

Small and medium-sized enterprise brand development in an emerging economy: The view of the owner/manager

Johannes Wiid*

Doctor of Commerce, Professor
University of South Africa
0002, 1 Preller Str., Pretoria, Republic of South Africa
<https://orcid.org/0000-0002-2195-532X>

Belinda Senoane

PhD, Postdoctoral Fellow
University of South Africa
0002, 1 Preller Str., Pretoria, Republic of South Africa
<https://orcid.org/0000-0002-9884-8522>

Michael Cant

Doctor of Commerce, Professor
University of South Africa
0002, 1 Preller Str., Pretoria, Republic of South Africa
<https://orcid.org/0000-0002-6925-8822>

Abstract. Small business branding is a relatively under-researched field, and available research largely excludes the African region. As a result, the brand development of small and medium enterprises (SMEs) in emerging markets is a topical issue. The aim of this study was to analyse whether brand development factors such as brand barriers, brand characteristics, perceived advantage, and brand perceptions are perceived by owners/managers as having a positive effect on retail SME brand development. A cross-sectional survey method was used to obtain data from 265 owners/managers of SMEs in South Africa using a self-administered questionnaire. Data were analysed using structural equation modelling, with the results showing that brand barriers, brand characteristics, and brand perceptions have a significant positive effect on brand development, while the effect of perceived advantage was found to be insignificant. It is recommended that SME owners/managers invest more resources in brand development efforts and management develop better attitudes towards branding, as the study revealed that owner/manager perceptions of the brand and the branding process have the biggest impact on brand development. Further, SMEs are encouraged to find innovative ways to engage in brand development, considering that brand barriers do not seem to particularly affect a firm's ability to engage in brand development. This study contributes towards an understanding of SME brand development in emerging markets, hence SMEs in these markets can benefit from its findings. The practical findings of this study should be of interest to SME owners/managers, as they carry the responsibility for the SME brand development process

Keywords: developing markets; barriers; perceptions; retail sector; perceived advantage

Article's History: Received: 12.04.2024; Revised: 07.08.2024; Accepted: 30.09.2024

● INTRODUCTION

In the dynamic landscape of emerging economies, small and medium enterprises (SMEs) play a decisive role in stimulating economic growth. SMEs foster innovation while si-

multaneously contributing to the creation of employment opportunities. Emerging economies have helped reshape the global economy, and SMEs have been the key drivers

Suggested Citation:

Wiid, J., Senoane, B., & Cant, M. (2024). Small and medium-sized enterprise brand development in an emerging economy: The view of the owner/manager. *Development Management*, 23(3), 50-59. doi: 10.57111/devt/3.2024.50.

*Corresponding author



Copyright © The Author(s). This is an open access article distributed under the terms of the Creative Commons Attribution License 4.0 (<https://creativecommons.org/licenses/by/4.0/>)

of economic development. Emerging markets are currently facing substantial socio-economic, cultural, and regulatory changes while simultaneously expanding from edges to the core of marketing practice. SMEs often battle with challenges such as resource constraints, skills shortages, less established market infrastructure, and managerial incompetencies, with one of the significant challenges faced by SMEs being the development and management of their brand. While larger organisations have the resources, the experience, and the managerial competencies to handle the brand development process, SMEs may not be in a similar position.

Scholars have examined brand development/management in SMEs in various contexts. H.-H.S. Chang *et al.* (2024) examined the performance of SMEs in Taiwan by assessing marketing capabilities and strategies. They found that the main antecedents of brand capability and strategy are entrepreneurial orientation, capability for social media, and capability for market knowledge. S. M'zungu *et al.* (2019) examined SME brand management from the strategic and operational perspectives. The authors uncovered that there are primarily four types of SME brand management, i.e., brand identity, operations, brand image, and opportunistic driven. Their study emphasised the role of both strategy and firm capability in the brand development process. The weight of studies in SME branding literature focus on how the shortcomings of SME enterprises affect their brand management practices. S. M'zungu *et al.* (2019) attributed this to the fact that although SME branding is considered to be a strategic entrepreneurial activity, it is relatively simpler in smaller organisations because they have limited financial resources available for market research (SME entrepreneurs tend to believe that branding is inaccessible to them – an attitude that is often reflected in their behaviour. SMEs typically regard their brand as secondary to sales). Consequently, SMEs typically limit their branding to visual identity elements and simple marketing methods.

E. Mandizwidza-Moyo (2020) examined the role of owner/manager personal characteristics in the brand development process in Zimbabwe. The findings revealed that the owner/manager's inherent characteristics, such as ethnic identity, extraversion, and creativity, affect brand identity conceptualisation, while demographic factors, agreeableness, and neuroticism have no impact. A.K. Tewary & R. Mehta (2021) investigated the entrepreneur's role in the brand development process in India and found that entrepreneurial characteristics such as passion, logic, and prior experience, together with brand-related factors such as the name of the brand, brand finance management, and owner exit strategy, play vital roles in SME brand development. R. Mijan *et al.* (2020) considered strategic branding resources for SMEs in Malaysia and determined that the strategic utilisation of inherent organisational resources such as a unique brand, differentiated products, employees, brand symbolism, organisational culture, and internal communications are crucial for SME success in branding.

Despite the growing importance of SMEs in emerging markets, research on building SMEs' brands and the factors influencing successful brand management in SMEs is still limited (Mandizwidza-Moyo, 2020; Tewary & Mehta, 2021). The branding field is still typically dominated by large businesses. According to J.-E. Chung *et al.* (2019), evidence indicates that branding studies on

small businesses continue to lag in the marketing literature. Given the vast differences between SMEs and their multinational counterparts, branding data from big businesses cannot be generalised to SMEs, hence the need for SME-specific branding-related research. Literature on organisational performance has long recognised the role of firm capabilities (e.g., branding), yet S. M'zungu *et al.* (2019) assert that there are still some deficiencies in the literature on building brands in the SME sector.

