

**MARKETING AND ENTREPRENURSHIP:  
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**Chapter title: SME Growth Market**

**The effect of Country-of-origin-image and the growth of digitalised small, medium enterprises**

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## Learning Objectives

This chapter will develop your knowledge and ability to:

1. Define country-of-origin-image
2. Recognise potential effects of country-of-origin-image
3. Identify the impact of digitalisation on SMEs growth
4. Examine the influence of digitalisation in SMEs, on the effect of country-of-origin-image

## Introduction

The role of small-and-medium-enterprises (SMEs) as engines of economic growth is evident in their contribution to the global economy. The report of the Global Entrepreneurship Monitor 2019 (GEM) shows that the highest global rates of total Entrepreneurial Activity or “total early stage entrepreneurial activity” (TEA) can be found in Angola (41%), a low-income economy. Middle-income Guatemala reports 28% TEA and high-income Chile reports a 25% TEA. The UK shows reduction in TEA value since the referendum vote to leave the European Union from 8.8 in 2016 to 8.2 in 2019.<sup>1</sup> This suggests that the UK is falling behind the global average, however, when it comes to perceptions, the UK achieved overall ranking of 44 in 2018 and 43 in 2017 (Bosma and Kelley, 2019), which suggest that investors and entrepreneurs perception of the UK business environment is stable and healthy. Having positive country-image and reputation as a friendly and supportive business environment thus can help the UK overcome many of the uncertainty challenges while exiting the European Union.

Despite the huge contribution of SMEs to the global economy, which is widely acknowledged, and have been a focus of academic research and policy making for decades, the literature on SME growth remains fragmented (Wiklund *et. al.* 2009). Moreover, in spite of micro-enterprises accounting for around 96 % of all UK businesses (Baker *et. al.*, 2015), and between 70% and 95% of all enterprises in

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<sup>1</sup> In 2018, there were 5.7 million private sector businesses in the UK, down by 27,000 compared to 2017. This is the first year on year fall in the number of businesses since the UK Parliament Business Statistics series started in 2000. The UK entrepreneurship framework in GEM 2018 suggests that the UK is below the global average in government policies to support entrepreneurship and in the infrastructure, whereas it exceeds the average in tax policies and entrepreneurial finance. This suggests that financially the UK is creating an attractive business environment for entrepreneurs but more need to be done to support them so they can innovate and progress effectively. In comparison Qatar and the United Arab Emirates GEM entrepreneurship framework exceeds the global average in all aspects creating potentially an ideal business environment for startups; while Turkey matches the global average and exceed it in internet marketing and commercial and legal infrastructure.

the OECD<sup>2</sup> economies, limited research addressed the growth challenges facing this significant subset of businesses with fewer than ten employees.

A significant change in the market is seen due to the rapid development of technology and global digitalisation. Increasingly companies are reconsidering their approaches to business and traditional marketing tools and are adapting digitalised business and marketing strategies. Online tools and platforms provide new opportunities for micro-enterprises to be involved in international trade. Businesses that trade internationally appear to be more confident in the current state of their businesses and also more likely to have positive prospects of job creation due to growth. This is also true for just-me entrepreneurs (one person's business) who participate in international trade. Almost 40 per cent of micro-enterprises achieve over 25% of their total revenue in exports (OECD 2017). Nevertheless, Country-of-origin research does not distinguish SMEs and micro-enterprises to examine the effect of country-of-origin-image on the growth of these companies.

This chapter reviews the concept of country-of-origin-image (COI) and its effect on consumers and in turn on SMEs growth. It also reviews the entrepreneurial approach and SME growth potential, and challenges in the digital era. Digitalisation of business and marketing in SMEs and its role in these businesses growth and influence on COI effect is finally examined considering future directions.

### **Country-of-origin image and effect**

The country-of-origin is where a product or service is perceived to originate from. It has an impact on consumers' attitudes and behaviours towards the brand, whether the brand represents a product or a service, a corporation or a nation. This is due to the effect of the image of the place and its inhabitants as producers, service providers and human capital with moral values, social and individual characteristics on consumers. Srikanth and Gnoth (2002: 140) define country-of-origin-image (COI) as peoples' 'cognitive beliefs about the country's industrialisation, national quality standard, and other information that is associated with its products and services'.

