

Marketing Strategies Influences On SME's Cluster Performance

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Abstract: The contribution of larges businesses to make the economy growth is very important, likewise the role of Small Business Enterprise (SME's) where this industry has been believed so strong from the effect of crisis economic in Indonesia. In generally, SME's owner are business man/woman that have minimum assets Rp. 500 million where their gathers together to make the cooperative assosiation in one area (SME's Cluster) . So, in this cooperative assosiation can be expected the SME's businessman help each others with making colaboration, internal or external networking to enhance their business performance. The internal networking simmilar with marketing strategies for instance strategi Promotion, Distribution, Production, and Raw material supplay, where the objectives are to enchanche the SME's performance. This study intends to examine the relationship between marketing strategies (Promotion, Distribution, Production, Raw material supplay) on SMSEs performance. The marketing strategies consist of our dimitions as follows promotion, distribution, production, and raw material supply. Meanwile, SME's business performance indicators are market share and profit margin. The sample of research is 70 SME's businessman where spread of Medan Tembung District, East Medan District, and Medan Perjuangan District. This research had used questionnaires method to collect the data from SME's businessman. The analysis method had used multiple regression and the result of the research reveals that promotion had positive and significant relationship with SME's performance. Distribution had positive and significant relationship with SME's performance, Production has positive and significant relationship with SME's performance. Raw material supplay had positiveve and significant relationship with SME's performance. Furthermore, Marketing Strategies (Promotion, Distribution, Production, Raw material supplay simultaneous have significant relationship on SME's Performances).

Index Terms: Marketing, strategies, influences, SME's cluster.

1 INTRODUCTION

As muslim we can not blame, give bad information, looking for a bad way of Islam people (Surah Al-Hujarat : 12). From the Alqur'an above, remind the SME's businessman to help each others with making colaboration, and internal or external networking to enhance their business performance in facing tight competition. Thus, Cluster SME's concept can make a solution for SME's business. The cluster SMEs approach is believe that can create economic benefit for cluster SMEs companies, such as internal networking, where the SME's clustre can making Marketing Strategies together as follows : promotion, distrubution, production, and raw material supply. Contrary, the condition of SME's cluster in Medan (North Sumatra) is quite different with SME's cluster in Java, where cluster SMEs industries in Java reveals increase significantly.

Purpose of Research

From the problems above, the aim of the study are:

1. To analysis the partial relationship of promotion on SMEs Performance
2. To analysis the partial relationship of distribution on SMEs Performance
3. To analysis the partial relationship of production on SMEs Performance
4. To analysis the partial relationship of raw material suply on SMEs Performance
5. To analysis the simultaneous relationship of Markeing strategie(promotion, distribution, production, and raw material suply) on SMEs Performance

Literature Review

Tambunan (2005) define cluster industry as a similar Small and Medium enterprise (SMEs) concentration in location. Meanwhile Richard and Tambunan (1998) define cluster industry is an enterprise concentrate as geography. Mitsuhashi (1999) said that industry cluster can made the base of industry networking that can support of industry development. The networking industry can make extenal economy value and can make a join action to create the efficiency and the competitiveness between SMEs. Tambunan (1995) said that benefit of SMEs cluster industry are promotion, distribution, production, inventory, and training between SMEs industry. Meanwhile, external networking is cluster industry collaboration with external institution, for instance bank, university, supplier, large companies.

Relationship Marketing Strategies on Performance

Hill Hal (2001) explained that there is several cluster industry had good performance in Indonesia, such as Batik, tobacco, furniture, bricks, metal, woven fabric, etc. Sandee (1994) found that the relationship between SMEs industry to achieve the internal efficiency, for instance inovation, and acces for row material. Buzzel et.al (1985) investgated 121 companies following PIMS program and found that promotion, advertising, personal selling, and sales promotion have significant relationship with market share. Royan (2004) found that distribution as unit product, broad of product line, and product defect have signifiican relationship with SMSs performance. Meanwhile, Buzzel and Wieserma (1981), Robinson and Fornell (1985) found that there is significant relationship between quality product on market share.

Research Frame Work

Research frame work can stated base on the rationality of each variables (see Figure 1).

