

Research Article 04

Competency Marketing in SME Sector: A Mixed Method Approach

Grace H. Hensman and Sathana Vaikunthavasan

Department of Marketing, Faculty of Management Studies & Commerce, University of Jaffna

<https://orcid.org/0000-0002-4259-5765>

<https://orcid.org/0000-0002-9150-2326>

Abstract

Small and medium-sized enterprises (SMEs) are essential to most economies in emerging nations. The economy of Sri Lanka is mainly composed of small and medium-sized firms. Small and medium-sized enterprises face strong competition from both domestic and foreign companies. To survive in the cutthroat market, they must simultaneously innovate every system. SME's must urgently build adequate and proper marketing competencies in order to meet the challenges. This study investigates the elements of competency marketing for Sri Lanka's SME sector. For the purpose of this investigation, a mixed technique is used. The study's target audience is the SMEs in Northern Province. Initially, utilizing snow ball sampling, 25 SMEs were chosen for this research project. In depth discussions were conducted with the interviewees. The competencies of SMEs were determined using thematic analysis. Using thematic analysis, nineteen factors were found, and they were divided into six dimensions: knowledge itself, accumulated knowledge, communication competency, judgmental competence, joint innovation competence, and absorption competence. The questionnaire was created using the quantitative approach to discover the dimensions of competency marketing. Out of 450 questionnaires, 436 were returned. The result of the study revealed four dimensions of loading structures of competence marketing, viz experiential knowledge, joint innovation competence, absorption competence and judgmental competence. When it comes to SMEs' marketing competencies, experiential knowledge competence has a significant impact whereas judging knowledge competence has a low impact. SME owners need to consider accomplishments, capabilities, interactions, two-way communications, and qualifications. The focus of joint innovation competence should be on innovative products and production processes. Adopting a new technology would be better for all SMEs in this current technological era. The constantly shifting business environment will force the company to put more emphasis on judgmental capability.

Keywords: Absorption Competence, Competency Marketing, Experiential Knowledge, Joint Innovation, Judgmental Competence, SME Sector

Introduction

Small and Medium Enterprises (SME) are becoming the backbone of a nation's economy. SME sector is known as a field of strategic interest for the economy by showing their economically and socially beneficial effects (Avasilicai, 2009). Entrepreneurs provide new job opportunities to many even though there may be some large organisations exist. Typically, these enterprises start up with some novel ideas where the large businesses might have missed it. Even though SMEs play a major role in a country's economy in terms of magnitude and employment opportunities, they lack in innovation (Ozer & Dayan, 2015). SMEs in the contemporary business world encourage to enhance their innovativeness and competitiveness. SMEs face major issues in finance, people and expertise. SMEs must adapt specific marketing practice relevant to the nature of its business. SME owners influence marketing practice, which means the characteristics of the owners make a difference in its performance. SMEs inherent characteristics and the owners' characteristics will influence the decisions taken by the owners. SME marketing activities will always be real, practical and relevant to the individual SME (Baker, 2003). Marketing competencies are crucial for better business practices especially in relation to the marketing problems, because of the adverse atmosphere the enterprise exists within. SME's have severe needs to develop proper and appropriate competencies for marketing. Many managers may bring some technical competence to their own industry many will have had slight prior marketing management decision-making experience and therefore this will need more instant growth.

Competency marketing means using intrinsic and educated skills to do marketing in this contemporary business world. Competency marketing is very crucial for business organisations survival and success. The concepts, theories, variables and factors were established for the large institutions (Liu & Chen, 2018).

Baker (2003) stated that the concepts and theories were developed for SMEs too. Competence marketing describes as using inherent and learned skills to do marketing, technical competency, management and decision-making competencies (Mintzberg, 1973; Koontz *et al.*, 1984; Kotter, 1990; Tichy and Charan, 1991). Competency marketing falls under two group marketing as analytical and creative. SMEs embedded with the experiential knowledge competency for SME marketing: four dimensions are knowledge itself, accumulated knowledge of doing business, communication competency and judgement ability. But variables were not proved by identifying the factors of competency marketing of SMEs. Incompetency marketing has been identified as the main factor for increasing business failure in Nigerian context (Gwadabe and Amirah, 2017). The concept of competency marketing for SMEs was identified from literature (Baker, 2003). Even the concept of the competency marketing for SMEs was produced by Baker (2003) the factors were not identified. The variables of competency marketing were derived from Liu and Chen (2018); Bai and Chang (2015); Li (2011) for organizations , not for SMEs.