The most obvious of these is a gap in the literature regarding branding in SMEs compared to the vast literature on branding in large organisations, as well as the paucity of emerging markets research on SME branding (Lin *et al.*, 2019). The current study sought to advance the current SME branding literature by investigating the brand development of SMEs in an emerging market by assessing how owners/managers perceive the influence of internal factors such as brand barriers, brand characteristics, perceived advantage, and brand perceptions on the brand development process. The study proposed four hypotheses to advance the objective of the study: H1: Brand barriers have a significant negative effect on the brand development process; H2: Brand characteristics have a significant positive effect on the brand development process; H3: Brand perceptions have a significant positive influence on brand development; and H4: Perceived advantages have a positive effect on brand development.

● LITERATURE REVIEW

The ability to establish a strong brand is paramount to an organisation's success. According to A.T. Rosário (2023), branding helps companies to build trust in the market, simplifies customers' decision-making processes, and reduces risks for the organisation. M. Mudanganyi *et al.* (2020) assert that SMEs in the retail sector use branding to beat competitors' prices and to offer added value to customers to distinguish them from larger retailers. C.N. Osakwe *et al.* (2020), L. Piha *et al.* (2021), and A.K. Tewary & R. Mehta (2021) suggest that SMEs can improve the branding process by adopting both brand and market orientations. There has been a greater effort to study brand building/brand development by SMEs from the perspective of brand and management-related perspectives. C.N. Osakwe *et al.* (2020) studied SME brand building, brand orientation, and brand identity in North Macedonia and found the three concepts to be significantly related, with brand orientation being a multidimensional concept.

P. Ranjan (2024) investigated how branding capabilities can be used to boost the performance of SMEs that are brand oriented. The author found that the relationship between brand orientation and the performance of exporting firms is mediated by both internal and external branding capabilities. R. Odoom & P. Mensah (2019) researched the relationship between brand orientation and performance of SMEs in Ghana by studying how social media and innovation capabilities moderate the relationship. The authors recommended that SME owners/managers should select appropriate combinations of enterprise capabilities based on their size to maximise their complementarity with brand orientation initiatives. N.M. Hodge *et al.* (2018) investigated how brand orientation is enacted in SMEs and found that SMEs needed to approach brand orientation deliberately.

These studies indicate that SMEs recognise the importance of brand building and brand orientation in their enterprises.

Studies on brand development in SMEs have also taken an interest in the relationship between the SME owner/manager and the brand development process, as well as the effect of owners/managers' views on the brand development process. SMEs are typically managed by their owners. As a result, the owner's resource commitments towards brand building determine how successful the firm is in building a strong brand (Osakwe *et al.*, 2020). E. Centeno *et al.* (2019) examined the brand-as-a-person metaphor by investigating the potential relationship with owners/managers. They found that owners/managers by intuition, will attach human qualities to their brands, seeing them as an extension of themselves. SMEs have a pivotal role in South Africa's economy. SMEs act as a catalyst for change, providing an avenue for entrepreneurship and generating employment opportunities (Driving success in SMEs..., 2024). The country's National Development Plan has earmarked SMEs as "instruments for the achievement of the socio-economic goals and innovation", as noted by W. Matekenya & C. Moyo (2022). Currently, between 2.4 and 3.5 million small, medium, and micro enterprises (SMMEs) operate in South Africa (Freeing small businesses, n.d.). In 2023, SMMEs contributed 40% of the country's gross domestic product (GDP) (SMEs make up 40% of SA's GDP..., 2024). The retail sector in South Africa is the second largest employer after government and accounts for close to 20% of the country's GDP (Retail sector report, 2023).

SMEs are the lifeblood of the country's economy, employing 50% to 60% of the country's workforce in 2023 and being responsible for about a quarter of private sector job growth (Driving success in SMEs..., 2024). SMEs have been touted as one of the solutions to the high rate of unemployment and inadequate economic expansion (Botha *et al.*, 2021). SMMEs are envisioned to account for 90% of jobs by 2030 (Matekenya & Moyo, 2022). However, despite their importance in the South African economy, SMEs still face many challenges and therefore suffer from high failure rates (Ogunsanya *et al.*, 2020; Botha *et al.*, 2021). According to the University of the Western Cape, 70% to 80% of SMEs in South Africa do not survive the first five years after formation (How can South African entrepreneurs..., n.d.). Compared to other developing nations, SMEs in South Africa have one of the highest failure rates (Mhlongo & Daya, 2023). Consequently, the current study sought to make a contribution to the survival strategies of SMEs.

● MATERIALS AND METHODS

The research that served as the basis for this article used an exploratory methodology, gathering data from a variety of SMEs in Gauteng, South Africa, through a survey. The study used a structured questionnaire and a quantitative, cross-sectional survey design to statistically test the hypotheses against empirical data. The survey questionnaire included sections on SME background information (position, number of years in operation, number of employees, and business location), as well as measures on the predictor and outcome variables. Measures adopted for the study examined SME owners/managers' perceptions of the factors that influence using the following constructs: brand barriers, brand characteristics, brand perceptions, and perceived

advantage. Measures for all variables, including dependent and independent, were adapted from the literature using a seven-point Likert scale, anchored by 1 = strongly agree to 7 = strongly disagree. Brand barriers were measured using seven items developed by the researchers from the literature (M'zungu *et al.*, 2019; Tewary & Mehta, 2021). Brand barriers measured were financial; human resources; time; responsiveness to publicity; uninspired marketing that addresses nothing and flies under the radar of your audience; and lack of branding strategy. The items were coded BB1-BB7. One of the items (BB2) was removed during the analyses as its factor loading was too weak. Brand characteristics were measured using nine items, with measures developed by the researchers based on the literature review. These measures included variables like price, availability, guarantee, innovativeness, reliability, communication, image, attitude, and performance of the brand. The items were coded BC1-BC9.

