



## An Empirical approach to measure the significance Strategic Marketing Planning among SMEs

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**Abstract:** *In the current era of globalization, it is difficult for the small enterprises to compete with large firms who are more competitive as they have the accessibility to quality supplies in the global village. Whereas, it is difficult for the small firms to define competition, and gaining the competitive advantage is still more challenging. Even though the government has supported and promoted the growth of Small enterprises, deficiencies within the management, functional, technological innovations, financial insufficiencies, and lack of professional approach has lead the small enterprises to face challenges. This study reveals the impact of planning, implementation and control marketing performance of small enterprises*

**Key words:** *globalization, innovation, Small enterprises*

### Introduction:

Small businesses contribute to local economies by bringing growth and innovation to the community in which the business is established. Small businesses also help stimulate economic growth by providing employment opportunities to people who may not be employable by larger corporations. Small businesses tend to attract talent who invent new products or implement new solutions for existing ideas. Larger businesses also often benefit from small businesses within the same local community, as many large corporations depend on small businesses for the completion of various business functions through outsourcing. Economic development of the country is based on the development of rural area which is driven by the establishment and performance of the small business. The small enterprises have contributed tremendously to the economy by mobilizing the resources, employment, distribution of the income, facilitating the large business being supplier to them,

raising the standard of living, financial independence to people in the local area and many more.

In the current era of globalization, it is difficult for the small enterprises to compete with large firms who are more competitive as they have the accessibility to quality supplies in the global village. Whereas, it is difficult for the small firms to define competition, and gaining the competitive advantage is still more challenging. Even though the government has supported and promoted the growth of Small enterprises, deficiencies within the management, functional, technological innovations, financial insufficiencies, and lack of professional approach has lead the small enterprises to face challenges. To sustain, the small enterprises have to introspect where exactly they stand in terms of performance and competitiveness and to understand how can they ensure and enhance their performance. For this, the firms should have integrated and strategic approach towards the performance and sustainability.



Planning helps an organization chart a course for the achievement of its goals. The process begins with reviewing the current operations of the organization and identifying what needs to be improved operationally in the upcoming year. From there, planning involves envisioning the results the organization wants to achieve, and determining the steps necessary to arrive at the intended destination--success, whether that is measured in financial terms, or goals that include being the highest-rated organization in customer satisfaction. The planning process provides the information top management needs to make effective decisions about how to allocate the resources in a way that will enable the organization to reach its objectives. Productivity is maximized and resources are not wasted on projects with little chance of success. Setting goals that challenge everyone in the organization to strive for better performance is one of the key aspects of the planning process. Goals must be aggressive, but realistic. Organizations cannot allow themselves to become too satisfied with how they are currently doing--or they are likely to lose ground to competitors. The goal setting process can be a wake-up call for managers that have become complacent. The other benefit of goal setting comes when forecast results are compared to actual results.

#### **Contribution of SME's:**

The SME sector has grown rapidly over the years. The growth rates during the various plan periods have been very impressive. The number of small-scale units has increased from an estimated 6.79 million units in the year 1990-91 to over 13 million in the year 2007-08. The Small and Medium Enterprises' (SMEs) contribution to Indian GDP is expected to

increase to 22 per cent by 2020, from the present 17 per cent. When the performance of this sector is viewed against the growth in the manufacturing and the industry sector as a whole, it instills confidence in the resilience of the SME Sector.

The small scale industry sector continues to remain an important sector of the economy with a noteworthy contribution to GDP, industrial production, employment generation and exports. As per the census of registered and unregistered units held for the year 2005-06 there were 123.42 lakh SSI units in the country. Out of which 19.03 lakh were registered working units and 104.12 lakhs unregistered units. Their contribution to production was Rs. 418,884 crore in 2001-02 prices and to employment 299.85 lakh persons. It is estimated that during 2006-07 the number of SSI units has increased to 128.44 lakh from 123.42 lakh in the previous year in the growth of 4.1 per cent. The value of production at constant prices by the SSI units also increased by 12.6 percent to Rs. 471663 crore from Rs. 418884 crore during 2005-06. Employment is estimated to have increased 312.52 lakh persons from 299.85 lakh persons in the previous year. The rate of increase in SSIs exports also increased gradually to Rs. 150.242 crore during 2005-06 from Rs.2124.417 crore during 2004-05. The SSIs provide employment to an estimated 31.2 million persons in rural and urban areas of the country. During 2003-07, the SSI sector registered a continues growth in the number of enterprises production, employment and exports (Table .3)It is estimated that there are about 128.44 lakh SSI s in the country as on March 31, 2007, accounting for about 39 per cent of



the gross value of output in the manufacturing sector.