Sri Lanka is a developing country; more than 90% of SMEs are micro businesses, facing huge challenges due to Covid-19 pandemic and economic crisis etc. SME marketing is highly influenced by entrepreneurial features, context, life cycle and dimension of business. These are specific for Sri Lankan SME environment. Hence, this study tried to

explore the factors of marketing competencies in SMEs in this new global competitive environment.

Literature Review

Entrepreneurs and SMEs

Scholars have tried to find features and traits that describe entrepreneurs, and prove how they are dissimilar from other trade people, especially how they are different from SMEs owner-managers. Even though some characters have been quoted as particularly indicative of entrepreneurial behaviour, they are not always obvious, they may change over time and are hard to measure (Gilmore, 2011).

Originally, farmers or merchants who systematized resources and faced all types of risks by purchasing at a certain amount and selling at an uncertain amount were described by the term “entrepreneur”. The “entrepreneur” takes prevailing resources, such as men, material, machinery, money, buildings, methods and reorganizes them to make them more productive and give greater value (Wilson & Stokes, 2006).

The literature review includes the nature of SMEs in Sri Lanka and literature on network relationship marketing. In the Sri Lankan context, the national policy framework for SME development categorized MSMEs as “manufacturing sector and service sector. Further it defined micro, small and medium enterprises, as made up of an enterprise which employ less than 300 employees and which have an annual turnover not exceeding Rs.750 Million” (Gunawardana, 2016). This study considers the number of employees less than 300 which are considered as SMEs, because the annual turnover is affected by the inflation and exchange rates in Sri Lanka. The Micro business is defined as below 10 employees, small business 11 – 50 employees and medium business 51 – 300 employees.

Management & Marketing Competency Aspect

Competency marketing is a term which means using inherent and learned skills (competencies) to do marketing (Baker, 2003). Marketing decisions often cannot be separated from any other decisions in SMEs. Many researchers (Mintzberg, 1973) found management and decision making competencies. Obviously, since marketing is derived from management, many of the known management competencies could be relevant to marketing in some way.

A competency is both a skill and an attribute. Competency is “An underlying characteristic of a person which results in effective and/or superior performance in a job” (Klemp, 1980); or “a combination of knowledge, skills and attributes which are given reference in the task environment” (Middleton & Long, 1990).

Omnipresence of the owner-manager has a significant impact on every facet of the marketing activities (Leppard & McDonald, 1991). This emphasised on the view that any analysis of the marketing deeds of small organizations wants to take into consideration, not only of the intrinsic characteristics of such enterprises, but also of the entrepreneurial features of their owner-managers. In general management theory, there was a significant growth in the interest of the management competencies (Klemp, G. O., 1980)

There were limited direct references to marketing management competencies and those that be existent offered minute of significance in the area of marketing practice (Middleton & Long, 1990).

A Conceptual Competency Marketing Spectrum

Competency literatures were thoroughly examined for the development of generic management competencies. This review was then evaluated to find out the marketing management competencies and they were developed. This included vision, creativity, leadership, communication, motivation, initiative, intuition, adaptability, analytical abilities and judgement (Carson *et al.*, 1995).

Further improvement on this marketing management spectrum was done due to further review of the past studies on entrepreneurship, small firm entrepreneurship, small firm characteristics and small firm marketing decisions. This paved the way to develop conceptual speculations of small firm's marketing competency spectrum. This consists of knowledge, experience, communication and judgment (Hill & Fallis, 1995).

Martin and Staines (1994) state that small firms sector often fail due to lack of managerial experience, skills and personal qualities. Ray (1993) makes the important statement that, in order to recognize why some persons become entrepreneurs and some entrepreneurs are comparatively more successful than others, three key fundamentals must be addressed. These are the entrepreneur's personality or attributes, the entrepreneur's background and experience, and the entrepreneur's skills, including how they learn.

