

# 50. The Moderating Role of Dynamic Marketing

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# The Moderating Role of Dynamic Marketing Engagement in Marketing Function for SMEs Business Performance

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**Abstract--** The purpose of this article is to evaluate the theory function of Dynamic Marketing Engagement (DME) as a variable mediating or bridging the multi-actor attachment that is the Customer Engagement variable, Employee Engagement and Supply Chain Engagement. This evaluation is very important to be done to get answers toward the significant gaps in the role of the marketing function. This test uses AMOS to perform the bootstrap in order to describe the mechanism of multi-actor relations with business performance. A number of 178 entrepreneurs and managers of SMEs in Banyumas Regency - Middle Java - Indonesia were choose as respondents in this study. The test results showed that the role of Dynamic Marketing Engagement (DME) on business performance as a mediating variable for the Customer Engagement variable, Employee Engagement and Supply Chain Engagement has given significant results. The results of the total effect testing of Dynamic Marketing Engagement (DME) showed greater result than multi-actor involvement. Thus, the results of the study stated that the Dynamic Marketing Engagement (DME) variable as a theory that connects the multi-actor attachment has proven to be able to improve the business performance of SMEs.

**Keywords--**Dynamic Marketing Engagement; Employee Engagement; Customer Engagement; Supply Chain Engagement; Business Performance

## I. INTRODUCTION

The Research on marketing capabilities over two different markets, offline and online, conducted by Sarkum, Pramuka, & Suroso (2017) had created a concept called Dynamic Marketing Engagement (DME). This concept was born in order to answer the dynamic capabilities in the marketing perspective expressed by Barrales-Molina, Martínez-López, & Gázquez-Abad (2014) that one of the significant problems occurs in the role of marketing functions in developing dynamic capabilities so that marketing and operations collaboration is needed to integrate market knowledge into the supply chain.

However, the Dynamic Marketing Engagement (DME) concept remains a question in the study, namely how the role of Dynamic Marketing Engagement was as a mediator in delivering multi-actor engagement (Customer, Employee and Supply Chain) in business performance. Based on this, it is necessary to examine the role of Dynamic Marketing Engagement to find out how far the Dynamic Marketing Engagement can play a role in improving business performance.

## II. LITERATURE REVIEW

The beginning of the creation of the Dynamic Marketing Engagement concept, Sumitro Sarkum (2016, p. 12) stated that in the process of its creation, Dynamic Marketing Engagement arose to the surface after going through a decline process from Resource Based View (RBV), Resource Based Theory (RBT), Dynamic Capability (DC) and Dynamic Marketing Capabilities (DMC's) which were then mated to the concept of engagement which also went through a decline process from Customer Relationship Management (CRM), Social Customer Relationship Management (SCRM), Customer Engagement (CE), Employee Engagement (EE) and Competitive Advantage through Engagement (CAE). Further in the literature review strategy engagement in marketing Sumitro Sarkum, Bambang Agus Pramuka, & Agus Suroso (2017) conclude that the engagement requires the participation of the organization in the process in order to create pleasure in all aspects that is involved, this is because that the wearer of the company's products is not only for the customer but the all levels transaction in the organization can also be a customer. And in CRM social integration, Sumitro Sarkum et al., (2017) suggested that the integration of traditional CRM to Social CRM requires an understanding of the views of more customers to get into and implement the marketing strategies in social media. This is because existing customers are the type of critical and pervasive customers at media social, and if not careful, it will cause a boomerang for the development and performance of the company. Therefore, in

the preparation of the company's marketing strategy should include the involvement of the customer to enter the social media market and map the market forces.

Furthermore, research into offline to online marketing system (O2O) in the article of Sarkum, Pramuka, & Suroso (2017) provided a new perspective on marketing strategies to overcome the role of marketing functions in Dynamic Marketing Ability (DMC's) through Engagement. The authenticity of the research is stated in the development of new concepts through the synthesis of theories that support the findings of a new concept of Dynamic Marketing Engagement (DME).

### III. METHOD

This study used descriptive statistical analysis with an index method to provide an empirical description of the data collected. The data used is 178 samples with data processing tools using the AMOS program. Respondents in this study were managers, owners, and managers and owners of SMEs in Banyumas Regency. The business type of SMEs is shown in the table I.

TABLE 1. SMES BUSINESS TYPE

No	Business type	Sum	Total
1	Construction	Sum	18
		%	10,1%
2	Finance, rent and service	Sum	34
		%	19,1%
3	Trade, Hotel and Restaurant	Sum	87
		%	48,9%
4	Manufacture	Sum	13
		%	7,3%
5	Electronic, Gas and Water Supply	Sum	3
		%	1,7%
6	Agriculture	Sum	4
		%	2,2%
7	Handmade	Sum	18
		%	10,1%
8	Transport and communication	Sum	1
		%	0,6%
Total		Sum	178
		%	100%

### IV. RESULTS AND DISCUSSION

The results of this study use an effect model approach that tests the indirect effects between multi-actor attachment variables on business performance. The testing requires the use of bootstrap so that it can describe the mechanics of x and y linkages even though there is no effect on the x-y path (Mathieu & Taylor, 2007).

