

# ACHIEVING GROWTH – QUALITY OF WORK LIFE AMBIDEXTERITY IN SMALL FIRMS

## Introduction

For small firms, business success is largely dictated by the owner. It is the owner who decides whether to grow the business or whether to maintain the status quo. Indeed, a key characteristic of small firms is the omnipresence of the owner (Hill, 2001). Business success is therefore a subjective concept, based on the owner's perception of what it means to be successful (Simpson *et al.*, 2004). Owners may perceive success differently and can regard themselves as successful even though their success may be evaluated otherwise from an external perspective. The literature has traditionally defined success in terms of financial indicators such as growth, profit, or turnover (Davidsson *et al.*, 2009; O'Cass and Sok, 2013). While achieving financial goals such as business growth is critical for many owners, empirical findings in the literature suggest that core motivations encompass not only financial goals but also non-financial goals (Dunkelberg *et al.*, 2013) such as quality of work life (Lee and Sirgy, 2004).

Business growth and quality of work life are seen in our study as conflicting goals. Thus, pursuing these goals is akin to ambidexterity<sup>1</sup>. Growth is conceptualized in this study as meeting or exceeding expected performance goals such as sales, profit margin, and return on investment (i.e., Davidsson *et al.*, 2009; O'Cass and Sok, 2013). Quality of work life is conceptualized as owner satisfaction with a variety of needs through resources, activities, and outcomes stemming from participation in the workplace (Sirgy *et al.*, 2001). Growth - quality of work life ambidexterity refers to the owner's pursuit of both financial outcomes in the form of growth and non-financial outcomes in the form of quality of work life simultaneously. Although striving to achieve growth - quality of work life ambidexterity is the primary

---

<sup>1</sup> Ambidexterity refers to the simultaneous pursuit of dual, often conflicting strategic goals (Simsek, 2009; Tushman and O'Reilly, 1996). The decision to pursue a dual emphasis strategy presents challenges and organizational tension as each strategic goal invariably reflects different philosophies and competes for limited resources (Yu *et al.*, 2013).

purpose of many owners (see also Walker and Brown, 2004; Reijonen and Komppula, 2007), the literature provides little insight into managing and facilitating the alignment of the growth and quality of work life. Specifically, no study to-date has explored the mechanisms through which growth - quality of work life can be achieved.

Marketing research has long suggested that marketing capabilities are key to success for small firms (e.g., Coviello *et al.*, 2006; Lam and Harker, 2013; O'Cass and Sok, 2013). Consistent with Coviello *et al.* (2006), we conceptualize marketing capabilities as a portfolio of *practices* (transaction, database, interaction, network, and e-marketing) available to small firms. While prior work has investigated the role of marketing capabilities in producing business success, the focus of these studies has mainly been on how to achieve growth. Relatively fewer studies have examined the factors that can help transform marketing capabilities to achieve not only growth, but also quality of work life simultaneously. The purpose of this paper, therefore, is to advance our understanding about the mechanisms that enhance growth - quality of work life ambidexterity in the context of small service firms.

A central idea of this study is the recognition that owners play a critical role in the success of a venture (e.g., McCartan-Quinn and Carson, 2003) and that individual attributes play an important role in driving entrepreneurship-related outcomes (De Clercq *et al.*, 2012; McMullen and Shepherd, 2006). Such attributes include entrepreneurial self-efficacy (Bandura, 1977; Chen, Greene and Crick, 1998) and passion for work (Philippe *et al.*, 2010). These attributes are not unique to entrepreneurs but are common to many individuals, including owners of small firms (Boyd and Vozikis, 1994). Entrepreneurial self-efficacy, which refers to the belief that one has the knowledge and skills to organize and execute the actions required to manage and produce prospective outcomes (Bandura, 1977), has been identified as the most powerful self-regulatory mechanism affecting entrepreneurial outcomes (e.g., Zhou *et al.*, 2005). Because efficacy beliefs nourish intrinsic motivation by enhancing

perceptions of self competence (Bandura, 1982; Ryan and Deci, 2000), entrepreneurial self-efficacy may reflect intrinsic motivation to engage in activities (e.g., marketing). This can assist in achieving not only financial outcomes such as growth but also non-financial outcomes such as quality of work life. In addition, passion for work, defined as a strong desire to engage in certain activities (Philippe *et al.*, 2010), has also been identified as a possible mediator of marketing capabilities and growth - quality of work life ambidexterity given its ability to affect entrepreneurial activity (De Clercq *et al.*, 2012; Murnieks *et al.*, 2012).

We take the view that while marketing capabilities provide the pathway to growth, entrepreneurial self-efficacy and passion for work are the key mechanisms that can transform marketing capabilities to achieve growth - quality of work life ambidexterity. Our study aims to contribute to the literature in two important ways. First, to the best of our knowledge, no study has measured these effects on dual outcomes reflecting traditional financial indicators and non-financial indicators. This is surprising given that previous studies have found business success to be determined by both financial and non-financial outcomes as perceived by the owner (e.g., Reijonen and Komppula, 2007). Moreover, given that other studies have broadened marketing outcomes to include social outcomes such as quality of work life (e.g., Lee and Sirgy, 2004), the relevance of including both financial and non-financial outcomes for small business is crucial to providing a more complete understanding of the ambidextrous nature of business performance.

Second, we show how marketing capabilities can contribute to growth - quality of work life ambidexterity and how this can be realized through the mediating role of entrepreneurial self-efficacy and passion for work. Identifying the mechanisms that have the potential to affect growth - quality of work life ambidexterity is particularly important given

the resource constraints of small firms and the omnipresent role of the owner in determining the strategic direction (Reijonen and Komppula, 2007).

## **Theoretical Framework**

We begin by discussing and reviewing the literature relating to organizational ambidexterity and capabilities theory as the theoretical framework before presenting our hypothesis on the mediating role of entrepreneurial self-efficacy and passion for work (Figure 1). We then present the empirical research results, followed by a discussion of the findings, limitations and directions for future research.

### *Organizational ambidexterity*

One of the more enduring themes from the entrepreneurial literature is the ability for entrepreneurs to be both strategic and operational in exploiting and exploring opportunities to be innovative (Shane, 2003). Organizations are increasingly confronted with paradoxical challenges in their attempt to be competitive. These include classic strategic decisions such as whether to pursue differentiation versus low cost production, or whether to invest in existing versus new products when they might wish to pursue both simultaneously (Yu *et al.*, 2013). The ability to pursue dual emphasis strategic goals has been referred to as exploration and exploitation (March, 1991) or ambidexterity (Tushman and O'Reilly, 1996). Ambidexterity is a widely adopted concept in the marketing domain (O'Cass *et al.*, 2014) and refers to a firm's ability to pursue conflicting goals by exploiting existing resources and exploring new resources (March, 1991; Raisch and Birkinshaw, 2008). Exploitation is associated with efficiency, focus, and refinement, whereas exploration results from experimentation, flexibility, and divergent thinking (Benner and Tushman, 2003). Because exploitation and exploration are separate, non-substitutable, and interdependent, firms that are able to achieve complementarily and pursue both attain superior performance (Gibson and Birkinshaw, 2004;

Raisch and Birkinshaw, 2008). Given the conflicting demands of exploration and exploitation and their competition for limited resources, firms find it hard to pursue both simultaneously (March, 1991; Gupta *et al.*, 2006; O'Cass *et al.*, 2014).