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<sup>2</sup> OECD is the Organisation for Economic Cooperation and Development. The OECD economies in alphabetical order are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Greece, Germany, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, the United Kingdom, the United States.

Vast research has examined country-of-origin-image. Roth and Diamantopoulos (2009) review wide range of definitions of COI and classify them into three categories based on their focus: product related country-image; country related product image; or, overall country-image. In a re-examination of these categories, Lopez *et.al.* (2011) distinguish between three types of conceptualisation of overall country-image (CI): mental pictures or impressions of a county in the public's mind (e.g. Verlegh and Steenkamp 1999); as a cognitive structure (e.g. Gertner and Kotler 2004); or, as a cognitive and affective network (e.g. Verlegh 2001). Wang *et.al.*, (2014) explore the conceptualisation of COI further identifying three main phases in COI research: associating COI with general country-image; perceiving COI as an integration of country-image and product image; and, treating COI as a multi-dimensional concept. These phases correspond with further classifications of the conceptualisation of COI, with focus on underpinning theories that can explain country-of-origin-effect, such as attitude theory, institutional theory and legitimacy theory (for more information read Wang *et.al.*, 2014).

### **The effect of country-of-origin-image on small-and-medium-enterprises**

For over 5 decades marketing scholars have been studying the country-of-origin-effect on consumers' purchasing decision making. These studies examine the country-of-origin effects on attitudes towards foreign products. Export promotion authorities in many countries recognise the importance of a nation's reputation in promoting local goods and the necessity to manage country-of-origin-image as a valuable asset.

Han (1989) classifies the effect of COI in two categories. The first has an indirect impact on consumers' decisions; a **halo effect** that influences buyers' decisions towards countries they are unfamiliar with, for example western perception of production in India as exotic, eastern, handmade, and cheap. Han suggests that due to the lack of information about a nation or outdated stereotypes, the images of less developed countries are expected to have the halo effect on consumers. Experiencing a country or its products forms a file of information stored in consumers' memories increasing their familiarity with the nation's products and services. This leads to the second type: the **summary effect**. More developed countries with their wide range of industrial exports usually enjoy this effect as consumers are more exposed to specific information and have experienced them directly (Han, 1990), such as Germany's reliable engineering and production. Kleppe *et.al.*, (2002) adds the **multifaceted image**

**effect** where consumers develop a knowledge structure about a nation with associations that help them to judge the product/offer and make a decision, such as perceiving the US as the leader in advance technology, something successful global brands such as Google, Apple, and Microsoft confirm.

The relationship between brand and country-of-origin-image has been examined in a number of studies (e.g. Hynes *et.al.* 2014). The salience of the impact of brand image and COI has been debated in these studies. Some scholars suggest that images of global brands are more salient than COI, whereas others appreciate the COI effect on local and global brands; no consensus has been established. A good example on this chicken and egg phenomenon is the Huawei, technology Chinese brand. Huawei is disrupting the global technology market dominated by huge American brands with its affordable competitive and advance technology offers, however, the western world's perception of its country-of-origin, China, is reducing the brand trustworthiness and reliability in terms of information security at state and individuals level. Some evidence of potential risk hazards of cyberattacks in some of their products and less established Chinese policies in cybersecurity are not helping the brand promise to overcome the country-image-effect. Individual consumers in the UK, for example, may, hence, feel that they are left with a choice between their privacy and price benefits.

The wide examination of the effect of COI suggests a correlation between COI and the level of economic development of a country. For example, in a study by Gorostidi-Martinez *et.al.* (2017) Spanish respondents viewed Chinese products as of lower quality, and as of mass-produced worldwide distribution type of products; while they believed that Chinese individuals are very hard working. Another example is evident in the results of Saffu and Scott (2009) research showing that consumers in Papua New Guinea, in the south-western Pacific evaluated their homemade products less favourably than foreign made products; and that COI effects influence consumers' preferences differently in the case of high-involvement products (that is a product with high impact on a consumer's quality of life such as car or smart phone) and low-involvement products (that is a product with low impact on a consumer's quality of life such as a pencil or bar of chocolate), as more consideration is given to high-involvement products. Consumers hold stereotypical views of products made in different countries but do not necessarily agree about the nature of these stereotypical views, which can be rooted in much more than the product. Kotler *et.al.* (1993: 141) argue that the comprehensive view of country-image, which is not limited to the country as a producer is 'the sum of beliefs and impressions people hold about places. Images represent a simplification of a large

number of associations and pieces of information connected with a place. They are a product of the mind trying to process and pick out essential information from huge amounts of data about a place’.

