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Small medium enterprises (smes) growth model (marketing entrepreneurial approach)

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Abstract

Research on entrepreneurship has focused on a personal approach where business success is determined by the characteristics and competencies of the owners / managers of small businesses. Managerial approach also has significance as a factor determining the success of SMEs. Managerial approach emphasizes entrepreneurial behavior in running a business, including in this approach is the strategy, innovation, and marketing. Determinant of the success of small businesses is not only determined by the owner / manager, but is also determined by how the owner/manager to run the business, environmental influences including competition, economic conditions, and resources. Theoretical studies required the development of an integrative model among individuals, organizations, and the environment that contribute to business growth. Several studies have been conducted on internal factors include individuals and organizations, how the relationship between the individual factors in developing further analyzes effective organization of environmental factors, how environmental factors in this case acts as an inhibiting factor or a growth driver. Finally, it is also an important application of the marketing concept of entrepreneurship as an integrative model, in terms of resource constraints and problems that exist in small businesses.

Keyword: *integratif model of entrepreneurial, personal approach, managerial approach, entrepreneurial marketing appro*

INTRODUCTION

SMEs proved able to survive the uncertain economic conditions, even able to absorb the labor force is large enough, but the problem is the success rate is still low (Sarwoko, 2013). Research shows the factors that influence the success of SMEs so far can be classified into 3 groups: individual factors, organizational factors, and environmental factors (Baum et al., 2001; Papadaki dan Chami, 2002; Zhang and Wit, 2009). Two main factors have often been the focus of entrepreneurial research are individual factors and organizational factors. Individual factors include the characteristics of the owner/manager, owner/manager competences in the entrepreneurial process (Booheme, 2008; Nimalathasam, 2008; Li, 2009; Sarwoko, 2013) demographic factors, entrepreneurial competence (Lee dan Tsang, 2001; Kiggundu, 2002; Man et al., 2002; Blackman, 2003; Zoya dan Herath, 2007; Potey dan Meredith, 2007; Man & Wafa, 2008; Ahmad et al, 2010, Sarwoko, 2014). Individual factors that affect the SMEs performance can be divided into 4 groups: 1) personal characteristics; 2) psychological characteristics; 3) human capital; 4) behavioral (Li, 2009).

Research on organizational factors include characteristics of the company, the organization's resources, the company's competency, organizational culture, structure, strategy (Covin & Slevin, 1991; Sarwoko, 2014; Street & Cameron, 2007). Included in the organizational factor is the emphasis on the behavior of the owner/manager in the operations to succeed. Owner/manager will determine the strategy by considering environmental factors, meaning that

the behavior will affect managerial decisions that result in business performance (Covin and Slevin, 1991; Hasim, 2000; Gibcus dan Kemp, 2003; Li *et al.*, 2005, Sarwoko, 2013).

SME is a unique business, has characteristics that are not the same as large companies, including in applying marketing. The concept of marketing has been growing (traditional marketing) originally developed for large companies, can not be directly applied to small businesses without adjustments, then comes entrepreneurial approach marketing as kotingensi approach is more appropriate, in terms of resource constraints and problems that exist in SMEs (Stokes, 2000). Entrepreneurial marketing has attracted researchers not only from a marketing and entrepreneurship, but also of economics, psychology and sociology. Initially entrepreneurial marketing is the marketing activities undertaken in the new venture (Ionita, 2012). Entrepreneurial Marketing is an organizational function and the processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and stakeholders, and is characterized by innovation, risk-taking, pro-active, and may be done with limited resources power (Kraus, Harms *et al.*, 2010). This article discusses the importance of entrepreneurial marketing approach that is integrated with a personal approach (individual factors), the organization, as well as the environment as a determinant of successful models of small and medium enterprises.

Literatur Review

Personal Approach

Research on personal factors that affect the performance of the business can be divided into 4 groups (Li, 2009), namely:

1. Entrepreneur characteristics, traits and motives which distinguishes an entrepreneur instead.
2. Psychological characteristics: the need for achievement, internal locus of control, risk-taking, creativity, and innovation.
3. Human capital: education, work experience, experience, skill and technical knowledge.
4. Behavioral: entrepreneurial competence to identify and define the characteristics of a successful manager.

