



M.Sc. Business Management

Department of Business and Economics

Owner-manager/ entrepreneur's Networking Activities in Micro
Businesses in the Food Sector in Iceland

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Name of student: Höskuldur Gunnlaugsson

Kennitala: 260994-2479

Supervisor: Susanne Durst, professor.

Abstract

This study examines how three Icelandic start-up micro businesses in food production use networking activities to enhance their generation of marketing resources. Following a review of existing knowledge on the subject in research and theoretical literature and supported by the author's experience of establishing and running such a company, knowledge was acquired through semi-open interviews with the owner-manager/ entrepreneurs of three micro businesses that have survived the period from being founded to establish a stable production and market position.

As the literature on the subject had indicated, the interviewees proved to have acquired meaningful and decisive marketing resources for the companies' market capabilities through networking activities. What was surprising or noteworthy, however, was how decisive the entrepreneurs' personal non-business relationships and communications were in providing these vital resources for their businesses. This apparently also applied to the resources they acquired from hard core trading partners.

From this it can be concluded that, apart from everything else, these micro businesses owe their existence to the owner-manager/ entrepreneurs' high social competencies: a set of personal characteristics and social skills when it comes to building and maintaining relationships.

Keywords: marketing resources, marketing capabilities, owner-manager/entrepreneurial networking, micro businesses.

Declaration of Research Work Integrity

This work has not previously been accepted in substance for any degree and is not being concurrently submitted in candidature for any degree. This thesis is the result of my own investigations, except where otherwise stated. Other sources are acknowledged by giving explicit references. A bibliography is appended.

By signing the present document, I confirm that I have read RU's Code of Ethics and the General Rules on Study and Assessment and that I fully understand the consequences of violating these rules regarding my thesis.

Reykjavík, May 15th 2024

260994-2479

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Date and place

Kennitala

Signature

Contents

Contents	2
1. Introduction.....	6
1.1 A lifeline for micro businesses: networking.....	8
2. Literature.....	9
2.1 Defining Micro Businesses.....	9
2.2 The Role of Micro Businesses in Iceland.....	10
2.3 Characteristics of Micro Businesses.....	10
2.4 Marketing and Entrepreneurship.....	11
2.5 The Concept of Entrepreneurial Marketing.....	13
2.6 Networking by owner-managers/ entrepreneurs of small businesses.....	14
2.7 Marketing Resources and Marketing Capabilities.....	16
3. Company Overview	18
4. Methodology.....	19
4.1 Research Purpose.....	19
4.2 Research Design.....	20
4.3 Participants in Research.....	21
4.4 Data Collection	22
4.5 Data Analysis	23
4.6 Researcher’s position in the research and possible biases.....	25
4.6.1 Researcher’s approach in trying to prevent possible biases.....	25
5. Findings and Discussion	26
5.1 Preface.....	26
5.2 Main findings.....	27
5.3 Discussion.....	35
6. Conclusions.....	38
7. Limitation of present research and further research perspectives.....	40
References.....	42

List of Tables

Table 1 - Main Findings.....	28
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1. Introduction

Micro businesses have been defined by their small annual revenues and having no more than nine employees (Gherhes et al., 2016). In Iceland, micro businesses play a significant role in the country's economy. About 94% of companies in Iceland are micro businesses; they provide 38 thousand individuals with jobs and pay more than 143 billion ISK in salary annually (Hagstofa Íslands, 2018; Samtök atvinnulífsins, 2018). As in many other countries, Icelandic micro businesses are an essential force in the economy for new ideas and inventions and contribute significantly to job creation (Gilmore et al., 2013). Due to their small size and subsequent constraints, micro businesses need to approach business practices and operations differently than larger companies, as scholarly research and literature identify. Micro businesses are commonly described and characterised by limitations and constraints, such as limited financial resources, human resource constraints, and lack of structured management (Henschel & Heinze, 2018).

Instead of structured management, micro businesses tend to revolve around the owner-manager/ entrepreneur who has established and runs the micro business (Gherhes et al., 2016; Henschel & Heinze, 2018). This leads to a typically simple and flat organisational structure, making the owner-manager/ entrepreneur's personal skillset and capabilities an important factor to the micro business's operations and practices (Gherhes et al., 2016; Turner et al., 2010).

The wholesale bakery Gamli Bakstur, a micro business operating in the food sector in Iceland, is one such company, as defined, characterised, and described above. The company was recently founded by its owner around the idea of producing handmade original Icelandic Christmas bread, laufabrauð, and selling it on the market, something that had not been done before. The owner-manager/ entrepreneur behind Gamli Bakstur, also the author of this research, had no previous experience in food production or running a business. Therefore, the company's emergence did not come from a traditional marketing approach, where a new product is developed for the market after assessment of the market needs. Instead, in this case, the process aligned more with the entrepreneurial marketing approach, where 'entrepreneurial marketers start with an idea, convert it to a new product or service and then try to find a market for it' (Hisrich & Ramandi, 2017, p. 89). Although on the smallest scale, the project can be considered as a success. In the process a technique was created and applied to produce, for the first time for the market, a fully formed laufabrauð according to the highest standards of artistic appearance, texture and palatability traditionally required of this national product. At current capacity,

production is economically sustainable and market acceptance, existing technological innovations and the knowledge acquired have laid the foundations for its upscaling through the corresponding investment.

The author's personal experience, as the owner-manager/entrepreneur of a micro business in the food sector in Iceland, is the trigger of his interest in the difficulties but also some unique successes of micro businesses in gaining a foothold in the market for their products despite limited resources and correspondingly limited marketing capabilities. The cold statistical reality is that nine out of ten owner-managers/ entrepreneurs who try to start and establish a business, fail (Krishna et al., 2016). That fact makes these few instances of performance interesting.

Micro businesses producing for a market need marketing resources no less than big companies to advance their marketing capabilities which success is measured by the company's competitiveness (Carson et al., 2020). Marketing resources are, as Morgan (2012) puts it:

From a marketing perspective, marketing resources may therefore be defined as the assets available to marketers and others within the organization that—when transformed by the firm's marketing capabilities—can create valuable outputs (p. 104).

An invention for the production process itself becomes a new, or an increased, marketing resource as soon as the company is able to use it for the marketing of the product, no less than the reputation of the product and/or the company, its brand, business relationships, human resources, organization and strategies of the company (Morgan, 2012).

Marketing capabilities are a collection of abilities, skills, knowledge, and competencies a firm possesses and uses to transform available marketing resources into valuable market outputs (Morgan, 2012). Research has suggested that micro businesses with higher-quality marketing capabilities experience improved overall business performance (Carson et al., 2020; Fuller, 1994; Santos-Vijande et al., 2012). However, scholars in the field of marketing have noted that more detailed knowledge needs to be gathered on how entrepreneur-driven firms and micro businesses specifically enhance their marketing capabilities (Becherer & Helms, 2016; Bocconcelli et al., 2018; Morgan et al., 2018; Santos-Vijande et al., 2012).

Because concerns were raised within the marketing literature about whether traditional marketing theory covers the reality of entrepreneurs and small businesses, entrepreneurial marketing emerged as a concept (Kraus et al., 2010). Entrepreneurial marketing often refers to

marketing activities of small companies with limited resources making them turn to creative and straightforward tactics (Morris et al., 2002). Current empirical research in the field of small firms has primarily used quantitative approaches to gain insights into owner-manager/ entrepreneur's marketing behaviour and how they influence the small firm's business activities, performances, and outcomes (Bocconcelli et al., 2018; Eggers et al., 2020; Hisrich & Ramadani, 2017; Sadiku-Dushi et al., 2019). Bocconcelli et al. (2018) have noted that a more detailed insight into small firm's marketing behaviour is needed, especially regarding specific marketing practices and the value of relationships and networks.

The importance of an owner-manager entrepreneur in the marketing activities of micro businesses has been well documented in small business marketing literature. Micro businesses tend to be owner-manager/ entrepreneur-centric because of their small size and corresponding simple and flat organisational structure (Henschel & Heinze, 2018; Turner & Ledwith, 2018). Owner-managers/ entrepreneurs are thus seen as the key marketing resources of micro businesses (Gamble et al., 2011; Resnic et al., 2016).