Nations convey ranges of meanings (O’Shaughnessy and O’Shaughnessy, 2000) that represent a nation as a destination for tourists, a location for investors and a market opportunity for traders and migrants.<sup>3</sup> Dinnie (2008) and many other scholars consider the country-of-origin-effect and the identity of a nation the conceptual roots of nation branding that influences not only tourism but also local businesses ability to attract investment and international trade opportunities which are significant for their growth. For example, Qing (2016) examined country-of-origin-effect on institutional trust and found that people’s trust towards New Zealand’s regulatory agencies was significantly higher than towards the Chinese counterparts, in two separate incidents of contamination in milk powder, one caused by a Chinese dairy corporation and the other by a New Zealand dairy company.

This effect of country-of-origin image is even more evident in small-medium-enterprises particularly in the early stages of their lives. This is because of the limited impact their, yet to be established, brands and credibility can have on attracting national and international clients, whether in business to business sectors or business to consumers. However, the extensive research in country-of-origin effect and image focuses on large businesses and well-established brands and neglects SMEs and startups despite their need to focus on positive country-of-origin attributes to build their brand and achieve credibility. Spence and Essoussi (2010) study into SMEs brand building finds that country-of-origin of the brand can be used as secondary association to enhance brand equity in SMEs through brand identity. Since SMEs and startups have limited resources for communication, and the development of brand identity and equity, country-of-origin-image gives the brand an added value at a low cost.

## **Entrepreneurship and growth of small-and-medium-enterprises**

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<sup>3</sup> Country-image can lead people from less developed nations to degrade their domestic products in favour of those from the more technologically advanced nations, whereas Europeans, Americans and Japanese people mostly prefer their own brands.

Entrepreneurial companies engage in product-market innovation and take riskier ventures than larger and well established firms; as such they are expected to be proactive innovators that take the lead (Miller, 1983). However, not all entrepreneurial companies are true innovators although they may create niche experiences. Entrepreneurship research has developed from the narrow scope of radical innovations to the creation of new economic activities (Davidsson *et.al.* 2006). Entrepreneurship is mainly the ability to identify and pursue new business opportunities (Shane and Venkataraman, 2000).

Entrepreneurship process includes search, identification, and exploitation of business opportunities that lead a company to develop new sources of income through value creation and exchange. The major challenge for entrepreneurial company though is not only how to start, but also how to survive, and sustain business profitability and growth. Jacobides and Winter (2007) suggest that companies with several years of high growth are more likely to be truly entrepreneurial firms, since they have identified opportunities for growth unnoticed by others, or they are the fastest to take advantage of these opportunities. Wide-range of studies confirm that entrepreneurship and high growth are interconnected phenomena (Davidsson *et.al.* 2006). Entrepreneurial activity in entrepreneurially orientated companies and SMEs is positively correlated with growth (Furlan *et.al.* 2014). This is because growth is perceived as an essential attribute of entrepreneurship.<sup>4</sup>

Not every high-growth company is entrepreneurial, however; although, entrepreneurial leadership studies tend to allure to such believe. **Entrepreneurial cognition** (knowledge and experience) influences the ability to spot opportunities which can be enhanced if the company is led by a team of entrepreneurs. Being able to recognise market opportunities and select the most rewarding, in turn, increase small-and-medium-enterprises ability to grow. This is because diversity of knowledge among the leadership team enhances their ability to identify opportunities, and their specialist experience offer them access to human, social and financial capital (Hallen and Eisenhardt, 2012), all of which lead to growth. **Entrepreneurs' growth motivation** is also significant in leading SMEs to grow at higher rate than larger organisations (Koryak *et.al.* 2015). The dynamic relationship between entrepreneurial company's approach to risk and fear of failure can, however, affect the growth motivation.

