

ORGANIZATIONAL AND FINANCIAL CONSTRAINTS OF MARKETING MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES

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ABSTRACT

This paper focuses on the theoretical analysis of organizational and financial constraints of marketing management in small and medium enterprises (SMEs). SMEs face limited resources, which hinders the implementation of effective marketing strategies and affects competitiveness and sustainability. Financial constraints include a lack of resources for promotion, market research, and digital channel adoption, while organizational constraints involve the absence of formal marketing teams, centralized decision-making, and limited employee competencies. The paper demonstrates how marketing capabilities, including digital skills, innovativeness, and proactivity, allow SMEs to partially overcome these constraints and improve marketing performance. The theoretical integration of financial, organizational, and capability factors provides a framework for strategic planning and efficient resource utilization. The conclusions indicate that SMEs should invest in employee skill development, flexible organizational structures, and creative marketing tactics, enhancing competitiveness and supporting long-term growth. The study is valuable for academics, managers, and practitioners seeking to understand the key success factors of marketing under resource limitations.

Key words: SMEs, Financial constraints, Organizational constraints, Marketing capabilities, Competitiveness.

INTRODUCTION

Marketing management in small and medium enterprises (SMEs) plays a crucial role in achieving competitiveness, growth, and business sustainability. SMEs often operate under conditions of limited resources, which significantly complicates the planning and implementation of marketing activities. A lack of financial resources and limited human capital represent major obstacles to applying modern strategies, including digital marketing, market research, and the promotion of products or services. Financial constraints affect SMEs' capacity to invest in marketing channels, while organizational constraints, such as the absence of formal teams, centralized decision-making, and insufficient employee training, reduce the efficiency of marketing strategy implementation. Empirical evidence shows that the effectiveness of marketing activities in SMEs is closely linked to the choice and combination of marketing instruments, where insufficient use of promotional and distribution tools often limits market reach and competitive positioning (Stošić Mihajlović & Trajković, 2020).

Understanding these constraints is essential for managers and SME owners to develop strategies that optimize resources and enhance market performance. Despite these challenges, SMEs have the potential to develop marketing capabilities, including digital skills, creativity, proactivity, and analytical competencies, which can partially mitigate the negative effects of constraints and improve competitive advantage.

The aim of this paper is to provide a detailed analysis of how financial and organizational constraints impact marketing management in SMEs, and to identify key capabilities and approaches that allow

enterprises to utilize available resources more effectively. The paper also emphasizes the importance of flexible organizational structures, strategic planning, and innovative marketing tactics as tools for improving market performance.

By integrating financial, organizational, and capability factors into a coherent theoretical framework, this study offers a valuable guide for academics, managers, and practitioners seeking to enhance marketing practices in SMEs and strengthen their market position. The insights presented in this work support the development of sustainable and efficient marketing strategies, enabling SMEs to achieve long-term growth even in resource-constrained environments.

THEORETICAL FRAMEWORK

Financial Constraints

Financial constraints represent one of the most significant challenges faced by small and medium-sized enterprises (SMEs) in the context of marketing management. A limited budget directly affects a company's ability to plan, implement, and monitor marketing strategies, which can lead to reduced competitiveness and long-term sustainability. The lack of financial resources often forces SMEs to focus on short-term activities, while investments in long-term strategies and innovations are postponed or neglected (Storey, 2010). This means that companies with limited finances often adopt ad-hoc marketing approaches, without detailed planning or evaluation of return on investment.

In the contemporary digital environment, even strategies considered low-budget, such as social media marketing, require basic investments in tools, software, and employee training (Wani & Palkar, 2023). This implies that financial constraints are not only a matter of available funds but also the capacity of SMEs to allocate resources efficiently. Low financial flexibility can limit the use of advanced digital tools, automated analytics systems, or sophisticated e-commerce platforms, thereby reducing the potential for competitive positioning in the market.