To manage the tensions between conflicting activities of exploration and exploitation, ambidexterity scholars have suggested four specific theoretical perspectives of ambidexterity: contextual; sequential; structural; and realized perspectives (Gupta *et al.*, 2006; Simsek, 2009; O'Cass *et al.*, 2014). Contextual perspective ambidexterity is represented by firms seeking to strive for a balance between opposing but complementary activities of exploration and exploitation within a business unit or individual. Sequential perspective ambidexterity is represented by firms seeking to cycle through periods of opposing activities (i.e. exploitative vs. exploratory), rather than pursuing both simultaneously to achieve ambidexterity (Gupta *et al.*, 2006). Structural perspective ambidexterity is represented by firms using structural mechanisms to reduce potential tensions that may arise from the conflicting activities of exploration and exploitation. In this respect, firms may opt to have one business unit to emphasize on exploitation and another business unit to emphasize on exploration (Gupta *et al.*, 2006). Realized perspective ambidexterity is represented by the firms treating exploration and exploitation as competing or orthogonal forces in managing the tension between exploratory and exploitative activities (Gupta *et al.*, 2006; Simsek, 2009).

While prior studies have predominantly focused on ambidexterity at the firm and business-unit level, findings from recent studies suggest that ambidexterity ultimately manifests at the individual level (Jasmand *et al.*, 2012; Yu *et al.*, 2013). Individuals can strive to pursue multiple goals by engaging in conflicting activities such as efficiency-oriented and variability-increasing tasks (Mom *et al.*, 2007), cross/up-selling, and customer service provision tasks (Jasmand *et al.*, 2012). Despite these advances, our understanding of ambidexterity at the individual level remains limited (Raisch and Birkinshaw, 2008; Gupta *et*

*al.*, 2006)<sup>2</sup>. The literature adopts a unidimensional view of performance, focusing almost exclusively on success as indexed by “hard” measures of performance (e.g., sales growth, return on sales etc). With few exceptions (e.g., Greenbank, 2001; Gray, 2002; Uy *et al.*, 2013), research has neglected the “softer”, more personally defined criteria of success such as well-being in both work and family domains (e.g., Lee and Sirgy, 2004). Theoretically, because an owner is the boss in a small firm, they have more flexibility to modify working time to fulfil family or personal commitments, which can produce renewed interest and efforts in both domains (Baron, 2007).

This study adopts ambidexterity at the individual level as the theoretical foundation and argues that the notion of pursuing conflicting goals within ambidexterity is akin to the notion of pursuing growth and quality of work life. Although it seems like the growth – quality of life ambidexterity is a mixture between the firm and individual level ambidexterity, we argue that considering growth – quality of work life ambidexterity as akin to individual level ambidexterity is appropriate in the context of small business where growth means revenue is generated for the owners given their omni-present nature. Thus, the logic behind growth – quality of work life ambidexterity is that firm owners make money and are able to achieve quality of work life simultaneously.

#### *The resource based view of firms – Capabilities emphasis*

This study also considers organizational mechanisms given their ability to enable ambidexterity at the individual level (Rasich *et al.*, 2009). The resource-based view (RBV) of firm is one of the most influential and widely adopted theories among marketing, management, and entrepreneurship scholars seeking to explain performance differentials between firms (e.g., Penrose, 1959; Barney, 1991; Day, 1994, 2011; Sapienza *et al.*, 2006;

---

<sup>2</sup> Notable exceptions include Mom *et al.*(2007), Jasmand *et al.*(2012) and Yu *et al.* (2013).

Crook *et al.*, 2008; Villanueva *et al.*, 2012). The RBV posits that firms within an industry are heterogeneous in terms of their resources and this heterogeneity is the source of competitive advantage that firms gain in their marketplace (Penrose, 1959; Barney, 1991). Resources comprise tangible and intangible assets such as brands, facilities, intellectual property, and capabilities which are the “glue” that binds different resources together and enables them to be deployed to maximum advantage (Day, 2011, p.185). Although the relationship between firm resources and performance has been established, both conceptually and empirically (Kozlenkova *et al.*, 2014), it has been argued that understanding the performance differentials between firms is more than the heterogeneity of resources the firms possess (see also Priem and Butler, 2001).

Some scholars contend that resources are static and possess no real value in isolation (e.g., Eisenhardt and Martin, 2000; Priem and Butler, 2001; Teece *et al.*, 1997; Ketchen *et al.*, 2007). They further argue that it is in fact the firm’s ability to deploy resources which are commonly referred to as firm’s capabilities that better explain performance differentials between firms (Priem and Butler, 2001; Teece *et al.*, 1997; Ketchen *et al.*, 2007; Newbert, 2007; Sok *et al.*, 2013). Atuahene-Gima (2005), for example, posit that “competitive advantage results not from the mere possession and control of rare and valuable resources, but rather from the idiosyncratic internal competencies by which a firm translates its resources into superior customer value” (p.63). Therefore, at best, resources provide only the potential for the realization of the firm’s goals and objectives. Without the capabilities to deploy those available resources, the firm’s goals and objectives may not be realized (Atuahene-Gima, 2005; Vorhies *et al.*, 2011).

Because capabilities have been widely accepted as critical in driving firm performance, scholars adopting the RBV approach have devoted much attention to examining the relationships between various capabilities and firm performance. Such capabilities include

marketing capability (Coviello *et al.*, 2006; Lam and Harker, 2013; O’Cass and Sok, 2013; Morgan *et al.*, 2009; Vorhies *et al.*, 2009), product innovation capability (Trioli *et al.*, 2014; Ngo and O’Cass, 2009; Rosenbusch *et al.*, 2011), learning capability (Prieto and Revilla, 2006; Sok *et al.*, 2013), strategic human resource management capability (Huselid *et al.*, 1997), among others. Of all identified capabilities, marketing has been identified as one of the most important capabilities given its role in introducing products/services to the market through cutting-edge marketing strategies for firms to be successful in the market place (Day, 2011; Krasnikov and Jayachandran, 2008; Vorhies *et al.*, 2009). Consequently, we focus on marketing capabilities and its role in producing growth - quality of work life ambidexterity in small firms (Day, 2011). We suggest that this is appropriate given the different marketing capabilities in large and small firms and the constraints associated with the latter.

While past studies have established the role of marketing capabilities in driving business growth (e.g., Lam and Harker, 2013; O’Cass and Sok, 2013), comparatively little is known about the mechanisms that transform marketing capabilities into achieving not only growth but also quality of work life (growth – quality of work life ambidexterity). Thus, we seek to understand under what circumstances marketing capabilities produce both financial and non-financial outcomes. Underpinned by the psychology literature which identifies entrepreneur’s motivations as a key driver to achieving work behaviours and outcomes (see also Ng *et al.*, 2008) such as quality of work life, we propose entrepreneurial self-efficacy and passion for work as the key mediators that connect marketing capabilities to growth – quality of work life ambidexterity.



*Hypotheses development: The mediating role of entrepreneurial self-efficacy and passion for work*

Marketing capabilities are not sufficient to achieve growth – quality of work life. Building on prior studies examining the role of self-efficacy as an intervening variable in entrepreneurial models (Hechavarria *et al.*, 2012; Kasouf *et al.*, 2013), we argue that entrepreneurial self-efficacy will mediate the relationship between marketing capabilities and growth – quality of work life ambidexterity. Entrepreneurial self-efficacy is derived from social cognition theory (Bandura 1977, 1982) and numerous studies have established its role in influencing entrepreneurial intentions and actions (e.g., Zhou *et al.*, 2005). Self-efficacy is acquired gradually through the development of complex cognitive, social, linguistic and other skills that are obtained through experience (Bandura, 1982). The term “triadic reciprocal causation” (Bandura, 1989, p.1175) has been used to describe the causal contribution of these individual interactions. That is, the acquisition of skills through past achievements strengthens self-efficacy and contributes to higher aspirations and future performance (Herron and Sapienza, 1992).

