annual turnover on marketing to create awareness about their product. The following sources are used to promote Nadi Handicraft: Air Pacific in flight magazines, websites, brochures, carry bags, billboards and local magazines published for Tourism Fiji and international magazines available in Australia, Japan and New Zealand. Suva Handicraft also pays commission to travel agencies and tour companies who helps in getting tourists to their door.

5.6.2 Case Conclusion

Nadi handicraft performance and been promoted and hindered by the above factors. In order to be marketable the vendors to put in extra initiative and make

use of the resources. Access to finances continues to be a major challenge for the Small and Medium Entrepreneurs and initiatives should be put in place to boost small and Medium Enterprises performance. Lack of spirit in terms of being less risk taking, and not being able to make independent decisions and having no diversification plans, the SMEs full potential is not explored properly.

CHAPTER 6

SUMMARY OF KEY FINDINGS, RECOMMENDATIONS & CONCLUSIONS

6.1 Introduction

This final chapter of the thesis draws attention to the, key research findings, possible recommendation for Small and Medium Enterprises, policy recommendation, and the limitation of the research and providing future research directions. Before proceeding into the details of this chapter, it is very important to recapitulate all prior chapters

Chapter one begins with rationale behind this research and highlights the problem statements which motivated me to undertake this research. The objective was to critically examine the marketing potentials of Small and Medium Enterprises firms in Fiji as little is being done to promote this sector. This sector has tremendous ability to bring about positive economic development and employment creation. To address this problem, an extensive literature review was carried out on ‘marketing competitiveness’ followed by the development of a conceptual framework for validation through the survey method.

Chapter two, examines the in-depth literature, leading to providing the essential theoretical background on critical challenges of Small and Medium Enterprises in Fiji, importance of Small and Medium Enterprises in Fiji, marketing practices, marketing and customer orientation, the marketing environment, dynamic capabilities and other variables needed for firms marketing potential and competitiveness. Related literature was also reviewed to determine the progress of current research. Moving further this review includes compilation of prior research by means of a summary, classification, comparison and evaluation of all the previous literature. Detailed

review justifies the proposed research problem and highlights some research questions.

Chapter three, research methodology was developed that adequately met with the criteria for investigating the research problem. This chapter highlights the outlined framework of the entire research with the emphasis on survey methods and data collection. Importance of the case study is also highlighted in chapter 3. In addition to that justification of the methodology, the unit of analysis techniques, sampling techniques (systematic sampling), various sources of data, supervision of research instruments, data analysis techniques adopted and hypothesis testing were presented. Furthermore a conceptual framework with hypothesis linkages were presented to indicate the factors contributing to firms marketing.

Chapter four comprehensively looks at the data analysis and results interpretations. Questionnaire was prepared and tested for its scale reliability and validity of the questions. More over data were collected and examined through various statistical techniques to see if the research questions and hypotheses had been accepted or otherwise. Later on detailed interpretation of the test is presented after each hypothesis and the overall results are further discussed at the end of the chapter.

Chapter five reflects on the selected case studies of Fiji. The idea of using the case studies as a triangulation method was to verify the results of the hypothesis testing and examine whether the stated marketing factors were responsible for enhancing the firms' competitiveness. Findings of the case study demonstrated the importance of the stated marketing factors and confirmed that the factors such as marketing practices, and customers were most important for firm competitiveness. The chapter ended with conclusions and comparisons were made between the two case studies.

Chapter six presents the summary of findings and conclusions including the key findings, implications, recommendation, limitations of the study and scope for future research. These are scrupulously detailed out in the sections below.

6.2 Key Findings of the Study

The research was conducted to examine the marketing potentials of Small and Medium Enterprises in Fiji and the factors that led to its overall competitiveness. Results from 123 item questionnaire survey provided a good insight into current status of Small and Medium Enterprise marketing in Fiji.

