Understanding the Role of Entrepreneur’s Personal Brand in SMEs Total Brand

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Abstract
During the past two decades, we have seen an increasing focus towards the role and importance of branding, and brand management as a key factor for achieving market penetration and market leadership. Our current literature demonstrates that this expansion has been mainly the concern of large businesses. As we move towards Glocal organizations, we are creating SMEs organizations which are part of the larger organizations. At the same time entrepreneurs are creating new SME ventures based on market opportunities. This is creating increased competition within the SME sector. SME branding is becoming a key issue for addressing competition for SME organizations.

Entrepreneurial SMEs have different features such as the strong role of the entrepreneur that differ their branding from large corporations. The effect of different aspects of entrepreneurs such as their traits, skills and capabilities on SMEs has been studied so far. Since SME’s brand is influenced by its entrepreneur and founder (Krake, 2005; Spence & Essoussi, 2010), entrepreneur’s personal brand, a concept which includes his traits, values and role, is defined here as a key variable and its impact on SME’s brand will be reviewed. The results are obtained from interviews, focus groups and questionnaires distributed among entrepreneurial SMEs in Tehran and Yazd provinces, Iran and the conceptual model is analyzed via structural equations model using Lisrel software. The results confirm that entrepreneur’s personal brand affects SME’s total brand, via entrepreneur’s influence.

Key words: Entrepreneur’s personal brand; Entrepreneurial identity; Total brand; SME


INTRODUCTION

The SME business environment faces two major challenges within its community. The first community comprises of businesses which are extension of the large organizations entering new area, or part of the decentralization of the larger enterprises. These have effective structure and strong modern management. They are indeed sub-brand extensions of the main brand.

The second group of the SMEs are the traditional SMEs which have resulted as part of the entrepreneurial process of the general community. Branding is new to their organizations, and the issues of brand management become an extension of the entrepreneur’s main personal characteristics.

Here we are faced with two interesting developments. Firstly the large organization’s SME which has already a “corporate brand” trying to develop a brand personality, and secondly the entrepreneur which his company’s image is based on his personal characteristics and values and is trying to develop a formal brand.

In SMEs which are founded by an entrepreneur, the role of personal branding is stronger than ever. Entrepreneurs in SMEs are directly promoting their products and communicate with stakeholders through personal communication channels (Stokes, 2000). There is a two-fold reason for this: 1. lack of resources and professional structures for marketing and branding which
leaves the responsibility of direct relations and promotions on entrepreneur, and 2. since the entrepreneur has kick started his novel or different idea, he himself is the responsible person for introduction and promotion of it to stakeholders (Bettiol et al., 2012). Entrepreneurial SMEs are relying on direct involvement of the entrepreneur in order to promote their novel idea in the market.

Thus, the entrepreneur becomes the icon and the motivation behind the brand and the company. He influences on the stakeholders’ perception of the brand either directly or indirectly and uses his credit in order to gain their attention and support. In order to study entrepreneur’s personal brand influence on SME brand, first the concept of personal brand and its aspects are reviewed and then the appropriate approach for studying entrepreneurial SME’s brand and the results of tests in statistical sample (Tehran and Yazd provinces) are presented.

1. LITERATURE REVIEW

1.1 Personal Brand

There is a tendency among researchers to study branding in many contexts (Butterfield, 2003) since it has a unique value and attachment to the needs of the recipient (De Chernatony & McDonald, 2003). Brand therefore is no longer associated with the product alone, but it can be extended or related to an individual’s personality (Keller, 2002; Keller, 2003; De Chernatony & McDonald, 2003; Freling & Forbes, 2005; Rein et al., 2006; Bendisch et al., 2007).

Personal brand refers to a recognized individual who is the subject of the marketing communication activities (Thomson, 2006), together with the values and characteristics that are attached to that individual (Gustafsson & Mattsson, 2006). The concept of personal brand was first introduced by Tom Peters. Personal brand includes the personality of the person as well as its expression that creates trust (Hines, 2004). Explicit personal brand provide positive, strong, and clear associations (Murali, 2005) which should be based on the personal and moral values reaching awareness level among audiences (Thomson, 2006).

