

**COMPETITIVE COMPETENCES AND MARKETING RESEARCH PROCESS IN THE SME'S  
THE CASE OF REPUBLIC OF MACEDONIA**

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**Abstract**

*Economy has appeared to be a complexed mechanism, where are involved different types of enterprises (Small and Medium sized Enterprises - SME and bigger corporations) with a different types of activities. These activities are actually the result of dynamical leaving, everyday search for something new, something creative and inventive. The challenge that SME's are implementing in the economy plays very important role in the economies developing path. Main characteristics of the SME's – innovations and creativity are main factors of all activities in the economy. One of SME's main characteristic is their capacity to change very easily to new needs, wishes and new terms on the market. This research was made on the SME's in Republic of Macedonia to see if they are aware of their importance in the economy and come up with the main factors for becoming and staying successful in the market. Awareness for importance of the information will bring SME's greater competitive advantage on the market. Real information is in function of reaching for qualitative and precise decisions that will assure better positioning. Our point with this research was to insure SME's that well organized approach of reaching information will lead SME to better competitive advantage.*

*Keywords: Small and medium enterprises (SME), Decision making process, Competitive advantage, Information, Marketing Informational System*

**INTRODUCTION**

The subject of this study is to find out if SME's in Republic of Macedonia implement an organized process about gathering information that are helpful in discovering customer needs, tracking changes from environment and finding ways in reaching decisions that are correct for the enterprises at the given time. Competitive advantage of one SME becomes real if correct and precise data is conducted from its internal and external resources, of course, according its capacity.

Information has become one of the most important resources in the enterprises new days. There are some differences when distinguishing data from information. Data is raw,

unprocessed information (numbers), and the *information* is understood as elaborative data that give some meaning for the enterprise. Speak of SME's point, information is resource that is responsible for accurate and precise discovering of the costumers wishes and needs. *Competitive advantage* of the enterprise is its capability to satisfy customer needs and wishes in more qualitative, innovative and creative way than its competition. This capability gives position of the enterprise to realize bigger profit than its rivals, and of course, that again goes on gaining competitive advantage comparing to the rivals. On the other hand, competitive capability has very different dimensions in this global market. Enterprises are not facing only domestic competition, but they also have challenges from World Wide enterprises. In such situation, enterprises should be aware for the need to research not only home market, but also global market in order to ensure their organization with better resource that is very important for gaining competitive advantage. The resource that should obtain from researching market is *information*. The interest of this article is to see how aware are SME in Republic of Macedonia about this resource in becoming and retaining competitive, and at the bottom line, how aware are for the need to provide marketing research process in everyday activities.

### **The Role of Marketing Informational System in Decision Making Process**

As it was mention above, successfulness in the market should become real with accurate and relevant information. That will be a base for making decisions and achieving its strategic goal-having satisfied customers.

The role of *Marketing Informational System* is to estimate managers need for information, provide these information and distribute it on time. Marketing Informational System is continual and interactive structure of people, technology and activity, designed for the procedure of collecting, sorting out and analyzing, evaluating and distributing important, correct and precise information for the decision makers. Informational system is also used to manage data gathered with many previous projects, analysis, reports and activities, data that can be used as information on which managers can make decisions.

This system contains more types of information. Every day and repeatable information are one type; the second type are information that are connected to the decisions made for the strategy and the future of the business; and the third type are specialized information of one concrete problem. All these information needs to be supported and connected within a System Support Decision (SSD). SSD facilitates managers to enter database, gives them opportunity to modulate data and use them when making decisions. The goal of SSD is to combine data from different database in order to identify the problem and to obtain standardized reports.

### **Small and Medium Sized Enterprise in Republic of Macedonia**

There are many criteria by which enterprises can be classified as Small and Medium sized Enterprises (SME). Number of the employee is the most important criteria that are used for classification. Republic of Macedonia has accepted EU criteria for classification in 2004. Classification of the enterprise by these criteria is made by the number of employees, annual turnover and value of the capital. If this is the case, enterprise that have to 10 employee are micro enterprises, their annual turnover should be 50.000 EURO; small enterprises have to 50 employee and annually turnover from 2.000.000 EURO, with value of the capital of 2.000.000 EURO. SME can be found in every sector of the industry.

