

The Effect of Entrepreneurial and Market Orientation on Firm Survival with the Mediating Role of Marketing Innovation

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Abstract: *This research aimed to show the effects of entrepreneurial orientation (EO), market orientation (MO) and marketing innovation (MI) on the Survive of small- and medium manufacturing enterprises (SMEs). This study is an ex post facto (causal) research in terms of nature, and with regard to its objectives, this study is an applied research. The statistical population in this research included managing directors of manufacturing SMEs in Shiraz Great Industrial Estate, Iran. As a sample, 226 manufacturing managers had selected, using the field research method and structured questionnaires, and AMOS software employed to analyze the data. Results of this research showed that the EO and MO has direct and indirect effect on survive by mediating role of MI. Moreover, the positive effect of MI on the Survive had supported. The results of this research will help manufacturing SMEs focus on the factors connected with their durability under current competitive circumstances and economic crisis.*

Keywords: Entrepreneurial Orientation, Market Orientation, Marketing Innovation, Survive

1. Introduction

Rapid developments of the modern world in scientific and technical arenas, continuous challenges of socioeconomic systems, depletion of underground reservoirs, and increasing rates of poverty and unemployment have aroused deeper concerns among thinkers and policymakers (Bilal et al., 2020). These problems had attracted their attention to the development of small- and medium-sized businesses (Rezaei-Moghaddam, Badzaban, & Fatemi, 2023). Considering the role of small- and medium-sized businesses in the process of economic and social development of countries, and bearing in mind particular interest of development planners and policy-makers in this important issue, it is necessary to take fundamental measures for the improvement of SMEs (Rezaei-Moghaddam et al., 2023) and to examine strategic trends and factors that ensure to survive in the present competitive atmosphere and economic crisis (Freixanet, & Renart, 2020).

SMEs will be able to concentrate on factors related to their durability under current competitive and economic circumstances (Caballero-Morales, 2021). In most countries, SMIs have managed to pose themselves as the most important part of economy by means of advantages they have gained through clustering (Daddi, Nucci, & Iraldo, 2017). In Iran, however, such industries have failed to be regarded as an effective force in national economy (Yousuf et al., 2021). Moreover, in case no effort is made to improve their functioning, and in the absence of sufficient support, such firms would eventually failed (Jafari-Sadeghi et al., 2021).

In Iran more than 99.4 percent of economic enterprises consist of small- and medium-sized units. Currently, investing has been directed towards small and medium firms in this country (Jafari-Sadeghi, 2021). According to the statistics released by Iran Small Industries and Industrial Parks Organization (ISIPO), more than 90 percent of industries in Fars Province consists of SME which offer an appropriate capacity to create fast and stable occupation and to improve industrial share of the Province. However, the industries of Fars province have not been able to make a desirable use of their potential valence (ISIPO, 2021).

This is an unwelcome and worrying fact with regard to the maintenance of growth and survival of SME of Fars Province. Like other parts of the nation's economy, thriving of SMEs requires attention to effective and crucial factors whose identification calls for extensive investigation and scrutiny. SMEs can survive long by prioritizing and employing good strategies. Therefore, the present research looks for to answer the question that "do MO and EO in SMEs result to MI and survive?"

2. Research Background

EO is defined as a firm's strategic posture towards entrepreneurship (Sabahi, & Parast, 2020). Findings of a study conducted by Keh et al. (2007) in SMEs in Singapore supports that the EO plays an effective role in the acquisition and utilization of marketing information and has a direct effect on the operation of the firm. Besides, using the information on marketing mix decisions, particularly promotion and distribution, has a positive effect on the firm's functioning and can be viewed as a link between EO and the company's performance. Hughes and Morgan (2007) examined the relationship between the 2 indicators of EO (innovativeness and proactiveness) and business performance. The result of Pratono and Mahmood (2015) study indicated that EO encourages firms to be more effective and achieve greater performance. Keh et al. (2007) and found out that, EO affects firm performance both directly and indirectly through the mediating role of utilization of information regarding marketing mix decisions. According to the stand point of Lin et al. (2008), initiative and risk-taking policies are among main indicators of EO. Risk-taking tendency includes propensity and preparedness to take in major resources in order to take advantage of opportunities or participate in business strategies whose outcomes seem to be vague and uncertain. Initiative, also, indicates the entrepreneur's tendency to dominate competitors by means of proactive and innovative steps and aggressive attitude (such as introducing new products or services before other competitors do, or predicting future demands in order to make changes in the environment). Lin et al. (2008) have reached this final conclusion that there is a strong connection between MO and innovation by mediating role of learning orientation.

