

Does Entrepreneurial Marketing Affect the Growth of Small Businesses During The Covid-19 Pandemic?

Syamsul Bachri¹ Darman Darman^{1*} Vitayanti Fattah¹ Syarifah Aliyah Fitriam¹

¹Faculty of Economics and Business, Tadulako University, Indonesia

*Corresponding author. Email: darman_tadulako@yahoo.com

ABSTRACT

This research aims to analyze the role of entrepreneurial marketing (EM) on the growth of small businesses. The research sample was taken randomly as many as 45 small business units. The research variables consist of business growth, entrepreneurship orientation (EO), marketing orientation (MO), and Covid-19. These four variables are measured using a Likert scale. The result of the study found that EM did not play a significant role in increasing the growth of small businesses during the Covid-19 pandemic. This anomaly was caused by the Covid-19 pandemic circumstances that obstructed business operations (access to raw materials, market access, access to finance) due to social restrictions which diminished the ability of businesses and the community to operate.

Keywords: *Entrepreneurship, Marketing, Small Business, Covid-19*

1. INTRODUCTION

Small businesses play a significant role in the development of a country, particularly in economic formation and job creation. However, small businesses have several obstacles, including weak human resource development and technology, marketing management, the absence of a development scheme, lack of financial aspects, and are still institutional [1].

Behavioural entrepreneurship and marketing is a complex thing experienced by small businesses [2]. Nevertheless, Primansa [3]; Nwankwo and Kanyangale [4]. Argued that entrepreneurship and marketing need to be considered to diminish business failures and sustain business continuity. The application of the marketing concept to a small-scale industry is primarily determined by the knowledge of entrepreneurs who tend to have general skills compared to management or marketing skills [5]; [6]; [7]. Hisrich [8] argues that marketing and entrepreneurship are two concepts that play an essential role and have a close relationship in business development. Morris, et al. [9], the relationship between the two elements of management as EM. Therefore, EM is very important for small businesses because marketing and entrepreneurship are the main things in innovating, promoting new products and creating new products [8]. Aderemi [10], EO (innovativeness, risk-taking, proactiveness) can improve the performance of small businesses.

However, currently, the business world is faced with a different situation, namely the Covid-19 pandemic. Many small businesses have been hit hard by Covid-19 in 2020 [11]. This occurrence has caused small businesses to

experience a decline in sales, constrained financing, hampered distribution of goods, and difficulty obtaining raw materials [12]. Patrick and Justin [13], environmental characteristics can influence the relationship between EO and business performance.

Therefore, based on the significance of EM and the covid-19 pandemic phenomenon in small businesses, it is crucial to analyze the role of EM on the growth of small businesses during the Covid-19 pandemic.

2. LITERATURE REVIEW

Tasya and Sisca [14] suggest that EM plays a role in enhancing the performance of small businesses. Gerald et al. [15] suggested that the interpretation of entrepreneurship in marketing includes a consumer orientation versus an innovation orientation. Often changes are caused by very tight business competition. So use intuitive in analyzing the start of the market. Creativity and innovation in product development is a result of entrepreneurial marketing. Qamruzzaman and Wei [16], financial innovation plays a role in the development of small businesses.

The most widely used entrepreneurial activity scale, suggested by Carson et al. [17], based on behavioral dimensions such as proactive risk taking and innovation. The innovations carried out are exploring new market segments through a certain service system approach (innovation) to create high competitiveness. In addition, it is necessary to pay attention to informal communication to promote products to each consumer, such as word of

mouth. This is very simple but significant in creating business competitiveness in the EM context.

Gerald [18], states the EM process explains the four principles of marketing and entrepreneurial activities behavior which facilitate comparison between marketing theories in standard textbooks such as Kotler and marketing that has been done successfully by entrepreneurs and managers of entrepreneurial ventures. According to Stokes [19], a comparison of traditional marketing principles and EM can be seen in the following.