Brand development was measured using seven items, including awareness of the brand; of products or service quality; repeat purchases; brand image development; competitive advantage; overall marketing strategy; and solid reputation. The items were coded BD1-BD7. Perceived advantage was measured using nine items with variables adopted from various studies and was operationalised to include factors such as "it adds value that customers are prepared to pay for", "it inspires customer loyalty", and "it leads to positive word-of-mouth". These items were coded PA1-PA9. The brand perception construct was operationalised using twelve items, including variables such as "it is important to brand a business", "strong brands exert a halo effect", and "strong brands represent different values, traits and characteristics". The items were coded BP1-BP12. Two of the items were removed during data analysis as their factor loadings (FL) were too weak. The rest of the items in the questionnaire are listed in Table 1.

To be eligible for the study, respondents had to be owners or managers of retail SMEs. In 2022, it was estimated that only 37% of SMEs in South Africa were considered formal (OECD, 2022). This means that 63% are either not registered or captured in a database. Consequently, there is no comprehensive database that can be used as a sampling frame. Non-probability sampling was therefore used to select SMEs in the Tshwane metro in South Africa. Convenience sampling was deemed appropriate for the study given the lack of a sampling frame. Trained field workers hand-delivered 300 questionnaires to SMEs. 265 useful ones were returned, representing an 88.3% return rate. Data for the study was collected in a three-month period from July to September 2022. Before data collection, the ethical clearance to conduct the proposed research was obtained from the affiliated institution. The study was to be conducted according to the Policy on research ethics of University of South Africa (2016). In a cover letter attached to the questionnaire, the participants were informed that the survey has been developed to be anonymous, that they are under no obligation to complete the survey, and that they can withdraw anytime from the study. A consent form was included in the front page of the questionnaire, with the researchers' contact details. The form required the demographic details of the respondents, including age, gender, position (whether owner, manager, or both), business tenure, number of employees, and business location.

SmartPLS was used to screen and analyse the data according to the pre-established research protocols. The testing of the measurement and structural models was conducted using SmartPLS software. Prior to analysing the structural model and testing the hypotheses, the validity of the measurement model was established. Prior to the testing of the models, the demographic information of respondents was analysed. Using the Fornell-Larcker criterion, discriminant validity was evaluated (Fornell & Larcker, 1981). The heterotrait-monotrait (HTMT) ratio was used to evaluate discriminant validity in addition to the Fornell-Larcker criterion. The hypothesised relationships (H1-H4) were tested using structural equation modelling. The bootstrapping method was used to get the *t* statistics and *p* values for each of the test statistics calculated, which gives an indication of the statistical significance of the FL. The path coefficients were examined as they measure the effect of a causing factor (independent variable) on a dependent variable; that is, they explain how strong the effect of one variable is on another variable. In addition to the path coefficients, the R^2 was assessed. The degree to which input factors (predictor variables) explain the variance of output variables (predicted variables) is explained by the R^2 , also known as the coefficient of determination. The values are between 0 and 1.

● RESULTS

The demographic profile of the respondents revealed that 35.1% were female while 64.9% were male. Regarding their positions within the SME, the sample comprised 107 (40.4%) owners, 83 (31.3%) managers, and 67 (25.3%) owners/managers. A few of the respondents (3.0%) did not indicate their position within the business. When it came to the number of employees, a significant portion of the respondents had between 1-10 employees (207, 78.1%), followed by 11-20 (47, 17.4%), and then 21-50 (8, 3%). Four

(1.5%) of the respondents did not indicate the number of employees. Among the respondents, 109 (41.1%) had been in business for one to five years; 90 (34.0%) for six to 10 years; 59 (22.3%) for 11 to 24 years; and 3 (1.1%) for 25 years or more. Four (1.5%) of the respondents did not indicate business tenure. These figures indicate that the owner managers collectively had sufficient experience in the SME sector to provide reliable insights into the topic under consideration. Overall, the demographic data revealed that the sample was sufficiently representative.

In validating the measurement model, the internal consistency, validity, and reliability were examined. The results of the reliability analysis in Table 1 revealed that Cronbach alpha (CA) values for the constructs ranged between 0.752 (brand barriers) and 0.982 (brand characteristics). These Alpha values were above the 0.7 recommended threshold for construct reliability, thereby confirming that the constructs were reliably measured (Hair *et al.*, 2019). Standardised FL, composite reliability (CR), and average variance extracted (AVE) were then used to establish convergent validity, as seen in Table 1. For convergent validity to be confirmed, the FL must, in ideal circumstances, be significant and >0.7 , the CR >0.7 , and the AVE >0.5 (Hair *et al.*, 2019). The results displayed in Table 1 indicate that the values for CR ranged from 0.817 (brand barriers) to 0.988 (brand characteristics), while AVE values ranged from 0.413 (brand perceptions) to 0.899 (brand characteristics). While the CR values were well above the acceptable thresholds, the AVE values were lower than the 0.5 threshold. However, some authors, including the originators of the concept, agree that AVE values of 0.4 can be accepted if the CR >0.6 (Fornell & Larcker, 1981; Suprpto *et al.*, 2020). These results therefore confirm that the measurement model had convergent validity.

Table 1. Reliability and convergent validity

Variable/Item	FL	CA	CR	AVE
Brand Barriers		0.752	0.817	0.433
Financial	0.600			
Human resources	0.791			
Time	0.659			
Responsiveness to publicity	0.609			
Uninspired marketing addresses nothing and flies under the radar of your audience	0.706			
Lack of branding strategy	0.471			
Brand Characteristics		0.982	0.988	0.899
Price of the brand	0.931			
Guarantee of the brand	0.971			
Availability of the brand	0.990			
Innovativeness of the brand	0.988			
Reliability of the brand	0.982			
Communication of a brand	0.927			
Image of the brand	0.978			
Attitude towards the brand	0.963			
Performance of the brand	0.946			
Brand Development		0.850	0.888	0.531
Brand awareness	0.736			
Quality of products/services	0.724			
Repeat purchases	0.720			
Brand image development	0.805			

