



SMES PERFORMANCE: THE ROLE OF ENTREPRENEURIAL MARKETING AND MARKETING CAPABILITIES

Zakiah Zahara
zakiah66.zm@gmail.com

Abstrak

Saat ini keterampilan kewirausahaan memiliki peran penting bagi UKM untuk meningkatkan kinerja pemasaran dan digunakan sebagai keunggulan kompetitif untuk meningkatkan persaingan bisnis. Penelitian ini bertujuan untuk menganalisis secara mendalam pengaruh pemasaran kewirausahaan terhadap kinerja pemasaran melalui peran kapabilitas pemasaran UKM. Penelitian deskriptif kuantitatif yang peneliti gunakan untuk mengetahui hubungan antara masing-masing variabel didukung oleh penjelasan deskriptif. Sebanyak 120 pelaku UKM dijadikan sampel dengan teknik penarikan menggunakan rumus Yamane dan Isaac. Setelah data terkumpul, selanjutnya dianalisis menggunakan analisis jalur dengan bantuan software SmartPLS. Hasil penelitian menunjukkan bahwa entrepreneurial marketing dan kapabilitas pemasaran berpengaruh signifikan terhadap kinerja pemasaran, serta kapabilitas pemasaran secara tidak langsung memediasi hubungan yang signifikan antara entrepreneurial marketing terhadap kinerja pemasaran. Berdasarkan hasil penelitian ini, dapat disimpulkan bahwa pentingnya pelaku UKM dalam memahami dan mengimplementasikan dimensi dari *entrepreneurial marketing* yang terdiri dari sikap proaktif, inovatif, berani mengambil resiko, pemanfaatan sumber daya, penciptaan nilai suatu produk, dan penciptaan peluang bisnis yang akan berdampak pada keunggulan bersaing dan kinerja pemasaran UKM.

Kata Kunci: Pemasaran Kewirausahaan, Kapabilitas Pemasaran, Kinerja Pemasaran UKM

Abstract

Today entrepreneurial skill have a vital role for SMEs to improve marketing performance and used as a competitive advantage to enhance the business competition. This study aims to analyze more deeply the influence of entrepreneurial marketing on marketing performance through the role of marketing capabilities of SMEs. The quantitative descriptive research that the researcher uses to determine the relationship between each variable was supported by a descriptive explanation. A total of 80 SMEs actors were sampled with a withdrawal technique using the Yamane and Isaac formula. After the data was collected, then analyzed using path analysis with the help of software SmartPLS. The results show that entrepreneurial marketing and



marketing capabilities significant effect on marketing performance, as well as marketing capabilities indirectly mediate a significant relationship between entrepreneurial marketing on marketing performance. Based on the results of this study, it can be concluded that the importance of SMEs in understanding and implementing the dimensions of entrepreneurial marketing which consists of being proactive, innovative, taking risks, utilizing resources, creating value for a product, and creating business opportunities that will have an impact on competitive advantage and SME marketing performance.

Keywords: *Entrepreneurial marketing, marketing capabilities, Marketing Performance of SMEs*

INTRODUCTION

Small and Medium Sized Enterprises (SMEs) are one of the business fields that are the pillars of the Indonesian economy, this is due to the absorption capacity of SMEs for largest workforce and is close to small communities (Jauhari, 2010). In line with the growing competition in the world of SMEs, SMES owners are required to be able to compete in order to stay in the best position among other SMEs that are increasingly emerging with the aim of maintaining the existence of SMEs. Many strategies are implemented by SMEs in order to improve and maintain their performance, one area that is an important concern for SMEs is the process of procuring raw materials (Prasanti, 2017). All over the country, Micro, Small and Medium Enterprises (SMEs) are pillars of the people's economy that absorb formal and informal workers and contribute to a country's Gross Domestic Product. In Indonesia, from 2010 to 2018, SMEs absorbed an average of 95 million workers annually. Even in 2015, SMEs were able to absorb a workforce of 123.2 million. Contribution of SMEs to Gross Domestic Product from 2010 to 2019 is 56% (Nadyan et al., 2021). But different thing from current conditions, when the covid19 pandemic attacks the whole world, it is SMEs who first experience and feel the negative effects in terms of business performance, so that its contribution to Gross Domestic Product experienced a very large decline, which is estimated at around 37%. Marketing strategy plays an important role for any company, both SMES scale and large scale to stay in a competitive market environment and become superior. Therefore, it is necessary to play an important role entrepreneurial marketing for enhance entrepreneurial marketing applied to describe the marketing process of companies pursuing opportunities in uncertain marketing circumstances and often in conditions of limited resources (Rashad, 2018). Entrepreneurial marketing is a combination of the entrepreneurial spirit which is synonymous with passion, risk-taking, proactive seeing opportunities with marketing that is identical to efforts to market and introduce a product and service to the community of marketing performance. Research related to entrepreneurial marketing and marketing performance has been widely discussed by many researchers such as (Morris, et al., 2002; Miles, et al., 2014; Sadiku-Dushi, 2019; Adel, et al., 2020; Alqahtani & Uslay, 2020; Crick, et al., 2021; Alqahtani, et al., 2022). However, research related to entrepreneurial marketing and marketing capabilities is narrow researched (Dias, et al., 2021). This study aims to analyze more deeply the influence of entrepreneurial marketing to marketing performance SMEs through the role marketing capabilities.

