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# Brand orientation and brand performance in SMEs

## The moderating effects of social media and innovation capabilities

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Brand  
orientation and  
brand  
performance

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### Abstract

**Purpose** – This study aims to investigate the moderating effects of innovation capabilities and social media capabilities on the relationship between brand orientation and brand performance among small- and medium-sized enterprises (SMEs). Drawing on the size differential feature from the organizational ecology theory, the paper further tests variations in these conditions across disaggregated SME levels.

**Design/methodology/approach** – The empirical part of the study was carried out with a sample of 484 enterprises in an emerging market context via exploratory and confirmatory factor analyses, along with a moderated hierarchical regression.

**Findings** – Results from the moderated hierarchical regression analysis indicate that although the two capabilities generally offered positive moderating effects across all enterprises, these are conditional and not invariant when disaggregated based on enterprise sizes (small vs medium).

**Originality/value** – The study suggests the need for enterprise owners/managers to identify optimal combinations of enterprise capabilities, based on their sizes, for which their complementarities with brand orientation efforts are more potent.

**Keywords** Innovation, Brand orientation, Brand performance, Social media, Complementarity, Emerging market, SME performance, Entrepreneurship and small business management

**Paper type** Research paper

### Introduction

Management research on strategic orientations (SOs) has received considerable attention in business studies, largely because they underpin firms' managerial decisions and, when combined, enable firms to obtain superior performance (M'zungu *et al.*, 2015). Findings of past research in branding, for instance, demonstrate that enterprises with high levels of brand orientation reap greater performance benefits than those with lower levels (Reijonen *et al.*, 2012; Odoom, 2016). Literature also suggests that some internal and external conditions serve as controlling factors on the success of firms' pursuit of their SOs (Mason, 2007). From a branding perspective, Hirvonen *et al.* (2013) found that external factors moderate the brand orientation–performance relationship among Finnish enterprises. Such instances, among others, compel scholars to argue that the competitive nature of business environments may reduce the direct performance effect of pursuing single orientations, begging calls for complementarities to achieve synergistic upshots (Boso *et al.*, 2016). Indeed, it remains unsettled in literature whether firms, irrespective of size, should (or not) pursue multiple orientations along with their capabilities and how such an endeavour could affect their overall performance (Grinstein, 2008; Baker and Sinkula, 2009; Laukkanen *et al.*, 2013).



At present, however, some gaps are apparent in management research literature and practice, prompting scholarly attention and action. First, extant research on brand orientation tells little about how its relationships with firm capabilities affect enterprise performance (Anees-ur-Rehman *et al.*, 2016). Second, empirical evidence of variations in such relationships across firm sizes are so far unrepresented in the literature. Furthermore, the brand orientation literature also appears equivocal, given that empirical evidence from small- and medium-sized enterprises (SMEs), particularly within emerging economies, is largely ignored (Baumgarth *et al.*, 2013; Bang *et al.*, 2016). Beyond the theoretical gaps in literature, evidence is also mirrored within the general business landscape, where, for most firms, it appears challenging for management to ascertain how to blend organizational capabilities with their broader chosen firm orientations. Also, in the wake of growing digital economies, some SMEs are still in a quandary as regards how to integrate technological systems in their routine enterprise management practices.

In some developing economies, Odoom *et al.* (2017) report that SMEs typically do not have large amounts of resources to compete in the marketplace heightened by foreign firms. Furthermore, due to changes in media consumption gravitating towards social media, SMEs are also forced to embrace such a media route as a way of reaching their customers. Yet, little is known about how practically feasible this adaptation has been for such enterprises. The foregoing theoretical and practical concerns present opportune gaps in research and practice. As a result, until further evidences are provided to corroborate such calls, the small business management literature remains indisputably unsettled. In addressing the identified gaps as a contribution to literature and practice, the paper uses primary data from enterprises within an emerging market (Ghana) to test our conceptual model. By responding to calls for further investigations on the performance effects of complemented SOs in firms (M'zungu *et al.*, 2015; Laukkanen *et al.*, 2016), the study progresses our current understanding on the upshots of aligning SOs with firm capabilities to enhance performance.

Existing research chorus on management orientations has shown ameliorating as well as attenuating effects on firm performance (Laroche *et al.*, 2013; Kohli *et al.*, 2015; Boso *et al.*, 2016). In recent times, innovation (Merrilees *et al.*, 2011; Baumgarth *et al.*, 2013; Brexendorf *et al.*, 2015) and social media (Bruhn *et al.*, 2012; Habibi *et al.*, 2014; Kohli *et al.*, 2015) have been advocated as complementary capabilities that are ideally compatible with branding. The latter is touted as the new hybrid element of the promotion mix (Mangold and Faulds, 2009), having a plausible link also with innovation (Ooms *et al.*, 2015; Nguyen *et al.*, 2015). As remarkable as these strategic capabilities are, however, it has been detected in literature that their complementary effects are ambivalent and not static across firms. Similarly, whether the interaction effects of social media and innovation on the relationship between brand orientation and firm performance are linear remains an unexplored issue in the business management literature. The study, therefore, examines the moderating effects of social media and innovation as complementary firm capabilities on the brand orientation–performance relationship among enterprises. This paper makes both theoretical and empirical contributions in three ways.