Entrepreneurial self-efficacy has multifaceted abilities. On the one hand, entrepreneurial self-efficacy is critical in transforming marketing capabilities in achieving growth. The “can do” attitude associated with enhanced self-efficacy is a critical motivational factor (Conger and Kanungo, 1988). Self-efficacy has been found to be an important mechanism for overcoming perceptions of risk often associated with venture creation (Krueger *et al.*, 2000). Early research found that efficacious individuals typically set challenging goals under difficult circumstances and tend to recover more quickly from failure even in the face of adverse conditions (Bandura, 1997). The level of entrepreneurs’ self-efficacy has also been found to predict the extent to which their firms engaged in comprehensive decision making (Forbes, 2005). Further, owners who are confident in their

abilities (high entrepreneurial self-efficacy) tend to lead their firms through entrepreneurial tasks such as marketing, whereas those less confident in their abilities tend to be less apt to engage in such practices to achieve growth.

On the other hand, entrepreneurial self-efficacy is critical in transforming marketing capabilities in achieving quality of work life. Various researchers (e.g., Arenius and Minniti, 2005; Krueger *et al.*, 2000) suggest that an entrepreneur needs to possess strong self-belief to overcome diverse challenges associated with running a small firm. A business owner plays a variety of roles such as an entrepreneur, a financial controller, a human resources officer, an IT engineer, and a marketing manager. These numerous roles can result in role ambiguity, conflict, and overload which in turn, can negatively affect quality of work life and the future of business (i.e. growth). In this sense, self-belief regarding one's efficacy, according to Wood and Bandura (1989), can be instilled and strengthened if the owner enhances her/his physical status and reduces stress levels.

Similarly, Bandura (2001) stated that: "Unless people believe they can produce desired results and forestall detrimental ones by their actions, they have little incentive to act or to persevere in the face of difficulties. Whatever other factors may operate as guides and motivators, they are rooted in the core belief that one has the power to produce effects by one's actions" (p.10). This theoretical underpinning suggests that owners with high self-efficacy are more likely to arrive at a positive assessment of the likelihood that they are able to cope successfully with the demands of associated with a small firm and feel satisfied with their quality of work life in addition to financial growth. This discussion suggests that entrepreneurial self-efficacy plays a critical role in transforming marketing capabilities to achieve specific goals such as growth and quality of work life. Thus, we hypothesize that:

*H1: Entrepreneurial self-efficacy mediates the relationship between marketing capabilities and growth - quality of work life ambidexterity.*

### *Passion for work*

We also argue that passion for work will mediate the relationship between marketing capabilities and growth – quality of work life ambidexterity. Passion for work, like entrepreneurial self-efficacy, has multifaceted abilities. Passion for work is critical in transforming marketing capabilities in achieving growth. The entrepreneurial literature has identified passion as a central construct of entrepreneurial behavior (e.g., Baron, 2008; Cardon *et al.*, 2009). Passion can foster creativity and recognition of new information critical to the discovery and exploitation of opportunities (Cardon *et al.*, 2013). Similarly, Dalborg and Wincent (2014) suggest passion is an essential attribute underpinning and driving entrepreneurship since it ensures that a business concept is appropriately refined and those important tasks, such as mobilizing resources and securing key customers, are pursued. Prior studies support the tenant that passion for work enhances an entrepreneur's creativity, persistence, and overall effectiveness (Cardon *et al.*, 2009; Dalborg *et al.*, 2012; Thorgren and Wincent, 2013) in transforming specific activities such as those associated with marketing to achieve growth (see also Baum and Locke, 2004). Passion for work also features cognitive aspects in the sense that people who are passionate about their work tend to engage in more intensive and systematic knowledge processing such as marketing when task-related demands require it (Ho *et al.*, 2011) to achieve intended goals such as growth.

Passion for work also plays a critical role in transforming marketing capabilities in achieving quality of work life. The literature argues that an entrepreneur's career is marked by high levels of passion (Cardon *et al.*, 2009; De Clercq *et al.*, 2012) and passion is a necessary ingredient in high levels of achievement (Vallerand and Houliort, 2003). Passion for work captures the extent people 'love' to work and derive great pleasure from investing in work-related activities (Baum and Locke, 2004; Shane *et al.*, 2003). Passion for work also energizes motivation which inspires individuals to persist through the trials associated with

accomplishing difficult tasks (Murnieks *et al.*, 2012). While some individuals may not care much about work, others place a great deal of importance on work to the extent that work is part of their identity (Vallerand and Houliort, 2003). These individuals derive a major sense of excitement and pleasure from their work and feel alive at work. Consequently, although they need to deal with numerous roles (such as marketing) that may result in role ambiguity, conflict, and overload, their passion toward work will diminish such negative impact and will lead to their perceived quality of work life. This discussion suggests that passion for work plays a critical role in transforming marketing capabilities to achieve specific goals such as growth and quality of work life. Thus, we hypothesize that:

*H2: Passion for work mediates the relationship between marketing capabilities and growth - quality of work life ambidexterity.*

INSERT FIGURE 1

## **Research Method**

### *Research Setting*

We focus on small service firms in Australia for two main reasons. First, small businesses dominate the global economy. For example, there are over 27 million small businesses in the U.S. and approximately 80% of new job creation can be attributed to small business (U.S. Department of Commerce, 2013). In the U.K., small business accounts for 99% of all private sector businesses, employs 47% of private sector employment, and contributes over 49% of private sector turnover (Federation of Small Business UK, 2013).

In Australia, small business accounts for over 96% of all businesses and employs approximately 4.8 million people (DIISRT, 2012). Moreover, 84% of the total small business sector in Australia is attributable to service based businesses (DIISRT, 2012). Thus, promoting and increasing the competitive position of small businesses is critical for the

development and renewal of national economies and future growth (West *et al.*, 2008; O'Cass and Sok, 2013). Second, the services sector dominates the world economy with many of the world's most advanced economies reported as having more than 70% of their gross domestic product generated by services. The services sector has attracted considerable attention from governments, industry and scholars alike with much debate and research invested into understanding issues related to policy formation, economic governance, organizational performance, and associated implications (Ostrom *et al.* 2010).

### *Sample*

An online survey was administered to 7,271 owners (excluding the 20 owners that participated in the pre-test) of small service firms which we define as including sole proprietors, micro firms (1-4 employees), and small businesses (5-9 employees) (DIISRT, 2012). Our study distinguishes between an entrepreneur and an owner. According to the literature, an entrepreneur capitalizes on innovative combinations of resources for the principal purposes of profit and growth and uses strategic management practices, whereas an owner operates a business as an extension of the individual's personality to further personal goals and to produce family income (Carland *et al.*, 1984). Moreover, because small business owners are less risk oriented and lack the same degree of preference for innovation as entrepreneurs (Stewart *et al.*, 1999) we use the term "owner" to more accurately represent this distinction (for comparative differences and firm relativity, see Sarasvathy, 2004; Stewart *et al.*, 1999; Krueger, 2007). A total of 509 responses (124 sole proprietors, 298 micro firms, and 87 small businesses) were obtained with a response rate of 7%. This represented a sample size sufficient to achieve a good level of statistical power (McQuitty, 2004).

Descriptive statistics indicate that 54% of the respondents were male and 48% were female. The mean age of respondents was 54 years and the mean tenure was 4.7 years. Among the respondents, 39.5% held a bachelor degree or higher, 27.7% possessed a TAFE

qualification, 15.9% completed high school, 12.6% left school after Year 10, and 4.3% left school before Year 10. Industry representation included professional, scientific and technical services, retail trade, construction, wholesale trade, education and training (private), transport, postal and warehousing, arts and recreation services, information mediation and telecommunications, health care and social assistance (private), accommodation and food services, rental, hiring and real estate services, administrative and support services, and public administration and safety (private).