Smart and Conant (1994) discussed clearly regarding the entrepreneurial orientation, distinctive marketing competencies and organizational performance. They come to the conclusion that differentiated marketing competencies and organizational success are positively and strongly correlated with an entrepreneurial approach. Hills and Laforge (1992), in their work they suggest that the entrepreneurial orientation has six dimensions. These are: the propensity to take risks; a tendency to engage in strategic planning activities; an ability to identify customer needs and wants; a level of innovation; the ability to persevere in making your vision of the business a reality; the ability to identify new opportunities.

Effective marketing in SMEs can be associated with a range of competencies. This range comprised of experience, knowledge, communication, judgment and intuition (Carson, 1993). Experience competency is the most important competency in the range and it is one that saturates and characterizes competence in every aspect of SMEs activities. The key assertion is that experience is a base level competency without which competent marketing cannot happen (Carson, 1993). Second, an interpretation of experience is that it is a trait of businesses that are especially entrepreneurial. This claim is supported by compelling evidence that a competency in opportunity identification is shaped or made by experience. Major marketing decisions are influenced by experience because it strengthens, hones, and directs opportunistic instinct. Third important interpretation in respect of experience is that foundation level experience is quality experience which means the ability to learn something from the interaction with one's atmosphere. Wider marketing activity is deeply embedded in the "quality" experience competency and is partially intuitive.

Knowledge competency is also a foundation level competency in this spectrum. The need for technical or product knowledge is dominant when there is a sales focus of

SMEs. Knowledge competency is very strong in respect of the industry specific situation of many of the research institutions. There is a close connection between knowledge born of experience and institution. This claim supports the seminal contention of Polanyi (1967) who stated that such “tacit knowledge” is “that which dwells in our awareness of particulars while bearing on an entity which the particulars jointly constitute”.

Communication is also a basic level competency (Hill & Fallis, 1995). Whilst internal and external communication capabilities are vital for competent marketing to occur, the key interpretation of the data indicates that the communication competency is a "set" of other competencies described here as the relational communications cluster. This cluster incorporates communication in a generic sense, but in particular, personality, relationship building, a long-term perspective to relationship building, internal communication, trust, people skills, approachability, listening skills, adaptability, empathy and honesty

Judgment is another basic level competency. This enhances to the noteworthy proclamation of Hogarth (1987) that judgment, as a competency, is sacrosanct. This declaration builds on the acknowledgement of Pye (1990) that much management success depends on sound judgment. A crucial explanation here is that again this competency is dependent on quality experience and is mostly necessary in respect of routine marketing decision-making.

The final foundation competency is that of intuition. Intuition is dependent on "quality" experience and to a lesser degree objective knowledge (as opposed to product/technological/technical knowledge). Intuition significantly fashions the entrepreneurial character of SMEs, particularly in the way respondents with high levels of intuition can read market situations quickly and are less reliant on formal procedures to inform “on the hoof” decisions. Hill and McGowan (1999) assert the importance of intuition as a key marketing competency within the context of the SME.

Underpinning Theory

The underpinning theory of this study is resource-based view (RBV) theory (Barney, 1991; Penrose, 1959). Resource-based view theory defines visually inter-functional coordination as an component of a firm's possessions and skills to be competitive and can survive amidst rivalry (Lorenzo et al., 2018). RBV maintains that Organization's sustainable competitive advantage depends on organizational competencies that are valuable, unique and difficult to imitate (Barney, 1991). According to the RBV, the strategy is done by allocating resources to market needs when the effectiveness of a rival company is not enough so that it will offer actual results for the business.

The proponents of RBV have argued that unique competencies may affect firm's performance if they fulfill two conditions. First, the competencies should be valuable that allow the organization to overcome risks and develop opportunities. Second, not many organizations in a particular competitive environment possess these competencies. Resource-Based View (RBV) perspective, a resource can be classified as a 'source of competitive advantage' as long as the resource will add value to the firm, is unique and rare, and hard to be imitated to add originality and value (Barney, 1991).

Methodology

This research aims to explore the dimensions of the competency marketing strategy of the SMEs in Northern Province. This study applied mixed research method.