1.1 A lifeline for micro businesses: networking

Micro businesses require a wide range of resources in their initial stages. However, they usually have limited resources and constrained marketing capabilities. The response of owner-managers/ entrepreneurs to this situation has proven to be to make use of existing relationships, as well as develop new relationships with external parties – individuals outside of their companies – to get these resources (Hansen, 1995; Singh et al., 1986). In business management this is called networking, referring to the process of owner-manager/ entrepreneur developing and maintaining relationships for trade and to develop the firm's business (Chell & Baines, 2000). Networks can be considered as a 'social capital', or the sum of the actual and potential resources embedded within, available through, and derived from a relationship network' (Smith & Lohrke, 2008, p. 316). O'Donnell (2014) notes that for micro businesses, the value of networking is determined by the ability of the owner-manager/ entrepreneur to utilise the network's resources. By engaging in networking activities, micro businesses can leverage resources and increase their existing limited resource base with minimum costs (Miles et al., 2015). However, as Gliga and Everes (2023) observe, existing research is limited on how owner-managers/ entrepreneurs actually engage in networking activities.

This thesis aims to gain insights into the complex relationship between owner-manager/ entrepreneur networking activities and the marketing resources of micro businesses within the Icelandic food sector. Specifically, this research seeks to increase knowledge about the types of networking activities undertaken by owner-managers/ entrepreneurs of micro businesses and give insights into the importance of networking activities in obtaining and generating marketing resources to enhance and develop marketing capabilities. The objective of this research can, therefore, be summarised in the following research question:

In what ways do owner-manager/ entrepreneurs – of micro businesses, operating in the food sector in Iceland – generate marketing resources through their networking activities?

To obtain answers to the question, this research will include a review of the existing theoretical literature on this topic's positioning, followed by an empirical study.

2. Literature

2.1 Defining Micro Businesses

Definitions for micro businesses can vary, but they are usually characterised by their small operational size, typically with fewer than ten employees, and small revenue thresholds (Gherhes et al., 2016). The European Union considers three central elements for defining small and medium-sized enterprises (SMEs): Staff headcount, turnover and the balance sheet total (European Commission, 2003). The European Union categorises SMEs into three subgroups based on the number of employees and yearly turnover:

- Micro enterprises: at most nine employees and a maximum of 2 million euros in turnover annually.
- Small enterprises: at most 49 employees and a maximum of 10 million euros in turnover annually.
- Medium-sized enterprises: at most 249 employees and up to 50 million euros in turnover annually (European Commission, 2003)

In Iceland, Samtök Atvinnulífsins (e., Confederation of Icelandic Enterprise) categorises SMEs only by the number of employees (Samtök atvinnulífsins, 2016). The Act on Annual

Accounts No. 3, 2006, categorises SMEs' size based on turnover, where micro enterprises are classified as those having annual turnover of less than 40 million ISK (<270 thousand euros) (Alþingi, 2006). Whereas statistics on enterprises by size can be found on the European Union's website each year, accessing information and data on the size of Icelandic companies is challenging, as these statistics are generally not publicly disclosed (Samtök atvinnulífsins, 2018). Samtök Atvinnulífsins (e., Confederation of Icelandic Enterprise) have stressed the importance of comparable Icelandic business statistics. In 2018, Samtök Atvinnulífsins sought help on this matter from Hagstofa Íslands, the leading official institute providing statistics on the nation of Iceland. The statistical report conducted by Hagstofa Íslands concluded that in 2017, roughly 94% of companies (more than 28 thousand companies) in Iceland had fewer than ten employees and are therefore classified as micro enterprises (Hagstofa Íslands, 2018).

Now, it does not in itself matter to the subject of this study which of the two definitions is assumed. What matters is that they delineate the phenomenon that this study seeks to gain insight into. The set delineated by Hagstofa Íslands is likely to do just that, because the fewer employees in a firm, the more likely it is that its owner-managers/ entrepreneurs' very search for market resources through their external relationships will be relevant to the company's survival. A criterion of a limited turnover of around 400 thousand Euros today is likely to delineate an even smaller set of micro-enterprises.

2.2 The Role of Micro Businesses in Iceland

In 2017, Hagstofa Íslands and Samtök atvinnulífsins concluded that micro enterprises employed over 38 thousand people in Iceland, contributing to 28% of the total job market. They paid over 143 billion ISK in salary and had operating revenues of about 908 billion ISK. In comparison, companies with 100 employees or more employed around 51.000 people, 38% of total jobs, and had a turnover of roughly 1.800 billion ISK (Hagstofa Íslands, 2018; Samtök atvinnulífsins, 2018). Further, in a survey conducted by Samtök atvinnulífsins (2018), where managers of businesses with less than ten employees were asked, it was concluded that more than 40% of respondents planned to increase employees the next 3 to 5 years. If realised, these intentions would mean a job increase of 4.500 in the next 3 to 5 years and a corresponding 25 billion ISK rise in wages (Samtök atvinnulífsins, 2018).

2.3 Characteristics of Micro Businesses

For the purposes of this study, it must be noticed that the existing literature on the research topic addresses it in a set delineated by the European Union's definition of micro enterprises as well as general definitions of small and medium enterprises. Consequently, this set includes enterprises that are larger than those defined as micro enterprises by the European Union as well as by Hagstofa Íslands or Samtök atvinnulífsins. However, these differences do not undermine the validity of what the literature teaches about the peculiarities of micro enterprises under consideration in this study, because the characteristics identified by researchers and academics within these companies are, one might say, by their very nature the clearer and more critical the smaller the companies are.

Scholarly research and literature confirm that micro businesses do things differently than larger firms in terms of business practices and operations. They are often described and defined by their limitations, including financial capital, human capital, structured management, and constrained access to global markets (Henschel & Heinze, 2018). However, micro businesses are also seen as dynamic, creative, and innovative forces in producing new ideas, contributing significantly to job creation (Gilmore et al., 2013). Having small employee sizes, micro businesses tend to be owner-manager/ entrepreneur-centric (Henschel & Heinze, 2018). Owner-manager/ entrepreneur refers to an individual who establishes and runs a micro business (Gherhes et al., 2016).

Turner and Ledwith (2018) found that small businesses usually have simple and flat organisational structures, and their working practices focus on employee engagement. Moreover, unlike larger enterprises, which often have several business units in their structure, micro businesses tend to operate with only a single business unit, and the owner-managers/ entrepreneurs usually oversee all the tasks concerning business operations and management. Therefore, the micro business's skillset and practices are often dependent on, and a reflection of, the owner-manager/ entrepreneur's personal capabilities (Gherhes et al., 2016; Turner et al., 2010). This is an important point, since it makes micro businesses stand out as an important subgroup within the SME category (Gherhes et al., 2016). Furthermore, when looking at what factors significantly contribute to the success of micro businesses, their ability to use existing resources and skilfully outsource is considered important (Henschel and Heinze, 2018).

2.4 Marketing and Entrepreneurship

Traditionally, marketing and entrepreneurship are viewed as different academic studies. Still, within the academic communities of marketing and entrepreneurship, there are perspectives of mutual interests, linkage, and interdependence. Exploring how marketing and entrepreneurship connect and overlap is helpful, particularly for understanding marketing behaviour in SMEs (Hills et al., 2008). Researchers in the field of marketing have questioned whether traditional marketing theories and concepts are comprehensive enough to address current marketing practices. They argue the need for a revised theoretic marketing framework. Many researchers point out that traditional marketing theories and models, such as the marketing mix / 4 P's, need to adequately cover current market realities, especially for micro businesses (Pels, 2015). Traditional marketing theories mainly focus on larger corporate practices. However, smaller and medium-sized enterprises, particularly micro-enterprises and their unique aspects, should be more noticed (Storey, 1989).

Such criticism and/or concerns refer to the inherent role of theories in the acquisition of knowledge. Formed by derivation of the observation of a particular reality, theories are by inference used to state about a 'same' or comparable yet unexplored reality. Those statements are presented with defined concepts that, with their logical interrelationships, form the relevant theory (Bacharach, 1989). Such terms refer to certain characteristics of the reality to which the theory is directed, and the more specific that reference is, the more precise are the definitions of the concepts making up the theory and the more precise are their logical interrelations as well. When a theory is applied to delineate which characteristics in the life of micro businesses empirical research focuses on, or how the existing empiricism is interpreted, it is important that it does not leave out characteristics that may be relevant to, for example, company managers, investors, the legislature or for knowledge of them in general. These are amongst the reasons why concerns were raised within the marketing literature about whether traditional marketing theory covers the reality of entrepreneurs and small businesses, resulting in the emergence of the concept 'entrepreneurial marketing' (Kraus et al., 2010). Since then, the importance of an owner-manager/ entrepreneur in micro business marketing activities has been well documented in SME marketing literature. Gamble et al. (2011) and Resnick et al. (2016) have concluded that microbusinesses' owner-managers/ entrepreneurs are their key marketing resources. In this regard, it is worth bearing in mind what in this text has already been said about the integrated nature of marketing in companies operating in the market. Stating that microbusinesses' owner-

managers/ entrepreneurs are their key marketing resources refers to precisely this view of Morgan (2012), that in small businesses it is up to their owner-managers/ entrepreneurs to ensure that the company orient its actions from the beginning of production to the point where it is offered for sale in accordance to the vital necessity of the company to realize through the process a value in the market. And since the owner-managers/ entrepreneur, in the management structure of small enterprises, is the key actor in their unspecialized subdivision, he is indeed that in the assessment of needs and in the acquisition of resources regarding the value-realization of the production in the market. Thereby, in the view of Gamble et al. (2011) and Resnick et al. (2016), himself the key marketing resource of the company.

