

MARKETING ACTIVITIES OF SMALL BUSINESSES IN CROATIA: THE CASE OF SPLITSKO-DALMATINSKA COUNTY

Daša Dragnić*

Received: 13. 3. 2009
Accepted: 24. 5. 2009

Preliminary communication
UDC 658.8:65.017.2/.3

Due to their relevance and specific features, small and medium businesses are becoming the subject of scientific studies, with the objective of adapting the economic theory and creating applicable models and tools, in order to improve their business efficiency. One of the relevant marketing research fields is the implementation of marketing activities, which is, in this exploratory research, analyzed in a sample of small businesses in Splitsko-Dalmatinska County. The objective is to bridge the gap between the understanding of small and medium business marketing in large and established market economies, versus those small and transitional economies. Results of the study indicate that there are no significant differences in marketing activities of the analyzed enterprises, when compared to small businesses worldwide.

1. INTRODUCTION

It has been just more than twenty years that marketing in small and medium businesses has become the significant subject of scientific research. Although different issues have been analyzed, including relationship between market and entrepreneurial orientation, the influence of marketing on small and medium businesses' performance, the role and organisation of marketing in small and medium business entities, as well as its other determinants, the question of appropriateness is raised. Namely, the research in this field is still quite rare in Croatia. Differences in Croatian entrepreneurial tradition, culture and environment require that research results and application of research conclusions performed in large and established market economies are tested.

* Daša Dragnić, MSc, Faculty of Economics Split, Matice hrvatske 31, 21000 Split, Croatia, Phone: +385 21 430 755, E-mail: dasa.dragnic@efst.hr, ddragnic@inet.hr

1.1. Small and medium businesses and their relevance

It should be emphasised at the beginning that the focus of this research is not on *entrepreneurship* as a phenomenon, orientation and process whose key features are innovativeness, risk-taking and proactive approach (Schindehutte et al., 2006; Lumpkin and Dess, 2001, 1996; Covin and Slevin, 1990, 1989; Miller, 1983). The focus is on *small and medium businesses* as a part of the economy, i.e. economic entities which can be defined by "economic" and "statistical" definition provided by the Bolton Committee (1971). While statistical criteria of the size of small and medium business entities varies from country to country, economic criteria can be considered universal – they are independent (in ownership and management), they are managed by (co)owners in a personalised way and they have a small market share.

Small and medium businesses in Croatia are defined as legal entities, independent in undertaking permanent business activities in order to gain profit i.e. income on the market, which meet two out of the three required (statistical) criteria. One of the obligatory criteria is the *number of employees* (up to 250 employees) and the other one can either be the *annual turnover* (up to 216 million HRK) or (*long-term*) *assets value* (up to 108 million HRK). Small and medium business is divided into two main categories: medium and small, within which there is a micro business subgroup (Figure 1).

CATEGORIES OF ENTREPRENEURS	NUMBER OF EMPLOYEES	ANNUAL TURNOVER	or	ASSETVALUE
MIDDLE	< 250	≤ 216 m HRK (circa 29.2 m EUR)		≤ 108 m HRK (circa 14.6 m EUR)
SMALL	< 50	≤ 54 m HRK (circa 7.3 m EUR)		≤ 27 m HRK (circa 3.6 m EUR)
MICRO	< 10	≤ 14 m HRK (circa 1.9 m EUR)		≤ 7 m HRK (circa 0.9 m EUR)

Figure 1. Statistical criteria of small and medium businesses categories in Croatia

Source: Based on the Law on Incentives for Small and Medium Businesses (NN 29/2002; NN 63/2007).

One of the features, and at the same time one of the problems, of small and medium businesses in Croatia is a regional inequality i.e. significant concentration of their economic activities around large city centres (for example, small and medium entrepreneurs registered in Zagreb account for circa 33% of the total small and medium businesses in Croatia).

On the other hand, there is a significant sectoral diversification of small and medium businesses (Figure 2).

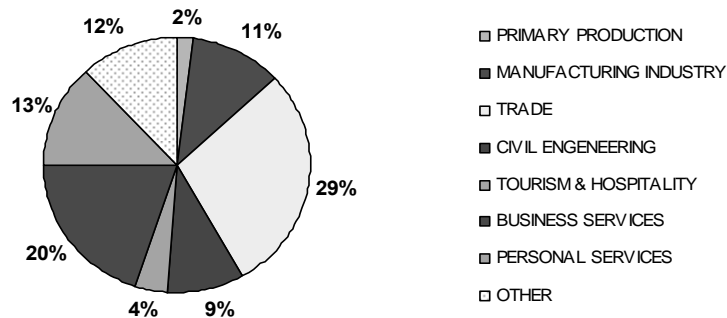


Figure 2. Sectoral structure of small and medium businesses (according to the number of entities)

Source: According to the Ministry of Economy, Labour and Entrepreneurship data (2007/8)

Small and medium business sector plays an important role in the economic and social development of every country, with the indicators of the impact in Croatia (Figure 3) being almost identical to those in EU.

