

Role of Marketing Strategy in Supporting Entrepreneurship Development: A Study of Small and Medium Sized Enterprise (SMEs)

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Abstract. Marketing is an important element in a successful of entrepreneurship development. Elements of the marketing mix can influence decision making in purchasing by consumers in daily life. Thus, this study was conducted to examine the role of marketing strategy in contributing towards the development of entrepreneurs in Small and Medium Sized Enterprises (SMEs). This study uses quantitative methods. The sample consists of 275 entrepreneurs were involved in this study who run business in Kedah and Perlis. The results indicate that role of marketing strategy and entrepreneurship development represented of R² 55.20 percent was due to other external factors. The study found that entrepreneurship development is influenced by two dimensions, namely promotion and distribution. Next, this research contributes to the literature that focuses on the development of existing customer satisfaction. In addition, this research has implications for potential SME entrepreneurs to apply a mix of marketing strategies effectively and efficiently in the sales environment. Finally, the implications for theory and practice in detail as well as future research proposals are also discussed.

Keyword: Marketing strategy; Small and Medium Enterprise; Entrepreneurship Development; Entrepreneur

INTRODUCTION

Entrepreneurship plays an important role in the economic growth and development of the nation. It is a purposeful activity that includes initiation, promotion, and distribution of wealth and service (Ardianwiliandri, Lukodono & Efranto, 2021; Hasmira Alias & Aziah Ismail, 2021). An entrepreneur is a critical factor in economic development and an integral part of the socio-economic transformation. It is a risk-taking activity and challenging task, that needs utmost devotion, total commitment, and greater sincerity with the fullest involvement for his personal growth and personality. The entrepreneurial career is not a one-day job nor is it a bed of roses. Prosperity and success never come easily. It takes time and needs hard work. Systematic planning and business acumen to be a successful entrepreneur. Therefore, through the National Entrepreneurship Policy (DKN 2030) government will continue to enhance entrepreneurship development programs to cultivate the right mind-set for those who are interested in becoming entrepreneurs. In addition, the government creates a conducive and comprehensive entrepreneurial ecosystem to support entrepreneurship development by taking into account the diverse characteristics of entrepreneurs, cooperatives, agriculture-based associations, social enterprises and small and medium micro enterprises (SMEs). Regarding of that Suhaila Nadzri et al., (2014) mentioned that government will implement initiatives to improve governance, regulation, institutional role and funding to boost the performance of entrepreneurs. This initiative will provide comprehensive support to create a supportive environment, increase entrepreneurial potential and accelerate growth (Rifely Dewi Astiti, Adi Zakaria Afiff and Tengku Ezni Balqiah, 2018).

In a rapidly changing global economy with the current scenario such as rising prices and inflation, the SME industry is increasingly potent for national economic growth and moving forward for survival. Thus, O'Dwyer, Gilmore, and Carson(2009) blamed that the development of varied and competitive SMEs is vital for creating economic flexibility and contributing to growth. Entrepreneurs are always helped by the incentives provided by the government. However, not all SMEs can compete in the market, particularly SMEs in micro-sized. Researchers believe that there is a gap between the products manufactured by SMEs and

consumer acceptance. Most of the problems that existed more focused on marketing activities such as product strategy, pricing, promotion and distribution carried out by SMEs. However, not all SMEs can compete in the market, particularly SMEs in micro-sized (Reijonen & Laukkanen, 2010).

A previous study showed that there is a gap between the products manufactured by SMEs and consumer acceptance (Ivanova et al., 2022). Most of the problems that existed more focused on marketing activities such as product strategy, pricing, promotion, and distribution carried out by SMEs. From the point of the campaign, SMEs need to use the new advertising to market their products. This is because the achievements of local SMEs are still low despite the high-quality products and the potential to be marketed to a global level (Khrais & Alghamdi, 2022). Besides, a study conducted by Ida Nadia Hamidon (2009) revealed that consumer complaints and problems identified by the researcher are related to marketing in terms of product quality, advertising, and consumer difficulties obtaining supplies of SME products. In general, despite the government's efforts towards SMEs, but there are weaknesses, particularly in marketing. Consequently, Zainalabidin Mohamed et al. (2012) blamed that the products of SMEs are less well received by consumers even though the government has provided various incentives and assistance to entrepreneurs to increase their sales. In addition, the influx of products from foreign brands that have strong current provides more choice to consumers to make the best decisions in their purchases. Recognizing the significant contribution of SMEs to the country, the study was conducted to investigate the role of marketing in the development of entrepreneurs in SMEs. Researcher studying the relationship between marketing mix strategy and SMEs development.