2.5 The Concept of Entrepreneurial Marketing

Entrepreneurial marketing was introduced as a theoretical approach in 1982 (Hills et al., 2008). It often refers to the marketing activities of small companies with limited resources, which must proceed by creative and straightforward tactics. The term also covers unexpected, non-linear, and imaginative marketing initiatives entrepreneurs make (Morris et al., 2002). When considering the perspective of business orientation, Hisrich and Ramandi (2017, p. 89) conclude that ‘unlike traditional marketing, which is customer-oriented, entrepreneurial marketing is oriented towards entrepreneurs and innovations. More specifically, if traditional marketing requires assessing market needs before developing a new product, entrepreneurial marketers start with an idea, which converts it to a new product or service and then tries to find a market for it.’

The entrepreneur marketing literature has diverse definitions of the concept (Hisrich & Ramadani, 2017). Morris et al. (2002) proposed a framework of seven core entrepreneurial marketing dimensions alongside a theoretical base rooted in resource advantage theory. These underlying dimensions are: 1. proactiveness, 2. calculated risk taking, 3. continuous innovation, 4. opportunity driven, 5. customer intensity, 6. value creation, and 7. resource leveraging. Dimensions 1-4 have their basis in the studies concerning entrepreneurial orientation (Zahra & Garvis, 2000). Dimensions 5-6 represent the market-oriented approach of businesses (Han et al., 1998). The final dimension, resource leveraging, is referred to by Morris et al. (2002) as how entrepreneurs can maximise outcomes with minimal existing resources by leveraging them in many ways.

So in the existing literature, the picture appears that due to constraints in resources and undivided and managerial structure, small companies rely on direct and non-departmental management of the owner-managers/ entrepreneurs of the companies. It also applies to what is the prominent response of these companies to these constraints: acquisition of marketing resources through networking.

2.6 Networking by owner-managers/ entrepreneurs of small businesses

In business management, the verb ‘to network’ and its participle ‘networking’ refers to the process of owner-manager/ entrepreneur developing and maintaining relationships for trade and for developing the firm's business (Chell & Baines, 2000). Smith and Lohrke (2008, p. 316) describe the owner-manager/ entrepreneur's networking as a ‘social capital’, or the sum of the actual and potential resources embedded within, available through, and derived from a relationship network.’ Sing et al. (1986) note that small businesses in their initial stages require a wide range of resources, including informational, financial, and advisory support. Furthermore, Hansen (1995) notes that owner-managers/ entrepreneurs engage and form relationships with external entities to obtain these necessary resources to respond to their resource constraints. In their paper, Chell and Baines (2000) note that in the existing literature on micro businesses' networking, statistically linking the networking activity of owner-managers/ entrepreneurs and their business outcomes needs to be revised. However, Wheelock and Chell's (1996) study of microbusinesses' networking activities revealed a statistical relationship between micro businesses' degree of networking intensity and level of business success. In their study, however, they also recognise that quantitative research methods cannot comprehensively grasp the nature of networking behaviour since it is dynamic and fluid and, thus, hard to measure quantifiably.

A network by itself has little value for microbusinesses; what is of value is the owner-manager/ entrepreneur's ability to utilise the network's resources (O'Donnell, 2014). Morris et al. (2002, p. 7) note that regarding risk management, owner-managers/ entrepreneurs must carefully leverage resources so that they ‘are not constrained by resources they currently have at their disposal’. Rather than being limited by existing resources, micro businesses can leverage resources through networking activities and so increase their existing limited resource base with minimum costs (Miles et al., 2015).

In the field of entrepreneurial networking, researchers have highlighted the importance of strong and weak ties (Davidsson & Honig, 2003; Hite & Hesterly, 2001; Jenssen & Greve, 2002; Rostgaard Evald et al., 2006). Scholars have usually referred to Granovetter (1973) when discussing the concept of strong and weak ties, where he has described the strength of a tie ‘as the combination of the amount of time, emotional intensity, intimacy, and reciprocal services’ (Villanueva et al., 2018, p. 4). In their research paper, Rostgaard Evald et al. (2006) analyse the dynamics and significances of strong and weak ties, and how they change depending on the different life cycles of the entrepreneurial process in establishing a new firm. They conclude that in the phase where the business is emerging, strong ties, such as family members, friends, and close business associates, are an important factor to help overcome limitations and constraints. However, as a firm goes from emerging to becoming established, a combination of strong and weak ties becomes more important, as relationships with new business connections are created along with personal networks like family and friends (Rostgaard Evald et al., 2006). Furthermore, in their paper, Rostgaard Evald et al. (2006) argue against a common assumption in the entrepreneurship literature that an entrepreneur maintains a fixed number of relationships, which can be classified into strong ties and weak ties. The researchers argue that such a view does not account for the dynamic nature of the entrepreneurial process, as the entrepreneur’s network can change and develop along with the company’s different growth phases. As such, the researchers conclude that an entrepreneur’s strong and weak networking ties is dynamic and the distinction between them can be relative. Similarly, Baron and Markman (2000) have emphasized that entrepreneurs have diverse social competencies, suggesting that their social skills influence how their network is composed and structured. Furthermore, Baron and Markman (2003) have addressed that the entrepreneur’s personal characteristics are important when it comes to building relationships. Moreover, the researchers argue that while entrepreneur’s social capital, as described by Smith and Lohrke (2008, p. 316) is important as a potential accessibility for necessary resources, their social competence is then a key factor in how they succeed in realizing this potential (Baron & Markman, 2003).

For the purpose of present thesis this might be summed up through the perspective of the concept of human relationships. The basis for the phenomenon of network as an active influencing factor in the existence and operation of companies lies in the existence and functioning of human relationships. Network in a business context needs inevitably to be

sustained by available technical means of communication, but they are only channels for that communication and do not create the potential effects that lie in that communication. Those effects are not determined only by the way the communication takes place, although of course that matters. The communication takes place because of human relationships which, broadly speaking, are what one person is to another and reciprocated, with all the subtleties and circumstantial implications they are subjected to (Lowery, 2023). They can be personal, such as friendship, but also (more) cultural, such as kinship, but no less impersonal, such as what superiors and subordinates are for each other in the military or public administration. Such relationships, understandably, have an impact on the behaviour of those connected to each other. Obviously, the effectiveness of 'pure' business relationships depends on the availability of payment for the response that one expects from the other. Due to their limited resources, micro businesses have no choice but to either not take advantage of the potential that lies in harnessing their available relationships to acquire marketing resources or to seek the favours of personal relations in that regard.

2.7 Marketing Resources and Marketing Capabilities

Resources represent the assets a firm manages, contributing to the firm's capabilities, and offering the potential to produce income (Miller, 1996). From a marketing standpoint, marketing resources refer to the assets that marketers within a firm can, through transforming via the marketing capabilities of the firm, create outputs of value (Morgan, 2012). Studies have consistently categorised firms marketing resources into two types: tangible resources and intangible resources (Jancenelle, 2021). Tangible resources include assets that are physical and financial (Jancenelle, 2021; Morgan, 2012). Physical resources or physical assets are identifiable due to their tangible or visible existence. Examples of physical resources are facilities and equipment, raw physical materials, warehouses, and inventory (Hafeez et al., 2007; Morgan, 2012). Financial resources are the funds available for firm's marketing activities. Studies have shown that financial resources influence firm's productivity level. Furthermore, studies have shown that firms with more financial constraints tend to have less productivity (Jancenelle, 2021; Morgan, 2012).