### *Measures*

All measures were adapted from existing scales derived from the services marketing literature and entrepreneurship literature with minor word modifications to increase their applicability to the context and the purpose of the study. Marketing capabilities was measured using the 31-item scale adapted from Coviello *et al.* (2006) capturing six components of this construct (purpose of exchange, managerial intent, type of contact, duration of exchange, nature of communication, and managerial investment). We measured entrepreneurial self-efficacy using Chen *et al.*'s (1998) 18-item scale capturing five components of this constructs (marketing, innovation, management, risk-taking, and financial control). In each case, the overarching constructs (e.g., marketing capabilities and entrepreneurial self-efficacy) were modelled as second-order factors with their components (e.g., marketing capabilities = purpose of exchange, managerial intent and so on) as reflective indicators of the overarching construct. In turn, these indicators are themselves first-order factors which were measured with multiple reflective indicators (as per Ngo and O'Cass, 2009). With regard to passion for work, we adapted all five items from De Clercq *et al.* (2012). Sirgy *et al.*'s (2001) 13-item scale was used to measure quality of work life. Growth was measured using the three item scale adapted from Coviello *et al.* (2006) and O'Cass and Sok (2013).

We computed a multiplicative interaction between the composite scores of growth and quality of work life to determine growth – quality of work life ambidexterity. This approach is commonly used in prior studies (e.g., Atuahene-Gima, 2005; Jasmand *et al.*, 2012; Yu *et al.*, 2013). This approach to operationalize growth – quality of work life ambidexterity also reflects the non-substitutable, interdependent nature of growth and quality of work life.

A five-point rating scale was used to capture responses to all items. The use of subjective performance measures has been widely used in studies of small businesses (i.e. Anderson and Eshima, 2013; O’Cass and Sok, 2013) and is argued to be consistent with how their businesses actually perform as shown by objective measures (Poon *et al.*, 2006). Appendix A provides a list of scale items used for all measures.

Prior research has shown that business performance varies with firm age. For example, start up firms and young firms are more likely to actively engage in marketing (e.g., Kuada and Serles, 2006; Anderson and Eshima, 2013) than established firms. We identify firm size (Coviello *et al.*, 2000) and industry type (Isobe *et al.*, 2008) as possible variables that can impact firm performance. To rule out alternative explanations for the results of this study, we included firm age, firm size and industry type as control variables.

The content validity of these measures was assessed by five expert judges from the services marketing and entrepreneurship disciplines. Some items were modified based on the suggestions and comments of the expert judges. A pre-test of the survey was conducted with 20 owners who were randomly selected from the database provided by the professional research firm. These participants were excluded from the empirical study. Subsequent suggestions were incorporated to improve the readability and wording of the survey.

### *Measurement Model*

We examined non-response bias by comparing the average values found by the survey of the first 10% of respondents received with those of the last 10% received using *t*-test (Isobe *et al.*, 2008). The *t*-test results indicate no statistical difference between the two groups in terms of the means for items, indicating that non-response bias was not a concern in this study.

Partial Least Squares (PLS) was used to examine whether marketing capabilities related to growth - quality of work life ambidexterity, as well as to examine the mediating role of entrepreneurial self-efficacy and passion for work in enhancing this relationship. Use of PLS was considered appropriate for this study as it allowed for the simultaneous investigation of measures and theory (Ngo and O'Cass, 2009). The measurement and structural models were run simultaneously using PLS Graph Version 3.00.

Following the approach of Ngo and O'Cass (2009), we assessed the adequacy and significance of outer-measurement models (the relationships between the observed indicators and the construct they measure) and the predictive relevance of individual paths and the structural model. Because the formulation of two constructs (marketing capabilities and entrepreneurial self-efficacy) was conceptually hypothesized as the Type I second-order factor model as outlined by Jarvis *et al.* (2003) and subsequently adopted by various studies (e.g., Ngo and O'Cass, 2009), we adopted the conventional approach to assess the validity and reliability of scales that were composed of reflective indicators (see also Diamantopoulos and Winklhofer, 2001). We used a range of indices including factor loadings, composite reliability, average variance explained (AVE), *t*-statistics, discriminant and convergent validity to assess the adequacy and significance of reflective outer-measurement models (Ngo and O'Cass, 2009).

Following the approach of Ngo and O'Cass (2009), the outer model tests were performed with marketing capabilities and entrepreneurial self-efficacy operationalized as



second-order factors (see Appendix A for results). Appendix A shows the factor loadings derived from the PLS analysis for the second-order factors (e.g., purpose of exchange, managerial intent) an approach that is consistent with prior studies (e.g., Weerawardena, O’Cass and Julian, 2006; Ngo and O’Cass, 2009). All item loadings were greater than 0.50 which suggest they serve as strong indicators of their construct (entrepreneurial self-efficacy 0.70–0.84; marketing capabilities 0.53–0.81, passion for work 0.63–0.90, growth 0.84–0.92, and quality of work life 0.54–0.83).

Turning attention to the reliability and validity of the scales, as shown in Table 1, the average variances extracted (AVE) for all constructs (passion for work = .68; growth = .61; quality of work life = .52; marketing capabilities<sup>3</sup> = .50; entrepreneurial self-efficacy<sup>4</sup> = .62) exceeded 0.50 indicating convergent validity (Bagozzi and Yi, 1998; Fornell and Larcker, 1981). As also shown in Table 1, the composite reliability for all constructs (passion for work = .87; growth = .87; quality of work life = .92; marketing capability<sup>5</sup> = .94; entrepreneurial self-efficacy<sup>6</sup> = .96) was higher than the recommended threshold of .70 (Nunnally, 1978) which indicates acceptable scale reliability. Moreover, the square roots of the AVE for all constructs were consistently greater than the off-diagonal correlations of their respective construct, hence discriminant validity was established (Fornell and Larcker, 1981).

#### INSERT TABLE 1

We followed Salancik and Pfeffer’s (1977) recommendation to assess common method bias by placing the independent variables preceding the dependent variables in the survey. The items in the survey were also distributed in a non-sequential order as they have

---

<sup>3</sup> The AVE of the first-order factor ranges from .50 to .62 (see Appendix A)

<sup>4</sup> The AVE of the first-order factor ranges from .71 to .77 (see Appendix A)

<sup>5</sup> The composite reliability of the first-order factor ranges from .71 to .89 (see Appendix A)

<sup>6</sup> The composite reliability of the first-order factor ranges from .83 to .92 (see Appendix A)

the same scale poles. We adopted the marker variable technique by conducting a sensitivity analysis at 95% and 99% levels of confidence for the correlations of the marker variable (Lindell and Whitney, 2001). The results of the partial-out procedure and sensitivity analysis demonstrate that the partial correlations between the five constructs in this study were high and significant, indicating no evidence of common method bias.

### *Results*

We adopted the procedure recommended by Kenny *et al.* (1998) to test our mediation hypotheses in which a full mediation model should be tested with a path from the independent variable (marketing capabilities) to the mediators (entrepreneurial self-efficacy and passion for work) and from the mediators to the dependent variable (growth - quality of work life ambidexterity). For a full mediation, a direct relationship between the independent variable and dependent variable is not expected (Siren *et al.*, 2012). In hypothesis 1, we predicted entrepreneurial self-efficacy mediates the relationship between marketing capabilities and growth - quality of work life ambidexterity. In hypothesis 2, we predicted passion for work mediates the relationship between marketing capabilities and growth - quality of work life ambidexterity.

As shown in Table 2, hypothesis 1 was supported because we identified an insignificant direct relationship between marketing capabilities and growth - quality of work life ambidexterity ( $\beta=.06$ ,  $p>.10$ ), a significant effect of marketing capabilities on entrepreneurial self-efficacy ( $\beta=.58$ ,  $p<.01$ ) and a significant effect of entrepreneurial self-efficacy on growth - quality of work life ambidexterity ( $\beta=.18$ ,  $p<.01$ ). Furthermore, the analysis found support for hypothesis 2 as the results identified an insignificant direct relationship between marketing capabilities and growth - quality of work life ambidexterity ( $\beta=.06$ ,  $p>.10$ ), a significant effect of marketing capabilities on passion for work ( $\beta=.35$ ,

$p < .01$ ), and a significant effect of passion for work on growth - quality of work life ambidexterity ( $\beta = .18$ ,  $p < .01$ ). No control variables were found to have a significant relationship with the growth - quality of work life ambidexterity.

