EXPLORING THE IMPACT OF BRAND ORIENTATION AND RELATIONAL LEARNING ON PERFORMANCE OF SMES IN PAKISTAN

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ABSTRACT
This paper is an attempt to shed light on the leadership perceptions of the young generation in the workplace. How do they perceive current leaders to be and how would they like leaders to be in terms of promoting performance, productivity and staff satisfaction. A qualitative study was undertaken with a varied sample in terms of age as well as years of work experience. In the main the findings reveal that staff prefers transformational leaders who are both firm and fair and work with them rather than against them.

Keywords: Brand orientation, Relational learning, SMEs Performance, Pakistan.

INTRODUCTION
The strategic importance of branding research has been greatly recognized in the business literature. The idea of brand has been revolutionized from being just a logo, symbol, name or an advertising slogan in the last decade to the new symbolic embodiment of a firm or its product’s values (Anees-ur-Rehman, 2014). Due to the still-emerging and rapidly increasing significance of brands in today’s modern age, firms exhibit propensity to undertake brand building as a continuous process and not just as a project. Therefore, strong brands are not easily acquired; they must be produced time and again (Gromark & Melin, 2011).

The latest advancement in this regard is the insightful development in the evolving concept and the unique paradigm of brand orientation. Brand orientation has been identified as a principal tool for the process of brand establishment (Gromark & Melin, 2011). The original use of concept of brand orientation can be traced back to Urde (1994, 1997, 1999) who introduced and developed the theoretical foundations of this concept (Baumgarth, Merrilees & Urde, 2013). It was recognized as an attempt to focus on firm’s internal setup to establish and maintain thriving brands. The approach to incorporate brand into firm’s overall strategic planning is regarded as brand orientation (Gromark & Melin, 2011). Brand orientation is recently being considered as a determinant of success in SMEs businesses.
In addition to brand orientation, another noteworthy variable is relational learning which can spur organization growth. In the present scenario, learning has become the central focus of company management and essential requirement of productive activity. The definition of individual learning by John Dewey identifies that the process of knowledge creation ultimately results in a person’s behavioural change through experience transformation process. This definition can be obviously compared with deliberation on organizational learning which states that workers of an organization, in their relative capacity, respond to both internal and external environmental changes by identifying and amending the errors function as a learning agent for the organization. Both individual and organizational learning share different characteristic features of each other, namely; learning mainly deals with changes that are likely to persist and their measurement establishes the fact that such changes have occurred.

In order to reach the organizational level, learning has to qualify two preliminary stages; individual and group learning. Personal knowledge signifies knowledge attainment or knowledge creation, while group learning takes place with transfer and dissemination of this knowledge and finally sharing and incorporating this knowledge throughout the organization is acknowledged as organizational learning (Jerez-Gomez, Céspedes-Lorent, & Valle-Cabrera, 2005). However, due to its collective nature organizational learning distinguishes itself from learning process of people at individual level (Gomez et al., 2005). Baker and Sinkula (1999) assert that organizational learning takes place when a disparity in expected outcome is detected which seeks to challenge the prevalent theory in use. The organization has to rectify this situation, which resultantly modifies the prevalent theory (Baker and Sinkula, 1999). Gomez et al. (2005) highlight that collective action at organizational level to identify the undesirable outcome and its rectification suggests various internal changes which eventually cause efficient innovation and continuous improvement. Keeping in view the aforesaid importance of Brand orientation and Relational learning, this paper has examined the impact of Brand orientation and Relational learning on SMEs Performance. The subsequent section discusses the literature relevant to variables of the study.

**Literature Review**

**Brand Orientation**

In last two decades, a variety of alternative definitions have been proposed in order to contribute to the theoretical and practical advancement of brand orientation. Urde (1999) has proposed brand orientation as an approach where the organization’s internal processes are centred at creating, developing and protecting the brand identity in a constant relationship with the customers with the objective to acquire competitive advantages that can be secured in the form
of brands. Brand-oriented firms are expected to centralize their strategic internal activities around the brand, thus considering brands as significant source of competitive advantage (Urde, 1994, 1999). Brand orientation is characterized with strategic development of thriving brands; it is more likely that it should have direct impact on greater organizational performance (Laukkanen, Tuominen, Reijonen, & Hirvonen, 2015). Although, Ewing & Napoli (2005) are among those researchers who assumed a positive relationship between brand orientation and higher business performance, however empirical evidence of this relationship is quite rare so far (Laukkanen, et al. 2015). Very few researchers like Gromark & Melin (2011) observed the relationship between brand orientation and greater business performance and found a positive link. Moreover, Reijonen, Laukkanen, Komppula, and Tuominen (2012) have explored this relationship in the contextual background of SMEs. Their research established that emerging SMEs tend to follow brand oriented strategies more significantly than stable or declining SMEs (Laukkanen, et al. 2015).