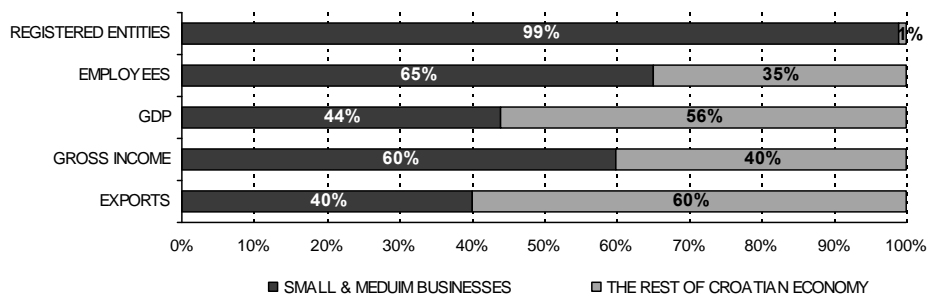


Figure 3. Share of small and medium businesses in the Croatian economy

Source: According to the Ministry of Economy, Labour and Entrepreneurship data (2007/8).

1.2. Literature review

It is generally accepted that the basic principles of marketing are universally and equally valuable and applicable to both large and small businesses (Blankson and Cheng, 2005; Reynolds, 2002; Siu and Kirby, 1998). However, small and medium entities cannot do conventional marketing as large

ones do (Verhees and Meulenberg, 2004; Blankson and Stokes, 2002; Gilmore et al., 2001; Carson, 1990), as they are influenced significantly by both the external and the internal environment (Avlonitis and Gounaris, 1999). Due to the characteristics and limitations of their owner-manager, resources, market impact and organisational structure, marketing in small and medium businesses is likely to be haphazard, informal, loose, unstructured, spontaneous and more reactive than proactive (Gilmore et al., 2001). Their marketing activities tend to be pragmatic, practical and adopted to suit their unique situation (Carson and Gilmore, 2000) and informal and unplanned, relying on the intuition and energy of an individual, i.e. owner-manager (Stokes and Blackburn, 1999). Consequently, complex marketing theories, formal marketing approach and normative models of marketing practice may not be appropriate and applicable for them (Berthon et al., 2006; McCartan-Quinn and Carson 2003; Carson and Gilmore 2000; Conant and White, 1999; Brooksbank et al., 1999).

According to extensive literature reviews (Raaij and Stoelhorst, 2007; Cadogan, 2003; Hill, 2001; Siu and Kirby, 1998; Romano and Ratnatunga, 1995), marketing in small and medium businesses has been approached as a: concept, orientation, culture, strategy, tactics and function, dealing with four issues: definition, measurement, model and implementation. The *concept of market orientation* as a multidimensional construct has received considerable attention from researchers over the past 20 years, with three general perspectives emerging: "cultural" (Deshpande et al., 1993; Narver and Slater, 1990), "behavioural" (Kohli and Jaworski, 1990) and "resource capabilities and allocation" (Kyriakopoulos and Moorman, 2004; Ruekert, 1992). Market orientation can involve either responsive or proactive behaviour (Berthon et al. 2004; Slater and Narver, 2000), and can result in "market-driven" and "market-driving" approaches (Narver et al., 2004; Hills and Sarin, 2003; Kumar et al., 2002; Jaworski et al., 2000).

However, no matter the differences in the approach to the market orientation construct, it is understood that market orientation implies the customer orientation (to determine and satisfy the needs, wants and aspirations of target markets) and ability to compete successfully (more effectively and efficiently than competitors, in a given environment, with resource capabilities and allocation). Therefore, not only that the conceptualisation of market orientation can be approached from both cultural and managerial perspectives (Lafferty and Hult, 2001), but it can be concluded that market orientation represents a synthesis of *attitudes* (concept, culture) as well as of *behaviours* (processes, activities).

Due to the "distinctive marketing style" of small and medium businesses (Blankson et al., 2006; Veerhees and Meulenbergh, 2004; Brooksbank et al., 2003; Stokes, 2002), there is an obvious need for further research into the application of market orientation within this sector (McCartan-Quinn and Carson, 2003; Becherer et al., 2003).

2. RESEARCH PURPOSE AND METHODOLOGY

2.1. Research objectives

The purpose of this paper is to determine the presence and implementation of the marketing activities, as a part of the behavioural (managerial and operational) aspects of market orientation, in the category of small businesses in the Splitsko-Dalmatinska County.

There are two main motives for this research, which at the same time indicate research contributions. As it has already been stated, current research in marketing of small and medium businesses in Croatia (Sabol, 2007; Šuštić and Krolo Crvelin, 2005; Leko Šimić and Horvat, 2004; Grbac, 1991) is not sufficient for forming the whole picture of the subject, and therefore does not allow a precise comparison with foreign research results and evaluation of their applicability. This paper will contribute to the creation of sufficient information and knowledge and will serve as a basis for further research in marketing of small and medium businesses in Croatia. Mainly, studies in this field are conducted for and on the overall small and medium businesses (including categories of medium, small, micro and often even large businesses). Having it in mind, this paper will make its contribution at this level, as well, due to its focus on small and micro businesses, as a significant part of small and medium businesses, with its own specific features. This way, the basis for the adaptation of the marketing theory and models to small, as well as to small and medium businesses, is being strengthened.

