Marketing capabilities for small and medium enterprises that supply large companies

Emerson Wagner Mainardes
Department of Management, FUCAPE Business School, Vitória, Brazil

Gabriela Pessoa de Oliveira Cisneiros
Department of Accounting and Management, FUCAPE Business School, São Luís, Brazil

Carlos Jorge Taborda Macedo
Department of Accounting and Management, FUCAPE Business School, São Luís, Brazil and Supplier Development Program-SDP, Sistema FIEMA, São Luís, Brazil, and

Amilson de Araujo Durans
Department of Accounting and Management, FUCAPE Business School, São Luís, Brazil; Department of Management, Faculdade Santa Terezinha-CEST, São Luís, Brazil and Department of Planning, Sistema FIEMA, São Luís, Brazil

Abstract

Purpose – The purpose of this study is to examine the effect of marketing capabilities on market orientation and sustained competitive advantage from the viewpoint of managers of small and medium-sized enterprises (SMEs) that supply large companies. This paper also analyzes the moderating role of exposure to external turbulence in the relationship between marketing capabilities and sustained competitive advantage, and between marketing capabilities and market orientation for SMEs.

Design/methodology/approach – Based on the literature, this study develops a model to verify the proposed relationships. An online questionnaire collected data from 423 managers of SMEs that supply large companies to test the model. This paper analyzes the proposed model using structural equation modeling with partial least squares.

Findings – According to the surveyed managers, marketing capabilities tend to play a significant role in the market orientation and perceived sustained competitive advantage of SMEs that supply large companies. Better-developed marketing capabilities can strengthen the market orientation of SMEs, helping to achieve and maintain a sustained competitive advantage. They will, thus, attract more clients and minimize their risk, regardless of the environment in which they operate.

Research limitations/implications – This research contributes to marketing theory by highlighting the marketing capabilities of SMEs that supply large companies and demonstrating the importance of such capabilities for their survival.

Originality/value – The study investigated the views of the SME managers that supply large companies about their company's marketing capabilities. Traditionally, these companies have had little concern for marketing. This research focuses on an emerging market, that is not usually addressed.

Keywords SMEs, Market orientation, Marketing capabilities, Sustained competitive advantage

Paper type Research paper

1. Introduction

Competitiveness is the ability to offer products that exceed market requirements through innovations and improvements, creating and maintaining a competitive advantage for companies (Sipa *et al.*, 2015). Such competitiveness tends to be preceded by the development of marketing capabilities (Vargas and Rangel, 2007). Marketing capabilities represent a company's ability to understand and envision customer needs better than the competition, facilitating customer knowledge, product development and adaptation (Blesa and Ripollés, 2008). On this basis, Whalen and Akaka (2015) report that the ideas derived from a manager's

marketing capabilities become valuable strategies if aligned with the creation of opportunities, markets and value.

Marketing capabilities are widely studied (Day, 1994; Nkwe, 2012; Kanibir *et al.*, 2014; Eisend *et al.*, 2016) and there are also several studies related to marketing in small and medium-sized enterprises (SMEs) (Gilmore, 2011; Cant, 2012), often called entrepreneurial marketing. The studies already carried out identify the relationship between SMEs and large companies as an

essential factor in guaranteeing the competitiveness of those SMEs, especially those with marketing capabilities (Gummesson and Polese, 2009), however, there are no published studies on the relationships between marketing capabilities, market orientation and sustained competitive advantage in emerging countries. Studies of marketing capabilities in emerging markets are rare (as mentioned in Wang *et al.*, 2017). The difficulties faced by SMEs that supply large companies in these markets are due to their strong dependence on their large customers while relying on relatively limited human and financial resources, typical of SMEs that do not have their marketing capabilities well defined and depend on one or a few customers to survive (Falahat *et al.*, 2018). This study examines this subject on the basis that Brazil is the eighth largest economy in the world and an emerging country that is a member of BRICS (a group of emerging countries comprising Brazil, Russia, India, China and South Africa). Few studies have assessed the characteristics of emerging markets, as the focus has been on developed markets (Mainardes *et al.*, 2019).

Considering the relevance of marketing capabilities for business performance (Morgan *et al.*, 2009; Sok *et al.*, 2013) and SME marketing, and influenced by an entrepreneur's knowledge and skills (Day, 1994; Gilmore, 2011), we aim to examine the effect of marketing capabilities on market orientation and the sustained competitive advantage of SMEs that supply large companies from the viewpoint of their managers. Additionally, we analyze the moderating role of exposure to external turbulence in the relationship between marketing capabilities and sustained competitive advantage and between marketing capabilities and market orientation for SMEs.

The choice of the SMEs that supply large companies are important, as the strategic alliances that these SMEs make with large companies will result in greater returns if aligned with the development of their marketing capabilities (Sousa, 2015). The managers of SMEs that supply large companies must also recognize that, although alliances with large companies may be beneficial for a time, these SMEs tends to grow and reduce their dependence on large customers when its managers consider expansions and new partnerships with other large companies, which distinguishes them from ordinary SMEs that do not rely exclusively on large customers. This can be driven by the development of marketing capabilities (Yang *et al.*, 2014).

Emerging markets have specific characteristics that differentiate them from developed markets, including infrastructure limitations, business performance below that found in developed markets and administrative barriers that tend to affect the development of SMEs that supply large companies (Falahat *et al.*, 2018). To strengthen their position in relation to their fewer customers (sometimes only one), SMEs that supply large companies with marketing capabilities are encouraged to make innovations through the adaptation and creation of products, and by developing adequate resources, to assist in their orientation toward the market. In other words, the marketing capabilities of SMEs that supply large customers seem to be necessary for these SMEs to expand their customer base, and thus reduce their dependence on a few large customers, favoring their survival in the market, even if they lose some large customers (Bocconcelli *et al.*, 2017).

It is important to study the marketing visions that SME managers supply to large companies because knowledge is the most important resource of this type of company and integrating

the specialized knowledge of managers gives rise to marketing capabilities (Dosi *et al.*, 2008; Falahat *et al.*, 2018). SMEs that supply large companies will, thus, be able to innovate and create products through the attention their managers pay to market capabilities, developing organizational capabilities which consist of key factors for the development of this type of company, being able to guide such SMEs to the market and generate a competitive advantage for the SME (Dosi *et al.*, 2008).

Given the above, even though some studies recognize that SMEs have limited resources (Atanassova and Clark, 2015), they can offer greater added value in their products and services for larger competitors through their marketing capabilities (Kohli *et al.*, 1993; Merrilees *et al.*, 2011; Higgins *et al.*, 2015). The study is, therefore, theoretically justified as it extends understanding of marketing capabilities and these relationships because it is perceived that such skills can enable SMEs to conquer the market in an innovative and creative way (Gilmore, 2011). It is also worth noting that studying market uncertainties and turbulence, despite being common in the business-to-business (B2B) marketing literature (Rauyruen and Miller, 2007; Gummesson and Polese, 2009), is different in the context of SMEs that supply large companies, as they suffer from uncertainties and turbulence from their customers; that is, the analysis of these elements is different from the usual research.

Unlike other surveys (such as Ritter, 2006; Ramarao, 2012), this research includes exposure to external turbulence as a moderating element, which is a novelty of this investigation. Furthermore, we study SMEs that supply large companies because they are strongly affected by the market conditions of their clients, unlike other SMEs. Studies that can strengthen this category of a company tend to be important, but they are rare in the literature. The research can also help, in a practical way, owners/managers of SMEs to achieve sustained competitive advantage, encouraging strong market orientation (O'Dwyer *et al.*, 2009), by focusing on developing their marketing capabilities.