LITERATURE REVIEW

2.1 Entrepreneurial Marketing

Currently the traditional marketing concept has shifted to a modern marketing concept called entrepreneurial marketing. Entrepreneurial marketing (EM) is a development of the concepts of entrepreneurship and marketing (Collinson & Shaw, 2001; Miles et al., 2014). Jones (2013) EM acknowledges the interface between entrepreneurship, marketing, and innovation and, pursuance of customer value. Entrepreneurial marketing always associated with the SMEs business to increase competitive advantage and marketing performance (Miles & Darroch, 2006). EM arguably provides an appropriate balance between attention to markets and an entrepreneurial focus, and, therefore, represents an excellent choice for firms to excel in their competitive landscapes. In the entrepreneurial marketing has three approaches, namely focus on change, good- at reading opportunities, and innovation management approach (Collinson & Shaw, 2001). In the implementation process, entrepreneurial marketing has six dimensions consisting of proactiveness, innovativeness, calculated risk-taking, value creation, resource leveraging, and driven opportunity (Morris et al., 2002). Entrepreneurial marketing very useful in increasing competitive advantage as well as marketing performance (Adel et al., 2020; Ng & Kee, 2017; Whalen et al., 2016). So that with the application of entrepreneurial marketing effectively, it is hoped that the SMEs business can survive and develop continuously. Based on this description, this research focuses on how to implement entrepreneurial marketing on the SMEs business in Palu City. Several studies conducted by (Alqahtani & Uslay, 2020; Adel et al., 2020; Becherer, et al., 2012) states that entrepreneurial marketing has a significant influence on the marketing performance of SMEs.

2.2 Marketing Capabilities

Referring to theory and empirical work in strategic management, researchers generally looking at capabilities is a complex set of skills and knowledge embedded in organizational processes by which available enterprise resources are converted into valuable outputs (Day, 2011). Marketing capabilities depend on the strategic orientation of the company and the availability of resources to implement its R&D and market diffusion (Davicik et al., 2021). Potential relationship marketing capabilities with marketing performance is important, but it is also necessary to explain the mechanisms that lead to creation and management marketing capabilities. It seems that the company needs a certain mix of abilities to create marketing capabilities, namely the capability to create other capabilities (Merrilees et al., 2011). Marketing capabilities very important role for improvement of company performance (Luis & Jose, 2014; Merrilees et al., 2011; Santos-Vijande et al., 2012).

2.3 Marketing Performance

Marketing performance is an important part of Micro and Small Enterprises, with marketing performance optimally, the company will be able to survive in the competition. Marketing performance is a construct that is often used to measure the impact of the strategies and orientations applied by the company in terms of marketing. To measure marketing performance used indicators consists of three

dimensions, namely: sales growth, market share and customer satisfaction (Rajapat hiraana & Hui, 2018).

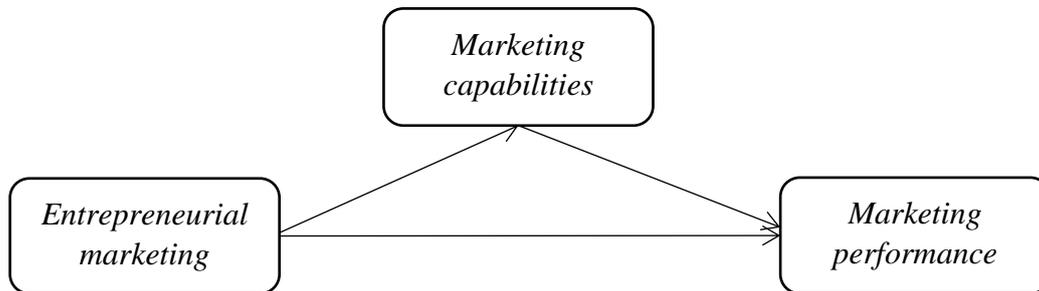


Figure 1. Research framewrok

Hypothesis:

1. Entrepreneurial marketing positively and significantly impacts marketing performance
2. Entrepreneurial marketing positively and significantly impacts marketing capability
3. Marketing capabilities indirectly impact the relationship between entrepreneurial marketing and marketing performance

METHOD

3.1 Data collection and sample

This study explains the hypothetical relationship in the context of SMEs consisting of 120 business actors spread across Palu City. Data collection techniques were carried out using questionnaires, interviews, and observations. Each item statement that is distributed is given a scale (1-5). The sampling technique was carried out using the Yamane and Isaac technique. Data analysis techniques using path analysis with approach Structural Equation Modeling (SEM). This research took two months starting from November to December 2021.