2.2. Methodology and research instruments

The survey method of random sampling is applied in this exploratory research. Questionnaires have been sent through the members of the Alumni (association of graduates) and students of the Faculty of Economics in Split, Croatia, as well as through several banks, targeting the small businesses in the Splitsko-Dalmatinska County. Primary data were gathered in January 2009, by mail or through direct contact, from the key persons, i.e. from entrepreneurs themselves.

The questionnaire is divided into three parts. In the first part, through the offered answer categories, the basic, selective features of the sample are examined: number of employees, annual turnover, financial result (positive or negative) and duration of existence/activity. Questions of the second part, with offered answer categories, are directed at the description of the sample i.e. the features which could influence their market orientation and implementation of marketing activities, such as: the legal form, the main business activity/sector, the prevailing type of customers, the market size and business education of owners-managers. The third part of the questionnaire begins with the basic assessment of two market orientation starting points, i.e. customer and competitor orientation, through the set of closed and open questions on how they are taken into account and how they influence the business. Naturally, determination of the presence and implementation of marketing activities, through the set of closed and open questions, make the most comprehensive part of the questionnaire.

2.3. The research sample

After a preliminary analysis of 75 received questionnaires (out of 200 launched ones), a selection of the final sample of 48 questionnaires (24%) has been made. The selection has been based on the sample's basic features:

- **Small entrepreneurs** = up to 50 employees and with an annual turnover up to 54 m HRK (including the subgroup of *micro* entrepreneurs).

Small businesses (including the subgroup of micro ones) account for circa 98% of the small and medium business entities in Croatia. Their relevance can be shown by their share in the indicators of small and medium businesses: circa 50% of the employees, 40% of revenue/income, 50% of gross income, but only about 10% of exports.

- **“Successful” businesses:**
 - "Grown up" entrepreneurs = active for more than 36 months ("start-ups" excluded);
 - achieving positive financial results (profit or income).

The “successful” businesses have been chosen so that the credibility of results and conclusions is not questioned due to the business entities with negative financial results (the potential correlation between not applying marketing activities and unsuccessful business) as well as due to the "start-

ups" (the potential presumption that their business is not yet well developed to require and/or enable the implementation of marketing activities).

- **Registered in Splitsko-Dalmatinska County**

The Splitsko-Dalmatinska County accounts for circa 10% of the overall small and medium businesses in Croatia (a little more according to the number of entities and a little less according to the level of activity and performance). Although the small businesses of a single county have been chosen for the research, the results (with a certain amount of deviation within particular variables) can be applied to the overall category of small businesses, regarding the common characteristics of small entrepreneurs.

3. RESEARCH FINDINGS AND DISCUSSION

3.1. Fundamental determinants of the sample

The features that could have an impact on implementing marketing activities in the small business entities have been defined at the beginning of the research and included in the questionnaire.

The sample structure according to the **legal form** is the following: 17 out of 48 respondents (35.4%) account for *crafts*, 29 (60.4%) account for *limited liability companies* and two (4.2%) account for the category *others* (self-employed and profit-making institution). According to their legal form, the majority of small and medium businesses in Croatia are crafts and limited liability companies and, therefore, the sample of small businesses from Splitsko-Dalmatinska County enables a reliable analysis.

During the data analysis, a further grouping of the business activities (from 16 to 8) has been made. According to the **main business activity/sector**, the sample quality is high, representing all of the seven most significant sectors of small and medium businesses (Figure 2) as well as the category "others".

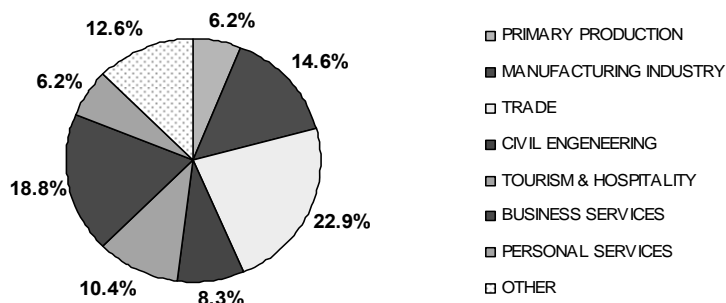


Figure 4. Sample structure according to the main business activity/sector

Source: Research results.

The sample structure according to the **prevailing type of customers** demonstrates that 22 out of 47 respondents (46.8%) are primarily oriented to *individual* ones, while 25 (53.2%) are oriented to *business customers*. As the structure of small businesses according to this variable could not be determined, it is not possible to establish sample representativeness, but as both categories are significantly represented in the sample, it provides adequate grounds for obtaining valid research results.

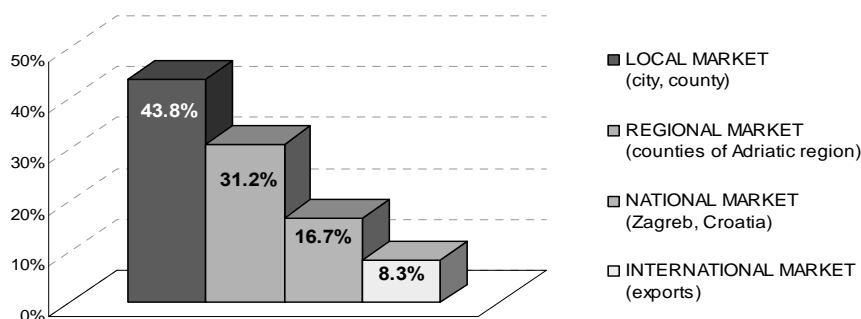


Figure 5. Sample structure according to the market size

Source: Research results.