Initially, concepts, variables and theories were derived from past researches. Then researchers conducted interviews to identify the factors of the competency marketing. Researchers applied snowball sampling to select the SMEs with special traits based on sizes as micro, small and medium and nature of the business. Initially twenty-five SMEs were selected for this research study by using snow ball sampling. Researchers selected 10 micro, 10 small and 5 medium sized participants for the qualitative research. In depth discussions were conducted with the interviewees, and items were produced for competency marketing. The participants represented different industries with varying age groups and experiences. Further, the participants of MSMEs belonged to either of the following industries: coconut products (3), palmyrah (3), food products (5), textile (2), printing products (2), education (2), hotel (3), constructions (3) and beauty parlors (2). The time for the interview for each respondent varied from 45 to 60 minutes. The interviews were transcribed and each transcription was checked with the recording to ensure the interviewee was well-captured. Transcribed data was then read through several times to identify the themes for the data obtained. A thematic coding method was applied to analyze the collected data. Under this method, the data were categorized based on the themes and concepts.

Once the items were identified from thematic analysis, Exploratory Factor Analysis (EFA) was conducted to identify the dimension of competency marketing for SMEs. Questionnaire was developed to identify the dimension of the competency marketing. This questionnaire includes two parts, part one includes demographic information and part two includes 20 questions for competency marketing. All measures used five-point scales ranging from 1 (extremely disagree) to 5 (extremely agree) (Liu & Chen, 2018). There is no population framework for SME sector in Sri Lanka.

Researchers applied quota sampling method to issue 450 questionnaires from nine types of SMEs which are mentioned under the qualitative research method, 50 questionnaires were issued to each type of SMEs, only 436 questionnaires were received.

Results and Discussion

Researchers conducted descriptive analysis, qualitative thematic analysis and exploratory analysis in this research. 436 responses were the final responses and the analysis done. Descriptive statistics explains the basic characteristics of the SMEs which were considered in this research. 57% of SME owners are male and 43% are female. 60% of owners are married and 40% are unmarried. Through the interview it was clearly proved that 31% of SMEs earn below Rs 500,000/= and 51% of SMEs earn between Rs 500,001- 1,000,000 turnover and 18% of owners earn more than Rs 1,000,000/= annually (Table 1).

Table 1: Demographic and Turnover Information of SMEs

Details	Frequency	Percentage
Gender		
Male	248	56.8
Female	188	43.2
Marital status		
Yes	260	59.6
No	176	40.4
Turnover		
Less than 500,000	135	31.0
500,001-1,000,000	222	50.9
Over 1,000,000	79	18.1

Qualitative Research - Analysis

The theoretical concept of competency marketing for SMEs explains the experiential knowledge. Lengthy discussions were made up through the interviews to identify the themes of competency based on the two view of competency marketing for SMEs in Sri Lanka. Under the dimensions of knowledge itself, the qualification is one of the important factors for competency marketing.

The owner of Bakery mentioned:

“The bakery productions are our heritage business, my father started this business, I was also interested to follow him, that’s why I went abroad and studied Masters’ Degree in food manufacturing, I gathered lot of experience and knowledge about my business in abroad”.

The second vital factor is proficiency. Proficiency deals with skills, talents and expertise. Manager of a construction business explained:

“our employees are expertise in the work, they can make accurate and fine construction work and they have skills and capabilities in the construction business”.

The third dimension of the knowledge is uniqueness. This concept is intellectual ability to do the business.

One of the coconut producers mentioned:

“We are producing environmental friendly products. It is our raw material based business, we can easily access raw materials. Our products have high export demand”.

Owner of cloth and tailoring business stated:

“We are making clothes based on the culture. It is also related with the religion. Customers want clothes based on the ceremonies, events and functions in their life”.

Another important variable is accumulated knowledge under the experiential knowledge. Accumulated knowledge deals with the accomplishment, coordination capability and customer value added. Accomplishment is completing the work in business, coordination deals with coordinating all the activities related with the business, capability is all about the ability to do the work and customer value added deals with providing value to the customers in all activities of the business.

Another manager of the construction mentioned:

“Our business is a risky one. We need to purchase quality raw materials, follow proper steps to do the work, control our activities according to the external environmental challenges, at last we need to complete our work on time”.

Another important concept under accumulated knowledge is coordination. A hotel manager described:

“Customers want many facilities to reside in the hotel and they request many facilities time to time. I want to link all the activities, the employees and allocated resources properly”.

One of the central concepts is customer value added, the owner of the Palmyrah business stated as follows:

“We are producing many kinds of products according to the customer needs, we decide the price based on the quality and we have more concern on the usage of the product to customers and design and other physical features of the products”.