There are two approaches for personal branding that include organic brand (Grannel & Jayawardena, 2004; Arruda, 2001-2005; Shepherd, 2005; Rein et al., 2006; Awan et al., 2011; Bendisch et al., 2012) and constructed brand (Grannel & Jayawardena, 2004; Rein et al., 2006; Bienek & Koch, 2003; Motion, 1999). This paper focuses on organic brand which relies on true characteristics and values of the entrepreneur and are stronger in the sense that they have real support and are original and more reliable (Grannel & Jayawardena, 2004; Holt, 2003). With increasing competition, personal brand has become a tool for creating distinctive edge for companies (Intagliata et al., 2000; Nessmann, 2009).

Personal brand in organizations generally refers to three groups of senior managers, leaders and employees. It signifies that personal brand has become the new viewpoint to organizational branding in order to fully understand the alignment of personal and organizational characteristics.

The model by Bendisch, et al (2012) is among the most comprehensive models for defining personal brand of CEOs. In this model, the identity of personal brand is derived from human identity (Bendisch et al., 2007) and role identity, in order to influence the perception of others. The main input of personal brand is personal identity (Zarkada, 2012). In fact, personal brand is the result of conscious decision of the person to reveal some parts of the individual identity in a way that distinguishes the person from others. Role identity is dependent on context and conditions (Laakkonen, 2012; Littunen, 2000; Down & Reveley, 2004) and is defined in contrast to environment.

1.2 Entrepreneurial Identity

Entrepreneurial identity is an emerging field of study (Ireland & Webb, 2007) that views entrepreneurship as a tool for self-expression and confirmation of the entrepreneur’s self. Entrepreneurship activities are formed by the identity of the person as the entrepreneur (Littunen, 2000) and his self-definition as an entrepreneur which can significantly influence entrepreneurship process (Conger et al., 2012). Entrepreneurial identity consists of a group of characteristics which are expressed in terms of recognition and exploitation of opportunities, as well as recognizing new markets, products and risk considerations (McMullen & Shepherd, 2006; Ireland et al., 2007; Shepherd & Haynie, 2009). Therefore the decisions and behavior of the entrepreneur within his organisation are directly linked to his internal processes of self expression and self approval (Farmer et al., 2011; Fauchart & Gruber, 2011; Murnieks et al., 2012).

1.3 SME Brand

Entrepreneurs are involved in the full cycle of SME creation and management. This will allow them to embed their meanings, identity, beliefs, and key values in their organisational design infrastructure (Fauchart & Gruber, 2011). Therefore SMEs are built around their founders (Carson et al., 1995; Nooteboom, 1994), and their processes of strategic behaviours and decision making are extensions of their owners (Finkelstein & Hambrick, 1996, Carpenter et al., 2004; Chatjee & Hambrick, 2007; Ling et al., 2007). As a result entrepreneurs become an inbuilt part of their company’s brand. They are the face and inner motivation of the organization for following the brand.

Therefore, brand in SMEs is a combination of entrepreneur’s personal brand and company brand. The necessity of this effective integration of brand in SMEs has been highlighted implicitly in previous studies (Wong & Merrilees, 2005; Abimbola & Kocak, 2007; Centeno et al., 2012). This paper examines issues related to this combination, which we label as ‘SME Total Brand’.
2. METHODOLOGY

Given the nature of the research, we utilize both qualitative and quantitative approaches. This gives the researcher flexibility to provide fit between approach and the given situation. In the first stage and after reviewing the research background, owners of successful six entrepreneurial SMEs were selected via convenience sampling method and interviewed and their experiences in branding were analyzed. Secondly a focus group consisting 10 entrepreneurs were formed, in order to rank indices and test the generated conceptual model.

In the third stage, the conceptual model of the research is tested using a questionnaire based on the Likert 5-scale model, and the results were analyzed by structural equations model. A 30-member sample was pre-tested in order to test the reliability and Cronbach’s alpha was calculated for every variable and following results were shown: market understanding 0.920, personal brand 0.967, entrepreneur’s influence in branding 0.955 and total brand 0.896 which shows the reliability of the questionnaire. Validity of the questionnaire was in form of content and factor validity and was approved by experts, as well as exploratory and confirmative factor analysis.