Although the structure of small businesses according to the **market size** could not be determined, as well, it can be stated that the sample enables a reliable analysis, because it includes all four levels of the market size (Figure 5),

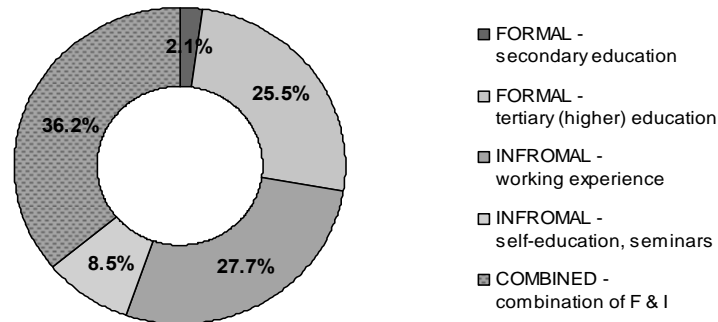


Figure 6. Sample structure according to the level of obtained business education of owners-managers

Source: Research results.

According to the level of obtained **business education of owners-managers**, it can be stated that the sample structure (Figure 6) is somewhat more favorable than the presumed structure of Croatian entrepreneurs. Nevertheless, the sample is acceptable considering the fact that it comprises main forms of formal and informal education. This was the only question in the questionnaire that included a multiple choice answer, so the respondents who marked more than one source of their business competence have been classified into the category “combined”.

3.2. Analysis of marketing activities in small business entities

Although primarily focused on the presence and implementation of marketing activities, as a part of the behavioural (managerial and operational) aspects of market orientation, this research also includes a basic assessment of two market orientation starting points, i.e. *customer and competitor orientation*. Accordingly, the questionnaire included questions about how customers and competition are taken into account and how they influence the business. In the answers to open questions (which were grouped in the course of data processing), the respondents listed different means of how they learn about the customers' needs, complaints, suggestions and gather information about their competition and specific areas of their business that are directly influenced by the customers and the competitors.

Out of the total number of respondents, 14.6% answered that their businesses do not take into consideration their customers' needs, complaints,

and suggestions, while 85.4% of the respondents gave a positive answer to this question. The ratio almost does not change at all, with percentages of 14.3% vs. 85.7%, when the sample is reduced to those without a "marketing department/employee"¹. This leads to the conclusion that the presence of basic **customer orientation** in small business entities is independent of the existence of an organizationally structured function of marketing.

The most frequent way of gathering information about the customers is "direct contact, communication with the customers" (mentioned 37 times), but the respondents also mention "the Internet/e-mail", "surveys" and "complaints records" (each mentioned twice). The customers exercise most influence on "increasing the quality of products/services" (mentioned 20 times), followed by "overall improvement of performance, correction of omissions, new ideas" (mentioned 10 times), "product range" (mentioned 8 times) and "prices" (mentioned twice).

Regarding the issue of the influence of competition to the analyzed businesses, 22.9% out of the total number of respondents answered negatively, and 77.1% gave positive answers. When the sample is reduced to those without a "marketing department/employee", the ratio is very similar, 26.2% vs. 73.8%. Although the results indicate that the competitors are slightly less taken into account than the customers, they still indicate a high level of basic **competitor orientation** in small business entities, regardless of the existence or non existence of an organizationally structured function of marketing.

The most frequent way of gathering information about the competition is "insight into their offer – fairs, tenders, direct contact" (mentioned 19 times), followed by "from customers" (mentioned 8 times) and "Internet, media, data bases" (mentioned 3 times). The competition exercises most influence on "prices and terms for customers" (mentioned 20 times), followed by "product / service quality" (mentioned 11 times), but also "product range" (mentioned 6 times), "promotion" (mentioned 3 times), "technology" and "image" (each mentioned twice) and "distribution/location" (mentioned once).

A cumulative analysis of both variables indicates that small entrepreneurs prefer "live" information, gathered in *direct contact with customers and competitors*, which is in accordance with numerous studies about the importance and presence of networking (personal contact networking) and the relationship with customers, competitors and other stakeholders of the

¹ This segment of the research results will be further analyzed in this paper.

entrepreneurial process and environment (Hills et al., 2006; Gilmore et al., 2001; Hill, 2001). A comparative analysis of the **influence of customers and competitors** on the business activities of small entrepreneurs (Figure 7) indicates that the influence is largely focused on two elements of the marketing mix - *product / service* (the *range* aspect included) and *price & terms*, the two key, undeniably inevitable elements of doing business.