Special behavioral group developed the concept of entrepreneurial competency shows the relationship between the owner attribute behavior that will affect the success or performance of the business. Attributes are characteristics of entrepreneurship that include demographic characteristics, attitudes, knowledge, skills, abilities, skills and behavioral tendencies are needed to achieve business success (Kiggundu, 2002; Ahmad; 2010, Sarwoko, 2013).

Research with managerial approach found that the effective use of resources and efficient ultimately determine the performance/success of the business. In this way the performance of the organization depends on how strategies and implement practices to handle effectively and efficiently organization. Li *et al.* (2005) states that the performance of business related to entrepreneurial strategies. Entrepreneurial strategy is positively related to business performance because it can help companies to take advantage of the start of the activity in advance and take advantage of existing opportunities (Zahra & Covin, 1995).

Organizational Approach

The company's growth is the increase certain attributes such as sales, production, and profitability of a company between two points within a certain time (Hakkert & Kemp, 2006). The company's growth is determined by the effectiveness and capabilities of the company's resources such as labor, capital and knowledge acquired, organized and transformed into products and services through the activities of the organization, practices and structures (Nickell, Nicolitsas & Dryden, 1997).

Organizational approach in entrepreneurial emphasis on 1) the attributes of the company; 2) strategy; 3) resource companies; 4) the organizational structure; and 5) the ability to dynamically (Zhou and Wit, 2009). So the research on organizational factors emphasis on entrepreneurial behavior in conducting their business in order to succeed, including in this approach is 6) strategy and innovation.

3 The general finding in the literature is that most small companies, developing start small and grow, but it is easy to fall due to competition. One major reason is that most of them start businesses that are imitative 6 in mature industries that serve local markets (Baldwin and Gellatly, 2003). Samundsson and Dahlstrand (2005) studied 262 young technology-based Swedish company and found that companies that want to take advantage of new market opportunities based knowledge tends to achieve substantial growth 3 than companies who want to exploit market opportunities based on existing knowledge. Environmental factors in this competition is a factor causing small businesses to grow.

Entrepreneurial Marketing Approach

The concept of entrepreneurial marketing is focused on innovation and development of ideas in line with an intuitive understanding of market needs. In the traditional marketing assumes that a thorough assessment of the needs of customers ahead of the development of a product or service development (Stokes, 2000). Entrepreneurial marketing is a concept that developed between the marketing and entrepreneurship. Entrepreneurial marketing construct not only the relationship between marketing and the entrepreneurial process which has existed as a conceptualization of conventional, but fully cover all aspects of marketing and entrepreneurship (Morrish, Miles et al., 2010), thus becoming strategic orientation even exceed the marketing function (Schindehutte dan Morris, 2010).

The fundamental difference between traditional marketing with an entrepreneurial marketing according to Stokes (2000) are presented in the following table:

Table 1. Differences in Entrepreneurial Marketing Traditional Marketing

Marketing Principles	Traditional	Entrepreneurial
Orientations	Customer orientation	Inovation
Strategy	Top down approach	11 Bottom up approach
Methods	4/7 20U /CTMGVKPI OKZ 11	Word of mouth, direct selling, referrals methods
Market intelligence	Formalized and intelligence system	Informal networking and information gathering

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DISCUSSION

1. Personal Approach (Owner/Manager and SMEs Performance)

An entrepreneur has different characteristics and practices vary, it is important to understand the relationship between the characteristics of the owner / manager with the performance. Previous research shows small-business performance is determined by personal values of the owner / manager (Zoyza and Herath, 2007; Lee and Tsang, 2001; Street, 2007; Blackman, 2003; Nimalathan 2008). Performance/business success is determined by: individual characteristics, organizational characteristic (Street, 2007; Nimalathan, 2008, Sarwoko, 2013).

In general, the characteristics of the owner/manager leads to competence, consisting of motive someone, nature, aspects of the role of a person's self-image or social, skills, and knowledge are used (Boytazis, 1982). So the role attribute the behavior of entrepreneurs will be

1 determined by their competence. 1 competence will play a mediating relationship attributes with the behavior of entrepreneurs. the experience of entrepreneurs, training, education, family background and demographic variables are being considered as factors affecting the entrepreneurial competence (Herron and Robinson, 1993). This suggests a relationship between the characteristics of entrepreneurs with competence (Sarwoko, 2013).

