

Marketing Quantitative Research on SMEs Organizational Consumer Behavior in Braşov regarding the Use of Financial Advisory Services

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Abstract

The paper contains results of a quantitative marketing research on organizational consumer's behavior in SMEs in Braşov County, on the use of financial advisory services. The research purpose is to provide scientific information to substantiate marketing strategies of financial advisory firms used to address the SMEs sector. Issues addressed include identifying types of outsourced financial advisory services and determining the use of these services by SMEs in Braşov. Statistical tools were used in order to test the working hypotheses.

Key words: *marketing, financial advisory, SMEs, consumer behavior, organizational consumer*

JEL Classification: *M31*

Introduction

Marketing research fulfills a connecting function between the marketing components, such as the buyer, the consumer and the general public, and the marketing specialist in the attempt to obtain information that identifies and defines opportunities and challenges, generates, clarifies and evaluates marketing actions, monitors marketing performance and provides understanding of marketing as a process (American Marketing Association, Committee on Definitions, 1960).

Marketing research process is divided into several stages and it is used to explore marketing opportunities and problems, to monitor marketing performance, to evaluate and to improve marketing actions for a better understanding of marketing and markets (Gerhold, P., 2006).

“Consumers are becoming more demanding on quality of life and the way this is affected by their consumption, these pressures leading to increased social responsibility of firms” (Funaru, Mihaela, 2010, p.191). Therefore, knowledge of consumer behavior, including organizational consumer behavior is particularly important for the company. Thus, marketing research is a useful tool for accomplishing this objective.

The main method of obtaining primary data is the survey. This involves communication with subjects that are part of a representative sample of the population under consideration. Sample survey is a survey designed to measure or examine something in an enterprise application.

Investigations based on opinion polls involve interviewing survey respondents. They are asked to answer a variety of questions about their behavior, intentions, attitudes, their motivations, including demographic data on their characteristics and lifestyle. Investigations usually aim to find purchase and consumption behaviors, to know opinions and attitudes, to find the values provided by buyers or consumers. The use of structured questionnaire is specific to this method. This research tool refers to a degree of standardization imposed by the data collection process. The questionnaire consists of questions arranged in some logical order, the answers to the predefined questions. The respondent must choose one or more options.

Among the advantages of investigation we can mention the following aspects:

1. The questionnaire is easy to administer;
2. The data obtained are reliable because the answers are limited to those predefined;
3. Coding, data analysis and interpretation are relatively simple.

The biggest problem in achieving a questionnaire is the lack of theory. There are no scientific principles to guarantee the optimal or ideal questionnaire; its design is rather the result of research skills and experience.

Type of Research

Previous research conducted among financial advisory firms in Braşov County showed that not enough information is known about organizational consumer behavior in small and medium enterprises (SMEs). The results obtained from the analysis and interpretation of data from a qualitative research were used to substantiate the basis for a quantitative research covering SMEs in Braşov.

Information obtained from the research will be useful to financial advisory firms in developing policies and marketing strategies for their SME's client.

In order to identify the way in which small and medium enterprises turn to financial advisory services, a quantitative marketing research has been conducted on the use of specialized financial advisory services outsourced by SMEs in Braşov County. The sample size is of 385 SMEs. The research instrument is a questionnaire comprising 28 questions. The questionnaire was drawn from the objectives and directly administered to the sample members at their headquarters.

Responses to questions were collected through direct survey method, in "face-to-face" interviews, carried out over a period of 20 to 30 minutes. Respondents are managers in small and medium enterprises: CEOs, CFOs, accounting officers. The subjects answered all questions contained in the questionnaire and responses were complete and accurate.

Population under Investigation

Quantitative marketing research was conducted among small and medium enterprises that have registered headquarters in Braşov, through their representatives with responsibilities in the field of financial activities: associates, directors, business managers, accounting officers, directors, dealers, accountants. SMEs were grouped into fields: industry, construction, trade, services, agriculture, fisheries and forestry.

Statistics on small and medium businesses sector in Braşov were obtained from Braşov Statistics and are updated in the year 2012.

Table 1. The size and structure of the studied population

Field of activity	Total	until 9 employees	Between 10 – 49 employees	Between 50 – 249 employees
Industry	1943	1399	391	153
Construction	1841	1580	218	43
Trade	6217	5602	543	72
Services	7385	6789	498	98
Agriculture, fisheries and forestry	391	313	65	13
Total	17777	15683	1715	379

Source: Braşov County Statistics

The framework also includes the population of SMEs that has the main field of activity financial advisory services because they may be beneficiaries of outsourced financial advisory services, offered by other companies.