In previous years, the constantly growing research in the field of brand orientation has particularly focused on large organizations; while brand oriented SMEs have largely been an understudied area so far (Baumgarth et al., 2013). This was probably because of general assumption that certain limitations such as time and resources tend to drive SMEs towards their survival strategy rather than expansion and growth. This assumption is taken one step further by suggesting that SME’s focus on short term gains does not allow them to engage in branding practices which depend on specific timeframe to exhibit results. Branding practices take ample time to become a successful contributory factor in firm performance and the absence of understanding of brand management and brand strategy might hinder SMEs financial performance (Neuvonen, 2016). Thus, previously brand orientation was not thought to be a very suitable area for SMEs and only limited research was conducted in this domain (Abimbola and Vallaster, 2007; Krake, 2005; Wong and Merrilees, 2005; Inskip, 2004) despite the fact that 95 to 99 percent of business enterprises all over the world are regarded as SMEs.

**Brand Orientation in SMEs perspective**

Although some previous literature has focused on brands and branding issues in SMEs, the relatively new concept of brand orientation is still at its embryonic stage (Neuvonen, 2016). The pioneer researchers who highlighted the relevance of branding, particularly from the perspective of either a competitive business strategy or a strategic selection for SMEs include Krake, 2005; Wong and Merrilees, 2005; Abimbola & Kocak, 2007; Berthon, Ewing, & Napoli, 2008. Merrilees (2005) provided with the outcomes of branding in SMEs as more focused approach in order to identify potential opportunities, to introduce innovative practices and clarification of business models (Hirvonen, Laukkanen, & Reijonen, 2013).
A vast spectrum of earlier research (Garcia-Morales, Llorens-Montes, & Verdu-Jover, 2007; Ayyagari, Demirgüc-Kunt, & Maksimovic, 2011) suggests that SMEs carry huge potential for sustainable regional and global development owing to their wealth and employment generation, flexibility, capacity of customization, innovativeness and entrepreneurial dynamism (Osakwe, 2016). Contrarily, there is also sufficient documented proof to illustrate that considerable number of SMEs are likely to face the risk of entirely being sidelined from the emerging international market due to the lack of their effective market/brand competitiveness (Abimbola, 2001; Laukkanen, Nagy, Hirvonen, Reijonen & Pasanen, 2013; Osakwe, Chovencova, & Agu, 2016; Wong & Merrilees, 2005).

In various researches (Abimbola & Vallaster, 2007; Krake, 2005) branding is identified as one of the key micro-foundations of SMEs which can ultimately ascertain a sustainable competitive advantage in the constantly uncertain business environment (Osakwe, 2016). Wong and Merrilees (2005) have also recognized the significant role of brand orientation in the context of SMEs, while authenticating the pioneer work of Urde (1994, 1999), where brand orientation is considered to have represented the organizational mindset, and more specifically a strategic capability to secure competitive advantage for the organization. Their study essentially unravels the vistas of higher level of brand orientation for SMEs through certain pre-conditions i.e. marketing capabilities/resources, which have to be well placed within the organizational setup (Wong & Merrilees, 2005).

Most of the current literature comprised of SMEs-related brand orientation studies, conducted in the background of both developed and emerging global markets equally tend to suggest that brand orientation is a key mechanism for sustainable success and continued existence of the firm (Hafeez, Shariff & Lazim, 2012; Laukkanen et al., 2013; Chovancová, Osakwe, & Ogbonna, 2015; Osakwe et al., 2016). Therefore, the literature seems to support the idea of brand orientation for SMEs, provided it is adequately incorporated into firm’s overall business practices (Osakwe, 2016). Reijonen et al, (2012) measured brand orientation in terms of either firm’s important asset or its significant strategic process while focusing on the relationship between brand orientation and firm performance. In his study, Anees-ur-Rehman (2014) has suggested three levels of brand orientation concept (management, mindset and performance) and strongly recommends each level to be integrated into internal and external environment of the firm.

