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Implementation of Entrepreneurial Marketing in Improving Sustainability Performance of SME in Pandemic Age: Case Study on Start up in Medan

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Abstract---*The COVID-19 pandemic has changed all processes in every part of human life, including the industrial sector. The biggest impact was felt mainly in the economic and trade sectors. It is known that more than 60% of Indonesia's Gross Domestic Product (GDP) is supported by the Micro, Small, and Medium Enterprises (MSME) sector. The problem occurs when the adaptability of SME actors in changing the concept with entrepreneurial marketing. Entrepreneurship is the process of creating value by bringing together a unique package of resources to take advantage of opportunities. The process requires an entrepreneurial event and entrepreneurial agents. An event is a new idea or venture while an agent is a person or group which means carrying out the business and being responsible for the results (Morris & Lewis, 2010). Based on the results of this study, it is known that entrepreneurial marketing has a positive but not significant effect on sustainability performance. Based on factor analysis, it is known that there are 5 factors formed, Pro-Active and Innovative, Business Performance, Competence Respectively, Complacent, and Anxiety. The possibility of implementing entrepreneurial marketing in SMEs in Medan is still common.*

Keywords---*business, entrepreneurial marketing, entrepreneurship, marketing, small and mid-size enterprise.*

Introduction

The Covid-19 pandemic has changed all processes in every part of human life, including the industrial sector. The biggest impact was felt mainly in the economic and trade sectors (Sadiku-Dushi et al., 2019; Amjad et al., 2020). It is known that more than 60% of Indonesia's Gross Domestic Product (GDP) is supported by the Micro, Small, and Medium Enterprises (SME) sector. Based on the Investor. id article, Secretary of the Ministry of Cooperatives and Small and Medium Enterprises (SMEs), Rully Indrawan explained that the Covid-19 pandemic has affected the survival of MSMEs by 90%. Problems occur when the adaptability of SME actors in changing the concept with entrepreneurial marketing is needed. SMEs must innovate entrepreneurial marketing during a pandemic in various ways, such as through critical design thinking, technological innovation, collaborating with e-commerce, and so on.

Entrepreneurship is defined as a process that can occur in organizations of all sizes and types. Entrepreneurship is the process of creating value by bringing together a unique package of resources to take advantage of opportunities. The process requires an entrepreneurial event and an entrepreneurial agency. An event is a new idea or venture while an agent is a person or group which means carrying out the business and being responsible for the results (Morris & Lewis, 2010). Creativity, flexibility, and the ability to find new solutions are the core features that describe entrepreneurship. Entrepreneurship can also use new and pioneering ways to meet customer needs. The concept of Entrepreneurship has aspects of attitude and behavior. The notion of an attitude refers to a person's ability and tendency to adopt and accept changes that will enhance the entrepreneur's ability to meet current and future customer needs. On the behavioral side, ideas are concerned with the individual entrepreneur's ability to take action by understanding business development activities and how he or she can obtain resources to implement new business development ideas (Yang & Gabrielsson, 2017; Hallbäck & Gabrielsson, 2013).

Creating, delivering, and communicating value to customers is at the core of the marketing function. In addition, it is also used to manage customer relationships to achieve profitability and create value for the organization and its stakeholders. Conventional marketing is a thoughtful and systematic process. As a concept, it operates as if identifying customer needs, requiring formal research to meet those needs. The company plans to create and organize structures for the development of new products and services. However, entrepreneurial behavior is informal, unplanned, and based on individual instruction and understanding of events in the market (Becherer et al., 2012). Traditional marketing means a formal, deliberate, and planned process of market research as a basis. Before creating any product or service, marketers need to properly assess consumer needs to properly respond to customer desires. In contrast, entrepreneurial marketing behavior has a more relaxed and flexible approach to assessing customers. Nothing is planned or determined but relies on people in the field for appropriate information (Stokes, 2000). Entrepreneurship and marketing are the origins of all business activities (Whalen et al., 2016) They are disciplines that have much in common. The entrepreneurship and marketing interface comes at several different levels:

- Idea identification
- Innovation
- Exploiting opportunities
- Essential planning – marketing strategy development
- Requires an opportunity motivated approach
- It needs elasticity to focus on the unstable situations that exist in the global markets.