Recognizing the significant contribution of SMEs to the country, the study was conducted to investigate the role of marketing in the development of entrepreneurs in SMEs. Researcher studying the relationship between marketing mix strategy and SMEs development. This study is organised into five parts. After the previous introduction to the background of the study, the following section presents a reassessment of the related literature in order to develop hypotheses for testing using structural equation modelling. Subsequently, the research methodology is described, including questionnaire survey, study sample, and analysis methods. An analysis of the empirical study data is presented in the fourth section. Finally, the theoretical and practical implications of the study findings are discussed in section five

LITERATURE REVIEW

Entrepreneurship development in Malaysia plays an important agenda in national development planning through the provision of facilities and support to SMEs. Meanwhile, SMEs play an important role in maintaining economic sustainability to economic development and stability. Looking at this potential, SME entrepreneurs can play a role by taking the opportunity by expanding the market for the products produced. Therefore, in order to boost entrepreneurship, the implementation of marketing strategies needs to pay attention to SME products. Hence, marketing and entrepreneurship strategies are elements that need to be highlighted in order to achieve a sustainable competitive advantage by understanding the needs and wants of customers.

2.1 Marketing Strategy

A marketing strategy is a form of plan formed in the field of marketing. Marketing strategy is a company planning process in marketing and introducing products or services offered to consumers to achieve a goal with all the risks that will be faced (Stokes, 2000). In this context, SMEs can use elements of the marketing mix to focus on factors that will drive customers to buy products from a particular organization rather than from competitors (Norsyaheera Abd Wahab & Lailatul Faizah Abu Hassan, 2015). Accordingly, Rabitah Harun and Shuhymee Ahmad, (2020) mentioned that a good marketing strategy not only takes into account the internal aspects controlled by the company but needs to analyze the environment the company faces. This is because rapid competition in the marketing environment forces SMEs to identify new ways to satisfy customers and offer continuous value to customers with the right techniques. The implementation of an effective and successful marketing strategy depends on the company's operations combining knowledge of the marketing mix strategy in the field of entrepreneurship that is appropriate to a coherent program of action that can support the strategy to be implemented.

In this regard, the study of Nurulhayah Muhamad and Ahmad Helmi Rushdi Ahmad Ajazi (2017) conducted on students of the Melaka Islamic University College obtained positive and significant results between products and customer satisfaction at the supermarket. Based on the study, the marketing strategy gives satisfaction to customers towards building customer trust and adding value to the product. Furthermore, Mahani Amat and Suraiya Ishak, (2020) stated that the price of a product is based on the suitability of the item and supports the development of the product. Next, the customer sees that the price of a product is in line with the quality or performance. Previous study Khamaludin et al. (2021) mentioned that product innovation has a positive and significant impact on marketing performance. The study showed that innovation elements also have an impact on marketing. This means that innovation is not neutral in helping entrepreneurs create or produce creative and innovative products. Besides that Chaniago and Abdul Malik Sayuti, (2022) conducted a study on vocational college in Bandung, Indonesia. Based on study revealed that students make the most use of the technologies available on social media for business and interactively communicate with their customers. Therefore, social media plays a role in accelerating the growth of entrepreneurship among students.

2.2 Entrepreneurship Development

The level of entrepreneurship development can be linked to the development of SMEs pioneered by the government through the nine Malaysia Plans that were formulated after independence in 1957 (Amran Awang, 2006). The entrepreneurship development in Malaysia is produced in four aspects. The first is the theory and approach to entrepreneurship development. The second is the level of entrepreneurship development. Third, is the entrepreneurial development models. Fourth, entrepreneurship development is based on the Malaysia Plan. Entrepreneurs play an important role and are contributors in the business sector and the development of the country's economy. Until today, some entrepreneurs are involved with business online by using various e-commerce platforms to publicize the products they sell (Faradillah Iqmar Omar et al., 2022). Thus, the Franchise Development Program is a marketing program aimed at developing Bumiputera SMEs in the commercial, service and industrial sectors. In addition, the industrial chain program was created to encourage Bumiputera SMEs to become competent and competitive suppliers to supply equipment and components or

services to large industries and multinational companies.