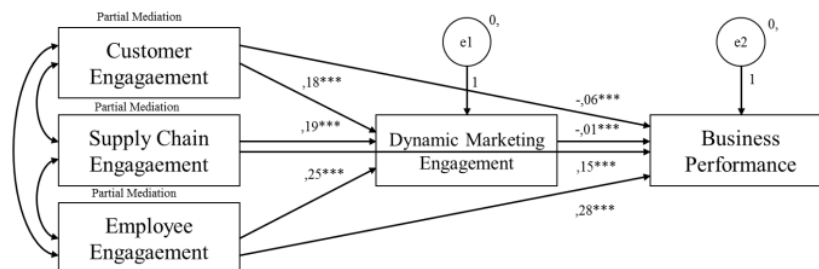


FIGURE I. THE ROLE OF DYNAMIC MARKETING ENGGAMENT TO BUSINESS PERFORMANCE

Based on the Figure I and Table II, it can be seen that the role of dynamic marketing engagement variables on business performance as a mediator of customer engagement variables, employee engagement and supply chain engagement at a 5% significance level shows significant results with value P 0,001. Due to the direct and indirect effects, indicate the probability value of < 0,05. It needs to be seen from the overall effect to see significant or not consistency, presented in table III.

7 TABLE II. THE ROLE OF DYNAMIC MARKETING ENGAGEMENT

Hypothesis	Direct Effect (x-y)	Indirect Effect	Result
CE→DME→BP	-0,060***	-0,002***	Partial Mediation
EE→DME→BP	0,145***	-0,003***	Partial Mediation
SCE→DME→BP	0,281***	-0,002***	Partial Mediation

Note: \*\*\*=p&lt;0,001

5 TABLE III. TOTAL EFFECTS - TWO TAILED SIGNIFICANCE (BC) (GROUP NUMBER 1 - DEFAULT MODEL)

	Customer _ Engagement	Supply Chain _ Engagement	Employee _ Engagement	Dynamic _Marketing_Engagement
Dynamic_Marketing_Engagement	,064	,014	,002	...
Busines_Performance	,390	,147	,001	,957

Based on the results in Table III, the total effects of multi-actor attachments are customer engagement (0,390), employee engagement (0,147) and supply chain engagement (0,001)) all of which have probability values < 0,05, thus partial mediation is declared to be significant.

Further<sup>4</sup>ore, the analysis of the direct, indirect and total influence of dynamic marketing engagement variables was conducted to see how strongly the influence of a variable with other variables was directly, indirectly and in total effect. The interpretation of this analysis is very important to determine the right marketing strategy in improving business performance .

2 TABLE IV. STANDARDIZED DIRECT EFFECTS (GROUP NUMBER 1 - DEFAULT MODEL)

	Employee Engagement	Customer Engagement	Supply Chain Engagement	Dynamic Marketing Engagement	Business Performance
Dynamic Marketing Engagement	,214	,186	,240	,000	,000
Business Performance	,000	,000	,000	,166	,000

Based on Table IV above, the results of the calculation of the direct influence indicate variable of the supply chain engagement (0,240) have a greater direct influence than employee engagement (0,214) and customer engagement (0,186) to dynamic marketing engagement. This shows that the role of the supply chain contributes more to a dynamic marketing process than employees and customers.

2 TABLE V. STANDARDIZED INDIRECT EFFECTS (GROUP NUMBER 1 - DEFAULT MODEL)

	Employee Engagement	Customer Engagement	Supply Chain Engagement	Dynamic Marketing Engagement	Business Performance
Dynamic Marketing Engagement	,090	,062	,000	,000	,000
Business Performance	,051	,041	,040	,000	,000

Based on Table V, the calculation results of indirect effects indicated that the variable of the employee engagement (0,090) have a greater indirect effect than customer engagement (0,062) to dynamic marketing engagement. Whereas for improving business performance the indirect effect of employee engagement (0,051) is greater than the customer engagement (0,041) and the supply chain engagement (0,040).

2 TABLE VI. STANDARDIZED TOTAL EFFECTS (GROUP NUMBER 1 - DEFAULT MODEL)

	Employee Engagement	Customer Engagement	Supply Chain Engagement	Dynamic Marketing Engagement	Business Performance
Dynamic Marketing Engagement	,304	,248	,240	,000	,000
Business Performance	,051	,041	,040	,166	,000

Based on Table VI, the results of the calculation of the total effect shows variable of the employee engagement (0,304) has a greater total effect than the customer engagement (0,248) and supply chain engagement (0,240) to the dynamic marketing

engagement. Whereas in improving business performance, the effect of total dynamic marketing engagement (0.166) is greater than that of employee engagement (0.051), customer engagement (0.041) and supply chain engagement (0.040).

## V. CONCLUSIONS

This research provides the power to improve marketing capabilities, SMEs actors need to improve deeper relationships involving the supply chain in a sustainable engagement. This is about a growing and competitive market. Therefore, it should be emphasized that employees have more significant attachments and contribution directly to the marketing capabilities of SMEs. The research confirmation is very influential on SMEs marketing strategies. The further research can test this concept with extensive research in different cultures and places in different countries.

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