**Literature Review on Performance in terms of HR, Marketing, Finance, and other functional areas of Small-Scale Enterprises**

Kelly Brent Massey and Nathanael Campbell (2013), study conducted reveals that, for small enterprises to be successful, they should be competent. To be competent, they should have content employees who are highly motivated. Employers must try to align the employee's goals with firm's objective and competitive human resource strategies to be successful. Their study focused on the areas: Legal Compliance-fair labor standard, Recruiting, Screening and hiring employees and Employee Relations, Training and Documentation. Apart from all the above, the managers should embrace knowledge related to labor law and HR management. According to Mohammed Nizam Ab Rahman(2012), Small Medium Enterprises encounter wide range of issues related to HR, Marketing, Finance, Technology and finance. Author conducted research in Malaysia and Indonesia; found that implementing Supply Chain Management is still considered as a challenge. As competitive SCM strategies improve the practices in SMEs. Author strongly recommends, SCM-supplier, transportation, customer and inventory must be implemented to overcome the challenges and for the smooth functioning of the SMEs. Md Nizam emphasizes on integration of SCM and firm's objectives can help gaining better competitive advantage to sustain the local and global market. In this regard, author suggests the owners of the enterprises to train the employees in terms of skill acquisition, quality know-

how, and knowledge to overcome the challenges faced. The research conducted on "Crisis Management for Small Business: Advice for before, during and After a Crisis "by Stephen C Bett, Dennis Huzey, Vincent Vicari, divulge that effective crisis management plays a key role, during and after the crisis. It helps firm equip itself with necessary measures to overcome the effects of crisis. According to authors, Crisis can be divided into three phases as pre-crisis, management, recovery during and immediately after the crisis. As small enterprises differ from large enterprises in terms of entrepreneurial concerns, their problem also specific and should be addressed differently this needs specialized skill set and thought. The research provides insight and advice to small enterprises to overcome challenges of Crisis. Jeffery Shields & Joyce Shelleman's (2013) research provides the empirical descriptive evidence on seasonality in U.S small business. Seasonal cycles of demand is the biggest challenge for the small businesses, this has lead authors to research on the same. From 73 samples, frequency data were gathered to theorize information on attributes of cyclical demand, including length of seasonal phases and reported causal factors. The outcome of the research reveals the phases of seasonality follow the calendar which is an apparent reflection of impact of weather and customer leisure which are the areas of concern for the small businesses in U.S.

**Theoretical background of the research:**

The study aims at investigating the impact of Marketing planning, Implementation and Control on the Small Enterprises in Gulbarga district. It is very challenging to define the competitiveness in terms of performance



of small enterprises. The marketing performance of the firm does not depend only upon the effective marketing strategies but also on effective planning, implementation and control of the firm's activities. For this particular study to know the impact of planning, implementation and control on marketing performance, following theoretical framework is adopted.

- ❖ **Marketing Planning:**
- ❖ **Strategic tools used to understand the strategic position, competition, customer analysis and to identify the gaps with current marketing performance are**
- ❖ **Porter's Five Forces of Competitive Position Analysis**
- ❖ **Situation Analysis(5C Analysis):**

**Objectives of the study:**

- 1) To study the planning activities of Small enterprises
- 2) To measure the significance of strategic marketing planning among small enterprises.
- 3) To suggest the suggestive measures

**Hypothesis:**

1. Ho: Strategic Marketing Planning does not play a significant role among Small Enterprises.
2. H1: Strategic Marketing Planning plays an important role among Small Enterprises.

**Methodology:**

The study is empirical in nature; hence survey method with descriptive research design is adopted. A structured questionnaire was administered to collect

the primary data from primary source (owners of the enterprises) along with interviews. The secondary data was collected through the magazines, government reports and publications, conference proceedings, journals, research publications etc. Thus collected data will be analyzed with the help of suitable statistical tool to draw inferences and to suggest suggestive measures.

➤ **Data Collection:**

A structured questionnaire was administered to collect the primary data from the small enterprises and secondary data from the different secondary sources like Govt. Publications, official sites, journals, magazines, bibliographies, research publications etc.

➤ **Tools used to collect data**

A structured questionnaire and scientific interview schedule was used to collect the primary data.

➤ **Sample Size:**

$$n = \frac{Z^2 (p q) N}{[e^2 (N-1) + Z^2 (p q)]}$$

Where, p = sample proportion = 0.5, q = 1-0.5 = 0.5, e = 5%, Z = 1.96, N = 1150

Substituting the above mentioned values in the formula

$$n = 289$$

Therefore the sample size is 289 units

➤ **Sample Technique:**

Stratified sampling technique was adopted for the study. Different strata's are formed based on the registered manufacturing small enterprises. These small enterprises are further divided into few clusters/nature of business like Oil extraction units, stone polishing units.



Mineral water plants, Urea manufacturing and Dal Milling units.

**Discussion/Findings:**

1. Most of the proprietors of the small enterprises agree that marketing is an integrated, challenging and dynamic activity.
2. Irrespective of the size of the firm, planning is important and should be meticulous to gain the competitive advantage.
3. Most of the firm's objectives are sales, profits, client satisfaction, new opportunities, market share and sustainability.
4. Effective marketing planning minimizes risk of failure, future uncertainties, helps identifying strategic fit, and helps in optimum utilization of the resources.
5. Effective strategic marketing plan clearly defines the roles and responsibilities, enhances the efficiency and effectiveness of marketing activities and helps better integration of the activities.
6. Better Partner relationship and client relationships through the efficient marketing programs.
7. Marketing planning helps in customer analysis, competitor, market and environmental analysis.

**Outcome and applicability of the Study:**

1. The study reveals the impact of planning, implementation and control marketing performance of small enterprises.
2. The study reveals the details of strata's, interviews with the owners,

and practical aspects of problems and prospects of small enterprises.

3. The findings of the study may help the government, MSMED, enterprises to take better decisions regarding the sustainability of small enterprises.
4. The findings may help to understand the strategic gap from strategy formulation- implementation and better control of enterprises.

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