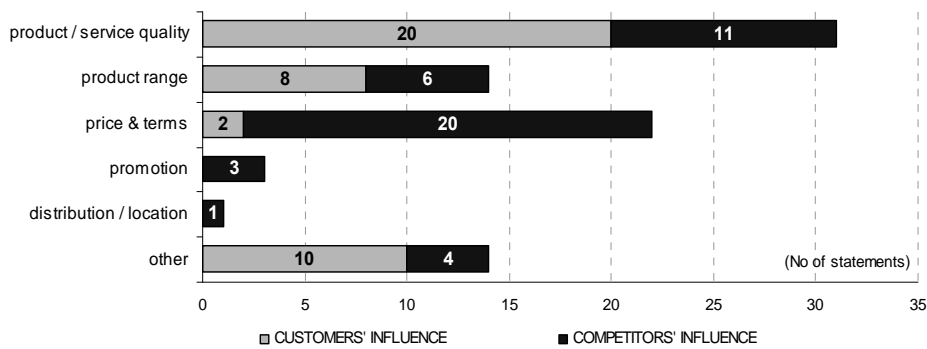


Figure 7. Influence of customers and competitors on the business of small entrepreneurs (as related to the entire sample)

Source: Research results.

Figure 8 shows the cumulative results of consideration and influence of customers and competitors on the entire sample. When the analysis is narrowed down to 42 respondents who do not have a "marketing department/employee", the percentage of those who do not show consideration for either the customers or the competitors in their businesses increases slightly to 7.14% (although their number remains the same), while the percentage of those who do take into account both the customers and the competitors decreases to 66.67%.

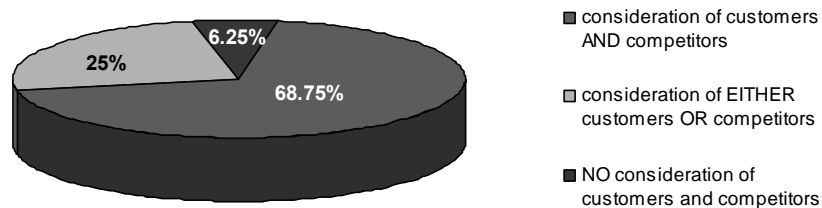


Figure 8: Sample structure according to consideration of customers and competitors (as related to the entire sample)

Source: Research results.

The fact that the research enabled only the basic evaluation of the presence of orientation toward customers and competitors, without a more thorough analysis of means, frequencies and levels of such orientations, does not diminish the significance of the obtained results, which prove that most small business entities have adopted these two starting points of market orientation.

To determine presence and implementation of marketing activities in small business entities, the questionnaire included a combination of closed and open questions related to the existence of the marketing department or an employee in charge of marketing (including a job description) and implementation of particular marketing activities (within the business entity or using external experts, their frequency and executors).

Six respondents (12.5%) acknowledged the **existence of the marketing department or an employee in charge of marketing**, while 87.5% answered that they have no marketing department or employee in charge of marketing. Two out of six respondents with a positive answer did not give a job description of their "marketing department/employee(s)". Two respondents pointed out promotion in the job description, one mentioned customer and product analysis, while one included into a job description activities, such as: contact with customers and sales, product design and promotion.

The following variables influence the existence of the "marketing department/employee" in small business entities: *legal form* (limited liability companies make up 83.3%), *type of customers* (business customers make up 83.3%) and *business education of owners-managers* (combined education accounts for 80% and the remaining 20% accounts for higher formal education). In the variable *business activity/sector*, the results included three out of eight sectors (manufacturing industry with 16.7%, trade with 33.3% and business services with 50%). A complete (and in a way illogical) dispersion of results emerged in the variable *market size* (local and national markets account for 33.3% each, and regional and foreign markets account for 16.7% each). However, because of the deficient size of this part of the sample, no interdependence analysis can give valid results.

At the same time, based on the high percentage (87.5%) of those who do not have a "marketing department/employee" (in spite of the sample structure made up of 60.4% limited liability companies, 53.2% business customers oriented entrepreneurs, and 61.7% of business education acquired through higher formal education and combined forms), it can be concluded that the majority of small business entities do not include marketing as a part of the

formal organizational structure, which is in accordance with the results of previous empirical studies.

The questionnaire also included questions related to the **implementation of eight marketing activities**, which were formulated in such a way (research and analysis, planning and control) to emphasise the systematic approach to particular elements of the marketing environment and the marketing mix. Namely, it is indisputable that all (small) business entities perform marketing activities related to their products, prices and distribution channels. Some of them might have a promotion policy, even if it is formulated without clear intent. Efficiency of such an approach is indicated by a decrease in the number of entrepreneurs who offered positive answers to the questions about analyzing customers and competitors (66% each), compared to the percentage of positive answers to the previous questions about the consideration and influence of the customers and competitors (85.4% and 77.1%).

Table 1. Implementation of marketing activities (the entire sample)

Implementing marketing activities	NO		YES, autonomous		YES, outsourcing		YES, in total		TOTAL	
	Freq	%	Freq	%	Freq	%	Freq	%	Freq	%
Research & analysis of external (macro) environment	28	59.6	14	29.8	5	10.6	19	40.4	47	100
Research & analysis of customers	16	34.0	26	55.3	5	10.6	31	66.0	47	100
Research & analysis of competition	16	34.0	26	55.3	5	10.6	31	66.0	47	100
Development of products/services	13	27.7	29	61.7	5	10.6	34	72.3	47	100
Planning & control of product range	19	40.4	27	57.4	1	2.1	28	59.6	47	100
Planning & control of prices	13	27.7	32	68.1	2	4.3	34	72.3	47	100
Planning & control of distribution	24	53.3	19	42.2	2	4.4	21	46.7	45	100
Planning & control of promotion	20	42.6	23	48.9	4	8.5	27	57.4	47	100

Source: Research results.

