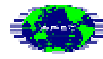


THE FUNCTION OF MARKETING IN SMI'S IN SARAWAK

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ABSTRACT

Marketing is a critical field in the realm of Human Resource Management that has huge potential in the development of the economy of Sarawak. Despite being one of the dominant fields of study in academic communities throughout the world, marketing is often misunderstood and misused. The essence of marketing is that, in an increasingly competitive consumer driven world, organizational success is driven through the ability of the firm to match the needs and wants of the consumer with the strengths, objectives and competencies of an organization. While the marketing orientation is now the dominant approach, some industries and firms still face demand and supply conditions, either due to the state of the market or the competitive environment, that allow approaches that are more production or sales orientated. Given the increasing importance of marketing activities this research develops the current understanding held by managers and marketing executives in SMI's in Sarawak. The functions of the marketing department, managers, and executives in SMI's are explored. This provides a vital clue as to whether the correct understanding and application of a major function in business is applied in Sarawakian SMI's. This paper also explores the perceptions of SMI marketing personnel toward institutional training in marketing. Increasingly businesses will find that they can no longer expect sales either through manufacturing efficiencies or the use of persuasive sales tactics. For organizations to continue to be successful require that they become market orientated. Suggestions and recommendations of how a better understanding of marketing can be used to assist SMI's in planning their future human resource requirement are provided.



INTRODUCTION

Since McKitterick (1957) first introduced Marketing as an area of organizational importance, the development of skilled marketing personnel and marketing departments has burgeoned. Today in many organization's, particularly large corporations, the marketing department is a separate and distinctive identity providing specialized human resources expertise. However despite the growth in its importance, different countries, regions, and even types of companies have embraced the marketing concept as a central business dogma to different extents. Small and medium sized industries (SMI's) in developing growth markets have been slow to take up and apply this critical area of human resources expertise.

In order to understand the underlying basis of these regional variations requires an understanding of the development of the industries in question. In reviewing the perceptions of marketing in Sarawak it is therefore axiomatic that we first review the history and growth of the organizations under analysis. This will provide insights into why currently held beliefs are practiced.

LITERATURE REVIEW

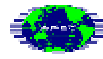
The Evolution of the Marketing Concept

The marketing concept developed as an area of importance largely due to changes in demand conditions that occurred in developed nations. As developing and Newly Industrialized Nations demand conditions change, their business orientations are likely to mirror those of Industrialized nations. Globalization will also increase the rate at which this process change occurs. These orientations and the processes of development are briefly discussed.

The Production Orientation

Different types of orientation have evolved over the decades to meet the changing needs of the marketplace. In growing markets, with high and increasing levels of consumer demand, coupled with a developing manufacturing base, demand often exceeds supply. Firms main focus is therefore the lowering of costs and the increase in production capacity to meet the, relatively, unlimited demand for manufactured goods. A sellers' market with high demand and limited supply exists. Entrepreneurs set up production, based upon the need to minimize costs and maximize output with little concern about sales and marketing. There is little need to spend resources on promotional or market research activities as any production is easily sold. At this stage attaining economies of scale is the focus.

“A production philosophy exists when an organization emphasized the production function. An organization following such a philosophy values activities related to improving production efficiency or producing sophisticated products and services. Production drives the organization Bearden, Ingram & Laforce (1995:9)”



The Sales Orientation

Changing demand conditions due to; increases in production, large economies of scale and market saturation, leads to abundant supply relative to limited demand. This creates problems for production-orientated organizations and increasing manufacturing efficiencies merely cause further excess production capacity. The emphasis changes to sales, and a sales-orientation.

This is usually a transition period for businesses as their manufacturing efficiencies determine what they produce and they develop more extensive sales networks to push these products in the consumer marketplace. Changing consumer demands mean that a sales approach is only a short-term solution as the consumer has ultimate control over their spending. This control means that as consumer tastes and preferences change, unless businesses are able to change their production to satisfy these changing demands, sales inevitably decline.

“The idea that consumers will not buy enough of the organization’s products unless the organization undertakes a large scale selling and promotion effort” Kotler & Armstrong (1996:16)”

The Marketing Orientation

As living standards and income levels rise, competition increases and the consumer population becomes more educated and sophisticated, consumers become the dominant force in the marketplace. Businesses can no longer expect sales either through manufacturing efficiencies or the use of persuasive sales tactics. For organizations to continue to be successful require that they become market-orientated.

Firms need to analyze the consumer in order to understand their changing needs and demands. To maintain continued success organizations are required to coordinate their efforts to ensure customer satisfaction. A competitive marketplace and low manufacturing costs means that better products or services continue to arrive and a firm must be able to adapt to changing consumer demands.

With the realization of the importance of the consumer also comes recognition that the consumer is not after a product, but rather a bundle of benefits. The product is merely one way of satisfying a particular need or want. The needs and wants of the consumer become the focus and the product merely a means of satisfying those needs and wants.