3. THEORETICAL FRAMEWORK

Brand is a market relationship concept and can be effective only when it can understand and address the total psychological, social and physical needs of the target customer base. Thus, understanding and recognizing the market and its related factors is a necessity for formation of a brand (Wheeler, 2009). On the other hand, entrepreneurs play a balancing role in the market. They recognize profitable opportunities and by accepting the appropriate risks and return satisfy the market needs (Helecombe, 2003). Entrepreneur is the person who seeks profit by taking risk and initiative (Daryani, 2010) and creates value through a form of market transformation (Burns, 2011). Interviews showed that entrepreneurs change their personal brand based on their understanding of the market. They try to assess and update their values and characteristics based on the market changes. This means that they go through a process of continuous development of personal values, weaknesses and adding competitive characteristics. These items led to the formation of the following hypothesis:

Hypothesis 1: Market understanding influences the personal brand of the entrepreneur.

SME’s brand is influenced by the entrepreneur. Entrepreneur’s contribution to strengthening and institutionalization of brand is a vital part of creating a brand in SME (Krake, 2005). The responsibility of creating, understanding the importance and maintaining a brand in SME is the focus of the entrepreneur (Krake, 2005; Wong & Merrilees, 2005). Personnel’s sense making is based on the entrepreneur’s personal beliefs and values of the company (Moore, 2012). While the entrepreneur forms the brand inside the organization, he is also responsible for creating a good external image of the brand. Since the identity of the brand is based on the characteristics of the founder (Krake, 2005; Rode & Vallaster, 2005) and the values of the founder are the main source of brand associations and identity (Rode & Vallaster, 2005; Spence & Essoussi, 2010), SME’s brand is formed along the beliefs and values of the founder. Krake (2005) refers to this as the influence of the entrepreneur.

This issue was visible in our interviews. Entrepreneurs, implicitly, tried to express their personal principles inside and outside of the company. Interviewed samples stressed that all behaviors and communications of the company should be aligned with their key values and should not be compromised in any condition. Therefore, the second hypothesis is as follows:

Hypothesis 2: Entrepreneur’s personal brand influences on entrepreneurs’ role in branding.

Total brand is the common form of branding in SMEs and is formed when there is an alignment between personal and corporate brand which is consistent with the findings of other papers (e.g. Power & Whelan, 2005). Entrepreneurs with high belief in their vision shape the identity of the organization through methods such as personal branding and storytelling and define the organization identity and its uniqueness for the employees (Moore, 2012). These common beliefs and values play as glue that keeps the organization as an intact entity (Moore, 2012). Transparent internal relations by the founder are important in creating motivation and identification with SME brand (Rode & Vallaster, 2005). The role and energy of the entrepreneur is an enabler for brand identity, as well as bringing the promise of a brand into reality (Vallaster & De Chernatony, 2006). Thus, total brand is the output of entrepreneur efforts to create a brand.

Entrepreneurs in the interviews expressed a belief that their activities, energy and interest for branding were one of the reasons for formation and success of their brand. Considering and focusing on all behavioral aspects and communications, as well as ensuring the quality of the products are all done by close attention of the entrepreneur in order to institutionalize his beliefs and viewpoint in other parts of the organization and transmit a unified view to external stakeholders and customers. This leads to our third hypothesis:

Hypothesis 3: “Entrepreneur’s influence” in branding influences on total brand.

4. STATISTICAL POPULATION AND MEASUREMENT MODEL

This paper focuses on manufacturing SMEs that are
considered entrepreneurial based on the criteria by the Ministry of Labor and Social Affair. The geographical scope of the paper covers Tehran province as one of the industrial provinces in Iran, as well as Yazd province because of the high number of private family businesses (Wikipedia.org). Therefore, 137 companies form the statistical population of the research that the author was able to take 119 filled-out questionnaires.

4.1 Market Understanding

Entrepreneurs sense the market prior to any formal market studies and define the need of market (Carson et al., 1995; Sarasvathy, 2003). Entrepreneurial companies are market oriented and try to adapt to the market and meanwhile try to change the market and utilize the market driving approach (Schindehutte et al., 2003; Bettiol et al., 2012). Interviews showed that entrepreneurial companies preauthorize adaptation to market and changes in the market very highly. Yet, they try to change market and use the opportunities to their benefit through creativity. Therefore, there are two aspects for the market understanding variable: adaptation to market and influence on market. Adaptation is studied by 6 questions which were extracted from Kohli & Jaworski indicators (1990) and Aaker (1996) and for indices related to influence on market, 4 questions was used based on the indices by Morris et al. (2002) and Schindehutte et al. (2008). Adequate sample size and Bartlett test in exploratory factor analysis in SPSS was 0.855 and 0.000 respectively which signifies that data are fit for factor analysis. Rotated matrix for this variable showed that 2 factors were identified for market understanding that were the same as defined aspects of adaptability to market and influence on market and explain %74 of the variance. Since the weight of the items in their factors is more than 0.5 and less than 0.5 in other factors, there is divergent validity.