#### INSERT TABLE 2 HERE

To increase the robustness of our findings, we followed the procedure recommended by Preacher and Hayes (2008) which allows researchers to include multiple mediators in a single model. The test results indicate that entrepreneurial self-efficacy and passion for work mediate the relationship between marketing capabilities and growth - quality of work life ambidexterity since their 95% CI (percentile) did not contain zero (entrepreneurial self-efficacy = 0.3447; passion for work = 0.1463). Collectively, these results support the research model shown in Figure 1.

### **Discussion**

Drawing on the ambidexterity and capabilities as the basis to develop our theoretical platform, we examined the mediation effect of entrepreneurial self-efficacy and passion for work on the relationship between marketing capabilities and growth - quality of work life ambidexterity. Our focus on small service firms is significant given the sector's global importance. This focus is aligned with transformative service research (TSR) in that it seeks to understand changes and improvements in well being (Ostrom *et al.*, 2010). TSR is salient in the context of owners of small service firms given the potential impact of marketing capabilities in shaping the growth - quality of work life ambidexterity. The majority of small business research focuses on performance as a unidimensional construct such as growth (O'Cass and Sok, 2013). While such an approach holds merit, it fails to fully address the point raised by Reijonen and Komppula (2007) that the success of small firms is determined by not only economic but also non-economic factors. Examining dual outcomes becomes

even more important when considering the high percentage of business terminations. For example, over 75% of young firms and 60% of nascent firms terminate without financial loss (DIISRT, 2012) thus underscoring the crucial role that non financial outcomes may have in determining small firm survival. Hence, our approach to conceptualize and operationalize growth - quality of work life ambidexterity as a dependent variable representing firm performance provides a more detailed and practical understanding of this phenomenon.

We provide new insight into how marketing capabilities contribute to economic and non-economic performance through entrepreneurial self-efficacy and passion for work. Specifically, our findings support the intervening role (mediation effect) of entrepreneurial self-efficacy and passion for work on marketing capabilities–growth–quality of work life ambidexterity. We contribute to the literature by providing evidence that being good at marketing does not always lead directly to achieving growth and quality of work life simultaneously. Our findings suggest that achievement in both domains requires owners of small service firms to have a strong self-belief that they can perform their job successfully (entrepreneurial self-efficacy) as well as a strong passion to do the job they are doing (passion for work). Owners with high entrepreneurial self-efficacy and passion for work are more likely to engage in relational marketing practices which can increase customer engagement and loyalty. When considering the non-contractual nature of most small service firms which are characterised by low switching costs and where services are substitutable, the implications for firm performance and survival are significant.

Our results point to the importance of identifying individual attributes that can enhance growth - quality of work life ambidexterity. For example, policy makers or advisors could include entrepreneurial self-efficacy as a diagnostic tool for small business owners. Individual upfront assessments as well as periodic checks beyond venture start-up can target specific behaviours which can be used as a benchmark to be consecutively mastered, with

tasks gradually increasing in difficulty. Encouragement should be given as the owner progresses with the business. Particular focus should be given to recognising the owner's ability to practice various marketing activities which can be self-monitored and assessed to formulate and adjust their own sense of self-efficacy. These actions are likely to be of particular benefit for those with low entrepreneurial self-efficacy as targeted interventions and/or activities can increase efficacious beliefs. For example, owners with low entrepreneurial self-efficacy could seek assistance from professional business coaches and/or undertake further education and training. These suggestions could enhance entrepreneurial self-efficacy through enactive mastery (Bandura 1982) since successful performance accomplishments act to motivate individuals to undertake other marketing activities which can help achieve both business growth and quality of work life. Interventions should also address the owner's passion for work given its role in enhancing the relationship between marketing capabilities and growth - quality of work life ambidexterity. Owners with high entrepreneurial self-efficacy and passion for work are likely to deliver more personalised levels of service which has significant implications for repeat cash flows and hence survival.

These collective actions could increase self-confidence and passion for work beliefs which can deliver economic and non economic benefits to the business as well as to the owner. Importantly, these actions could minimize the rate of start-up failures which are reportedly higher for nascent firms (35%) as compared to young firms (14%) (DIISRT, 2012). Furthermore, because the majority of small service firms are non-contractual in nature, the role of owner attributes such as self-efficacy and passion for work is crucial in generating positive customer behaviours such as repeat business. Efficacious owners who are passionate about their work are more likely to deliver personalised levels of service through relational marketing.

## **Limitations and Research Direction**

This research provides new insights into how small service firms can achieve growth - quality of work life ambidexterity. Nonetheless, a number of limitations, mainly related to methodology are acknowledged and suggestions for future research are offered. Limitations associated with the use of the self-report performance measures are acknowledged. Even though we carefully constructed our measures to account for this issue, future research may seek objective performance indicators to test the robustness of our findings. Importantly, support for the use of self-report measures in the business literature (Cummings *et al.*, 1989; Heneman, 1974; Lysonski, 1985), recognition of the value of behavioral variables such as share-of-wallet (Keiningham and Perkins-Munn, 2003), and support for the predictive validity of single item measures (Bergkvist and Rossiter, 2007) together argue for the viability of our measures. Moreover, the investigated relationships depend on the context and the measured perceptions reflect a single point in time, which makes this study no different from other studies that use a cross-sectional design (e.g., Gwinner *et al.*, 1998; Odekerken-Schröder *et al.*, 2003). However future research could focus on collecting longitudinal panel data to examine how growth - quality of work life ambidexterity unfolds over time.

This study was undertaken within small service firms. However differences can be observed within small firms themselves with research indicating that management practices differ between SME and micro-firms (Lieberman-Yaconi *et al.*, 2010; Wincent, 2005). Because small businesses are defined as businesses with less than 20 employees and include sole proprietors, micro firms (1-4 employees) and small firms (5-19 employees), future research could examine how variations in performance differ across these sub-categorizations and how they can maintain this as they grow in size. Examination of how entrepreneurial self-efficacy can be enhanced and the role of passion for work in doing so in terms of firm size and type could assist our understanding of failure/exit rates of small firms.