First, it extends existing knowledge on how enterprises' capacities to align complementary firm capabilities/efforts impact their brand performance (Laukkanen *et al.*, 2013). Second, the study presents evidence from a context with relatively meagre empirical representation in both the branding and small business literature (Bang *et al.*, 2016). Extant literature, notwithstanding, hints that despite characterized by low levels of survival and growth, enterprises in emerging and less-developed economies contribute remarkably to the gross domestic products of such markets (Sheth and Sinha, 2015). In some instances, as is

the case of the current study setting, SMEs account for about 92 per cent of businesses in the country (Abor and Quartey, 2010) and invest substantially in branding programmes (Odoom *et al.*, 2017), making the nuances of their pursued orientations worth investigating for theory advancement. Third, research on the SO–performance relationship suggests possible variations of this nexus with regards to firm characteristics such as age, ownership, sector and size (Anderson and Eshima, 2013; Baregheh *et al.*, 2016). By similarly recognizing potential variations in brand orientation outcomes among firms, we further examine the hypothesized relationships across enterprise sizes (small vs medium).

### Theoretical framework and hypotheses

The dynamic capability theory espouses that firms generate various capabilities that enable them to harness and configure their resources and processes to meet business goals (Teece, 2007). These capabilities or processes also help firms to shape their orientations to remain competitive during turbulent industry and market conditions. For firms in less-developed markets, in particular, literature hints that both internally and externally generated capabilities are leveraged on to garner augmented benefits of their market- and brand-oriented activities (Odoom *et al.*, 2017). Brand orientation is described to represent an identity-driven approach (Urde *et al.*, 2013), according to which “the processes of the organisation revolve around the creation, development, and protection of brand identity in an ongoing interaction with target customers [...] for achieving lasting competitive advantage” (Urde, 1999, p. 117). According to Wong and Merrilees (2005), brand orientation denotes the magnitude to which a firm’s marketing strategy and activities are centred on the brand, with the aim of emphasizing uniqueness.

Past research suggests that brand orientation has positive relationships with firm survival (Urde, 1994), firm growth (Wong and Merrilees, 2005; Reijonen *et al.*, 2012), brand equity (M’zungu *et al.*, 2010) and firm performance (Wong and Merrilees, 2007; Gromark and Melin, 2011). Among the several reasons given for these relationships is that brand orientation is a mind-set for building brands into strategic resources (Urde, 1999). Also, growing enterprises have been found to adopt brand orientation in greater extents than stable and declining ones (Reijonen *et al.*, 2012). Furthermore, there is a supposition that authentic brands are based on high levels of brand orientation (Baumgarth *et al.*, 2013) that trigger synergistic trajectories with, for instance, market orientation (Urde *et al.*, 2013). The overarching upshot, therefore, is that brand-oriented marketing efforts engender brand-related performance benefits such as gaining loyal customers, increased brand awareness, good reputation, positive images (Wong and Merrilees, 2008; Hankinson, 2012) and an overall improvement in market performance (Odoom, 2016).

#### *Moderating effect of complementary firm capabilities/efforts*

Following from the above discourse, studies also suggest that alignments with complementary processes or capabilities may offer possible augmented performance rents (Grinstein, 2008; Ennen and Richter, 2010; Hakala, 2011). Berthon *et al.* (2008) liken this situation to organizational ambidexterity, arguing that successful firms usually leverage their capabilities to shape and pursue orientations. Reijonen *et al.* (2015) propose that there is, therefore, the need for brand orientation to be aligned with other management efforts and capabilities, rather than being pursued in a single dominant logic. In recent times, innovation and social media, although exclusively modelled, have been argued as complementary firm capabilities that improve the performances of firms. Their individual complementary effects on firm performance, notwithstanding, are context-specific and not universally linear (Trainor, 2012) and can have unexpected alterations arising at some point,

as is the conventional argument from complexity theory (Urry, 2005). Consequently, it may be prudent to empirically delineate the moderating conditions of these complementary firm capabilities, based on firm sizes, to explicate instances where they are more or less synergistically potent tools for brand performance.