Table 1, Continued

Variable/Item	FL	CA	CR	AVE
Achievement of competitive advantage over competitors	0.724			
Evaluation of overall marketing strategy	0.715			
Building of a solid reputation	0.686			
Perceived Advantage		0.846	0.872	0.441
It adds value that customers are prepared to pay for	0.608			
It inspires customer loyalty	0.762			
It leads to positive word-of-mouth	0.665			
The brand owner can charge higher prices	0.342			
Better access to distribution	0.614			
The customer will memorise the product/service	0.686			
Less risk for the customer	0.530			
The brand provides an image of quality	0.780			
The brand provides an image of reliability	0.711			
Brand Perceptions		0.863	0.873	0.413
It is important to brand a business	0.486			
Strong brands exert a halo effect	0.498			
Strong brands represent different values, traits, and characteristics	0.605			
Strong brands serve as a platform for expansion	0.682			
Existing retail brands strengthen brand awareness and differentiation from the competition	0.606			
Branding unlocks profitability	0.449			
Brands prompt consumer selection	0.628			
Brands lead to name awareness	0.684			
Branding signals increased customer loyalty	0.690			
Branding signals trust	0.713			

Source: calculated by the authors

After verifying the measurement model’s convergent validity and reliability, the Fornell-Larcker criterion was the final quality measure used to assess discriminant validity. According to this processing criterion, the values of the inter-correlation between the constructs must be less than the values of the square root of the AVE (Ali *et al.*, 2023). Stated otherwise, the AVE’s square root ought to exceed the correlation value between that construct and all other constructs (Harris & Gleason, 2022). The Fornell-Larcker criterion posits that the diagonal value should be larger than all values in the same row and column for discriminant validity to hold. The results in Table 2 indicate that the square

root of AVE for each of the constructs exceeded its correlation with other constructs; therefore, discriminant validity was confirmed. Then the HTMT ratio was adopted as an additional measure of validity. The HTMT ratio of correlations method is used for discriminant validity assessments. This method assesses the discriminant validity between each pair of variables (Ali *et al.*, 2023). Discriminant validity between two reflective constructs has been demonstrated if the HTMT value is less than 0.90. Table 3 below shows that all but one of the diagonal values are greater than all values in the same row and column. The two measures indicate that the discriminant validity requirement is met.

Table 2. Discriminant validity: Fornell-Larcker criterion

Constructs	Brand barriers	Brand characteristics	Brand development	Brand perceptions	Perceived advantage
Brand barriers	0.658				
Brand characteristics	-0.200	0.948			
Brand development	0.287	0.137	0.728		
Brand perceptions	0.149	0.014	0.584	0.642	
Perceived advantage	0.217	0.025	0.450	0.568	0.664

Source: calculated by the authors

Table 3. Discriminant validity: HTMT ratio

Constructs	Brand barriers	Brand characteristics	Brand development	Brand perceptions	Perceived advantage
Brand barriers					
Brand characteristics	0.244				
Brand development	0.362	0.129			
Brand perceptions	0.226	0.089	0.655		
Perceived advantage	0.297	0.133	0.547	0.695	

Source: calculated by the authors

A structural model assessment was used to substantiate the measurement model assessment by way of testing the hypothetical assumptions. Figure 1 below shows the results of the structural model, which tested the relation-

ships between the constructs. The *p* values for the FL were statistically significant at a 5% level. Model fit indices, coefficient determination (*R*²), and the path coefficient were examined to test the structural model.

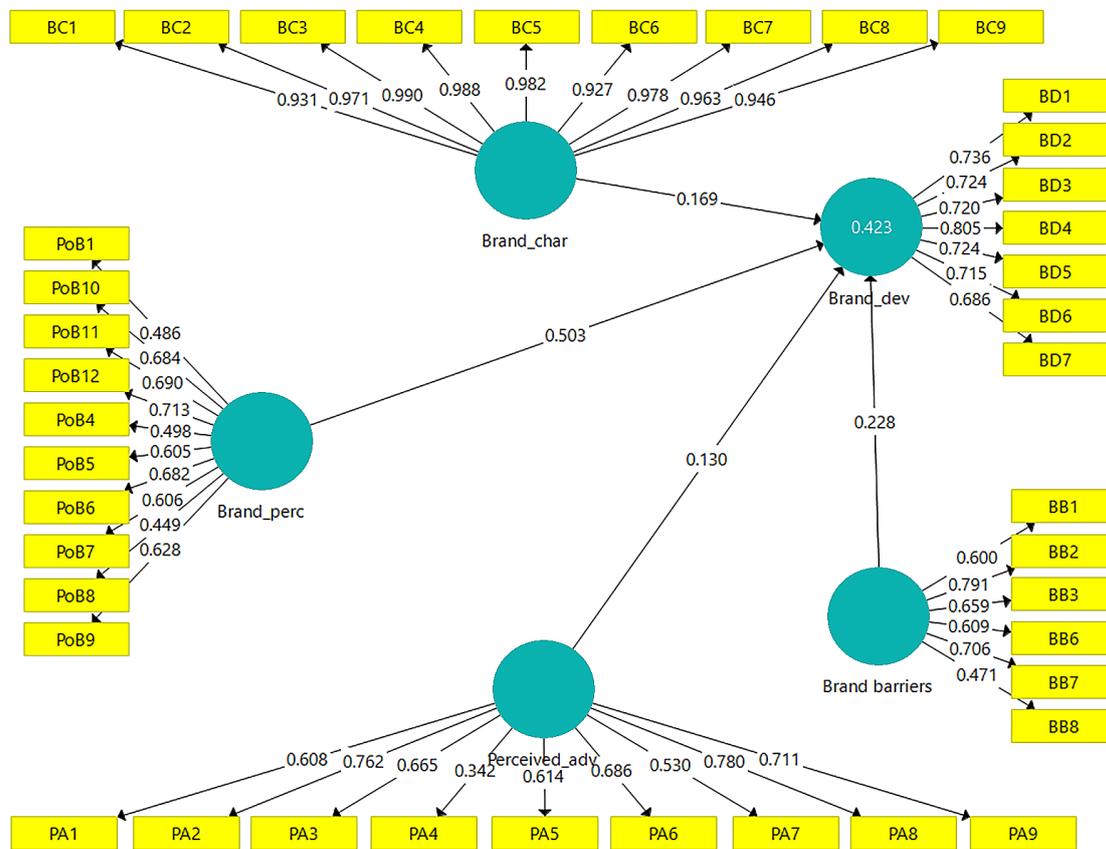


Figure 1. FL and path coefficients

Source: calculated by the authors

Table 4 shows the statistical results for the four proposed hypotheses. The results show that two of the four hypotheses were accepted. The hypothesis tests revealed the significant positive effects of brand barriers on brand development (H1: $\beta = 0.228$; $t = 3.512$; $p = 0.000$). Given that the relationship was positive, H1 was therefore rejected. The results further revealed that brand characteristics had a