Moreover, research shows that financial constraints can stimulate innovation and creativity in marketing. Companies that cannot invest in expensive channels often develop new, innovative tactics for promotion and customer engagement (Cao & Weerawardena, 2023). This means that a limited budget can act as an incentive for developing unique marketing approaches, which can increase efficiency and provide a competitive advantage. For example, SMEs can leverage viral content, local influencer marketing, partnership campaigns, or creative promotional events with minimal costs. One of the key challenges posed by financial constraints is the lack of resources for market research and data analysis. Without adequate research, SMEs risk making uninformed decisions, which can lead to failed campaigns and resource losses. Therefore, companies must use alternative market research methods, such as online surveys, social media insights, and free analytics tools, to compensate for budget limitations (Hossain, Nguyen & Rahman, 2021). This means that the effective use of available free and low-budget resources becomes a critical success factor.

Financial constraints also affect the ability of SMEs to invest in product development and portfolio diversification. Companies with limited budgets often focus on existing products and markets, while innovations and new initiatives remain underutilized. This means that financial constraints can restrict long-term growth and reduce the adaptability of enterprises to environmental changes.

Further research highlights the importance of integrating financial planning with marketing strategies. Companies that develop detailed budget plans, track ROI for each campaign, and use analytics to optimize costs manage to maximize marketing performance even with limited resources (Belitski & Rejeb, 2022). In this regard, strategic budget planning and the use of low-cost but effective channels represent key tools in overcoming financial constraints. Finally, financial constraints are not only a challenge but also an opportunity to develop capabilities for efficient resource management. SMEs that cultivate internal competencies in planning, digital marketing, and creative strategies can partially compensate for the lack of funds and achieve sustainable growth. This means that even under limited

budget conditions, with a strategic approach and innovation, SMEs can achieve measurable market performance and gain a competitive advantage.

Organizational Constraints

Organizational constraints in small and medium-sized enterprises (SMEs) represent a significant challenge for effective marketing management. They relate to structural, procedural, and human factors that affect a company's ability to plan, implement, and monitor marketing activities. Key aspects include the lack of formal marketing teams, centralized decision-making, poorly defined processes, and limited employee competencies. These characteristics often result in slower decision-making, reduced innovation, and a lower ability to adapt to market changes (Kotler & Keller, 2016). This means that the organizational structure of SMEs directly impacts their flexibility and long-term development.

Flexible and decentralized organizations enable faster decision-making and better coordination among employees, which enhances the ability to implement digital marketing strategies and creative campaigns [Garrido-Moreno et al., 2020]. In this regard, SMEs that invest in clearly defined roles, internal procedures, and competent teams can significantly improve marketing efficiency. This means that even small changes in organizational structure, such as introducing a marketing coordinator or holding regular team meetings for campaign planning, can have a substantial impact on overall marketing performance. One of the challenges of organizational constraints is also the insufficient training and education of employees. Staff who lack the necessary digital and analytical skills often cannot effectively use modern marketing tools, reducing overall productivity and campaign effectiveness (Marolt et al., 2022). This means that competency development is crucial not only for overcoming constraints but also for creating long-term competitive advantage. Continuous employee training in digital marketing, data analytics, and campaign management enables SMEs to better respond to market changes and implement innovative strategies.

Furthermore, hierarchical structures and complex business processes can slow down innovation and flexibility. Companies that rely on centralized decision-making often face slow adaptation and reduced ability to respond to market changes (Marolt et al., 2022). In this context, enterprises that develop agile and horizontal structures can more quickly test new marketing ideas and adjust campaigns in real time. This means that organizational reforms and process optimization are not a luxury but a necessity for SMEs operating in a modern, dynamic market environment. Beyond structural aspects, organizational culture plays a key role in overcoming constraints. A culture that encourages innovation, teamwork, and proactivity enables employees to recognize opportunities and propose solutions independently, significantly improving marketing efficiency (Belitski & Rejeb, 2022). This means that developing an organizational culture that supports learning, experimentation, and collaboration is just as important as formal structure. Finally, integrating organizational and financial resources allows SMEs to optimize marketing activities and maximize performance even under limited resources. Companies that combine a flexible organizational structure, trained employees, and a strategic approach to budgeting can create a competitive advantage and achieve sustainable market growth.