Lee et al. (2009) found out that EO has a positive relationship with the firm's performance, through the mediating role of knowledge-creating process. On the other side, companies which can make use of tools and facilities available to them, particularly tools contrived in marketing domain, will lay an appropriate ground for facing a rough and disturbed environment. As a matter of fact, those enterprises have a better functioning that shows a stronger EO than do their counterparts in the same industry (Katekar et al., 2023). Therefore, EO is regarded as an important organizational process which leads to improvement in company's performance and their survival (Tajdini, 2010).

H1: Entrepreneurial orientation affects the firm survive

The results of the research conducted by Gaur et al. (2011) among top managers of Indian SMEs revealed a positive relationship between two dimensions of MO, namely customer-orientation and inter-functional coordination. In their studies, Smirnova et al. (2011) have noted the relationship between MO and performance. Hutahayan (2021), Carmen and José (2008), and Armario et al. (2008) have emphasized the positive correlation between MO and export performance. Naidoo (2010) noticed that MO and MI played a positive role in the performance of SMEs. The result of Feng, Patel, and Xiang, (2020) Study showed that MO affects survive and greater strategic.

H2: Market orientation affects the firm survive.

MI helps develop and maintain competitive advantages based on distinction and cost leadership strategies (Wang, Hong, & Gao, 2020). Moreover, the ability for MI in competition-oriented SMEs which have good inter-functional coordination among various departments of the firm, has improved (Sok, O’Cass, & Sok, 2013). Keshin (2006) noted that innovation has a positive effect on corporate operation. Furthermore, learning orientation mediates between MO and corporate innovation. Utilizing the conceptual framework of Covin and Slevin in their study, Davis et al. (2010) examined three entrepreneurial characteristics of chief executive officers, namely risk-taking, innovation and initiative, and considered their effects on the firm’s performance. They reached the conclusion that top managers with high risk-tolerance, those who favor innovative activities, and those who display high levels of proactiveness, will affect firm performance positively. In competitive world of today, survival of organizations can be ensured only by means of their innovation, creativity and entrepreneurship (Shadiev, Dang, & Sintawati, 2022).

Based upon this, research hypotheses are as follows:

H3: Marketing innovation affects the firm survive.

González-Benito et al. (2009) found the connection enterpriser's MO and EO with business performance. Keshin (2006) found out that MO has an indirect influence on corporate operation through innovation and learning. Gaining MO indicators can lead SMEs towards innovation (Shergill, & Nargundkar, 2005). On the basis of their findings, Rhee et al. (2010) suggest that MO and EO have a significant effect on learning orientation; learning orientation, also, influences innovation, and operation.

H4: Entrepreneurial orientation affects marketing innovation.

H5: Market orientation affects marketing innovation.

Firms are frequently faced with limited sources, failure to take advantage of innovation, particularly in the marketing, can be fatal. Therefore, taking heed of strategies of MO and MI can help lead these firms towards optimum performance (Naidoo, 2010). Lin et al. (2008) suggested that EO, MO, innovation and learning orientation are considered as key factors in the success of technology-intensive.

H6: Market orientation mediates the effect of entrepreneurial orientation on firm survive.

H7: Market orientation mediates the effect of market orientation on firm survive.

Given the research objectives, previous research, and the provided hypotheses, the conceptual model has been presented in Figure 1. In this model EO and MO are considered as independent variables.

Parameters of customer-orientation, competition-orientation, and inter-functional coordination have been considered as MO dimensions (Liao, 2018), and initiative, proactiveness, and risk-taking have been regarded as EO indicators. Firm survival is considered as a dependent variable (Sabahi, & Parast, 2020). MI is provided in the model as a mediator in the effects of EO and MO on the Survive.