Growth rate of SMEs can be determined in several ways such as: the value or volume of sales, number of employees, number of geographical regions served by the company, number of commercial partners and other institutions, number of branches, brand equity, amount of investments the company attracts, or number of years since the company was established. It is important, though, for

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<sup>4</sup> Research on SME growth is developed around four main areas (Gherhes *et. al.*, 2016):

- business capabilities and practices
- entrepreneurial characteristics
- entrepreneurial growth ambition
- business environment

the growth measure to be meaningful, to specify the time period and the growth ratio that is considered high-growth (Moreno and Casillas, 2007) in a specific industry and market, at a specific economic era. For example, the growth ratio expected from British SMEs and larger corporations after the UK exit the European Union market can be lower than the growth ratio expectations before leaving the EU. Sales value and net profit margin, in addition to the amount of investment the business attracts are common measures of company growth, as they are the main mean of liquidity and sustainability of entrepreneurial SMEs.

### **Digitalisation in small-and-medium-enterprises and growth**

Advances in digital-technologies continue to influence enterprises and individuals alike. Information technology and management studies recognise key roles that digital-technologies play in improving the business landscape. Digital-technologies:

- Create opportunities to boost growth
- Expand jobs
- Accelerate innovation

Digitalisation<sup>5</sup> changes the marketplace by offering consumers and businesses greater interactive marketplace opportunities through wide range of timely communication platforms such as social media, e-commerce, and chatbot that help building and strengthening business-customer relationship. Moreover, digitalisation allows businesses to develop wider-scale of offers that increase convenience, transparency, and choice.

Businesses including SMEs are eager to embrace and enrich the digital environment. A myriad of technological trends, in particular, the mobile broadband, cloud-computing, big-data-analytics, internet-of-things (IoT), artificial-intelligence and the internet-of-everything (IoE) are presenting great opportunities and challenges to today's entrepreneurs. These technologies can elevate business growth and open up new business opportunities in various different industries, but embracing these digital-technologies requires new capabilities and skill set, and present businesses and in particular SMEs with new challenges such as information-security.

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<sup>5</sup> Embracing digital can be broadly categorised into computerisation and digitalisation, where computerisation means adoption of digital devices with more focus on individual usage than on business usage; while **digitalisation** is defined as business process transformation including customer relationship management, transaction, services and feedback in a comprehensive digital environment.



As the pace of digitalisation builds up around the world, it is extremely imperative for SMEs to accelerate the adoption of digital technologies to spur economic growth, as they represent the majority of the total number of businesses across the world.<sup>6</sup> SMEs and micro-businesses are dependent on entrepreneurship initiatives, which are expected to be visionary, dynamic and innovative. Nonetheless, research shows that SMEs often struggle with business digitalisation. Barriers and challenges may vary from infrastructure, regulatory and administrative burdens, to insufficient access to finance and digital skills in the workforce. In a research into the Malaysian market the majority of the participant SMEs divulged plans to develop new products or services and increase online marketing, across all industries and regions. Governments believe in the impact of business digitalisation on growth (SME Corp. Malaysia and Huawei Technologies, 2018; KfW Research, 2019; IFA and Wyman, 2019) as such they are developing and funding programmes to support SMEs transformation by building their capabilities and access to infrastructure, and encouraging innovation such as *Innovate UK*.

A study in the SME utilisation of digital technologies in the UK market shows that almost all SMEs in the UK use the internet for business purposes (Baker *et. al.*, 2015), but only 20% of turnover was derived online in 2013. It is challenging that a quarter of SMEs in the UK reported that year, that they do not possess basic digital skills; while there is clear evidence of a positive link between digital skill levels and turnover growth. There is also an attitudinal barrier amongst a minority of SMEs towards developing an online presence. This is due to two reasons: (1) a lack of awareness about the benefits and opportunities available, and (2) a lack of understanding about online security threats.

