THE ROLE OF MARKETING IN SME’S DEVELOPMENT IN REPUBLIC MACEDONIA
(Rolul marketingului în dezvoltarea IMM-urilor în Macedonia)

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Abstract

The SME’s currently need to upgrade their knowledge and skills to respond the complex market needs, in order to make their position and competitiveness on the market. There is a very close connection among marketing orientation and the level of development of small business. Among other macro and institutional factors, marketing has become one of the most important for SME’s development. To be competitive means to create optimal marketing mix by using the four marketing instruments: product, place, promotion and price (4P).

The situation of SME’s in the Republic of Macedonia is characterized by disturbances in their development through the period of transition. The reasons for such situation are focused mainly on the highest (macro) level, but there are still some opinions that firms are not very innovative or creative in implementing the real marketing concept in practice. The owners or managers in this SME’s are not aware or educated in the sphere of marketing and the possibilities for implementation of business activities. Responding to the consumer needs should be a base for creating the whole strategy and the process of consumer satisfaction has to be an indicator for the development small business. This should be a base for creating the contemporary relationship management concept in order to make a real business strategy for positioning the SME’s in order to increase the completeness on the market.

Keywords: ● Marketing orientation
● SME’s development ● Marketing concept
● Promotion ● Integrated communication

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Rezumat

IMM-urile au nevoie permanent să-şi actualizeze cunoștințele și aptitudinile pentru a putea răspunde nevoilor piețelor complexe, așa încât să-și stabilească o poziție și competitivitate pe piață. Există o legată foarte strânsă între orientările marketingului și nivelul dezvoltării micilor afaceri. Printre alți factori macroeconomici și instituționali, marketingul a devenit unul dintre cei mai importanți pentru dezvoltarea IMM-urilor. A fi competitiv înseamnă a crea un mix de marketing optim folosind cele patru instrumente de marketing: produs, piață, promoție și preț (Cei patru P).

Situația IMM-urilor în Republica Macedonia este caracterizată de tulburări în dezvoltarea lor în perioada de tranziție. Motivele acesteia situații sunt în principal la nivel macroeconomic, dar există și păreri cum că firmele nu sunt prea inovative sau creative în implementarea conceptului marketingului în practică. Patronii sau managerii IMM-urilor nu sunt conștienți sau educați în sfera marketingului și posibilităților de implementare a activităților de afaceri.

A răspunde nevoilor consumatorilor ar trebui să reprezinte baza pentru crearea unei integre strategii și satisfacția consumatorului ar trebui să fie un indicator al dezvoltării micilor afaceri. Aceasta ar trebui să reprezinte baza pentru crearea conceptului de management relațional pentru a realiza o strategie de afaceri în poziționarea IMM-urilor astfel încât să completeze piața.

Cuvinte cheie: ● Orientare de marketing
● Dezvoltarea IMM-urilor ● Conceptul de marketing ● Promovare ● Comunicații integrate
Introduction

In the contemporary conditions, the implementation of marketing in the small business has become the challenge and the necessity. The necessity is a result of the increased competition and the rapid market differentiation. In such environment, the position of small and medium enterprises (SME’s) has become more complex due to the fact that their survival and development is possible only in favourable economic environment, institutionally supported mechanism, development of the entrepreneur initiative and creativity on organisational level as a prerogative for creation of the market positioning.

The SME’s which works with success in contemporary conditions should create their market position through permanent communication with the consumers in the transaction process, but also within the process of sharing and delivering all the information’s necessary for maintaining the most appropriate customer relationship management process. In such manner, the implementation of marketing as a business conception has great significance in SME’s development from the aspect of discovering the needs and demands of the consumers as well as from the aspect of creation of optimal marketing mix of the products and services which are being offered on the market. This article has elaborated some of the problems of implementation of marketing for small business in the Republic of Macedonia as one of the basic conditions for increasing their development in the common sense.

1. The appearance and development of small business in the Republic of Macedonia

The transition process in the Republic of Macedonia and especially the privatisation process which has started at the beginning of 1993 have influenced a lot of disturbances in the economic and social sphere. This process has influenced the appearance of SME’s from different nature and activity. The dynamic of this process was determined by the actual political and economic conditions of the company’s existence. For example, in the period of political and war disturbances in 1999 and 2001, this dynamic was not so rapid.

In the theory and practice, there are some opinions about the characteristics of the dynamic of SMEs development. Some of them rely on the quantitative data for the participation of SME’s in the total export, their innovation capability and the capacity to make a rapid growth. (1) According to some analyses, only 5% of the total SME’s has potential for creating a rapid growth and increasing the competitive position on the market. Some of the reasons for such conditions are the problems of erratic and spontaneous starting of the new SME’s on the base of the current market impulses and without some predictive activities of the market research, which should be a base for implementation of the marketing concept.

A large number of small businesses failed in relatively short period of time, and they can not reach the optimal point in their development. For this situation, the theoretical and practitioners opinions are that the reasons for such situation are (2):

- the small scope of the national market,
- decreased purchasing power of people,
- difficult approach to the financial assets which are very important
- the problems with the fiscal system in the country,
• law regulations in the financial system;
• strongly oriented Byrocratical procedures
• infrastructure problems
• the level of implementation of marketing concept in the practice.

Of course, it is very important to mention that there are varieties of factors which influence the dynamic in SME’s development. On macro level, the conditions for the implementation of developing performances in the SME’s activity are depending of the economic system, law regulations, and institutional support for entrepreneurial development. But, the factors on the micro or company level are also very important. Those factors are influencing the innovation and creativity of the entrepreneurs and are based on the possibilities for implementation of the marketing possibilities and the contemporary forms of management for successful positioning on the target markets.