Table 1: Types of Business Orientation

	Production Orientation	Sales Orientation	Marketing Orientation
Strategy	Lower Costs, Increase Production	Increase Sales Volume	Develop Profitable Products to Meet Consumer Demand
Expertise	Engineering & Manufacturing	Sales	Market Analysis & Strategic Planning
Operational Focus	Efficient Production	Effective Sales Techniques	Customer Needs & Wants
Philosophy	We can sell more if only we can produce more and we will make more profits if we reduce costs	We need to find more markets for our existing product lines	We need to determine consumer needs and wants and produce goods and services to match.

The Marketing Concept

The range and breadth of the literature on the marketing concept is long, ranging from the thoughts of McKitterick (1957), Levitt (1960), Kotler (1977), and Webster (1994a; 1994b). However, it is generally agreed that the traditional marketing concept relies on customer focus, co-ordination of effort, and profitability (Kotler, 1994).

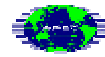
One of the earliest, authoritative definitions of the Marketing concept was posited by McKitterick (1957: 78). It is his view that a company that practices the Marketing concept:

“... focuses its major innovative effort on enlarging the size of the market in which it participates by introducing new generic products and service, by promoting new applications of existing products, and by seeking out new classes of customers who heretofore have not used the existing products.”

It has been argued that the old marketing concept was born out of economic scarcity, pent-up consumer demand, and growing consumer confidence (Webster, 1994a). The new marketing concept thrives on the affluent, sophisticated and informed consumer, economic pessimism, global competitors, and superior value.

To maintain the customer focus in the light of manufacturing, financing, and sales concerns, is often difficult to achieve and requires well-formulated marketing strategies. The key to a market driven organization is co-ordination of its operations based upon the wants and needs of its customers. The fundamental reality of marketing is that the marketing organization is driven not by the needs of its employees, managers or manufacturing base, but by the customer. A customer focus provides an organization with a sustainable competitive advantage.

A competitive advantage is an edge that the company has over its competitors, such as lower costs or better quality. Most companies have held a competitive advantage at some time in their operations. The key to corporate success is the sustainability of this advantage. In the current, highly dynamic, competitive, world market environment, no company can sustain an advantage without maintaining



awareness and focus on changing customer needs and wants. In order to be marketing orientated therefore requires a dynamic and progressive company philosophy.

While the marketing orientation is now the dominant approach, some industries and firms still face demand and supply conditions, either due to the state of the market or the competitive environment, that allow approaches that are more production or sales orientated. This research analyzes SMI's in Sarawak to determine the current orientation in order to provide future insights into the future development of human resources needs in this region.

SMI's IN SARAWAK

Oil, timber, agricultural activities and pepper have been the mainstay of the Sarawak economy since the 1960's. In the late seventies Sarawak recognized that its dependence on natural resources would not be sufficient to sustain its economic growth. In the 1980's the State gave priority to the manufacturing sector. The number of people employed in the manufacturing sector in 1970 was only 6.5%. By 1997 the sector employed 24.1% of the workforce in the State and this percentage has been steadily rising (Table 2).

Table 2: Percentage Distribution of People Employed in the Manufacturing Industry

Year	Percentage (%)	Percentage (%) Increase
1970	6.5	-
1980	9.5	3
1991	15.4	5.9
1993	20.8	5.4
1997	24.1	3.3

Source: Sarawak Facts and Figures, 1997.

The number of manufacturing organizations in the State increased from 726 in 1991, to 1919 in 1995. The number of paid personnel increased from 33,153 to 59,843 during the same period (Refer Table 3). The manufacturing industry has provided significant growth and job opportunities in Sarawak. The largest sector in manufacturing in terms of job employment is Wood and Wood Products, including Furniture.

Table 3: Manufacturing Industries in Sarawak

Year	1991	1992	1993	1994	1995
No. of establishments	726	770	890(a)	945	1919
No. of Paid Personnel	33,153	40,849	50,451	58,383	59,843*
No. of Persons engaged	33,730	41,431	51,112	59,069	64,045
Gross Value of Output (RM million)	6,322	6,450	7,600	8,754	10,829

* based on 2.5% growth.

(a) Information based on surveys that covered the larger organizations, as identified by employment cutoffs.

Source: Yearbook of Statistics 1996, Sarawak and Yearbook of Statistics 1997 Malaysia.



Table 4 details current employment figures in SMI's, rates of labor shortage and the employment requirements by the year 2000. The manufacturing sector is expecting a severe shortage in unskilled (33.63%), semi-skilled (25.48%) and craft skilled (7.89%) workers by the year 2000. Given these severe shortages in basic labor requirements there has been little emphasis on managerial (current shortage of 2.93%, employment requirements (2000) is 4.6%) and other graduates (current shortage of 3.06%, employment requirements (2000) is 2.33%).