In his paper, Kamasak (2017) notes that strategy researchers (Ambrosini & Bowman, 2009; Kor & Mesko, 2013; Molloy & Barney, 2015) have suggested that intangible resources were

considered as the most likely sources of firm success because they are not easily acquired and replicated. According to Morgan (2012), intangible marketing resources are human resources, informational resources, relational resources, reputational resources, and knowledge resources. Information has consistently been regarded as an important marketing asset (Li & Zhu, 2009; Morgan, 2012; Rashi, 1991). Morgan (2012, p. 105) notes: ‘Most obviously, information about customers, channel members, and competitors are important inputs for marketing activities such as pricing, advertising, product development, and marketing planning.’

Human resources consist of the employees within a firm, along with their knowledge, capability, and skills, which contribute to the firm’s marketing capabilities (Lepak & Snell, 1999; Wernerfelt, 1984). Relational resources refer to the relationships which a firm form with many different individuals and entities. Different types of relationships can each serve as an input resource that contributes to the firm’s marketing efforts (Morgan & Hunt, 1994). Relationships with customers and suppliers and other value chain partners have been identified as resource inputs for developing and enhancing product development, supporting existing market position, and helping with entry into new markets (Morgan, 2012; Song et al., 2010).

Marketing capabilities are combinations of skills and knowledge that coordinate and apply available resources to create outputs of value for customers (Morgan, 2012). Morgan et al. (2018, p. 64) further notes that marketing capabilities ‘therefore represent the processes that a firm uses to define, develop, communicate, and deliver value to its target customers by combining, transforming, and deploying its available resources’.

After reviewing the existent literature on these two and closely connected concepts presented above, it may seem a bit tricky to define them for a specific empirical study: marketing resources on the one hand and marketing capabilities on the other. In particular, to keep their respective meanings separate. The packaging of a product may be important for its value on the market and is therefore without a doubt within the set defined by marketing resources, actually provided that it is important for the product's sales potential. Not necessarily because the product will be more saleable in packaging than without packaging, the product may have to be in packaging for technical reasons, but because of what has been specifically done with the packaging to, precisely, make it more saleable. The impact of the packaging may lie in its many and different properties, from colours to markings and the material from which it is made. And

thanks to the packaging, the company has the corresponding *marketing capability*, the ability to sell the product, quite simply. Or is it not so?

Not really. The company's marketing capabilities are manifested in its ability to create this particular packaging, which make its product more saleable or saleable at all. The same can be said about what else, tangible or intangible, is used to realise the value a company's product on the market, whether it lies in the product itself or its packaging or brand or reputation: Marketing capabilities is the company's ability to create such marketing resources, (Morgan, Feng, and Whitler, 2018). By its very nature, it includes the company's capabilities to apply those resources.

3. Company Overview

This case study pertains to a small wholesale bakery in Iceland, Gamli Bakstur. The company was founded in 2020 and aims to produce original and authentic Icelandic Christmasbread, laufabrauð. In its debut, the company offered, for the first time on the Icelandic market, laufabrauð that, in texture, appearance, and taste, was equal to the original and authentic laufabrauð made in the early days and still in some homes even today. This debut experiment produced 1.000 boxes of the product, which were sold at a considerably higher price than the mass-produced ones.

At the beginning, the owner-manager/ entrepreneur behind Gamli Bakstur, who is also the author of this research, had no previous experience in business management and no knowledge of the product the company would later start selling, laufabrauð, other than what the family tradition of making laufabrauð for each Christmas in his childhood home had given him. When it occurred to him that it might be possible to produce this product, traditional and original laufabrauð, for the market, he considered two facts. The first was how sincerely admired his friends and relatives were who enjoyed the tradition of being given a few cakes of homemade laufabrauð as a Christmas gift. The second was that companies who mass-produced laufabrauð for the market could not, or decided not to, produce laufabrauð that in texture, appearance, and taste was equal to the original and authentic ones, still made in some homes even today. This lack of knowledge and almost no capital meant that Gamli Bakstur's owner-manager/ entrepreneur had to make a great effort to acquire the necessary knowledge to produce and sell traditional and original Icelandic laufabrauð.

This knowledge acquisition was primarily about two things: If such high-quality traditional laufabrauð could be sold at a considerably higher price than mass-produced ones to support the necessary high production costs, mainly due to the expected high initial capital cost, and the technology that would need to be acquired, possibly with new inventions, to be able to produce traditional and original laufabrauð in some larger quantities. The first knowledge was acquired by the owner-manager/ entrepreneur mainly by market trial, where limited quantities of the product were produced and sold. The production process development acquired the latter knowledge due to the market trial.

Reflecting on the production and sales process of Gamli Bakstur's laufabrauð over the past couple of years, the researcher emphasises the diverse interactions with individuals and entities that contributed to this initiative. These contributions ranged from brainstorming for technological solutions, providing flattened laufabrauð dough for further processing, designing, and producing packaging, providing sales channels, offering advice and help with product promotion, purchasing the product, consuming it, and giving feedback. Moreover, this still only scratches the surface.

In this process, one can trace a path of complex business transactions involved, including standard and negotiated pricing for materials and services critical to the product's development and sale. Notably, the researcher communicated with various parties to achieve the desired product specifications, including negotiations with a bakery for the flattened laufabrauð dough and other individuals and entities for necessary tools and resources, many of which were secured through negotiations rather than standard prices. However, there are also traces of non-commercial interactions involved in the process that were pivotal to overcoming technical challenges in production. With the help of the researcher's family members and other personal connections, Gamli Bakstur created a manual and potentially mechanical solution for producing traditional and original laufabrauð in larger quantities. This highlights the importance of personal and non-commercial relationships in solving technical and production constraints.

4. Methodology

4.1 Research Purpose

This study aimed to find out what answers to the research question could be found among Icelandic micro businesses operating in food production. As such, this case study aimed to gain

insights into how owner-managers/ entrepreneurs of successful micro businesses in food production in Iceland generate their marketing resources through their networking activities. In the context of this research, ‘successful micro businesses in the food production in Iceland’ refers to those micro businesses that have effectively managed their initial limited resources and capabilities constraints while still being in their early growth stages. As such, they were particularly relevant for providing insights related to the research knowledge objectives.

4.2 Research Design

For this research, qualitative research with a collective case study design (or multiple case study design) method was used to gain insights into the following research question:

In what ways do owner-manager/ entrepreneurs – of micro businesses, operating in the food sector in Iceland – generate marketing resources through their networking activities.

Qualitative approach is considered favourable for case studies, as such research approach facilitates a thorough and detailed examination of the case (Bell et al., 2022). ‘Case study research involves the study of an issue explored through one or more cases within a bounded system (i.e., a setting, a context)’ (Creswell, 2016, p. 73). The research topic is socially constructed as it involves owner-manager/ entrepreneur networking activities, which are dynamic and fluid. Therefore, the researcher believes, in alignment with what scholars have noted, that a qualitative approach was appropriate to research in depth the social construct we are faced with (Carson et al., 2020; Chell & Baines, 2000; Ngugi et al., 2010). There are different types of qualitative case studies. They can differ in terms of intent and size and how many actors are involved, from a single individual to a large group of people (Creswell, 2016). As Creswell (2016, p. 74) distinguished between different case studies, this case study is a collective case study (or multiple case study), as ‘the one issue or concern is selected, but the inquirer selects multiple case studies to illustrate the issue.’ Therefore, the issue or concern is gaining answers about how owner-manager/ entrepreneurs of micro businesses, operating in the food sector in Iceland, generate marketing resources through networking activities, and with the collective case study design aimed at addressing this concern.

Upon generating the research question from an extensive literature review, the next step was to determine appropriate sources for gathering information. These sources were found in three individuals who had relevant experience of what was discussed in the literature. These three individuals represent the selected sample of this research. In obtaining the empirical data of this research, semi-structured interviews were carried out. The data was then processed and analysed through thematic analysis.

4.3 Participants in Research

The theoretical sampling strategy that was used for selecting participants in this case study was purposeful sampling. Purposeful sampling involves selecting participants because they are believed to possess experience and knowledge of the research topic and are thus considered to be able to provide helpful information about it (Blöndal & Halldórsdóttir, 2013). The purposeful sampling strategy that was used in this research focused on *intensity*, aiming to capture ‘information-rich cases that manifest the phenomenon intensely but not extremely’ (Creswell, 2016, p. 127).

The researcher's experience of the significance of his relationships and communications with other individuals and entities in creating Gamli Bakstur sparked his interest in micro businesses, especially in exploring similar dynamics in other start-up micro businesses in the food sector in Iceland. Because of this experience, the author believes he had an advantage in his research compared to approaching the research topic without the knowledge that this experience has provided him.

