PENGESAHAN PENYELIA

"Saya/Kami" akui bahawa telah membaca
karya ini dan pada pandangan „saya/kami" karya ini

adalah memadai dari segi skop dan kualiti untuk tujuan penganugerahan

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Potong yang tidak berkenaan

Marketing Learning Strategy for Global Business:
The case of Small and Medium Enterprises

Submitted By:

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This report is submitted to

Faculty of Technology Management and Technopreneurship (FPTT)

Universiti Teknikal Malaysia Melaka

In partial fulfillment for Bachelor of Technopreneurship (Hons.)

Faculty of Technology Management and Technopreneurship (FPTT),

Universiti Teknikal Malaysia Melaka

June 2014

PENGAKUAN

"Saya akui laporan ini adalah hasil kerja saya sendiri kecuali ringkasan dan petikan yang tiap-tiap satunya saya telah jelaskan sumbernya"

Tandatangan   : ………………………

Nama Pelajar   : Muhammad Esreen Bin Mohd Radzi

Tarikh   : ………………………

DEDICATION

For my dearest father and mother,

And for my brothers who supported me

ACKNOWLEDGEMENT

In the name of Allah, the Most gracious, the Most merciful.

All praise to Allah for the completion of this report as it is with His grace that I was able to complete this report efficiently within the time limit. I would like to express my deepest gratitude and heartfelt thanks to my parents and my family as it is with their strong support that I am able to complete this report. They had supported me in many ways morally and also in material.

. Special thanks to Pn Mariam Miri for being very supportive and also for her care, guidance and attention towards me in completing my research proposal.

I would also like to express my gratitude to my colleagues and also fellow friend from UTeM for all their help and support in the completion of the research proposal and also this report. To all people who had contributed Thank you and god bless everyone for all your support and I will always keep in mind all the help that has been given to me and the kindness that has been shown to me. Thank you.

ABSTRAK

Melalui perkembangan pesat yang dipacu oleh industri makanan dan minuman, pemilik-pemilik IKS kini mengalihkan perhatian mereka ke arah pasaran global. Walaupun begitu.masih ada dalam golongan ini yang tidak berjaya menembusi pasaran antarabangsa. Oleh yang demikian, bagi meningkatkan lagi peratusan kejayaan, pengkaji perlulah memahami faktor-faktor disebalik kejayaan strategi pemasaran bagi membantu pihak IKS. Kajian ini bertujuan untuk meluaskan pengetahuan tentang kesan pembelajaran pemasaran terhadap kadar penembusan pasaran antarabangsa. Satu kajian literatur tela dijalankan oleh pengkaji bagi lebih memahami situasi sebenar serta lebih memahami kaedah pembelajaran yang telah dicadangkan oleh pengkaji lain sebagai asas kepada kajian ini. Kajian ini adalah berpaksikan kepada komuniti IKS di Malaysia dan data yang digunakan diambil dari pemilik-pemilik IKS Malaysia yang berjaya menembusi pasaran antarabangsa melalui borang kajiselidik yang dieddarkan secara media elektronik dan secara langsung.62 responden telah mengambil bahagian dan analisis korelasioanal dan regressi telah dilakukan trhadap data yang diperolehi. Kajian mendapati bahawa pembelajaran lazimnya berlaku dalam bentuk pengalaman, informatif dan juga melalui komunit praktis namun begitu mod pembelajaran ini hanya mempunyai kesan yang lemah terhadap perniagaan memandangkan ianya hanya faktor sampingan. Kajian ini telah dijalankan dalam tempoh yang singkat dengan sumber yang terhad, menimbulkan keperluan agar satu kajian yang lebih terperinci tentang topik ini yang dijangkakan akan menghasilkan konklusi yang berbeza. Sebagai konklusi, IKS menjalani proses pembelajaran dan proses pembelajaran ini memberi kesan positif walaupun pada skala kecil.

Kata kunci: Pembelajaran Pengalaman, Informatif, Komunti Praktis, Prestasi Bisnes

ABSTRACT

With the rapid growth of SMEs especially in the food and beverages industry, SME owners are now looking to venture into the global market. Despite the eagerness, some SMEs that try to venture into the global market failed to do so. Thus in order to increase the rate of success, researchers needs to better understand the factors behind the success of marketing strategies in order to help the SMEs. This research particularly aims to better understand the effects of marketing learning towards the penetration of the global markets. A literary survey is done by the researcher to better understand the situation and also to better understand the learning modes as proposed by other researchers as grounds for the research. The research is intended for the SME community of Malaysia thus the data for the research was collected from SME owners of Malaysia that has successfully penetrated the global market through surveys administered mainly through electronic means and direct means. 62 respondents were found and from the data, Correlational and regression analysis was done. It was found that SMEs do usually undertake learning activities in the form of experiential, informational and community of practice but these learning modes has weak effect on their business due to being supporting factors only. The research was done in a very limited time frame with limited resources thus a more detailed research on the same matter would most probably come out with a different answer. As a conclusion, SMEs do undergo learning processes and the learning processes do have a positive impact even if it is small.