The importance of SME is that they give dynamical position of home consumption. These enterprises have simple and very flexible working techniques, also technology that does not need many expenses to sustain, and of course, small expenses for administrative personnel because they have small number of employees. Such characteristics allow SME to be more open for changes, to be more prepared for taking risks, and with this to be part of the economy that will lead the whole society to a greater prosperity and development.

The importance of the SME is that they provide multiplicity and also balance among bigger corporations in the economy, because they stimulate their development with completing different services for favorable conditions and prices. Other characteristic of SME is that they have limited resources. Their financial resources are small, so they are turning to others capacities that are on disposal. Such capacities are creativity and innovation of the employee, to organize the whole process in the most appropriate way. Employees are significant resource for each enterprise. SME are functioning with only a few employee and they should be prepared for all kinds of activities. All employee difference by many aspects: capacity, capability, knowledge, qualifications etc. This is the reason why SME are looking for employees that are very skilled. We can see the big importance of the SME's in the economy and why each country should favors them from all that is mentioned above. But it is also very important for SME's to be aware of the resources that will make them successful in the economy and at the bottom line, their contribution to the whole society. Information, as a very important resource, should be on a disposal every moment for them. This means that it is essential SME's to be open toward changes and other signals that are coming from the surrounding. As follows, this study will present the results of a research made in SME's in Republic of Macedonia.

### **RESEARCH METHODOLOGY**

This study used stratified sampling. Stratified sample provides each element of the population an equal chance of selection. (Gilbert A. Churchill, 1995). This research had one interest: Small

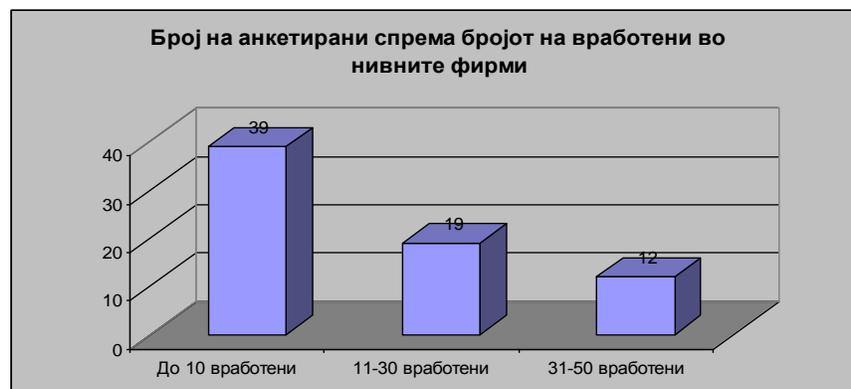
and Medium Enterprises in the whole region from Republic of Macedonia and there awareness of positive effects from using marketing research. The future of business successfulness on the market lies in reaching and discovering interests, needs and wishes of the customers. The starting point in each business is having precise and accurate information. SME were divided in three stratum: SME in educational field; SME in services and SME in the industry. A structured questionnaire was used with fixed alternatives for answers in order to reach for the opinion. This questioner was asking multichotomous and dichotomous questions. The questionnaire was provided on-line and manually. In order to realize differences and to make comparison between attitudes for different products and different channel, *ordinal scale* will be used as measurement. When data was in statistical procedure there were used different methods: descriptive statistics, Chi-square ( $\chi^2$ ), ANOVA, methods for Regression and Correlation analyze. Statistical software SPSS and Microsoft excel were used for analyzing the data.

## ANALYSIS & FINDINGS

Having in mind all characteristics mentioned above, we made a research among SME's in Republic of Macedonia. The main interest was to see whether using accurate information when important decision is made, will influence positively on making the right decision and, according to this, SME's will gain competitive advantage.

In this research were examined 73 SME's from republic of Macedonia. Half of the enterprises were from service sector and 61% were from bigger towns such as Skopje, Prilep and Bitola. The number of employees is shown in Figure 1 where we can see that 1, 39% are very small enterprises with only 10 employees.