<table>
<thead>
<tr>
<th>Table 1</th>
<th>Factor Rotated Matrix for Market Understanding</th>
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<tr>
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<tr>
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</tr>
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</tr>
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<td>.371</td>
</tr>
<tr>
<td>MD3</td>
<td>.323</td>
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<tr>
<td>MD4</td>
<td>-.022</td>
</tr>
</tbody>
</table>

The results of factor confirmative analysis showed that the designed questions have good fit for measurement of this variable. Since all factor weights for research components are more than 0.5 and significance coefficient is higher than 1.96, there is a convergent validly as well.
4.2 Entrepreneur's Personal Brand

The model by Bendisch et al (2012), which is one of the most comprehensive models of personal brand of the manager, was the basis for measurement of personal brand and we tried to define the aspects of personal identity and role identity in this model.

Entrepreneurs were asked to explain the apparent characteristics and values that have been practiced in their business. The question by this method was in accordance with a thesis by Gustafsson and Mattsson (2006). This stage led to a combination of positive personal characteristics, personal values and entrepreneurial traits. What guided the behavior of entrepreneurs were their beliefs and values which can be grouped as personal (such as honesty), entrepreneurship (such as hard work), product (such as product quality) and people (such as being considerate).

According to the model by Bendisch et al (2012), personal identity consists of two parts: personality characteristics and personal values. In order to define the indices of positive personality characteristics, the five factor model of personality are used which is widely recognized in social psychology (Digman, 1990). This is an accepted theory for measuring personal characteristics since it covers all characteristics for public and scientific theories (Moghlanlu et al., 2009).

Values have been highlighted in the management and entrepreneurship studies. In order to measure the variable personal values, two major models were considered based on an interview with experts in the field of organizational behavior: the model of classification of values by Rokeach (1973) and the model of universal values by Schwartz (1992). These models allow the researcher to study personal values comprehensively which accords with recommendation by Ahmad and Baharan (2010) for studying personal brand in SMEs.

What became clear from the role identity was that entrepreneurial values and traits (such as interest in being a pioneer, innovation and risk) were expressed outside of the company, as well as in internal decisions. In order to define indices, additional study on characteristics and values of successful entrepreneurs was conducted and two related fields were found in the literature: entrepreneurial characteristics and entrepreneurial values. Based on the identity theory, entrepreneurs are the people that define themselves by characteristics such as being innovative, pioneer and risk taker (e.g. Scarlat et al., 2011; Littunen, 2000). Moreover, entrepreneurs have unique values that make them hard workers and growth oriented in their business. Reponses related to product and work related knowledge and skills were selected as part of role identity because of high number of mentions in responses and relating to entrepreneur business, respectively. Attributing the value “product quality” to entrepreneurs is visible in Otubanjo’s model (2011) and Krake (2005).

All together, there were 119 indices and the focus group eliminated the unimportant indices and scored the remaining indices from 1 to 7. Overall, 25 indices were presented as the final indices for measuring personal brand which included 7 questions for positive personality traits, 3 questions for personal values, 10 questions for entrepreneurial traits and 5 questions for special knowledge and skills. These indices were studied in exploratory factor analysis. Adequate sample size and Bartlett test in exploratory factor analysis in SPSS was 0.878 and 0.000 respectively which showed the fit of data for factor analysis. According to rotated matrix of factor analysis, 4 factors were identified as major that were dimensions of personal branding and explain %75 of the variance. Since the weights of the items in their factors were more than 0.5 and less than 0.5 in other factors, there is a divergent validity.

