

Globalization, SMEs, and Digitalization: The Role of Marketing and Entrepreneurial Behavior

Sunil Kumar Vohra¹, Shashi Kant Gupta², Susheel Kumar Singh³ and Prabhdeep Singh⁴

¹Amity University, Noida, India

²Eudoxia Research University, New Castle, U.S.A.

³Heera Lal Yadav Balika Degree College, Lucknow, India

⁴Shri Ramswaroop Memorial University, Lucknow, India

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Abstract: Digitalization is not a new phenomenon, but it is evolving and altering in ways that affect businesses worldwide and open doors for Small and medium-sized enterprises(SMEs) to participate in the global economy. Although digitalization, globalization and SMEs are major concerns for global and European corporations alike, Digitalization and SMEs' international strategic choices, which have not been thoroughly explored, are critical to investigate. Both globalization and the increase of SMEs with an international presence are significant developments on a global scale. The multidimensional behavior of an entrepreneur who is imaginative, proactive, independent, proactive, and willing to compete aggressively to capitalize on market possibilities is known as entrepreneurial behavior. This research investigates at marketing and entrepreneurial behavior have a role in the effects of digitalization and globalization on SMEs. To help SME managers, this research offers hypotheses data and conclusions on the crucial roles of moderating the effect of entrepreneurial behavior and marketing.

1 INTRODUCTION

SMEs are crucial to the growth and development of both established and developing economies, particularly when it comes to creating jobs, raising gross domestic product (GDP), redistributing wealth, and other factors (Mpi, D.L. 2019). Yet, survival and improved SME performance rely on supportive government policies, superior organizational cultures, and entrepreneurial behavior that may advance and build a nation's SME sector (Park, et al., 2020).

The entrepreneurial orientation is a reflection of the entrepreneurial behaviors of creativity, initiative, and risk-taking. Entrepreneurial orientation (EO) enables small organizations to find new business prospects, and the finding of new chances strengthens their distinction from other companies (Rajagopal, et al., 2022).

In this sense, marketing leadership entails the development of original marketing plans, the utilization of professional sales associates, and the vigilant administration of channels of distribution. Since it often sits at the center of a company's overall

strategic plan, a strong marketing strategy may be the most crucial element to success for most businesses (Irudayasamy, et al., 2022).

The term "globalization reaction" is used to characterize how seriously businesses take the benefits and risks brought about by globalization. Changes in corporate strategy, advertising methods, and other quick fixes are all the result of management's initiative (Naradda Gamage, et al., 2020). In this Study, the impact of digitalization and globalization on SMEs is studied, along with the role played by marketing and entrepreneurial behavior.

2 LITERATURE REVIEW

Table 1: Insights into SME Success: Marketing, Entrepreneurship, and Diversity Dynamics.

Author	Findings
Nuseir, et al., 2020	Empirical evidence linking digital marketing strategies to increased revenue generation among UAE's SMEs.
Agyapong, et al., 2020	Investigates how a global perspective might shape the connection between entrepreneurial behaviour and financial success.
Al-Hakimi, et al., 2022	Aims to examine the moderating role of marketing ethics and competitive intensity on the correlation between cost and profit.
Arzubiaga, et al., 2018	Explored the moderate impacts of two primary sources of board diversity in family enterprises, family engagement level and gender diversity, as possible strategies for boosting family firms' performance when utilizing entrepreneurial ideas.
Genc, et al., 2019	Investigates whether or not there are mitigating elements in the connection between EO and the success of SMEs.

3 HYPOTHESIZED RELATIONSHIPS

According to Webster's (1992) theory, an entrepreneurial perspective predates Marketing plans, which come before results. Figure 1 suggests the hypothesized links.

H1: Marketing leadership strategy, quality leadership strategy, and product specialization strategy are all more likely to be pursued by a company with a higher entrepreneurial orientation than they are otherwise.

H2: The more aggressively a company pursues a marketing leadership approach, the more likely it is to acquire new technologies, adapt to the effects of globalization, and make preparations to enter overseas markets.

H3: There is a positive correlation between a company's pursuit of a quality leadership strategy and its interest in acquiring new technologies.

H4: The greater the company's emphasis on product segmentation, the more likely it is to actively seek out and acquire cutting-edge technological capabilities.

H5: The performance of the firm improves as it adds more technology.

H6: The firm performs better the more it adapts to globalization, in general.

H7: The performance of the company improves as it makes more preparations in advance to access international markets.



Figure 1: Predicted Correlations Among Research Hypotheses.

4 RESEARCH METHODOLOGY

The data collection process for this study occurred in three distinct stages. Initially, semi-structured interviews were conducted with a range of

stakeholders, including business leaders, policymakers, and industry advocates. These interviews served to refine the research topics and develop appropriate survey instruments. Following this, a pilot test of the questionnaire was undertaken involving 100 companies to ensure its effectiveness and clarity. Subsequently, the finalized questionnaire was distributed to 800 randomly selected manufacturers operating within industries affected by globalization. These industries were chosen based on their relevance to electronic systems.