*Innovation capabilities.* Innovation describes the degree to which firms' products, services and processes depart from existing products or services and technologies (McDermott and O'Connor, 2002). A number of explanations and evidences have been provided in literature to suggest that innovation has a positive link with firm performance. According to Tellis *et al.* (2009), innovation enables firms to generate differentiated processes and brands, with the ultimate intention of gaining competitive edge. In addition, Halliday and Trott (2010) suggest that firms may be able to improve their brand competence by emphasizing mechanisms of technology innovation or design innovation management. Despite the limited research examining the interrelationship between branding and innovation (Brexendorf *et al.*, 2015), their complementarity effect on firm performance cannot be undervalued.

Indeed, the literature contends that high levels of innovation help brand-oriented firms build robust brand images and reputation assets (McDermott and O'Connor, 2002). Furthermore, Lei *et al.* (2013) also argue that branding protects firm innovations from imitation by competitors as well as enables firms to control risk easily and to respond quickly and more efficiently to changes in the marketplace. Similarly, Rubera and Droge (2013) found that branding moderates the innovation–sales performance relationship in firms. A logical inference could thus be made from these instances that branding and innovation appear to work in sync, reinforcing their strategic complementarities. These arguments prompt the study to hypothesize the following:

*H1:* The relationship between brand orientation and brand performance is positively augmented when enterprises complement their branding efforts with innovation capabilities.

*Social media capabilities.* In a digitally vested world, the past decade has seen astronomical technological developments in the conduct of businesses, resulting in dramatic influences on marketing practices (Kane, 2015). Along with this phenomenon are several technological capabilities, such as the use of social media to complement and transform traditional brand marketing efforts and markets (Bruhn *et al.*, 2012). Juxtaposing traditional marketing communications with social media communications in relation to branding, Kohli *et al.* (2015) argue that the latter present a new paradigm shift where the flow of communication is multidirectional. Therefore, consumers are not just recipients and users of brand messages but are also able to send feedback to the firm as well as other consumers, even beyond geographical barriers. Moreover, Barwise and Meehan (2010) postulate that there is a magnification of brand reputation aided by social media over traditional media.

Evidence in extant research suggests that growing firms are tapping into social media to amplify their brand message as well as obtaining fuller and richer information about markets, customers, prospects and competitors (Kim and Ko, 2012; Habibi *et al.*, 2014). SMEs in developing economies have not been left out in this advancement (Odoom *et al.*, 2017). Recently, Nguyen *et al.* (2015) report that strategic social media capabilities provide firms with a governing mechanism that supports and promotes other firm-specific capabilities. Thus, with the right levels of social media capabilities, it is anticipated that the effect of executed brand orientation on brand performance should be amplified (Singh and Sonnenburg, 2012). Hence, the study posits the following:

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*H2:* The relationship between brand orientation and brand performance is positively augmented when enterprises complement their branding efforts with social media capabilities.

#### *Differential effects across enterprise sizes*

Organizational ecology theory classically provides appreciable explanations to variations in firm populations and conditions (Hannan and Freeman, 1993; Orlitzky, 2001). These variations, accordingly, offer reasons for the disparities in the strategy–outcome relationships within firms of various sizes (Laforet, 2008; Lee, 2009). Although management research suggests that larger firms obtain rents from SOs in greater magnitudes (Majocchi *et al.*, 2005), there are instances where the moderating effects of size are more positively pronounced in SMEs than in larger firms. From a branding perspective, for example, Abimbola and Vallaster (2007) argue that due to their more flexible structures and processes in incorporating various parts of the organization in the branding process, SMEs appear to have advantages over larger firms. Moreover, evidence from Leal-Rodríguez *et al.* (2015) suggests that small firms may become more innovative, because they tend to have greater flexibility, versatility and capacity to adapt to operating markets. In addition, Odoom *et al.* (2017) also hint of how SMEs, like their larger firm counterparts, are obtaining satisfactory performance benefits from their social media marketing efforts.

One could argue, therefore, from these developments that although the extent of brand orientation and other SOs/capabilities may vary across firm sizes, it is possible for small enterprises to equally obtain optimal performance benefits from their complemented branding efforts as their medium counterparts. Evidence of this, however, is also missing in the small business literature. This study, notwithstanding, argues from the size differential feature of the organizational ecology theory that the size discrepancy effect of enterprises could present possible variations in SMEs. With respect to the brand orientation–performance relationship, within the moderating margins of the complementary firm capabilities (Lee, 2009; Hakala, 2011), we propose the following:

*H3:* *H1* and *H2* will vary significantly across enterprise sizes (small vs medium).