Table 4: Current Employment, Shortage, and Numbers Required By Types of Employment and Sector

Type of Employment	Current Employment		Current Shortage		Employment Required (2000)	
Managerial	1110	4.15%	68	2.93%	736	4.60%
Electrical engineers	27	0.10%	14	0.60%	49	0.31%
Chemical engineers	5	0.02%	2	0.09%	14	0.09%
Mechanical engineers	62	0.23%	24	1.03%	72	0.45%
Chemist	25	0.09%	4	0.17%	24	0.15%
Accountant	290	1.08%	26	1.12%	174	1.09%
Other graduates	1059	3.96%	71	3.06%	373	2.33%
Mechanical technician	366	1.37%	29	1.25%	360	2.25%
Electronic production technician	66	0.25%	12	0.52%	190	1.19%
General mechanics	637	2.38%	88	3.79%	533	3.33%
Plant maintenance mechanics	238	0.89%	42	1.81%	257	1.61%
Electrician	102	0.38%	21	0.90%	114	0.71%
Welder	929	3.47%	143	6.15%	565	3.53%
CAD-CAM operator	785	2.93%	77	3.31%	725	4.53%
Clerical and related duties	1626	6.08%	97	4.17%	1094	6.84%
Other semi-skilled	5861	21.91%	496	21.34%	4076	25.48%
Craft skill	1775	6.64%	178	7.66%	1262	7.89%
Unskilled	10669	39.88%	932	40.10%	5381	33.63%
Non-Response	1118	4.18%		0.00%		0.00%
TOTAL	26,750		2,324		15,999	

Source: Ministry of Industrial Development Sarawak & Mara Institute of Technology Sarawak (1995). Strategic Industrialization Programmes and Database for Small and Medium Industries (SMI) in Sarawak. Volume 2. p. 45, 48, 49. Ministry of Industrial Development Sarawak: Sarawak.

Specific Marketing Data in SMI's In Sarawak

Previous studies on Sarawak SMI's have shown that separate marketing departments do not exist in most manufacturing organisations. Only 39% of SMI's indicated that they had a marketing unit. Out of the total workforce of 59,843 only 786 people are employed in marketing positions.

Small firms stated that they employ more full time marketing staff (49%)



compared to medium (26.2%) and large (17.2%) firms. However this is due to the relative size of the firm to their marketing personnel. In addition the perception of marketing personnel by small-scale firms is that they are sales personnel. This perception is reflected in the fact that small-scale firms' report having a lower percentage of marketing units (32.4%) compared to large (50.0%) and medium (56.8%) scale firms (Refer to Table 5).

Table 5: Size of manufacturing organisation by existence of marketing unit and total number of full-time marketing staff

SIZE	NO. OF EST.	EXISTENCE OF MARKETING UNIT		TOTAL NUMBER OF FULL-TIME MARKETING STAFF	
		NO	%	NO	%
Small	491	159	32.4	358	49.0
Medium	148	84	56.8	206	26.2
Large	56	28	50.0	135	17.2
Non-Response	52	20	38.5	60	7.6
TOTAL	747	291	39.0	786	100.0

Source: Ministry of Industrial Development Sarawak & Mara Institute of Technology Sarawak (1995). Strategic Industrialization Programmes and Database for Small and Medium Industries (SMI) in Sarawak. Volume 1. p.81. Ministry of Industrial Development Sarawak: Sarawak.

Most manufacturing sectors in Sarawak do not operate separate marketing units. Less than 50% of the different manufacturing sectors have marketing units. The Wood and Wood Products sector has the largest number of marketing units (88). These 88 firms with marketing units however, only account for 31.8% of the total number of firms in the sector. Therefore over 68% of firms still do not operate separate marketing units even in the most prolific marketing based sector. The large percentage of marketing units in Crude Petroleum and Natural and Gas sector is due to there being only three companies, two of which have marketing departments.

The number of staff hired in each sector also differs significantly. The sector with the largest number of marketing staff is the Food, Beverages and Tobacco sector (231 people, 29.4%), followed by Wood and Wood Products, including Furniture (174 people, 22.1%), and Paper and Paper Product, Printing and Publishing (106 people, 13.5%) (Refer Table 6).