The long-term solution was embedding digital learning throughout the education system in the UK. However, to enhance digital capabilities in the shorter term few initiatives were recommended to provide digital courses and awareness-raising initiatives including cyber-security through existing industrial networks. In 2019 there are extensive activities at both, the local and national level, to develop SMEs digital capabilities in the UK. However, these dynamic technologies are progressing at high speed that there is no sufficient evidence yet of their individual impact on business growth, and on how the strands of development activities are benefiting the SMEs. The evidence varies between packages of digital-skills-training. Some are more thought-through than others, while others are minimal in scale or dependent on limited funding.

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<sup>6</sup> For example, SMEs counts for 98.5% of Malaysian businesses (SME Corp. Malaysia and Huawei Technologies, 2018), and a staggering 5.7 million businesses in the UK are SMEs, which counts for 99% of all businesses. It is even more interesting to know that 96% of all UK businesses are micro-businesses that employ less than 10 employees (Baker *et. al.*, 2015).

### **The use of technology in SMEs (Example Box)**

Silican Canal Tech Award winner icarusparts.com, is a Birmingham startup who won the coveted Best Tech Startup of the year award in 2017 (Silicon canal, 2018). The founder Joe Kibbler, started the company in 2016, after a long working experience in the automotive industry.

Icarusparts.com is a business idea that is based on offering a solution to make car repair less problematic and improve customer experience. This model follows the new online intermediaries' business models that focuses on price transparency and convenience, such as comparison websites (e.g. gocompare.com) and trade websites (e.g. findatrade.com) that offers list of service providers for customers to select from and receive convenient quotes. This business model benefits both customers and traders as it can increase traders' customer base due to wider exposure, while pushing them to be more competitive.

Icarusparts.com sells car parts online. Customers enter their registration number and select what they need, such as new brakes, and choose the brand or the price range they are happy with. The website also offers a list of approved local garages to fit the parts for them, with a pre-agreed labour cost so customers know exactly how much they are spending. Icarusparts.com aims to provide customers a transparent pricing and user friendly online service. The company grew substantially in just two years.

The award gained icarusparts.com significant coverage, particularly on LinkedIn. It helped the business gain more credibility in the market to widen their supplier network. The business vision is to grow through market expansion and penetration by increasing their network of garages, and entering multiple cities across the UK.

### **Questions**

1. Identify enterprises that apply similar business model, and think of a new business idea that can benefit from such model.
2. The company's goal is to grow in their home market across the UK, applying market penetration and national market development strategies. Do you think that they should apply product development approach and expand the business model into a new product or service, and why?

### **Future directions of country-of-origin-effect in digitalised small-medium-enterprises**

Patriotism is rising in politics in a way that it is affecting elections results and trade policies. This is evident in the protectionism approach to trade in the US Trump administration. An example will be their quotas, tariff and non-tariff barriers that limit their import from China, in order to support

American produce. Brexit vote in the UK in 2016 can also reflect a potential protectionism approach on trade and national resources. These approaches stand against the idea of a globalised market place with limited trade barriers, which is the target of the World Trade Organisation (WTO). Such changes in the global market dynamics and the increased trade barriers require more focus from businesses on creating a competitive edge other than competitive pricing, as competitive pricing will become more difficult to achieve. The trade barriers will require business offers that are unique and promise a distinctive value. Strong brand is the most effective approach to achieve a unique positioning and credibility of business offers. Having a positive country-of-origin-image proved to offer a competitive edge, add value and credibility to the brand, which in turn attract customers and lead to brand preferences. Investing in strong brand associated with favourable COI can increase international demand and help businesses avoid the disadvantages of price competition. It will also allow national brand to benefit from patriotism, as a brand that is positively associated with its home country.

Positive COI is significant in the new market conditions and, thus, startups and SMEs with less established brands, or are in the process of building a strong brand can benefit highly from positive COI associations. This suggests SMEs to focus on industries that their home country already has a good reputation in, which in-turn will open more doors for the business in international markets. However, this may mean that the home market is saturated and highly competitive, so SMEs and startups who want to serve their home market may have to focus on less established industry regardless of the COI in this industry. In both cases whether the company is focused on serving the national or international market, taking an innovative approach to a business idea, in terms of product or business model is key for success. Digitalisation and digital-innovations offer a rich platform for startups and SMEs to develop mature markets through disruptive new approaches to creating value, and to spotting market gap. They may also serve a niche market, or create a new market through innovative offers that would improve customers' quality of life, through convenience, problem solving and added value. CyNation is an example of a startup tackling a well-established UK market in cybersecurity with new solutions and growth ambition into the European market (see the case study for more information); while Icarusparts is focused on the national market only for growth by adding value through new business model in the car repair market in the UK.