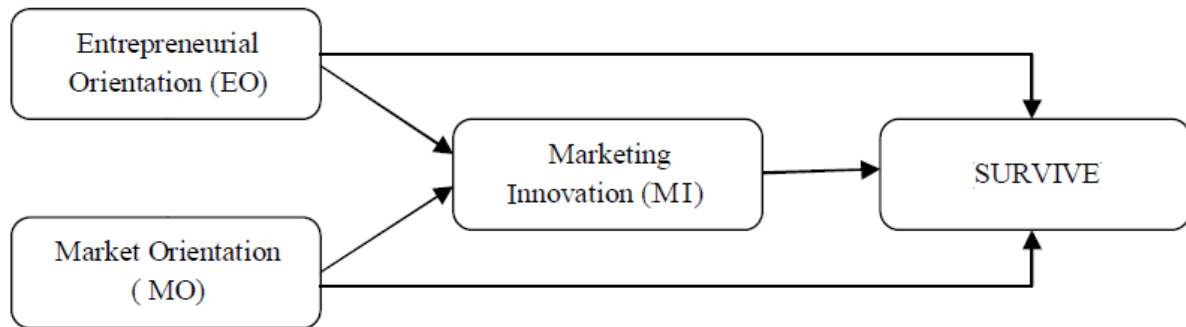


Figure 1: Research Conceptual Framework

3. Methodology

This study is a descriptive type in terms of its classification on the basis of mode of data collection. The statistical population in this research consists of 522 managing directors of manufacturing SMEs in Shiraz Great Industrial Estate. Considering the fact that about 56 percent of manufacturing SMEs of Fars Province are located in Shiraz Great Industrial Estate, and that this number of companies account for more than 62 percent of employments of the Province. The reason for choosing this population is that, in small- and medium-sized businesses, top managers, being an influential member of the organization, determine goals, and strategic tendencies. They are, also, fully aware of the firm’s marketing mechanisms, and naturally can provide the researcher with more comprehensive explanations concerning the issues under study.

To collect data, a five-point Likert scale standard questionnaire, including 27 items, was employed. The questions were extracted from previous studies such as those by Keh et al. (2007), Avlonitis et al. (2007), Lin et al. (2008), Rhee et al. (2010), Naidoo et al. (2010). As the validity of questions was confirmed in these studies, therefore, the measuring tool used in the present study was of acceptable validity; in fact, its validity was obtained by virtue of its content (i.e. content validity). Questionnaires were distributed through proportionate stratified sampling. For so doing, using official statistics obtained from Industrial Estates Corporate of Fars Province it was known that Shiraz Great Industrial Estate is the largest industrial town in Fars Province with 522 manufacturing SMEs working in 7 fields including power and electronics, cellulose, chemical, foodstuff and nutritional, metallic and non-metallic minerals, and textile industries. According to James Stevens (1996) an adequate size of the sample needs to be at least 135 units; therefore, in the present research we considered a sample of 226 units and conducted a proportionate stratified sampling method. With an initial distribution of 30 questionnaires as a pilot test, the reliability coefficient (Cronbach’s alpha) of 0.932 was obtained for our 27-item questionnaire. Given the fact that the minimum reliability coefficient

for research questionnaires is 0.70, it is observed that the Cronbach’s alpha for this research is pretty higher. In order to analyze statistical data, the information was extracted from questionnaires and arranged in the form of a mother table, and then they were analyzed with the help of AMOS and SPSS software.

4. Findings

Demographic characteristics of respondents summarized in table 1.

Table 1: Demographic Characteristics

Characteristics	Frequency	Percent
Gender		
Male	214	94.8
Female	12	5.2
Field of activity		
Electrical and Electronics	7	3.1
Cellulose	30	13.28
Chemical	54	23.9
Food	31	13.7
Metal	84	37.17
Non-metallic mineral	13	5.75
Textile industry	7	3.1
Company size		
Middle	103	54.4
Small	123	45.6

Only 5 percent of respondents are women and around 95 percent of them are men. Moreover, the data reveal that 3.1 percent of respondents are engaged in power and electronic industries, 13.28 percent in cellulose industries, 23.9 percent in chemical industries, 13.7 percent in food industries, 37.17 percent in metal industries, 5.75 percent in non-metal industries, and 3.1 percent in textile industries. In other words, the greatest percentage among respondents is related to those engaged in metal industries. Besides, according to the obtained data, 54.4 percent of respondents work in small firms, that is, those with fewer than 10 employees, and the remaining 45.6 percent are connected with medium-sized firms.