Table 6: Types of manufacturing organizations by existence of marketing unit and total number of full-time marketing staff

TYPES OF MANUFACTURING ESTABLISHMENT	ISIC CODE	NO. OF EST.	EXISTENCE OF MARKETING UNIT		TOTAL NUMBER OF FULL-TIME MARKETING STAFF	
			NO	%	NO	%
Food, Beverages and Tobacco	31	135	53	39.3	231	29.4
Textile, Wearing Apparel and Leather Industries	32	7	2	28.6	3	0.4
Wood and Wood Products, including Furniture	33	277	88	31.8	174	22.1
Paper and Paper Product, Printing and Publishing	34	46	31	67.4	106	13.5
Chemical, and of chemical, Petroleum, Coal, Rubber and Plastic Product	35	62	33	53.2	85	10.8
Non-Metallic Mineral Product, except Product of Petroleum and Coal	36	56	25	44.6	39	5.0
Basic Metal Industries	37	20	9	45.0	26	3.3
Fabricated Metal Products, Machinery and Equipment	38	130	40	30.8	95	12.1
Crude Petroleum and Natural and Gas Production	22	3	2	66.7	3	0.4
Mining /Quarry	29	5	5	100.0	20	2.5
Others	39	6	3	50.0	4	0.5
TOTAL		747	291	39.0	786	100.0

Source: Ministry of Industrial Development Sarawak & Mara Institute of Technology Sarawak (1995). Strategic Industrialization Programmes and Database for Small and Medium Industries (SMI) in Sarawak. Volume 1. p. 79. Ministry of Industrial Development Sarawak: Sarawak.

Marketing is also a stronghold of Non-Bumiputeras* SMI's. However the percentage is still low. Only 37.5% of Non-Bumiputera SMI's have a marketing unit, although the numbers are higher than Bumiputera SMI's (253 compared to 33). Non-Bumiputera SMI's employ 715 marketing personnel consisting of 91% of the total



marketing employees in Sarawak. Bumiputera SMI's on the other hand have a smaller number of firms with marketing units (33) but with a higher percentage. This is due to the fact that the total number of Bumiputera firms is still relatively small (Refer Table 7).

Table 7: Equity of manufacturing organisation by existence of marketing unit and total number of full-time marketing staff

EQUITY	NO. OF EST.	EXISTENCE OF MARKETING UNIT		TOTAL NUMBER OF FULL-TIME MARKETING STAFF	
		NO	%	NO	%
Bumiputera	63	33	52.4	49	6.2
Non-Bumiputera	674	253	37.5	715	91.0
Non Respond	10	5	50.0	22	2.8
TOTAL	747	291	39.0	786	100.0

Source: Ministry of Industrial Development Sarawak & Mara Institute of Technology Sarawak (1995). Strategic Industrialization Programmes and Database for Small and Medium Industries (SMI) in Sarawak. Volume 1. p. 82. Ministry of Industrial Development Sarawak: Sarawak.

The Sarawak State Government has provided facilities to SMI's to market their products throughout the country and for export. However, the response to these efforts has not been large (Refer Table 8).

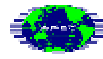
*Bumiputera refers to the indigenous people of Malaysia



Table 8: Types of manufacturing organisations by usage for facilities provided by government agencies to market products

TYPES OF MANUFACTURING ESTABLISHMENT	ISIC CODE	NO. OF EST.	YES		NO	
			NO.	%	NO.	%
Food, Beverage and Tobacco	31	135	8	5.9	125	92.6
Textile, Wearing Apparel and Leather Industries	32	7	0	0.0	7	100.0
Wood and Wood Products, Including Furniture	33	277	17	6.1	252	91.0
Paper and Paper Products, Printing and Publishing	34	46	4	8.7	39	84.8
Chemicals and of Chemical, Petroleum, Coal, Rubber and Plastic Product	35	62	2	3.2	60	96.8
Non-Metallic Mineral Products, except Product	36	56	6	10.7	49	87.5
Basic Metal Industries	37	20	1	5.0	19	95.0
Fabricated Metal Products, except Products of Petroleum	38	130	7	5.4	121	93.1
Crude Petroleum and Natural Gas Production	22	3	0	0.0	3	100.0
Mining/Quarry	29	5	1	20.0	4	80.0
Others	39	6	1	16.7	5	83.3
TOTAL		747	47	6.3	684	Other s

Source: Ministry of Industrial Development Sarawak & Mara Institute of Technology Sarawak (1995). Strategic Industrialization Programmes and Database for Small and Medium Industries (SMI) in Sarawak. Volume 1. p. 104. Ministry of Industrial Development Sarawak: Sarawak.



Implications of the Industrial Analysis

An analysis of this data indicates that SMI's are faced with an environment of high growth and continued demand. Few companies have developed strong marketing departments and the data denote that marketing activities are primarily based around sales. Strong employment demands and shortages in workers in both skilled and unskilled positions indicate that demand conditions are still favorable. This suggests that for such organizations a sales or production orientation is more appropriate.

Common perceptions of marketing

There has been little analysis of perceptions of marketing outside the United States. It would be expected that in the U.S. the perception of marketing would be closely tied to the satisfaction of consumer needs and wants. However even marketing practitioners in the U.S. could not articulate a definition of marketing or see themselves in a marketing framework. They however agreed that marketing is; sales, customer driven, and a long-term relationship activity (Anonymous, 1996).