2. Theoretical framework

2.1 Small and medium-sized enterprises that supply large companies

A B2B environment involves consumer markets in which suppliers can profit by helping their customers to become more competitive (Gummesson and Polese, 2009). According to Bocconcelli *et al.* (2017), small suppliers need new and different resources to exceed customer expectations and survive in the market and many SMEs that supply large companies do not have marketing planning, especially in emerging markets (Mainardes *et al.*, 2019). Suppliers are, therefore, encouraged to make innovations through the adaptation and creation of products, logistics and the development of adequate resources to assist SMEs in market orientation, helping such companies meet the needs of their customers.

The relationship between small companies and their buyers has also been identified as an essential factor in guaranteeing the competitiveness of SMEs (Gummesson and Polese, 2009; Queiroz *et al.*, 2020). Gulledge (2002) suggests that developing the relationships between suppliers and their large B2B customers is one of the most efficient strategies for building and maintaining networks of collaborative relationships and exceeding the expectations of large customers. Accordingly, relationships can have joint benefits for large companies and

their suppliers, which support each other in generating advantages. Managing and maintaining loyal corporate customers can, thus, provide greater revenue for a supplier and/or service provider (Rauyruen and Miller, 2007). Fahy *et al.* (2000) note that the analysis of marketing capabilities leads to a competitive position in relation to the quality of the product/service provided, contributing to explaining the performance of SMEs as regard their relationships with their B2B customers.

2.2 Marketing capabilities

We adopt resource-based view theory (RBV) by Barney (1991) regarding marketing capabilities, on the basis that SMEs serving large companies can develop a competitive advantage (Mesquita and Lazzarini, 2008; Morgan *et al.*, 2009; Davcik and Sharma, 2016; Acikdilli *et al.*, 2020). This advantage may be different for ordinary SMEs compared to those that cater to large companies, as they meet demanding criteria from their customers such as certifications, compliance with legislation, financial health and ability to pay (Yang *et al.*, 2014). That is, there is a strong dependence on SMEs that supply large ompanies to their few customers, sometimes only one customer.

Marketing capabilities are integrated processes for applying skills/capabilities and company knowledge and resources to the needs of the market, enabling companies to add value to their products or services by adapting to the market's premises (Day, 1994; Morgan *et al.*, 2012; Nkwe, 2012; Eisend *et al.*, 2016; Sánchez-Gutiérrez *et al.*, 2019). Companies with superior marketing capabilities are better able to create value for customers and other stakeholders, achieving and sustaining a competitive advantage, and thus developing superior financial performance (Day, 1994; Morgan *et al.*, 2012; Pedron *et al.*, 2018). These marketing capabilities can result in innovation, market orientation and competitive advantage for SMEs that supply large companies and are understood as vital capacities for their survival and growth, reducing their dependence on the few big customers (Yang *et al.*, 2014; Acikdilli *et al.*, 2020).

To achieve its objectives, an organization needs marketing capabilities as physical attributes in the form of resources and intellectual aptitude in terms of innovation and knowledge (Ramarao, 2012; Louro *et al.*, 2019). For Barney (1991), a company's strategy depends on its resources, and therefore combining resources and capabilities with the customers' demands is the basis for growth and is expected to be a key ingredient of competitive advantage (Ritter, 2006; Ramarao, 2012).

2.3 Market orientation

Narver and Slater (1990), Kohli *et al.* (1993) and Morgan *et al.* (2009) suggest that a business's market orientation is important for business performance, regardless of market competitiveness and turbulence. According to Acikdilli *et al.* (2020) and Hernández-Linares *et al.* (2020), market orientation is a key factor in meeting a client's existing needs and is one of the pillars of the marketing literature, traditionally defined as a set of basic processes (Kohli and Jaworski, 1990) or as organizational culture (Narver and Slater, 1990).

Kohli and Jaworski (1990) and Kohli *et al.* (1993) explain market orientation as the implementation of the marketing concept throughout the company and refer to employee activities or behaviors, that is, an internal view of market orientation. For Narver and Slater (1990), the market orientation is an organizational culture designed to create behaviors among their employees with the ultimate intention of generating value for customers. We adopt the view of Narver and Slater (1990), as our study investigates the relationships of SMEs that supply large companies with their market in a broader view and from an organizational culture perspective (Deshpandé and Farley, 1998).

Developing and maintaining relationships with large companies is, therefore, for the most part, the biggest challenge for small suppliers, especially in a scenario of economic crisis (Bocconcelli *et al.*, 2016). Large companies in business-to-business (B2B) markets are increasingly establishing criteria for selecting suppliers and developing relationships with small groups of small suppliers (Yang *et al.*, 2014; Acikdilli *et al.*, 2020; Queiroz *et al.*, 2020). It is, therefore becoming increasingly difficult for SMEs that do not have a market orientation to start and maintain business relationships with large companies (Day, 1994; Bocconcelli *et al.*, 2016; John *et al.*, 2016). Narver and Slater (1990) and Deshpandé and Farley (1998) suggest that a business's market orientation is crucial for its performance, independent of market competitiveness and turbulence in the environment in which companies operate.

Day (1994) suggests that companies can become more market-oriented when they can identify, optimize or develop their marketing capabilities. Marketing capabilities are, thus, required and have a strong effect on market orientation and supply to large companies (Vorhies and Harker, 2000; Merrilees *et al.*, 2011). In the context of an emerging country, although SMEs that supply large companies pay little attention to marketing (Mesquita and Lazzarini, 2008; Morgan *et al.*, 2009; Yang *et al.*, 2014), the managers of these companies are expected to understand that developing their marketing capabilities will improve the company's market orientation, reducing their dependence on its large customers. The following hypothesis was built on this logic:

H1. In emerging markets, the better the marketing capabilities of SMEs that supply large companies, the better the market orientation.

2.4 Sustained competitive advantage

The theory of dynamic capabilities, by Teece *et al.* (1997), explains that competitive advantage arises when dynamic capabilities are used for a company to implement new strategies to reflect changing market conditions, combining and transforming their available resources in a new and differentiated way. For Morgan *et al.* (2009), as markets are dynamic, dynamic capabilities are the acquired and deployed resources that adjust the company to the market environment, explaining the variation in the company's performance over time.

A sustained competitive advantage can be understood as the ability to implement strategies that are not used by the competition to create value for customers (Wernerfelt, 1984). Dreyer and Gronhaug (2004) suggest that adaptability and productivity are valuable resources and difficult for the competition to copy, explaining why small businesses achieve a competitive advantage even during market crises.

Davcik and Sharma (2016) reinforced the idea that resources and marketing capabilities drive business strategy, to obtain an advantage over the competition and improve the performance of the company. Companies with even elementary marketing

capabilities are better able to create value for customers, achieving a competitive advantage and better financial performance (Day, 1994; Morgan *et al.*, 2012) and this can be extended to SMEs that supply large companies, for example, by expanding their customer base and being able to attract new customers, both nationally and internationally (Mesquita and Lazzarini, 2008; Morgan *et al.*, 2009). In the context of an emerging country, it is, thus, expected that managers of SMEs that supply large companies that focus on developing their company's marketing capabilities can obtain a better competitive advantage (Acikdilli *et al.*, 2020), as these capabilities tend to be the basis of their competitiveness. This research, therefore, proposes the following hypothesis:

H2. In emerging markets, the better the marketing capabilities of SMEs that supply large companies, the better their sustained competitive advantage.

The constant acquisition of information about their customers and competitors and the sharing of that information internally means that market-oriented SMEs tend to be well-positioned to develop an organizational memory, which is described as key for the development of an SME (Kumar *et al.*, 2011). In view of this, it is suggested that the development and improvement of an SME's market orientation may result in it obtaining a competitive advantage (Narver and Slater, 1990; Kumar *et al.*, 2011). In an emerging market, market-oriented managers (Lin and Lin, 2016) can, thus, provide SMEs that supply large companies with a competitive advantage (Morgan *et al.*, 2009; Acikdilli *et al.*, 2020), as the development of marketing in companies that traditionally do not pay attention to the subject tends to improve the competitiveness of the company itself. We, therefore, suggest the following hypothesis:

H3. In emerging markets, the more SMEs that supply large companies are market-oriented, the more sustained the competitive advantage they will obtain.