significant positive effect on brand development (H2: $\beta = 0.169$; $t = 2.239$; $p = 0.026$), while brand perceptions also had a positive effect on brand development (H3: $\beta = 0.503$; $t = 7.801$; $p = 0.000$). An insignificant effect was found for the relationship between perceived advantage and brand development (H4: $\beta = 0.130$; $t = 1.890$; $p = 0.059$). Therefore, hypotheses H2 and H3 were accepted while H1 and H4 were rejected.

Table 4. Hypothesis testing

Hypothesis	Coefficient	SD	t	p	Decision
H1: Brand barriers → Brand development	0.228	0.069	3.512	0.000	Rejected
H2: Brand characteristics → Brand development	0.169	0.063	2.239	0.026	Supported
H3: Brand perceptions → Brand development	0.503	0.059	7.801	0.000	Supported
H4: Perceived advantage → Brand development	0.130	0.067	1.890	0.059	Rejected
	Statistic	SD	t	p	
Adjusted <i>R</i> ²	0.414	0.053	7.755	0.000	

Note: *p* value: **p* < 0.05, ****p* < 0.001, †*p* < 0.1

Source: calculated by the authors

For this model, the *R*² is 0.414, which means that 41.4% of the variation in brand development is explained by brand barriers, brand perceptions, brand characteristics, and perceived advantage. This suggests that there

are other factors other than the ones considered by the study that may contribute to the brand development process. With validity and reliability established for the constructs, the overall model fit was assessed to establish

whether the model was a good fit or not. The squared Euclidean distance (d_ULS), the geodesic distance (d_G), and the standardised root mean square residual (SRMR) are approximated model fit metrics. The average magnitude of the differences between the observed and expected correlations can be evaluated as an absolute measure of the (model) fit criterion using the SRMR. For partial least

squares structural equation modelling, SRMR is a goodness of fit metric that can be used to prevent model misspecification. The SRMR is compared to a threshold of 0.10 or of 0.08 (Benitez *et al.*, 2020). A value less than the threshold indicates a good model fit. Table 5 shows that the SRMR is 0.079, which is below 0.08 and therefore indicates a good model fit.

Table 5. Model fit

	Statistics	95%	99%
SRMR	0.079	0.076	0.096
d_ULS	4.391	4.998	7.980
d_G	2.503	3.246	5.064

Source: calculated by the authors

Model fit was also assessed using the d_ULS, and the d_G are exact fit measures. For a good model fit, the d_ULS and d_G values should be lower than the upper value of the 95% confidence interval (Sun *et al.*, 2024). Therefore, to show that the model fits well, the upper bound of the confidence interval should be greater than the initial value of the precise d_ULS and d_G fit requirements. Table 6 shows that the d_ULS value is 4.391, which is higher than the 95% value (4.998). The d_G value is 2.503, which is lower than the 95% value (3.246). This indicates that this estimated model has a good fit.

● DISCUSSION

Consensus exists among SME branding researchers such as S. M’zungu *et al.* (2019) and A.K. Tewary & R. Mehta (2021) that SME brand development is an under-researched topic. More precisely, little research has been done on how entrepreneurs contribute to the development of brands inside SME frameworks, as noted by R. Odoom & P. Mensah (2019). To remedy this, four hypotheses were formulated in this study with the purpose of determining the influence of brand barriers, brand characteristics, perceived advantage, and brand perceptions on brand development. Three of these hypotheses were confirmed by this study. The discussion of the results is guided by these hypotheses.

Existing studies on branding strategies have primarily been conducted in Western contexts, which, according to J.-E. Chung *et al.* (2019), may not be applicable to non-developed markets because of the inherent differences between them. Concurrently, much of the research on brands and branding has been from the perspective of the customer. Recently, however, there has been increased researcher interest in brand building from an organisational perspective. A.R. Ismail & B. Mohamad (2022) investigate how brand, market, and entrepreneurial orientations can be amalgamated to improve SME performance and find that collectively they are paramount for superior performance. H.-H.S. Chang *et al.* (2024) investigated how marketing capabilities and brand orientation strategy can be used to improve SME performance, finding that entrepreneurial orientation to be one of the key antecedents of SME performance. Given the role of owners/managers in the brand development process, the current study sought to discover their perceptions of what contributes to brand development, as this undoubtedly has an influence on SME branding initiatives. SME branding research has been lim-

ited due to the challenges associated with SME branding. This has resulted in a poor and imprecise conceptualisation of SME branding development, as well as unclear theoretical perspectives on how brands are formulated in these enterprises. This study thus develops a model for SME brand development from the perspective of owners/managers.

The H1 revealed that brand barriers have a significant, positive influence on the brand development process. The hypothesis was rejected as the researchers had anticipated that the effect would be negative. These findings indicate therefore that instead of being a hinderance, brand barriers can play a crucial role in shaping the trajectory of brand development and influence how a brand establishes and maintains its market presence. This finding is inconsistent with prior research. For instance, S. Cardinali *et al.* (2019) investigated how to increase brand orientation and brand capabilities and found that brand barriers reduce an SME’s chance of adopting a profitable brand strategy. This suggests that brand barriers can either facilitate or impede a brand’s growth and sustainability. A. Ogunsanya *et al.* (2020) explored entrepreneurial brand orientation and customer perceptions of SME brand positioning and asserted that brand barriers inhibit an SMEs brand enactment plan. The results of the current study reveal, contrary to past research, that brand barriers can actually play a positive role. This suggests that even in the face of resource restrictions, SME brand development is possible.