In additional, Hasmira Alias and Aziah Ismail (2021) showed that the development of entrepreneurial attributes among KPM Vocational College students is an important element in running a business. For the strategy of cultivating entrepreneurship, all three vocational colleges invite alumni and successful entrepreneurs to share the success stories of an entrepreneur. In addition, Shahrizin Abdul Sarhadat et al. (2020) carried out a case study of the Majlis Amanah Rakyat (MARA) which examines the dimensions of provider-receiver interaction in social services provided by MARA. The result revealed that SME development is a process that should be supported to ensure the development of a more intact firm.

2.3 Research on Small and Medium Enterprises (SMEs)

The study of SMEs has become an interest among past researchers such as Abu Shams Mohammad Mahmudul Hoque & Zainudin Awang, (2019); Faradillah Iqmar Omar et al., 2022; Lim & Teoh, (2021); Sheerad Shahid et al., (2015) and Yener et al., (2012 from various perspectives, and the findings are different. In fact, early studies focused more on the implementation of the new product development process among large-sized organizations compared to SMEs. Whereas SMEs cannot follow or imitate the implementation of the new product development process of large-sized organizations due to the fact that both have different characteristics. Acceptance of a product and service in the market is closely related to the 4P's. Consumer perception of a product is also very important to maintain loyalty to SME development. Therefore, a comprehensive study needs to be conducted on SMEs in order to identify the characteristics of the strength of the marketing mix so as to be able to attract more consumers to choose and accept certain products and services. Further research regarding the goals and obstacles throughout the implementation of the development process that SMEs often face is still lacking and requires further research.

METHODOLOGY

This study applied quantitative methods as a research medium. The aim of this method is used to find the relationship between variables studied and used to describe a situation under review. Data for the study were collected from a cross-sectional study which required the respondent's answers questionnaire distributed by the researcher. The population is comprised of SME entrepreneurs located in the northern region of Peninsular Malaysia which is Kedah and Perlis. In this study, purposive sampling was used for those who became participants in the organized course conducted by FAMA and Tekun Nasional. A total of 669 questionnaires were distributed, however, only 275 questionnaires were usable and proceeded to data analysis. A questionnaire was used as a research instrument. The questionnaire contains information on demographics, information companies and businesses and related as appropriate for practices of the entrepreneurship factors. The questionnaire was constructed and adapted from Ida Nadia Hamidon (2009). All the responses were based on Five-point Likert scale measurement ranging from "strongly disagree" to "strongly agree".

Analysis and Result

Data were analysed through IBM Statistical Package for Social Sciences (SPSS) version 22. This study used descriptive and multiple regression to analyse the data. The descriptive statistics of the sample are listed in Table 1. The sum of the respondent of this research is 275 of data

was obtained from SME entrepreneurs. For detail illustration, Table 1 demonstrated of respondent profile.

Table 1: *Demographic Profile of respondent Characteristics*

Demographic Profile		Frequency	Percentage (%)
Gender	Male	120	43.6
	Female	155	56.4
Age	18 -25 years	31	11.4
	26-33 years	84	30.5
	34-41 years	70	25.5
	42-49 years	59	21.5
	50 above	31	11.3
Status	Single	34	12.4
	Married	179	65.1
	Divorced	40	14.5
	Widow/widower	22	8
Level Education	SPM	47	17.1
	Diploma	138	50.2
	Degree	60	21.8
	Master	30	10.9
Income	Below RM5000	61	22.2
	RM5,000-RM10,000	160	58.2
	RM11,000-RM16,000	39	14.2
	RM17,000-RM22,000	10	3.6
	RM23,000 above	5	1.8
Business Entities	Sole proprietorships	27	3.6
	Partnership	39	1.1
Business Category	Manufacturing	143	52
	Service	107	38.9
	Agriculture	25	9.1

The exploratory factor analysis was used to determine the construct validity of product, price, promotion, place, and entrepreneurship development. The Principal Component Analysis (PCA) was used to assess the dimensionality of the measures, in this light, PCA performed to assess the factorial structure of the scales. The results of the factor analysis showed the Kaiser-Meyer-Olkin (KMO), which surpassed the .6 and the Bartlett Sphericity test (BTS) which was significant with $p < .05$. One possible reason is the number of samples which was less than 200 people, Hair, Black, Babin., and Anderson (2010) suggested that the adequacy of the sample measured is .45. All of the variables passed both the statistical tests of Kaiserr-Meyer-Olkin (KMO) which is a measure of sampling adequacy and Bartlett's Test of Sphericity for statistical significance. These tests confirmed the factorability of the data collected through the scales. The reliability score for product, 0.75, price 0.85, promotion, 0.74, place, 0.81 and entrepreneurship development 0.73. The results of the factor analysis as shown in Table 2, indicated that each factor was validly represented by its relevant items.