Transformation encourages entrepreneurial activity. Innovation and entrepreneurship are redeeming when appropriate and appropriate responses to the market are equated with the survival of the company (Morris & Lewis, 2010). Based on the previous discussion, it can be said that Entrepreneurial Marketing has a deeper meaning, different from traditional marketing. Thus, Entrepreneurial Marketing includes:

- Proactive marketing - looking for new ideas, new products, and new markets.
- Versatile application of unique marketing practices
- Unconventional marketing
- Useful in implementation and encouraged by entrepreneurs
- Formation of lasting customer value
- Emphasis on innovation and market creation.

According to Hussain et al. (Hussain et al., 2018) sustainability performance consists of several dimensions, namely economic, environmental and social. This is what determines whether SMEs can maintain their performance during the pandemic for business continuity or not. Based on previous research, research gaps, theory gaps, and phenomena in the field, researchers added critical design thinking variables from the perspective of SMEs. So in general, this study will examine the impact of implementing entrepreneurial marketing as an effort to improve the sustainability of SME performance in the Pandemic Era (Case Study on Start-Ups in Medan). As the name implies, entrepreneurial marketing is very focused on the point of view of entrepreneurship, innovation, and driven by opportunities (Fiore et al., 2013). Although previously identified several characteristics of entrepreneurial behavior, marketing, such as risk-taking calculations (Hills & Hultman, 2011), decisions based on expertise and instincts, an inherent focus on innovation (Hills & Hultman, 2013; Morrish, 2011; Whalen et al., 2016), an inherent focus on opportunity recognition, a flexible approach to market & potential markets (Shaw, 2004), and the exploitation of smaller market gaps (Stasch, 2002).

Table 1
Entrepreneurial marketing dimensions

Author	Dimensions	Explanation
Morrish & Jones (2019)	Opportunity-seeking, resource-organizing, creating new value and accepting the risk	Business disaster recovery; Entrepreneurial marketing

Regarding the topic of research, the author sees that the most appropriate and relevant dimensions of entrepreneurial marketing are opportunity-seeking, resource-organizing, creating new value & accepting the risk. According to (Keeble et al., 2003) sustainability performance indicators can be seen from various aspects as shown in the following figure.

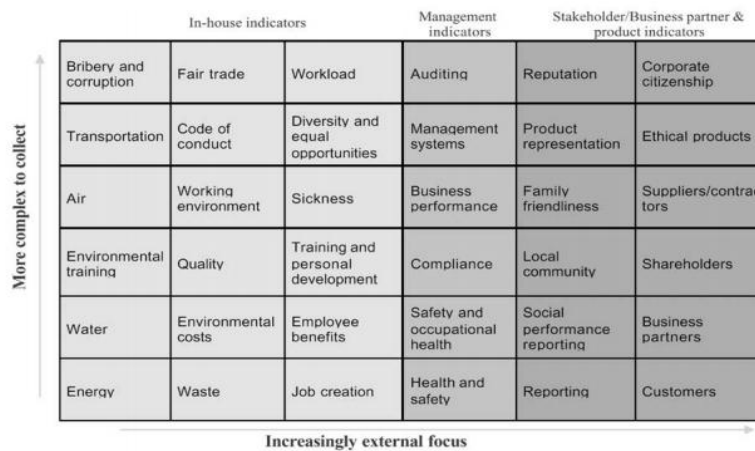


Figure 1. Sustainability performance indicators

The indicators used in Figure 1, to measure sustainability performance are seen from 3 parts, namely in-house indicators, management indicators, and stakeholders/business partners and product indicators. The various data collected will be more complex to collect because it is not only related to accounting data but also the value created by the company. In this case, business performance is included in management indicators. But so far, the process of identifying indicators carried out in various studies has focused on indicators of the sustainability of the company and project performance (Crick et al., 2020; Alkhoraif et al., 2019). No research measures the sustainability performance indicators of the SME sector. Therefore, researchers feel it is very important to find the right models and indicators for the benefit of business actors in the SME sector.