2. The significance of marketing in SME’s development- the conditions in Macedonia

The strategically approach in creating the business politics of SME’s means acceptance and implementation of the marketing conception in the business. The marketing approach in the business sphere is a permanent activity of diagnosis of the market condition as well as finding the ways for positioning the company on the market segment.

Marketing orientation is one of the most significant micro competitive factors of some small business. The knowledge about the marketing influence in the successful business practice has influenced the necessity for an appropriate approach to all marketing instruments. The creation of the marketing strategy has been accomplished in the 4P’s combination: product, place, price and promotion. In order to be created one successful marketing strategy, the significance of proper and exact information’s should not be neglected.

Implementation of marketing in the small businesses working in the Republic of Macedonia is not on an envious level. This state is due to more reasons, and the most common are the following:

- Low level of investing power in the economy, low level of technical modernisation of the production which is resulting into a non differentiated assortment of goods:
  • low level of capacity usage, high production costs and decrease of competitiveness and placement
  • Lack of starting with implementation of international norms and standards for quality of products (ISO, HASSP, and other.)
  • insufficient human and financial resources in enterprises for successful implementation of market and business way of working
  • insufficient knowledge about the marketing concept, managerial functions and developing processes in companies e.g.

A rather newer analysis for the level of marketing orientation of small businesses rightly pictures the situation of practical implementation of the marketing concept and applying of the marketing strategy in the direction of greater competitiveness of Macedonian economy. (3) This analysis is based on primary research on an example (case study) of small and medium enterprises in the country segmented according to largeness, annual gain, and the activity characteristics. According to the research, these small businesses in creation of the marketing strategy very
often put an emphasis on the product and its quality. The strategy and distribution is mainly based on own channels and distribution whenever it is possible. But, the thing that has particularly negative effect, and that sense and way is negatively reflecting on macro and micro level is lack of promotion strategy. A distinctive feature of many small businesses in this sense is incident change of various promoting instruments, from which the most often used is printed promotion materials.

Results from another empirical research (4) for implementation of promotion, actually integrated communication approach that covers all instruments of promotion shows that SME apply a stereotype or partial activities. It means that there is not culture of a marketing or communication behaviour that basically has an aim to establish an interactive communication as foundation for functioning of modern relations i.e. supplier/merger-consumer relations on the market.

SMEs most often implement advertising, and the least direct marketing (Internet). This points to a weak implementation of interactive communication in the process of marketing communication in general. It is interesting that companies "relay" on one of the oldest but still relatively effective form of communication and promotion, i.e. advertising "lips to lips", promotion of a personal type in the relations relatives between relatives, friends and co-workers. Also, important is the fact that interviewed persons know very little about forms as publicity and public relations, so they very rarely use that forms in own communication strategy.

Poor usage of the Internet in business marketing communications is confirmed with the fact that many companies do not possess own WEB sites, which today is considered to be necessary for market positioning of companies in the whole world. The mere fact for insufficient coverage and presentation on WEB site, as the most modern form/way of interactive communication and direct marketing, points to a bad establishment of the integrated communication process, that is most generally a one-way process and so, not enough effective, seen from the aspect being unable to receive a feedback from the customers and consumers of services for a short time.

To some level this slow down the process of interactive marketing research as particularly indispensable activity for implementation and control of marketing in general.

Simultaneously, that points to a short time advertising and marketing market orientation of companies that the effects of one integrated communication strategy can be seen in a short time, which is far from the modern concept of "relationship marketing" that is largely used as a basic concept in market oriented companies in developed market economies.

Conclusion

The small business in Macedonia is running their business activity in the very complex and turbulent environment. The imitating factors are the causes for the low development of this sector. The institutional solutions could make such situation easies, but it doesn’t mean that all the problems could be easily passed due to the given practical solutions.

The entrepreneur as a person in small business should have an independence and optimism that the business activity will give some results. In that sense, the entrepreneur’s creativity has an exclusive role from the aspect of the decision making process. It
is already known that among the most important decisions, are those which are in relation to the marketing concept implementation as an imperative for the positioning and development of the small business.

When talking about small businesses in the Republic of Macedonia, more analysis show that marketing as a business concept is not sufficiently present and implemented or is based on partial marketing solutions. The analysis of the current situation of small businesses in the Republic of Macedonia, in fact its marketing orientation shows that implementation of marketing in business concept is presented through strategic approach of optimalisation of the marketing elements in suitable combination is on a very low level. Reasons for this state lay primarily in the absence of needed knowledge for the core role and meaning of this business concept and contribution that its proper implementation enables direction to a successful development of small enterprises in the country.

Pressure of the competition that continually ruthlessly imposes on small businesses creates the need of a steady orientation towards market changes. A successful small business should recognise and implement marketing skills supported by necessary knowledge for this business concept. This understands steady research on market changes, characteristics and relations that rules the market. On this foundation we should build proper forms of positioning based on optimal combination of the marketing mix elements: products, prices, promotion and distribution, intermixed in a competitive marketing strategy for positioning and development of small businesses on the market.

Endnotes

(2) PHARE, EU and NEPA: “Estimation of development of SME’s in Republic Macedonia”, Skopje 1998
(3) Study "Analysis of SME competitiveness and efficiency (competence), European Agency for Reconstruction and the Ministry of Economy, 2005, p.2/6
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