## References

- Anderson, B.S. and Eshima, Y. (2013), "The influence of firm age and intangible resources on the relationship between entrepreneurial orientation and firm growth among Japanese SMEs", *Journal of Business Venturing*, Vol 28 No. 3, pp. 413-429.
- Arenius, P., and Minniti, M. (2005), "Perceptual variables and nascent entrepreneurship", *Small Business Economics*, Vol 24 No. 3, pp. 233-247.
- Atuahene-Gima, K. (2005), "Resolving the capability-rigidity paradox in new product innovation", *Journal of Marketing*, Vol 69 No. 4, pp. 61-83.
- Bagozzi, R.P. and Yi, Y. (1988), "On the evaluation of structural equation model", *Journal of the Academy of Marketing Science*, Vol 16 No. 4, pp. 74-94.
- Bandura, A. (1977), "Self-efficacy: Toward a unifying theory of behavioral change", *Psychological Review*, Vol 84 No. 2, pp. 191-215.
- Bandura, A. (1982), "Self-efficacy mechanism in human agency", *American Psychologist*, Vol 37 No. 2, pp. 122-147.
- Bandura, A. (1989), "Human agency in social cognition theory", *American Psychologist*, Vol 44 No. 9, pp. 1175-1184.
- Bandura, A. (1997). *Self-efficacy: The exercise of control*. New York: Freeman.
- Bandura, A. (2001), "Social cognitive theory: An agentic perspective", *Annual Review of Psychology*, Vol 52 No. 1, pp. 1-26.
- Barney, J. B. (1991), "Firm resources and sustained competitive advantage", *Journal of Management*, Vol 17 No. 1, pp. 99-120.
- Baron, R. A. (2007), "Behavioral and cognitive factors in entrepreneurship: Entrepreneurs as the active element in new venture creation", *Strategic Entrepreneurial Journal*, Vol 1 No. 1-2, pp. 167-182.
- Baron, R. A. (2008), "The role of affect in the entrepreneurial process", *Academy of Management Review*, Vol 33 No. 2, pp. 328-340.
- Baum, J. R. and Locke, E. A. (2004), "The relationship of entrepreneurial traits, skill, and motivation to subsequent venture growth", *Journal of Applied Psychology*, Vol 89 No. 4, pp. 587.
- Benner, M.J. and Tushman, M.L. (2003), "Exploitation, exploration, and process management: The productivity dilemma revisited", *Academy of Management Review*, Vol 28 No. 2, pp. 238-256.
- Bergkvist, L. and Rossiter, J.R. (2007), "The predictive validity of multiple-item versus single-item measures of the same constructs", *Journal of Marketing Research*, Vol 44 No. 2, pp. 175-184.
- Boyd, N.G. and Vozikis, G.S. (1994), "The influence of self-efficacy on the development of entrepreneurial intentions and actions", *Entrepreneurship Theory and Practice*, Vol 18, pp. 63-77.
- Cardon, M.S., Wincent, J., Singh, J. and Drnovsek, M. (2009), "The nature and experience of entrepreneurial passion", *Academy of Management Review*, Vol 34 No. 3, pp. 511-532.

- Cardon, M.S., Gregoire, D.A., Stevens, C.E. and Patel, P.C. (2013), "Measuring entrepreneurial passion: Conceptual foundations and scale validation", *Journal of Business Venturing*, Vol 28 No. 3, pp. 73-396.
- Carland, J.W., Hoy, F., Boulton, W.R., and Carland, J.C. (1984), "Differentiating entrepreneurs from small business owners: A conceptualization", *Academy of Management Review*, Vol 9 No. 2, pp. 354- 359.
- Chen, C.C., Greene, P.G. and Crick, A. (1998), "Does entrepreneurial self-efficacy distinguish entrepreneurs from managers?", *Journal of Business Venturing*, Vol 13 No. 4, pp. 295-316.
- Conger, J. A., and Kanungo, R. N. (1988), "The empowerment process: Integrating theory and practice", *Academy of Management Review*, Vol 13 No. 3, pp. 471-482.
- Coviello, N.E., Brodie, R.J. and Munro, H.J. (2000), "An investigation of marketing practice by firm size", *Journal of Business Venturing*, Vol 15 No. 5-6, pp. 523-545.
- Coviello, N.E., Winklhofer, H. and Hamilton, K. (2006), "Marketing practices and performance of small service firms: An examination in the tourism accommodation sector", *Journal of Service Research*, Vol 9 No. 1, pp. 38-580.
- Crook, T. R., Ketchen, D. J., Combs, J. G. and Todd, S. Y. (2008), "Strategic resources and performance: A meta-analysis", *Strategic Management Journal*, Vol 29 No. 11, pp. 1141-1154.
- Cummings, W.T., Jackson, D.W. and Ostrom, L.L. (1989), "Examining product managers' job satisfaction and performance using selected organizational behavior variables", *Journal of the Academy of Marketing Science*, Vol 17 No. 2, pp. 147-156.
- Dalborg, C. and Wincent, J. (2014), "The idea is not enough: The role of self-efficacy in mediating the relationship between pull entrepreneurship and founder passion—a research note", *International Small Business Journal*, 0266242614543336.
- Davidsson, P., Steffens, P.R. and Fitzsimmons, J.R. (2009), "Growing profitable or growing from profits: Putting the horse in front of the cart?", *Journal of Business Venturing*, Vol. 24 No. 4, pp. 388-406.
- Day, G.S. (1994), "The capabilities of a market-driven organizations", *Journal of Marketing*, Vol 58 No. 4, pp. 37-51.
- Day, G.S. (2011), "Closing the marketing capabilities gap", *Journal of Marketing*, Vol 75 No. 4, pp. 183-195.
- De Clercq, D., Honig, B., and Martin, B. (2012), "The roles of learning orientation and passion for work in the formation of entrepreneurial intention", *International Small Business Journal*, Vol 31 No. 6, pp. 1-25.
- Department of Industry Innovation, Science, Research and Tertiary Education (2012), "Australian Small Business: Key Statistics and Analysis", available at <http://www.innovation.gov.au/SmallBusiness/KeyFacts/Documents/AustralianSmallBusinessKeyStatisticsAndAnalysis.pdf> (accessed 20 September 2013).
- Diamantopoulos, A. and Winklhofer, H. M. (2001), "Index construction with formative indicators: An alternative to scale development", *Journal of Marketing Research*, Vol 38 No. 2, pp. 269-277.



- Dunkelberg, W., Moore, C., Scott, J., and Stull, W. (2013), "Do entrepreneurial goals matter? Resource allocation in new owner-managed firms", *Journal of Business Venturing*, Vol 28 No. 2, pp. 225-240.
- Eisenhardt, K. M. and Martin, J. A. (2000), "Dynamic capabilities: What are they?" *Strategic Management Journal*, Vol 21 No. 1, pp. 1105-1121.
- Federation of Small Businesses U.K. (2013), available at <http://www.fsb.org.uk/stats> (accessed 3 February 2014).
- Fisk, S.T. and Taylor, S.E. (1991), *Social cognition* (2<sup>nd</sup> ed), McGraw-Hill: New York.
- Forbes, D. P. (2005), "The effects of strategic decision making on entrepreneurial self-efficacy", *Entrepreneurship Theory and Practice*, Vol 29 No. 5, pp. 599-626.
- Fornell, C. and Larcker, D.F. (1981), "Evaluating structural equation models with unobserved variables and measurement error", *Journal of Marketing Research*, Vol 18 No. 1, pp. 39-50.
- Gibson, C.B. and Birkinshaw, J. (2004), "The antecedents, consequences, and mediating role of organizational ambidexterity", *Academy of Management Journal*, Vol 47 No. 2, pp. 209-226.
- Gray, C. (2002), "Entrepreneurship, resistance to change and growth in small firms", *Journal of Small Business and Enterprise Development*, Vol 9 No. 1, pp. 61-72.
- Greenbank, P. (2001), "Objective setting in the micro-business", *International Journal of Entrepreneurial Behavior and Research*, Vol 7 No. 3, pp. 108-127.
- Gupta, A.K., Smith, K.G. and Shalley, C.E. (2006), "The interplay between exploration and exploitation", *Academy of Management Journal*, Vol 49 No. 4, pp. 693-706.
- Gwinner, K.P., Gremler, D. and Bitner, M.J. (1998), "Relational benefits in services industries: The customer's perspective", *Journal of the Academy of Marketing Science*, Vol. 26 No. 2, pp. 60-72.
- Hechavarria, D. M., Renko, M. and Matthews, C. H. (2012), "The nascent entrepreneurship hub: Goals, entrepreneurial self-efficacy and start-up outcomes", *Small Business Economics*, Vol 39 No. 3, pp. 685-701.
- Heneman, H.G. (1974), "Comparisons of self and superior ratings of managerial performance", *Journal of Applied Psychology*, Vol 59 No. 5, pp. 638-642.
- Herron, L. and Sapienza, H. J. (1992), "The entrepreneur and the initiation of new venture launch activities", *Entrepreneurship Theory and Practice*, Vol 17 No. 1, pp. 49-55.
- Hill, J. (2001), "A multidimensional study of the key determinants of effective SME marketing activity: Part 1", *International Journal of Entrepreneurial Behavior and Research*, Vol 7 No. 5, pp. 171-204.
- Huselid, M. A., Jackson, S. E. and Schuler, R. S. (1997), "Technical and strategic human resources management effectiveness as determinants of firm performance", *Academy of Management Journal*, Vol 40 No. 1, pp. 171-188.
- Isobe, T., Makino, S. and Montgomery, D.B. (2008), "Technological capabilities and firm performance: The case of small manufacturing firms in Japan", *Asia Pacific Journal of Management*, Vol 25 No. 3, pp. 413-428.