A common perception among businesses and SMI's is that 'marketing' is 'sales'. In a study in 1996 most business managers related the marketing concept to an emphasis of sales and resulting profits (Anonymous, 1996). Little consideration of the needs and wants of the consumer were expressed.

METHODOLOGY

Purpose of the study

An exploratory study was undertaken to substantiate the findings indicated in the industrial data. This survey was also designed to elicit information to ascertain organizational orientation in SMI's. This survey analyzed the current perception of marketing in a small random sample of SMI's in Sarawak. To this end data was collected regarding the functions of the marketing units, managers, and executives. Knowledge of the functions of the departments, managers and executives can assist in determining the main type of business orientation in Sarawak's SMI's.

The importance of human resource training aspects is also reviewed and assessed for Sarawak's SMI's. Current management views of a number of areas were analyzed including;

- ❏ The view of marketing training, both in-house and through institutions of higher learning.
- ❏ Perceptions of marketing graduates from institutions of higher learning.
- ❏ Perceptions of what skills are lacking in graduates from institutions of higher learning.
- ❏ Marketing personnel recruitment requirements and problems.



Description of the study

Random sampling was used to select firms from the list provided by the Ministry of Industrial Development, Sarawak and the Sarawak Association of Manufacturers. 75 firms were selected and questionnaires faxed to them. A 26% rate of return was obtained. These firms are engaged in the manufacture of numerous items, services, and construction. The firms are listed under the Industrial Code 22000 to 95120.

Faxed questionnaires were used to collect an array of information from the sample. The firms were contacted by fax and during the same day were called to confirm receipt of the fax. They were then asked to fax back the completed questionnaire.

The data obtained closely paralleled the industry data in 1996. Manufacturing firms were the largest respondents followed by Other (Construction) (25%) and services (20%). 75% of respondents have a marketing department or unit. The majority of the responding firms were small in size (50%) and a large percentage (68%) had Non-Bumiputera equity (Refer Table 9).

Table 9: Breakdown of Respondents Details

Type of industry	%
Manufacturing	55%
Services	20%
Other (Construction)	25%

Have Marketing Dept	%
Yes	75%
No	25%

Size	%
Small	50%
Medium	35%
Large	15%

Equity	%
Bumi	32%
Non-Bumi	68%



Survey Results

Table 10: Size of respondent's organization relative to the existence of a marketing unit and total number of marketing staff

SIZE	EXISTENCE OF MARKETING UNIT	TOTAL NUMBER OF MARKETING STAFF
	%	%
Small	50	7
Medium	100	7
Large	100	27

Table 11: Ownership of respondent organization relative to the existence of a marketing unit and total number of marketing staff

EQUITY	EXISTENCE OF MARKETING UNIT	TOTAL NUMBER OF MARKETING STAFF
	%	%
Bumiputera	85.71	29
Non-Bumiputera	73.33	6

The definition of marketing in SMI's indicated, as expected, a strong perception of marketing as a sales function (47%) (Refer Figure 1). However the dominant view, 68% of respondents, was that marketing is related to product knowledge. However responses indicated that product knowledge had little to do with the development of consumer demand characteristics, rather marketing such product knowledge as a basis for establishing an organization's market.

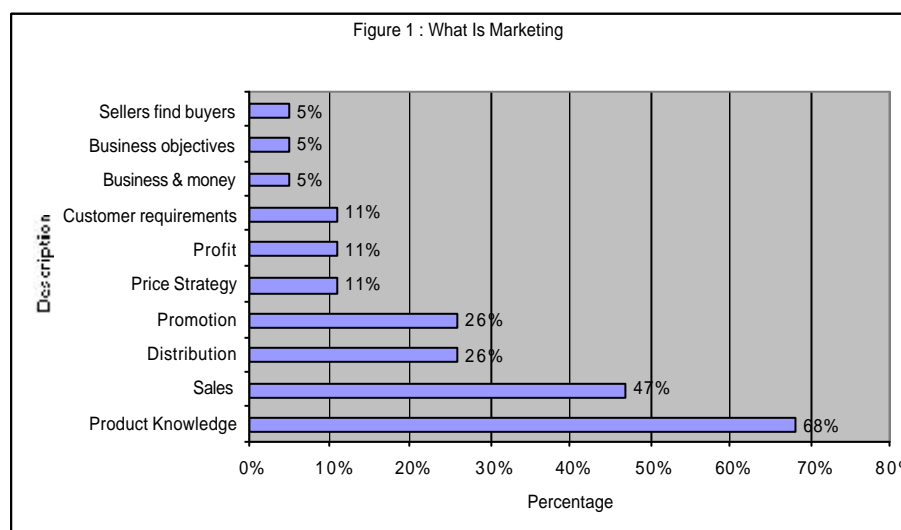


Figure 2 depicts specific functions of SMI's marketing departments. Customer service was seen as the primary marketing function although, personal selling, sales management, and product/service distribution, were also indicated as functions by the majority of respondents. The key marketing functions of market research, product development and brand development rated as three of the four least important functions



by respondents. Even responses to the role of the marketing manager (Refer Figure 3), the key initiator of customer strategies in a marketing orientated firm, indicated a low level of response for these three areas. This data indicates that respondent SMI's marketing emphasis is geared toward sales rather than a marketing orientation.