## **Methodology**

### *Questionnaire and measurement items*

The paper adopted a quantitative approach using a structured questionnaire to statistically test our hypotheses on the empirical data. The questionnaire for the survey had sections on background information of the enterprises (firm ownership, the number of years in business, sector of enterprise and the number of employees), as well as measures on the predictor, moderators and outcome variables. Besides the background information, all other variables were assessed via seven-point Likert-type scales anchored from “1 = not at all” to “7 = to a very large extent” with “4 = moderately”. Brand orientation was measured with four items based on Wong and Merrilees’ (2007) work. Social media capabilities were also adapted from literature (Croteau and Raymond, 2004; Nguyen *et al.*, 2015) and measured with four items. Moreover, innovation capabilities were measured with six items based on literature (Calantone *et al.*, 2002; Martinez-Roman *et al.*, 2011). Finally, brand performance (during the past 3 years) was also drawn from the work of Merrilees *et al.* (2011) and measured with four items.

Given that these scales were originally designed as measurements for studies in different settings, some of the items were modified to suit our study context. For instance, the



measures for social media capabilities were previously tested on online technology ventures in [Nguyen \*et al.\*'s \(2015\)](#) study, and it was found that social media strategic capability positively affects brand innovation and acts as a moderator between knowledge acquisition, market orientation and brand innovation. Also, even though the brand orientation measures were originally used in a general business setting, the contents had no specific phrasings peculiar to large or small firms. As a result, this was easily adopted and was suited for our SME study as well. Despite, originally used in a non-SME context by [Calantone \*et al.\* \(2002\)](#), the measures for innovative capabilities had been contextualized for the SME setting later by [Martinez-Roman \*et al.\* \(2011\)](#), and was found to be varied across multiple SME sectors, prompting their suitability for the current study. The brand performance had also been used within a business-to-business SME context, hence their appropriateness for our current study.

#### *Data and sample*

Data for the study were obtained by surveying enterprises that have at least one active social media account that is regularly operated. An initial agreement to partake in the study was established by contacting 826 enterprises via emails and phone numbers provided in their bios/profiles on the various social media platforms. The frame for the contacted enterprises was a database obtained from the National Board for Small Scale Industries. The parameters defining what constitute SMEs in our context follows from that established by previous studies ([Abor and Quartey, 2010](#); [Odoom, 2016](#)). Before the questionnaire administration, an adequate assessment of the psychometric properties of the scale items was carried out by testing for face and content validity, given that we made amendments on some of the original measures used in previous research. We ensured this by pretesting the questionnaire using six marketing faculty and ten management consultants with expertise in social media, branding and innovation ([Bagozzi and Yi, 1988](#)).

By way of minimizing initial common method bias concerns, information on the retrieved survey instrument was to be provided by multiple respondents in each contacted firm ([Podsakoff \*et al.\*, 2012](#)). In many cases, marketing personnel answered the sections on brand orientation. The items on social media efforts were answered by personnel who were in charge of the enterprises' accounts. The CEOs/managers completed the sections on enterprises' general information (profiles), innovation capabilities and brand performance. Such response approaches in management research have been recognized as reliable and proven to produce results consistent with objective and absolute performance figures ([Boso \*et al.\*, 2013](#)).

#### *Control variables*

Empirical studies on strategy–performance relationships typically include some firm characteristics as control variables to ensure that study results are not unjustifiably confounded by these factors. Some business management literature suggests that fitness of a firm's strategy (such as branding) is dependent on the business setting that is typically a composite of both organizational and environmental exigencies ([Mason, 2007](#); [Hirvonen \*et al.\*, 2013](#)). On the basis of this, the current study followed past research and controlled for firm age, calculated based on the year the enterprise was established ([Laukkanen \*et al.\*, 2016](#)). Furthermore, ownership type was also measured in terms of either sole proprietorship or multiple ownerships, whereas the sector of business was based on either manufacturing or services ([Odoom, 2016](#)). Finally, following the classification by United Nations Industrial Development Organisation (UNIDO) for developing countries on what defines SMEs ([Abor and Quartey, 2010](#)), the study controlled for firm size, measured via the number of employees in the enterprises ([Odoom \*et al.\*, 2017](#)).

## Results and analyses

### *Profile of the enterprises*

All statistical data analyses were carried out using IBM SPSS Statistics 24 and IBM AMOS version 23. In all, 484 valid responses out of 826 contacted enterprises became usable for carrying out the empirical research analysis (response rate = 58.6 per cent). From the usable data, a profiling of the enterprises showed that 70.3 per cent of the enterprises were owned by sole proprietors, whereas 29.7 per cent had multiple owners. Most of the surveyed enterprises (approximately 95.1 per cent) have been in business for over 5 years, with only 4.9 per cent of them operating for up to 5 years. The enterprises were either small-sized (47.0 per cent) or medium-sized (53.0 per cent), categorized based on their number of employees, assets base and turnover (Abor and Quartey, 2010). The results from the distribution of firm characteristics reveal that the enterprises were adequately represented.