Table 1 Traditional Marketing Principles and EM

Marketing Principles	Traditional	Marketing Entrepreneur Marketing
Concept	Consumer-oriented: market driven, product development	innovation-oriented: idea drive, intuitive assessment of market needs
Strategies	Top-down segmentation, targeting and positioning	Bottom-up targets of consumers and groups other influences
Method	Marketing mix, 4P / 7P	Interactive marketing method, word of mouth marketing
Market intelligence	Formal research and intelligence systems	Informal networks and information gatherers

EM concept is focused on innovation and idea development that fits the comprehension of market needs. Whereas, traditional marketing assumes that an estimate of the consumer's needs, initiates the development of the product or service.

Entrepreneurs use a bottom-up (consumer) approach to access and enter the market. EM prefers interactive marketing methods, which work closely with consumers and adopt word of mouth communication to identify new consumers. The gathering of informal information describes entrepreneurial marketing through a network of personal contacts, not the systematic gathering of market intelligence that exists in traditional marketing texts.

Marketing is not foreign to entrepreneurs, but it is not always based on conventional marketing theory. EM can increase entrepreneurial power by recognizing that entrepreneurial aspects can be incorporated into marketing principles. Stokes [19] suggests that good marketers generally come from people who have a high entrepreneurial spirit. The entrepreneurial spirit helps someone transform into a formidable marketer, responsive to environmental developments, and is quickly captured as an open market opportunity to create a product that will be offered in the market. Marketers with an entrepreneurial spirit to achieve marketing and company goals must

acquire marketing and entrepreneurial concepts, especially for small businesses.

3. METHODOLOGY

This research was conducted on small woven sarong businesses in Indonesia. The woven sarong is a craft that has been passed down from generation to generation by the community. The products are unique because they are made from natural silk fibers with various colors and motifs that are exquisite and exclusive, woven by the skilled hands of women in rural areas using traditional tools. The research sample was randomly selected as many as 49 business units. Research variables consist of business growth (sales, profits, assets), entrepreneurial orientation (proactive, risk-taking, innovation), marketing orientation (consumers, competitors, promotions), and covid-19 (access to raw materials, market access, access to finance). These four variables are measured using a Likert scale (1-5).

The data analysis method used in this research is multiple linear regression. The formulation of multiple linear regression in this study consists of three independent variables and one dependent variable.

$$SB = a + b_1EO + b_2MO + b_3C19 + \epsilon$$

Where SB is the small business growth; EO is the entrepreneurship orientation; MO is the marketing orientation; C19 is the Covid-19.

4. RESULTS AND DISCUSSIONS

EM is a combination of entrepreneurial concepts that integrate EO and MO. EO is the ability to innovate, be proactive, and risk-taking. Meanwhile, MO is proxied by consumer orientation, competitor orientation, and promotion.

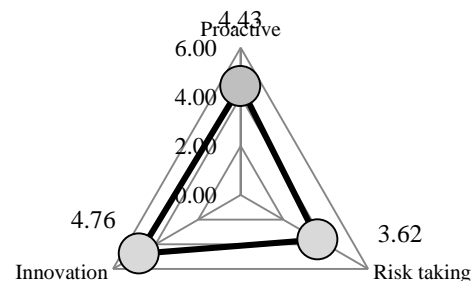


Figure 1 Respondents answers about the importance of EO

Figure 1 shows the important role of EO in managing small businesses. Small businesses innovate products through designs, new motives, and are always in pursuit of new ideas of the product manufacturing process to attract tourists. Small businesses dare to take risks to launch new product designs to generate profit. Small businesses are also proactive in identifying solutions to problems at hand and exploring new opportunities.

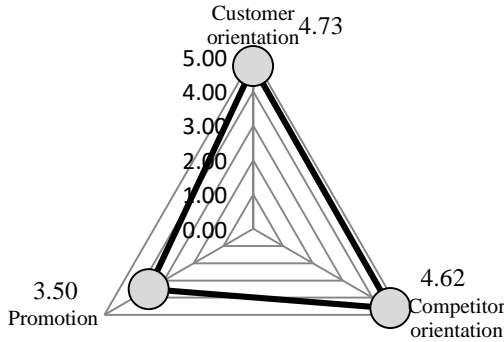


Figure 2 Respondents' answers about the importance of MO

Figure 2 shows the important role of MO in managing small businesses. The business is committed to satisfying and fulfilling customer desires and always understands and follows up on complaints or suggestions from customers. Small businesses have a strategy to deal with competitors and always exploit competitors as a reference for business development. Small businesses rely on promotion through word of mouth and always participate in exhibitions to introduce products.