- Jarvis, C. B., MacKenzie, S. B. and Podsakoff, P. M. (2003), "A critical review of construct indicators and measurement model misspecification in marketing and consumer research", *Journal of Consumer Research*, Vol 30 No. 2, pp. 199-218.
- Jasmand, C., Blazeovic, V. and de Ruyter, K. (2012), "Generating sales while providing service: A study of customer service representatives' ambidextrous behavior. *Journal of Marketing*, Vol 76 No. 1, pp. 20-37.
- Kasouf, C. J., Morrish, S. C. and Miles, M. P. (2013), "The moderating role of explanatory style between experience and entrepreneurial self-efficacy", *International Entrepreneurship and Management Journal*, pp. 1-17.
- Kuada, J. and Serles, D. (2006), "Customer relationship marketing (CRM) practices in Danish small businesses", *Managing Service Quality*, Vol 19 No. 3, pp. 308-331.
- Keiningham, T.L. and Perkins-Munn, T. (2003), "The impact of customer satisfaction on share-of-wallet in a business-to-business environment", *Journal of Service Research*, Vol 6 No. 1, pp. 37-50.
- Kenny, D.A., Kashy, D.A. and Bolger, N. (1998), "Data analysis in social psychology", in Gilbert, D., Fiske, S., and Lindzey, G. (Eds.), *Handbook of Social Psychology*, McGraw-Hill: Boston, MA, pp. 233-265.
- Ketchen, D. J., Hult, T. G. M. and Slater, S. F. (2007), "Toward greater understanding of market orientation and the resource-based view", *Strategic Management Journal*, Vol 28 No. 9, pp. 961-964.
- Kozlenkova, I. V., Samaha, S. A. and Palmatier, R. W. (2014), "Resource-based theory in marketing", *Journal of the Academy of Marketing Science*, Vol 42 No. 1, pp. 1-21.
- Krasnikov, A. and Jayachandran, S. (2008), "The relative impact of marketing, research-and-development, and operations capabilities on firm performance", *Journal of Marketing*, Vol 72 No. 4, pp. 1-11.
- Krueger, N.F. (2007), "What lies beneath? The experiential essence of entrepreneurial thinking", *Entrepreneurship Theory and Practice*, Vol 31 No. 1, pp.123-138.
- Krueger, N. F., Reilly, M. D. and Carsrud, A. L. (2000), "Competing models of entrepreneurial intentions", *Journal of Business Venturing*, Vol 15 No. 5, pp. 411-432.
- Lam, W. and Harker, M.J. (2013), "Marketing and entrepreneurship: An integrated view from the entrepreneur's perspective", *International Small Business Journal*, DOI: 10.1177/0266242613496443.
- Lee, D.J. and Sirgy, J.M. (2004), "Quality-of-life marketing: Proposed antecedents and consequences", *Journal of Macromarketing*, Vol 24 No. 1, pp. 44-58.
- Liberman-Yaconi, L., Hooper, T. and Hutchings, K. (2010), "Toward a model of understanding strategic decision-making in micro-firms: Exploring the Australian information technology sector", *Journal of Small Business Management*, Vol 48 No. 1, pp. 70-95.
- Lindell, M.K. and Whitney, D J. (2001), "Accounting for common method variance in cross-sectional research designs", *Journal of Applied Psychology*, Vol. 86 No. 1, pp. 114-121.

- March, J.G. (1991), "Exploration and exploitation in organizational learning", *Organization Science*, Vol 2 No. 1, pp. 71-87.
- Mc Cartan-Quinn, D. and Carson, D. (2003), "Issues which impact upon marketing in the small firm", *Small Business Economics*, Vol 21 No. 2, pp. 201-213.
- McMullen, J.S. and Shepherd, D.A. (2006), "Entrepreneurial action and the role of uncertainty in the theory of the entrepreneur", *Academy of Management*, Vol 31 No. 1, pp. 132-152.
- McQuitty, S. (2004), "Statistical power and structural equation models in business research", *Journal of Business Research*, Vol 57 No. 2, pp. 175-183.
- Mom, T.J., Van Den Bosch, F.A. and Volberda, H.W. (2007), "Investigating managers' exploration and exploitation activities: The influence of top-down, bottom-up, and horizontal knowledge flows", *Journal of Management Studies*, Vol 44 No. 6, pp. 910-931.
- Morgan, N.A. and Slotegraaf, R.J. (2011), "Marketing capabilities for B2B firms", in Lillien, G. L. and Grewal, R. (Eds.), *The B2B Marketing Handbook*, Edward Elgar, Northampton.
- Morgan, N. A., Vorhies, D. W. and Mason, C. H. (2009), "Market orientation, marketing capabilities, and firm performance" *Strategic Management Journal*, Vol 30 No. 8, pp. 909-920.
- Murnieks, C.Y., Mosakowski, E. and Cardon, M.S. (2012), "Pathways of passion: Identity centrality, passion, and behavior among entrepreneurs", *Journal of Management*, DOI: 10.1177/0149206311433855.
- Newbert, S. L. (2007), "Empirical research on the resource-based view of the firm: An assessment and suggestions for future research. *Strategic Management Journal*, Vol 28 No. 2, pp. 121-146.
- Ng, K.Y., Soon, A. and Chan, K. (2008), "Personality and leader effectiveness: A moderated mediation model of leadership self-efficacy, job demands, and job autonomy", *Journal of Applied Psychology*, Vol 93 No. 4, pp. 733-743.
- Ngo, L. V. and O'Cass, A. (2009), "Creating value offerings via operant resource-based capabilities", *Industrial Marketing Management*, Vol 38 No. 1, pp. 45-59.
- Nunnally, J.C. (1978), *Psychometric Theory*, McGraw-Hill, New York: NY.
- O'Cass, A., Heirati, N. and Ngo, L. V. (2014), "Achieving new product success via the synchronization of exploration and exploitation across multiple levels and functional areas", *Industrial Marketing Management*, Vol 43No. 5, pp. 862-872.
- O'Cass, A. and Sok, P. (2013), "The role of intellectual resources, product innovation capability, reputational resources and marketing capability: Combinations in SME growth", *International Small Business Journal*, DOI: 10.1177/0266242613480225.
- Odekerken-Schröder, G., De Wulf, K., and Schumacher, P. (2003), "Strengthening outcomes of retailer–consumer relationships: The dual impact of relationship marketing tactics and consumer personality", *Journal of Business Research*, Vol 56 No. 3, pp. 177-190.
- Ostrom, A.L., Bitner, M.J., Brown, S.W., Burkhard, K.A. et al. (2010), "Moving forward and making a difference: Research priorities for the science of service", *Journal of Service Research*, Vol 13 No. 1, pp. 4-36.