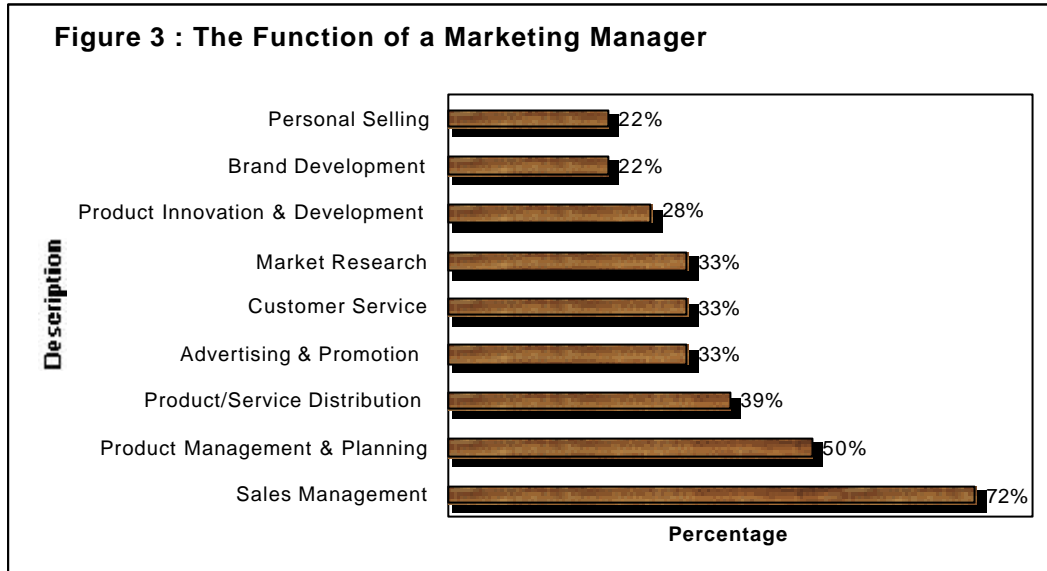
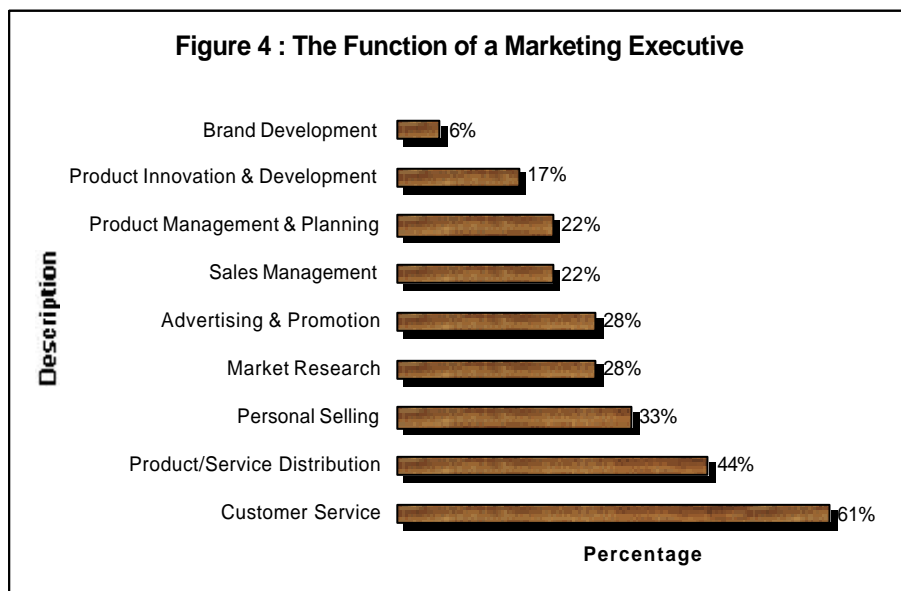