The success or failure of the business will be affected by the skills and abilities (competencies) of owners/managers. The role of the entrepreneur reflects the competencies required by employers to ensure business survival and success of the business. The role of the owner/manager is focused on the development of entrepreneurial competence (Akhmad 2010; Kiggundu, 2002). So the stronger the knowledge, skills and abilities of the manager / owner will cause the higher the ability to face changes in the external environment, so as to define a strategy to address these environmental changes (Sarwoko, 2013).

2 Entrepreneurial competence significantly influence the success of a businessman Ahmad et al. (2010), on small businesses in Malaysia found that entrepreneurial competence as a predictor of business success of SMEs in Malaysia. Ability and personality characteristics of those who manage the company is universally regarded as one of the most powerful factors have a positive or negative impact on the performance (Zoysa and Herath, 2007).

2. Organizational Approach

Li et al. (2005) suggested a relationship between entrepreneurial strategies and performance with environmental factors and the company's competency as a moderate variable. Special entrepreneurial strategy has a positive relationship with performance when the environment is highly uncertain and when the company has a strong marketing competence. Entrepreneurial strategy is positively related to business performance because it can help companies to take advantage of the start of the activity in advance and take advantage of existing opportunities (Covin & Slevin, 1991; Zahra & Covin, 1995).

Business performance depends on how the preparation of the strategy in the management of the organization and to apply business practices effectively and efficiently. These practices are determined by the characteristics of entrepreneurship (Nimalathasan, 2008). According Kotey and Meredith (1997) empirically owner/manager of personal values, business strategy relationship to enterprise performance. Differences in personal characteristics will determine the difference in the strategy, and will affect the performance (Boohene, 2008). Rue and Ibrahim (1998) found a positive relationship between strategy and performance of the company, as well as presenting various types of strategies and their impact on performance.

A key factor in the creation and implementation of the strategy in small business is the influence of the value of the owners / managers (Olson and Currie, 1992). Owners/managers values determine business objectives and influence their management style, problem-solving and decision-making as well as business structure and strategies used (Verheij et al., 2002). SMEs are usually formulated strategy on non-formal (McCarthy, 2003), because small companies typically do not write the formulation of strategies, they develop strategies and inferred from the pattern of behavior of the owner-manager and the allocation of resources (Schindehutte and Morris, 2001). So the business strategy will be determined by how the ability of owner / managers in the face of environmental situation changing, meaning that the success of the strategy on the achievement of personal performance is determined by the value that has the entrepreneurial competence.

3. Entrepreneurial Marketing Approach

The application of entrepreneurial marketing depends on two things: 1) the ability of owner / managers to predict changes in the business environment, 2) long-term corporate objectives, namely growth (Westerlund and Leminen, 2012). Entrepreneurial Marketing concept developed is actually a long time, but started the receipt of marketing concepts in entrepreneurship, started in 1982, and the results of the first empirical studies of entrepreneurial marketing started in 1985, this period is the first milestone in the development of entrepreneurial marketing. Ten years later, namely in 1996 began the second milestone in which the research results see the similarities between marketing and entrepreneurship. In the end, after 20 years, conducted a symposium to encourage quality scientific thinking and research on Entrepreneurial marketing in 2006, and developing ideas and thoughts about marketing entrepreneurian (Ionita, 2012).

Entrepreneurial marketing will bring new elements and strengthen the existing elements, such as a focus on change, innovative attitude and alertness to opportunities. Entrepreneurial marketing will integrate entrepreneurs or entrepreneurs in the marketing process (Hultman, 1999).

There is a difference between entrepreneurial marketing with traditional marketing. If traditional marketing simply related to marketing activities undertaken, entrepreneurial marketing is a concept that is not necessarily related to company size, age or resources. An owner/manager of a small business can not directly apply the concept of conventional marketing, due to the small business has unique characteristics that differentiate with other business organizations, so as to be oriented innovation, approach from the bottom up, the target is based on a customer, the method of interaction marketing, mout of mouth, direct selling, as well as the network is done on an informal basis for the purpose of small business can succeed.