Fitness of Research Model

In order to evaluate conceptual model of the study, the Structural Equation Modeling (SEM) technique was employed. The reason was that, this approach makes it possible to examine concurrent causal relationships between several variables. Besides, this method allows for evaluating the greatness of mutual relationships of variables (Lifen Zhao et al., 2010). Data were analyzed using AMOS Software. As shown in Table 2, outputs of the software include common and acceptable indicators; hence, our conceptual model has acceptable fitness. Table 2 shows calculations related to estimated values as AMOS Software output.

Table 2: Fitness Indicators

Goodness of fit statistics	Value
Degrees of Freedom	318
Chi-Square	919.406
χ^2/df	2.891
RMR	.073
GFI	.823
CFI	.916

PCFI	.703
RMSEA	.072

Hypothesis Testing

Having defined the model, the next step was to obtain an estimation of free parameters by means of a set of observed data. Iterative methods such as maximum magnification or generalized least squares are commonly used for model estimation.

Table 3: Regression Weights – Factor loadings of Research Model

	Model		Estimate	S.E.	C.R.	R ²
EO	→	MO	.792	.143	6.285	.627
EO	→	MI	.219	.114	1.969	.776
MO	→	MI	.697	.127	4.914	.776
INN	→	SURVIVE	.519	.253	2.822	.698
EO	→	SURVIVE	.202	.117	2.427	.698
MO	→	SURVIVE	.163	.073	2.753	.698
EO	→	Q1	.621			.386
EO	→	Q2	.707	.141	8.476	.499
EO	→	Q3	.735	.165	8.719	.541
EO	→	Q4	.636	.140	7.838	.405
EO	→	Q5	.548	.160	6.955	.300
EO	→	Q6	.670	.219	8.156	.450
MO	→	Q7	.526			.277
MO	→	Q8	.593	.193	6.742	.352
MO	→	Q9	.516	.184	6.147	.266
MO	→	Q10	.383	.097	4.914	.147
MO	→	Q11	.718	.199	7.538	.515
MO	→	Q12	.791	.194	7.918	.625
MO	→	Q13	.712	.183	7.505	.507
MO	→	Q14	.485	.179	5.882	.235
MO	→	Q15	.684	.195	7.343	.468
MO	→	Q16	.313	.126	4.151	.098
MO	→	Q17	.437	.106	5.449	.191
MO	→	Q18	.630	.142	7.001	.397
MI	→	Q19	.650			.422
MI	→	Q20	.642	.105	8.282	.412
MI	→	Q21	.638	.114	8.241	.408
MI	→	Q22	.702	.154	8.914	.493
MI	→	Q23	.662	.139	8.494	.438
MI	→	Q24	.415	.129	5.624	.173
SURVIVE	→	Q25	.775			.601
SURVIVE	→	Q26	.807	.095	11.611	.651
SURVIVE	→	Q27	.657	.110	9.484	.432

EO= Entrepreneurial Orientation, MO= Market Orientation, MI= Marketing innovation, SURVIVE

In case of the present research model, partial fit indices (critical ratio) indicate that factor loadings are significantly different from zero; similarly, all structure coefficients (gamma and beta parameters) are significantly different from zero. In Table 3 and Figure 2 standardized estimations for regression weights including factor loadings and impact factors are seen.

Considering the information in Figure 2, the path coefficient of exogenous latent variable *Entrepreneurial Orientation* to endogenous variable *survive* is $\gamma_1 = 0.202$ with CR = 2.427 ($p < 0.05$); the statistic in question is significant, so the first research hypothesis is supported. The path coefficient of endogenous variable *Market Orientation* to endogenous variable *survive* is $\beta_1 = 0.163$ with CR = 2.753 ($p < 0.05$); the statistic in question is significant, so the second research hypothesis is supported. The path coefficient of latent endogenous variable *Innovation* to endogenous variable *survive* is $\beta_2 = 0.519$ with CR = 2.822 ($p < 0.05$); the statistic in question is significant, so the third research hypothesis is supported.