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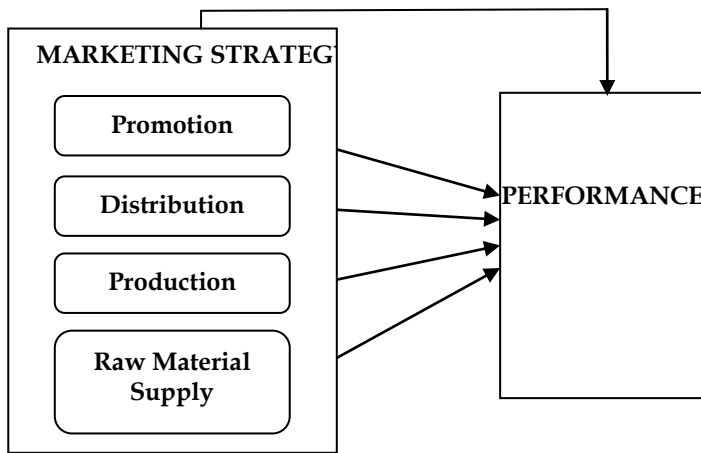


Figure 1. Research Frame Work

Research Methodology

This research employed the survey method using structural questionnaire. The Questionnaire gathered information on the company profile, internal environment, and business performance. To measure the responses this research using a 5-point scale, ranging from strongly agree, agree, neutral, not agree, and strongly not agree. A total 70 questionnaires were collected from respondents of SMEs cluster industry in East Medan SME's Cluster. The data collection spanned the period from February to the end of August 2016.

Population and Sample

Population of this research are the owner of SME's industry within cluster industries were the population are 100 owner. The cluster industries location are Medan Tembung District, Medan Perjuangan District, and East Medan District. The sampling size method used the Slovin Formulation

$$n = \frac{N(e) + 1}{2}$$

- n = sample size
- N = population size
- E = error 0.05 atau 0.1.

Based on the equation above, the sample size with error 5 % are 70 SME enterprises.

Goodness of Measures

Moreover, the data from questionnaires was tested with using validity Test and Reliability Test. The result of validity Test and Reliability Test are valid and reliable (see Table 1 and Table 2).

Table 1. Validity Test

| No | Statement | r-value | r-tabel | Noted |
|--------------------------------|----------------|---------|---------|-------|
| Promotion (X1) | | | | |
| 1 | Promotion 1 | 0,650 | 0,235 | Valid |
| 2 | Promotion 2 | 0,864 | 0,235 | Valid |
| 3 | Promotion 3 | 0,705 | 0,235 | Valid |
| 4 | Promotion 4 | 0,864 | 0,235 | Valid |
| Distribution (X2) | | | | |
| 1 | Distribution 1 | 0,951 | 0,235 | Valid |
| 2 | Distribution 2 | 0,951 | 0,235 | Valid |
| 3 | Distribution 3 | 0,716 | 0,235 | Valid |
| Production (X3) | | | | |
| 1 | Production 1 | 0,704 | 0,235 | Valid |
| 2 | Production 2 | 0,681 | 0,235 | Valid |
| 3 | Production 3 | 0,616 | 0,235 | Valid |
| Supply of raw mate (X4) | | | | |
| 1 | Supply 1 | 0,951 | 0,235 | Valid |
| 2 | Supply 2 | 0,716 | 0,235 | Valid |
| 3 | Supply 3 | 0,951 | 0,235 | Valid |
| Performance (Y) | | | | |
| 1 | Performance 1 | 0,768 | 0,235 | Valid |
| 2 | Performance 2 | 0,809 | 0,235 | Valid |
| 3 | Performance 3 | 0,732 | 0,235 | Valid |

Table 2. Results of Reliability

| Variabel | Reliability Value | Noted |
|---------------------------------------|-------------------|----------|
| Promotion (X ₁) | 0,761 | Reliabel |
| Distribution (X ₂) | 0,851 | Reliabel |
| Production (X ₃) | 0,750 | Reliabel |
| Raw Material Supply (X ₄) | 0,851 | Reliabel |
| Performance (Y) | 0,653 | Reliabel |

Data checking

In order to check as to whether the data has fulfilled the assumptions of multiple regression analysis, which can be seen from normality of the error term distribution, the linearity between variables, constant variance of the error term and multicollinearity.