4. Future Research

Discussion about the success and growth of small businesses would have known about the factors that influence. Although it proved to be a small business to survive in the face of the economic crisis, but many have not managed to grow and develop into a business that has long-term prospects. This is due to start from the characteristics of the owner/manager, the behavior of the owners/managers in running their business more oriented to short-term gain, low competitiveness, and ability to apply the concept of marketing is low. Various studies entrepreneurship successfully test and prove the determinants of the success of small businesses, but with a research perspective different, because based on discussions on the approach to the individual, the organization's approach, and the approach of entrepreneurial marketing is necessary to do research to develop an integrative model of the performance of SMEs, as in figure 1.

Entrepreneurial research starts from the attention on aspects of entrepreneurs (owner/manager), how the characteristics of an entrepreneur, competency owner/manager in the entrepreneurial process, demographic background, psychological characteristics, human capital (Booheme, 2008; Nimalathasam, 2008; Li, 2009; Sarwoko, 2013), kompetensi wirausaha (Lee dan Tsang, 2001; Kiggundu, 2002; Man *et al.*, 2002; \$NCEMOC, 2003; 164GICP *et al.* 2005; Zoya dan Herath, 2007; Kotey dan Meredith, 2007; Man & Wafa, 2008; Ahmad *et al.*, 2010).

Individual characteristics are not sufficiently considered as a determinant of success, because basically the individual characteristics will determine the competence of an entrepreneur. Owner/manager is the person running the business, the management of a business is determined how the behavior of the owner/manager in the operations to succeed, establish appropriate strategies to read the market opportunities and meet market demand, using the organization's resources effectively and efficiently, as well as building a culture. So the organization as well as the factors determining the success of a small business, which includes characteristics of the enterprise, the organization's resources, the company's competency,

organizational culture, structure, **strategy** (Covin & Slevin, 1991; Sarwoko, 2014; Street & Cameron, 2007). Owner/manager will determine the strategy by considering environmental factors, meaning that the behavior will affect managerial decisions that result in business performance (Covin and Slevin, 1991; Hasim, 2000; Gibcus dan Kemp, 2003; Li *et al.*, 2005, Sarwoko, 2013).

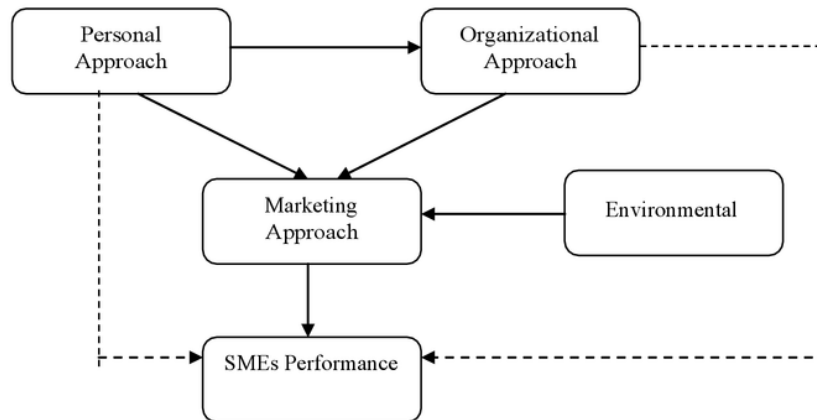


Figure 1. SMEs Growth Model (Entrepreneurial Marketing Approach)

Strong individual characteristics which will be able to run the organization effectively and efficiently, two aspects of this individual and organizational factors that will determine the success of small businesses. One more aspect that is equally important is how small businesses are able to apply entrepreneurial marketing as the final part of a business activity. Business environment increasingly strong competition, on the other hand a small business has unique characteristics, so as to be able to implement a marketing strategy that fits entrepreneurial according to the characteristics of the organization and characteristics of the owner/managers.

Entrepreneurial marketing as a marketing approach in entrepreneurship need to be tested empirically, because small businesses have different characteristics from conventional business in general, due to be oriented innovation, using an approach from the bottom up, the target is based on a customer, the method of interaction marketing, mout of mouth , direct selling, as well as the network is done on an informal basis for the purpose of small business to be successful, so expect the above research model can be tested by the researchers in the field of entrepreneurship.

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