The H2 confirmed that brand characteristics and the brand development process are positively related. These results confirm the findings of previous studies concerning the impact of brand characteristics on brand development. For instance, F.J.F. Coelho *et al.* (2020) examined the ways in which functional brand attributes, such as innovation and quality, influence the personality and experience of a brand and ultimately affect perceived value. The authors found that the functional characteristics of brands play a vital role in brand development, as do the intangible ones. Similarly, S. Joo & A. Guèvremont (2024) found that when building a new brand, brand characteristics such as virtuousness, proximity, and transparency have a significant effect on brand authenticity. The results of the current study imply that SMEs should make an effort to craft and communicate brand characteristics that are meaningful to their target audience, as these play a major role in the brand development process from an external perspective.

The H3, confirmed by the study, revealed that owner/manager perceptions of the branding process have a significant effect on brand development. This hypothesis related to how the owner/manager himself perceives the importance of branding. According to E. Centeno *et al.* (2019), owners/managers make decisions about how their brands are produced, use their brands as a vehicle for self-expression, and guide the process from the outset. A qualitative study of 20 SMEs by A.K. Tewary & R. Mehta (2021) showed that SME owners have a crucial role to play in the process of establishing a brand because they are the ones who start it, and that start is founded on the realisation that a strong brand is a valuable asset to the company. The current study contributes to the discussion of the role of the entrepreneur by revealing that the owner/manager's perceptions of branding will significantly influence the brand development process.

The result that was not anticipated in the H4 was that SME owners/managers do not think perceived advantages play a role in the brand development process. In this study, perceived advantages were conceptualised to include factors relating to how the brand is perceived by consumers and how they perceive the brand development process. Customer perceptions wield significant influence over the trajectory of brand development as they determine how a brand is received in the marketplace. Consumer perceptions are formed through a complex interplay of experiences, interactions, and brand messages. Understanding, monitoring, and actively shaping customer perceptions through consistent brand experiences and messages are pivotal components of effective brand development strategies. The results of the study suggest that SME owners/managers do not necessarily consider the perceptions of their customers when designing their brand development strategies.

Taking all the findings into consideration, this study encourages SMEs to prioritise their brand development efforts and to invest in understanding the brand development process and the factors that inhibit or promote brand development. SMEs should direct resources towards brand development processes that enhance their brands in the market. Additionally, SME owners/managers' attitudes towards brand building need to change, as these have a significant influence on the outcomes of their brand development processes. A key implication of this study is that owners/managers' perceptions about their brands and the brand-building process have the greatest impact on the brand development of SMEs. This means that how the owners/manager perceives the brand and brand building has the biggest impact on brand development efforts. To increase the brand development capabilities of SMEs, owners/managers are advised to be cognisant of the role of their own mindset in the brand development process. In relation to brand characteristics, the study encourages

SME brand managers to impress consumers by developing and emphasising brand characteristics that highlight the ability of the SME within the retail sector. Considering how competitive the sector is, SMEs need to emphasise their own strengths and capabilities within the sector.

● CONCLUSIONS

In spite of the growing importance of SMEs in developing economies around the world, studies on SME branding are still limited. The study contributes to the literature on SME branding by empirically testing the effects of brand barriers, brand characteristics, brand perceptions, and perceived advantages on brand development. The study was conducted against a backdrop of limited empirical evidence of the factors influencing brand development from the perspective of owners/managers in South Africa. The study developed a methodological approach to understanding brand development based on secondary and empirical research involving owners/managers. As a result of the statistical analyses and the review of the literature, the study revealed the important factors that influence the brand development process in SMEs.

The results obtained indicate that from the perspective of owners/managers, brand barriers, brand characteristics, and brand perceptions have a significant impact on brand development, but perceived advantage does not. Accordingly, the study emphasises the importance of managing brand barriers and characteristics while promoting the owner/manager's role in the brand development process. It has been established by the study that, from the perspective of owners/managers, internal branding factors play a more significant role in the brand development process than external factors. The results also reveal that, from their perspective, their own perception of the brand and the branding process play the most significant role in the brand-building process. The results obtained in this study allow for recommendations to be made to SMEs for how to handle the brand development process. The application of the recommendations of this study will provide opportunities for SMEs to strengthen their brand-building efforts, something that is often overlooked in SMEs. Further research in this area should be aimed at including other regions that are socio-economically and culturally different from the region in which the data were collected as well as data from other industries other than the retail sector to enable the data to be generalisable. Further research should also be aimed at investigating factors outside the owner/manager that may influence brand development.

● ACKNOWLEDGEMENTS

None.

● CONFLICT OF INTEREST

None.

● REFERENCES

- [1] Ali, M., Ullah, S., Ahmad, M.S., Cheok, M.Y., & Alenezi, H. (2023). Assessing the impact of green consumption behavior and green purchase intention among millennials toward sustainable environment. *Environmental Science and Pollution Research*, 30, 23335-23347. doi: [10.1007/s11356-022-23811-1](https://doi.org/10.1007/s11356-022-23811-1).
- [2] Benitez, J., Henseler, J., Castillo, A., & Schuberth, F. (2020). How to perform and report an impactful analysis using partial least squares: Guidelines for confirmatory and explanatory IS research. *Information & Management*, 57(2), article number 103168. doi: [10.1016/j.im.2019.05.003](https://doi.org/10.1016/j.im.2019.05.003).