Keywords: Experiential learning, Informational learning, Community of Practice, Business Performance

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Small and Medium Enterprise	:	SME
Independent Variable	:	IV
Dependent Variables	:	DV

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CHAPTER 1

INTRODUCTION

1.1   Background of study

Effective from 1st January 2014, Small and medium enterprises (SMEs) in Malaysia has been given a new definition by Prime Minister, YAB Dato" Sri Mohd Najib Tun Haji Abdul Razak which is expected to result in more firms being classified as SMEs, particularly from the services sector and to boosts the share of SMEs to total establishments from 97.3% currently, to 98.5% (source: *http://www.smecorp.gov.my*). This signifies that SMEs are becoming more and more important in the wellbeing of the country especially in terms of economic development by virtue of their sheer numbers and increasing share in employment and Gross Domestic Product (*Normah Mohd Aris, 2006*). The new definition of SME for the manufacturing sector, a firm with sales turnover not exceeding RM50 million OR full-time employees not exceeding 200 workers while for services and other sectors, firms with sales turnover not exceeding RM20 million OR full-time employees not exceeding 75 workers. The data obtained from the official website of Ministry of International Trade and Industry (MITI) indicates that SMEs makes up of 99.2% of the total business establishments with 32% contribution towards the Malaysian Gross Domestic Production as of 2005 (source:http://www.miti.gov.my). SMEs in the food and beverages industry can be derived from two main sub-sectors of SME which is manufacturing and services.

Table 1.0: Distribution of SMEs in food and beverage industry

Sub-sector	Micro	Small	Medium	Total SMEs
F&B Services	117,020	24,459	1,242	142,721
F&B Product	3,278	2,233	505	6,016
Total	120,298	26,692	1,747	148,737

(source: SME Census 2011)

With the increasing volume of SMEs in Malaysia, the struggle for market shares between the small firms had been fierce. Considering the local markets saturation, the viable option left for the SMEs are to go global. However, in entering the global market, SMEs should adopt a good marketing strategy to successfully penetrate the global markets as without a good marketing strategy, firms would certainly have a tough time entering the market which may lead to failures. SMEs in Malaysia particularly have many learning opportunities and learning strategy to familiarize themselves with the global market.

According to Johny K. Lohansson (2010), a global marketing strategy is defined as a strategy that encompasses countries from several different regions in the world and aims at coordinating a company's marketing efforts in markets in these countries (*Wiley International Encyclopedia of Marketing, 2010*). A global marketing strategy differs from domestic marketing strategy as the global marketing strategy caters to a much larger and more diversified markets with a much more complex needs and demands.

Thus knowledge is needed for SMEs to prepare a marketing strategy to penetrate the global market. The owner-managers of the SMEs that were able to penetrate should have obtain the knowledge through the process of learning. This could only be deciphered in terms of organizational context and the owner's influence on the learning process (Zhang, M. et. al, 2006). It would also be important to understand the learning triggers and learning modes that leads to the globalization of an SME as this would let us better understand the nature of the learning process.

1.2   Problem Statement

The purpose of this research is to expand the knowledge and understanding of the learning process undergone by SMEs that helps to facilitate SMEs in the adoption of a global marketing strategy and increase the rate of success for penetration of SMEs into the global market. Researchers from outside Malaysia had long discussed of the global marketing strategy and thus the need for a research to be done on the Malaysian side based on the local SMEs especially the Food and beverages industry as Malaysia is home to a variety of food products that has yet been introduced into the global arena.

A good marketing strategy needs to take into account the segmentation of international market as stated by Russell Adams (2011) that a general view of a market is not realistic. There are a lot of factors to success of a marketing strategy to be explored and adjusted according to the nature of the business and also the style or business model of firm. A good marketing strategy in the United States may not be suitable for an SME in Malaysia as there are many differences in the practice of the firm and also the policy of the country. Thus the learning processes undergone by the SMES in the two countries may also be different.

For example, food related SMEs from Malaysia are more likely to be able to enter the middle eastern markets compared to the European markets as the Europeans has a different set of standards for cleanliness and food handling compared to the middle easterners which possess a standard much more similar to Malaysia. This is a knowledge or information needed by Malaysian SMEs to better understand and better penetrate the global market. Thus it implies that a more localized research is needed as a reference to the SMEs in Malaysia.

In the Journal of Business Research 59 (Weerawardena J. et. al, 2006) suggests that market focused learning along with relational learning capabilities lead to higher degrees of organizational innovation enabling firms to achieve greater performance for their brand. This clearly shows the importance on marketing learning on business as apart of their growth strategy towards global business.