Table 2: *Validity and Reliability of Instruments*

Item	Product	Price	Promotion	Place	Development
P1	0.689				
P2	0.728				
P3	0.707				
P4	0.753				
P5	0.721				
PR1		0.710			
PR2		0.722			
PR3		0.892			
PR4		0.740			
PR5		0.779			
PRO1			0.712		
PRO2			0.793		
PRO3			0.860		
PRO4			0.770		
PRO4			0.756		
PL1				0.772	
PL2				0.685	
PL3				0.697	
PL4				0.638	
PL5				0.721	
				0.823	
ED1					0.796
ED2					0.858
ED3					0.699
ED4					0.747
ED5					0.759
ED6					0.985
Percentage variance explained %	66.77	60.67	36.96	52.57	49.89
KMO	0.692	0.808	0.663	0.839	0.815
Bartlett's Test of Sphertity	116.8	340.3	148.16	308.3	306.58
Reliability	0.750	0.835	0.740	0.818	0.731

The result was illustrated on Table 3 which revealed the promotion and place have positive significant towards entrepreneurship development.

Table 3: *The Effects of Marketing Strategy towards Entrepreneurship Development*

Variable	Beta	T Value	P value
Product	0.060	0.749	0.455
Price	0.077	0.962	0.338
Promotion	0.197	2.462	0.015
Place	0.163	2.022	0.045
R^2 0.678			
F-Statistic 85.63			
Sig: 0.009			

Based on Table 3 result revealed that the promotion and place have positive significant towards entrepreneurship development. The result shows the value of R^2 presents as much as 67.8 percent of entrepreneurship development is explained by the variables. Next, the F-Statistic value proves that variables such as product, pricing, promotion and distribution contribute to the development of entrepreneurship ($F = 85.63$; $p < 0.01$). Then overall the results present findings related to product variables ($\beta = .060$; $t = .749$; $p > 0.05$), pricing ($\beta = .077$; $t = .962$; $p > 0.05$) promotion ($\beta = .197$; $t = 2.462$; $p < 0.05$) and distribution ($\beta = .163$; $t = 2.022$; $p < 0.05$). The empirical findings show that products and pricing cannot be proven to influence the entrepreneurial development of SME products. Meanwhile, promotion and distribution can each be proven as independent variables that influence and have a significant relationship to the development of entrepreneurship.

CONCLUSION AND DISCUSSION

The dominant goal of this study was to review the extant literature on the topic of entrepreneurship development and to encourage further investigation in the area by confirming and expanding upon the currently known marketing theory. Entrepreneurship development in Malaysia is an important agenda in national development planning through the provision of facilities and support to SMEs. The government's role through its agencies in the development of SMEs product is very encouraging. The seriousness and commitment of the government will be able to produce higher performance if the focus is given specifically according to the level of entrepreneurship development. In addition, this study is proposed to be able to open a new chapter toward discoveries that are more meaningful and appropriate to the needs and requirements of the company or organization being studied. Because the sample of this study is limited to a small number of samples, therefore, it is recommended that future studies should be conducted in locations that involve public or private organizations. Based on the analysis conducted, the researcher found that marketing is an important element in entrepreneurship. This is because marketing allows entrepreneurs to know their customers, know that there is competition, use appropriate dissemination or publicity techniques, identify the correct and effective distribution channels, develop a marketing plan through segmentation, targeting, marketing research, and develop a marketing strategy. In addition, the study can help entrepreneurs in the sales planning and pricing strategies and also enable SME entrepreneurs to market their products to customers, which consist of wholesalers, retailers, and end users. Regard of that, they

face problems in marketing their products to this group of people because they are not financially able to carry out their own promotional, advertising, or packaging activities when compared to the larger industry. Based on the findings obtained, only promotions and distributors have a positive relationship with customer satisfaction. The results showed that promotional activities carried out by SMEs have a good and effective effect on customers. Likewise, from the point of view of the distribution of SME products, showing a suitable location and strategic position gives satisfaction to customers. This study is in line with several related studies such as Norsyaheera Abd Wahab and Lailatul Faizah Abu Hassan (2015) and Riyadi dan Rangkuti (2016) which refer to the marketing mix affecting customer satisfaction.

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