- [3] Botha, A., Smulders, S.A., Combrink, H.A., & Meiring, J. (2021). Challenges, barriers and policy development for South African SMMEs – does size matter? *Development Southern Africa*, 38(2), 153-174. doi: [10.1080/0376835X.2020.1732872](https://doi.org/10.1080/0376835X.2020.1732872).
- [4] Cardinali, S., Travaglini, M., & Giovannetti, M. (2019). Increasing brand orientation and brand capabilities using licensing: An opportunity for SMEs in international markets. *Journal of the Knowledge Economy*, 10, 1808-1830. doi: [10.1007/s13132-019-00616-1](https://doi.org/10.1007/s13132-019-00616-1).
- [5] Centeno, E., Cambra-Fierro, J., Vazquez-Carrasco, R., Hart, S.J., & Dinnie, K. (2019). The interplay between SME owner-managers and the brand-as-a-person. *Journal of Product & Brand Management*, 28(4), 555-572. doi: [10.1108/JPBM-10-2017-1645](https://doi.org/10.1108/JPBM-10-2017-1645).
- [6] Chang, H.-H.S., Knight, G., & Fong, C.-M. (2024). Marketing capabilities, strategy, and performance in international small- and medium-sized enterprises. *Journal of International Marketing*. doi: [10.1177/1069031X231221804](https://doi.org/10.1177/1069031X231221804).
- [7] Chung, J.-E., Jin, B., Jeong, S.W., & Yang, H. (2019). NIE-based SME brand building in foreign markets: An exploratory study. *Journal of Product & Brand Management*, 28(1), 63-79. doi: [10.1108/JPBM-10-2016-1331](https://doi.org/10.1108/JPBM-10-2016-1331).
- [8] Coelho, F.J.F., Bairrada, C.M., & de Matos Coelho, A.F. (2020). Functional brand qualities and perceived value: The mediating role of brand experience and brand personality. *Psychology & Marketing*, 37(1), 41-55. doi: [10.1002/mar.21279](https://doi.org/10.1002/mar.21279).
- [9] Driving success in SMEs through sophisticated job-matching technology. (2024). Retrieved from <https://www.forbesafrica.com/brand-voice/2024/01/22/driving-success-in-smes-through-sophisticated-job-matching-technology/>.
- [10] Fornell, C., & Larcker, D.F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50. doi: [10.1177/002224378101800104](https://doi.org/10.1177/002224378101800104).
- [11] Freeing small businesses. (n.d.). Retrieved from <https://www.stateofthenation.gov.za/priorities/growing-the-economy-and-jobs/freeing-small-businesses>.
- [12] Hair, J.F., Babin, B.J., Black, W.C., & Anderson, R.E. (2019). *Multivariate data analysis*. Boston: Cengage.
- [13] Harris, J.E., & Gleason, P.M. (2022). Application of path analysis and structural equation modeling in nutrition and dietetics. *Journal of the Academy of Nutrition and Dietetics*, 122(11), 2023-2035. doi: [10.1016/j.jand.2022.07.007](https://doi.org/10.1016/j.jand.2022.07.007).
- [14] Hodge, N.M., McMullen, C., & Kleinschafer, J. (2018). Taking a deliberate approach: The enactment of brand orientation in an SME context. *Journal of Brand Management*, 25, 395-408. doi: [10.1057/s41262-018-0095-3](https://doi.org/10.1057/s41262-018-0095-3).
- [15] How can South African entrepreneurs succeed? (n.d.). Retrieved from <https://www.uwc.ac.za/news-and-announcements/news/how-can-south-african-entrepreneurs-succeed-897>.
- [16] Ismail, A.R., & Mohamad, B. (2022). Determinants of SMEs' performance: Amalgamation of entrepreneurial, market and brand orientations. *International Journal of Entrepreneurial Behavior & Research*. doi: [10.1108/IJEBR-02-2022-0167](https://doi.org/10.1108/IJEBR-02-2022-0167).
- [17] Joo, S., & Guèvremont, A. (2024). The dynamic nature of brand authenticity for a new brand: Creating and maintaining perceptions through iconic, indexical, and existential cues. *Journal of Consumer Behaviour*, 23(4), 1803-1819. doi: [10.1002/cb.2303](https://doi.org/10.1002/cb.2303).
- [18] Lin, F., Ansell, J., Marshall, A., & Ojiako, U. (2019). Managing and building B2B SME brands: An emerging market perspective. *PSU Research Review*, 3(3), 191-214. doi: [10.1108/PRR-04-2019-0010](https://doi.org/10.1108/PRR-04-2019-0010).
- [19] M'zungu, S., Merrilees, B., & Miller, D. (2019). Strategic and operational perspectives of SME brand management: A typology. *Journal of Small Business Management*, 57(3), 943-965. doi: [10.1111/jsbm.12387](https://doi.org/10.1111/jsbm.12387).
- [20] Mandizwidza-Moyo, E. (2020). The effect of owner/manager's personal characteristics on SME brand development in Zimbabwe. *International Journal of Social Science and Economic Research*, 5(1), 74-97. doi: [10.46609/IJSSER.2020.v05i01.005](https://doi.org/10.46609/IJSSER.2020.v05i01.005).
- [21] Matekenya, W., & Moyo, C. (2022). Innovation as a driver of SMME performance in South Africa: A quantile regression approach. *African Journal of Economic and Management Studies*, 13(3), 452-467. doi: [10.1108/AJEMS-06-2021-0306](https://doi.org/10.1108/AJEMS-06-2021-0306).
- [22] Mhlongo, T., & Daya, P. (2023). Challenges faced by small, medium and micro enterprises in Gauteng: A case for entrepreneurial leadership as an essential tool for success. *Southern African Journal of Entrepreneurship and Small Business Management*, 15(1), article number a591. doi: [10.4102/sajesbm.v15i1.591](https://doi.org/10.4102/sajesbm.v15i1.591).
- [23] Mijan, R., Noor, S.M., & Jaafar, M. (2020). Exploring strategic branding resources for small and medium-sized brand-oriented companies. *SEARCH Journal of Media and Communication Research*, 12(1), 29-45.
- [24] Mudanganyi, M., Maziriri, E.T., Chuchu, T., & Ndoro, T. (2020). Brand orientation as a predictor of customer orientation, brand uniqueness and competitor orientation: Evidence from retail SME managers in South Africa. *African Journal of Development Studies*, 10(3), 303-318. doi: [10.31920/2634-3649/2020/10n3a15](https://doi.org/10.31920/2634-3649/2020/10n3a15).
- [25] Odoom, R., & Mensah, P. (2019). Brand orientation and brand performance in SMEs: The moderating effects of social media and innovation capabilities. *Management Research Review*, 42(1), 155-171. doi: [10.1108/MRR-12-2017-0441](https://doi.org/10.1108/MRR-12-2017-0441).
- [26] OECD. (2022). South Africa. In *Financing SMEs and entrepreneurs 2022: An OECD scoreboard*. Paris: OECD Publishing. doi: [10.1787/4bada6a3-en](https://doi.org/10.1787/4bada6a3-en).
- [27] Ogunsanya, A., Molale, B., & Hueva, W. (2020). An exploration of entrepreneur brand orientation and consumer perceptions of SMEs' brand positioning. *Communicare: Journal for Communication Sciences in Southern Africa*, 39(2), 49-74. doi: [10.10520/ejc-comcare-v39-n2-a3](https://doi.org/10.10520/ejc-comcare-v39-n2-a3).
- [28] Osakwe, C.N., Palamidovska-Sterjadovska, N., Mihajlov, M., & Ciunova-Shuleska, A. (2020). Brand orientation, brand-building behavior and brand identity in SMEs: An empirical evaluation. *Marketing Intelligence & Planning*, 38(7), 813-828. doi: [10.1108/MIP-07-2019-0370](https://doi.org/10.1108/MIP-07-2019-0370).
- [29] Piha, L., Papadas, K., & Davvetas, V. (2021). Brand orientation: Conceptual extension, scale development and validation. *Journal of Business Research*, 134, 203-222. doi: [10.1016/j.jbusres.2021.05.023](https://doi.org/10.1016/j.jbusres.2021.05.023).