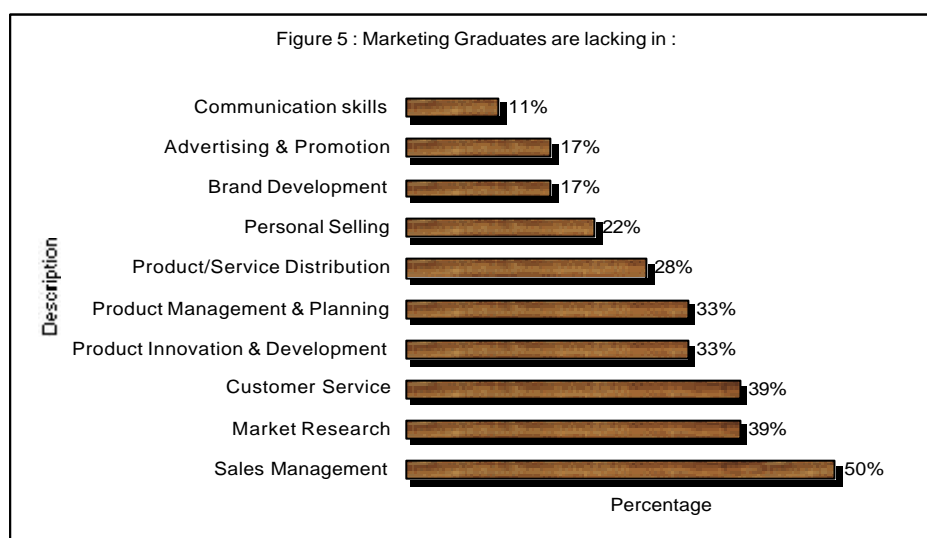
Figure 4 shows responses concerning the functions of the marketing executive. The responses indicated, in line with the industrial data, that the marketing executive's role is seen as largely that of customer service, product distribution and personnel selling. Marketing research was rated as the fourth most indicated area of response but the percentage was only 28%.





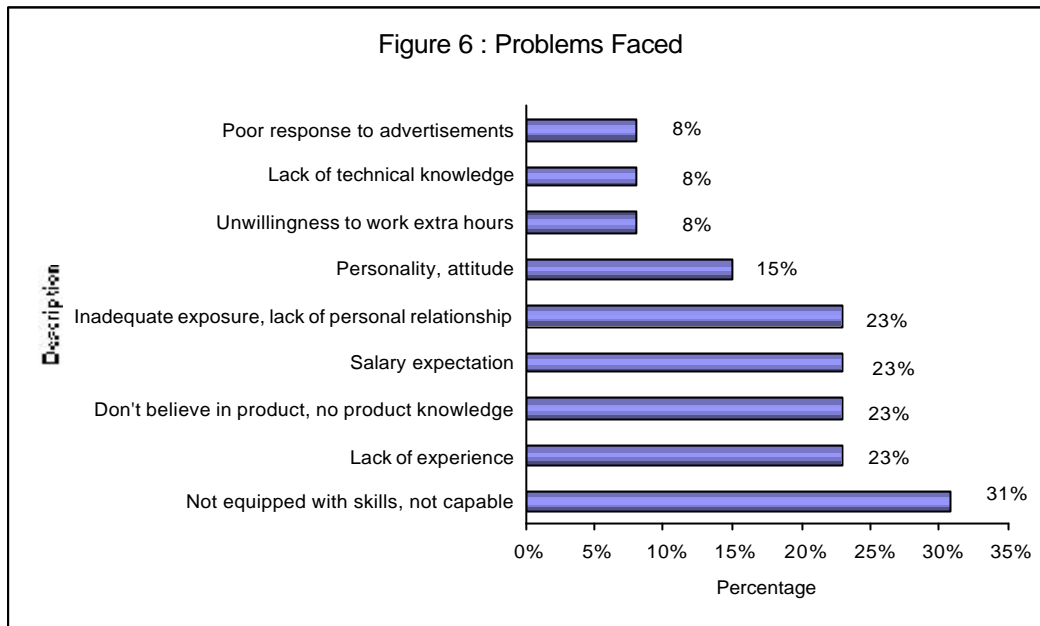
Two seven point Likert scales (1 being extremely good, 7 extremely bad) were used to evaluate perceptions of marketing graduates and the value of the theories and ideas they have developed during their course of study. The ratings for the former was 2.65 and the later 2.5 indicating a strong perception of marketing graduates and their university expertise. However this result must be tempered by the possibility of a co-operative response bias.

Figure 5 notes the key skills marketing graduates are perceived to be lacking in respondents. The primary area was in sales management. Interestingly market research was viewed second equal, along with customer service skills, possibly indicating a change in emphasis toward more customer orientated requirements as the market becomes more competitive and consumer driven.



Three further Likert scales were used to discern respondent views of university education, in-house training, and the ability to obtain personnel. Both university and in-house training were viewed as important with in-house training seen as slightly more important 2.62 to 2.82 University educated. This result requires further, more conclusive verification, as this result will help assess the extent to which practical relative to theoretical skills are valued within these organizations.

The third Likert scale asked respondents to indicate whether they had problems obtaining marketing personnel. In line with the industrial data, the average figure was high, 4.56. Figure 6 provides information pertaining to the problems faced when recruiting marketing personnel. The major problem was that marketing personnel lacked the required skills, followed equally by; a lack of experience, little product belief or knowledge, inadequate exposure and high salary expectations. These issues indicate that practical skills related to selling expertise are perceived as lacking.