Figure 1- Number of Employee



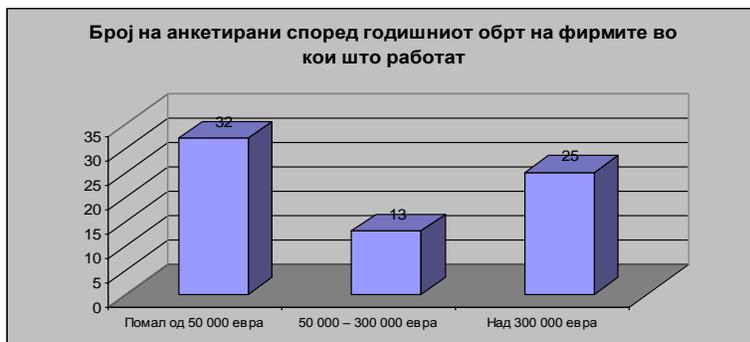
Something around 92% is working for more than five years, so this means that the sample was well chosen. These results are shown at Figure 2.

Figure 2- Years of existence in the business



About 19% of them have annually turnover from 50.000 to 300.000 euro. Results are shown at Figure 3.

Figure 3- Annual turnover per business



First of all we intended to know if the number of employees depends on positioning on the market. Table 1 and Figure 4 shows empirical and theoretical frequencies of variables such as number of employee (lines) and their evaluation about positioning on the market (rows).

Table 1-Empirical and theoretical frequencies: number of employee and evaluation about positioning on the market

	Weak position	Good position	Excellent position
<b>To 10 employees</b>	5	31	6
<b>11-30 employees</b>	0	10	9
<b>31-50 employees</b>	0	10	3

	Weak position	Good position	Excellent position
<b>To 10 employees</b>	2,838	28,946	10,216
<b>11-30 employees</b>	1,284	13,095	4,622
<b>31-50 employees</b>	0,878	8,959	3,162

Figure 4 - Empirical and theoretical frequencies: number of employee (lines) and evaluation about positioning on the market (rows)

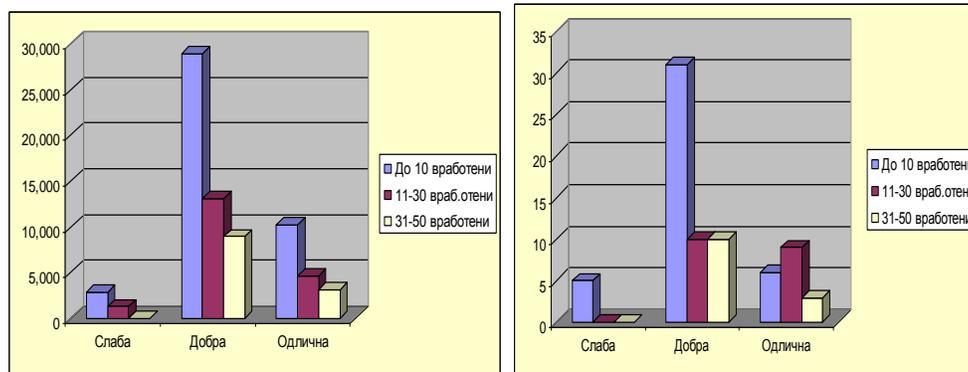


Table 1a- Results from  $\chi^2$  Tests\_PFP

	PFP
Chi-Square(a)	10.524
Df	4
Asymp. Sig.	.032

Calculated value of the test is:  $\chi_{pr}^2 = 10.524$ .

For risk of error of 0.05% and degree of freedom  $r = (m-1)(n-1) = (3-1)(3-1) = 4$  theoretical

(critical) value of the test is:  $\chi_{(0,05;4)}^2 = 9.488$

Because the result is  $(\chi_{pr}^2 = 10.524) > (\chi_{(0,05;4)}^2 = 9.488)$  we can make conclusion that the number of employees depends on the position of the enterprise on the market. This is also confirmed with the fact that risk of error is  $1-\alpha$ , in this case 0,05 is higher than the value of actual level of risk of error  $p=0,032$ .