The selection criteria for these sectors encompassed various factors such as the number of workers, annual sales activity, market dominance, and the duration of presence in the market. The aim was to encompass a diverse range of companies within the study sample. Upon analysis, no significant differences were found across these industry classifications, suggesting that contextual variables within the industries did not substantially influence the study's findings. The questionnaire distribution was staggered into three waves, each separated by approximately two weeks. Respondents were incentivized to participate, resulting in a response rate of 32%.

Out of the 273 completed questionnaires received, 268 were deemed valid for analysis. To assess nonresponse bias, comparisons were made between the characteristics of responding businesses and those of a random sample of 50 non-responding businesses. This analysis found no statistically significant differences, indicating that nonresponse bias was unlikely to impact the study outcomes. Measures were presented on a 7-point scale to elicit granular responses. Exploratory factor analysis was employed to derive dimensions within the marketing strategy construct scale. Factors such as leadership in marketing, quality, and product specialization emerged from this analysis.

The study also employed various performance metrics to assess the overall health of each company. These measures underwent validation through factor analysis in LISREL 8 structural equations computational modeling, ensuring their construct validity. A high level of fit was observed across all models, indicating the robustness of the measures used. Additionally, Cronbach's alpha tests demonstrated that the multi-item measures were either highly reliable or sufficiently reliable. Overall, the comprehensive approach to data collection, analysis, and validation employed in this study provides confidence in the reliability and validity of the findings presented.

5 RESULT AND ANALYSIS

The hypotheses were subjected to rigorous examination through three distinct model testing approaches. Initially, t-tests were employed to scrutinize the primary study construct scores, discerning disparities between highly globalized and less globalized enterprises. Subsequently, a combination of multivariate regression and correlation analyses was employed to scrutinize and substantiate our hypotheses. Finally, a comparative analysis of the hypotheses testing outcomes for the two categories of companies was conducted, enabling a nuanced understanding of the impacts of globalization on various business models. A subset of Small and Medium-sized Enterprises (SMEs) with an international footprint ($n = 216$) was initially selected for analysis. These enterprises boasted an average workforce of 143 individuals, with employee counts ranging from 5 to 500. With an annual revenue generation of \$100 million, they exhibited export activities to three countries, with approximately 25% of their revenue stemming from exports. This subset was subsequently bifurcated into two groups of equal size ($n = 108$ each), based on a median globalization score. All statistical analyses were predicated upon these classifications, offering a structured framework for assessing the hypotheses.

Furthermore, SMEs grappling with the challenges of globalization may derive substantial benefits from embracing an entrepreneurial mindset. Businesses imbued with such a spirit are predisposed towards employing innovative marketing tactics to penetrate unexplored markets and navigate complex business landscapes adeptly. This is particularly pertinent for SMEs, as deploying imaginative advertising strategies, prioritizing product quality, and carving out a niche through product specialization are strategies likely to yield favourable outcomes. The findings of subsequent studies, delving into the validation of the study's hypotheses, are presented in Table 1. Evaluation of hypotheses H1–H4, all centred on bivariate relationships, was conducted through correlation analysis utilising Pearson's correlation coefficient. With respect to hypotheses H5–H7, which share a common dependent variable, the necessity to test only one regression equation arose. Both hypotheses H1a and H1b, asserting a significant linkage between an entrepreneurial mindset and success in marketing and quality management, garnered substantial support ($p < .01$). Hypothesis H1c, positing a positive correlation between an entrepreneurial mindset and product specialization, received moderate backing ($p < .05$). Notably,

responses to globalization and proactive market readiness emerged as pivotal strategies, as identified by managers, in navigating the challenges posed by globalization.

Table 2: Discussion of the differences between the groups and the study hypotheses.

Implied				
Relationship	Hypothesis	High-Globalization	Low-Globalization	Assessment
Entrepreneurial Behaviors				
Marketing leadership	H1a	.41**	0.38	Supported
Quality leadership	H1b	.26**	0.03	Supported
Product specialization	H1c	.21*	.39**	Supported
Marketing leadership				
Technology Acquisition	H2a	.36**	.31**	Supported
Globalization response	H2b	.37**	.22*	Supported
Internationalization preparation	H2c	0.17	0.11	Not significant
Quality leadership				
Technology Acquisition	H3	0.15	.26**	Supported
Product specialization				
Technology acquisition	H4	.26**	.25**	Supported
Technology acquisition Performance	H5	-0.7	0.1	Not significant
Globalization response⇒Performance	H6	.34**	0.13	Supported
Internationalization preparation⇒Performance	H7	.25**	0.08	Supported

6 CONCLUSION

The study presents a cross-sectional snapshot of business conditions, a method often criticised for overlooking causal relationships in construct interactions and failing to grasp the full complexities of a dynamic system over time. Moreover, the research was confined to a select few industries directly impacted by globalization. Future investigations should encompass a broader spectrum of industries to validate the findings. Longitudinal studies are recommended, comparing shifts in business strategy with specific globalization occurrences at defined junctures, offering insights into the evolving relationship between marketing strategies and performance over an extended timeframe. Additionally, conducting in-depth dialogues with industry leaders can yield valuable insights for constructing case studies, enabling thorough tracking of strategy and methodology changes along with their underlying rationales.

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