A STUDY OF ENTREPRENEURIAL MARKETING OF SMALL AND MEDIUM ENTERPRISE (SMES) IN “KIOS ANYAMAN BAMBU LENGKOAN” DESA KINILOW-TOMOHON

KAJIAN TENTANG PEMASARAN KEWIRAUSAHAAN PADA USAHA KECIL DAN MENENGAH (UKM) DI “KIOS ANYAMAN BAMBU LENGKOAN” DESA KINILOW-TOMOHON

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ABSTRACT

Small and Medium Enterprise (SMEs) play an important role to development of national economy. The study aims to identify the entrepreneurial marketing problems faced and formulating the success factors by this SMEs. This research is conducted in “Kios Anyaman Bambu Lengkoan” Desa Kinilow-Tomohon. Qualitative methodology by in-depth interview, and Descriptive-Exploratory study are used to conducted this research. “Social situation” as the population. The business owner is an informant for this research. The results is “Kios Anyaman Bambu Lengkoan” still faces regarding on Attention from Government, Capital access and Paying of wages, and Less of promotion. Than, SMEs success factors which come from Government support, Capital access, Appropriates marketing strategies, Innovative productivity, Business’ vision and mission, Entrepreneur’s future plans, and Customer satisfaction. To deals those SMEs problems faces is only comes as a result of initiatives by the business owner itself and Government.

Keywords: SMEs-handicraft-entrepreneurial marketing-success factors

ABSTRAK


Kata kunci: UKM, kerajinan, pemasaran kewirausahaan, faktor kesuksesan
1. INTRODUCTION

1.1. Research Background

SMEs are tried to survive and grow. It proves to have the ability. SMEs as the providers of goods and services for consumers and made great contributions to increasing the country's foreign exchange. The development of SMEs in North Sulawesi Province is indeed quite promising industrial sectors in North Sulawesi has mainly dominated by SMEs which spreads at almost every regency/city and sub-district. This led to the increasing of SMEs types which are dominated by agriculture, plantation, crafts, livestock, industrial household, and so on. That shows this region has many of lucrative potentiality to be able to grow fast among other provinces in Indonesia, if all the resources have been utilized optimally.

Generally, SMEs has available to grab the advantages in utilizing local natural resources and labor such as food crops, plantation, fisheries, trade, and restaurants. The agriculture, farms, forestry, and fisheries are a group effort which has considerable contribution against the structure of GDP (Gross Regional Income) and it sector was dominated by SMEs itself. Moreover, the SMEs may also be the one solution to decrease the unemployment rate in Indonesia by providing jobs.

One of the handicrafts commodity that has a high economic value is “Woven Bamboo Handicraft”. The abundance inventories of bamboo trees in Indonesia could actually serve as a highly promising of business opportunities. When during this overall general public just using bamboo sticks as an only building material, but nowadays bamboo could be much variety of beautiful and unique handicrafts by high economic value in the marketplace. Commonly, woven bamboo handicrafts is needed by everyone especially who those interested to using traditional household productivity. Not just the North Sulawesi society but also the tourist that visits in this region.

1.2. Research Objective

The research objectives are follow:
1. To identify the entrepreneurial marketing problems faced by “Kios Anyaman Bambu Lengkoan”.
2. Formulates the success factors of entrepreneurial marketing that appropriate to developing “Kios Anayaman Bambu Lengkoan” is still to survive and keep contributing to North Sulawesi Province economy.

1.3. Research Benefit:

Partial Benefit:
1. To “Kios Anyaman Bambu Lengkoan” owner:
SMEs owner can used this research as a tool to learn about factors of success, how to increase the performance, chance of success, reducing the risk of failures, how to push and improve the businesses as the success factors, also providing the solution in addressing the problems faced.
2. To Government:
This result could be an input and reference in making priority related to policy for the development of SMEs in North Sulawesi Province.
Theoretical Benefit:

1. To researchers:
This research could provide information and giving contribution for the development of knowledge especially in economics, entrepreneurship and management. That can useful for lecturers and students to be used as learning materials and also could be a basic model and framework.