Other question that we wanted to resolve is whether the number of employees depends on the everyday market research and gathering information from the market. Table 2 and Figure 5 shows empirical and theoretical frequencies of variables such as number of employee (lines) and usage of marketing research as a process for collecting information (rows).

Table 2- Empirical and theoretical frequencies: number of employee and usage of marketing research as a process for collecting information

	Use marketing research	No use marketing research	Newer use marketing research		Use marketing research	No use marketing research	Newer use marketing research
To 10 employees	9	30	2	To 10 employees	14,806	24,486	1,708
11-30 employees	9	9	1	11-30 employees	6,861	11,347	0,792
31-50 employees	8	4	0	31-50 employees	4,333	7,167	0,500

Figure 5- Empirical and theoretical frequencies: number of employee (lines) and usage of marketing research as a process for gathering information (rows)

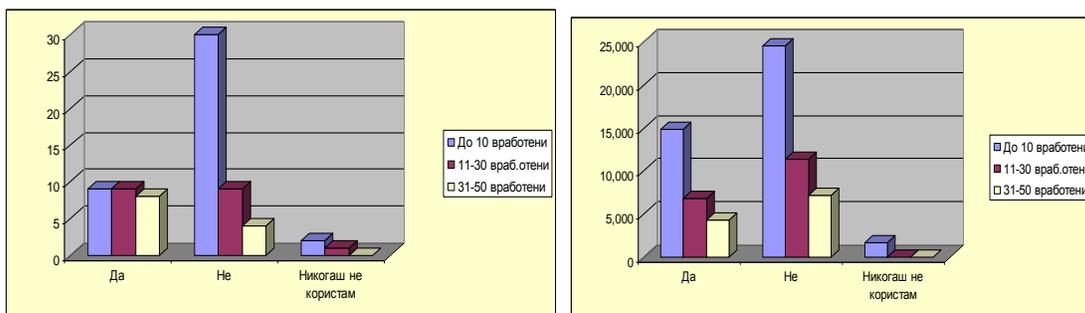


Table 2a- Results from  $\chi^2$  Tests\_SKAP

	SKAP
Chi-Square(a)	10.204
Df	4
Asymp. Sig.	.037

Calculated value of the test is:  $\chi^2_{pr} = 10.204$

For risk of error of 0.05% and degree of freedom  $r = (m - 1)(n - 1) = (3 - 1)(3 - 1) = 4$  theoretical

(critical) value of the test is:  $\chi^2_{(0,05;4)} = 9.488$

Because the result is  $(\chi^2_{pr} = 10.204) > (\chi^2_{(0,05;4)} = 9.488)$  we can make conclusion that the number of employees depends of how often is used marketing research as a process for

gathering information for the market. This is also confirmed with the fact that risk of error is  $1 - \alpha$ , in this case 0,05 is higher than the value of actual level of risk of error  $p=0,037$ .

Next question that was our interest was if annual turnover in the enterprise influences on how often marketing research process was conducted. Table 3 and Figure 6 shows empirical and theoretical frequencies of variables such as annual turnover (lines) and support of marketing research process (rows).

Table 3- Empirical and theoretical frequencies: annual turnover and support of marketing research

	Yes	No		Yes	No
<b>Less than 50000 euro</b>	5	28	<b>Less than 50000 euro</b>	<b>14,466</b>	<b>18,534</b>
<b>50000-300000 euro</b>	5	10	<b>50000- 300000 euro</b>	<b>6,575</b>	<b>8,425</b>
<b>Over 300000 euro</b>	22	3	<b>Over 300000 euro</b>	<b>10,959</b>	<b>14,041</b>

Figure 6- Empirical and theoretical frequencies: annual turnover (lines) and support of marketing research (row)