1. Literature review pertaining to various variables contributing to marketing of Small and Medium Enterprises was carried out. Literature Review has been conducted, synthesized and categorized. The definition, dimension, measurement variable, and factors contributing to Small and Medium Enterprises marketing at various levels have been summarized. The literature is categorized year wise starting from 1985 till date. Variables that create marketing potential formed part of the independent variables for this study. This led to the development of a conceptual model in Chapter 2.

2. Firstly research methodology discusses in detail about the research evolution. Firms marketing competitiveness is extremely important for a firm's continuity and success. Moreover research methodology dealt with the research design. Problem and prospects of the Small and Medium Enterprises in Fiji have been studied in the context of firm's competitiveness. Various factors such as, 4Ps of marketing practices, technology, quality, customer, technology, and other factors. This chapter further went onto identifying the population and sampling method, of data collection, reliability test and data analysis. Due to the methodological and practical difficulties of conducting a countrywide survey, the sample was selected from seven major areas of Fiji using systematic sampling method to identify possible

respondents. Systematic random sampling helped to control the marketing factors resulting in 100 percent response rate.

3. In chapter 4 descriptive measurements, correlation and the descriptive statistics were used to test the hypothesized relationships. A number of factors needed that has to be present to attain firms marketing core competitiveness was presented in Chapter 4 and was supported by the case studies in Chapter 5. Factors in the conceptual model that is to say market for product, pricing, product, promotion, quality, distribution & supply chain, business environment, competition, customer and competitor orientation, and technology together with productivity, export ability, and performance are common prerequisites for creating marketing potentials, competitiveness, firms growth were tested using the formulated hypotheses. Furthermore the findings from the questionnaire survey and hypotheses testing are restated below:

- I. Marketing potentials is dependent on competitive variables such as market for product, quality, promotions, price, customer, technology and knowledge.
- II. For this study technology, promotions and market for product contributed significantly to the marketing practices of Small and Medium Enterprises which affected firms' productivity, export ability and performance.
- III. There is a positive correlation between marketing orientations for sustainable competitive advantage.

4. Chapter 5: the thesis dealt with a discussion of two cases studies on Small and Medium Enterprises to validate some findings of the empirical research. Both cases were assessed on the variables in the conceptual model. More over the case studies adequately demonstrated and exemplified the importance of marketing factors in enhancing the Small and Medium Enterprises marketing potential and

competitiveness. Competitiveness of these firms have actually resulted in further marketing of Small and Medium Enterprises locally and internationally for continuous upgrading and investment of competitive factors and by sustaining them.

6.3 Implications

Various implications of this study are presented below:

1. This study has made a considerable difference to the existing body of knowledge in understanding Small and Medium Enterprise Marketing practices and improving firms' competitiveness of the Small and Medium Enterprise sector. This study further determined the current marketing of Fiji's Small and Medium Enterprise sector and demonstrated the usefulness of the stated marketing factors. The conceptual model has proven to be a practical starting point towards enhancing firms marketing competitiveness.
2. Two case studies in this research have validated the findings from the survey data analysis and confirmed that the firm's marketing is an important management philosophy in this dynamic age. However before generalizing any findings it should be noted that the study is based in a Fijian business context.
3. This study directly benefits developing Small and Medium Enterprises in the prioritization and investment in the factors of marketing competitiveness and helps in understanding their usefulness in determining overall firms marketing potential.
4. It helps Small and Medium Enterprises understand the significance of marketing in a changing business environment (Ling, 2000) and to flesh out what marketing competitiveness factors mean to Fiji's Small and Medium Enterprise sector, and provide a methodology for pinpointing marketing improvement priorities.
5. Results of the company case study (Chapter 5) revealed that there is a need to invest in marketing factors but not necessarily in all. Moreover this is where firm's managers must contemplate the right marketing mix strategies and invest in

factors that are aligned to company goals and are attainable within their current finances and positioning on resources.