- Penrose, E. T. (1959), *The Theory of the Growth of the Firm*, 3rd ed. Oxford University Press: Oxford, UK.
- Philippe, F.L., Vallerand, R.J., Houliort, N., Lavigne, G.L. and Donahue, E.G. (2010), "Passion for an activity and quality of interpersonal relationships: The mediating role of emotions", *Journal of Personality and Social Psychology*, Vol 98 No. 6, pp. 917-932.
- Poon, J.M., Ainuddin, R.J. and Junit, S.O.H. (2006), "Effects of self-concept traits and entrepreneurial orientation on firm performance", *International Small Business Management Journal*, Vol 24 No. 1, pp. 61-82.
- Preacher, K.J. and Hayes, A.F. (2008), "Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models", *Behavior Research Methods*, Vol 40 No. 3, pp. 879-891.
- Priem, R. L. and Butler, J. E. (2001), "Is the resource-based "view" a useful perspective for strategic management research?" *Academy of Management Review*, Vol 26 No. 1, pp.22-40.
- Prieto, I. M. and Revilla, E. (2006), "Learning capability and business performance: A non-financial and financial assessment", *The Learning Organization*, Vol 13 No. 2, pp. 166-185.
- Raish, S. and Birkinshaw, J. (2008), "Organizational ambidexterity: Antecedents, outcomes, and moderators", *Journal of Management*, Vol 34 No. 3, pp. 375-409.
- Raish, S., Birkinshaw, J., Probst, G. and Tushman, M.L. (2009), "Organizational ambidexterity: Balancing exploitation and exploration for sustained performance", *Organizational Science*, Vol 20 No. 4, pp. 685-695.
- Reijonen, H. and Komppula, R. (2007), "Perception of success and its effect on small firm performance", *Journal of Small Business and Enterprise Development*, Vol 14 No. 4, pp. 689-701.
- Rosenbusch, N., Brinckmann, J. and Bausch, A. (2011), "Is innovation always beneficial? A meta-analysis of the relationship between innovation and performance in SMEs", *Journal of Business Venturing*, Vol 26 No.4, pp. 441-457.
- Ryan, R.M. and Deci, E.L. (2000), "Self-determination theory and the facilitation of intrinsic motivation, social development, and well-being", *American Psychologist*, Vol 55 No. 1, pp. 68-78.
- Sapienza, H. J., Autio, E., George, G. and Zahra, S. A. (2006), "A capabilities perspective on the effects of early internationalization on firm survival and growth", *Academy of Management Review*, Vol 31 No.4, pp. 914-933.
- Salancik, G.R. and Pfeffer, J. (1977), "An examination of need-satisfaction models of job attitudes", *Administrative Science*, Vol 22 No. 3, pp. 427-456.
- Sarasvathy, S.D. (2004), "Making it happen: Beyond theories of the firm to theories of firm design", *Entrepreneurship Theory and Practice*, Vol 28 No. 6, pp. 519-531.
- Shane, S. (2003), *A General Theory of Entrepreneurship*. Edward Elgar: Northhampton, MA.
- Shane, S. and Venkataraman, S. (2000), "The promise of entrepreneurship as a field of research", *Academy of Management*, Vol 25 No. 1, pp. 217-226.

- Simsek, Z. (2009), "Organizational ambidexterity: Towards a multilevel understanding", *Journal of Management Studies*, Vol 46 No. 4, pp. 597-624.
- Simpson, M., Tuck, N. and Bellamy, S. (2004), "Small business success factors: The role of education and training", *Education + Training*, Vol. 46 No. 8/9, pp. 481-491.
- Sirgy, M.J., Efraty, D. Siegel, P. and Lee, D.J. (2001), "A new measure of quality of work life (QWL) based on need satisfaction and spillover theories", *Social Indicators Research*, Vol 55 No. 3, pp. 241-302.
- Siren, C.A., Kohtamaki, M. and Kuckertz, A. (2012), "Exploration and exploitation strategies, profit performance, and the mediating role of strategic learning: Escaping the exploitation trap", *Strategic Entrepreneurship Journal*, Vol 6 No. 1, pp. 18-41.
- Sok, P., O'Cass, A. and Sok, K. M. (2013), "Achieving superior SME performance: Overarching role of marketing, innovation, and learning capabilities", *Australasian Marketing Journal*, Vol 21 No.3, pp. 161-167.
- Stewart, W.H., Watson, J.C., Carland, C. and Carland, J.W. (1999), "Proclivity for entrepreneurship: A comparison of entrepreneurs, small business owners, and corporate managers", *Journal of Business Venturing*, Vol 14 No. 2, pp. 189-214.
- Teece, D. J., Pisano, G. P. and Shuen, A. (1997), "Dynamic capabilities and strategic management", *Strategic Management Journal*, Vol 18 No.7, pp. 509-533.
- Thorgren, S. and Wincent, J. (2013), "Passion and habitual entrepreneurship", *International Small Business Journal*, 0266242613487085.
- Troilo, G., De Luca, L. M. and Atuahene-Gima, K. (2014), "More innovation with less? A strategic contingency view of slack resources, information search, and radical innovation", *Journal of Product Innovation Management*, Vol 31 No.2, pp. 259-277.
- Tushman, M.L. and O'Reilly, C.A. (1996), "Ambidextrous organizations: Managing evolutionary and revolutionary change", *Management Review*, Vol 38 No. 4, pp. 8-30.
- U.S. Department of Commerce (2013), "Small Business Economic Census", available at <http://www.census.gov/econ/census/smallbiz/index.html> (accessed 15 October, 2013).
- Uy, M.A., Foo, M. and Song, Z. (2013), "Joint effects of prior start-up experience and coping strategies on entrepreneurs' psychological well-being", *Journal of Business Venturing*, Vol 28 No. 5, pp. 583-597.
- Vallerand, R.J. and Houliort, N. (2003). Passion at work: Toward a new conceptualization. In D. Skarlicki, S. Gilliland, & D. Steiner (Eds.), *Social issues in management* (Vol. 3, pp. 175-204). Greenwich, CT: Information Age Publishing.
- Vallerand, R.J., Blanchard, C., Magean, G.A., Koestner, R. et al. (2003), "Les passions de l'ame: On obsessive and harmonious passion", *Journal of Personality and Social Psychology*, Vol 85 No. 4, pp. 756-767.
- Villanueva, J., Van de Ven, A. H. and Sapienza, H. J. (2012), "Resource mobilization in entrepreneurial firms", *Journal of Business Venturing*, Vol 27 No.1, pp. 19-30.
- Vorhies, D.W. and Morgan, N.A. (2005), "Benchmarking marketing capabilities for sustainable competitive advantage", *Journal of Marketing*, Vol 69 No. 1, pp. 80-94.

- Vorhies, D. W., Morgan, R. E. and Autry, C. W. (2009), "Product-market strategy and the marketing capabilities of the firm: impact on market effectiveness and cash flow performance", *Strategic Management Journal*, Vol 30 No.12, pp. 1310-1334.
- Vorhies, D. W., Orr, L. M. and Bush, V. D. (2011), "Improving customer-focused marketing capabilities and firm financial performance via marketing exploration and exploitation", *Journal of the Academy of Marketing Science*, Vol 39 No. 5, pp. 736-756.
- Weerawardena, J., O'cass, A. and Julian, C. (2006), "Does industry matter? Examining the role of industry structure and organizational learning in innovation and brand performance", *Journal of Business Research*, Vol 59 No. 1, pp. 37-45.
- West, G.P., Bamford, C.E., and Marsden, J.W. (2008), "Contrasting entrepreneurial economic development in emerging Latin American economies: Application and extensions of resource based theory", *Entrepreneurship Theory and Practice*, Vol 32 No. 1, pp. 15-36.
- Wincent, J. (2005), "Does size matter? A study of firm behavior and outcomes in strategic SME networks", *Journal of Small Business and Enterprise Development*, Vol 12 No. 3, pp. 437-453.
- Wood, R. and Bandura, A. (1989), "Social cognitive theory of organizational management", *Academy of Management Review*, Vol 14 No. 3, pp. 361-384.
- Yu, T., Patterson, P.G. and de Ruyter, K. (2013), "Achieving service-sales ambidexterity", *Journal of Service Research*, Vol 16 No. 1, pp. 52-66.
- Zhao, H., Seibert, S.E. and Hills, G.E. (2005), "The mediating role of self-efficacy in the development of entrepreneurial intentions", *Journal of Applied Psychology*, Vol 90 No. 6, pp. 1265-1272.