DISCUSSION OF INDUSTRIAL AND SURVEY DATA ANALYSIS

The survey results corroborate the major contentions posited in the analysis of the industrial data. SMI's in Sarawak are still faced with strong growth markets and there is limited need for a marketing orientation. Marketing is perceived as related primarily to selling, distribution, and related product knowledge expertise.

Skills requirements by SMI's are focused on the need for practical sales skills, including customer relations, network marketing and product knowledge. Results indicate a lack of available marketing personnel. These results all indicate an environmental situation where firms have developed in strong demand conditions. Subsequently production and sales orientations are likely to be prevalent.

With the continued growth in manufacturing firms, and the advent of more open global competitors, these conditions are likely to drastically change. Already the exploratory results indicate that more market research skills are in demand. From the perspective of the Human Resource Manager, identifying these changing demand and personnel requirements will allow transition between competitive orientations to be smoothly achieved.

IMPLICATIONS

This research highlights the importance in the future growth and demand for skilled marketing personnel. In order to avoid shortages in this critical area, and provide Sarawak SMI's with access to skills that should increase their potential for developing global competitive advantages, the government should emphasis the training of marketing graduates.

There is a requirement in government policy development that these changing demand conditions are foreseen and integrated into policy objectives. A prime policy of



many national and local governments has been the encouragement of SMI's due to the belief that SMI's have great potential to generate job and wealth creation (Westhead and Birley, 1995). These SMI's have been characterized as being dominated by owner managers (Kerr and McDougall, 1999). SMI's are therefore often lacking in key marketing skills, which are reinforced due to limited competitive manufacturing organizations. As market conditions become more consumer driven these marketing expertise will be increasingly in demand.

Government Human Resource Policies should acknowledge the accepted process of market development and use industrial and survey data analyses, such as those represented here, to guide them in the development of their education policies. As there is a lead time in terms of producing skilled personnel, these market transition conditions can be used as a guide and implemented to ensure key expertise are available to firms when required.

SMI's have short-term perspectives because of the substantial uncertainty they face (Casson, 1982). This has unfortunately lead to a view in SMI's that training is an operational expense rather than an investment (Finegold and Soskice, 1988). Extra training is often only provided when the firm is making money (Hendry et al, 1991), and it is normally informal on the job types of training (Bacon et al, 1996). Government policies to encourage SMI's to invest in training, may therefore be necessary to ensure skill development is not under-prioritized. The Singaporean model of training development for small firms is an example of such successful policies.

CONCLUSIONS

It is inevitable that as Sarawak continues to develop, rising living standards and income levels, increasing competition, and a more educated and sophisticated population, will lead to consumers becoming the dominant force in the marketplace. This situation is occurring throughout Asia, where wealth creation in the past few years is causing a shift in demand conditions.

Increasingly businesses will find that they can no longer expect sales either through manufacturing efficiencies or the use of persuasive sales tactics. For organizations to continue to be successful requires that they become market-orientated. This change in emphasis will require a range of new human resource skills and expertise to be developed to take on this challenge. SMI's will increasingly need to analyze their customers in order to understand their changing needs and demands.

The success of every business is determined by its overriding decision-making policies. There is a need to ensure that a company's strategy stays in line with the overriding conditions of its environment. In an increasingly competitive consumer driven environment a change in emphasis toward the customer is an inevitable forerunner to long-term success. A study by Wright, Pearce, and Busbin (1997) on 188 manufacturing firms show that those who are customer orientated outperform those who are not. Sarawakian SMI's need to realize and identify these changing marketing conditions for continued growth and success.



LIMITATIONS & AREAS FOR FURTHER RESEARCH

The research survey in this paper is exploratory in nature and was used to corroborate the findings posited from the industrial data analysis. The exploratory character of this data requires that it is not viewed in isolation, but only as a basis of tentative support to more comprehensive industrial figures. The survey findings point to further areas of necessary research including the needs for human resource planning at all levels within SMI's in Sarawak.

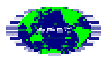
The literature alludes to the fact that marketing in theory and in practice is often two different things. Greenley and Bayus (1994) views of marketing planning in SMI's are that "... the general tenor of these results is that few companies seem to adopt the prescriptions of marketing planning that are advocated in the literature." Carson (1993; 1995) states that much marketing decision making in practice corresponds to entrepreneurship and thus is less based on textbook definitions. Carson (1998) goes on further to suggest pragmatic teaching of marketing in Universities so that it will meet the demands of the business world.

One of the problems for human resource training of marketing personnel in SMI's is the basis of emphasis. Universities emphasize theoretical based systems that are often not viewed as practical for managers in SMI's, particularly those that are involved in more production and sales orientated systems. This leads to the need to develop training systems that allow for this combination of practical and theoretical expertise to support current SMI activities that are in transition. Further research into the content analysis of such training programs is required.



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