To utilise the knowledge advantage described here, the researcher decided to direct his research towards start-up micro businesses in the food sector in Iceland that have navigated initially limited resources and constrained capabilities but are still at the early stages of growth. The researcher believed that the owner-managers/ entrepreneurs behind these micro businesses would likely be rich in information about the research topic. These owner-managers/ entrepreneurs are still the primary marketing asset for their micro businesses, which characterises such companies and the research topic. The necessary resources they acquire or attempt to acquire through their relationships and connections without compensation, or on manageable terms, are important or even decisive for these micro businesses to survive.

Therefore, three companies known to the researcher were selected based on their relevance to the study. This choice is justified as the researcher believes these participants ‘can best inform the researcher about the research problem under examination’ (Creswell, 2016, p. 118).

These micro businesses are:

5. Anna Marta ehf

Anna Marta is a food and lifestyle micro business founded by Anna Marta Ásgeirsdóttir in 2019. The company traces its roots to her deep passion for healthy food, exercise, and good lifestyle habits. Following a significant growth from 2020 in production and sales, Anna Marta saw the need for increased human resources.

6. Bökum Saman ehf

Bökum Saman, founded by Harpa Atladóttir, is a micro-family business that was established to create more family moments in the kitchen. The idea was born around Christmas 2019, and the company has since enjoyed a good reception in the Icelandic market.

7. Eldstæðið ehf

Eldstæðið, founded by Eva Michelsen, is a micro business that provides shared certified kitchen facilities for small food entrepreneurs. Also, Eldstæðið provides office space, a meeting room that also serves as a tasting area, and facilities for hosting more minor courses. As such, Eldstæðið is a complete solution provider for small food producers who are taking their first steps and those more advanced with small-scale production that need a permanent facility. The idea builds around a shared economy to reduce high starting costs.

4.4 Data Collection

The researcher gathered information on the research topic from these micro businesses primarily through semi-structured interviews with their owner-manager/ entrepreneurs, who are also, in these cases, the pioneers and the main actors in the development and operation of these companies. In cases where the researcher has a clear objective and a defined research focus, semi-structured interviews are utilised to explore specific concerns rather than conducting generalised research on a topic (Bell et al., 2022).

The researcher relied on an interview guide with specific topics to address. The interviews were open in the sense that the researcher introduced his research topic to the interviewees without going into further detail and specifics. The researcher obtained the interviewees' consent to use their narratives for the purpose of this thesis. The researcher explained to his interviewees what he broadly knew about their micro businesses, as he had collected secondary data, such as information about the companies on their websites, to ensure he had knowledge and familiarity with the interviewees prior to the research. The researcher then invited the interviewees to tell their story of their micro businesses from the beginning. The researcher allowed the narrative to flow at the interviewee's discretion, ensuring they had time to complete their story without dwelling too long on individual points. The researcher asked questions and made interjects into the interviewee's narrative to keep it flowing.

Once the interviewee's narrative was complete, that is, when they had traced the history of the company and described its current operations and status, the researcher further addressed the main points he wished to gather information on the necessary marketing resources the interviewees had generated and acquired through networking activities, the nature of these networking interactions with other individuals or entities, and how they had been instrumental in developing their marketing capabilities, sometimes without financial compensation or under favourable terms. As such, the researcher tried to highlight interesting characteristics of these relationships involved in the networking interaction, such as to what extent they were on a personal level and to what extent the interviewee had generated marketing resources without financial compensation. Therefore, the objective was to uncover the importance of these owner-manager/ entrepreneur networking activities in obtaining, generating, and leveraging necessary marketing resources to enhance their marketing capabilities. While the researcher was mindful of the predetermined knowledge objectives he aimed to achieve with the interview, he was open to elements in the interviewee's narrative that were not anticipated. The researcher took notes during the interviews.

The interviews were conducted in-person, between March 20 to March 29, 2024, and lasted on average for 90 minutes. The interviews were then digitally recorded and transcribed.

4.5 Data Analysis

The analysis of the data obtained from the interviews was proceeded according to the thematic analysis process described by Creswell (2016). To begin with, the digitally transcribed narratives of the interviewees was read over in their entirety several times until the researcher had gained a comprehensive understanding of them. Next, the first coding phase occurred, where the researcher identified significant paragraphs, sentences, and individual words/concepts and coded them, categorized, and assigned labels. The initial 'lean coding' phase segmented the transcribed interview text into a few notable categories (Creswell, 2016). Coding is systematically marking and organising qualitative data to identify different themes in respondents' speech and the relationships between them (Creswell, 2016). Following that, in the subsequent coding overviews, the number of categories increased. Next, common themes among categories with similar meanings were found. Finally, each theme underwent thorough reviewing and refinement to verify its consistency with the segmented codes and the overall data collection.

Thematic analysis is a suitable method for analysing in interviews what attitudes, opinions, and knowledge people have about a subject and what value they give it. In thematic analysis, two approaches are available: Inductive and deductive. The inductive approach allows the data to guide the emergence of the themes, while the deductive approach involves the themes being predetermined and expected to be reflected in the data (Creswell, 2016). This study followed both an inductive and deductive design. The deductive themes were determined based on a comprehensive review of the literature on the research subject, and so served to organize and examine the dataset under existing knowledge on the research topic. As such, the deductive themes contributed to categorize the dataset into a) which type of marketing resources were generated and acquired through the owner-manager/ entrepreneur's networking activity, b) which external individuals or entities were involved in the owner-manager/ entrepreneur's networking interaction, c) which subsequent marketing capabilities were being developed/enhanced through the owner-manager/ entrepreneur's networking activity , d) what positive market output/impact did the networking activity lead to, or potentially lead to. The inductive theme that was recognized to have emerged from the analysis revolved around the primarily non-commercial nature of the owner-manager/ entrepreneur's acquisition and generation of marketing resources through their networking activity.

4.6 Researcher's position in the research and possible biases

As the research topic of this case study was to certain extent aligned with the researchers personal lived experience – being an owner-manager/ entrepreneur of a micro business in the food sector in Iceland – it is important to reflect on the researcher's position in the research and possible biases.

Aware of his position in this research, the researcher tried to the best of his ability to take a neutral and an objective position in approaching and formulating the research topic, in generating the research question, in choosing the appropriate research approach and method, in selection of participants, and in the collection and analysis of the data. However, it must be acknowledged that despite the researcher's best efforts in remaining neutral and objective throughout the whole research process, the researcher's personal experiences and possible subjective viewpoints cannot be ruled out.

4.6.1 Researcher's approach in trying to prevent possible biases

Being aware of this and trying to prevent personal and positional influencing in the research process, the researcher tried to adopt and apply so-called reflexivity – which describes a reflective process generally centred on the question 'what is the research process and how am I influencing it?' (Lazard and McAvoy, 2020, p. 177). As such, reflexivity is a critical thinking process which encourages researchers to reflect on and critically evaluate their approach, selection, and method of research study (Willig, 2013). In the initial stages, researchers must reflect on the research topic at hand and consider their relationship and involvement with it (Finlay, 2002). As previously mentioned, the researcher's experience of the significance of his relationships and communications with other individuals and entities in creating Gamli Bakstur sparked his interest in examining the networking activities of owner-managers/ entrepreneurs in other micro businesses in the food sector in Iceland. However, here it is important to clarify the way in which the researcher eventually approached the research topic and the research process. The researcher's interest led to to extensive literature review on the topic, followed by formulation of the research question, and subsequent appropriate research approach and research design. In this way, the researcher tried to avoid being affected by preconceived ideas about what exactly should be researched, and what the research question should look like.

The researcher selected the participants based on their categorical qualification to the study – being owner/managers -entrepreneurs of micro businesses in the food sector in Iceland – and

relevance to the research topic. The researcher based his judgment on his knowledge of the selected participants' businesses, without knowing the owner/managers -entrepreneurs personally. In conducting the interviews, the researcher emphasized on not letting possible preconceived notions, and own personal experience – from being an owner-manager/ entrepreneur of a micro business – dilute or encourage distortion and biases in obtaining data from the interviewee's narratives on the research topic. As such, the researcher's goal was not to look for conformation of his own lived experiences in the narratives of his studied participants.

5. Findings and Discussion

In this chapter, there is traced what the interviews with three owner-manager/ entrepreneurs of micro businesses in the food sector in Iceland have contributed to the knowledge goal of this study. An attempt is made in the preface to that account to present reflections on the nature of the knowledge their narratives are providing, followed by a presentation of them in a table where they are analysed according to the main points that the previous review of the available literature on the subject gives rise to. That presentation is then followed by extracting from the narratives their main results regarding the subject of the study and discussing them, among other things, in light of what has been stated in the literature on the subject.