Comparison of the results obtained by analyzing the entire sample with the results of the reduced sample (those without a "marketing department/employee"), shows that the results of the reduced sample are somewhat lower, but without any significant change in the structure (Figure 9).

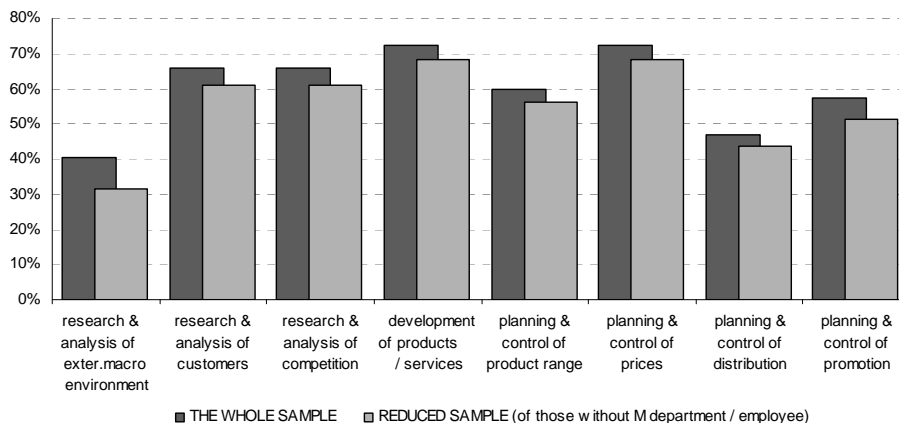


Figure 9. Comparison of marketing activities implementation (between the entire and the reduced sample)

Source: Research results.

Research results show that most frequently conducted marketing activities, with 72.3% (68.3% of the reduced sample) each, are: *product development* (which is logically connected with *range planning and control*) and *price planning and control*. This is in accordance with the results of the previous analysis, related to the influence exerted by the customers and competitors (Figure 7). Compatibility of the previous results is further strengthened by the significant presence of the *research and analysis of customers and competitors*, both performed by the 66% of the respondents (61% of the reduced sample). Namely, these activities provide the market-related information for defining the product and price policies.

The lack of understanding the significance of *distribution and promotion* leads to the less intensive planning and control of these two marketing mix elements. This can be also confirmed by a low presence of outsourcing in planning, implementing and control of promotion (for which the majority of small entrepreneurs lacks the relevant expert knowledge and skills).

Activity with the lowest presence is research and *analysis of the external (macro) environment*, which is performed by 40.4% of the respondents (31.7% of the reduced sample). This indicates the lack of understanding of its importance and/or incapacity of small entrepreneurs to follow macro trends and incorporate them into their business.

Implementation of marketing activities is completed by presenting the cumulative results (Figure 10). When the analysis is narrowed down to 41 respondents without a "marketing department/employee", percentage of entities, which do not undertake any marketing activities increases to 19.51%, while the percentage of those who undertake all the marketing activities decreases to 14.63%.

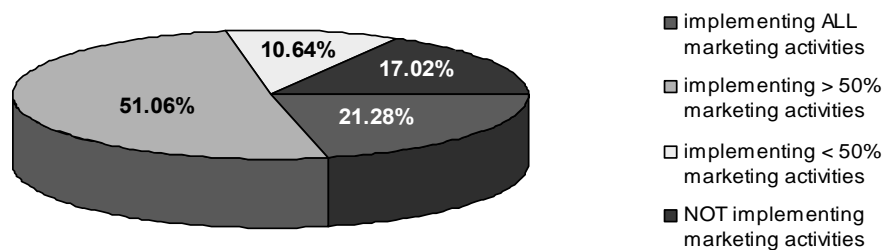


Figure 10. Sample structure according to implementation of marketing activities (the entire sample)

Source: Research results.

When the structure demonstrated by the previous figure is compared to the sample structure according to "customers' and competitors' consideration and influence" (Figure 8), it can be concluded that the implementation of marketing activities, as a part of the behavioral (managerial and operational) aspect of market orientation, is less present in small business entities. This is further confirmed by the overall level of implementing marketing activities (an average presence of marketing activities in the entire sample, with the assumption that they are all of the same importance, would be about 60.2%).

All the previously drawn conclusions are additionally confirmed by the analysis of the **frequency of marketing activities** implementation (Figure 11). Namely, *continuous and systematic approach* is the form in which the most frequent marketing activities are implemented. Those include research and analysis of customers (64.5%), product/service development (55.9%) and price planning and control (52.9%). At the same time, the systematic approach is least present in marketing activities which are, also, least implemented ones: planning and control of distribution (42.9%) and promotion (37%). There are some activities that stand out significantly from the previously established pattern. These are research and analysis of competitors (although among the most present ones, it is implemented continuously/systematically by only 38.7%

of respondents) and research and analysis of the external (macro) environment (although it is the least implemented marketing activity, the continuous/systematic approach can be found in 52.6% of the cases).