6. In addition to the above for a firm to apply marketing competency as part of its strategy, it must first come up with a proper definition, as marketing competitiveness is a multi-dimensional concept. This definition can be best evaluated by a research network in collaboration with the sector concerned (Ambastha & Momaya, 2004)

Overall the implication for the firm level marketing competitiveness can best assist the Small and Medium Enterprise managers identify the areas of need or the missing factors in marketing that are crucial for enhancing firms' performance.

6.4 Recommendation

Survey research conducted reveals some problems and prospects of Small and Medium Enterprises in Fiji. Small and Medium Enterprises in Fiji cannot be neglected as the study has revealed the Small and Medium Enterprises contribution to the socio economic development of Fiji. Thus sustainable development and growth of the Small and Medium Enterprises is vital for the society as a whole.

From the results obtained from the questionnaire study and follow up case studies, a number of challenges and marketing potentials were identified by the respondents. Lastly suitable recommendations to boost the marketing and performance are presented below:

1. Build networks: in order to improve the marketing potentials of Small and Medium Enterprises it is prudent for policymakers, small entrepreneurs, donors and others to develop strategies for small and medium business in developing countries, use networks to market Small and Medium Enterprises and its potentials and help the countries to realize the importance of Small and Medium Enterprises in countries economic development.

2. Marketing activities should be carried out on a national level with separate initiatives on inter-global app-well to provide SMEs for sustainable development such as providing supply chain initiatives, supporting business linkages. Moreover providing enhancing financing services by enabling activities to support healthy business environment
3. Many Small and Medium Enterprises claim that government gives no real assistance in the form of free training, guidance and advice on how best to achieve and maintain firm-level competitiveness. Thus government could at least provide subsidies and use its linkages to promote Small and Medium Enterprises locally and internationally.
4. Access to capital is extremely a major challenge for the Small and Medium Enterprises. Social networks such as relative and friend are the main source of finance and other support. It is also found that a number of government as well as non-government organizations have been set up to facilitate small-scale enterprise sectors in Fiji.
5. Innovation is a broad term that includes virtually any new development in firms. It can involve creating an opportunity or re-engineering products or services to meet market demand, and introducing new processes to improve productivity, developing or applying new marketing techniques to expand sales opportunities, and incorporating new forms of management systems and techniques to improve operational efficiency.
6. The role of effective patent protection in spurring innovation, the operative word is simplicity can play a vital role. Therefore Small and Medium Enterprises need user-friendly patent offices with lower cost, streamlined procedure so that entrepreneurs are able to more easily register up their business.
7. The issue of education and training is crucial, not only for promotion, but also more generally for providing a competitive foundation for national economies. Thus Small and Medium Enterprises should be provided with financial

assistance by the NCSMED or Microfinance unit for Small and Medium Enterprise training and for promoting greater co-operation and exchanges between business and universities.

8. Many Small and Medium Enterprise organizations suggested that the climate for research & development, and marketing should be improved if regulatory and administrative burdens were reduced. Therefore the study recommends that the parties concerned such as policymakers should look into the ways in which the informal sources of finances and other resources should be effectively combined with the formal sources such as banks. It will help to increase the flexibility, efficiency and effectiveness of the mobility of capital and other resources in developing countries like Fiji.
9. Governments need to work together with established financial institutions to encourage them to provide with readily available and requested financial services to entrepreneurs in rural areas. Thus it is recommended that legislative changes be considered to make rural banking commercially viable and that additional resources/funding be made available to allow micro-finance institutions to extend their outreach to the more remote regions on the country. Lastly present initiative by the ANZ Bank Fiji to improve rural banking is strongly supported.
10. Moving further on the National Centre for Small and Micro Enterprise Development (NCSMED) needs to develop strategies to enable financial institutions to become more involved in the recognition of Small and Medium Enterprise through the use of credit guarantee schemes and Small and Medium Enterprises tailored loans. The loan scheme need to take into account the problems associated with the lack of start up capital which also includes zero allocation toward marketing, as well as the need to have minimal interest charges during the first 3 years of operations.
11. Also that Small and Medium Enterprise business advisory role could be outsourced to NCSMED to assist those bank clients that are struggling with

loan repayments and need help to get them back on the right track and market for themselves.