### *Reliability and validity of measurement model*

The hypothesized relationships originally included 18 observed items measuring four latent constructs. The scale measures were validated using two approaches on two sets of randomly split samples in the data. First, an exploratory factor analysis (EFA) was conducted on the first randomly split sample of 200 cases using principal components with orthogonal varimax rotation. The Kaiser–Meyer–Olkin statistic ( $KMO = 0.866$ ) as well as Bartlett's test of sphericity (approx.:  $\chi^2 = 3237.925$ ,  $df = 136$ ,  $p = 000$ ) confirmed the factorability of the variables matrix as well as the multivariate normality of the data. With eigenvalues greater than 1 as the criterion and acceptable Cronbach's alpha values, the factor loadings ranging from 0.662 to 0.855 further indicated that the theoretical constructs exhibit acceptable psychometric reliability in the study (Nunnally *et al.*, 1967).

Only one item under innovation capability (we are committed to taking high risks) did not meet the EFA requirements and was thus dropped. Next, a confirmatory factor analysis (CFA) was conducted on the second randomly split sample of 284 cases using AMOS version 23. Model fitness was evaluated using the normed chi-square index ( $\chi^2/df = 2.35$ ), the goodness of fit index (GFI = 0.953) and the comparative fit index (CFI = 0.962). This was followed by the Tucker–Lewis index (TLI = 0.951), the normed fit index (NFI = 0.948) and the root mean square error of approximation index (RMSEA = 0.057). These indices confirmed the unidimensionality of the constructs in the research model (Anderson and Gerbing, 1988). Results of the EFA and CFA are shown in Table I.

Following from Fornell and Larcker (1981), convergent validity and discriminant validity were assessed. More specifically, the scores for composite reliability (CR) and average variance extracted (AVE) exceed the required benchmarks of 0.70 and 0.50, respectively, confirming scale reliability and convergent validity. In addition, all coefficients from the latent constructs to their corresponding manifest indicators were statistically significant (i.e.  $t > 2.0$ ,  $\rho < 0.001$ ). Discriminant validity was established by comparing the shared AVE values between pairs of constructs with their squared  $\phi$  correlations. In all cases, the AVE values were greater than the shared squared  $\phi$  correlations associated with each pair of constructs, confirming the discriminant validity of the constructs. To further account for bias, the study performed the correlational marker variable test for common method bias. Also, given that the model contained multiple interactive relationships implies a minimal likeliness of respondents' ability to foresee the complex relationships tested in this research (Boso *et al.*, 2016). These two instances suggest that common method bias is an unlikely issue in the current study. Table II displays the descriptive statistics and inter-construct correlations with shared average variances extracted.



## MRR

Constructs/measurement items	Factor loadings		<i>t</i> -values <sup>a</sup>
	EFA	CFA	
<i>Brand orientation</i> ( $\alpha = 0.827$ ; $CR = 0.884$ )			
Our brand(s) is/are an important asset for us	0.806	0.878	Fixed
Branding is essential in running our enterprise	0.817	0.787	12.297
Branding flows through all our marketing activities	0.678	0.848	12.814
Branding is essential to our strategy	0.715	0.719	11.313
<i>Innovation capabilities</i> ( $\alpha = 0.874$ ; $CR = 0.881$ )			
There is a constant generation of new product ideas in this firm	0.662	0.738	Fixed
We are constantly searching for new ways of doing things	0.855	0.748	12.130
There is creativity in our methods of operation	0.828	0.831	13.114
This enterprise is usually a pioneer in the market	0.843	0.721	11.779
This firm is able to introduce new products/services every five years	0.755	0.821	13.022
<i>Social media capabilities</i> ( $\alpha = 0.801$ ; $CR = 0.871$ )			
We use social media to become aware of new opportunities or threat possibilities quickly	0.755	0.746	Fixed
The firm can gather customer knowledge through social media	0.670	0.781	10.138
Employees in the firm use social media to support marketing activities	0.773	0.861	9.841
The enterprise owns future competitive flexibility in social media	0.735	0.777	9.987
<i>Brand performance</i> ( $\alpha = 0.879$ ; $CR = 0.883$ )			
The enterprise has a good brand reputation	0.766	0.805	Fixed
We have strong brand awareness in the market	0.825	0.864	18.805
Our enterprise has built a strong customer brand loyalty	0.830	0.825	18.022
We have reached the desired image in the market	0.796	0.738	15.598

**Table I.**  
EFA and CFA results  
for sample

**Notes:** Total variance explained for the four-factor solution in EFA = 69.704. CR = composite reliability. CFA model fit indices:  $\chi^2 = 253.800$ ;  $df = 108$ ; GFI = 0.953; CFI = 0.962; TLI = 0.951; NFI = 0.948; RMSEA = 0.057; <sup>a</sup>All estimates significant with  $p < 0.001$