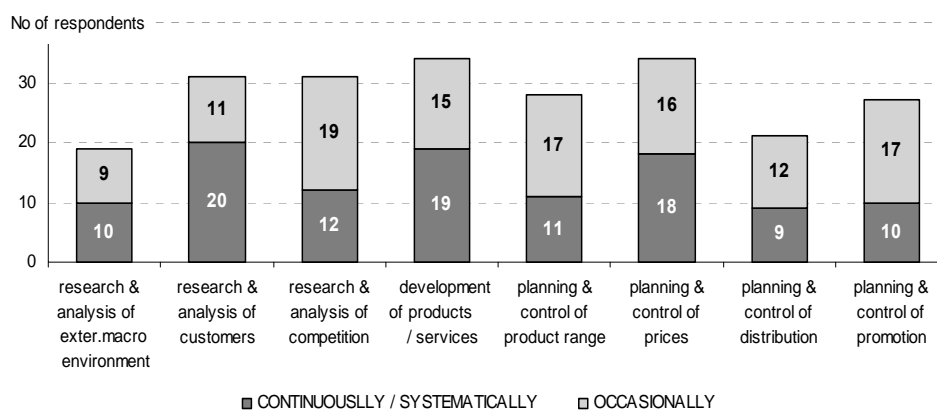


Figure 11. Frequency of marketing activities implementation (including only those respondents who implement them)

Source: Research results.

Generally, results of the previous section of the research results can be compared with the results of the numerous foreign and Croatian studies, which indicate a non-systematic, i.e. "ad hoc" approach to marketing in most small and medium business entities.

Besides the involvement of the external experts, this study also included the identification of the **person implementing the marketing activities** within the business entity. When the answers of the eight respondents who do not undertake any marketing activities are excluded from the sample, results of the analysis indicate that implementing marketing activities includes *more than one person* in case of 52.6% of the entities. This means there is less than 50% of small business entities with only *one person* (usually the owner-manager) in charge of implementing all the marketing activities. These results are encouraging because they indicate:

- a connection between marketing and other business functions (in the framework of which the marketing activities are usually implemented), i.e. a certain level of interfunctional coordination, as one of the features of market orientation (Narver and Slater, 1990) and, consequently,
- a certain level of (conscious or unconscious) spreading of a marketing concept within the business entity.

On the other hand, but in line with the results of previous studies (Culkin and Smith, 2000), results in Table 1 show a very low frequency of *cooperation with external experts* in general (an average percentage of involving external experts, in the part of the sample which undertakes marketing activities is 12.9%). This is, in addition, reinforced by the fact that small business entities have the inadequate capacity (both quantitatively and qualitatively) for a more systematic autonomous implementation of all marketing activities. Such an unfavourable situation regarding outsourcing could question the previous statement about the existence of successful networking of small entrepreneurs, but it has to be pointed out that they mostly operate through personal and informal networking (Gilmore et al., 2001; Hill, 2001).

Results of this study can be summarized by concluding that in most small business entities, marketing activities are implemented, but usually without being well planned and managed. At least, they are not undertaken systematically, much less through a formal organization of the marketing function, or by the cooperation with the external experts. These findings are also confirmed by observations of other researchers (Blankson et al., 2006; Brooksbank et al., 2003; Stokes, 2002; Stokes and Blackburn, 1999; Carson, 1990) about the absence of a formal approach to market research and marketing planning in small businesses, which is often replaced by the strong emphasis on customer care, reliance on intuition and awareness of the environment.

4. CONCLUSIONS, LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCH

Results of this study confirm the previous research in the issues of marketing in small and medium (including micro) businesses. Accordingly, even this study is of exploratory nature, it can be indicated that most small business entities in Croatia are, at least to some extent, oriented toward the market, their customers and, in particular, toward the competitors, as well as implement the marketing activities in a distinct manner.

More precisely, as for the level and means of implementation, it can be concluded that in most small business entities, marketing activities are:

- not present in a formal organizational structure (there is no department or position that deals with marketing activities exclusively);
- implemented in an *ad hoc* manner (lacking continuity or consistency), usually accompanying the core business functions (purchasing, production and sales) and

- performed by a single person (usually the owner-manager), or more individuals, depending on the organization of the other business functions, with a marked reluctance to cooperate with the external experts.

Furthermore, it can be concluded that the most frequent marketing activities are those of planning and control of the key elements of the marketing mix - product/service (including the product range) and price (including terms of payment), as well as research and analysis of customers and competitors. This is also confirmed by the significant consideration for customers and competitors and their influence on product/service and price policies.

This study has addressed only some partial aspects of the marketing implementation issues in a sample of small and medium business entities in Splitsko-Dalmatinska County. It is hoped that the study will contribute to understanding of marketing in the small and medium businesses in Croatia and provide the starting point for the further research of the market orientation as a multidimensional construct.

The limitations of this research are inherent in its very nature (exploratory research) and the sample size, which has not allowed a more profound analysis of the interrelatedness of various variables. Suggestions for the further research result from the previously identified limitations. Future studies might consider the dependence of marketing on some more variables such as: owner-manager motivation to start a new business venture and the growth orientation of a small business entity, but should be carried out on a larger sample, across entire Croatia, as a combination of qualitative and quantitative methods.