2.5 Exposure to external turbulence
According to the theory of the dynamic capabilities (Teece *et al.*, 1997), and related to exposure to external turbulence, the dynamic capabilities of SMEs that supply large companies improve when the company itself recognizes and implements new strategies to meet the needs of customers in unstable environments, which change quickly. For example, technological changes can mean that an SME with only one major customer is no longer needed by that customer, which could result at the end of the SME. It is, therefore, necessary to analyze managerial perceptions of external turbulence, especially in emerging markets (Mainardes *et al.*, 2019).

The effects of globalization make markets more turbulent. Turbulence can be characterized by shorter life cycles of products or services, rapid changes in customer interests and needs and technological developments (Hussain *et al.*, 2015). Turbulence is widely recognized as one of the main sources of dynamism in the market environment and its moderating role is widely studied (Kohli and Jaworski, 1990; Kohli *et al.*, 1993). SMEs that have a high capacity for management and innovation can obtain more benefits in the face of changing customer needs, and therefore, presenting new solutions to customer problems and needs, allows

SMEs that supply large companies to gain a competitive advantage through the development and creation of marketing capabilities (Rauyruen and Miller, 2007).

Such capabilities tend to be more relevant when an SME is exposed to external turbulence (Merrilees *et al.*, 2011; Zhou *et al.*, 2012; Kanibir *et al.*, 2014; Sousa, 2015). With the help of marketing capabilities, SMEs will, thus, be able to minimize the impact of the turbulent environment, meeting the needs of the supply market for large companies and helping to obtain a competitive advantage (Gummesson and Polese, 2009; Ebrahimi and Mirbargkar, 2017; Crick, 2019). The more a company is exposed to external turbulence, which is common in emerging markets, the more marketing capabilities appear to be necessary so that SMEs that supply large companies can not only survive in the market but also achieve and maintain a competitive advantage. We, therefore, suggest the following hypothesis:

H4. In emerging markets, exposure to external turbulence moderates the influence of marketing capabilities on sustained competitive advantage, so external turbulence increases the effect of marketing capabilities on sustained competitive advantage.

Ebrahimi and Mirbargkar (2017) suggest that the more oriented to the market that SMEs are, the lesser the impacts they suffer in situations of external turbulence. SMEs that supply large companies and that is oriented to the market, therefore, understand the needs of their large customers better and provide quick solutions to changing customer needs in turbulent markets (Bocconcelli *et al.*, 2016). SMEs that supply large companies with market orientation, thus, understand the needs of their large customers better and they present faster solutions for changing customer needs in turbulent markets, which are common in emerging markets (Mainardes *et al.*, 2019), creating competitive advantage and directly affecting the performance of the supply business for large companies (Narver and Slater, 1990; Bocconcelli *et al.*, 2016). In view of the above, we propose the following hypothesis:

H5. In emerging markets, exposure to external turbulence moderates the influence of market orientation on sustained competitive advantage, so external turbulence increases the effect of market orientation on sustained competitive advantage.

3. Proposed model
The model of this research was based on the constructs of marketing capabilities (Morgan *et al.*, 2009), market orientation (Cacciolatti and Lee, 2016), sustained competitive advantage (Weerawardena, 2003) and a company's exposure to external turbulence, the latter acting as a moderator between the proposed relationships (Bühler *et al.*, 2016), all in the context of SMEs that supply large companies in an emerging market, as the main novelty of this study. According to the model in Figure 1, marketing capabilities tend to affect market orientation and sustained competitive advantage positively in Brazilian SMEs that supply large companies. Traditionally, this type of company has paid little attention to marketing (Mesquita and Lazzarini, 2008; Morgan *et al.*, 2009; Yang *et al.*, 2014).

Figure 1 Proposed model
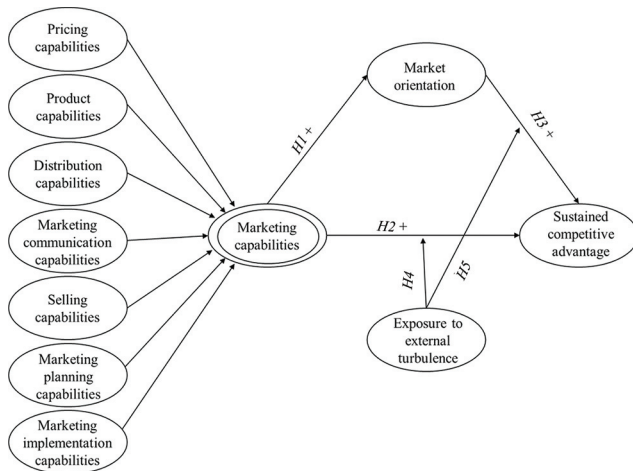
Note: The marketing capabilities construct is represented as a formative higher-order construct

The logic of the model states that, in the view of managers, the better developed the marketing capabilities of SMEs that supply large companies, the greater their market orientation and, as a result, the more sustained competitive advantage they will obtain. It is also observed that a company's exposure to external turbulence can affect the relationship between marketing capabilities and sustained competitive advantage, and the relationship between the market orientation and sustained competitive advantage of SMEs that supply large companies, which has a moderating role in the proposed relationships.

Although SMEs that supply large companies in emerging markets do not pay much attention to marketing, it is, thus, expected that their managers perceive the importance of marketing capabilities to guide the company to the market and to gain a competitive advantage. External turbulence can interfere in these relationships, especially as the SMEs that supply large companies are very close to the market of their large customers and consequently also suffer from the external turbulence that affects their few large customers. It is, thus, worth highlighting the novelties of the proposed model.

We researched SMEs that supply large companies, something rare in the literature, in an emerging market, which tends to behave differently to developed markets (Mainardes *et al.*, 2019). We, thus, emphasize that our study is unprecedented in researching the perceptions of managers of these SMEs who generally place little importance in marketing (Falahat *et al.*, 2018). Although the SMEs that supply large companies have limited resources, however, they can offer greater added value to their products and services in the face of larger competitors through marketing capabilities (Acikdilli *et al.*, 2020). A novelty of this study is that the survey encourages SME owners/managers to reflect on building competitive advantage and to develop market orientation based on marketing capabilities, even in turbulent environments, as is usual in emerging markets (Mainardes *et al.*, 2019).

4. Methods

We developed a descriptive, quantitative study using primary and cross-sectional data (Hair *et al.*, 2019). To qualify suppliers

located in regions where large industrial companies are installed, and to stimulate commercial transactions between these industries, relevant buyers and local suppliers, mostly small and medium-sized companies, movements known generically as Supplier Development Programs (SDPs) were created in several states in Brazil (Freitas, 2009; Botelho and Bourguignon, 2011). These programs bring together a large proportion of the SMEs that supply large companies. Given the importance of the program for SMEs that supply large companies, the study used SDPs in Brazil as a field of study, as these programs bring together SME suppliers for large companies.

In Brazil, there are two possible classifications of SMEs. The first is according to revenue (Brazil, 2006). The second classification is defined according to criteria by the IBGE – Brazilian Institute of Geography and Statistics (Sebrae, 2013), which assesses the size of the company by the number of employees. A micro-enterprise has up to 9 employees (if trade or services) and up to 19 employees (if industry). Small business has 10 to 49 employees (if trade or services) and 20 to 99 employees (if industry). The IBGE defines a medium-sized company as having 50 to 99 employees (if trade and services) or 100 to 499 employees (if industry) (Sebrae, 2013). A large company has more than 100 employees (if trade and services) and more than 500 employees (if industry). We adopted the IBGE classification to define SMEs and large companies.