Constructs	Mean	SD	1	2	3	4	5	6	7	8
Age	–	–	–0.042	0.171**	0.190**	–0.125*	0.129*	0.210**	–0.030	
Sector	–	–		0.109*	0.015	0.050	0.010	–0.033	0.044	
Ownership	–	–			0.065	0.270**	0.043	0.012	0.263**	
Size	–	–				0.114*	0.187**	0.155**	0.180**	
Brand orientation	3.45	1.52				<i>(0.657)</i>	0.188**	0.211**	0.560**	
Innovation capability	4.77	1.49					<i>(0.598)</i>	0.414**	0.349**	
Social media capability	4.67	1.28						<i>(0.628)</i>	0.298**	
Brand performance	3.65	1.65							<i>(0.655)</i>	

**Table II.**  
Descriptive statistics  
and inter-construct  
correlations

**Notes:** \*\*Correlation is significant at the 0.01 level (2-tailed); AVE values are on diagonals and italic in brackets

### Moderated hierarchical regression

A moderated hierarchical regression (MHR) model was ran on the merged data to examine the statistical interdependencies between brand orientation and brand performance within the confines of social media capabilities and innovation capabilities. The appropriateness of the MHR is hinged on the point that it uses an interactive approach with the complementarity procedure after obtaining initial residuals separately on each of the

moderator and predictor variables (Aiken and West, 1991). Thus, over and above the contribution accounted for by the predictor variable, MHR helps to know exactly how much the moderator adds to the predictor–outcome relationship. To do this, the averages across the multi-items constructs were taken to create composite scores as a way of reducing model complexity (Ping, 1995). Next, each construct scale intended for multiplicative interactions was mean-centred to mitigate the potential threat of multicollinearity and to clarify the interaction effects (Aiken and West, 1991). To minimize concerns of endogeneity due to the use of continuous scales on the four constructs (Hamilton and Nickerson, 2003), the hypotheses were tested via a multistage hierarchical regression model (see Table III).

Foremost, the effects of the control variables (age, sector/industry and ownership type of enterprises) on brand performance were tested in the initial model (M1) and found to account for only 7.5 per cent variance in brand performance. Second, the effects of all the independent variables were added to the initial (M1) model in M2 to obtain results free from the influence of the interaction terms and help estimate the explanatory power in all models. Based on this, an increase in the  $R^2$  significantly by 0.327 ( $p < 0.001$ ) resulted in a 40.2 per cent variance in brand performance across all the enterprises. It was found at this stage, from the estimated standardized coefficients, that brand orientation ( $p < 0.001$ ), social media capabilities ( $p < 0.05$ ) and innovation capabilities ( $p < 0.001$ ) all have positive and significant relationships with brand performance.

In M3, the study tests the first two hypotheses of the study. Results from the third model show that the interaction term of brand orientation and innovation capabilities has a positive and significant relationship with brand performance ( $\beta = 0.146$ ,  $t = 2.862$ ,  $p < 0.05$ ). Along with an improved  $R^2$ , this provided support for  $H1$ . Similarly, in support of  $H2$ , results in M3 show that the brand orientation and social media capabilities interaction term has a positive and significant relationship with brand performance ( $\beta = 0.136$ ,  $t = 1.989$ ,  $p < 0.05$ ). At this stage, it was also observed that the two interaction terms improved the  $R^2$  in the earlier model (M2) significantly by 0.282 ( $p < 0.05$ ), resulting in a 68.4 per cent variance in brand performance across all the enterprises.

#### *Enterprise size variation effects*

$H3$  predicted that  $H1$  and  $H2$  will vary significantly across enterprise sizes (small and medium). To test this, the survey data were disaggregated into two clusters, based on the enterprise sizes. Results from M4 (small-sized enterprises) and M5 (medium-sized enterprise) demonstrate significant variations in the interaction effects of brand orientation and innovation capabilities, as well as of brand orientation and social media capabilities, on brand performance. Although the effect of  $H1$  was statistically significant across the two disaggregated size-based samples, the effect of  $H2$  was statistically significant only in the medium-sized enterprise samples. Interestingly, a negative relationship effect of the  $H1$  interaction ( $BO \times IC$ ) on brand performance was observed in the small-sized enterprises, whereas a positive relationship effect was observed among the medium-sized enterprises. Moreover, it was found that the  $BO \times SMC$  interaction seemed to favour medium-sized enterprises than small-sized enterprises in moderating their brand orientation–performance relationship. Therefore, an alternative argument that the interaction effects of the first two relationships will be invariant in  $H3$  is rejected, to favour the null hypothesis stated earlier.