Data Analysis

To make prediction of the relationship of marketing strategies and business performance, the researcher using multiple regression analysis. The equation are follows :

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where :

- Y = Performance
- a = Constanta
- b = Coefficient regression
- X₁ = Promotion
- X₂ = Distribution
- X₃ = Production
- X₄ = Raw material supply

Hypotheses Test

To test the hypothesis the researcher using F test for testing the simultan relationship of marketing strategies and performance , and T-Test for testing the partial relationship of promotion, distribution, production, and raw material supply with performance.

Findings

Respondent Charecteristic

Respondent characteristic consist of 58 or 82,86 % are businessman and 12 or 17,14 % are business women. The ammount of the business operation, dominated by business 7 years until 9 years or 42,86 %. The assets ammount are consist of 53 or 75,7 % owner have assets between Rp.500 million to Rp. 1 Billion and 17 or 24,3 % owner have assets more than Rp. 1 billion (see appendixes).

Data checking

In order to check as to whether the data has fulfilled the assumptions of multiple regression analysis, which can be seen from normality of the error term distribution, the linearity between variables, constant variance of the error term and multicollinearity. After checking the data can be concluded that all data fulfill the assumptions of regression analysis.

Partial Test (T- Test)

For ttesting the partial relationship between variables independent (promotion, distribution, production, and Raw material supply) with variable Dependent (Performance), the researcher using *Statistical Package for Social Sciences* (SPSS 17.0). Thus, the findings are follows :

1. The relationship between promotion and performance shows positive and significant, where T-test is 13,505 \geq 1.995 or T-sig. 0,000 \leq 0,05 error level. Moreover, the researcher concluded that there is positive and significant relationship between promotion and performance (hypothesse Alternatif is accepted).
2. The relationship between distribution and performance shows positive and significant, where T-test is 2,829 \geq 1.995 or T-sig. 0,048 \leq 0,05 error level. Moreover, the researcher concluded that there is positive and significant relationship between distribution and performance (hypotheses is acceted)
3. The relationship between production and performance shows positive and significant, where T-test is 2,747 \geq 1.995 or T-sig. 0,048 \leq 0,05 error level. Moreover, the researcher concluded that there is positive and significant relationship between production and performance (hypotheses is acceted)
4. The relationship between Raw material suplly and performance shows positive and significant, where T-test is 2,428 \geq 1.995 or T-sig. 0,023 \leq 0,05 error level. Moreover, the researcher concluded that there is positive and significant relationship between Raw material supply and performance (hypotheses is acceted). The SPSS result for T-test we can see Table 3.

Table 3. T-Test

| Model | Unstandardized Coefficients | | Standard ized Coefficie nts | t | Sig. |
|----------------|-----------------------------|------------|-----------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | 1.058 | .366 | | .159 | .148 |
| Promotion | .648 | .048 | .851 | 13.505 | .000 |
| 1 Distribution | .138 | .167 | .164 | 2.829 | .048 |
| Production | .032 | .042 | .025 | 2.747 | .018 |
| Raw Material S | .251 | .176 | .288 | 2.428 | .023 |

Simultaneous Test (F-Test)

The purpose of F-Test is to analysis the simultaenous relationship between marketing strategies variables with performance. The SPSS result for F-test found that Promotion (X1), Distribution (X2), Production (X3), and Raw material supply (X4) have positive and significant relationship on SME's performance, where F test is 330.979 \geq 3.71 or F sig. 0.000 \leq 0.05. Thus, the hypothesis is accepted (see Table 4).

