



The Influence of Entrepreneurial Marketing and Government Policies on MSME Competitiveness (Study on Home Industry in Luwu Regency)

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ABSTRACT

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The purpose of this study was to analyze the effect of *entrepreneurial marketing* and government policies on the competitiveness of SMEs in Luwu Regency. This study uses primary data, which was obtained by distributing questionnaires to respondents, in this case MSMEs in Luwu Regency, with a sample size of 78. To analyze the data of this study, multiple linear regression was used and processed with the SPSS application. The results of this study show that *entrepreneurial marketing* variables and government policies jointly affect the competitiveness of MSMEs in Luwu Regency. partially *entrepreneurial marketing* variables and government policies have a positive and significant effect on the competitiveness of MSMEs in Luwu Regency.

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1. Introduction

Micro, small and medium enterprises (MSMEs) have become one of the most important factors in an economy both at the national and regional levels. The role of MSMEs in addition to improving the regional economy, MSMEs can also encourage job creation and employment. MSMEs in their development are able to support the economy from the economic crisis. According to Febriyantoro and Arisandi (2018) in [1] Small, micro and medium enterprises (MSMEs) have an important contribution to the economy of a country. MSMEs are a buffer in a country's economy, employment, state revenue and regional income.

The role and contribution of MSMEs in the national economy is not only a top priority, but also a hope in the agenda of accelerating the development of the Firmanzah (2013) in (Dewi et al., 2021). The development of MSMEs shows a significant increasing trend, based on data from the ministry of cooperatives, small and medium enterprises, the number of MSMEs in 2019 reached 65.4 million or 99.99 percent of the total business actors in Indonesia. absorbed by MSMEs reached 119 million or about 98 percent, when compared to the number of MSMEs in 2018 which only reached 64.1 million, with a total employment of 116 million.

The increase in the number of MSMEs certainly needs to be balanced with competitiveness. Competitiveness is needed by MSMEs, in order to be able to survive and be competitive, in the midst of the growing business world. According to Porter (1980) in [3] Competitiveness is the ability and strategy to compete against a product/company/industry, not only seen from the production side in terms of producing cheap products but also a combination of end results (goals) and policies. in achieving it. Policies or efforts are like a competitive strategy wheel not only from the production side in this case manufacturing, production lines, research and development, but include marketing, finance and target markets, distribution, sales, labor and procurement and purchasing.



Various factors that affect the competitiveness of a business, among others, location, price, quality, promotion and marketing. According to Hacıoglu et al., (2012) in [3] competitiveness is influenced by various factors including location, price, quality, promotion and marketing. The development of an increasingly competitive business world requires marketing and entrepreneurial skills. In facing a situation that requires surviving in a very tight competition, effective marketing skills and entrepreneurial abilities are needed, the combination of these abilities is called *entrepreneurial marketing*, Gilmore (2011) in [4]. According to Kraus et al (2009) in (Dewi, et al., 2021) *entrepreneurial marketing* is a form of marketing organizational function that is combined with the process of creating, delivering value and communicating to customers in order to manage customer relationships and other interested parties in profitable ways. for organizations that are characterized by *innovativeness*, risk taking, *proactiveness* and can be carried out without supervision. The company's strategic focus in *entrepreneurial marketing* is focused on creating new profits or value as innovation, Gerald et al (2008) in (Dewi, et al., 2021)

In addition to marketing in encouraging competitiveness for MSMEs, the role of government policies also contributes to competitiveness in MSMEs. The difficulty of MSME competitiveness is also influenced by external factors in the form of involvement of business actors with suppliers, customers, governments and other MSME competitors. According to Hardiyanti and Mulyono (2017) in [5] small and micro businesses will experience an increase if the regulatory/policy environment supports the macroeconomic environment if it is carried out well, is stable and predictable. The MSME empowerment program implemented by the government will encourage MSME competitiveness and business performance to increase.

Based on the above background, the formulation of this research problem is as follows:

- a. How is the influence of *entrepreneurial marketing* on the competitiveness of home industry SMEs in Luwu Regency?
- b. How is the influence of government policies on the competitiveness of home industry SMEs in Luwu Regency?