Sample's Size and Structure

The subjects of the sample were selected based on a random sampling method (probabilistic), a method which generates a representative sample in statistic terms for the studied population. Proportionate stratified sampling was used, depending on the industry and company size, in order to ensure representation from the point of view of the sample's size and structure.

The sample's size for a random sampling can be determined by the precision of error's estimation and confidence interval. We will consider a level of permissible error of $\pm 5\%$ and a confidence level of 95%. According to the distribution table, these values correspond to the value of 1.96.

Due to lack of information about p , it will be considered by 50%, which leads to maximum standard deviation that can be obtained for percentage (binary scale).

The sample's size for percentage can be determined using the following formula:

$$n = \frac{z^2 \times p \times q}{E^2} \quad (1)$$

$$q = 100 - p \quad (2)$$

where:

z^2 - squared coefficient corresponding z confidence level;

p - the estimate of the percentage in case of success;

q - the estimate of the percentage in case of failure;

E - the permissible error in percent;

n - the sample's size.

Thus, we have:

$$n = \frac{1,96^2 \times 50 \times 50}{5^2} = 384,16 \quad (3)$$

According to this formula, the proposed sample should be of approximately 385 companies. Because the size of the chosen sample is lower than 5% of the total population of 17,777 SMEs, sample's recovery is not required.

In this research, the unit of observation is the person that provides collected data, a representative of SMEs' management, familiar with financial activities of the company: associate, managing director, financial director, chief accountant, sales manager, accountant.

Limits of the Research

The presented quantitative research has a number of limitations arising from the used research method, the sampling process, the complexity of the theme and heterogeneity of the subjects in terms of their financial literacy. Thus, it has been stated:

- The researched community was represented by small and medium enterprises in Brașov, but the final sample consisted of a small number of SMEs, members of the Chamber of Commerce and Industry Brasov. Construction of the SMEs sample for Brașov County could determine inclusion in the sample of some inactive firms;
- Because the studied population is located in Brasov County, the possibility of extrapolating the results to the entire national economy is low. To do this would require a nationally representative sample;
- To answer the questions provided by the questionnaire the respondents must have minimum of knowledge about financial consulting, to avoid systematic errors due to wrong or incomplete answers. For the interviewer is quite difficult to achieve on time an assessment of financial literacy of the subjects, especially those who possess average training: managers of beauty salons, construction companies and interior design firms. The researchers attempted to restrict these obstacles through a rigorous selection of questions contained in the questionnaire and by using more accessible terminology;
- Because subjects are not anonymous, they show some reluctance to communicate financial aspects relating to amounts paid to consulting vendors;
- Using indices with a structure chosen by the researcher in order to capture specific elements of financial advisory.

The Presentation of the Research Hypotheses

The type of research presented in this paper is descriptive – explanatory quantitative research. The research can be regarded as descriptive because it describes the situation in Brașov County on the use of financial advisory by small and medium-sized companies.

The research is based on the following general assumptions:

Hypothesis 1: 80% of SMEs in Brașov area use at least two types of financial advisory services outsourced.

Hypothesis 2: Depending on the size of the firm, managers of SMEs show a stronger tendency to use outsourced financial advisory services.

Statistical hypotheses linking the general assumptions and variables investigated are:

Hypothesis 1:

H0: The average of index “the number of outsourced financial advisory services used by SMEs” = 2.

H1: The average of index “the number of outsourced financial advisory services used by SMEs” > 2.

Hypothesis 3:

H0: There is no association between the size of the company and the index “the number of outsourced financial advisory services used by SMEs”.

H1: There is association between the size of the company and the index “the number of outsourced financial advisory services used by SMEs”.

Quantitative marketing research conducted had the following objectives:

1. To identify the types of specialized financial advisory services used by small and medium-sized businesses in Braşov County.
2. To determine the use of specialized financial advisory services outsourced by SMEs in Braşov County.

The Tests of Research Hypotheses

Hypothesis 1 states that 80% of SMEs in Braşov County use at least two types of outsourced financial advisory services.

Student t test is applied.

Table 1. Indicators of the sample descriptive statistics

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
indices	385	1,4597	1,42122	0,07243

Source: authors’ processing of data from quantitative research

It is noted that the sample average is lower than the theoretical value determined by statistical assumptions as 2. It is raised the question of testing the extent to which this difference is large enough so as not to be due only to the selection of a certain sample out of several possible samples (Constantin, C., 2006).