Table 1. *Descriptive Statistics.*

Description	Category	Frequency	Percentage (%)
Gender	Male	35	35
	Female	65	65
	SD	6	6
	SMP	14	14
Education	SMA/SMK	44	44
	S1	36	36
	S2	0	0
	S3	0	0

Description	Category	Frequency	Percentage (%)
Age	<20 Tahun	7	7
	21 – 30 Tahun	31	31
	31 – 40 Tahun	25	25
	41 – 50 Tahun	31	31
	51 – 60 Tahun	3	3
	>60 Tahun	3	3
Subdistricts	Palu Barat	37	37
	Mantikulore	20	20
	Palu Utara	11	11
	Palu Selatan	7	7
	Tawaeli	7	7
	Palu Timur	17	17
	Tatanga	1	1
	Ulujadi	0	0
	Pemilik	53	53
Position	Pengelola	18	18
	Pemilik dan pengelola	29	29
	310 Orang	92	92
Total Employee	1120 Orang	6	6
	>20 Orang	2	2
Monthly Gross Turnover	1 – 15 Juta	59	59
	16 – 30 Juta	22	22
	31 – 45 Juta	7	7
	>46 Juta	12	12

Source: Primary Data (2022)

Table. 1 above shows that on average, SMEs in Palu City are dominated by small businesses with a percentage of the workforce of 92% and an average gross turnover of 1 to 15 million. From the data it is also seen that the number of 53% with the position as the owner, 18% as managers, and 29% with positions as owners and managers. West Palu Subdistrict is one of the subdistricts with the most potential for SMEs development among several other subdistricts in Palu City at 76.4% (see Table . 2).

3.2 Measure

Independent variable: entrepreneurial marketing used in this research to determine the entrepreneurial skills possessed by SMEs actors in managing the business. Entrepreneurial marketing has six dimensions consists of (proactiveness, innovativeness, calculated risk-taking, value creation, opportunity driven, and resource leveraging) dimension adopted by (Morris et al., 2002) with the number of

items taken as many as 20 statements using a likert scale measurement of 1 to 5 from "strongly agree" to "strongly disagree".

Dependent Variable: to determine the business performance of SMEs, the variable is used marketing performance which in this study was adopted from (Rajapathirana & Hui, 2018) consists of three dimensions (sales growth, market share, and customer satisfaction). The total number of items in the variable marketing performance measured from three items using a scale of 1 to 5, from "strongly agree" to "strongly disagree".

Mediating Variable: the mediating variables in this study using marketing capabilities. Then variable marketing capabilities used to determine the level of excellence possessed by SMEs. Variable marketing capabilities has five dimensions consists of (product management pricing, distribution management, personal-selling, and marketing implementation) adopted by (Morgan et al., 2009).

RESULT AND DISCUSSION

4.1 Result

Table 2 Description on SMEs in Palu City

Subdistrict	Culinary	Non-Culinary	Total	Culinary (%)	Non-Culinary (%)
Mantikulare	1.137	3.183	4.275	26.6%	73.4%
Palu Barat	1.059	3.426	4.485	23.6%	76.4%
Palu Selatan	732	2.083	2.818	26.0%	74.0%
Palu Timur	803	1.870	2.673	30.0%	70.0%
Palu Utara	367	1.200	1.567	23.4%	76.6%
Tatanga	952	1.792	2.748	34.6%	65.4%
Tawaeli	196	623	819	23.9%	76.1%
Ulujadi	584	2000	2.584	22.6%	77.4%

Source: Department of Labor Cooperatives and SMEs in Palu City (2020)

In Table 2. the data recapitulation of Palu City SMEs in 2020 shows that there are 5,830 businesses in the culinary sector or 26.5%, then in non-culinary businesses there are 16,177 of the total SMEs spread across all subdistricts in Palu City, Central Sulawesi Province. that SMEs in Palu City are mostly donated from the culinary sector. While the rest comes from sectors (retail, manufacturing, fishing industry, and others).