2. THEORETICAL FRAMEWORK

2.1. Entrepreneurship and Entrepreneurs

Kao (1993) defined entrepreneurship is the attempt to create value through recognition of business opportunity, the management of risk-taking appropriate to the opportunity, and through the communicative and management skills to mobilize human, financial, and material resources necessary to bring a project to fruition. While according to Hisrich, et. al (2005), Entrepreneurship is the dynamic process of creating incremental wealth which is created by individuals who assume the major risks in terms of equity, time, and/or carrier commitment or provide value for some product or service. Entrepreneurship is a value which is realized in behaviors that serve as the basic resources, the driving force, objectives, tactics, tips, processes and business results. Entrepreneurship is also a capability to creating something new and different because entrepreneurship is a process of applying creativity and innovation to solving problems and restrain the opportunity to improving the lives or businesses. As explanation by Boone and Kurtz (2011:184) defined an entrepreneur is a risk taker in the private enterprise system, a person who seeks a profitable opportunity and takes the necessary risks to set up and operate a business. Entrepreneur as somebody entered the business world at the right time to establish or change substantially the business center. That means, entrepreneurs are people which have the ability to manage and institutionalize the own business, conduct the creative efforts and innovative, develop ideas and managing the available resources to produce a new product, the enterprises or a new business to exploit the opportunities trying to achieve life better.

2.2. SMEs Concept and Characteristics

SMEs exists everywhere in every country and region of the world. Kementerian Negara Koperasi dan UKM, based on the Undang-undang No. 20 Tahun 2008 which concerning the criteria of Small and Medium Enterprises in Indonesia, that Small Enterprises/businesses are defined as the enterprises with net assets more than Rp. 50 Million–Rp. 500 Million (land and building excluded) or the enterprises with total annual sales more than Rp. 300 Million–Rp 2.5 Billion. When Medium Enterprises/businesses are defined as the enterprises with net assets more than Rp. 500 Million–Rp.10 Billion (land and building excluded) or the enterprises with total annual sales more than Rp. 2.5 Billion–Rp. 50 billion. Maunganidze (2013) stated, SMEs are confronted by a number of opportunities and challenges. Some of these opportunities and challenges are caused by the SMEs themselves, some are caused by the corporate world while others are caused by Government policies and legislation. The importance are the opportunities and challenges that relate to Government policies, legislation and actions. Kira, et al. (2012) explains, the SMEs sector is an engine of economic growth of many economies in developing and developed countries as it plays a major role in job creation, competition, economic enthusiasm, and innovation.
2.3. Entrepreneurial Marketing

Janet (2014) stated, the term “entrepreneurial” refers to the overall activities and behavior of entrepreneurs, which includes behavior that is competitive and drives the marketing process. While Kraus, et al. (2009) proposed a new definition of entrepreneurial marketing: “Entrepreneurial marketing is an organizational function and set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders, and that is characterized by innovativeness, risk-taking, pro-activeness, and may be performed without resources currently controlled”. Kurgun, et al. (2011) mentioned Entrepreneurial Marketing which lies in the intersection between marketing and entrepreneurship and aims that making proactive use of opportunities through innovative perspectives, can be considered a strong and flourishing alternative in marketing activities. In every companies, they have many kinds of entrepreneurial marketing to established that companies and achieved companies goals.

2.4. The Success Factors of SMEs

Talking about definition, theory and concept of success, every individual or institution has different perception, point of view and principal. That is depends on the background, goal of individual or institution, culture, education, values and principal they have. Al-Mahrouq (2010) examined the success factors of SMEs in Jordan with the results five principle factors that could be major contributors to the success of the small and medium-sized enterprises in Jordan. These factors in their order of importance are as follows: technical procedures and technology, structure of the firm, financial structure, marketing and productivity, and human resources structure. Chowdhury (2013) stated, Business Success refers to the achievement of goals and objectives in any sector of human life. Though, in business, the concept of success generally refers to a firm’s financial performance, it has been interpreted in many different ways. That success means from tangible (objective) points of view such as revenue or a firm’s growth, personal wealth creation, profitability, turnover.

