

## THE IMPACT OF DIGITAL MARKETING AND ENTREPRENEURIAL MUNIFICENCE ON RURAL BUSINESS PERFORMANCE

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### ABSTRACT

*The objectives of this research are twofold. Firstly, to examine the effects entrepreneurial munificence on the business performance of small rural businesses in Malaysia. Secondly, this research also investigates the effects of the online business platform which is also called digital marketing platform on the rural small business performance. There is a gap related to research related to the impact of COVID-19 pandemic which are focusing those in the cities. However, less research has been done to those in the rural areas. This research is using the quantitative methodology to collect and analyze data. Questionnaire instruments are used as the tool to collect data from the rural small business owners. Completed survey data was collected from 133 respondents from various locations in Melaka was analyzed using IBM SPSS.*

Keywords: entrepreneurial munificence, digital marketing platform, small business performance

### INTRODUCTION

The high failure rate among small businesses new ventures was due to their weaknesses in accessing resources, low level of initial capital, low business market, inability to grow the business and lack of skill to develop business networking through online and offline platform with customers and experienced industry players related to their products and services (Ridzwan, Maheran, Muhammad, Amira, & Rahman, 2017). This failure was also due to their lack of exposure in utilizing internal and external resources from various sources. Furthermore, they also lack the ability to market their products using the online platform (Hazim, 2021).

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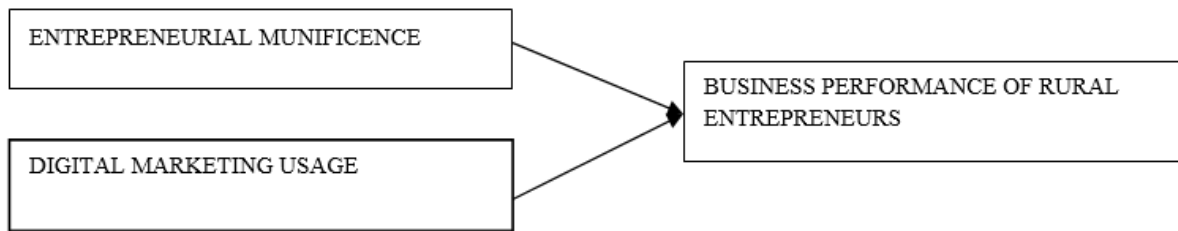
### LITERATURE REVIEW

Previous research related to the need for conducive entrepreneurship development has focused on a munificence environment and how environmental conditions stimulate an entrepreneur's intentionality to start a venture (Putri & Utama, 2019). The study related to relationship between munificent environment and business performance can be traced from the study by (Cowden & Tang, 2017). A highly munificent environment is defined as an area characterised by a strong presence of family businesses and role models, a diversified economy in terms of size of companies and industries represented, rich infrastructure and the availability of skilled resources, a solid financial community, and government incentives to start a new business.

Technology allows businesses to initiate new ideas and initiatives to market their businesses, to interact and serve their customers (Kelalan & Cheuk, 2017). Therefore small businesses, especially the rural businesses need to be aware of the importance of digital marketing platform to reduce operation cost, increases productivity and improves customer service. As a result, small businesses will gain popularity and acceptance in the market.

Small companies can measure their business performance using accounting measurement of performance. However, they can also measure their performance using qualitative measures such as employee satisfaction. The performance drivers which can be measured are sales, market share, productivity, profitability and growth (Cabrera & Mauricio, 2017). Business performance analysis will discover the opportunities which can support the business to improve its outcome (Hern & Rung-Hoch, 2017). Other elements of business output such customer satisfaction and customer loyalty are also related to enhancing business performance (Sharafizad & Coetzer, 2016).

**Conceptual framework of the study**



**Figure 1: Conceptual framework of the study**  
Source: Author

Research Hypotheses:

H1. A higher level of entrepreneurial munificence has positive effects on the business performance of small rural businesses in Malaysia.

H2. Usage of digital marketing has positive effects on the business performance of small rural businesses in Malaysia.

**RESEARCH METHODOLOGY**

The study was conducted with the small rural businesses in Melaka. The respondents were the small business owners at the various districts in Melaka. The study was conducted using face to face interview and survey method. The sampling method will be stratified random sampling. This sampling involves the division of population into smaller groups known as strata. In stratified random sampling, the stratum will be formed based on respondents characteristics. So the population of study are the small business owners in the three districts in Melaka. They will be divided according to their locations. For example they will be stratified into Melaka Tengah, Alor Gajah dan Jasin Districts. Their names will be identified through the office of Pusat Komuniti Desa (PKD), previously known as Rural Transformation Centre (RTC). Therefore the number of survey questionnaires distributed were about 300 respondents. A set of questionnaires were distributed to selected respondents. The questionnaires consist of 3 sections; Section A, B, and C. Section A consists of demographic questions. Section B is for first factors which is entrepreneurial munificence. Followed by section C which is digital marketing usage. This questionnaire designed based on closed ended question. All items were measured using 10-point interval scale which 1 is strongly disagree and 10 is strongly agree. Pilot test was conducted to check for the reliability of the questionnaire. After that, the questionnaires were distributed to about 300 respondents at the PKD in Melaka. The raw data will be entered into IBM SPSS software for Windows version 16.0. The raw data was screened for any errors by running frequency on the data. Descriptive analyses was done to interpret all the data acquired from the questionnaires. The results were expressed and interpreted into tables to simplify the results.

This study used a cross-sectional research design to develop a valid and reliable measure for Entrepreneurial Munificence construct particularly in the context of rural businesses in Malaysia. The target population for this study is the rural business entrepreneurs in Malaysia. The rural business entrepreneurs were selected because this study examined the effects of entrepreneurial munificence on their business performance. This study then collected survey data from the entrepreneurs near the Rural Community Centers who are willing to participate in this study in the state of Melaka, Malaysia. This study randomly selected 30 rural business entrepreneurs as the pilot study respondents. Data was collected through a self-administered questionnaire.

**FINDINGS**

Multiple Regression

Table 1 Model Summary

Model	R	R square	Adjusted R square	Std. error of the estimate
1	.812 <sup>a</sup>	.659	.654	1.40981

The results from the Model summary above shows that R square of 0.659 which is 65.9%. The R square = 65.9% indicated that 65.9% of the variance which affected Business performance in this study can be determined by the variance of Entrepreneurial Munificence and Digital marketing. While the balance came from other variances not in the study.

**CONCLUSIONS**

The results of the study shows that digital marketing usage has significant positive effects on business performance of small rural businesses in Malaysia. The results is consistent the findings of previous studies which have demonstrated that increased business process expertise, new kinds of cooperation and consumer interaction, and a faster pace of innovation which drive digitalization and increase business performance (Adomako et al., 2021).

The results of this study also shows that entrepreneurial munificence has significant positive effects on business performance of small rural businesses in Malaysia. Previous studies also have shown that the government has given a lot of support and provided financial and non-financial initiatives for the rural entrepreneurs to develop their businesses and improve their livelihood. They are also given a lot of motivation and to enhance the need of achievement among the entrepreneurs so that they will succeed in their business ventures (Rohayah, Dawood, Ghazali, & Samat, 2019).

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