Entrepreneurial small-and-medium-enterprises are deemed dynamic enough to capture and create business opportunities and manage it in a way that expedites growth, including the application of business digitalisation. Effective digitalisation of startups marketing strategies, product and service innovations, is proving to enable their brand building, which may benefit from COI association, and

enhance their early growth. Thus, governments across the world such as the UK, Ireland, Germany and Malaysia are keeping a close eye on SMEs ability to digitalise their businesses and marketing strategies, and investing money and efforts into programmes that encourage SMEs digital innovations and build their capacity and resources, including the infrastructure to enable them to digitalise effectively. These efforts include:

- Building infrastructure readiness for innovation in information communication technology (ICT)
- Enabling digital solutions to support SME business needs digitally
- Accelerating and enhancing SMEs adoption of digital solutions to lead to innovations in new products and new business models.

Some of government's support can also be focused on specific digitalised industry to accelerate the growth of this industry and build the country's image and reputation as a leading provider of innovation in this industry, such as the UK's efforts in cyber-security which led to a well-established market dominated by British and American companies and capable of serving other neighbouring European countries. The European market in comparison is in earlier stage of development hence it is an attractive market to British and international cyber-security companies and SMEs. European markets such the Netherland are encouraging international startups and offering support to develop their cyber-security capabilities and market as well as digitalised business offers. Examples of governments support programmes to innovation and business digitalisation are: *Plug and Play* in Germany, and *weXelerate* in Austria. These programmes can also be a partnership between government bodies and investors. They range from funding startups, to offering development programmes and expertise, and spaces to work, share ideas and innovate.

It is vital for a startup to develop an efficient digital marketing plan that will leverage business in a highly competitive market and will promote the brand, its products and services. The greatest benefit of digital marketing for a newly established business is cost-efficiency and the ability to instantly reach online target audiences globally. A unique set of digital marketing techniques helps a startup to increase its market share and establish strong brand in its business niche.

## **Case study**

## **CyNation- small-enterprise, high-impact**

One of the latest flourishing stars in cyber security in the UK is CyNation. An entrepreneurial company which was established in 2015 continue to grow rapidly serving the UK and the European market. CyNation has seen an increase in cross-over threat that compromise organisations and individuals' privacy, security and safety. With the rapid adoption of interconnected things: home appliances, cars and medical devices, greater increase in data and privacy breaches is expected, including fraud and identity theft, cyber extortion, and espionage. CyNation's team believe that the threat landscape is revolving around: Smartphones and mobile devices, Internet of things, and the Cloud and IT Infrastructure.

Cyber security is a complicated and challenging market with cyber risks developing at high speed and interfering in politics, economies, security and individuals' lives. It is also highly competitive industry with high market entry barriers due to the need to establish the reputation of capable, credible and trustworthy organisation with the resources to deliver and engage with businesses at different levels of risks. Many international expertise has been developed in this area thus, new cyber security companies in the UK are competing with international as well as internal providers. Three years down the line CyNation founders, Steve Berry, executive chairman and Shadi A. Razak, chief technology officer reflect on the company's competitiveness and growth:

Here at CyNation we believe in the holistic approach to cyber security and compliance. We help organisations improve their security and compliance posture by providing innovative, automated solutions and services that encompass people, processes and technology, creating an enterprise wide culture which enables organisations to become more resilient and effective against threats.

### **What challenges do we face as entrepreneurs in the market, particularly in terms of growth? And how do we overcome these challenges?**

The fast-paced nature of a startup requires hiring and keeping top talent. It can be difficult to find the right talent and fit for CyNation. There is fierce competition for talent, particularly in tech/deep tech roles, such as developers and dev ops engineers. This is not helped by the strict immigration rules in the UK.