REFERENCES:

1. Avlonitis, G. J., Gounaris, S. P. (1999), "Marketing orientation and its determinants: an empirical analysis", *European Journal of Marketing*, Vol. 33 No. 11/12, pp. 1003-1037.
2. Blankson, C., Motwani, J. G., Levenburg, N. M. (2006), "Understanding the patterns of market orientation among small businesses", *Marketing Intelligence & Planning*, Vol. 24 No. 6, pp. 572-590.
3. Bradshaw, R., Maycock, C., Oztel, H. (2008), "Exploring SME market orientation: an organisational learning perspective", *Education + Training*, Vol. 50 No. 8/9, pp. 764-777.
4. Carson, D. J., Cromie, S., McGowan, P., Hill, J. (1995), "Marketing and entrepreneurship in SMEs: an innovative approach", Prentice-Hall, London.

5. Chaston, I., Mangeles, T. (2002), *Small business marketing management*, Pelgrave, New York
6. Gilmore, A., Carson, D., Grant, K. (2001), "SME marketing in practice", *Marketing Intelligence & Planning*, Vol. 19 No. 1, pp. 6-11.
7. Gonzalez-Benito, O. J., Munoz-Gallego, P. A. (2008), "Role of entrepreneurship and market orientation in firms' success", *European Journal of Marketing*, Vol. 43 No. 3/4, pp. 500-522.
8. Hill, J. (2001), "A multidimensional study of the key determinants of effective SME marketing activity: Part 1 and Part 2", *International Journal of Entrepreneurial Behaviour & Research*, Vol. 7 No. 5, pp. 171-204 and No. 6, pp. 1355-2554.
9. Hills, G. E., Hultman, C. M., Miles, M. P. (2006/2008), "The evolution and development of entrepreneurial marketing", *Forum of Small Business Management / Journal of Small Business Management*, Vol. 46 No. 1, pp. 99-112.
10. Hulbert, J. M., Capon, N., Piercy, N. F. (2003), *Total integrated marketing*, Free Press, New York
11. Kotler, P. (2001), *Marketing management: analysis, planning, implementation and control*, MATE, Zagreb
12. Li, Y., Zhao, Y., Tan, J., Liu, Y. (2006/2008), "Moderating effects of entrepreneurial orientation on market orientation - performance linkage: evidence from Chinese small firms", *Forum of Small Business Management / Journal of Small Business Management*, Vol. 46 No.1, pp.113-133.
13. Poolton, J., Ismail, H. S., Reid, I. R., Arokiam, I. C. (2006), "Agile marketing for the manufacturing-based SME", *Marketing Intelligence & Planning*, Vol. 24 No. 7, pp. 681-693.
14. Raaij, van E. M., Stoelhorst, J. W. (2007), "The implementation of a market orientation - A review and integration of the contributions to date", *European Journal of Marketing*, Vol. 42 No.11/12, pp.1265-1293.
15. Sabol, G. (2007), "The influence of information and communication technologies on the marketing strategies of small and medium size exporting enterprises", XX CROMAR Congress, Rijeka, 2007.
16. Schindehutte, M., Morris, M. H., Kocak, A. (2006/2008), "Understanding Market-driving behavior: the role of entrepreneurship", *Forum of Small Business Management / Journal of Small Business Management*, Vol. 46 No.1, pp. 4-26.
17. Simpson, M., Padmore, J., Taylor, N., and Frecknall-Hughes, J. (2006), "Marketing in small and medium sized enterprises", *International Journal of Entrepreneurial Behaviour & Research*, Vol.12 No. 6, pp. 361-387.
18. Siu, W., Kirby, D. A. (1998), "Approaches to small firm marketing: a critique", *European Journal of Marketing*, Vol. 32 No. 1/2, pp. 40-60.

19. Šuštić, I., Krolo-Cervelin, A. (2005), "Marketing strategies for competitive advantages of small business", XIX CROMAR Congress, Split, 2005.

**MARKETINŠKE AKTIVNOSTI U HRVATSKOM MALOM
PODUZETNIŠTVU: SLUČAJ SPLITSKO-DALMATINSKE ŽUPANIJE**

Sažetak

Zbog svog značaja i niza posebnih obilježja, malo i srednje poduzetništvo je sve češće predmet znanstvenih istraživanja usmjerenih na prilagođavanje ekonomske teorije i stvaranje primjenjivih modela i alata za unapređenje njegove uspješnosti. Jedno od relevantnih marketinških istraživačkih područja je i primjena marketinških aktivnosti, koja se u ovom izviđajnom istraživanju obrađuje na uzorku subjekata malog poduzetništva Splitsko-dalmatinske županije. Cilj ovog rada je povećati količinu informacija i razumijevanja marketinga u malom poduzetništvu malih i tranzicijskih gospodarstava, obzirom da većina radova ipak obrađuje problematiku velikih i tradicionalno tržišnih gospodarstava. Rezultati ovog istraživanja ne ukazuju na značajnije razlike u provođenju marketinških aktivnosti u odnosu na stanje u malom gospodarstvu u svijetu.