Brand orientation in SMEs also makes the intensive process of brand management more structured and systematic (Baumgarth, 2010). This process requires SMEs to steer their focus on the strengths and weaknesses of their previous brands and evaluate the unique potential of prospect brands in order to establish new brand-oriented strategies.
2.2.3 Brand Orientation and SMEs Performance Relationship

The literature has disclosed the use of various different methods to examine the phenomenon of brand orientation in SMEs. Irrespective of limited empirical research on brand orientation so far, it has included both the for-profit and not-for-profit sectors (Hankinson, 2012). With respect to the nature of research, Wong and Merrilees (2005, 2007, and 2008) carried out both qualitative and quantitative studies to examine brand orientation in various contexts particularly in the SMEs sector. Wong and Merrilees (2005) posited in their study that variation in brand orientation might exist among SMEs, as characterized from minimal to a well-incorporated marketing strategy.

In some of the initial empirical studies, Berthon et al. (2008) and Hirvonen and Laukkanen (2011) classified low and high performing SMEs owing to different brand management procedures. Berthon et al. (2008) attributed higher performance of SMEs with specific and well-implemented brand management practices. In the same way, Hirvonen and Laukkanen (2011) established a positive relationship between branding and SMEs performance in Finnish context.

Laukkanen et al., (2015) conducted an empirical study of relationship between market orientation and brand orientation and their simultaneous effects on SME performance. In this regard, data from 328 Finnish SMEs was gathered. The results of the study demonstrated that the relationship between brand orientation and SMEs performance was insignificant. Unlike prior research, signifying direct relationship of brand orientation on a firm’s performance, this study revealed that this relationship is indirect in nature with reference to SMEs. The findings further highlighted that investment in branding in older SMEs is more worthwhile for them as compared to younger SMEs, while for smaller firms, competitor-oriented strategy is more useful.

In a study conducted in USA, Koh, Lee and Boo (2009) found brand reputation to have a positive influence on firm’s value performance, in general, whereas, it had no significant relationship with accounting performance. It further revealed that brand recognition also had no significant relationship with both value and accounting performance measures. In more recent years, the focus on studying brand orientation has constantly increased, though the number of researches is quite limited, specifically in the context of SMEs (Baumgarth et al. 2013). With respect to empirical studies, there are only few researches which suggest the relationship between brand orientation and SMEs performance.

To conclude, it is evident from the past studies that there is room for further research with respect to relationship between Brand Orientation and SMEs Performance as the previous scholarly research is quite limited and insufficient. Moreover, there is no consensus regarding
the nature of relationship as there are mixed findings and inconsistent results with reference to Brand Orientation-SMEs Performance relationship.

Relational Learning

Several researchers have defined the relational learning in terms of process in which attainment, explanation and storage of new knowledge is applied for improvement of problem solving capabilities at organizational level (Huber, 1991; Thomas, Sussman, & Henderson, 2001; Liao, Fei, & Liu, 2008; Hafeez, Shariff & Lazim, 2013). Individual learning becomes the foundational basis for organizational learning and it’s the members’ contribution and accumulation of individual learning which ultimately results into organizational learning (Liao et al., 2008; Calantone, Cavusgil, & Zhao, 2002). According to Nonaka (1995), the constant interaction between implicit and explicit knowledge is considered to be the source of organizational learning. Therefore, Spector and Davidsen (2006) discuss the modelling and measurement parameters of organizational learning, which emerge from socially supported information processing perspective of learning also termed as relational learning.

The literature review of organizational learning introduces its two main types. Firstly, there is single-loop learning (Argyris and Schön, 1978) which is also considered as incremental learning (Miner and Mezias, 1996), or exploitative learning (Liao et al., 2008). The first type of organizational learning is also known as Non-Duetero and is characterized as passive learning (Saban, Lanasa, Lackman, & Peace, 2000). According to Hedberg and Wolff (2001), single-loop learning, being adaptive in nature, is carried out within the process and structure of learning system (Hedberg and Wolff, 2001). It deals with framing and acquiring new behavioural capacities within existing perceptions (Liao et al., 2008). Double-loop learning is the second type of organizational learning (Argyris and Schön, 1978), which is also considered as radical learning (Miner and Mezias, 1996), generative or higher level learning (Sadler-Smith, Spicer, & Chaston, 2001). Active learning (Saban et al., 2000) and explorative learning (Liao et al., 2008) are the other names given to this second type of organizational learning. An organization’s acquisition of behavioural capacities that essentially differ from existing perceptions refers to the double-loop learning. It incorporates multidimensional learning process based on criticism, discovery, variation, effectiveness, innovation and flexibility (Liao et al., 2008). The literature related to organizational learning is based on these observations.