Another important dimension of the competency marketing is communication competency. It includes the dimensions of interaction and two-way communication.

The owner of the education institution mentioned

“We are communicating with customers face to face, over the telephone calls and e-mails. We are disseminating information through the advertisements”

Prediction of environmental nature is a crucial dimension of the judgmental competence. The owner of the construction business mentioned:

“The prices of the raw materials are fluctuating time to time. Inflation rate plays a major role in the prices of all products in the country. We need to predict the price changes correctly; otherwise we will face only losses in business”

Planning for the future is another essential aspect. One of the Palmyrah producer stated:

“ The raw material is only available in selected places and specific time periods, hence we need to protect our business by setting demand to meet, allocate resources to meet the demands and apply strategies and tactics to meet the demand in the specific periods”.

The joint innovation competence is the major part of the competency marketing. it deals with the new production process, new product concepts, new technology and prototype testing.

The new production process is conducted in the printing company with joint development, the owner stated:

“We get order from customers. We approach other small printing companies to develop the production process jointly. We request the production process based on the customer need and preferences”

The new product concept is another factor of the joint innovation competency of a company. The owner of the food court mentioned:

“We observe competitors’ products, we ask other food manufacturers to jointly develop products to maintain the quality of the business. For example: Ice-cream shops deals with food items specially rolls request tomato sauce producers”.

New technology adoption is another main concept of the join innovation competency. The manager of food court mentioned:

“We have been utilizing new innovated technology to made our process smoothly and cater the new demand of the customers”.

Rapid prototype testing comes under joint innovation competence. The owner of the construction mentioned:

“Before we start our construction work, we test our models properly with the help of the experts and we consider quality accreditations and eco-friendly rules and regulations”.

Another important dimension of competency based marketing is absorption competence. It consists of two factors; they are integrating knowledge and concentrate applications.

Integrated knowledge was explained by the owner of the coconut based production:

“We always seek to participate in tradeshows and exhibitions. These opportunities provide potential information and ideas from customers, competitors and visitors”

Another important concept is concrete applications. The owner of beauty parlor stated:

“I search information from the website and gather new knowledge about green raw material to protect the skin and the body and apply those methods to my clients.”

Table 2: Thematic Analysis

Themes	Variables
Qualification	Knowledge itself
Proficiency	
Uniqueness	
Accomplishment	Accumulated knowledge
Coordination	
Capability	
Customer value added	

Interaction	Communication competency
Communication	
Provide specific information or data	
Prediction of environmental nature	Judgmental competence
Plan for future	
New production processes	Joint innovation competence
New product concepts	
Adopt new technology	
Rapid prototype testing	
Integrate knowledge	Absorption competence
Concrete applications	
Analyze the knowledge obtained	
Identify value and import external knowledge	

Exploratory Factor Analysis

SMEs have developed distinct competency marketing to sustain themselves in the competitive market. The dimensions of competency marketing were identified based on the nature and characteristics of competency marketing needs of SMEs in Sri Lanka.

Exploratory Factor Analysis (EFA) primarily uses for data reduction or summarization. In this research, there are large numbers of variables; they are correlated one to another, which are reduced to controllable level. EFA is utilized to diagnose primary factors. Further, EFA explains the association among related variables and helps to identify a novelty and reduced set of uncorrelated items to exchange the original set of interrelated variables and to find out a lesser set of variables from a larger set of items (Malhotra & Dash, 2011; Malhotra, 2010).

Bartlett's Test of Sphericity and the Kaiser-Meyer-Olkin Test of Sampling-Adequacy (KMO) are commonly used to provide more complex measures for assessing the strength of the relationships and suggesting factorability of the variables (Beavers et al., 2013). Kaiser (1974) recommends that the accepted index of KMO & Bartlett's Test of Sphericity should be over 0.5. Also, the Bartlett's Test of Sphericity tells to the importance of the research and thereby shows the suitability and validity of the responses composed to the research problem being addressed through this study.

Table 3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.874
Bartlett's Test of Sphericity	3966.539
Approx. Chi-Square	190
df	.000
Sig.	