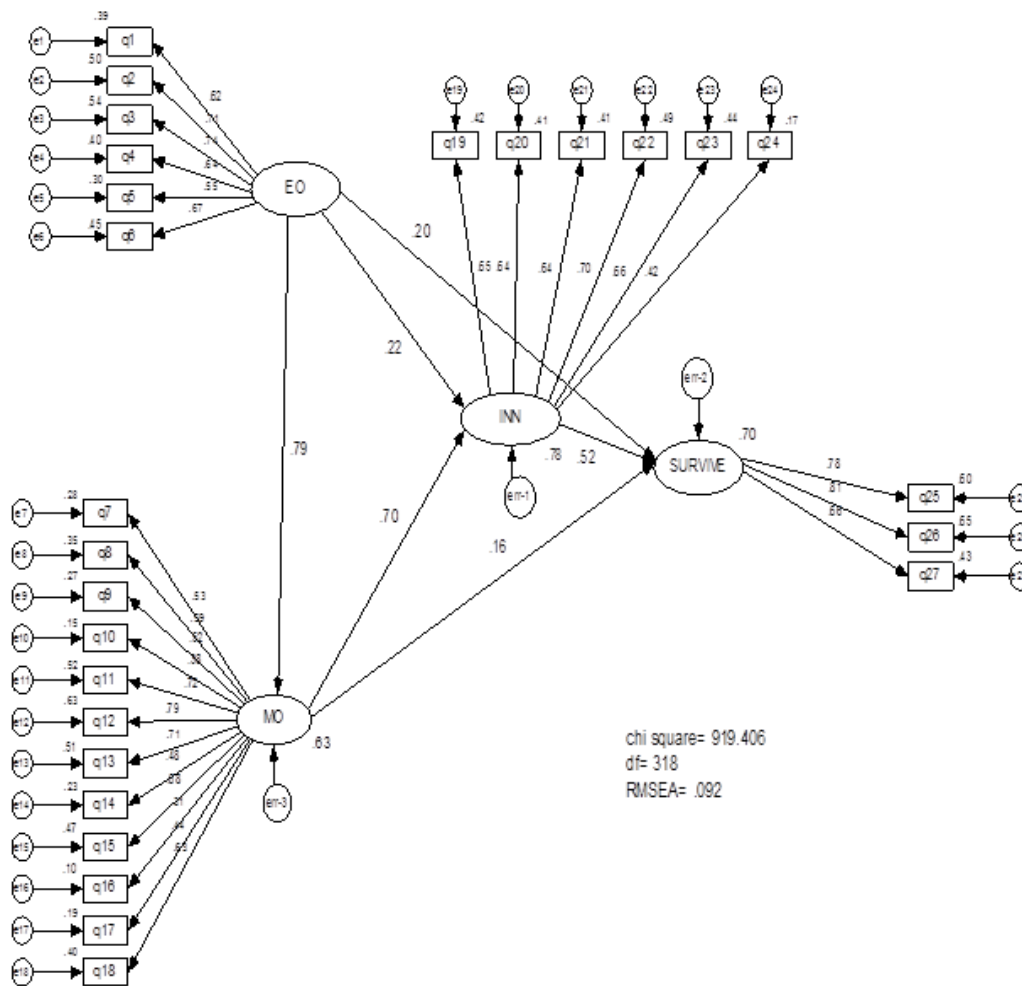


Figure 2: Structural & Measuring Model

The path coefficient of exogenous variable *Entrepreneurial Orientation* to endogenous variable *Marketing Innovation of SMEs* is $\gamma_2 = 0.219$ with CR = 1.969 ($p < 0.05$); the statistic in question is significant, so the fourth research hypothesis is supported. The path coefficient of endogenous variable *Market Orientation* to endogenous variable *Marketing Innovation of SMEs* is $\beta_3 = 0.697$ with CR = 4.914 ($p < 0.05$); the statistic in question is significant, so the fifth research hypothesis is supported. The path coefficient of exogenous variable *Entrepreneurial Orientation* to endogenous variable *Marketing Orientation of SMEs* is $\gamma_3 = 0.792$ with CR = 6.285 ($p < 0.05$); the statistic in question is significant, so the sixth research hypothesis is supported. Research results summarized in Table 4.