2.5. Previous Research

Becherer, et al. (2012) in The Effect of Entrepreneurial Marketing on Outcome Goals in SMEs examines how entrepreneurial marketing dimensions are related to qualitative and quantitative outcome measures for the SME and the entrepreneur. This study found entrepreneurial marketing dimensions directly and positively influence outcomes related to owner-operated SMEs which the value-creation dimension stands out as an aspect of entrepreneurial marketing that affects not only financial performance but also growth, customer success, and generally building a strong sustainable company. Kurgun, et al. (2011) in Entrepreneurial Marketing-The Interface between Marketing and Entrepreneurship: A Qualitative Research on Boutique Hotels has the aim to identify major dimensions of entrepreneurial marketing concept in boutique hotels and determine to what extent current marketing approaches in Boutique Hotels seem to be consistent with the entrepreneurial marketing approaches. Based on semi-structured interview method in nine Boutique Hotels located in the province of Izmir in Turkey, the results showed the marketing has been influenced by entrepreneurial qualities, taken the shape of entrepreneurial marketing and started to play an important role for small to medium scale enterprises has turned boutique hotels as an interesting research field. Jasra, et al. (2011) Determinants of Business Success of Small and Medium Enterprises is a study which investigates the relationship between SMEs success and its determinants. The result shows that financial resources are the most important factor in the success of business perceived by SMEs. The success of SMEs can contribute significantly in the development of the country. Bigliardi, et al. (2011) in Innovative Characteristics Of Small and Medium Enterprises which is investigate the technological innovative characteristics in the SMEs belonging to the Italian
manufacturing sector. By consisted in a descriptive analysis on general data, the results show that innovative firms are market anticipation and customer focused, aiming at product enrichment in terms of different characteristics in respect to competitors’ products in order to obtain a superior product in terms of quality.

3. RESEARCH METHOD

3.1. Type of Research

This research uses qualitative method, descriptive-exploratory study and case study approach in order to identifying the entrepreneurial marketing problems faces and formulating the success factors by “Kios Anyaman Bambu Lengkoan” to develop the business, through in-depth interview with the business owner.

3.2. Place and Time of Research

This research was conducted in Desa Kinilow, Kecamatan Tomohon Utara, Provinsi Sulawesi Utara on July 1st 2015.

3.3. Research Procedure

There are some steps that have been done to conduct this research:
1. Study about qualitative method, SMEs and marketing strategy materials from secondary data.
2. Identify the problem statement of this research by collecting the data from Government Institution about SMEs in North Sulawesi Province that in Dinas Perindustrian dan Perdagangan Provinsi Sulawesi Utara.
3. Choose the potential owners to be interviewed to used in this research.
4. Devise the questions that related to this research for an interview.
5. Conduct grand-tour observation while in depth-interview with the informant to get some information.
6. Doing analysis while collecting the data.
7. Doing final observation and interviews to do data triangulation and complete the materials.
8. Re-checking all the interviews and observation results.
9. Writing the research results.

3.4. Population and Sample

The term “population” is not used in this research because qualitative research refer to certain cases and the result will not be applied in population which the cases are studied. Spradley (1980) in Sugiyono (2007:389) stated that in qualitative research does not use term population instead using term “social situation” which consists of three elements there are place, actors, and activity. Sugiyono (2007:390-391) stated, Sample in qualitative research is not called as respondent instead as a sources, participant, informant, friend and teacher in research process. In qualitative research, sample also is not statistical sample, but theoretical because the objective of qualitative research is to find theories. Purposive sampling were used in this research with some considerations. Purposive Sampling is when researchers choose participants for their unique characteristics or their experiences, attitudes, or perception.
3.5. Data Collection Method

The data collection method can be from primary and secondary sources. The researcher obtains primary data from in-depth interview by the business owner. The secondary data is collected from books, journals, and relevant literature at library and internet. In qualitative research, the researcher is the key instrument.

3.6. Data Validity Method

In this research, method triangulation and data triangulation were employed. The data were gathered from in-depth interview with one owner as an informant, observation in one place or trading location, and also reviewing different literature from various researchers.

3.7. Data Analysis Method

According to Hair et al (2007:292), the steps in qualitative data analysis are Data Collection, Data Reduction, Data Display, Drawing and Verifying conclusion.

4. RESULT AND DISCUSSION

4.1. Results

4.1.1. General Description of “Kios Anyaman Bambu Lengkoan”

“Kios Anyaman Bambu Lengkoan” has been established since the 90s or about 25 years ago and till now is still operating on same market location or area. This business is located on the outskirts of the main street of Kota Tomohon, in Desa Kinilow, Kecamatan Tomohon Utara which is the entrance to Tomohon City. It distance on 6 km from the city center. The “Kios Anyaman Bambu Lengkoan” owner is Mrs. Katrien Pures, 69 years old. At the beginning of business, she runs the business with her husband. However, when her husband died, she just continued alone. She uses 3 to 4 members as the craftsman for productivity process in this business.