Small companies have less resources, which may slow down their product development and lead to a missed opportunity. Business to business enterprise sales are also challenging because of the long sales cycle and the value placed on established brands.

Because of the high concentration of large enterprises in our target sectors and the lack of a clear, European champion for integrated risk management (IRM), we focus not only on the UK, but also the Netherlands, Germany, Switzerland and Austria. These markets represent an important opportunity for growth and expansion in the European market, as the European information risk management market is estimated to grow to \$7.3 billion by 2020. With Brexit looming, however, there are several economic concerns, including the value of the GBP and possibly new export tariffs to the EU that could negatively affect our growth in Europe.

To overcome these challenges, we plan to open overseas offices to tap into talent in other markets and serve as a base for expansion into the European market. We also strive for an efficient and agile

culture, enabling collaboration and cross-functional teams to overcome our limited resource capacity. By collaborating with respected partners with established brands and reputations, we can build our own reputation as they promote and distribute our solutions.

### **What does it mean to CyNation to be a small British company?**

Even in the midst of Brexit, London is a very dynamic market. It is one of the largest centres for startups in the world and a hub for innovation. From London, we not only have access to domestic businesses or international offices of foreign businesses, but we are also close to our other target markets in Europe.

The UK is making a name for itself in cyber security and is home to many of the companies at the forefront of technology. It is incredible to be part of this network of innovative cyber companies. The UK government also sponsors several key initiatives with which we are involved. An example is the DCMS funded London Office for Rapid Cybersecurity Advancement (LORCA), which is an accelerator programme dedicated to cybersecurity innovation.

We do face challenges abroad, largely because of the uncertainty caused by Brexit and the handling of the Brexit process, but we are committed to serving our overseas target markets as well. With the reputation the UK is building for cybersecurity and the country's government-funded initiatives, there are strong benefits to being a British cybersecurity company.

### **How is CyNation utilising digital marketing to overcome the challenges in the UK and international markets?**

CyNation is currently focusing on website optimisation, content and social media marketing. However, there is a need to employ other tools to increase brand awareness and online visibility, especially in the context of growth and expansion in the UK and EU markets.

Taking into consideration intense competition in the tech market, CyNation differentiates itself through the automation of its solutions, a highly focused approach to cybersecurity and compliance, and excellent expertise in industry trends. This value is communicated through the company's website, social media (LinkedIn and Twitter), webinars and tailored monthly newsletters distributed among its clients, partners and prospect leads. CyNation aims to make existing and new customers engaged and empowers them with important information and product updates, which will have positive effects on customer loyalty in the future. This approach fosters risk-aware culture and determines a structured approach to business and strong positioning among competitors. Moreover, it will contribute to minimising current long sales cycles.

For more information see: <https://cynation.com/>

### **Case study questions**

- 1- Explain to what extent CyNation utilise an entrepreneurial approach in developing the business, seizing opportunities, and addressing the market challenges.
- 2- Knowing that CyNation market value reached few millions in three years, research the cybersecurity market growth in the UK and evaluate the growth of CyNation within the market. Are the company founders reflecting a growth motivation? And why?

- 3- CyNation is tapping into employing more digital marketing tools to boost its online presence globally. What tools would you recommend them to use? And why?
- 4- What market positioning strategy CyNation is applying to differentiate their value proposition in the market? And what role country-of-origin image plays in this strategy, particularly in the European markets they are entering?

### Discussion Questions

1. Discuss the halo effect and the summary effect of COI, and give examples.
2. Define entrepreneurship and list entrepreneurial leadership characters. How can these characters influence SME growth?
3. Is business and marketing digitalisation important in building SME brand and credibility, and why?
4. What role governments can play in developing country-of-origin-image to support specific industries?
5. Do you think digitalisation of business and marketing can reduce the effect of COI on SMEs growth and sustainability, and why?

### A group-based scenario/activity

Think about one of your favoured international brands and discuss with your colleagues the impact of its country-of-origin-image on your brand preference. The country-of-origin may refer to the brand home country rather than the country where a product is actually produced.

Then consider if this product is offered to you by a small company from the same country-of-origin of your preferred brand, in comparison with a small company from your home country. Which one would you select, and why?

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