- [30] Policy on research ethics of University of South Africa. (2016). Retrieved from https://www.unisa.ac.za/static/corporate_web/Content/Colleges/CAES/Research/docs/Unisa_Ethics_Policy.pdf.
- [31] Ranjan, P. (2024). Different countries, different institutions: How do brand-oriented SMEs leverage branding capabilities to boost export performance? *International Marketing Review*, 41(2), 562-589. doi: 10.1108/IMR-08-2023-0207.
- [32] Retail sector report. (2023). Retrieved from <https://irs.org.za/wp-content/uploads/2024/01/LRS-Retail-Sector-Report-2023.pdf>.
- [33] Rosário, A.T. (2023). A systematic review of the bibliometric literature: Branding in marketing strategy. In C. Silva (Ed.), *Origin and branding in international market entry processes* (pp. 82-116). Hershey: IGI Global. doi: 10.4018/978-1-6684-6613-1.ch005.
- [34] SMEs make up 40% of SA's GDP – here's how the JSE is helping them grow. (2024). Retrieved from <https://www.news24.com/news24/partnercontent/smes-make-up-40-of-sas-gdp-heres-how-the-jse-is-helping-them-grow-20240419>.
- [35] Sun, Y., Rahman, M.M., Xinyan, X., Siddik, A.B., & Islam, M.E. (2024). Unlocking environmental, social, and governance (ESG) performance through energy efficiency and green tax: SEM-ANN approach. *Energy Strategy Reviews*, 53, article number 101408. doi: 10.1016/j.esr.2024.101408.
- [36] Suprpto, W., Stefany, S., & Ali, S. (2020). Service quality, store image, price consciousness, and repurchase intention on mobile home service. *SHS Web of Conferences*, 76, article number 01056. doi: 10.1051/shsconf/20207601056.
- [37] Tewary, A.K., & Mehta, R. (2021). Brand development and entrepreneur's role in small businesses. *Journal of Research in Marketing and Entrepreneurship*, 23(1), 159-174. doi: 10.1108/JRME-06-2020-0074.

Розвиток бренду малих та середніх підприємств в економіці, що розвивається: погляд власника/менеджера

Йоганнес Віід

Доктор комерції, професор
Університет Південної Африки
0002, вул. Преллер, 1, м. Преторія, Південно-Африканська Республіка
<https://orcid.org/0000-0002-2195-532X>

Белінда Сенуане

Доктор філософії, постдокторант
Університет Південної Африки
0002, вул. Преллер, 1, м. Преторія, Південно-Африканська Республіка
<https://orcid.org/0000-0002-9884-8522>

Майкл Кант

Доктор комерції, професор
Університет Південної Африки
0002, вул. Преллер, 1, м. Преторія, Південно-Африканська Республіка
<https://orcid.org/0000-0002-6925-8822>

Анотація. Брендинг малого бізнесу є доволі малодослідженою сферою, а наявні роботи здебільшого не охоплюють африканський регіон. Як наслідок, розвиток брендів малих та середніх підприємств (МСП) на ринках, що розвиваються, є актуальним питанням. Метою цього дослідження було проаналізувати чи фактори розвитку бренду, такі як перешкоди для бренду, характеристики бренду, відчуття переваги та сприйняття бренду, розглядаються власниками/менеджерами як такі, що мають позитивний вплив на розвиток бренду МСП роздрібною торгівлі. Методом перехресного опитування за допомогою анкети, яку респонденти заповнювали самостійно, отримано дані від 265 власників/менеджерів МСП у Південній Африці. Дані проаналізовано за допомогою моделювання структурних рівнянь, і результати показали, що перешкоди бренду, характеристики бренду та сприйняття бренду мають значний позитивний вплив на його розвиток, тоді як вплив відчуття переваги виявився незначним. Рекомендовано, щоб власники/менеджери МСП інвестували більше ресурсів у розвиток бренду, а керівництво розвивало краще ставлення до брендингу, оскільки дослідження показало, що сприйняття бренду власниками/керівниками та процес брендингу мають найбільший вплив на розвиток бренду. Крім того, МСП заохочуються до пошуку інноваційних способів участі в розвитку бренду, оскільки бар'єри, пов'язані з брендингом, не суттєво впливають на спроможність компанії брати участь у розвитку бренду. Це дослідження є внеском у розуміння розвитку брендів МСП на ринках, що розвиваються, отже, його результати можуть бути корисними МСП на цих ринках. Практичні підсумки цього дослідження будуть цікаві власникам/керівникам МСП, оскільки саме вони відповідають за процес розвитку брендів МСП.

Ключові слова: ринки, що розвиваються; бар'єри; сприйняття; сектор роздрібною торгівлі; відчутна перевага