In this study, values for KMO of competency marketing of SME is 0.874, which falls under the range of marvelous and significant of chi-square is 0.000 for all constructs ($p < 0.05$). Hence, data indicate the suitability and appropriateness. Above table summarizes the statistics derived from the analysis in relation to KMO measure and Bartlett's Test. The study employs the EFA to diagnose the dimension of each variable of Principal Component Analysis varimax (PCA) extraction method. Competency marketing includes twenty items. Initially insignificant value of inter correlation between item is excluded, it is one item, viz, “the ability to provide specific information or data”. Then the cross loaded items are excluded, they are “analyse the knowledge obtained, identify, value and import external knowledge”.

Table 4: Matrix of Variance Explained of Competency Marketing

Description	Percentage of explained variance	Cumulative percentage of explained variance	Number of Items
Factor 1	32.039	32.039	9
Factor 2	17.816	49.854	4
Factor 3	7.127	56.981	2
Factor 4	6.536	63.517	2

In the above table Matrix of variance explains four factor solution factor1 (Experiential knowledge), factor 2 (Joint innovation competence), factor 3 (Absorption competence) and factor 4 (Judgmental competence). These four factors are extracted together account for 63.517 % of total variance with factor 1 (Experiential knowledge) contributing to 32.039%, factor 2 (Joint innovation competence) contributing to 17.816%, factor 3 (Absorption competence) contributing to 7.127% and factor 4 (Judgmental competence) contributing to 6.536% on marketing competencies. In addition to that, the scree plot is utilized to explain the number of factors which are above the eigenvalues which is depicted in Figure 1.

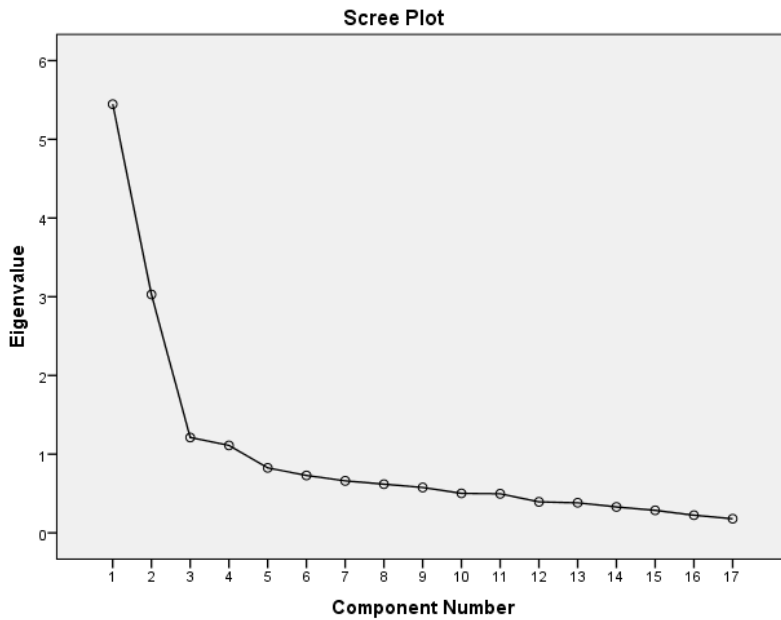


Figure 1: Scree plot of competency marketing

Table 4 depicts the four dimensions of loading structures of competence marketing, viz, experiential knowledge, joint innovation competence, absorption competence and judgmental competence. Four factors of competency marketing and reliability of each factor are explained by the table 2.

Table 5: Factor loading of EFA and reliability of Competency marketing

Items	Item No	Factor Loading	Cronbach's alpha
Experiential knowledge competence			.879
Accomplishment	CM17	.833	
Capability	CM12	.784	
Interaction	CM18	.741	
Two ways communication	CM13	.733	
Coordination	CM1	.706	
Qualification	CM15	.694	
Proficiency	CM9	.648	
Acumen, customer value added	CM7	.607	
Genius, for uniqueness/difficult to copy	CM6	.599	

Joint innovation competence			0.851
New production processes	CM3	.847	
New product concepts	CM14	.845	
Adopt new technology	CM19	.805	
Rapid prototype testing	CM20	.704	
Absorption competence-			0.736
Integrate knowledge	CM10	.843	
concrete applications	CM11	.726	
Judgmental competence			0.692
Predict environmental nature	CM5	.815	
Plan for future	CM16	.787	

Discussion

Competency marketing means using intrinsic and learned skills (competencies) to do marketing. To do marketing means anything which impacts upon, or which influences marketing, as well as actually performing marketing activity.