Table 4. F-test

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|--------------|----------------|----|-------------|---------|-------------------|
| 1 Regression | 186.610 | 4 | 46.652 | 330.979 | .000 ^a |
| Residual | 9.162 | 65 | .141 | | |
| Total | 195.771 | 69 | | | |

Discussions

Marketing strategies (Promotion ,Distribution, Production, raw Material Supply) partially and simultaneous reveals positive and significant relationship on business performance , thus hypotesis are accepted. The results is not supported by.. Szymanski et al (1993), Buzzel et.al (1985) found that promotion had significant relationship with market share. Royan (2004) found that distribution as unit product, broad of product line, and product defect has significan relationship with SMSs performance.Buzzell dan Wiersema (1981), Porter (1980) found that quality product had significant relationship with market share. Yunarto and Iacun (2005), Herjanto, (2004) said that supply raw material had positive and significant relationship on performance SME's cluster. The research findings had proven the owner of cluster SME's can work together , for instance give networking information about marketing, for instance making brochure for exhibition. Meanwhile, for distribution, production, raw material supply, the owner can work together if they have large order from buyer. So, this condition can give positive impact for their SME's Performance. Thus, the benefit of networking in marketing strategies are very important to apply for SME's cluster in Medan. This condition related with Alqur'an (Surah

Al-Hujarat : 12, Al-Maida : 2), stated that the moeslim have working together in kindness and taqwa and do not help each other in the wrong ways.

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APPENDIXES

1. Respondent Profile

Table 1. Respondent Distribution Based on Sex

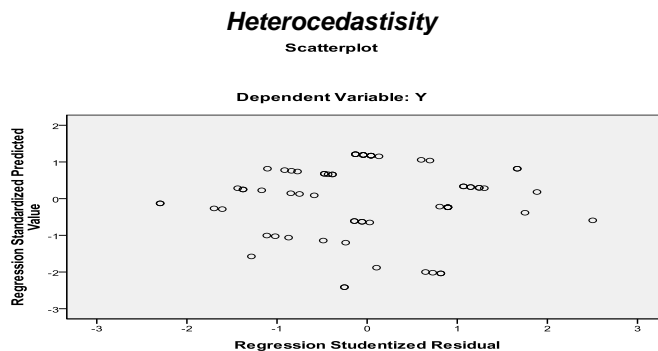
| Sex | Frequency | Percentages (%) |
|--------|-----------|-----------------|
| Male | 58 | 82,86 |
| Female | 12 | 17,14 |
| Total | 70 | 100.0 |

Table 2. The Length of SME's Operation

| Length of business (year) | Frequency | Percentages (%) |
|---------------------------|-----------|-----------------|
| 4 – 6 | 23 | 32,86 |
| 7 – 9 | 30 | 42,86 |
| > 10 | 17 | 24,28 |
| Total | 70 | 100.0 |

Table 3. The SME's Assets

| Assets (million RP) | Frequency | Percentages (%) |
|---------------------|-----------|-----------------|
| 500 – 1 | 53 | 75,7 |
| > 1 | 17 | 24,3 |
| Total | 70 | 100.0 |



I. Data Checking (Clasic Assumption)

Normality Klomogrov-Simirnov Godness of Fit Test

| | Promo tion | Distribu tion | Producti on | Stock | Work ness | |
|-------------------------------------|-------------------|------------------|----------------|-------|--------------|-------|
| N | 70 | 70 | 70 | 70 | 70 | |
| Normal Parameters _{a,b} | Mean | 13.43 | 9.84 | 10.16 | 9.76 | 10.06 |
| | Std. Deviation | 2.210 | 1.997 | 1.358 | 1.929 | 1.684 |
| Most Extreme Differences | Absolute | .173 | .188 | .175 | .155 | .184 |
| | Positive | .122 | .140 | .160 | .123 | .124 |
| | Negative | -.173 | -.188 | -.175 | -.155 | -.184 |
| Kolmogorov-Smirnov Z | 1.451 | 1.577 | 1.468 | 1.293 | 1.536 | |
| Asymp. Sig. (2-tailed) | .050 | .140 | .127 | .071 | .180 | |

Multikolinierity Test

| Model | Standardized Coefficients | T | Sig. | Collinearity Statistics | | |
|------------|------------------------------|-------|--------|----------------------------|------|-------|
| | Beta | | | Tolerance | VIF | |
| (Constant) | | 0.159 | .874 | | | |
| 1 | Promotion | .851 | 13.505 | .000 | .181 | 2.630 |
| | Distribution | .164 | .829 | .410 | .018 | 2.778 |
| | Production | .025 | .747 | .458 | .623 | 2.553 |
| | Stock | .288 | 1.428 | .158 | .018 | 2.338 |