4.1.2. Productivity Process in “Kios Anyaman Bambu Lengkoan”

Production is an industry activity to processed and transform the raw or original materials to become finished goods that ready to used or consumed. Talking about productivity from craftsmen on this business, the owner is carried out on a daily basis. The owner is just orders to craftsmen to produced something based on consumer demands. The craftsmen would carrying out any orders and produced woven bamboo handicrafts itself while on about 3 to 4 hour per one piece product productivity depends on each difficult level to producing in industry home. And after finished, it will distributed to owner in market. By an in-depth interview with the owner, she shared some informations about the ways to making or produced woven bamboo handicrafts. We must provided and choose bamboo which have a good or better quality to creates unique handicrafts as the first step. After choosing the bamboo, it would be cut based on customer required or needs. The bamboo has been cutted, it should be trimmed or mashed by using a knife. When it looks smooth and cleanly, it will be plaits by creations from us or ideas to makes any shapes of handicrafts. The productivity process have not needs a long durations or period. That is just about on 3 to 4 hours for the craftsmen had been produced many kind of woven bamboo handicraft to be marketed. This business is produced many various products of household appliances which are fruit baskets, plate, spot lights, trash, broom fibers, farmer hat, livestock houses, and so on.
4.1.3. Marketing Activities in “Kios Anyaman Bambu Lengkoan”

Talking about the marketing activities, this business are marketed for everyone who those wants or needs also interested with these products. The scope of marketing products in this business is not only reach by people who are stayed and as North Sulawesi Province society, but also for some visitors who came from foreign nations were interested with product itself. The products who are the owner sells, it has varying prices for each products that existing. It will be started on Rp. 5.000 to Rp. 60.000, it is depends on these size, type or shape product by customer wants or needs. The owner thinks, that price has relatively cheap. But in fact, she is still meet the majority of customers who are requires to offer the prices. That makes the owner is to using SMEs marketing by a system of bonuses and discounts.

4.1.4. “Kios Anyaman Bambu Lengkoan” Problems

The owner tells some problems faced by her business. That is started about less attention from Government. It makes the owner always have to hopes for Government attention to become a bridge between her business and financial institution to keep runs the business. Another problems from this business faces is about capital access and paying wages, and less of promotion. So far their only used capital which came from its own capital or family capital during she running this business. The other matter, she has been worried about rising prices of currently economic situation needs that can gives an impact on payment problem of wage labor as a craftsman on this business. That is makes the owner almost keeps an alternative which looking for could prevent it by empowering her own family for those who want to learns running these business and how the workmanship process to creates many products that have been ready to be marketed. One thing that problem faced is because of limitation in capital access that makes some matters to development this business itself also disturbed. The market location or area which is become an business activities, so far the all of products could only be sold out in the area where the business operates. Someday, the owner wished, maybe all the products can also be sold in souvenir or gift store, or even cooperating with restaurants, hotels, which requires home furnishings that derived from bamboo handicrafts, to achieved the business goals and gain many profit.

4.1.5. The Success Factors “Kios Anyaman Bambu Lengkoan”

As an in-depth interview with the owner, she thinks, Government funding is a importance matter which it is should them earns as their rights to advance SMEs especially located in North Sulawesi Province. Every SMEs which are established as a local business surely is to provides added value in economy competition for communities in this region. As quoted by the owner, “When we able to take an advantages to from produced and created something new which is the raw materials is from own native region, we have been better harness of our natural resources”. Another importance success factor is about how the owner choosed the appropriate marketing strategy that will be used while running the business itself. The owner believes to developing the business is needed about innovation productivity, creativity, product originality and following the trends. For a basically, the success factor is come from by the customer reasons that why they using or doing purchase bamboo handicraft products at ”Kios Anyaman Bambu Lengkoan”. That is make the owner believed, when her business is provide a better service, that had been makes customer received easily during doing purchasing some products in this business place. The owner has an principal that when creates a satisfaction to each customers as a priority matter while doing these business. So, it make she can find easier the loyalty customer for her business.
4.2. Discussion