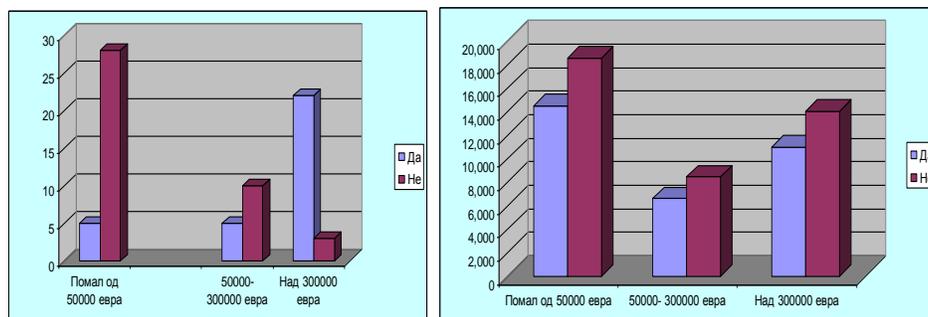


Table 3.a- Results from  $\chi^2$  Test\_PMIOF

	PMIOF
Chi-Square(a)	31.506
Df	2
Asymp. Sig.	.000

Calculated value of the test is:  $\chi^2_{pr} = 31,506$ .

For risk of error of 0.05% and degree of freedom  $r = (m-1)(n-1) = (3-1)(2-1) = 2$  theoretical (critical) value of the test is:  $\chi^2_{(0,05;2)} = 5,991$

Because the result is  $(\chi^2_{pr} = 31,506) > (\chi^2_{(0,05;4)} = 5,991)$  we can make conclusion that annual turnover depends positively on the supported marketing research in the enterprises. This is also confirmed with the fact that risk of error is  $1-\alpha$ , in this case 0,05 is higher than the value of actual level of risk of error  $p=0,000$ .

Also our interest was connection between variables annual turnover and its influence on using marketing research. Table 4 and Figure 7 shows empirical and theoretical frequencies of variables such as annual turnover (colons) and its influence on using marketing research (row).

Table 4 - Empirical and theoretical frequencies: annual turnover and its influence on using marketing research

	Use	No use	Newer use		Use	No use	Newer use
<b>Smaller than 50000 euro</b>	9	0	33	<b>Smaller than 50000 euro</b>	<b>16,110</b>	<b>4,603</b>	<b>21,288</b>
<b>50000- 300000 euro</b>	13	2	4	<b>50000- 300000 euro</b>	<b>7,288</b>	<b>2,082</b>	<b>9,630</b>
<b>Above 300000 euro</b>	6	6	0	<b>Above 300000 euro</b>	<b>4,603</b>	<b>1,315</b>	<b>6,082</b>

Figure 7- Empirical and theoretical frequencies: annual turnover (colons) and its influence on using marketing research (row)

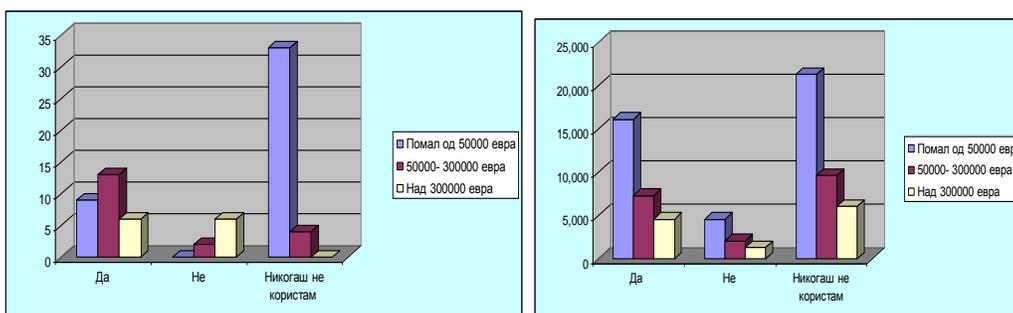


Table 4.a Results from  $\chi^2$  Tests\_SKAP

	SKAP
Chi-Square(a)	18.445
Df	4
Asymp. Sig.	.001

Calculated value of the test is:  $\chi_{pr}^2 = 18,445$ .