12. Escalating Market Linkages and market opportunities for Small and Medium Enterprises, there is a need to link small businesses to larger established corporations to obtain access to new markets and opportunities. In addition to that Small and Medium Enterprises should be encouraged to form closer links with industry and associations such as Fiji Tourism Resource Owners Association.
13. Another potential recommendation is that NCSMED can go about developing a “Buyers Directory” of local and overseas companies that will be made available to local Small and Medium Enterprise service providers. Directory can include the minimum quantities and standards required by the overseas buyers. Thus this information could be hosted on the NCSMED website and new opportunities highlighted via proposed NCSMED newsletter. Lastly there should be to initiate and establish market centres in rural locations
14. Training Support: order for the Small and Medium Enterprises to grow three factors are of high importance and they are: knowledge, capital and technology, thus results indicate that support by government and others organizations are far behind the expectation largely due to lack of co-ordination among the promoting institutes themselves. It is therefore highly recommended that the role and co-ordination among themselves of the central and local government, and other local interest groups including various non-government organizations (NGOs) needs to be strengthened for a better base for small and medium enterprise development.

In order to strengthen the knowledge of the individual entrepreneurs NCSMED can closely work together with Small and Medium Enterprise service providers to better coordinate national training programmes and design new tailored training packages to meet the specific needs of Small and

Medium Enterprises in each of the sector, for example the agriculture sector can be used as a pilot study, where a needs assessment can be carried out and matched to specialize farming and marketing training required.

More over there is a need to establish and promote the use of Small and Medium Enterprise business incubators and Business Mentoring for the development of viable and sustainable Small and Medium Enterprises in Fiji. It is recommended that the incubator schemes initiative be private sector driven with the support of the NCSMED. FCCI is to take the lead role in this initiative through the establishment of its Business Incubator Scheme (BIC), commencing with a pilot facility in a selected location eg. Ba.

Lastly NCSMED should work together with the Fiji Young Entrepreneurs Association (FIYEA) and financial institutions to develop and integrated approach for the development of youth entrepreneurship in Fiji.

15. Other recommendations are to:

- Provide supportive infrastructure facilities including road, water, and electricity, telecom to allow for Small and Medium Enterprise growth and development, particularly in rural areas.
- There is a need to introduce subjects or competitions into the school curriculum, such as “start your own business” to develop and promote entrepreneurship at an early age.
- Finally considerations should be given to the establishment of either a Ministry or department for Small and Medium Enterprises, to assist with strengthened coordination and improving targeting of needs.

It can be said that the findings of this study will without be useful to the policy makers, business communities, researches and supporting organizations of small and medium firms in Fiji.

6.5 Limitations of the Study

All research studies have some limitations: and this study is no exception. Information for this research was mainly collected through secondary data through the questionnaire survey. In this section of the chapter, the limitations of this study are identified as below:

- Sample size of 120 was chosen which was limited to Fiji only and therefore cannot be generalized for other Pacific Islands.
- Due to the nature of the Small and Medium Enterprises as well as its market and environmental situation, this kind of study needs to be updated periodically by the identification of new marketing factors followed by in-depth case studies (Laugen et al., 2005)

6.6 Further Directions of Research

Experience gained in conducting this study and the literature reviewed, the following agenda presents scope for future research:

1. Comparative studies particularly among developing countries are necessary in order to understand the different marketing practices. Therefore the study can be extended to other South Pacific Islands.
2. Study can be extended to a larger sample size covering more Small and Medium Enterprises in Fiji.
3. The study was limited to marketing potential of SMES but research can be well extended to understand and boost the marketing potentials of larger firms in Fiji.
4. There is also a need to investigate the Small and Medium Enterprise marketing in large metropolitan centres and rural areas in developing countries.