Table 4: Results of Hypothesis Testing

Hypothesis Number	Hypothesis	Estimate e	Construct Reliabilities (CR)	R ²	Result
1	EO ⇒ SURVIVE	.202	2.427	.698	Supported
2	MO ⇒ SURVIVE	.163	2.753	.698	Supported
3	INN ⇒ SURVIVE	.519	2.822	.698	Supported
4	EO ⇒ INN	.219	1.969	.776	Supported
5	MO ⇒ INN	.697	4.914	.776	Supported
6	EO ⇒ MO	.792	6.285	.627	Supported

EO = Entrepreneurial Orientation, MO = Market Orientation, INN = Marketing innovation

5. Conclusion

Entrepreneurial Orientation positively affects the Survive.

The results of statistical analysis support this hypothesis. Therefore, it can be asserted, with 95% certainty, that EO has a positive impact on the survive of small- and medium-sized manufacturing companies. This finding is consistent with the results of studies by Keh et al. (2007), Todorovic and Ma (2008), González-Benito et al. (2009), Lee et al. (2009), Tajdini (2010), Rhee et al. (2010) and Davis et al. (2010). Initiative and risk-taking policies are among major indicators of EO which were discussed in the present research, and can help companies identify and grasp new business opportunities and also predict and discover market potentials. Generally speaking, concentration on market is regarded as a considerable aspect of EO at both individual and organizational levels, in such a way that one can reasonably argue that a high EO is closely related with the tendency to utilize emerging opportunities, and this is the very factor that finally plays a great positive role in the survival of small- and medium-sized manufacturing firms. A well-considered tendency for risk-taking and a sense of proactiveness in manufacturing SMEs through taking major resources in order to benefit from opportunities, accepting or participating in business strategies in which the results might be vague or uncertain, quick reaction to competitors, and agility in supplying new goods and services by taking into consideration existing opportunities – for instance, introducing new products or services before other competitors do so, or taking action for predicting future demands – are factors that turn EO into an important organizational process which ultimately results in the survival of firms and improvement of their operation.

Marketing Orientation positively affects the survive.

Considering the results of hypotheses testing detailed in Chapter 4, this hypothesis is supported. Therefore it can be said that MO has a positive impact on the survive. This finding is in agreement with the results of studies by Lu et al. (2007), Carmen and José (2008), Todorovic and Ma (2008), Lin et al. (2008), González-Benito et al. (2009), and Naidoo (2010).

It is inferred from this finding that SMEs which are able to take benefit from tools and facilities available to them in marketing domain, will lay a suitable ground for facing the rough and disturbed environment, and by so doing they will manage to survive in the existing competitive and economic circumstances. Market-oriented SMEs can bring about the means of their survival and durability; for so doing they need to understand present and future demands of target customers and the market and create distinguished values (premium products) for them; identify present and future points of strength and weakness of their competitors, particularly with regard to their long-term capacities and strategies; release the information on customers and competitors among all individuals and sectors across the organization; attract the participation of all the staff and other organizational resources in order to create value for

customers and other beneficiaries; establish a proper understanding of customers' demands and desires; and, finally, plan for conquering in competition.

Apart from this, market-oriented firms have the competitive advantage of quickly responding to the demands of market and customers; they react more effectively to market opportunities and threats, and, with the help of information they have acquired from the market, they can equip themselves to respond to market demands and continue their existence.

Market Innovation positively affects the survive.

Given the analysis discussed in Chapter 4, this hypothesis also is supported. Therefore, it can be asserted, with 95 percent of certainty, that MI positively affects the survive. This finding is consistent with those of Keshin (2006), Lu et al. (2007), Lin et al. (2008), Carmen and José (2008), Tajdini (2010), Rhee et al. (2010), and Naidoo (2010) who focused on this particular type of innovation in their research.

Research findings indicate that SMEs can strengthen their standing in the market by means of innovation in their marketing mix which consists of various aspects of market management (including market studies, advertising, market-handling (market brokerage), marketing strategies, etc.), slight and gradual modifications and renovations in their product mix, and continued improvement of their products in order to meet customers' demands.