Table 2

<table>
<thead>
<tr>
<th>Component</th>
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<tr>
<td>PC2</td>
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<tr>
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<td>PC7</td>
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<td>SKS5</td>
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<td>.526</td>
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</table>

The results of factor confirmative analysis showed that the designed questions have good fit for measurement of the variable entrepreneur’s personal brand. Since all factor weights for research components are more than 0.5 and significance coefficient is higher than 1.96, there is a convergent validly as well.
Figure 2
Model for Measurement of Entrepreneur Personal Brand Dimensions Under Standard Estimation

4.3 Entrepreneur’s Influence in Branding

Entrepreneur plays a facilitating role for the creation of the brand. Meanwhile, this facilitation is conducted to create certain associations for the brand. Entrepreneur’s influence specifically is expressed in the Krake model (2005) which includes passion, personification of the brand and logic of the brand.

The influence of entrepreneur was studied in interviews and revealed that it was based on what he implicitly or explicitly imagined of his brand. Entrepreneurs stated they considered some parts of them (including values and some personal characteristics) as the major aspects of their brand and were willing to pay any amount of money not to compromise any personal key values in their brands. They considered their positive aspects as the symbol of the brand since according to their belief these values and characteristics are favored by the market and are motivational for their business. This is consistent with studies that state that entrepreneurs input some parts of themselves in brand (Krake, 2005; Spence & Essoussi, 2010). Entrepreneurs were eager to create brand and used various methods for institutionalizing and expressing the brand.

Therefore, entrepreneur’s influence is measured through 3 questions based on Cardon, et al (2009) guideline which measures entrepreneur passion, 10 questions derived from Schein (1995), Krake (2005) and O’Callaghan (2009) which measure entrepreneur’s influence in creation of internal identity and 6 questions that measures entrepreneur’s influence in creating external brand image that was conducted based on the indices by Hillestad et al (2010) and Rode and Vallaster (2005). Adequate sample size and Bartlett test in exploratory factor analysis in SPSS was 0.859 and 0.000 respectively which showed the fit of data for factor analysis. The results of the table of explanation of total variance showed that 3 factors were identified as major that were dimensions of entrepreneur’s influence and explain %76 of the variance. Since the weights of the items in their factors were more than 0.5 and less than 0.5 in other factors, there is a divergent validity.

Table 3
Factor Rotated Matrix for Entrepreneur’s Influence

<table>
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<tr>
<td>PAS2</td>
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<td>.229</td>
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</tbody>
</table>

Since the results of factor confirmative analysis also shows that all factor weights for research components are more than 0.5 and significance coefficient is higher than 1.96, there is a convergent validly as well and the indices of fit of the model is appropriately measuring entrepreneur’s influence.
4.4 Total Brand

Total brand is a set of unique associations produced by personal brand of the entrepreneur and firm brand which is the result of alignment between these two. Analysis of interviews show that in studied entrepreneurial SMEs, what is considered as brand and the viewpoint that they try to convey to stakeholders is a set of associations which are partly from personal brand of the entrepreneur (including his values and traits) and partly from corporate brand (set of company assets and achievements) that are aligned with each other and are both source creating credibility. This shows that the personal brand and corporate brand are not separate entities for SMEs. Entrepreneur, who is the most important representative for expression of brand, sees his brand and firm brand as one and makes himself as the brand identity, and the resultant whole is expressed in terms of a total brand. The advantage for these companies was that their credibility, unlike many SMEs, was not only dependent on the entrepreneur but the company was able to create credibility and reputation for the business and realize the promises of the entrepreneur. Total brand acts as a core consisting personal brand and firm brand while each part of it conveys a coherent and universal message to the outside.

Therefore, total brand was conducted based on the alignment of personal brand and firm brand through approaches by Ghodeswar (2008), Aaker and Keller (1990), and Sorensen (2011) via 4 questions for alignment of personal brand and firm brand and was discussed in focus group to study its adequacy. Moreover, convergent validity of this variable was measured by confirmative factor analysis. Since all factor weights for research components are more than 0.5 and significance coefficient is higher than 1.96, there is a convergent validly as well.
Analysis of Structural Equation (Path Analysis)

The results of path analysis of the final model of the research are presented in Figure 5. Entrepreneur’s understanding of the market influences personal brand and predicts %36 of changes in personal brand. The significance number for this relation is 6.56 which indicate the approval of first hypothesis. Entrepreneur personal brand influences on entrepreneur’s influence and explains about %4 of the changes. The significance number for this relation is 2.52 which indicate the approval of the second hypothesis. “Entrepreneur’s influence” influences on total brand and determines about %69 of changes. Since the significance number for this relation is (7.43) the third hypothesis is approved as well. Moreover, the indices of fit of the model imply the good fit for this model.