Methods

The research method that will use to conduct this research is to use a survey with a descriptive analysis. The head researcher and members will carry out the research design in the first month to form the right concepts and schemes in this research. Researchers will use a questionnaire as a data collection tool. This is to get a clearer picture of the cause and effect of all the variables studied. This study uses SME start-ups in the city of Medan with a sample of 31 respondents who were collected in the last month. Confirmatory Factor Analysis (CFA) or factor analysis will be used to test the dimensions of a theoretical construct and is often called testing the validity of a theoretical construct (Ghozali, 2013). In general, before conducting structural model analysis, researchers must first measure the model (measurement model) to test the validity of the indicators forming the construct or latent variables using CFA. In this study, the first-order CFA model is used, wherein the first-order CFA model the indicators are implemented in items that directly measure the construct. Testing using CFA, the indicator is said to be valid if the loading factor 0.70. In research that has not been established, the loading factor 0.50 - 0.60 can still be tolerated (Ghozali, 2013). Factor analysis is used in the following situations:

- Recognizing or identifying the underlying dimension (underlying dimension) or factor, which explains the correlation between a set of variables.
- Recognizing or identifying a new set of variables that are not correlated (independent) with fewer variables to replace an original set of correlated variables in the subsequent multivariate analysis.
- Recognizing or identifying an important set of variables from a larger number of variables to be used in subsequent multivariate analysis.

As followed, the research will begin by stating clear and accurate information if it meets the valid and reliable criteria. Therefore, it is necessary to test the validity and reliability of the measuring instruments used in the study (Choi et al., 2019; Shafer et al., 2005). Data processing will use several classical tests, starting from the normality test, multicollinearity test, autocorrelation test, and validity and reliability testing. In the end, the research report on the final results will be carried out by the head researcher and research members.

Results and discussion

Based on the results of data collection through the distribution of questionnaires to 31 SMEs start-up actors in Medan, the results are as shown in Figure 2 below.

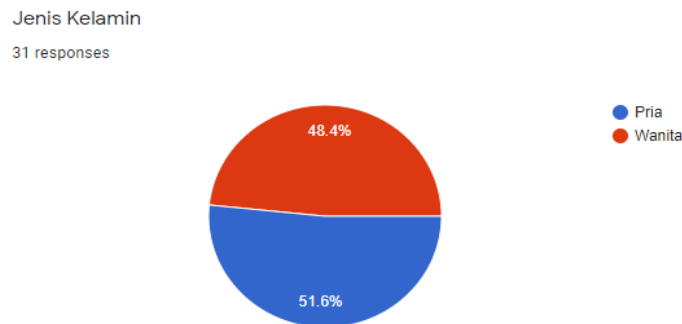


Figure 2. Composition of respondents by gender

Based on Figure 2, it is known that 48.4% are female and 51.6% are male. Thus, it can be concluded that the majority of MSME start-up actors are male. Researchers also feel the need to evaluate the period of each SME. Based on Figure 3, it is known that of the 31 respondents of MSME actors in Medan, the majority 41.9% already have the start-up business within 1-3 years, as many as 35.5% of the culinary MSME actors have the business < 1 year, namely during the pandemic Covid19, and the remaining 22.6% have owned the MSME start-up business for more than 3 years.

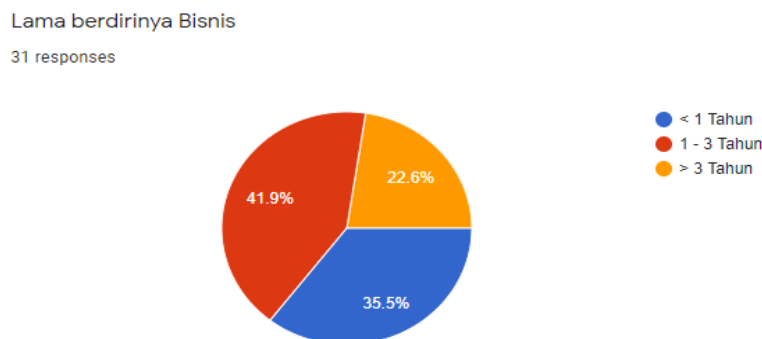


Figure 3. Composition of SMEs age

Based on Figure 4, it is known that of the 31 respondents of SMEs in Medan the majority are engaged in the culinary sector as much as 45.2%, 19.4% are engaged in the service sector, and 12.9% are engaged in fashion. While the rest are engaged in technology, health, creativity, clothing, and so on.