5.1 Preface

It would be an underestimation of the knowledge value of the interviewees' narratives for this study to say they share information about its topic. Certainly, they do, but their narratives also open up what can be called an insight into the reality they describe. That means that their knowledge value not only increases our understanding of that reality but is greater the more we understand it. When an interviewee tells about a friend's help with her business, it tells us more the more we have a deeper understanding of what that friendship potentially entails. That understanding can determine whether with this information the interviewer is being told about a kind of transaction where value, although subjective, comes against value, although there is no currency involved, or whether the help is provided by the current social norms of obligations between friends or whether it is part of the joy that the person feels in being in a position to help those they wish the best in life. In brief: The narrative can give an insight into how personal the relationships are from which the interviewee obtain help for her business and how personal too the

act of helping her is for both parties. But what personal means in this context is up to us to understand in its full depth.

This does not mean that objective facts do not count for the knowledge goal of this study. It counts to know that Hagstofa Íslands (e. Statistics Iceland) and Samtök Atvinnulífsins (e., Confederation of Icelandic Enterprise) have, as previously mentioned, found that micro businesses in Iceland sold their products for ISK 908 billion in year 2017 (Hagstofa Íslands, 2018; Samtök atvinnulífsins, 2018). These facts show that there is a willingness and ability to buy the products of these micro businesses, and correspondingly, many are trying to make up for the demand that exists there. Not all have success in their endeavour, since, out of every ten small businesses founded, nine get off the trail before they can gain a foothold in the market (Krishna et al., 2016). The owner-manager/ entrepreneurs who succeed are therefore interesting cases, and in this study, interest has focused on the role that their networking activities play in the development and survival of their micro business: how they generate and acquire necessary marketing resources and transform them into value offerings to the market.

Statistically analysing further the micro businesses of these owner-manager/ entrepreneurs might provide insights into their business transactions: how they are constructed, and how they contribute to the development and growth of these micro businesses. Examining their annual accounts, income statements, balance sheets, and cash flow, knowledge would be gained about the nature of goods and services exchanged and the financial terms of such exchanges. However, it is also interesting to explore the range of other interpersonal dynamics that may influence and contribute to the establishment and growth of these micro businesses. Hence, engaging in open-ended conversations with the owner-manager/ entrepreneurs of these micro businesses gave scope to know about not only the economic outcome of these interpersonal dynamics but about how personal, indeed, and correspondingly, how non-commercial they were.

5.2 Main findings

In the table that follows, the empirical findings obtained through interviews with the owner-manager/ entrepreneurs are classified according to the deductive assumptions the literature on the subject gave rise to. Thus, it contains what known types of marketing resources, for the establishment and development of these owner-manager/ entrepreneurs' micro businesses, that were generated and acquired through their networking activities. Furthermore, the table outlines

the process of marketing capability development facilitated by these resources generated through these activities.

The empirical findings displayed in the table reveal that the studied owner-manager/entrepreneurs have earned meaningful and decisive marketing resources through their networking activities. In this way, they have succeeded in strengthening their comprehensive marketing capabilities, to count from the development of their very business concept to the structure of the company and thus the capacity for product development and marketing of the product.

The empirical results also show the ability of owner-managers/entrepreneurs to continually expand their network, to use their own personal network to tap into other networks, as well as their ability to create personal relationships with those they do business with.

Table 1 - Main Findings

Findings: Networking activity, resources generated, marketing capabilities, and market outcome.

OME's Networking Activity Emprirical Data	Marketing Resource Type of resource	OME's – External Entity Networking Interaction	Micro Business Marketing Capabilities Development Process	Transaction: Commercial / Non-commercial	Market Output/Impact for Micro Business
<p><i>My first step was to contact Mátis, where Óli welcomed me [...] he even offered us a facility (a certified commercial kitchen) at a good price. (Participant 1: Harpa). (Óli at Mátis) also informed us about, and got me in contact with Eva at Eldstæðið [...] decided to use her service and bring our production to her [...] she had a brand new kitchen facilities for production. (Participant 1: Harpa). In the end, we found an exciting property that we saw as an opportunity to be able to offer a shared kitchen and the facilities we needed for the concept. There was a person I knew who had decent knowledge of commercial real</i></p>	Physical resources	Industry contacts accessed to acquire operational facilities	Resource optimisation and strategic location sourcing	Negotiated pricing – discount from standard price	Obtaining operational facilities for food production at a Low-cost to be able to produce and sell products/services.

OME's Networking Activity Empirical Data	Marketing Resource Type of resource	OME's – External Entity Networking Interaction	Micro Business Marketing Capabilities Development Process	Transaction: Commercial / Non-commercial	Market Output/Impact for Micro Business
<p><i>estate who pointed me in the right direction and found a property that could be obtained at a good price (Participant 3: Eva)</i></p>	<p>Informational Resources</p>	<p>Personal and immediate network utilised to get feedback on test-products</p>	<p>The OME's engage in informal market research and product testing.</p>	<p>Non-commercial</p>	<p>The OME's gathers No-cost informal market research and product testing to get a feel for market potential, before larger market launch.</p>
<p><i>We created 35 test products and sent them to people in our immediate environment, to friends and acquaintances, and asked for honest feedback from them. (Participant 1: Harpa)</i></p> <p><i>What I think is a common thread with all the small food entrepreneurs at Eldstæðið, is that they've started with small test-production and received feedback from their immediate network. (Participant 2: Eva).</i></p> <p><i>I started by preparing about 50 packages, hand-decorated, and put pictures of this on Facebook and say that I want to sell the chocolate to support the charity project for the children's hospital. The chocolate packs sold out in three minutes to Facebook friends and family. We got some good feedback and afterwards I thought to myself 'okay, this is something'. (Participant 2: Anna).</i></p>	<p>Informational Resources</p>	<p>Regularly and systematically leveraging workplace as a resource to gain feedback and evaluate new product developments</p>	<p>The OME's conduct informal primary market research by collecting direct feedback. Further, leverage the</p>	<p>Non-commercial</p>	<p>No cost informal market research, product testing and product development, leading to possible product line</p>

OME's Networking Activity Empirical Data	Marketing Resource Type of resource	OME's – External Entity Networking Interaction	Micro Business Marketing Capabilities Development Process	Transaction: Commercial / Non-commercial	Market Output/Impact for Micro Business
<p><i>for feedback [...] got very honest answers back and opinions on the products, what could be improved and in what ways. [...]I received feedback from approximately 15 to 20 individuals each time I brought samples. I always noted down the feedback and opinions from these people. I kept a notebook where document what I had brought that day, and people's feedback, preferences, recommendations, ideas and so on. (Participant 1: Harpa). At that time I was also working for another company. I used to bring all sorts of experimentations there as well, pestos and chocolates, and it kind of became a routine to bring all kinds of goodies with me to work, get people to taste and share their experiences with the products and help me develop my recipes further. (Participant 2: Anna).</i></p>	<p>Informational Resources / Relational Resources</p>	<p>Customer relationships are utilised to gain feedback on product/services and to develop product/service concept.</p>	<p>The OME's actively develop and leverage customer relationships as a resource to gain information and to capture more value. CRM capability is strengthened as well as new product development capability</p>	<p>Non-commercial</p>	<p>The OME's maintains and enhances customer relationships, leading to customer loyalty and retention. Also, potentially creating meaningful new value offerings, strengthening competitive advantage.</p>

OME's Networking Activity Empirical Data	Marketing Resource Type of resource	OME's – External Entity Networking Interaction	Micro Business Marketing Capabilities Development Process	Transaction: Commercial / Non-commercial	Market Output/Impact for Micro Business
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(customers) who are feeling these expansions, it helps me to develop the concept further, and it hopefully shows that I'm actively listening to and take note of their ideas and opinions (Participant 3: Eva).

I cared about my customers and it was on a level of personal service [...] What I also received from them (customers) was a lot of valuable information on how unhealthy food had affected them and how they would want to change their diets, and that really helped me further develop my recipes and overall vision of how I could help people with healthier alternatives. (Participant 2: Anna).

I would find it more natural, especially since it is about Icelandic production and an Icelandic product, that they (large retail chains) should promote it together and celebrate that it is sold in many chains. Hagar (large retail chain), has done this with the support fund Uppsprettan, and the attitude towards us in that case was very good [...] after having received one million Icelandic kronur from Uppsprettan [...] the grant conditions were that we then had to deliver products of the same value to Hagar's stores [...] Hagar, for example, has helped us so much with media coverage, which is extremely valuable,

Reputitional resources & Financial resources

Engaging with, and seeking support from, **channel partners** (retailers).