Considering the fact that SMEs are often encountered with limited resources, failure to take advantage of innovation – particularly in the field of marketing – can be devastating to them. As competitions become more global and more up-to-date, firms also need to develop, and introduce to market, newer and higher-quality products in shortest possible time. Moreover, they need to achieve competitive advantage if they want to ensure their survival under present conditions of competition and economic crisis; and this is possible by means of innovation in marketing patterns, methods and strategies they employ for presenting their products or services to the market, modifying or optimizing marketing styles, creating and using new methods, introducing a new brand name, acquiring a new market, or applying new approaches in sale. All these can help them develop competitive advantage and survive competitions.

Entrepreneurial Orientation positively affects Marketing Innovation in manufacturing SMEs.

Based on the statistical analyses described in Chapter 4, this hypothesis is supported. As the effects of EO on this particulate type of innovation – namely, MI – were not studied previously, there are no similar studies to compare the results with. Yet, Lin et al. (2008), Tajdini (2010), and Rhee at al. (2010), each have concluded a positive effect for EO on a certain type of innovation, according to their respective research.

Companies with high EO tend to take advantage of emerging opportunities, and constantly seek to create and employ new methods, introduce new brand names, and take the initiative in innovative pricing, novel advertising methods, or creative sales approaches.

Market Orientation positively affects Marketing Innovation in manufacturing SMEs.

Statistical analyses have supported this hypothesis, therefore it can be said that MO plays a positive role in MI in manufacturing SMEs. This finding conforms to the results of Naidoo's research. Keshin (2006) and Lu et al. (2007), each focusing on a particular type of innovation, concluded positive effects on innovation for MO.

In a market-oriented business, employees spend considerable time with customers and look for new methods to satisfy their needs. Market-oriented manufacturing SMEs whose culture systematically seeks to create the values requested by customers, try to produce premium products that are able to meet customers' demands competently by means of innovation in marketing strategies, patterns and methods employed by the organization to present their goods or services to the market, creating and utilizing novel methods, introducing new brand-names, acquiring new markets, or employing new approaches in sale.

On the other side, the very culture of competitor-orientation allows market-oriented manufacturing SMEs to analyze the strengths and weaknesses of their competitors effectively and to react to them efficiently. For this reaction, they need to make use of innovation in their marketing mix. Furthermore, those SMEs who coordinate their activities across their various performances and distribute information on customers and competitors among all individuals and sectors of the organization will be able to respond more appropriately to market requirements through their marketing innovation. If this mentality develops in the firm that every individual employee can potentially create value for customers, marketing innovation shall be realized.

Findings of this research indicates generally that the existence of a market-orientation culture and achieving market-orientation indicators can lead manufacturing SMEs towards innovation, particularly with regard to marketing, and this will ultimately result in their survival under present competitive circumstances and economic crisis.

Entrepreneurial Orientation positively affects Market Orientation in manufacturing SMEs.

On the basis of the results of hypotheses testing mentioned in Chapter 4, this hypothesis is supported, and therefore it can be said that EO has a positive impact on MO in manufacturing SMEs. This finding is consistent with the results of studies by Todorovic and Ma (2008) and González-Benito et al. (2009).

As stated earlier, major components of EO, namely initiative and risk-taking policies, allow manufacturing SMEs to identify and seize new business opportunities and to predict and discover market potentials. Generally speaking, EO at both individual and organizational levels focuses on the market and tends to take advantage of emerging opportunities. Therefore, it can be asserted that manufacturing SMEs that are entrepreneurially oriented and try to respond to market changes and to take new opportunities, are, in fact, focused on MO components and provide a basis for shaping individual behaviors that are connected with the creation of superior values for customers, satisfying their demands, and gaining competitive advantages.

Overall, the results of the present study reveal that marketing innovation has the greatest effect on the survive. Entrepreneurial orientation comes second to it, and market orientation holds the third place in affecting the SMEs survival. It is also noteworthy that the effect of market orientation on marketing innovation is greater than that of entrepreneurial orientation on it. Furthermore, the strong role of entrepreneurial orientation on market orientation was evaluated and confirmed in this study.