The choice of companies with this type of commercial relationship is justified by the importance of the relationship between SMEs and their large buyers, which requires SMEs to use new and different resources to exceed customer expectations and survive in the market (Bocconcelli *et al.*, 2017). Given the proposal, the target population included the owners, directors and managers of SMEs that supply large companies; in this study, we termed them "manager**s**." The target population is supplier companies linked to the SDPs of any units of the federation in Brazil, as these programs seek to stimulate and expand commercial relationships between large purchasing industries and the SMEs that serve them (Botelho and Bourguignon, 2011). Including company managers with this type of link is justified, as these companies are a direct target of the work of SDPs, which seek to stimulate the commercial relationship between small suppliers and large buyers (Freitas, 2009; Botelho and Bourguignon, 2011). We used three control questions to delimit the target population of the research in the questionnaire applied ("Does your company participate in the supplier development program?" "Is your company small and provides for a large company?" "Are you a manager at the company you work for?") To identify whether the company belongs to an SDP (Supplier Development Program), whether it is small and if the respondent was a company decision-maker. We used a non-probabilistic sampling method, led by accessibility. This technique was adopted because the total number of SMEs linked to supplier development programs is unknown, as constantly supplier companies enter or leave these programs.

We collected the data through a self-administered structured questionnaire, which we made available electronically and sent directly to companies linked to SDPs throughout Brazil, through the programs themselves. After an initial explanatory text, we inserted two population control questions at the

beginning of the questionnaire so that the respondents could indicate their position in the SME that supplies large companies. If the answer was negative, to both the first ("Are you a manager in the company you work for?") and the second question ("Do you belong to a small or medium-sized company that supplies a large company?"), we excluded the responses from the final sample. After the population control questions, we provided the statements about the constructs: marketing capabilities (higher-order formative construct with 7 lower-order reflective constructs), exposure to external turbulence, market orientation and sustained competitive advantage. There were 51 statements regarding the constructs, accompanied by a seven-level Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree).

The first construct to be addressed in the questionnaire was marketing capabilities. The scale used was adapted from the scale validated in the study by Morgan *et al.* (2009), which was used to analyze the marketing capabilities of market-oriented companies. It is a higher-order formative construct and was represented by seven lower-order reflective constructs: pricing capabilities, product capabilities, distribution capabilities, marketing communication capabilities, selling capabilities, marketing planning capabilities and marketing implementation capabilities. A total of 28 statements were made to measure the construct of higher-order marketing capabilities. The questions used to measure the market orientation construct were adapted from the scale validated by Cacciolatti and Lee (2016), containing eight statements., We used an adaptation of the scale by Weerawardena (2003) to measure the sustained competitive advantage construct, which contains 13 statements. The last construct was exposure to external turbulence, and we used the questions adapted from Bühler *et al.* (2016), with three statements. The statements were constructed to assess the respondent's general perception and were not directly related to their large customers because the objective of our research was to observe the perception of managers beyond their relationship with their few customers. Our research sought to verify whether the managers of SMEs that supply large companies are only oriented toward the few current clients of SMEs that work or see the market in which they are inserted.

We included questions about the profile of the respondents for the socio-demographic characterization such as gender, age, education, marital status, position/function, income and duration of employment in the company. We used the type of company, sector of activity, annual sales, number of employees and federation unit in which the respondent's company was located to characterize the profiles of the companies. We conducted a pre-test with 20 respondents from companies linked to the SDPs in Brazil to validate the content of the questionnaire. After validating the content of the questionnaire, we sent the survey by email to companies linked to SDPs across Brazil. The questionnaire was sent to the companies by the programs themselves.

Data collection took place between December 2019 and February 2020 through an online platform, sent electronically by e-mail and resulted in 423 completed questionnaires. According to the data collected, shown in detail in the appendix, the respondents were mostly male (56.5%), 25 to 45 years of age (74.94%), managers or directors (65.96%) and

either married or single (77.54%). Most respondents were in the 3 to 10 minimum wage income group (US$546.35 to US$1,821.17), comprising 65.49% of the sample. The predominant level of education was postgraduate and graduate (82.04%). Most respondents reported that they were part of limited companies (52%), in the industry (53.6%), which have an annual turnover of US$364,963.51 (54.13%) and up to 49 employees (52.45%). They were mostly located in the northeast region (51.06%) and had worked for the company for more than six years (75.18%).

The characteristics of our sample are very similar to those in the study by Vasconcelos *et al.* (2021), which researched 447 companies from the Sebrae Local Agent program participated, linked to supplier development programs in the various states of Brazil. When reviewing the SDP documents (SDP Maranhão, 2020), we also verified that our sample represented the typical SDP participant, validating the sample obtained in our study. After the sample was validated, we proceed to the analysis.

First, we followed the recommendations by Fuller *et al.* (2016) and Podsakoff, *et al.* (2003) to check common method variance and common method bias:

- we used only scales previously validated and already tested in other studies that indicated adequate reliability;
- we used constructs with statements that do not allow socially desirable responses; and
- we made sure that individual responses were confidential.

We also applied Harman's single factor test (Fuller *et al.*, 2016), which is a standard procedure for researching cross-sectional data, single source and self-report. This test did not suggest common method variance: 77.8% of the variance was explained by nine factors with eigenvalues greater than 1; the first factor explained only 19.6% of the total variance, less than 50%, as recommended by Podsakoff *et al.* (2003). Finally, we used confirmatory factor analysis to validate the measurement model.

We used structural equation modeling (SEM) with partial least squares estimation (PLS) for data analysis. We validated the model using confirmatory factor analysis (CFA), verifying the convergent and discriminant validity. The convergent validity was verified through the calculation of the factor loadings, using the average variance extracted (AVE), composite reliability (CR), Cronbach's alpha and Spearman's correlation. We analyzed discriminant validity with factor loadings, using the criterion by Fornell and Larcker (1981) and finally evaluated it using the heterotrait–monotrait (HTMT) criterion of the correlations. After validating the constructs, we performed the hypothesis test and checked the quality of the model's adjustment and the existence of a moderating effect, as indicated in the proposed model.

5. Results

5.1 Validation of the measurement model

To validate the measurement model, we performed a confirmatory factor analysis, examining the convergent and discriminant validity. In the first analysis, we first checked the factor loadings, which should be above 0.708 according to Hair *et al.* (2019). During this verification, we excluded the items MOR1, MOR7 and MOR8 as presenting factor loadings that

were below the recommended minimum. We identified the items MPC3, MPC4, MPC2, MCC1 and MCC2 as overlapping (cross-loadings) and also excluded them. We united the marketing planning capabilities and marketing implementation capabilities constructs, two of the dimensions that make up the formative higher-order marketing capabilities construct, due to a lack of discriminant validity. We recognized that the respondents were unable to distinguish marketing planning from marketing implementation, and this was the first finding of the survey, corroborating Zou *et al.* (2019).

Still concerning the analysis of discriminant validity, we identified the existence of cross-loadings between the constructs of marketing communication capabilities (MCC1 and MCC2), marketing planning capabilities (MPC3 and MPC4) and marketing implementation capabilities (MIC2). This overlap is supported in the literature, corroborating Normanha (2003), however, given the existence of discriminant validity for the construct of marketing communication capabilities, the construct was maintained in the other analyzes of the measurement model. After the exclusions and the merger of two constructs, we carried out a new CFA. The results of this second analysis are presented in Tables 1-3.