#### **Discussions and conclusions**

The paper investigates the moderating parameters of innovation capabilities and social media capabilities within which variations in brand orientation and brand performance relationship are more or less potent for enterprises in an emerging economy. Drawing from

**Table III.**  
Results of moderated  
hierarchical  
regression

Variables	(M1)	All enterprises (M2)	(M3)	Small (M4) <sup>a</sup>	Medium (M5) <sup>a</sup>
<i>Controls</i>					
Age	-0.071 (-1.422)	-0.048 (-1.135)	-0.057 (-1.322)	-0.063 (-0.966)	-0.081 (-1.378)
Sector	0.018 (0.357)	0.010 (0.251)	0.006 (0.158)	0.062 (1.013)	-0.050 (-0.913)
Ownership type	0.267*** (5.301)	0.133*** (3.114)	0.135*** (3.188)	0.075 (1.155)	0.168*** (2.845)
<i>Independent variables</i>					
Brand orientation (BO)		0.451*** (10.240)	0.477*** (10.444)	0.509*** (6.406)	0.440*** (7.502)
Innovation capability (IC)		0.211*** (4.769)	0.174*** (3.790)	0.135* (1.976)	0.185*** (2.905)
Social media capability (SMC)		0.128** (2.807)	0.155*** (3.302)	0.104 (1.467)	0.186** (2.857)
<i>Hypothesized paths</i>					
H1: BO × IC			0.146** (2.862)	-0.107** (-1.232)	0.158** (2.348)
H2: BO × SMC			0.136** (1.989)	0.083 (1.040)	0.121** (2.614)
R <sup>2</sup>	0.075	0.402	0.684	0.363	0.435
Adj. R <sup>2</sup>	0.068	0.392	0.672	0.334	0.411
ΔR <sup>2</sup>	0.075	0.327***	0.282**		
F-change	10.299***	68.656***	13.884***		
Observations (n)	484	484	484	227	257

**Notes:** Dependent variable = performance; \*\*\* $p \leq 0.01$ ; \*\* $p < 0.05$ ; \* $p < 0.1$ . Standardized beta coefficients are outside parentheses. *t-values* are reported in parentheses. All tolerance values above 0.1 and all VIF values less than 1.3.<sup>a</sup>The third hypothesis (H3) is evidenced in columns M4 and M5

the SO literature, the paper hypothesized for positive effects of social media and innovation as complementary firm capabilities that amplify the brand orientation and brand performance relationship among enterprises. Also, the study draws from the size effect aspect of the organizational ecology theory to further hypothesize that these outcomes will be variant across the enterprises based on their sizes (small vs medium). The results from the study are corroborated with previous research in diverse ways. Overall, our study finds that the brand orientation and brand performance relationship is generally positive (Wong and Merrilees, 2008; Baumgarth *et al.*, 2013), as well as significantly positive within the parameters of enterprises' innovation capabilities and social media capabilities (Kyrgidou and Spyropoulou, 2013; Nguyen *et al.*, 2015). These relationships are, however, conditional and not invariant across the two delineated enterprise sizes from the study data.

Findings from the study offer conclusions for advancing theoretical and empirical research in three key ways. First, the research is one of the preliminary studies that enriches the management literature by specifically examining brand orientation within the moderating confines of social media and innovation capabilities in enterprise settings. We argue, based on our findings, that the positive effect of brand orientation on brand performance tends to be superior when complemented by the two capabilities. Thus, evidence has been provided, from a branding perspective, on how aligned capabilities augment the relationship between enterprises' brand orientation and brand performance. Second, past studies have argued that due to their chronic resource shortages, it may not be prudent for enterprises to exploit multiple capabilities concurrently. Results from our study data, however, permit us to reason with some other studies that social media (Kohli *et al.*, 2015; Nguyen *et al.*, 2015) as well as innovation (McDermott and O'Connor, 2002; Halliday and Trott, 2010) could generally provide (perhaps concurrent) complementary capabilities for realizing amplified brand performance.

Furthermore, evidence from the research data hints that for small-sized enterprises, innovation as a complementary effort may pose a negative condition to their brand orientation and brand performance relationship, as compared with their medium-sized counterparts. This is quite interesting in our study context, given that previous works espouse a positive effect in other settings. Hence, it may be safe to astutely depart from past research that advocates for the combination of innovation capabilities with branding (McDermott and O'Connor, 2002; Lei *et al.*, 2013) and to posit that smaller-sized businesses may be exempted from this advocacy in a bid to sustain steady brand performance. Arguably, it is possible that for smaller enterprises, increased innovations may erode brand performance rents by taking more resources during brand building. Thus, the "liability of smallness" argued by some researchers could be a probable explanation in that regard (Singh and Lumsden, 1990; Orlitzky, 2001; Lee, 2009). In addition, the minimal support systems for radical innovation, as well as the turbulent market environments evidenced in less-developed countries (such as the setting of this study), could perhaps help explain such a finding (Arnold and Quelch, 1998; Reijonen *et al.*, 2015).