5. Additional competitive marketing factors or criteria (Ajitabh et al., 2001; Husseini et al., 2004) on issues relating to total quality management, benchmarking, capacity planning etc might be considered in future research. Thus a longitudinal study can be carried out to assess the success of the adaptation of the key parameters for successful Small and Medium Enterprise marketing.

6.7 Conclusion

This study has carefully pointed out and summarized all previous chapters and presented key findings from the research. The major findings of this study are that the major factors from the conceptual model and provide the Small and Medium Enterprises with huge marketing potentials. Moreover this chapter also discusses the important implications and limitations in this study and concludes with suggestions for future research.

Additionally and with anticipation, continued emphasis on Small and Medium Enterprise marketing and its potential will continue to increase our understanding of the Small and Medium Enterprises importance of the economies development.

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APPENDIX

The University of the South Pacific
School of Social and Economic Development
Department of Management and Public Administration

Thank you for agreeing to participate in this research. The broad objective of this Study is to critically examine the marketing potential of Small and Medium Enterprises in Fiji.

All information about your organization is confidential and will only be used for academic purpose that is to assist in the researcher's thesis. The Survey should take around twenty minutes to complete

If you have any questions regarding your participation in this research, feel free to contact **Ashna A Chandra by phone at (679) 3232 436 or by email at Prasad_as@usp.ac.fj**

We certainly hope you will be keen to participate. Thank you for considering my invitation.

Please read the following statements carefully.

1. The purpose of the research, together with any associated risks, has been explained to me and that I freely consent to participate in the research.
2. I have had the opportunity to have any questions answered and I understand that I can withdraw from this project at any time and that this withdrawal will not jeopardize me in any way.
3. I have been informed that the information I provide will be voluntary and confidential. By choosing to return the survey instrument, I am affirming the above three points and consent to participate in the research.

Throughout the survey, please keep the following points in mind:

- Respondent should be a manager or an entrepreneur with the organization.
- In responding to the question, focus on the organization as a whole and not **just** your personal involvement.
- Your honest and thoughtful response to each statement is appreciated. Some statements may seem repetitive, but each is part of a standardized measure.

PART A: PERSONAL BACKGROUND INFORMATION

1. Your current age:

20 or under 21-30 31-40 41-50 51 above

2. Your gender Male Female

3. Your Marital Status Married Single

4. Do you have children Yes No

5. Your age when started this business

20 or under 21-30 31-40 41-50 51 above

6. Have you had any work experience? Yes No

7. Was your previous work experience relevant to your current business?

Yes No

8. Did you attend any formal training after start up?

Management Technical Both of them none of them

PART B: Competencies

The following statements indicate the competencies that may be required to run your business. Please read each statement and circle a number of your choice that represents the amount of importance that you attach to each statement. There are no wrong answers; we would like your opinion

1	2	3	4	5	6	7
<i>Least Important</i>			<i>Neither important nor unimportant</i>			<i>Very</i>
<i>Important</i>						

As a business owner, rate the amount of importance you would attach to the following behaviours	Level of Importance
1. Plan the operations of the business	1 2 3 4 5 6 7
2. Keep the organizations running smoothly	1 2 3 4 5 6 7
3. Prioritize work in alignment with business goals	1 2 3 4 5 6 7
4. Organize people and keep promises	1 2 3 4 5 6 7
5. Explore new ideas	1 2 3 4 5 6 7
6. Perceive unmet consumer needs	1 2 3 4 5 6 7
7. Treat new problems as opportunities	1 2 3 4 5 6 7
8. Seize high quality business opportunities	1 2 3 4 5 6 7
9. Take reasonable job related skill	1 2 3 4 5 6 7
10. Communicate effectively with others	1 2 3 4 5 6 7
11. Monitor progress toward strategic goals	1 2 3 4 5 6 7
12. Motivate people	1 2 3 4 5 6 7
13. Look at old problems in new ways to promote business products	1 2 3 4 5 6 7
14. Maintain a personal network with customers	1 2 3 4 5 6 7
15. Learn from a variety of means	1 2 3 4 5 6 7
16. Interact with others	1 2 3 4 5 6 7
17. Admit mistakes and tell the truth	1 2 3 4 5 6 7