The OME's strategically collaborate with retail chains: utilising their support funds to enhance **product distribution** and **market penetration**. Also, to enhance **promotional capability** through leveraging retail chains media coverage and in-store presentations.

Conditional no-cost (i.e. funds received to be used for production) / **Non-commercial** (promotional activities)

Increased production capability. Enhanced visibility and brand recognition, possibly leading to increased sales.

OME's Networking Activity Empirical Data	Marketing Resource Type of resource	OME's – External Entity Networking Interaction	Micro Business Marketing Capabilities Development Process	Transaction: Commercial / Non-commercial	Market Output/Impact for Micro Business
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and we've not had to pay for it. Both when we contacted Hagar and Bónus (large retail store), to introduce them to the product range, the attitude was very positive and we received positive responses from them and meetings with them immediately (Participant 1: Harpa).

Uppsprettan (support fund) at Hagar was running at that time and I thought to myself 'okay, I'm just going to apply' and I got the grant. [...] I wanted to be able to present the products in the store. I got in touch with contacts at the retail chains and got to present my products in the stores (Participant 2: Anna).

He (friend) is just at an incredibly great advertising agency and can get all sorts of deals for us for media coverage and publicity, many of them for free (Participant 1: Harpa).

I have managed to squeeze myself in to get quite a lot of free media coverage. I know some people personally who work in the media environment in Iceland and they are always willing to help me. Also, it's often the case that I know someone who knows someone, and that's how I've managed to get nice coverage in the Icelandic media. (Participant 2: Anna) I was also good at making myself known.

Reputitional Resources

*Using **personal network**, as well as making contacts and networking with **specific industry actors** in the media field.*

The OME's enhance their **marketing communication** reach.

Non-commercial / Low-cost

Increased brand awareness and broader audience reach for no-cost / low-cost, potentially leading to increased sales.

OME's Networking Activity Empirical Data	Marketing Resource Type of resource	OME's – External Entity Networking Interaction	Micro Business Marketing Capabilities Development Process	Transaction: Commercial / Non-commercial	Market Output/Impact for Micro Business
<p><i>[...] and contacting and reaching out to the media, that's just free advertising. I say to my customers (food entrepreneurs), send to the press and the media, get free coverage. [...]in my opinion, it is extremely easy to get into the media in Iceland. [...] I know Kristín from radio station K100 and I can always send her a message and get coverage (Participant 3: Eva).</i></p>	Informational resources / Relational resource	Personal network leveraged to acquire market knowledge and skillset.	The OME's develop market analysis, positioning, and strategic advisory by utilising their personal networks to gain access to specific marketing and business skills, which they themselves do not have.	Non-commercial	Developing and enhancing clearer market positioning and stronger brand identity for No-cost . Possibly leading to increased brand equity, improved customers perceptions and better market penetration.
<p><i>Our friend, who worked in the marketing department at Eimskip, he, in his free time, went into analysing where we could, and wanted, to position ourselves in the market (Participant 1: Harpa). My husband has experience in business and marketing, and he, for instance, is credited with the names of several of my products and the concept work with certain packaging. [...] He was also very valuable for me concerning things such as where I should position myself in the market with my products, what new things I could bring forth and so on (Participant 2: Anna).</i></p>	Relational resources	Customers' networks are leveraged to acquire needed contacts for missing/wanted materials.	The OME's relationships with customers go beyond transactional, as the customers become a part of support network .	Non-commercial	The OME's develop no-cost support network with customers and expand their network to acquire necessary
<p><i>I have also found that if I have a problem with something, my customers, the small producers in Eldstæðið, have said to me 'listen, I know this or that person who could help you with this, here is their number'. (Participant 3: Eva). My customers also helped me all the time if I needed some</i></p>	Relational resources	Customers' networks are leveraged to acquire needed contacts for missing/wanted materials.	The OME's relationships with customers go beyond transactional, as the customers become a part of support network .	Non-commercial	The OME's develop no-cost support network with customers and expand their network to acquire necessary

OME's Networking Activity Empirical Data	Marketing Resource Type of resource	OME's – External Entity Networking Interaction	Micro Business Marketing Capabilities Development Process	Transaction: Commercial / Non-commercial	Market Output/Impact for Micro Business
<i>help with some basic things or problems, concerning my food products (Participant 2: Anna)</i>			Strengthening CRM capability.		resources for value offerings.
<i>I knew a girl, who is quite highly influential on social media [...] I contacted her [...] she really did us a favour by posting our products on her story and tag the company (Participant 2: Anna). My friend knew a food influencer on Instagram, and she was so lovely to ask her to give us a little shout-out, which she did (Participant 1: Harpa). I was also good at making myself known [...] making social media videos that got picked up [...] Some social media influencers picked them up and re-posted and showcased the food basket, and really gave them some hype and good recommendations (Participant 3: Eva).</i>	Reputational resources	Social media influencers actively sought and targeted for enhanced reputational resources and promotional activities, either through personal network and/or expanded personal network .	The OME's expand their marketing communication reach, strengthening social media marketing and strategically developing influencer partnership to promote products.	Non-commercial	Increased brand visibility and awareness, which potentially leads to improved customer engagement, new customer acquisition and higher conversion rates.
<i>They (indirect competitors) were asking me what I was charging for the service at Eldstæðið. [...] They tell me that I am charging too little. [...]they tell me that I am more valuable [...] As a result, I increased the pricing plan by 50% in the Eldstæðið [...] if anything, the activity increased [...] after getting to know them, I can always approach them and reach out to them and get feedback and</i>	Knowledge resources	The OME's engage with indirect competitors .	The OME's enhance their market-learning capability by participating in, and actively seeking, collaborative knowledge exchange of market environment with indirect competitors.	Non-commercial	The OME's increase their know-how of broader business environment, leading to strategic business alterations and deepened industry knowledge.

OME's Networking Activity	Marketing Resource	OME's – External Entity	Micro Business Marketing Capabilities	Transaction:	Market Output/Impact for Micro Business
Emprirical Data	Type of resource	Networking Interaction	Development Process	Commercial / Non-commercial	

advice [...] which is of great value to me and costs me nothing, and 35ltho me better understand and be knowledge about the business environment I'm working in (Participant 3: Eva). I've actually approached some people (indirect competitors) who are doing quite thoug things as me [...] I've developed a kind of a professional relationships with these people, and we exchange lots of ideas and knowledge amongst one another [...] So yes, though we are technically competing for the same pieces of the pie with similar offerings, the way I look at things is that the pros and the value of learning from each other and deepening our knowledge of this tough and competitive industry, surpasses the cons (Participant 2: Anna).

5.3 Discussion

When listening to the narratives of the owner-manager/ entrepreneurs of these three start-up micro businesses under consideration, it is probably not surprising that their businesses originate from the interest of their owner-manager/ entrepreneurs in a specific production of a product rather than from their desire to do business in general or to respond to a specific market need. It is a dominant characteristic of micro businesses owned and controlled by their owner-manager/ entrepreneur, that 'entrepreneurial marketers start with an idea, convert it to a new product or service and then try to find a market for it' (Hisrich & Ramandi, 2017, p. 89).

Anna and Harpa were both interested in making cakes, sweets, or small dishes, but did not connect that hobby with business until coincidences and encouraging suggestions from friends and family opened their eyes to that possibility. Eva was interested in the same fields, but the

establishment of *Eldstæðið* was initially both a business idea and her way to get a certified facility for her hobby in view of making a business out of it.

When the idea of doing a possible business with their hobby arises, it corresponds to findings of straightforward tactics (Hills et al., 2008) how direct the interviewees are in obtaining information about possible market acceptance for the product and, including, indeed, valuable information about desirable product development in terms of prevailing market tastes. The family and close friends and acquaintances had already enjoyed this hobby of theirs, but then Anna takes her market research further through friends on Facebook, Harpa through her workplace and her husband's workplace, and Eva has a very close relationship with the shop owner Einar, who in turn has a very active relationship with his customers.

Through these interactions with a sample of a possible general population of buyers in a larger market, the interviewees obtain information that enables them to develop their products regarding the interest of the buyers.

The same process takes place regarding the interviewees' presentation of their products. It has its beginnings in their close personal network, where the interest in the initiative of the interviewees is intertwined with the interest in the product. In the sequel, it moves out into a more general field, but continues to run through relatively close relationships or the interviewees' direct initiative in the field of mass and social media. In this way, the interviewees contribute to the creation of a well-known brand in their possession, which in turn is useful to them in their communications within their network and in strengthening and expanding it.