6. Limitations and Suggestions

One of the limitations of the present study is that care must be taken in generalizing its findings to large companies, just as Raju et al. (2011) have mentioned various key mediators and

environmental moderators in their study of the role of market orientation in the survive of large corporations and, on its basis, have discussed this relationship and how it differs in small, medium and large firms. Thus, given the fact that variables of this research have been studied in small- and medium-sized enterprises, a separate research needs to be conducted before the results can be generalized.

A second limitation deals with the fact that other probable variables and relationships that might be effective on the survival of manufacturing SMEs, could not be studied. It was not possible to examine intermediate and moderating variables – which are to be mentioned shortly as suggestions for future studies – because this could have made the research conceptual model too complex.

In the present research, based upon the point of view of Narver and Slater (1990), we considered parameters of customer-orientation, competition-orientation, and inter-functional coordination as indicators of market orientation. It is suggested that, in their studies of market orientation, other researchers use other indicators and components – for instance, on the basis of the views of Jaworski and Kohli (1990) or other experts of the field named in the part on research literature.

In the present study, firms survival has been studied in terms of their ability to survive in their respective industry, further studies can be conducted to evaluate the survive of SMEs with regard to other criteria such as market performance, financial performance, customer performance, etc. In this connection it is suggested that researchers study the survive evaluation criteria discussed in details by Raju et al. (2011), and make use of it according to the requirements of their research.

In this research we have considered only marketing innovation as the mediating variable to investigate the effect of entrepreneurial orientation and market orientation on the Survive of companies. Therefore, it is proposed that, depending on research objectives, future researchers study the effects of other mediating variables on different relationships. For instance, learning orientation can serve as a perfect mediator in the relationship between market orientation and innovation.

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Appendix

Measurable items

Factors	Mean	Std. D.	α
<i>Entrepreneurial Orientation (EX)</i>			0.803
My company is typically the first to initiate actions to competitors, for which the competitors then respond	4.15	.824	
Very often, my firm is the first company to introduce new products/services, techniques, technologies etc.	4.13	.864	
Changes in products have usually been radical as compared with main competitors.	3.87	1.001	
To seek the sales growth, our company is willing to execute some risky projects	3.93	.884	
Even though the costs for some projects are high, under some conditions, our company will still launch those projects	3.64	1.042	
In general, the top management of our company has a strong proclivity for high-risk projects with chances of very high returns.	3.33	1.366	
<i>Market orientation (ED)</i>			0.851
My firm's strategies are driven primarily by customer satisfaction.	3.50	1.109	
My firm's strategies are based on understanding customer needs.	3.55	2.279	
If my firm finds that its customers are dissatisfied with the quality of its products, it immediately takes corrective actions.	3.10	2.277	
My firm has a strong commitment to its customers.	4.37	.726	
My firm rapidly responds to competitive actions that threaten it in its industry.	3.65	1.218	
My firm is very well aware of its competitors.	3.81	1.133	
My firm is quick to respond to significant changes in its competitors' pricing.	3.69	1.127	
My firm regularly monitors its competitors' marketing efforts.	3.34	1.270	
Different functional areas across my firm work together as a team in servicing customers.	3.91	1.220	
The activities of my firm's export team and the firm's other business functions (e.g. finance) are integrated in pursuing a common goal.	3.35	.973	
There is interdepartmental conflict in my firm (R).	4.39	.772	
In my firm, employees in charge of exporting and those in other functional areas (e.g. finance) help each other out.	4.14	.922	
<i>Marketing Innovation (ED)</i>			0.776
Management actively seeks innovative marketing ideas.	4.25	.806	
Improvements in product design are readily accepted.	4.46	.712	
Improvements in product placement are readily accepted.	4.42	.769	
Staffs are penalized for new marketing ideas that do not work (R).	4.23	1.025	
Improvements in product promotional activities are readily accepted.	3.97	.935	
Improvements in product pricing are readily accepted.	3.58	.917	
<i>Firm survival (ED)</i>			0.775
My firm will survive the current economic crisis.	3.91	.929	
My firm possesses the ability to withstand the challenges of the current economic crisis	3.78	.986	
Sale volume has decreased in the last three months as a result of the economic crisis but sales will rebound back to pre-crisis level.	3.73	1.141	