4.2.1. “Kios Anyaman Bambu Lengkoan” Problems

Haron, et al. (2013) stated, Financing is necessary to help the firms to set up and expand their operations, develop new products, and invest in new staff or production facilities. While as explanation from Jasra, et al. (2011), Financial Resources are of vital importance for a business to run operations profitably. By this situation making the owner did not choose that depend financial resources from Government funding but instead using their own capital as the financial sources for the business. Another problem is because of the limitation of capital access is also disturbed the marketing activities in this business. So far, the marketing strategies of this business is only by “word of mouth” strategy to introducing about quality and diversity of these products for all customers who those interested to using these products. Boone and Kurtz (2011:362) examined a Promotional Strategy is another marketing mix elements, effectively blends an advertising, personal selling, sales promotion, and public relations to achieved the corporate goals which informing, persuading, and influenced the purchase decisions. Doing a business, especially about promotion the products through advertisement media that is very efficient. That because of just by using a low cost and having power persuaded (persuasive) of products, we are able well known to many people as customers about our products that we produced and also the business itself. Moreover, these strategy is very effective as it may provide some clearly information on products in specific segments.

4.2.2. The Success Factors of “Kios Anyaman Bambu Lengkoan”

SMEs play an important role in the development of a country. Jasra, et al. (2011) stated, the Government support is one the major variable that ensures the business success of the SMEs. Surely, by every SMEs owner were wished Government about Government support to focusing on their support programs for the SME sector development, in order to sustain a stable national economy. Ghouse (2012) explained, Handicrafts are an important productive sector and export commodity for many developing countries and in some countries constitutes a significant part of the export economy. Handicrafts are a form of industry and products that are, for the greater part made by hand. To running business, particularly for woven bamboo handicraft business in North Sulawesi Province is very beneficial. Kotler (2010) stated that traditionally, Marketing Strategy is a plan for pursuing the firm’s objective or how the company is going to obtain its marketing goals within a specific market segment. That a good marketing strategy in a business will gain more orders and will boost the productivity to produce products and services effectively and efficiently. Success or failure to reach our business objectives, it is depends on the marketing abilities. Lesakova (2009) stated, Innovations have become not only very important determinant of successful development of every firm, but also their necessity. SMEs are forced to make innovations, because they are under permanent pressure of competitors at the market. To strengthen innovation activities is one of the main task of SMEs nowadays. The successful business also come from or depends by the businesses or owner’s perception and future plans. In business context, business is also can be told successful if always directed the buyers satisfaction through on their needs or wants. Ardjouman, et al. (2015) observes that marketing managers develop pricing strategy with an eye towards maximizing the firm's share of the market and its profits while ensuring that the customers are satisfied. Customers as an buyers will give an some return to seller or businesses with their loyalty to consuming these products while they feels the one of their needed like an their desires is fullfilled.
5. CONCLUSION AND RECOMMENDATION

5.1. Conclusion

Based on the results through on in-depth interview with the owner and discussion in the previous chapter, it can be concluded some points as follow:

1. The problems that are faced by “Kios Anyaman Bambu Lengkoan” are related on Less attention from Government, Capital access and Paying of wages, and Less of promotional. The all of solutions to deal with those problems faced on these business is must come as the result of initiatives from business owner itself and Government.
2. The success factors of “Kios Anyaman Bambu Lengkoan”, there are from Government support, Capital access, Appropriate marketing strategies, Innovative productivity, Business’ vision and mission, Entrepreneur’s future plans, and Customer satisfaction.

5.2. Recommendation

There are some recommendations proposed and found within this research for the business owner/entrepreneur, Government Institution, Universities, such as:

1. For “Kios Anyaman Bambu Lengkoan” owner, it is very important to design and stabilize the marketing concept of the business itself. A good business should implement positioning, differentiation and branding of the product and service. It should be focused on quality, innovation and creativity that products in order to compete in the market. Regarding boost the performance and sales of these business, also give values to the society, it must keep on learning. The owner also must consistently to build and creates the awareness of community around about how important to support the business and to work together as internal or external parties.
2. For the Government, should provide some facilities or additional solutions to supporting the conditions of SMEs especially focused located in North Sulawesi Province itself, and also in terms of capital access for any SMEs owner to advance the business which still keep contributing on the regional economy.
3. For Universities, it is suggested to creates or build initiatives in making some programs for students and lecturers to become business consultant of SMEs that finally will give good impacts or many benefits for the students as well.

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