These entrepreneurs' initiatives contain the dimensions that, among others, Morris et al. (2002) have identified as decisive factors (alongside a theoretical base rooted in resource advantage theory) for the success of entrepreneurs' marketing: proactiveness, calculated risk taking, continuous innovation, opportunity driven, customer intensity, value creation, and resource leveraging. Here, however, these factors manifest themselves in the relational dynamics of Anna, Harpa and Eva.

In this regard, special attention is drawn to cases in the interviewees' narratives when they reach into the networks of those they are connected to for one or more resource. It may be material and technical or, for example, legal. In these cases, it could be assumed that a person is being referred to on a commercial basis, thereby breaking the personal relationship that the interviewee has enjoyed in his own network. What happens, however, is that the reference is

accompanied by a comment about the relationship with the interviewee and thus a recommendation that she enjoy special benefits. In other words, the interviewees' accounts do not contain examples of members in their relational network taking advantage of them to create easy business for members of their own ones. On the contrary, their referral is accompanied by a request to treat this personally connected person as a personally related one.

Furthermore, it is interesting that the connections which the interviewees mobilize to acquire and generate resources for their businesses and to create yet other relationships for the same purpose, are until now primarily non-commercial. Scholars and researchers have attempted to capture this dimension of entrepreneurs' capabilities with the more comprehensive concept of *social capital*. Because 'capital' generally refers to money as well as fixed, material factors of production in the economic sense, Rostgaard Ewald et al. (2006) and Baron and Markman (2000) have stressed that the use of the term 'social capital' must not overshadow the fact that the impact of social relationships in business depends on their dynamic application.

The interviewees' narratives include, precisely, descriptions of the application of the social relationships they enjoyed in the beginning of their business initiatives, but at the same time their stories are about strengthening of these bounds and the creation of new ones.

When scholars have referred to these characteristics of social links with the terms 'strong' and 'weak' ties (Davidsson & Honig, 2003; Hite & Hesterly, 2001; Jenssen & Greve, 2002; Rostgaard Ewald et al., 2006) they are referring to features that are characteristic – in their micro-form – of the interviewees' networking activities. However, when Granovetter (1973) describes the strength of a tie 'as the combination of the amount of time, emotional intensity, intimacy, and reciprocal services' (Villanueva et al., 2018, p. 4) it might be said that in the case of the interviewees, instead of being "reciprocal", the services they are given instead of being 'reciprocal' they are unilateral.

Then, perhaps also, the reasons can be found in the size and level of development of the companies that the networking activities of their owner-manager/ entrepreneurs always seem to be based on strong ties. Which, ultimately, sheds a spotlight on the personality of the entrepreneurs. One thing is how they act in their role as entrepreneurs in their company's organisational structures that are precisely tailored to that very role and has been described as simple and flat (Turner & Ledwith, 2018). Another thing is what reception their personal

approach to one or another holder of resources has and what determines it. What can be said about it is, at least, that that approach is dynamic and relative in terms of time, place, and person.

In view of the role that networking activities visibly has in the lives of the interviewees' businesses and what has been revealed about the proportion of start-up micro businesses which survive, it can be assumed that precisely this ability to communicate is a prerequisite, if not the very key to their survival.

6. Conclusions

The cases of start-up micro businesses in food production that the study focuses on are certainly extremely small in all their operations and structural aspects, but at the same time the issues and challenges they face are of the same nature as in larger companies.

They cannot survive unless they generate income. Although they arose from the personal non-commercial interests of their founders, they have reached such a growth and activity that they will not be sustained by financial support of their owners, on the contrary.

They need marketing resources for their business activities just like larger companies do to extract from them the necessary capacity for marketing and operational results.

They need management and extensive expertise of the manager, which due to financial limitations and the small scope of the company require that him- or herself have extensive know-how and the ability to process the specialist information that the company needs to acquire from the outside. This means that the owner-manager/ entrepreneurs must have the dynamic qualities of being able to learn from his experience of running the company and to adopt external knowledge to solve the occurring issues.

The interviewees' micro businesses have been built up, and are still being built up, largely through non-commercial networking activities. That means that the company's very dynamism lies precisely in such activities.

The results of this study indicate that to be able to carry out such non-commercial networking activities, the studied owner-manager/ entrepreneurs must have high social competencies, due personal characteristics and social skills when it comes to building and maintaining relationships, which is aligned with what Baron and Markman (2000; 2003) have previously discussed.

Previous studies have shown that owner-manager/ entrepreneurs who are active in networking obtain better results for their companies than control groups. This study therefore aimed to reveal how owner-manager/ entrepreneurs engage in such activities. From a theoretical point of view, the most interesting result of that question is that to be able to answer it, you have to look outside the field of research in economics. From economics' point of view, the results say, in short, that the three owner-manager/ entrepreneurs interviewed in the research achieved the mentioned results with non-commercial networking. Interesting, and even more interesting is their ability to personalise their interactions with professionals and hard-core business entities. Which leads to the conclusion that their success relies heavily on their social skills.

These conclusion, as correct as they are, are at the same time general and the question remains as to how exactly the interviewees managed to mobilise their personal and non-commercial connections for such purely commercial purposes and create new ones of the same kind for that purpose as well.

In present research its author proceeds through collective case study to reach to its knowledge goal, summarised in the question:

In what ways do owner-manager/ entrepreneurs – of micro businesses, operating in the food sector in Iceland – generate marketing resources through their networking activities.

The short answer to that question is what previously has been stated in this text: by leveraging their personal business personal links to achieve their arch-business goals. The long answer, however, is what was called for by the question in what way. Economics misses the point, and it would actually be inappropriate to refer the matter to any other specific discipline. But the practical conclusions that can be drawn from the results of the study are that the prerequisites for owner-managers/entrepreneurs to be able to activate these personal relationships for their commercial purposes were to present themselves as exactly what they are: people with a sincere interest in bringing their creation to the market without having the capital or professional marketing skills to do so. They are not representatives of capital or are they professionals in business, but people with creative passion. The positive response to their solicitation is thus explained by the fact that the recipient is not giving freebies to someone who, according to accepted norms and values, should pay for the favour. In other words, you are not being taken

advantage of. On the contrary, you get the opportunity to share in the creative passion of a person whom you, it must not be forgotten, wish to succeed in their plans or you simply wish for the best.

In more general terms it can be concluded that the owner-manager/ entrepreneur must benefit from positive reception conditions of all those he or she approaches. Those reception conditions, ultimately, depend on prevailing attitudes, prevailing modes of communication and interactions, prevailing certain characteristics of the nation's culture. If and how this condition might change is a different and probably much larger issue.

7. Limitation of present research and further research perspectives

This study is limited; it goes without saying. The question is whether it has given limited answers to the question it was intended to answer in the first place. The answer to that question is 'no' as far as the results of the study are concerned. They show a clear picture of how the owner-manager/ entrepreneurs of three micro businesses in the food sector in Iceland responded to the constraints of the companies' finances and other resources for marketing their products by activating their personal networks for that purpose. At the same time, it became clear how much their reactions tested their social skills and their ability to expand their personal relationships in the process.

But do these results apply to start-up micro businesses on the consumer market in Iceland in general? Statistically, this study, by its very nature, does not answer that question. On the other hand, it is not unreasonable to draw the conclusion from the qualitative knowledge of the viability of such companies this study is offering, that it is unlikely that there are start-up micro-companies that have managed to gain a foothold in the market through only 'hard core' commercial relations with the holders of the needed marketing resources. Still there could possibly be more variations in networking among micro businesses than in these three companies. Their owner-manager/ entrepreneurs might, indeed, not enjoy as rich personal relationships to mobilise for the acquisition of market resources as the ones of these three start-ups, but the more skilled in creating personal relationships in their dealings with the holders of market resources they seek. That would be of theoretical as well of practical value to know.

But, as has been mentioned before, the results of this study open up the interesting research topics of what it could be in the nation's culture, social structure and/or general way of thinking that created this positive reception the interviewees actually enjoyed when reaching out to their personal network for acquirement of marketing resources as well as extending those networks for the same purpose.

That could, actually be very interesting topic at time the economy appears to be, and in fact is, driven by ever-higher amounts of investment amid increased concentration of control over invested capital. Together with the ever-higher education level of the nation in various fields of its economic and entrepreneurial life, four individuals with little or no capital to invest and without professional education in business management get extremely positive reception from those close to them and others in their search for the necessary marketing resources for their newly founded micro businesses. This certainly raises questions about the possibility of harnessing this goodwill by encouraging through legislation and other public measures small investors to invest in start-up micro businesses that they are personally motivated to see thriving.

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