One of the main assumptions of relational learning concept incorporates the existence of a collective desire that may be fulfilled by collective action and, additionally, the potential for collective improvement might be achieved through learning. So, the four dimensions of
organizational learning measured in this study include intra-organizational knowledge sharing, open mindedness, shared vision and commitment to learning. According to Calantone et al. (2002), intra-organizational knowledge sharing takes place when information and knowledge are dispersed across various departments at an organizational level. It also incorporates the structuring of knowledge accumulation and its systematic re-examination to ensure its effective contribution for future action. Shared vision signifies a common direction for learning within the organization. The main requirement of organizational learning is that members brought together over common identity must share a collective sense of integrity which establishes the firm as a system, with every individual making his own contribution (Gomez et al., 2005). When people actually participate in the institution and implementation of shared vision, it demonstrates the learning motivation towards their particular responsibilities (Chermack, Lynham, & Van Der Merwe, 2006). Common language immensely supporting knowledge integration strongly indicates the significance of relationships based on information exchange (Gomez et al., 2005, Haroon & Shariff, 2016). An organization has to leap beyond adaptive learning and essentially focus on generative learning in order to stand out among other firms. This involves the open mindedness of organizational structure, meaning thereby the inclination towards critical evaluation of organizational operational routine and the acceptance of unique ideas (Calantone et al., 2002). The continuous renewal, extension and improvement in individual knowledge implies the open-minded approach of learning process which comprises of novel ideas and flexible solutions to existing as well as upcoming problems (Gomez et al., 2005). Calantone et al. (2002) have defined commitment to learning as an indicator of the seriousness with which an organization considers learning as a significant support system for its survival and consequently promotes the attainment, formation and transfer of knowledge in the organization. Gomez et al., (2005) have highlighted that the support of management is an essential prerequisite to achieve commitment to learning. Management has to initiate and inspire its employees to get involved and effectively contribute in the learning process. The prime responsibility of the management is to establish an organization which is not only able to regenerate itself but also can successfully survive the new challenges through an ultimate change process (Gomez et al., 2005). Therefore, commitment to learning can be deep rooted in the whole organization.

The Relation between Relational Learning and Firm Performance

While exploring the relationship between organizational learning and firm performance, it becomes obvious that organizational learning plays a significant role; and being a substantial knowledge creation source where knowledge represents the inimitable, immeasurable and unique resource of the resource-based theory, it is highlighted as the dominant factor for securing the competitive advantage. Organizational learning is interpreted as pivotal source for achieving a
sustainable competitive advantage and a strategic tool for firm performance (Martinez-Costa and Jimenez-Jimenez, 2009). Organizations have to follow the strategic policies of learning organization in order to attain higher performance (Ellinger, Ellinger, Yang, Howton, Baldwin, & Danielson, 2002; Calantone et al., 2002). A research conducted by Ellinger et al. (2002) scrutinizes the relationship of organizational learning with firm’s financial performance. The objective of their research is to highlight the effects of constant learning process, co-operation and team learning, inquiry and dialogue, empowerment through shared vision, impact of organizational environment and management support measures of firm’s financial performance (e.g. ROE, ROA, MVA). This research proposes a positive relationship between the processes of learning organization and financial measures of firm performance. Furthermore, according to Baker and Sinkula (1999), there exists a direct relationship between organizational learning orientation of a firm and its performance, where learning orientation expedites the generative learning process ultimately resulting into innovation. While a firm’s learning orientation indirectly influences its performance by excelling in its market-oriented behaviours (Baker and Sinkula, 1999). Organizational learning can have direct influences in the following manner; (1) knowledge creation leads to and stimulates generative learning which becomes the firm’s core competency (2) it challenges the time-ridden market-oriented strategies, and emphasizes on leading the market with new product development strategies, (3) recognizing the fact that maximized customer satisfaction cannot be targeted with customer feedback mechanism alone, rather innovative disruptions need to be introduced (Baker and Sinkula, 1999).

The indirect influence of learning orientation on firm performance can be examined through generation and dissemination of market information (Sinkula, Baker, & Noordewier, (1997). The processing of market information is an essential precondition for organizational learning, with particular reference to converting information into knowledge (Sinkula et al., 1997). Calantone et al. (2002) opines that organizational learning influences organizational performance by means of innovative performance of the firm (Calantone at al., 2002). Martinez-Costa and Jimenez-Jimenez (2009) also support the positive relationship between organizational learning and firm performance. Better learning organizations are capable to foresee future trends and events in the market and can effectively secure higher sales and greater market share (Martinez-Costa and Jimenez-Jimenez, 2009). Furthermore, organizational learning equips the organization with more flexible and receptive structure so as to counter the upcoming challenges better than its competitors (Martinez-Costa & Jimenez-Jimenez, 2009, Zafar, Hafeez & Shariff, 2015, 2016). Constant learning orientation will also ensure the remarkable improvement in organizational activities related to market information processing (Martinez-Costa and Jimenez-Jimenez, 2009). According to Chaveerug and Ussahawanitchakit (2008) statement, higher commitment to learning will definitely ensure the greater achievement levels of organizational performance.
(Chaveerug & Ussahawanitchakit 2008). Thus, based on the aforementioned literature, following research hypothesis and theoretical framework has been formulated.