We evaluated the average variance extracted (AVE), according to the criterion of Fornell and Larcker (1981). As shown in Table 1 all the constructs had an AVE greater than 0.50, as suggested in the literature. We then verified the reliability of the internal consistency using the composite reliability, assuming values greater than 0.70 (Hair *et al.*, 2019). The results in Table 1 confirm that all the values are above the suggested limit, indicating convergent validity. As a concurrent measure of internal consistency, we also verified Cronbach's alpha. Table 1 shows that all the values demonstrate the consistency of the measures (>0.70), indicating the convergent validity of the constructs. Finally, we verified Spearman's correlation (Spearman's rho). All the results showed values within the suggested limits (close to 1 and with values between Cronbach's alpha and composite reliability), demonstrating the strength of the relationship between the variables.

After checking the convergent validity, we analyzed the discriminant validity, first using the criterion of Fornell and Larcker (1981). As shown in Table 2, all the constructs meet the criterion; therefore, the measurement model has discriminant validity. We then tested the discriminant validity using the Chin (1998) technique and, therefore identified cross-loadings only in the first confirmatory factor analysis (CFA) performed before the exclusion and fusion of the constructs. We did not identify cross-loadings in the discriminant validity analysis after the exclusion and fusion procedure of the constructs.

After verifying the criteria of Fornell and Larcker (1981), discriminant validity was assessed using the heterotrait–monotrait (HTMT) criterion of correlations. As shown in Table 3, the item product capabilities were above 0.85, which can be explained by the conceptual proximity to the pricing capabilities and distribution capabilities constructs. The construct marketing planning capabilities and marketing implementation capabilities constructs are still correlated with the marketing communication capabilities construct at a value above 0.85, which can also be explained by the conceptual proximity. As shown in Table 3, none of the values exceeds the

maximum limit of 0.90, as defined by Hair *et al.* (2019), also confirming the discriminant validity according to the criterion suggested in the literature. Hair *et al.* (2019) indicate that the limit is 0.90 for conceptually close constructs.

5.2 Structural model analysis

After concluding the validation of the constructs, we performed the hypothesis tests based on structural equation modeling, with estimation by PLS. We used bootstrapping with 5,000 subsamples to determine the statistical significance of the relationships. Figure 2 shows the result after analyzing the model.

The first procedure that we performed to analyze the model was to test the relationship between the control variables and the endogenous constructs. For this purpose, the control variables were constructed as follows: binary variables (e.g. gender) were converted into dummy variables (0 and 1); sequential variables (e.g. age) were converted to sequential numbers (1, 2, 3…); and multiple-choice variables (e.g. federation unit where the company is located, the sector of activity) were converted into several dummy variables, with the number of response options minus one. For example, the sector of activity had 6 response options and 5 dummy variables (0 and 1), with 1 for the sector of activity indicated by the respondent and 0 for the other alternates. These dummy variables were then inserted together into a single variable that corresponds to the tested control variable.

The results showed that the federation unit in which the company is located, and the sector of activity were significant in influencing the two endogenous constructs. The other control variables used in the study did not have a significant influence on the endogenous constructs and were, therefore, excluded from further analysis (respondent function, age, income, gender, education, marital status, time of employment in the company, annual sales, number of company employees and type of company).

The second procedure was to perform the hypothesis test without controls. We found that the moderation proposed by H4 was not significant in this relationship. In the third procedure, we performed the hypothesis test considering the control variables that were significant in the first procedure. The hypothesis results were the same as in the previous procedure. We also found that the control variables "company's activity sector" and "federation unit in which the company is located" had a significant relationship with the endogenous competitive advantage construct. The results with and without control variables are shown in Table 4.

The results of the hypothesis tests with the controls, shown in Table 4, demonstrate that *H1* ($\Gamma = 0.85$; $f^2 = 0.87$; $q^2 = 0.11$; *p*-value < 0.01), *H2* ($\Gamma = 0.41$; $f^2 = 0.30$; $q^2 = 0.08$; *p*-value < 0.01) and *H3* ($\Gamma = 0.30$; $f^2 = 0.36$; $q^2 = 0.03$; *p*-value < 0.01) were supported at the 1% significance level and *H5* ($\Gamma = 0.14$; *p*-value < 0.05) was supported at the 5% significance level. *H4* ($\Gamma = -0.01$; *p*-value > 0.05) was not supported. The relationships between the higher-order marketing capabilities construct and its dimensions were also tested and were all significant at the 1% level. We then verified that the indirect effect MKC -> MOR -> SCA was statistically significant ($\Gamma = 0.25$; *p*-value < 0.01). In the relationships between control variables and constructs, we observed significance between

Table 1 Convergent validity indicators

Indicators	Factor loadings	Cronbach's alpha	Spearman's rho	CR	AVE
Pricing capabilities (PRC)		0.90	0.90	0.93	0.77
The company I belong to uses pricing techniques and systems to respond quickly to market changes (PRC1)	0.86				
The company I belong to knows the pricing tactics of competitors (PRC2)	0.89				
The company I belong to does an effective job in the pricing of its products/services (PRC3)	0.87				
The company I belong to keeps track of competitors' prices (and their changes) (PRC4)	0.90				
Product capabilities (PRO)		0.95	0.95	0.96	0.87
The company I belong to is able to develop new products or services (PRO1)	0.93				
The company I belong to develops new products or services to exploit the investment it makes in research and development (PRO2)	0.93				
The company I belong to successfully launches new products or services on the market (PRO3)	0.96				
The company I belong to ensures that its new products or services meet the needs of its customers (PRO4)	0.89				
Distribution capabilities (DIS)		0.96	0.96	0.97	0.88
The company I belong to has a strong relationship with its business partners (DIS1)	0.94				
The company I belong to is able to attract and retain the best business partners (DIS2)	0.93				
The company I belong to is able to add value to the business of its partners (DIS3)	0.95				
The company I belong to is able to provide excellent support to its business partners (DIS4)	0.94				
Marketing communication capabilities (MCC)		0.96	0.96	0.98	0.96
The company I belong to has public relations skills (MCC3)	0.98				
The company I belong to has brand image management skills and processes (MCC4)	0.98				
Selling capabilities (SEC)		0.97	0.97	0.97	0.88
Our company provides its salespeople with the necessary training to be effective (SEC1)	0.94				
Our company has sales planning, management and control systems (SEC2)	0.93				
Our company has a skilled sales team (SEC3)	0.90				
Our company properly manages its sales (SEC4)	0.96				
Our company provides the necessary support for its sales team (SEC5)	0.96				
Marketing planning and implementation capabilities (MPI)		0.98	0.98	0.98	0.93
Our company allocates marketing resources effectively (MIC1)	0.97				
Our company can execute marketing strategies quickly (MIC3)	0.97				
Our company has the capability to carry out marketing planning (MPC1)	0.97				
Our company has the capability to target its target market effectively (MPC2)	0.96				
Exposure to external turbulence (EET)		0.96	0.96	0.97	0.93
Our company is located in a market characterized by continuous fluctuations (for example, raw material prices are constantly changing) (EET1)	0.97				
The demands of our company's customers are subject to very high fluctuations (for example, demand can constantly change) (EET2)	0.96				
The services provided by our company's suppliers are subject to very high fluctuations (for example, prices can constantly change) (EET3)	0.96				
Market orientation (MOR)		0.91	0.92	0.94	0.74
There is constant monitoring of the level of commitment and market orientation to meet the needs of our company's customers (SCA2)	0.89				
Our company openly publishes information about successful and unsuccessful customer experiences in all sectors of our business (SCA3)	0.74				

(*continued*)