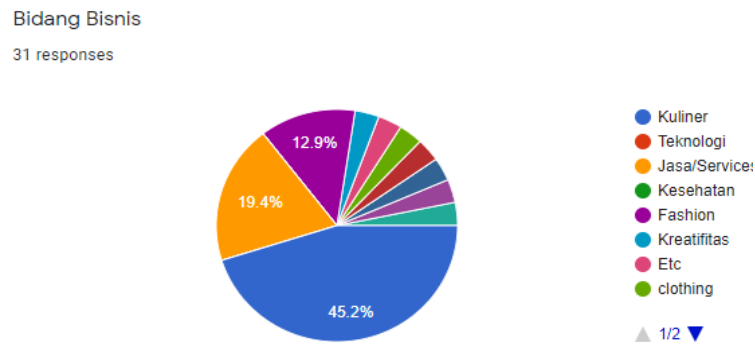


Figure 4. Composition of a business guild

Factor analysis process

Based on the results of the factor analysis test, the value of each factor is valid when it has been tested three times as follows:

- Test Factor Analysis 1: $X.23 = 0.269$, Determinant = $3.394E-007$
- Test Factor Analysis 2: $X.21=0.376$,Determinant= $1.442E-006$
- Test Factor Analysis 3: $X.42=0.413$,Determinant= $5.365E-006$

Based on the results of factor analysis, the results were by the criteria because the MSA value was >0.5 . MSA requirements are met if the MSA value is > 0.5 . As the results show the value of anti-image correlation is larger than 0.5, which means that the data processing can be continued. KMO is a comparison index of the distance between the correlation coefficient and its partial correlation coefficient (Bendixen et al., 2004; Cooper et al., 1989). If the sum of the squares of the partial correlation coefficients among all pairs of variables is small when compared to the sum of the squares of the correlation coefficients, then the KMO value is close to 1. Based on the results, the KMO value is considered sufficient if it is more than 0.5. The test results show that the KMO value is 0.625, thus the KMO requirements are met. The results of the Communalities test show that there are no variables whose extraction values are below 0.5 so that all remaining variables can be used for further testing. However, if there is a variable whose extraction value is below 0.5, then the variable must be removed and re-testing is carried out. The factor loading value shows how much a variable is correlated with the factor to be formed. Based on the results, it is known that X.33 correlates 0.836 with a factor of 1, -0.220 with a factor of 2, and -0.157 with a factor of 3, 0.120 with a factor of 4, and a correlation of 0.186 with a factor of 5. Grouping of variables on factors is determined by looking at the largest correlation value. In table 4.5, it is known that there are several groupings based on the values of the rotated component matrix as follows:

- In Factor 1, the largest correlation is X.32 (0.917), X.34 (0.902), X.33 (0.785) and X.12 (0.744).
- In Factor 2, the largest correlation is Y.3 (0.925), Y.1 (0.917) and Y.2 (0.669).
- In Factor 3 the largest correlation is X.14 (0.871), X.15 (0.832), and X.24 (0.804).
- In Factor 4 the largest correlation is X.11 (0.866), X.31 (0.786) and X.22 (0.778).
- In Factor 5 the largest correlation is X.41 (0.881).

Thus, the grouping of variables on each factor has been formed. Classical assumption testing is a statistical requirement that must be met in linear regression analysis. The results of the classical assumption test are shown as follows.

Normality test

Based on the results of data processing, the results of the normality test are as follows:

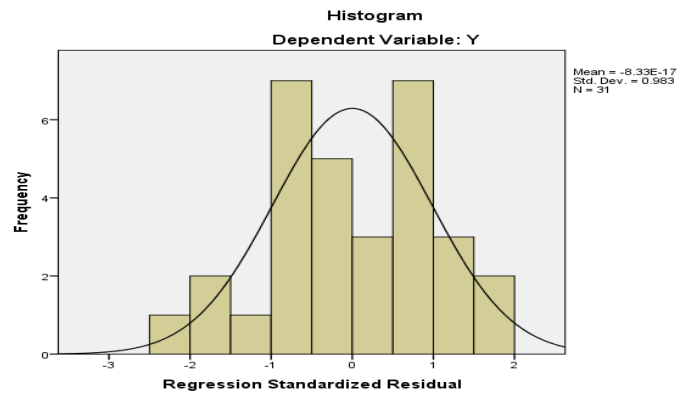


Figure 5. Normality test

Based on Figure 5, it is known that the histogram results show the distribution of data that spreads throughout the normal curve area. Thus it can be concluded that the distribution of data is normally distributed. In addition to the histogram, the results of the normality test can also be seen in the P-Plot of Figure 6 below.