The purpose of this study is to analyze the influence of *entrepreneurial marketing* and government policies on the competitiveness of SMEs in the home industry in Luwu Regency.

2. Methods

2.1 Population and Sample

The population is the entire object of research, the population in this study is the entire cottage industry in East Luwu Regency. The sampling technique used in this study is a saturated sampling technique. Saturated sampling technique is a sampling technique in which all members can be used in the sample. The number of samples used in this study were 78 home industries in Luwu.

2.2 Types and techniques of data collection

Sources of data used in this study are secondary data, data obtained through books, journals, publications of government agencies and primary data is data obtained directly from the source of the object of research by distributing questionnaires to 78 home industry respondents in Luwu Regency.

2.3 Data analysis technique

The data analysis technique used in this research is multiple linear regression. Multiple linear regression aims to examine the relationship between the dependent and independent variables. The linear regression model in this study is as follows

$$Y = \beta_0 + \beta_1x_1 + \beta_2x_2 + e$$

Information:

- Y = Industrial competitiveness of Luwu Regency
- X1 and X2 = *Entrepreneurial marketing* and government policy
- β_1 dan β_2 = regression coefficient
- e = error rate

Classical Assumption Test used is normality test, multicollinearity, and heteroscedasticity.



3. Results and Analysis

3.1 Research Result

a. Validity test

Table 1
Validity Test Results

Variable	No. Question Items	r Table	r Count	Information
Entrepreneurial Marketing	1	0.223	0.627	Valid
	2	0.223	0.391	Valid
	3	0.223	0.394	Valid
	4	0.223	0.536	Valid
Government policy	1	0.223	0.600	Valid
	2	0.223	0.394	Valid
	3	0.223	0.408	Valid
	4	0.223	0.529	Valid
Competitiveness	1	0.223	0.436	Valid
	2	0.223	0.431	Valid
	3	0.223	0.316	Valid
	4	0.223	0.475	Valid
	5	0.223	0.557	Valid
	6	0.223	0.305	Valid
	7	0.223	0.402	Valid

Source: primary data processed, 2021

The results of the validity test show the value of r arithmetic is greater than r table or r arithmetic > r table, this means that the questionnaire in the study is valid.

b. Reliability Test

Table 2
Reliability Test Results

Variable	Cronchbach Alpha	Information
Entrepreneurial Marketing	0.640	Reliable
Government policy	0.801	Reliable
Competitiveness	0.712	Reliable

Source: Primary data processed, 2021

The results of the reliability test of the *entrepreneurial marketing* variable, government policy and competitiveness show that all statements on these variables are reliable, this can be seen from the Cronchbach Alpha value greater than 0.60 alpha.

3.2 Classic Assumption Test

a. Normality test

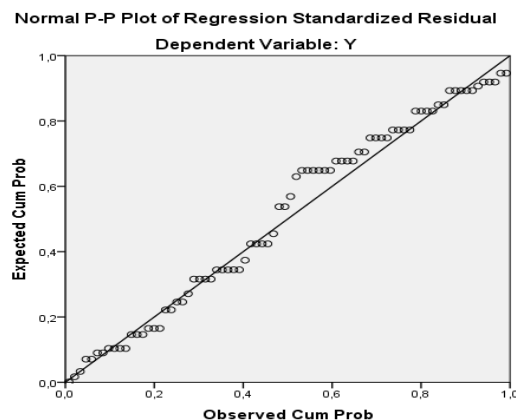


Fig 1. Normality Test Results
Source: Primary data processed, 2021

The results of the normality test using the PP plot graph show that the data points are spread around the diagonal line, this means that the residuals are normally distributed and meet the normality assumption test.

b. Multicollinearity Test

Table 3
Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
Entrepreneurial Marketing	0.954	1.048
Government policy	0.954	1.048

Source: Primary data processed, 2021

The results of the normality test show that the VIF value on the *entrepreneurial marketing* and government policy variables is at 1,048 which is smaller or below 5 and the tolerance value is greater than 0.1 or $0.954 > 0.1$. this means that there is no multicollinearity between the independent variables.