Table 1

Indicators	Factor loadings	Cronbach's alpha	Spearman's rho	CR	AVE
Our company's competitive advantage strategies are based on understanding customer needs (SCA4)	0.84				
Our company measures customer satisfaction systematically and frequently (SCA5)	0.91				
Our company adopts routine/regular measures to improve our customer service (SCA6)	0.92				
Sustained competitive advantage (SCA)		0,97	0,97	0,97	0,73
The company I belong to has competitive advantages to enter a new market (SCA1)	0.79				
The company I belong to has competitive advantages to increase its market share (SCA2)	0.81				
The company I belong to has competitive advantages to increase customer satisfaction (SCA3)	0.77				
The company I belong to has a high return on investment (ROI) as a result of the competitive advantages it has (SCA4)	0.74				
Our company has competitive advantages because it has a higher gross profit compared to the average of the sector in which it operates (SCA5)	0.74				
Our competitors find it difficult to keep up with our product innovations (SCA6)	0.89				
Our competitors find it difficult to keep up with the innovations in our processes (SCA7)	0.91				
Our competitors find it difficult to keep up with our managerial innovations (SCA8)	0.92				
Our competitors find it difficult to keep up with our marketing innovations (SCA9)	0.91				
Our competitors find it difficult to keep up with our ease of learning from market changes (SCA10)	0.91				
Our competitors find it difficult to keep up with our company's ability to learn through our internal activities (SCA11)	0.89				
Our competitors find it difficult to keep up with our company's ability to acquire knowledge and technology through our network of external contacts (SCA12)	0.90				
Our competitors find it difficult to keep up with our company's marketing capabilities (SCA13)	0.88				

Notes: Excluded indicators: the company I belong to is able to develop and execute advertising programs (MCC1); the company I belong to manages its creative capabilities for advertising (MCC2); our company develops creative marketing strategies (MPC3); our company knows the entire marketing planning process (MPC4); our company is able to organize marketing strategies to put them into action (MIC2); our company's business objectives are mainly driven by customer satisfaction (MOR1); our company is more focused on the customer than its competitors (MOR7) and our company mainly exists to serve customers (MOR8)
Source: Research data

the unit of the federation in which the company operates and sustained competitive advantage and between the sector in which the company operates and the sustained competitive advantage.

We followed the guidelines by Sarstedt *et al.* (2019) for the validation of the formative higher-order construct marketing capabilities. We verified the VIF values (all below 3.5), Cronbach's alpha (0.95), AVE (0.68), composite reliability (0.95) and Spearman's correlation (0.95). All values were in accordance with those recommended. Finally, we checked the significance and relevance of outer weights. All the relationships between the constructs and their indicators were significant, and thus the formative higher-order construct was validated.

We analyzed the variance inflation factor (VIF) indicators for all constructs. The construct indicators obtained VIFs with values ranging from 1.7 to 3.5, demonstrating that there are no collinearity problems (Hair *et al.*, 2019). We used the R^2 (coefficient of determination) and Q^2 (predictive relevance) to verify the quality of the model's fit. The results showed a market orientation construct presented $R^2 = 0.76$, which can be classified as substantial and $Q^2 = 0.52$, representing great predictive relevance. The sustained competitive advantage constructs presented $R^2 = 0.68$, rated from moderate to substantial and $Q^2 = 0.44$, representing predictive relevance from medium to high. Such results indicate that the model is well adjusted (Hair *et al.*, 2019).

Table 2 Discriminant validity (according to Fornell and Larcker, 1981)

Constructs	DIS	EET	MCC	MOR	MPI	PRC	PRO	SCA	SEC
Distribution capabilities (DIS)	*0.94*								
Exposure to external turbulence (EET)	0.34	*0.96*							
Marketing communication capabilities (MCC)	0.67	0.47	*0.98*						
Market orientation (MOR)	0.77	0.42	0.71	*0.86*					
Marketing planning and implementation capabilities (MPI)	0.70	0.48	0.86	0.80	*0.97*				
Pricing capabilities (PRC)	0.74	0.40	0.68	0.76	0.72	*0.88*			
Product capabilities (PRO)	0.84	0.37	0.73	0.76	0.73	0.81	*0.93*		
Sustained competitive advantage (SCA)	0.66	0.52	0.77	0.74	0.78	0.64	0.68	*0.85*	
Selling capabilities (SEC)	0.74	0.30	0.60	0.75	0.71	0.70	0.67	0.59	*0.94*

**Note:** The values highlighted on the main diagonal represent the square roots of the AVE of each construct
Source: Research data

Table 3 Discriminant validity (HTMT criterion)

Constructs	DIS	EET	MCC	MOR	MPI	PRC	PRO	SCA	SEC
Distribution capabilities (DIS)									
Exposure to external turbulence (EET)	0.36								
Marketing communication capabilities (MCC)	0.70	0.49							
Market orientation (MOR)	0.82	0.44	0.76						
Marketing planning and implementation capabilities (MPI)	0.73	0.49	0.89	0.85					
Pricing capabilities (PRC)	0.79	0.43	0.73	0.83	0.76				
Product capabilities (PRO)	0.89	0.39	0.76	0.82	0.76	0.88			
Sustained competitive advantage (SCA)	0.67	0.54	0.79	0.78	0.79	0.68	0.70		
Selling capabilities (SEC)	0.76	0.31	0.62	0.80	0.73	0.74	0.69	0.60	

Source: Research data

Figure 2 Path diagramCaption: FED – federation unit in which the company is located, SEA – sector of activity; R^2 – determination coefficient. Q^2 – predictive relevance. $*p < 0.01$, $**p < 0.05$
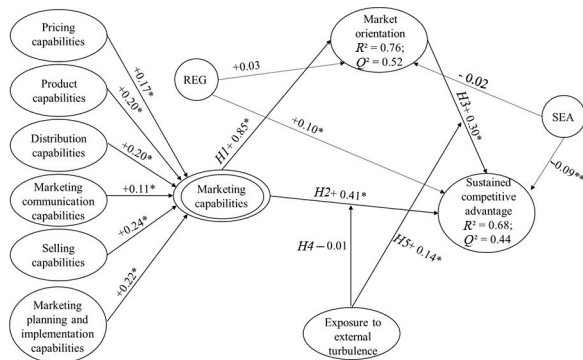
Notes: Hypotheses *H4* and *H5* investigated moderation. the marketing capabilities construct is represented as a formative higher-order construct

6. Discussion

We look at the perceptions of SME managers who supply large companies in the context of an emerging market. It was expected that managers would not make a connection between marketing capabilities and competitive advantage or even market orientation because the literature suggests that this category of the company pays little attention to marketing (Mesquita and Lazzarini, 2008; Morgan *et al.*, 2009; Yang *et al.*, 2014) because it has guaranteed sales for its few clients (sometimes only one customer). According to the analysis of the structural model proposed in this research, however, from the viewpoint of managers, the better the marketing capabilities of SMEs that supply large companies, the better their possible sustained competitive advantage. We also found that SMEs that supply large companies, which were more market-oriented, could possibly obtain a more sustained competitive advantage. We also noted that exposure to external turbulence moderates the influence of market orientation on sustained competitive advantage, so external turbulence increases the effect of market orientation on sustained competitive advantage.

This result is surprising, given that the characteristics of SMEs that supply large companies tend to make their managers concerned with other areas and not with marketing. On the other hand, if the few clients of this type of company fail to buy, then SMEs that supply large companies may struggle to survive. Checking the attention paid by managers to marketing capabilities and their relationship with market orientation and competitive advantage, therefore, turns out to be something positive, especially in a normally turbulent environment, as are emerging markets (Mainardes *et al.*, 2019).