Marketing Capabilities of SMEs

Marketing capabilities represent a key strategic resource for SMEs, enabling companies to overcome the negative effects of financial and organizational constraints. They include skills in market analysis, digital competencies, creativity, proactivity, and innovativeness in the development and implementation of marketing strategies (Barney, 1991). This means that the capabilities of employees and the organization as a whole play a central role in achieving competitive advantage, as they allow for better utilization of available resources and increased efficiency in marketing activities. Digital capabilities are becoming increasingly important, particularly in the context of growing internet use, social media, and e-commerce platforms. SMEs that develop the digital skills of their employees can effectively use online tools for promotion, consumer analytics, and campaign personalization

(Empirical Digital Marketing Study, 2024). This means that digital competencies enable companies to partially compensate for the lack of financial resources, as they allow for more efficient and cost-effective customer targeting and campaign performance tracking.

Employee proactivity in marketing allows SMEs to anticipate changes in consumer behavior and quickly adjust their strategies (Belitski, Rejeb, 2022). This means that companies that actively monitor market trends and use insights from competitive analysis have a greater ability to identify new opportunities, develop innovative products, and improve customer engagement. Innovativeness is reflected in the ability to create new marketing approaches, experiment with campaign formats, and use unconventional channels for promoting products and services. Analytical capabilities are also critical. SMEs that possess skills in collecting and interpreting data on the market, customers, and campaign performance can better plan budgets, optimize campaigns, and increase return on investment (Hossain, Nguyen & Rahman, 2021). This means that developing analytical competencies allows companies to efficiently use limited resources and maximize marketing performance, even under financial or organizational constraints. Furthermore, marketing capabilities include the development of customer relationship management (CRM) skills, which contribute to loyalty and long-term sustainability of SMEs. Companies that effectively manage communication, personalization, and value delivery to customers achieve better results and greater competitiveness (Cao & Weerawardena, 2023). In this regard, the combination of digital, analytical, and innovative capabilities allows SMEs to achieve multiple advantages: better market visibility, higher campaign efficiency, and the ability to adapt to changes.

It is important to note that marketing capabilities are not static. Continuous development of employee competencies, adoption of new technologies, and experimentation with strategies enable SMEs to maintain competitive advantage and achieve long-term growth. This means that capabilities are not merely a compensation for constraints, but a foundation for innovation, flexibility, and sustainable marketing management in SMEs. Finally, integrating marketing capabilities with financial and organizational resources creates synergy that allows SMEs to efficiently utilize limited resources and maximize marketing performance. This means that the capabilities of employees and the organization directly contribute to the enterprise's ability to overcome challenges, innovate, and sustainably develop its market activities.

Integration of Financial and Organizational Constraints

Financial and organizational constraints often act simultaneously and complementarily, shaping the ability of small and medium-sized enterprises (SMEs) to implement effective marketing strategies. Financial constraints, such as limited budgets for promotion, market research, or digital channels, reduce a company's capacity to carry out planned activities. On the other hand, organizational constraints, including centralized decision-making, the absence of formal marketing teams, and insufficient employee training, further hinder the execution of campaigns and innovative initiatives (Kotler & Keller, 2016). This means that SMEs often cannot optimally utilize either financial or human resources without an integrated approach.

The integration of these factors involves the strategic alignment of financial resources and organizational capacities. For example, a company with a limited budget can significantly improve the effectiveness of its campaigns by using a flexible organizational structure, delegating responsibilities, and enabling teams to make decisions independently (Garrido-Moreno et al., 2020). In this regard, the combination of decentralization and budgetary discipline allows SMEs to quickly adapt marketing activities to environmental changes and maximize the use of available resources. Furthermore, the synergy between financial and organizational factors contributes to increased innovation in marketing. SMEs that successfully integrate both aspects can experiment with low-budget but creative campaigns, leverage digital channels with high ROI, and develop strategies that simultaneously reduce costs and increase market visibility (Cao & Weerawardena, 2023). This means that integration enables companies to transform constraints into competitive advantages.