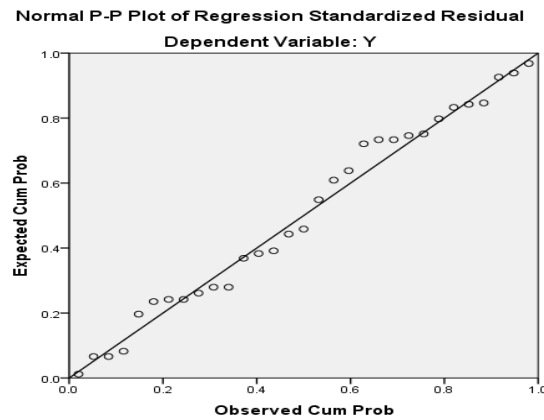


Figure 6. Plot normality test

Based on Figure 6 above, it is known that the points spread around the diagonal line. This indicates that the regressed data in this study is normally distributed. This is also by the following Kolmogorov Smirnov Test where the value of asymp sig is $0.838 > 0.05$ meaning the data is distributed normally. The results of the heteroscedasticity test are shown in Figure 7 below.

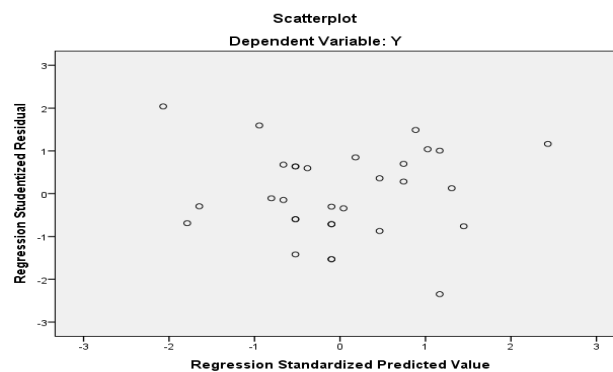


Figure 7. Heteroscedasticity test

Based on Figure 7 above, it is known that the scatterplot points spread evenly without forming a certain pattern or overlapping. Thus, it can be concluded that the data of this regression model is free from heteroscedasticity problems so that it is feasible to use it to predict the sustainability performance variable. Based on the results of the simple regression analysis test above, it is known that there is an influence between variables worth 4% as seen from the adjusted R2 value of 0.040. While the effect of 4% is not significant as shown in Table 2 below.

Table 2
Anova

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	13.915	1	13.915	2.255	.144 ^b
	Residual	178.924	29	6.170		
	Total	192.839	30			

a. Dependent Variable: Y

b. Predictors: (Constant), X

Based on Table 2 above, it is known that there is no significant influence between entrepreneurial marketing on sustainability performance.

Table 3
Coefficients value

		Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.991	3.898		1.280	.211	-2.982	12.963
	X	.096	.064	.269	1.502	.144	-.035	.226

a. Dependent Variable: Y

Based on Table 4.10 it is known that the constant value is 4,991. Meanwhile, the regression coefficient for the entrepreneurial marketing variable is 0.096 with a significance level of 0.144 > 0.05. Thus the regression formula can be obtained as follows:

$$Y = 4.991 + 0.096X$$

Conclusion

Based on the results of this study, it is known that entrepreneurial marketing has a positive but not significant effect on sustainability performance (Tripathy, 2018; Starnes, 2021). This can be seen from the Beta value of 0.096 which has a positive influence. However, the significance level is 0.114 > 0.05. Entrepreneurial marketing affects sustainability performance only by 4% with an adjusted R-Square value of 0.04. The possibility of implementing entrepreneurial marketing in SMEs in Medan is still common. Researchers assume this happens because there is still a lack of knowledge about entrepreneurial marketing and how to apply it. Meanwhile, according to marketing experts and marketers, entrepreneurial marketing influences the sustainability of SME performance, especially during the pandemic. Based on factor analysis, it is known that there are 5 factors formed, namely:

- Factor 1, which has the largest correlation is X.32, X.34, X.33, and X.12 . (Pro-Active and Innovative)
- Factor 2, which has the largest correlation is Y.3, Y.1, and Y.2. (Business Performance)
- Factor 3 with the largest correlation is X.14, X.15, and X.24. (Competence Respectively)
- Factor 4 with the largest correlation is X.11, X.31, and X.22. (complacent)
- Factor 5 with the largest correlation is X.41. (anxiety)

For further research, researchers conclude that because entrepreneurial marketing has a positive effect on the sustainability performance of a business, it would be wise to research as far as an entrepreneur implementing entrepreneurial marketing in their organization.

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