The first hypothesis (H1), which suggested the positive influence of marketing capabilities on market orientation, was supported. This result corroborates the findings by Vorhies and Harker (2000), Reijonen and Komppula (2010) and Merrilees *et al.* (2011), suggesting that better-developed marketing

Table 4 Results with and without controls

Hypotheses – direct effects and moderation	Results without controls		Results with controls			
	Γ (effect)	*p*-value	Γ(effect)	*p*-value	f^2	q^2
H1 MKC -> MOR	0.87	0.001	0.85	0.001	0.87	0.11
H2 MKC -> SCA	0.45	0.001	0.41	0.001	0.30	0.08
H3 MOR -> SCA	0.33	0.001	0.30	0.001	0.36	0.03
H4 EET X MKC -> SCA	−0.05	0.336	−0.01	0.886		
H5 EET X MOR -> SCA	0.19	0.016	0.14	0.048		
	Results without controls		Results with controls			
Formative higher-order construct	Γ (effect)	*p*-value	Γ(effect)	*p*-value		
DIS -> MKC	0.20	0.001	0.20	0.001		
MCC -> MKC	0.11	0.001	0.11	0.001		
MPI -> MKC	0.22	0.001	0.22	0.001		
PRC -> MKC	0.17	0.001	0.17	0.001		
PRO -> MKC	0.20	0.001	0.20	0.001		
SEC -> MKC	0.24	0.001	0.24	0.001		
	Results without controls		Results with controls			
Indirect effects	Γ (effect)	*p*-value	Γ(effect)	*p*-value		
MKC -> MOR -> SCA	0,28	0,001	0,25	0,001		
			Results with controls			
Control variables			Γ(effect)	*p*-value		
FED -> MOR			0.03	0.236		
FED -> SCA			0.10	0.001		
SEA -> OME			−0.02	0.527		
SEA -> SCA			−0.09	0.014		

Source: Research dataCaption: f^2 – effect size, q^2 – predictive effect size. MKC – marketing capabilities, MOR – market orientation, SCA – sustained competitive advantage, EET – exposure to external turbulence, DIS – distribution capabilities, MCC – marketing communication capabilities, MPI – marketing planning and implementation capabilities, PRC – pricing capabilities, PRO – product capabilities, SEC – selling capabilities, FED – federation unit where the company is located and SEA – sector of activity

capabilities tend to be a key factor enabling SMEs to act in a more market-oriented way, including those SMEs that supply large companies, meeting the demands of their customers. The novelty of this finding is in identifying that, in an emerging market, SME managers who supply large companies realize the advantages of marketing capabilities in guiding their company to the market, even if current customers guarantee the company's current survival. We realize that managers see value in marketing, which can guarantee the company's future, even without current clients, as opposed to what the emerging markets literature says, which is that the culture of SMEs, including those that supply large companies, pays little attention to marketing (Mesquita and Lazzarini, 2008; Morgan *et al.*, 2009; Yang *et al.*, 2014).

H2, which analyzed the positive effect of marketing capabilities on sustained competitive advantage, had a positive and significant effect, and thus was supported. This result demonstrates that the better the marketing capabilities of SMEs that supply large companies, the better their sustained competitive advantage is likely to be. This finding is in line with what is advocated by Day (1994), Morgan *et al.* (2012) and Davcik and Sharma (2016), who state that companies with well-developed marketing capabilities can generate more value for customers, achieving a competitive advantage and a good financial performance. This also applies to the managers of SMEs that supply large companies, even if this type of company does not seem to find it necessary to invest in

marketing (Dosi *et al.*, 2008; O'Dwyer *et al.*, 2009). This result is unprecedented in the literature, especially considering that the research was in an emerging market, in which companies generally have less developed marketing (Mainardes *et al.*, 2019). Such managers realize that they will be more competitive if they develop marketing capabilities, which can minimize their dependence on their few large customers (often a single customer).

H3 also had a positive and significant effect and was, thus, supported. *H3* suggested that SMEs that supply to large companies and are more market-oriented obtain a more sustained competitive advantage. This finding is in line with the findings of Narver and Slater (1990) and Kumar *et al.* (2011) for other types of companies but is unheard of for SMEs that supply large companies. Market orientation may encourage a focus on a company's customers, and this tends to generate competitive advantage, even in SMEs that supply large companies, which, with this managerial view, can expand their client base and decrease their dependence on the big clients they serve (Yang *et al.*, 2014; Acikdilli *et al.*, 2020). Relying on a few large customers is common in SME culture in emerging markets, especially those that only serve large customers.

The moderation hypotheses in *H4* inferred that exposure to external turbulence moderates the influence of marketing capabilities on sustained competitive advantage, so external turbulence increases the effect of marketing capabilities on sustained competitive advantage. The moderating effect

proposed by the hypothesis was not significant and, therefore, the hypothesis was rejected, that is, whether the environment is turbulent or not, marketing capabilities, in the view of managers, are always important. This result is similar to the findings of Dreyer and Gronhaug (2004), Lin *et al.* (2015) and Davcik and Sharma (2016), who claim that marketing capabilities may be an important reason behind SMEs achieving sustained competitive advantage, including suppliers for large companies, independent of external turbulence. These results bring, as a novelty, the view of managers on the importance of marketing capabilities in a type of company that generally suffers from the turbulence suffered by its large clients. Considering that the research was conducted in an emerging market, which is a turbulent environment by nature, manager views of the importance of marketing capabilities, regardless of the environment in which the company operates, is surprising (Ebrahimi and Mirbargkar, 2017; Fahy *et al.*, 2000; Gummesson and Polese, 2009; Rauyruen and Miller, 2007).

Unlike *H4*, the moderating hypothesis *H5* investigated whether exposure to external turbulence moderates the influence of market orientation on sustained competitive advantage so that external turbulence increases the effect of market orientation on sustained competitive advantage. This moderation was significant and, therefore supported. This is similar to the results of Bocconcelli *et al.* (2016) and Ebrahimi and Mirbargkar (2017). In short, exposure to external turbulence favors market-oriented SMEs, including suppliers to large companies, as it can amplify the effect of market orientation on the competitive advantage of these companies, something that is surprising and a novelty in the literature.

SMEs that supply large companies can be expected to be less affected by external turbulence, as they have guaranteed sales to their few large customers. In emerging markets, however, external turbulence is common (Mainardes *et al.*, 2019) and affects all companies. The turbulence faced by the customers of SMEs that supply large companies usually affect the SMEs too (Bocconcelli *et al.*, 2016; Kanibir *et al.*, 2014). It should be noted that when markets become more turbulent, which is common in emerging markets, as already mentioned, sustaining a competitive advantage is not an easy task. SMEs realize the need for some sustainable competitive advantage when the environment is more turbulent, and, according to the surveyed managers, having market orientation seems to be the best way.

Turbulent environments often require taking more risks, motivating and improving learning and focusing on the market (Merrilees *et al.*, 2011; Zhou *et al.*, 2012; Kanibir *et al.*, 2014; Sousa, 2015). In emerging markets, the most turbulent environments require SMEs, including those that supply large companies, to be more competitive to survive. Creating a marketing orientation and culture seems important in a highly turbulent environment (Gummesson and Polese, 2009; Ebrahimi and Mirbargkar, 2017), and, in the view of managers, it can be the source of sustainable competitive advantage. We highlight that this finding is a novelty in the literature.

According to the results presented, marketing capabilities and their relationship with market orientation and sustained competitive advantage play a significant role in the performance of SMEs that supply large companies. From the viewpoint of managers, when they are better developed, marketing capabilities tend to be a key factor to aid SMEs that supply large companies to better develop their market orientation and obtain a more sustained competitive advantage over their competitors, especially when exposed to external turbulence, something common in emerging markets (Mainardes *et al.*, 2019). SME owners/managers will, thus, be able to achieve sustained competitive advantage by encouraging strong market orientation through marketing capabilities, which are considered to be key factors in the profitability and long-term growth of SMEs (O'Dwyer *et al.*, 2009).

7. Conclusions

The objective of this study was to verify the effect of marketing capabilities on the market orientation and sustained competitive advantage of SME companies that supply large companies from the viewpoint of their managers. Additionally, we analyzed the moderating role of exposure to external turbulence in the relationship between marketing capabilities and sustained competitive advantage, and between market orientation and sustained competitive advantage for small and medium-sized companies that supply large companies. The results showed that marketing capabilities tend to play a significant role in market orientation and perceived competitive advantage. According to managers, the development of marketing capabilities tends to be a key factor enabling such SMEs to obtain a more sustained competitive advantage over their competitors, through their market orientation, regardless of the environment in which they operate.