For risk of error of 0.05% and degree of freedom  $r = (m-1)(n-1) = (3-1)(2-1) = 2$  theoretical (critical) value of the test is:  $\chi_{(0,05;4)}^2 = 9,488$

Because the result is ( $\chi_{pr}^2 = 18,445$ ) > ( $\chi_{(0,05;4)}^2 = 9,488$ ) we can make conclusion that annual turnover of the enterprise is influencing how often is used marketing research as a way to analyze market. This is also confirmed with the fact that risk of error is  $1-\alpha$ , in this case 0,05 is higher than the value of actual level of risk of error  $p=0,001$ .

Figure 8- Annual turnover of the enterprises' capital and everyday use of researching/analyzing the market

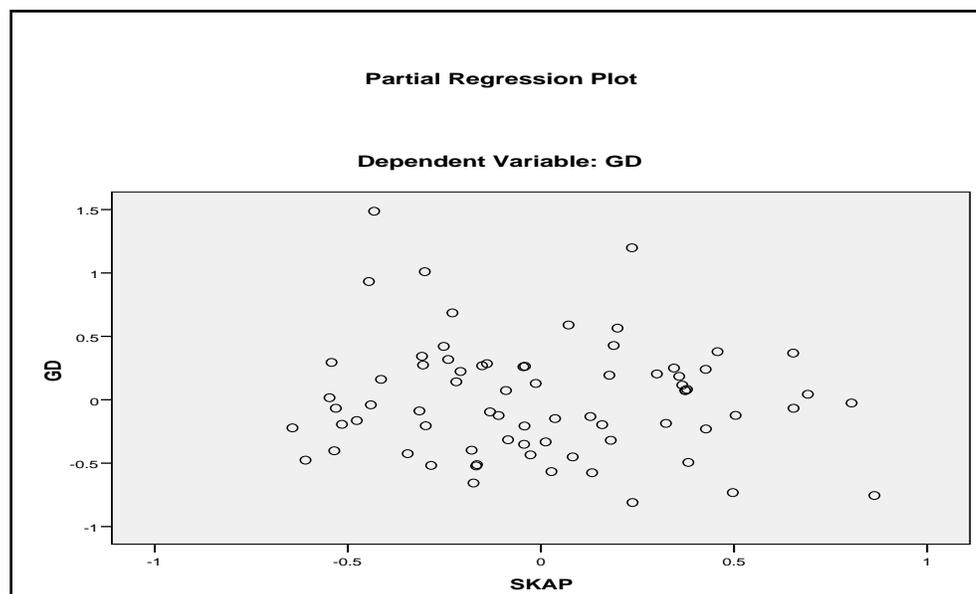


Figure 9- Annual turnover and enterprises' positioning on the market.