H1: Brand Orientation has a positively significant impact on SMEs Performance.
H2: Relational Learning has a positively significant impact on SMEs Performance.

![Research Framework](image_url)

**Figure 1. Research Framework**

**Research Methodology**

This research is quantitative in nature. For the purpose of data collection, survey was conducted in manufacturing SMEs in Punjab, province of Pakistan. Questionnaire was used as a research instrument. Well structured questionnaire was adapted from literature and was modified keeping in view contextual differences. Systematic random sampling technique was used to select the sample of the study. 173 useable responses were obtained from the survey. Multivariate data analysis techniques were used to test the hypotheses.

**Data Analysis and Results**

Firstly, data was screened in order to make sure that the data meets the requirements of conducting multivariate data analysis. Reliability analysis was performed in order to verify the internal consistency of items of each construct. Results verified that there exists high level of internal consistency among items of each construct employed in the study as exhibited in table 1.
Table 1. Reliability Analysis

<table>
<thead>
<tr>
<th>Construct</th>
<th>No. of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand orientation</td>
<td>5</td>
<td>0.917</td>
</tr>
<tr>
<td>Relational Learning</td>
<td>17</td>
<td>0.943</td>
</tr>
<tr>
<td>SMEs Performance</td>
<td>12</td>
<td>0.907</td>
</tr>
</tbody>
</table>

In order to explore the strength of relationships between independent and dependent variables, correlation analysis was conducted. Finding revealed very strong and highly significant relationship between independent and dependent variables of the study as given in table 2.

Table 2. Correlation Analysis

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Brand Orientation</th>
<th>Relational Learning</th>
<th>SMEs Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Orientation</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relational Learning</td>
<td>0.870**</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>SMEs Performance</td>
<td>0.858**</td>
<td>0.937**</td>
<td>1.00</td>
</tr>
</tbody>
</table>

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

Multiple regression analysis was performed to examine the impact of predictor variables on the criterion variable. Regression Results indicate that Brand orientation and Relational learning has a positively significant impact on SMEs Performance as expressed in table 3.
### Table 3. Regression Analysis

Impact of Independent variables on SMEs Performance

<table>
<thead>
<tr>
<th>Variables</th>
<th>Standardized Coefficients</th>
<th>T Value</th>
<th>P Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand Orientation</td>
<td>.176</td>
<td>3.339</td>
<td>.001***</td>
</tr>
<tr>
<td>Relational Learning</td>
<td>.784</td>
<td>14.857</td>
<td>.000***</td>
</tr>
</tbody>
</table>

| R Square          | 0.885                     |
| Adjusted R Square | 0.884                     |
| F Value           | 655.787                   |
| F Value Sig       | 0.000                     |

***: p<0.01; **: p<0.05; *: p<0.10

Thus, the results supported both H1 and H2 which indicates the significance of Brand orientation and Relational learning in SMEs performance in manufacturing SMEs of Pakistan.

**Discussion and Conclusion**

The prime objective of this paper was to examine the prominence of brand orientation and relational learning in manufacturing SMEs in Punjab province of Pakistan. Undoubtedly, brand orientation helps in creating a distinctive image of the firm in the perceptual maps of existing and potential customers thus leading towards competitive advantage. Similarly, relational learning
assists in embracing new knowledge through collaboration with supply chain partners, research institutes, universities, financial institutions, business regulatory agencies and competing rivals. This research is quite significant as it sheds light on current need of manufacturing firms in the perspective of a developing country. Thus, the findings can be applied to other developing economies. From theoretical contribution perspective, the research framework is based on Resource based view and dynamic capabilities perspective. By performing the present research, this paper further strengthens the aforesaid theoretical perspectives. From, managerial perspective, SMEs owners/managers should invest more time and money on brand nurturing and relationship building activities if they aspire to leapfrog their competitors. Future researchers can extend the framework by incorporating a few other noteworthy variables relevant to SMEs performance such as innovation, knowledge management, total quality management, human capital etc in order to have a greater picture pertinent to contributors of SMEs performance. Future researchers can also replicate the present framework in cross countries and cross industries in order to know whether the finding of the present research can be generalized. Moreover, a few related and impactful potential intervening variables can also be examined in order to advance the scope of aforementioned theoretical foundations.

References


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