This research produced novel dimensions and factors for the competency marketing of SMEs. They are experiential knowledge, joint innovation competence, absorption competence and judgmental competence. Experiential knowledge is something which the entrepreneur will get by time. It will improve instinctively as the enterprise becomes established and customs and practices emerge and evolve. Under the experiential knowledge, interactions and communications are supported by researchers (Liu & Chen, 2018). They described that Firms frequently interacted with the buyer through face to face, telephone and written communication. In addition, firms ability to ensure that great deal of two way communications with the buyers.

Firm internationalization is a process of commencing, developing and sustaining global business relationships (Johanson & Mattsson, 1987). Interaction in relationships provides experiential knowledge to the organizations to further internationalization (Johanson & Vahlne, 2006). Eriksson *et al.*, (2015) suggested that business organizations would have restrictions to capture business opportunities due to their limited experiential knowledge. This study shows that 32.04% of experiential knowledge competence is highly contributed in marketing competencies of SMEs in Sri Lanka. Experiential knowledge consists of knowledge, experience and communication (Baker, 2003). EFA testing in this study shows accomplishment, capability, interaction, two-way communication, coordination have the highest contribution in experiential knowledge.

Joint innovation competence is the capacity to develop a product and process innovations together with a customer that may advance the worth of the supplier's contributions to the existing customers and prospects (Walter *et al.*, 2001).

Liu and Chen (2018) supported that company has the ability to engage in the joint development of new production process with the buyers, engage in the joint development of new product concepts with the buyer. Furthermore, they mentioned companies have ability to adopt new technology to cater the new demand and engage in rapid prototype testing for the buyer.

Resource based view theory clearly points out that innovation stimuli kindle the focal supplier to innovate when the insights are valuable when they are from the lead customers who are at the forefront of technology or whose product expertise are high. Joint innovation competence contributes 17.8% to the competency-based marketing in SMEs. New production processes, new product concepts, new technology, rapid prototype testing are positively associated with joint innovation competence in this study.

Liu and Chen (2018) stated that integrating the existing knowledge with new knowledge acquired from the buyer, having the ability to exploit newly integrated knowledge into concrete applications, having internal routines to analyze the knowledge obtained from the customer, having the ability to identify, value and import external knowledge from the customer is the creation of absorption competence. In this study 7.13% of absorption competence influences the marketing competency of SMEs.

Judgmental competence is another crucial and foundation level competency (Hogarth, 1987). Inseparability of Experience, knowledge and judgmental competencies will result in effective marketing performance (Hill, 2001). In this study, judgmental competence contributes 6.54% on the marketing competencies of SMEs.

Conclusion and Implications of the Study

The purpose of the research is to explore the factors of competency marketing for the SME sector in Sri Lanka. Researchers conducted analysis in two ways. Initially, researchers applied qualitative research as coding analysis to explore the factors of competency marketing. Snowball sampling method was used to select 25 SMEs and in-depth interviews conducted to collect data in this research. Based on the analysis six dimensions were derived as knowledge itself, accumulated knowledge, communication competence, judgmental competence, joint innovation competence and absorption competence. These six dimensions include 19 factors.

Then researchers conducted exploratory factor analysis to identify the specific dimensions for the SMEs from the factors identified in the qualitative in the Sri Lankan context. Form the EFA analysis four dimensions were derived as experiential knowledge, joint innovation competence, absorption competence and judgmental competence. In which experiential knowledge was derived as the most important dimension (32.039%) for the SMEs, second joint innovation competence is loaded as important factor (17.8%), third factor is absorption competence with 7.12% and fourth factor is judgmental competence with 6.54% contribution.

This research has major theoretical implication for the model of the competency marketing for SMEs. The variables and factors of competency marketing are the novel findings for the SMEs. Under the experiential knowledge, owners need to consider accomplishments, capabilities, interactions, two-way communications, coordination,

qualification, customer value added and uniqueness to improve their business. Then owners need to have more concern on joint innovation competency, particularly on new production process and new product process. Further this research suggests to adopt new technology to develop and sustain their business in the competitive environment. Another major implication is absorption competence; it suggests SMEs integrate knowledge and concrete applications in the SME sector. This research stress out that judgmental competence is the essential factor for the SMEs to face environmental challenges.

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