The decision on the significance of the difference is based on a statistical test applied according to a certain probability of guarantee the results. It should be noted that generally it is not allowed to guarantee the results with a probability of less than 95%. With SPSS system will be applied Student t test for testing the significance of difference, resulting in the following data (Constantin, C., 2006):

Table 2. Data obtained from the Student t test

One-Sample Test					
	Test Value = 2				
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference
					Lower Upper
indices	-7,459	384	0,000	-0,54026	-0,6827 -0,3978

Source: authors’ processing of data from quantitative research

Thus, if the minimum level of significance that we can accept hypothesis H1 (Sig - 2 tailed) takes the value 0.05, it means that we can guarantee that maximum likelihood results is 95%. Any value of the significance level less than 0,05 leads to a probability greater than 95%. By default, any value of minimum significance level for which is acceptable hypothesis H1, greater than 0.05 leads to a maximum likelihood to guarantee alternative hypothesis less than 95%, which is generally not accepted.

Therefore, the decision rule is:

If Sig. <0.05, we accept the alternative hypothesis, meaning that there is a difference from the value determined by statistical assumptions.

If Sig. > 0.05, the null hypothesis is accepted, meaning that there is no significant difference statistically from the value determined by assumptions.

In Table 2 we can see that Sig - 2 tailed = 0. This means that we can guarantee a 100% probability that the average of index “the number of outsourced financial advisory services used by SMEs”, in the population studied, is different from the value 2.

It also notes that the critical ratio value (-7,459) is negative, which leads to the decision that in the population studied the average of index “the number of outsourced financial advisory services used by SMEs”, will be lower than 2 (Constantin, C., 2006).

In other words, less than 80% of SMEs in Brașov County use at least two types of outsourced financial advisory services.

Hypothesis 2 states that depending on the size of the company, managers of SMEs show a stronger tendency to use outsourced financial advisory services.

In order to test this hypothesis we used the correlation coefficient Kendall’s tau-c, which is ordinary, used for ordinal variables. This coefficient tests the association between two ordinal variables. We consider the variable “company size” as ordinal, as well as the index “the number of outsourced financial advisory services used by SMEs” because it counts the number of financial advisory services used. The coefficient has values between [-1, 1]; the calculation of this ratio takes into account the pairs containing different ranks.

The statistical assumptions are following:

H0: There is no association between the company size and the index “the number of outsourced financial advisory services used by SMEs”.

H1: There is association between the company size and the index “the number of outsourced financial advisory services used by SMEs”.

These statistical assumptions turn into:

H0: The coefficient is not significantly different from zero.

H1: The coefficient is significantly different from zero.

In order to test hypothesis 2 “Depending on the size of the company, managers of SMEs show a stronger tendency to use outsourced financial advisory services”, the researcher built an index of “count” type from the questionnaire variables. The index measures the number of outsourced financial advisory services which are used by SMEs. The index has a theoretically score of 10 and minimum 0 (when it is not used any outsourced financial advisory service).

Table 3. The average number of outsourced financial advisory services which are used by SMEs

Case Summaries (a)

			index
Your company fits into the next category	Middle firm	Total N	8
		Mean	2,1250
	Small business	Total N	37
		Mean	1,6216
	Micro-enterprise business category	Total N	340
		Mean	1,4265
	Total	N	385
		Mean	1,4597

a. Limited to first 385 cases

Source: authors’ processing of data from quantitative research

Table 4. Kendall's correlation coefficient tau-c

		Symmetric Measures			
		Value	Asymp. Std. Error(a)	Approx. T(b)	Approx. Sig.
Ordinal by Ordinal	Kendall's tau-c	-0,040	0,027	-1,477	0,140
N of Valid Cases		385			

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

Source: authors' processing of data from quantitative research

According to Table 4, the correlation coefficient is -0.040 and it is significant at a probability guarantee results of 95% and a significance level equal to 0.05. The significance level is greater than 0.05 - therefore it is accepted the null hypothesis. This means that the Kendall's correlation coefficient tau-c is not significantly different from zero. There is no relationship between firm size and the index "the number of outsourced financial advisory services used by SMEs".

Conclusions

The results of quantitative research conducted among SMEs in Braşov County, Romania revealed the following aspects:

1. Less than 80% of SMEs in Braşov County use at least two types of outsourced financial advisory services.
2. The most commonly used services are accounting services, tax advisory services and insurance advisory services.
3. There is no association between company size and the use of outsourced financial advisory services.

This information will be used to substantiate the marketing strategies of financial advisory firms in Brasov County, Romania in addressing the SME sector.

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