It is important to note that integrating financial and organizational resources also requires the development of employees' marketing capabilities. Digital skills, analytical competencies, and proactivity enable teams to manage campaigns effectively, even when budgets and organizational structure impose limitations (Belitski & Rejeb, 2022). This means that employee and organizational capabilities together create a framework for overcoming challenges. SMEs that combine financial planning, a flexible organizational structure, and competent teams can significantly enhance marketing efficiency and strengthen their long-term competitive position. The integration of financial and organizational factors is key to resource optimization, innovation, and achieving sustainable market performance in a dynamic and challenging business environment.

Marketing Performance and Implications

Marketing performance in small and medium-sized enterprises (SMEs) is measured through campaign results, sales growth, acquisition of new customers, return on investment, and strengthening of market position. Financial and organizational constraints significantly affect these indicators, as they reduce a company's ability to implement comprehensive and long-term marketing strategies (Marolt et al., 2022). This means that SMEs with limited budgets and inflexible organizational structures often cannot fully exploit the potential of their campaigns, which directly impacts competitiveness.

The development of marketing capabilities, including digital skills, analytical competencies, and innovativeness, enables companies to partially overcome the negative effects of constraints and improve marketing performance (Wen Wu, et al., 2024). In this regard, SMEs that invest in employee training, experimentation with digital channels, and the creation of creative campaigns achieve better ROI and greater market visibility, even under resource-limited conditions.

The practical implications are manifold. Companies should focus resources on the most efficient channels, using analytical tools to monitor campaign performance and optimize costs. Additionally, the application of low-budget but innovative strategies, such as influencer marketing, partnership campaigns, and viral content, can significantly increase customer engagement and market impact (Cao & Weerawardena, 2023). This means that even with limited resources, SMEs can achieve measurable and sustainable marketing success. Furthermore, integrating marketing capabilities with financial and organizational resources allows SMEs to develop a competitive advantage and strengthen their long-term market position. Companies that successfully balance budget, flexible structures, and competent teams can better analyze market trends, identify new niches, and respond quickly to changes in consumer behavior (Belitski & Rejeb, 2022). This means that the combination of financial, organizational, and capability factors is key to enhancing marketing performance and ensuring the sustainability of SMEs in the market.

CONCLUSION

Marketing management in small and medium enterprises (SMEs) faces significant challenges due to financial and organizational constraints, which limit the ability to plan, implement, and monitor marketing activities effectively. Financial constraints reduce opportunities for investment in promotion, market research, digital channels, and the development of new products, while organizational constraints, including centralized decision-making, the absence of formal marketing teams, and limited employee competencies, further hinder the implementation of strategies and innovative initiatives. Nevertheless, the development of marketing capabilities, including digital skills, creativity, analytical competencies, and employee proactivity, allows SMEs to partially overcome these constraints and improve market performance. A flexible organizational structure, delegation of responsibilities, and strategic planning contribute to better adaptation to market changes and more efficient use of limited resources. In addition, creative and low-budget marketing tactics help SMEs maintain a competitive advantage and increase visibility in the market.

The conclusions of this paper indicate that SMEs should focus on human resource development, continuous employee training, the application of innovative strategies, and the optimization of

organizational processes. The integration of financial, organizational, and capability factors is essential for achieving long-term growth, sustainability, and competitiveness.

This theoretical framework provides practical guidance for managers and SME owners, helping them identify priority actions, improve marketing efficiency, and strategically plan the use of available resources. By leveraging marketing capabilities alongside careful resource management and organizational flexibility, SMEs can achieve stable market performance and secure a long-term position in a challenging business environment.

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