1.3   Research Questions

Originally, this study is to examine or investigate the extent of several applied marketing learning strategies for SMEs towards improving the Business Performance of the firms in the global market. Reasonable questions raised in this study are:

1. What are the learning activities often undertaken by SMEs towards global business?
2. How far does the process of marketing learning strategies affect the success rate of globalization for SMEs?

1.4   Objectives

The general objective of this research is primarily to enrich knowledge of the marketing learning and its effect on the globalization of business. The specific objectives of this research are:

1. To investigate the learning opportunities and activities of SMEs heading towards globalization

2. To analyze the effects of marketing learning in penetrating the global market.

1.5   Scope and Limitation Project

The scope of this research is to better understand the marketing learning of Small and medium enterprises in penetrating the global market. This research will identify and investigate the common learning processes undertaken by SMEs in venturing in global business to enrich current knowledge of marketing learning of Malaysian SMEs.

The research were focus on Malaysian SMEs of all industries as the respondent with emphasize on food and beverages industry which has high potential in going global and mostly respondents that come from the manufacturing sector rather than the service sector. The scope of respondents is limited to Malaysian SMEs from all sectors that is based in the peninsular region of Malaysia only.

1.6   Significance of the Project

Normah Mohd Aris (2007) suggests that SMEs are becoming more and more important in the wellbeing of the country especially in terms of economic development by virtue of their sheer numbers and increasing share in employment and Gross Domestic Product. Thus in order for SMEs to further contribute to the nation, SMEs should be able to penetrate the global market.

Hence, this research would benefit the SMEs in better understanding the marketing learning process needed for penetration of global market. (Weerawardena J. et. al, 2006) suggests that market focused learning along with relational learning capabilities lead to higher degrees of organizational innovation enabling firms to achieve greater performance for their brand. This clearly demonstrates the importance of marketing learning towards the achievements of SMEs.

This research will provide a learning example for entrepreneurs and SMEs that plans to expand their markets outside of Malaysia. It is hoped that this research would be able to help in the understanding of marketing learning for entrepreneur in the pursuit of globalization.

1.7   Summary

SMEs are becoming more and more important in terms of its strategic economical advantages and role it plays in the Malaysian economy. SMEs could further spur the economy of the nation by going global, a move which is both strategic and beneficial to the SMEs. SMEs going global are not something new and have been proven by the numerous successes of SMEs going global. By learning from the successes of others, other SMEs could succeed as well by learning from example. Thus, it is important that the marketing learning strategy of successful SMEs be investigated to enrich existing knowledge of the learning process undergone by these SMEs. This would certainly be beneficial towards the development of marketing strategy of SMEs in penetrating the global market and would also benefit the society by enriching the knowledge of the marketing learning and its processes.

CHAPTER 2

LITERATURE REVIEW

2.1   Introduction

In this chapter, we will be discussing the existing literature on topics related to the proposed research title especially in terms of learning process and also the correlation between learning and global performance. An overview of the SMEs in Malaysia and global market will also be discussed as part of the literature review to better understand the nature and background of the proposed research. (Hart C.,1998) in his book described the importance of literature review as means of understanding the topic to be researched. This implies that literature review is very important as the initiating step in undergoing a research.

2.2   Overview of SMEs in Malaysia

Effective from 1st January 2014,the new definition of SME for the manufacturing sector will be a firm with sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers. The new definition for services and other sectors will be firms with sales turnover not exceeding RM20 million OR full-time employees not exceeding 75 workers.

According to Normah Mohd Aris (2006), SMEs are becoming more and more important in the wellbeing of the country especially in terms of economic development by virtue of their sheer numbers and increasing share in employment and Gross Domestic Product. This has been stressed by many important academic and political figures in Malaysia including the Prime Minister himself. Ngek and Smit (2013) stated that a booming SME sector is an important characteristic of a flourishing and growing economy. Although, they also argued that only high quality SMEs are able to create high numbers of job opportunities.

Hussien et. al. (2012) suggested that through providing necessary supporting needs and skill and also through public and private partnership, the development of SMEs would be more facilitated. This may be true but this does deny the importance of marketing learning in the development of SMEs. Abdul et. al. (2013) suggested that implementation of certain food standards for SME is important in increasing competitiveness of SMEs. However, in order to implement such strategic marketing content would require a fair amount of learning.

2.3   Overview of Global Market

According to Johny K. Lohansson, a global marketing strategy is defined as a strategy that encompasses countries from several different regions in the world and aims at coordinating a company's marketing efforts in markets in these countries (*Wiley International Encyclopedia of Marketing, 2010)*. This signifies that a new marketing strategy is needed for businesses venturing into the global market. Research shows a significant opportunity for US firms to grow through sustainable global market strategies designed to showcase the organization's strengths and minimize the organization's weaknesses (Larson, R. 2009). This shows that Malaysian SMEs are also able to do and should do the same in view of achieving globalization.