18. Align current actions with strategic goals	1	2	3	4	5	6	7
19. Evaluate results against strategic goals	1	2	3	4	5	6	7
20. Dedicate to make business work	1	2	3	4	5	6	7
21. Have an extremely strong internal drive to succeed	1	2	3	4	5	6	7
22. Keep up to date with the market needs	1	2	3	4	5	6	7
23. Apply learned skills and knowledge to actual practices	1	2	3	4	5	6	7
24. Engage in fair, open, and honest marketing practices	1	2	3	4	5	6	7
25. Maintain a positive attitude	1	2	3	4	5	6	7
26. Be committed to producing quality goods or services	1	2	3	4	5	6	7
27. Innovate and do things differently	1	2	3	4	5	6	7
28. Scan the environment and look for opportunities	1	2	3	4	5	6	7
29. Be proactive and responsive to changes	1	2	3	4	5	6	7

PART C: Pricing

Pease indicate the pricing of your product in the market relative to your competitors pricing

	<i>Strongly Agree</i>				<i>Strongly Disagree</i>		
1. Your current pricing in the market	1	2	3	4	5	6	7
2. Pricing strategy adopted by your firm is effective	1	2	3	4	5	6	7
3. Your pricing structure is in line with other competitors (SMEs) in the market	1	2	3	4	5	6	7
4. Your pricing competitiveness in the market	1	2	3	4	5	6	7
5. Your raises in prices are followed by competitors	1	2	3	4	5	6	7
6. There are many fluctuations in your prices	1	2	3	4	5	6	7
7. Your company use price to achieve its marketing objective	1	2	3	4	5	6	7
8. Control over the prices	1	2	3	4	5	6	7
9. Your product price matches quality	1	2	3	4	5	6	7

	1	2	3	4	5	6	7
10. Customers are more price sensitive	1	2	3	4	5	6	7
11. You try to have low prices with good quality	1	2	3	4	5	6	7
12. Low cost pricing strategy works well	1	2	3	4	5	6	7
13. Latest technology can improve the quality at low cost	1	2	3	4	5	6	7

PART D: Product

Indicate the extent to which you agree with each statement regarding marketing variables

	Strongly Agree			Strongly Disagree			
1. You have a niche market locally	1	2	3	4	5	6	7
2. Product is superior in quality compared to others in the market	1	2	3	4	5	6	7
3. To meet customer expectation you upgrade your products (design, packaging and quality)	1	2	3	4	5	6	7
4. Invest in Research & Development	1	2	3	4	5	6	7
5. Product is matched to the standards	1	2	3	4	5	6	7
6. Produce competitively (cost and quality)	1	2	3	4	5	6	7
7. You can produce competitively	1	2	3	4	5	6	7
8. Customers prefer best quality with low prices	1	2	3	4	5	6	7
9. Take customer complaints seriously	1	2	3	4	5	6	7

PART E: Promotions

Indicate the extent to which you agree with each statement regarding marketing variables

	Strongly Agree			Strongly Disagree			
1. There is marketing potentials for your product	1	2	3	4	5	6	7
2. Have managed to retain market share for last five years	1	2	3	4	5	6	7