Finally, regarding the interaction of brand orientation and social media, and their relationship with brand performance, the non-significant result may attune with arguments made by some past research that small enterprises in less-developed countries are typically slow adopters of technology, especially those related to e-commerce (Abou-Shouk *et al.*, 2013). Although Odoom *et al.* (2017) report that SMEs in such contexts are leveraging the corollaries of social media (Facebook and Twitter) for enterprise performance, it was not explicitly delineated if this was the case across enterprises of all sizes. For smaller businesses, adoption of technologies has typically been viewed as costs, rather than

investments, hence the reluctance to wholly embrace and develop capabilities in that regard. Perhaps, this permits an inference to low levels of social media usage in collaboration with brand orientation among smaller enterprises in our data. It comes as no surprise that the direct relationship between social media capabilities and brand performance was also insignificant among such enterprises. The ultimate result of this is a fiasco in becoming aware of new opportunities or threat possibilities and, ultimately, failure to gather customer knowledge through such platforms as social media.

### **Implications and limitations of the study**

The study makes modest contributions to management research, particularly from the purview of branding, innovation and social media. The findings raise important implications for managers and researchers alike. First of all, the study progresses our academic understanding in the brand orientation literature by examining the effects of complementary firm capabilities on firm orientation–performance relationships. Previous research works have articulated both advancing and mitigating effects when firms combine strategic resources, capabilities and orientations (Ennen and Richter, 2010; Hakala, 2011; Boso *et al.*, 2016). Yet the small business literature lags in empirical evidence of this stream of research, calling into question our understanding about the phenomenon within enterprise settings. Also, by presenting an empirical corroboration using enterprises from an emerging market context, another contribution to the ongoing debate has been made to expand the empirical setting of the brand orientation literature. We drew on the dynamic capability theory, the complexity theory as well as the organizational ecology theory to explain arguments for our hypothesized relationships.

The study goes further to argue that with the right levels of social media and innovation as complementary firm capabilities, enterprises stand better chances of ameliorating their brand performance from their strategic brand orientation. However, results from the study also demonstrate a variation in these suppositions, and thus caution for an explication of their expected outcome based on enterprise sizes. Although the two capabilities in general offered positive moderating effects across all enterprises, discrepancies do occur when disaggregated based on enterprise sizes. At this level, the interaction effect of innovation capabilities and brand orientation appears to offer enhanced results on brand performance than the case of social media capabilities among medium-sized enterprises. The interaction of the social media capabilities with brand orientation yields significant results on brand performance only in medium-sized enterprises. The theoretical logic for such a finding suggests the need for scholars to be cautious about unequivocally embracing our first two hypothesized relationships. Further implications from the study findings, joining the chorus of complexity theorists, point to the supposition that the innovation and social media complementarities in producing enhanced brand performance can be non-linear in some contexts, with abrupt switches occurring to yield mixed effects.

For enterprise owners and/or managers, the study suggests that although social media and innovation are essential strategic complementary firm capabilities for improving brand performance, attention needs to be paid with respect to the size of their enterprise. Indeed, there is the need to identify the optimal combinations of enterprise capabilities that complement their brand orientation efforts in achieving brand performance. In developing and managing brands in the age of social media, the paradigm of its enhanced effects on performance over traditional media may not be far-fetched, despite the wave not universally caught by all enterprises across the globe. In the light of the interactive relationship between social media capabilities and brand orientation, the study re-echoes contemporary advocacies for small business managers

and owners to have a changed mind-set and embrace social media in increased levels to upend their traditional branding efforts. By so doing, smaller enterprises can equally maximize the economic value of their social media capabilities to complement their branding efforts as their medium-sized counterparts.

The study, notwithstanding, recognizes some limitations that offer avenues for future research. First, by using cross-sectional data, the research design may suggest static relationships among the variables. However, as is the case with such study design, possible different idiosyncrasies could be detected if the data were collected during other periods. Also, the hypotheses formulated from the literature were tested using enterprises within a single developing country in sub-Saharan Africa. Therefore, the results may (or not) be generalizable to other settings owing to contextual socioeconomic complexities. Given that firms' SOs and outcomes could be context-specific, as well as the evolving nature of capabilities over time, opportunities exist for future research to corroborate our theorized relationships and findings in other studies. This could be achieved longitudinally or by replicating the research using other firms in either transitional, developed or cross-economic settings to validate our findings for improved generalization. Furthermore, variations in the hypothesized relationships across business operating sectors (manufacturing vs services) may be examined, although this was outside the remit of the current study.

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