![Figure 5](image.png)

CONCLUSION

This paper reveals that personal brand is continually interacting with the market and, that entrepreneurs balance their personal brand based on their view of the market at that time. Entrepreneur’s personal brand is adapted in order to adapt to market and environment. Entrepreneurs focus on riding the opportunity waves and harmonize themselves with the opportunity. In this process of continual adaptation of personal and company brands they look for creative innovations in order to keep their total brand (Krake, 2005; Rode & Vallaster, 2005).

Although the second hypothesis is approved, the low number for coefficient of determination ($R^2 = 0.04$) implies that only %4 of changes in influence of entrepreneur is explained by personal brand while many authors have concluded that entrepreneurs play a key role in SME marketing and branding and the characteristics of the founder should be studied alongside the characteristics of the SME (including Hill, 2001; Abimbola & Vallaster, 2007; Moore, 2012). Fauchart and Gruber revealed that entrepreneurs are the creators of meaning in the organization and create their company in a way that accords with their identity, beliefs and key values.

Although the findings of this paper accords with above researches, it seems that the influence of personal brand on branding activities of entrepreneurs is less than predicted. This might be the result of several factors. In the beginning growth stages for SMEs, the influence of entrepreneur on company (and brand) is higher and as the company moves towards its lifecycle, this influence is reduced. Since most of the companies in this research (about 85% of them) are above age of 6 years, they might have passed the period of high influence of entrepreneur on brand and their branding is more influenced by other factors such as market and stakeholders. Another factor might be the inclusion of the construct of personal brand, since this research was more about the influence of personal brand on other variables instead of factors that the entrepreneur injects from self to brand. Therefore, this hypothesis is more about discovering the relation between personal brand and branding activities of the entrepreneur rather than considering entrepreneur’s values and traits influence on branding. We must take into consideration the method of measuring the construct of personal brand that the respondent (company owner) has presented his/her perspective of the related questions about his brand. The studied entrepreneurs might not be willing to present appropriate answers since it created a sense of arrogance for them. Hence, modesty of the entrepreneurs to provide answers that are neutralized and different sentences that
the person expresses the real status can improve the situation. Moreover, design of questions that measure the personal brand of entrepreneur in favorable conditions and let them answer freely can be a good measure for this issue.

Another probable reason is the difference between entrepreneurs in developed countries (which is the basis of most research background) and a developing country such as Iran. Because of the long term sanctions and closed environment, entrepreneurs have mostly focused on current opportunities without true sense of free competition.

The approval of the third hypothesis is consistent with the research by Rode and Vallaster (2005) which states that entrepreneur has a key role in strong SME brands. This role includes the activities for creation of internal identity (culture in the mentioned article), as well as expression of the brand to outside.

**RECOMMENDATIONS**

Entrepreneurs possess significant traits that can make the brand distinctive. Personal values, positive personality traits and entrepreneurial characteristics can shape the spiritual part of the brand. Therefore, entrepreneurs are advised to consider these personal traits in the company and see them as a basis for success of the firm brand. Especially, these traits should be selected based on their potential to create value for the market.

While there are numerous benefits for presence of entrepreneur for SME, there is a risk that the reputation of the entrepreneur becomes totally dependent on entrepreneur and risk the brand. Creating total brand makes the SMEs to take benefit of the unique advantages of the presence of the entrepreneur, transfer them to company and limit the risks. Total brand means total alignment between personal brand and firm brand (set of assets, characteristics and advantages of the SME). In order to achieve a total brand, the entrepreneur should believe in and prioritize branding and he should be the icon of the brand both inside and outside the company. If SMEs were aware of this issue, they can define a unique identity for themselves that not only guides company in internal and external relations, but also enables them to transfer this core brand identity to later generations and therefore; the company can possess its unique identity in later growth stages and even with different managers.

**REFERENCES**


Understanding the Role of Entrepreneur’s Personal Brand in SMEs Total Brand


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