3. Promoting products using news paper is effective	1	2	3	4	5	6	7
4. Promoting products using radio is effective	1	2	3	4	5	6	7
5. Promoting product through television advertisement	1	2	3	4	5	6	7
6. Advertising cost are relatively very high	1	2	3	4	5	6	7
7. You market your product to international markets(in South Pacific Regions and beyond than)	1	2	3	4	5	6	7
8. Have relevant marketing information	1	2	3	4	5	6	7
9. Government encourages to export your products	1	2	3	4	5	6	7
10. Government provides tax incentives for the export of your product	1	2	3	4	5	6	7
11. Facing quality/cost problem in the export and local market	1	2	3	4	5	6	7

PART F: Distribution and Supply Chain Management

Please indicate your degree of agreement or disagreement with each of the following statements

In my perspective the following questions relates to the distribution and Supply Chain Management for your product		<i>Strongly Agree</i>	<i>Strongly Disagree</i>
1	Effective distribution meets the customers need	1	2 3 4 5 6 7
2	Effectiveness of the channel members or intermediaries	1	2 3 4 5 6 7
3	Timeliness of the physical distribution	1	2 3 4 5 6 7
3	There convenience of reaching to the product	1	2 3 4 5 6 7
4	Channel provides exceptional time, place, and possession utility	1	2 3 4 5 6 7
6	Firm has capability in eliminating redundancies and waste	1	2 3 4 5 6 7
8	Flow of information on products to the customers	1	2 3 4 5 6 7
9	Arranging the payment terms and methodologies for exchanging funds across entities within the supply	1	2 3 4 5 6 7

	chain is possible						
10	Proper coordination of the movement of materials, information and funds across the supply chain	1	2	3	4	5	6 7
11	Management has control of daily logistics operations	1	2	3	4	5	6 7
	Channel competitiveness in relation to other channels	1	2	3	4	5	6 7
12	Exclusive distribution is the most restrictive type of market is also done	1	2	3	4	5	6 7
13	There information linkages between firms in the supply chain networks	1	2	3	4	5	6 7
14	Giving ideas to the channel members for product improvements	1	2	3	4	5	6 7
15	Option availability for customer payments	1	2	3	4	5	6 7

PART G: BUSINESS ENVIRONMENT

Please indicate the extent to which each of the following statements is true or untrue insofar as it reflects the business environment that you firm in operating in.

1	2	3	4	5
Very untrue	Slightly untrue	Neutral (neither true nor untrue)	Slightly true	Very true

In the business environment in which my business is operating	Very untrue	Very true
Political		
1. Political arena is affecting the marketing of your product	1	2 3 4 5
2. Hinders firms growth	1	2 3 4 5
3. Not stable to operate the business	1	2 3 4 5
4. The failure rate of business in this industry is high	1	2 3 4 5
5. Too many regulation making business almost impossible	1	2 3 4 5

Economic					
1. Devaluation has affected the economy	1	2	3	4	5
2. Devaluation has lead to increase in the total cost of production	1	2	3	4	5
3. Borrowings are declining due to increase in interest rate	1	2	3	4	5
4. Severe price wars are characteristics of your industry	1	2	3	4	5
5. Demand and consumer tastes are fairly easy to forecast	1	2	3	4	5
Environmental					
1. Your business can control and manipulate this environment to its own advantage, with little competition and few hindrances	1	2	3	4	5
2. Your business must frequently change its marketing practices	1	2	3	4	5
3. The actions of competitors are predictable	1	2	3	4	5
4. There is little threat to the survival and well being of my business	1	2	3	4	5
5. It is very stressful and hard to keep afloat in this industry	1	2	3	4	5
6. It is very risky such that one bad decision could easily threaten the viability of your business	1	2	3	4	5
7. High profit margins are characteristic of your industry	1	2	3	4	5
Technology					
1. The rate of products/services obsolescence is very high	1	2	3	4	5
	1	2	3	4	5

2. The production/service technology is not subject to very much change	1	2	3	4	5
3. There are rich investment and marketing opportunities					