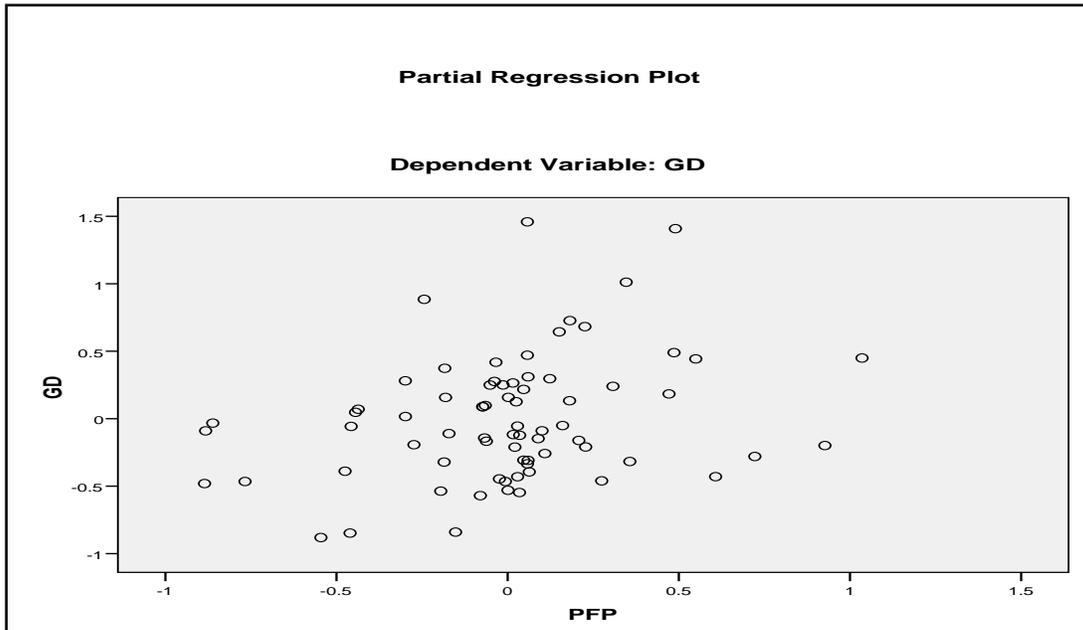
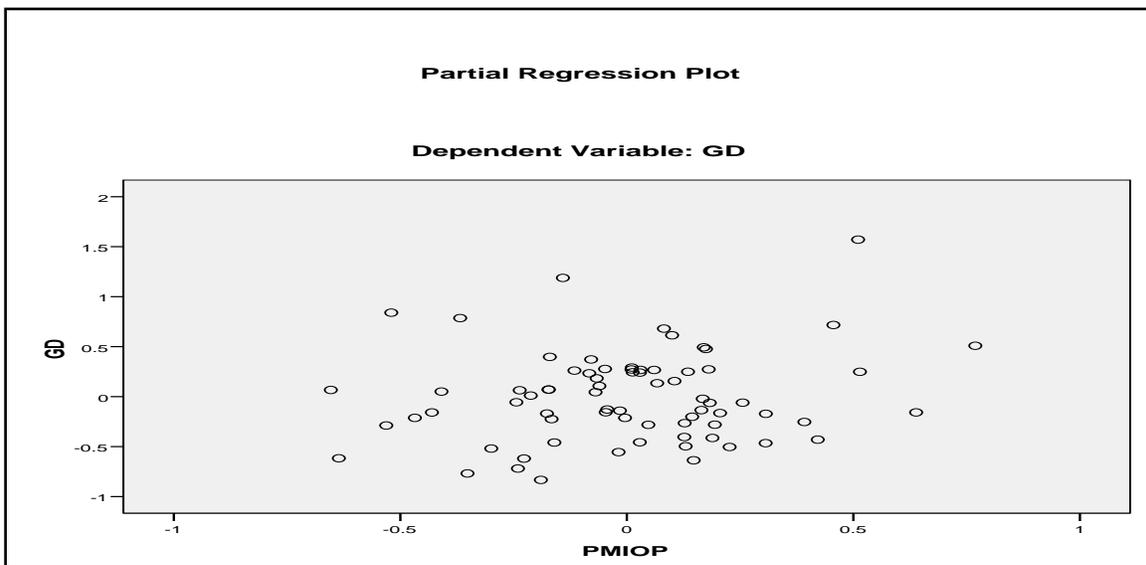


Figure 10- Annual turnover of the enterprises' capital and marketing research in the enterprise.



## CONCLUSIONS

Results from the big economy crisis could be felt in Republic of Macedonia also. It is obvious that enterprises are also affected by this crisis. That is why our government should stress big importance of SME's in our economy. SME's give the action in each economy; they give a chance for development and prosperity at the society. We can also say that SME's are "service"

for bigger cooperation in the economy, so their success is also connected with the success of the bigger corporations.

From the results of the research we can say that SME's need very big support by the government in order to survive on the market. Also, it is obvious that they need greater knowledge about the importance of the information and the process of marketing research, as a good way to analyze the market. Only the satisfied customers can provide enterprise with sustainability and successfulness. It is very clear that accurate and precise information can give SME's base for reaching the correct decision about how to satisfy customer needs and wishes. SME's have only few employees; these employees should be very creative and innovative, knowledgeable and capable to resolve many problems. Many successful decisions are made with such capable employees. According to the fact that enterprises involve little resources (poor technical and financial support), they should rely on the employees as a way to reach for competitive advantage and good positioning of the enterprise on the market.

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