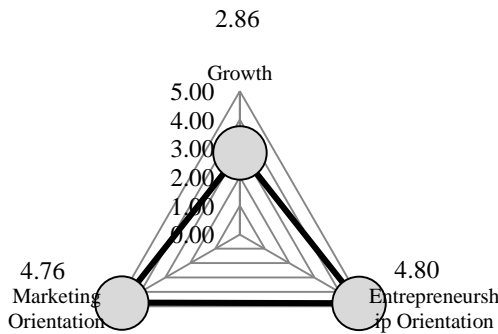


Figure 3 Respondents answers about EM and Small Business Growth

Based on the results of the study, it was found that small businesses consider EO to be crucial to implement to increase business growth. It is indicated by the average value of the respondents' answers to innovation (4.76),

proactive (4.43), and risk-taking (3.62). Likewise, MO is also very important, shown by the average value of the respondents' answers to consumer orientation (4.73), competitors (4.62), and promotion (3.50). However, the business growth rate decreased (2.86). It indicates that although small businesses are already oriented towards entrepreneurship and marketing, they are not linear with business growth. Therefore, further analysis is required using multiple linear regression by including the covid-19 variable. The results of the data analyzed by SPSS software are as follow:

Table 2 The Role of EM on Small Business Growth

Models		EO	MO	Covid-19	R Square	sig.
1	EO	0.572	-	-	0.007	0.572
2	MO	0.695	0.32	-	0.028	0.518
3	C19	0.424	0.262	0.000	0.667	*0.000

* Significance at 5% level

Table 2 above shows that EO and MO do not affect business growth ($\alpha = 0.05$) with a model reliability level (R Square) of 0.007 and 0.028. This finding differs from the results of Hisrich (1992) research; Tasya and Sisca (2019) who found that marketing and entrepreneurship play an important and influential role in improving business performance. EM is very important for small business development because marketing and entrepreneurship can create innovation, product promotion, new business and economic improvement. After inputting the covid-19 variable in the model (model 3), the reliability level of the model is 0.667. It shows that the insignificant effect of EM is due to the influence of Covid-19. These conditions hamper small business operations in terms of access to raw materials, market access, and access to finance due to social restrictions.

5. CONCLUSION

EM did not play a significant role in increasing the growth of small businesses during the Covid-19 pandemic. The anomaly occurred due to the Covid-19 circumstances which obstruct the operational activities (access to raw materials, market access and access to finance) of small businesses due to social restrictions that reduce the ability of businesses and the community to operate. Therefore, it is hoped that small businesses are able adapt to the current conditions (new normal) so that they can run their business well even under the Covid-19 pandemic circumstances.

ACKNOWLEDGMENT

We thank Tadulako University for funding this research through DIPA 2020 funds, we thank small businesses of the Donggala woven sarong as respondents, we would like to thank the Tadulako University Research and Community Service Institute for facilitating this research.