c. Heteroscedasticity Test

Table 4
Heteroscedasticity Test Results

		Entrepreneurial Marketing	Government policy	Unstandardized Residual
Entrepreneurial Marketing	Correlation Coefficient	1,000	,129	,011
	Sig. (2-tailed)	.	,262	,926
	N	78	78	78
Spearman's rho Government policy	Correlation Coefficient	,129	1,000	,039
	Sig. (2-tailed)	,262	.	,734
	N	78	78	78
Unstandardized Residual	Correlation Coefficient	,011	,039	1,000
	Sig. (2-tailed)	,926	,734	.
	N	78	78	78

Source: Primary data processed, 2021

The results of the sperman rank test show that the significance value or sig (2 tiles) of each *entrepreneurial marketing* and government policy variable is 0.926 and 0.734, the significance value is greater than 0.05, it can be concluded that there are no symptoms of heteroscedasticity.

d. Multiple Regression Analysis

Table 5.
Results of Multiple Regression Analysis
Regression Coefficient, F-Test, T-Test

Model	Unstandardized coefficients (B)	t Count	Sig. t
Entrepreneurial Marketing	0.425	2.297	0.024
Government policy	0.334	2.113	0.038
Constant = 18.725		f Count = 6.188	
R Square = 0.142		sig. f = 0.003	
Multiple R = 0.376			

Source: primary data processed, 2021

Table 5 shows the results of multiple linear regression analysis, from the table it can be seen:

- The value of the determinant coefficient is 0.142, this shows that the variation of the dependent variable can be explained by the variation of the independent variable by 14.2 percent, the remaining 85.8 percent is explained by the variation of the variables not included in the research model.
- Simultaneous test, the calculated F probability value is 0.003 and is significant at the 0.05 level, this means that the independent variables simultaneously affect the dependent variable.
- The t-test, *entrepreneurial marketing* viability has a coefficient value of 0.425 and is significant at 0.024 probability smaller than alpha 0.005 or $\text{sig } p 0.024 < 0.05$, this means that the *entrepreneurial marketing* variable has a positive and significant impact on the competitiveness of SMEs in Luwu Regency. The government policy variable has a coefficient value of 0.334 and is significant at 0.038 probability that is smaller than alpha 0.05, or $\text{sig } p 0.038 < \alpha 0.05$, this means that government policy has a positive and significant effect on the competitiveness of MSMEs in Luwu Regency.

3.3 Discussion of Research Results

a. The influence of *entrepreneurial marketing* on the competitiveness of SMEs



The results of the regression analysis show that *entrepreneurial marketing* has a positive and significant effect on competitiveness in Luwu Regency, this result is in accordance with the hypothesis proposed at the beginning, *entrepreneurial marketing* has an effect on competitiveness. The results of the study are in accordance with the results required by Franco (2014) in (Dewi, et al., 2021). the results of his research show that the higher the *entrepreneurial marketing* owned by the entrepreneur, the higher the competitiveness of a company.

The results of this study also, with the theory expressed by Berney and Hansen (1994) in (Dewi, et al., 2021)., the creation of profitable relationships with customers can encourage competitiveness. According to Morris et al (2002) in [10] EM is a proactive attitude to identify and exploit opportunities to acquire and retain profitable customers through innovative approaches to managing risk, creating value and optimizing resources.

b. The influence of government policies on the competitiveness of SMEs

The results of the regression analysis show that government policies have a positive and significant effect on the competitiveness of MSMEs. The results of this regression are in line with the initial hypothesis, that government policies have a positive and significant effect on the competitiveness of MSMEs.

The results of this study are in accordance with the results of research conducted by [8] the results of his research show that government policies have a positive and significant effect on the competitiveness of SMEs in the agro-food industry in Malang Regency, another study that has the same results is Munizu, (2010).

According to Wulandari and Hilma (2013), government support does not mean that the government intervenes directly in all fields of MSME business, but creates a conducive environment, so that MSMEs are able to carry out maximum empowerment. Government policies that affect the development of MSMEs can occur in two forms, namely through macro policies such as fiscal, monetary and investment policies, as well as micro policies that have a direct impact on MSMEs. , and property registration.

4. Conclusion

- a. Entrepreneurial marketing has a positive and significant impact on the competitiveness of MSMEs in Luwu Regency
- b. Government policies have a positive and significant impact on the competitiveness of SMEs in Luwu Regency.

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