PART H: COMPETITION

The following questions relate to the competitive environment of the business

1	2	3	4	5
<i>Totally disagree</i>	<i>Disagree Somewhat</i>	<i>Not Sure</i>	<i>Agree Some what</i>	<i>Agree Fully</i>

Threats of New Entrants					
1. It is very hard to compete with new business	1	2	3	4	5
2. Because of new entrants prices go down and costs go up	1	2	3	4	5
3. Because of competition my profit go down	1	2	3	4	5
4. Distribution is costly	1	2	3	4	5
5. Competitive intensity is very high					
Barriers to Entry					
1. It is not hard to enter this kind of business	1	2	3	4	5
2. In this business one cannot differentiate products, that is, I can not make my product unique	1	2	3	4	5
3. Distribution is costly in this business	1	2	3	4	5
4. Government policy has made it easy for anyone to enter this kind of business	1	2	3	4	5
Buyers					
1. There is pressure from substitute products	1	2	3	4	5
2. Buyers are fully aware about my product in the market	1	2	3	4	5
3. Buyers bargaining power is very strong	1	2	3	4	5
Suppliers					

1. Suppliers are concentrated and dominate the market	1	2	3	4	5
2. No substitute for my product	1	2	3	4	5
Rivalry					
1. There are numerous and equally balanced competitive	1	2	3	4	5
2. Growth is low in this industry	1	2	3	4	5
3. In this industry fixed charges and storage costs are high	1	2	3	4	5
4. It is very difficult to get out of this business	1	2	3	4	5

PART I: CUSTOMER & COMPETITOR ORIENTATION

The following questions relate to the competitive environment of the business

1	2	3	4	5
<i>Never</i>	<i>Rarely</i>	<i>Not Sure</i>	<i>Some Times</i>	<i>Always</i>

Customer Orientation					
1. Regular measures to customer retention	1	2	3	4	5
2. Your product and services development is based on good market and customer information	1	2	3	4	5
3. Knowing your customers well (understanding of customer needs)	1	2	3	4	5
4. Having a good sense of how your customers value our products	1	2	3	4	5
5. Your company is more customer focused	1	2	3	4	5
6. Your business exists primarily to serve customers	1	2	3	4	5
Competitor Orientation					
1. One of your employees, including managers finds out something, important about competitors he/she alerts all others in the company	1	2	3	4	5
2. Your business tends to ignore your competitors business strategies	1	2	3	4	5
3. Get together periodically to plan a response to changes taking place in the market	1	2	3	4	5
4. You respond immediately to your competitors launch	1	2	3	4	5
5. You have someone to look out for your competitors actions in the market	1	2	3	4	5
6. You do competitor analysis	1	2	3	4	5

Entrepreneurial Activity						
1.	Organize marketing efforts to promote your product	1	2	3	4	5
2.	You are innovative and plan for things prior to actual interaction with the target market	1	2	3	4	5
3.	You seek professional advice before making any decision and which have effects on the firms product	1	2	3	4	5
4.	You organize team work to get new product ideas	1	2	3	4	5
5.	You reward your employees	1	2	3	4	5

Please grade your responses

1	2	3	4	5
<i>Totally disagree</i>	<i>Disagree Somewhat</i>	<i>Not Sure</i>	<i>Agree Some what</i>	<i>Agree Fully</i>

	Opportunity					
1	Demand and consumer tastes are fairly easy to forecast	1	2	3	4	5
2	There are rich investment and marketing opportunities	1	2	3	4	5
3	Customer loyalty is high	1	2	3	4	5
4	Suppliers and customers have positive attitude towards the company	1	2	3	4	5
5	There is less competition in the market	1	2	3	4	5
6	Presence of unique features in your product	1	2	3	4	5
7	Buyers have limited budget as such they go for your product	1	2	3	4	5
8	Have competitive advantage over the competitors product	1	2	3	4	5
9	Low Cost operations and product	1	2	3	4	5
10	Availability of raw materials	1	2	3	4	5

Thank You