REFERENCES

- [1] Pangestu, ME (2008). *Creative Economy Development in Indonesia 2025*, Department Trade of the Republic of Indonesia, Jakarta.
<https://adoc.pub/pengembangan-ekonomi-kreatif-indonesia-2025.html>
- [2] Kilenthong, P., Hultman, C.M. and Hills, G.E. (2016). Entrepreneurial Marketing Behaviours: Impact of Firm Age, Firm Size and Firm's Founder", *Journal of Research in Marketing and Entrepreneurship*, Vol. 18 No. 1, pp. 127-145. <https://doi.org/10.1108/JRME-05-2015-0029>
- [3] Primansa. M. (2011). *Develop Creative Industries to Produce adapi Globalization*, <http://kem.ami.or.id/2011/10/kembangan-industri-kreasi-untuk-menghentuk-globalisasi/>
- [4] Nwankwo, C., A., Kanyangale, M. (2020). Entrepreneurial Orientation and Survival of Small and Medium Enterprises in Nigeria: An Examination Of The Integrative Entrepreneurial Marketing Model. *International Journal of Entrepreneurship*. Vol: 24 Issue: 2, 2020.
- [5] Moriarty, J., Jones, R., Rowley, J. Kupiec-Teahan, B. (2008). Marketing in Small Hotels: a Qualitative Study ", *Marketing Intelligence & Planning*, Vol. 26 No. 3, pp. 293-315. <https://doi.org/10.1108/02634500810871348>
- [6] Gilmore, A., Carson, D., Grant, K. (2001). SME in Practice, *Marketing Intelligence Planning*, 19 (1), 6–11.
- [7] Lewis Reynolds, P. (2002), The Need for a New Paradigm for Small Business Marketing? What is Wrong with the Old One?", *Journal of Research in Marketing and Entrepreneurship*, Vol. 4 No. 3, pp. 191-205. <https://doi.org/10.1108/14715200280001471>
- [8] Hisrich, R.D. (1992). The Need for Marketing in Entrepreneurship", *Journal of Business & Industrial Marketing*, Vol. 7 No. 3, pp. 53-57. <https://doi.org/10.1108/08858629210035427>
- [9] Morris, MH, Schindehutte, M., Laforge, RW. (2015). Entrepreneurial Marketing: A Construct for Integrating Emerging Entrepreneurship and Marketing Perspective, *Journal of Marketing Theory and Practice*, 10 (4), 1–19.
<https://doi.org/10.1080/10696679.2002.11501922>
- [10] Aderemi, A.A. (2013) Entrepreneurial orientation and the growth performance of small and medium enterprises in Southwestern Nigeria. *Journal of Small Business & Entrepreneurship*. Volume 26, 2013 - Issue 6.
<https://doi.org/10.1080/08276331.2014.892308>
- [11] Murray, J. (2020). *Small Business Relief Options During COVID-19*. The Balance Small Business.
<https://www.thebalancesmb.com/small-business-relief-options-during-covid-19-4802304#citation-4>
- [12] Rahman, R. (2020). *37,000 SME*.
<https://www.thejakartapost.com/news/2020/04/16/37000-SMEs-hit-by-Covid-19-crisis-as-government-prepares-aid.html>
- [13] Patrick, M. K, Justin, D. (2010). Entrepreneurial Orientation and Firm Performance: The Unique Impact of Innovativeness, Proactiveness, and Risk-taking. *Journal of Small Business & Entrepreneurship*. Volume 23, 2010 - Issue 1.
<https://doi.org/10.1080/08276331.2010.10593472>
- [14] Tasya, K. A, Sisca, EF (2019). The Impact of Entrepreneurial Marketing toward Work Performance at the Center of Garut Specialty Food. *JISRA*. Vol 2 No. 1 2019. DOI: <https://doi.org/10.36624/jisora.v2i1.28>
- [15] Gerald E. Hills, Claes M. Hultman, Morgan P. Miles. (2007) The Evolution and Development of Entrepreneurial Marketing. *Journal of Small Business Management* 46 (1). <https://doi.org/10.1111/j.1540-627X.2007.00234.x>
- [16] Qamruzzaman, Md., Wei Jianguo. (2019). SME financing innovation and SME development in Bangladesh: an application of ARDL. *Journal of Small Business & Entrepreneurship*, Volume 31, 2019 - Issue 6.
<https://doi.org/10.1080/08276331.2018.1468975>
- [17] Carson, D., Cromie, S., Mc. Gowan, P. Hill, J. (2007). *Marketing And Entrepreneurship in SMEs - An Innovative Approach*, London: Prentice Hall.

[18] Gerald E. Hills (1994) *Marketing and Entrepreneurship, Research Ideas and Opportunities*. Praeger, September 29, 1994

[19] Stokes, D. (2000). Putting Entrepreneurship into Marketing: The Processes of Entrepreneurial Marketing", *Journal of Research in Marketing and Entrepreneurship*, Vol. 2 No. 1, pp. 1-16. <https://doi.org/10.1108/14715200080001536>