Table 3. Validity and Reliability

Construct	Items	Loading ²	α	CR	AVE
<i>Entrepreneurial marketing</i>	EM1	0.792	0.951	0.956	0.525
	EM2	0.725			
	EM3	0.813			
	EM4	0.774			
	EM5	0.555			

	EM6	0.768			
	EM7	0.768			
	EM8	0.679			
	EM9	0.859			
	EM10	0.791			
	EM11	0.734			
	EM12	0.620			
	EM13	0.796			
	EM14	0.638			
	EM15	0.652			
	EM16	0.695			
	EM17	0.754			
	EM18	0.704			
	EM19	0.744			
	EM20	0.576			
<i>Marketing capabilities</i>	MC1	0.803	0.896	0.913	0.500
	MC2	0.703			
	MC3	0.666			
	MC4	0.548			
	MC5	0.704			
	MC6	0.645			
	MC7	0.800			
	MC8	0.661			
	MC9	0.640			
	MC10	0.724			
<i>Marketing performance</i>	MP1	0.786	0.913	0/929	0.595
	MP2	0.809			
	MP3	0.600			
	MP4	0.862			
	MP5	0.743			
	MP6	0.883			
	MP7	0.683			
	MP8	0.791			
	MP9	0.744			

Source: PLS Algorithm Test (data processed, 2022)

Based on Table 3. It can be seen that each indicator of the variable (entrepreneurial marketing, marketing capabilities and marketing performance) has value loading factor above 0.5, so it can be concluded that indicator validity test. Then in Table 3, it is also seen that the value of croanbach alpha each variable has a value above 0.7 so that it can be concluded that all reliability tests can be accepted.

Table 4. *Direct Effect*

Hypothesis	STDEV (σ)	Tstatistic	Sig.	Supproted (?)
EM > MP	0.073	5.931	0.000	Supported
EM > MC	0.075	4.327	0.000	Supported

Source: Result Bootstrapping Test (2022)

Based on the results of hypothesis testing, it is obtained entrepreneurial marketing has positively and significantly impact on marketing performance. Based on this result, hypothesis 1 are accepted. The second result indicate that

entrepreneurial marketing has positively and significantly impact on marketing capabilities where the P-Value was 0.000, so that the second hypothesis was accepted.

Tabel 5. *Indirect Effect*

Hipotesis	STDEV (σ)	TStatistic	Sig.	Supported (?)
EM > MC > MP	0.048	4.161	0.000	Supported

Source: Result Bootstrapping Test (2022)'

Based on the results of indirect effect, the P-Value of each variable is obtained of 0.000 or <0.05 so it can be concluded that all hypothesis tests are accepted.

4.2 Discussion

1. *Entrepreneurial marketing positevly and significantly impact on marketing performance*

Based on the results that have been carried out, it is known that entrepreneurial marketing influence significant to marketing performance. This result is in line with that expressed by Sadiku-Dushi et al. (2019), Miles et al. (2014), Adel et al. (2020) which stated that the component of entrepreneurial marketing consists of (proactiveness, innovativeness, calculated risk-taking, resource leveraging, value creation, and opportunity focus) simultaneously have a significant effect on marketing performance of SMEs. These results indicate that SMEs always strive to develop innovative products, seek information related to market trends (analysis), focus on finding opportunities, empowering effective and efficient resources, so that they can out perform competitors and improve their performance.

2. *Entrepreneurial marketing positevly and significantly impact on marketing capabilities*

Based on the results that have been carried out, it is known that entrepreneurial marketing influence significant to marketing capabilities. This result is in accordance with that expressed by Lekmat *et al.* (2018) states that entrepreneurial orientation has a positive and significant effect on improving the performance of the retail sector SMEs in Thailand. These results also provide an indication for SMES actors to always pay attention to the skills needed to build entrepreneurial marketing such as being oriented to the creation of new products, being responsive to developments in information, and utilizing resources opt-mally so that superior SMES capabilities can be created both in terms of price, innovation, resources, and marketrelated information.

3. *Marketing capabilities indirectly impact between entrepreneurial marketing on marketing performance*

Based on the results that have been obtained that marketing capabilities can mediate a significant relationship between entrepreneurial marketing on marketing performance. This result is in accordance with that expressed by Qureshi et al. (2017) which states that marketing capabilities can mediate a significant relationship between entrepreneurial orientation and firm performance. Even though, entrepreneurial marketing directly can have an effect significant to marketing performance, but the variable marketing capabilities can be a complement in improving marketing

performance so that SMEs become strong and can compete with their competitors. This means that SMEs actors need to pay attention to the role of marketing capabilities in order to enhance marketing performance by maximum. This orientation must be driven with ability entrepreneurial marketing good things from SMEs actors so that the create a greatest influence.

CONCLUSION

Based on the results and discussion, the researcher concludes that SMEs need to be oriented towards improving skills entrepreneurial marketing as a basis for improving marketing performance of SMEs. If SMEs implement entrepreneurial marketing properly and disciplined, it will have an impact on the sales growth of a company, increase market share, achieve customer satisfaction, and the company is able to achieve its competitive advantage in the midst of today's business competition is tight. Entrepreneurial marketing must be supported by skills in managing existing resources that is aspect marketing capabilities, so that SMEs actors have a distinctive competitiveness compared to their competitors.

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