7.1 Theoretical and practical implications

This research contributes theoretically to the B2B marketing literature by highlighting the marketing capabilities of SMEs that supply large companies, advancing the findings in this area and supporting Day (1994), Morgan *et al.* (2012) and Davcik and Sharma (2016). We also developed and tested a model that incorporated exposure to external turbulence, with a moderating role, into this relationship. The results of this research suggest that, with the help of marketing capabilities, SMEs that supply large companies with better market orientation, especially in a turbulent environment, where sustained competitive advantage is most needed, directly affect the business performance of SMEs that supply large companies (as suggested for other types of companies by Dreyer and Gronhaug (2004), Bocconcelli *et al.* (2016) and Ebrahimi and Mirbargkar (2017). The research, thus, highlights the importance of marketing capabilities for the survival of this type of SME.

The main theoretical implications involve the study of a type of SME that generally pays little attention to marketing because of supposedly guaranteed sales to a few customers or just one customer (Yang *et al.*, 2014). We expected SME managers who supply large companies to pay little attention to marketing capabilities, but that was not evident. We note the concern of SME managers who provide large companies with their marketing capabilities, relating them to market orientation. One of the novelties of our study, which contributes to B2B marketing theory, is the study of this type of company in an

emerging market, whose environment is normally turbulent (Mainardes *et al.*, 2019). Developing marketing capabilities is relevant in this type of market, and we show that SME managers who supply large companies seem to know this and assign value to market.

Another theoretical contribution is in demonstrating that SME managers who supply large companies recognize that they need a competitive advantage to survive in turbulent environments, something normal in emerging markets (Mainardes *et al.*, 2019). This is because this type of company is very dependent on its few customers, sometimes only one customer, which increases the risks of SMEs that supply large companies. We demonstrate that managers of this type of company seem to be concerned with expanding their client base, based on their marketing capabilities. In summary, the main contribution of our study was to demonstrate that the managers of SMEs that supply large companies do consider marketing despite reports in the literature (Mesquita and Lazzarini, 2008; Morgan *et al.*, 2009; Yang *et al.*, 2014) indicating that this type of company tends not to pay attention to marketing because they have guaranteed sales to their few large customers. We show that in an emerging market, with a characteristic turbulent environment, SME managers think of marketing as a means to give competitiveness to their companies, something previously unreported in the literature.

As a practical contribution, the results of this research may help SME owners/managers to achieve sustained competitive advantage by encouraging strong market orientation through the development of new strategies based on marketing capabilities. Noting that the managers of this type of company have a vision of the importance of marketing for their companies means that supplier development programs or even governments and policymakers can develop policies and plans that stimulate the marketing orientation and culture in SMEs that supply large companies, favoring the acquisition of new customers and reducing the risk of this type of company, which tends to be very dependent on its few large customers. This can create ways for SMEs that supply large companies to develop their marketing capabilities. Whether by public policies or institutions for the promotion and development of companies, focusing on market orientation and building sustainable competitive advantage can be an important contribution to the survival and growth of SMEs that supply large companies. This contributes to society, as jobs and income are generated by strengthening such SMEs, benefiting the national economy and, consequently, the social environment of emerging countries.

7.2 Limitations and future research

We acknowledge some limitations of this study. As this research was conducted using non-probabilistic sampling for accessibility reasons, we recommend reproducing this study with probabilistic sampling. Non-probabilistic sampling does not allow the generalization of results, thus requiring further studies with probabilistic sampling to confirm our results. The sampling technique we adopted provides evidence of behavior, which requires confirmation with probabilistic sampling. We still advocate monitoring SMEs over time, by conducting longitudinal surveys, to observe the evolution of managerial perceptions and the impact of marketing capabilities on SMEs.

Another limitation involves the model used in the research. We recommend the development of studies with models that identify the effects of marketing capabilities on other factors related to SMEs that supply large companies, thus contributing to the understanding of this theme. We assume as a limitation the difficulty in accessing the managers and owners of SMEs that supply large companies because this type of respondent generally does not like to participate in surveys and answer questionnaires. Finally, a relevant limitation is the lack of available literature on SMEs that supply large companies, a subject rarely studied. B2B marketing studies in emerging markets are also not common and this is another limitation of our study. These last two limitations reinforce the value of our study, which investigated a type of company present in emerging markets and which is rarely considered in the area of B2B marketing.

We suggest that future studies seek to identify the internal barriers that SMEs that supply large companies face in using their marketing capabilities as a key factor in the survival of the company. The managers' characteristics of SMEs that supply large companies could also be investigated to identify differences in the use of marketing capabilities. Alternately, the skills, experiences and personality traits of entrepreneurs as moderators in the relationships of our model could be investigated. In short, the study of marketing capabilities is revealed to be a broad field of investigation that can produce important contributions, for both the literature and for companies and their managers.

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Appendix

Table A1 Sample characteristics

Characteristics of the respondents	ITEMS	Freq.	(%)
Gender	Male	239	56.50
	Female	184	43.50
Age	Up to 25 years	8	1.89
	Between 25 and 30 years	122	28.84
	Between 31 and 45 years	195	46.10
	Between 46 and 60 years	96	22.70
	Over 60 years	2	0.47
Education	Basic	0	0.00
	Secondary	50	11.82
	Technical	26	6.15
	University graduate	132	31.21
	Postgraduate studies	215	50.83
	Others	0	0.00
Marital status	Single	149	35.22
	Married	179	42.32
	Separated/divorced	58	13.71
	Stable union	20	4.73
	Widower	0	0.00
	Others	17	4.02
Position/role	Manager	197	46.57
	Director	82	19.39
	Owner	44	10.40
	Others	100	23.64
Monthly income	Up to 2 minimum wages (US$182.12 to US$364.23)	18	4.26
	From 3 to 5 minimum wages (US$546.35 to US$910.58)	117	27.66
	From 6 to 10 minimum wages (US$910.59 to US$1,821.17)	160	37.83
	From 11 to 20 minimum wages (US$1,821.18 to US$3,642.34)	86	20.33
	Above 20 minimum wages (above US$3,642.35)	42	9.93
Time working in the current company	Up to 1 year	2	0.47
	From 1 to 3 years old	24	5.67
	From 4 to 6 years	79	18.68
	Above 6 years	318	75.18
Type of Company	Individual entrepreneur	31	7.33
	Individual limited liability company	24	5.67
	Limited company (LTDA)	220	52.01
	Non-profit	16	3.78
	Others	132	31.21
Company sector	Agribusiness	16	3.78
	Trade and services	104	24.59
	Education	16	3.78
	Innovation and technology	22	5.20
	Manufacturing	227	53.66
	Tourism	17	4.02
	Others	21	4.96
Annual company turnover	Up to US$65,693.43	15	3.55
	From US$65,693.44 to US$121,350.36	47	11.11
	From US$121,350.37 to US$180,656.93	49	11.58
	From US$180,656.94 to US$364,963.50	83	19.62
	From US$364,963.51 to US$729,744.53	80	18.91

(continued)

Table A1

Characteristics of the respondents	ITEMS	Freq.	(%)
	Above US$729,927.01	149	35.22
Number of company employees	Up to 10 employees	120	28.37
	10 to 49 employees	123	29.08
	50 to 99 employees	81	19.15
	100 to 499 employees	99	23.41
	500 or more employees	0	0.00
Federation unit in which the company is located	South	46	10.87
	Southeast	113	26.71
	Northeast	216	51.06
	Midwest	26	6.15
	North	17	4.02
	Abroad	5	1.18

Source: Research data ($n = 423$)

Corresponding author

Emerson Wagner Mainardes can be contacted at: emerson@
fucape.br