Abstract

Medium and small companies with traditional management are doing most things with their logic of trial and error and according to the background activities in the past. According to this research in, small and medium-level companies of Semnan province costs associated with e-marketing and profitability Has not an appropriate relationship and the correlations between them. So we can conclude that even at small and medium companies in small towns can not also be using modern methods of electronic marketing to achieve more revenue and higher profitability.

Key words: profit, small and medium company, cost of advertising, electronic marketing

1. Introduction

In small city lack proper infrastructure facilities was caused of impossibility to create giant corporations and accompanies have several problems which include:
1 - Investors do not believe investment in small towns.
2 - Certified professionals are Preferences to work in major cities.
3 - the process of creating corporations and factories in small towns Perform slow and cumbersome laws.
4 - Sales marketing must be done in cities other than city of residence Co.
* Due to the problems raised can be concluded that a small investment to be absorbed in the small towns and so small capital can also establish small companies.
* Such companies will begin to operate with limited financial resources and labor also certainly its success is the ability to continue operations for several years.
* Because many of these companies due to their inability and lack of success in marketing products for sale will bankrupt shortly thereafter and liquidated. So The main problem for small and medium companies can be considered a sales and marketing and distribution because Selling products in small companies in traditionally done and its managers do not believe in selling through electronic markets and virtual And are not willing to pay a fee.

2. Small and Medium companies

Small and medium-sized companies are companies that With a limited amount of investment that could have started And usually is the Frequency found in all Cities And is dedicated to the of large parts of the communities econom And has reduced the unemployment rate. On the other hand Its products Also are Along with other large companies products and is responsive to the needs of applicants.
People who are working in small companies after several years of experience can transfer to larger companies with high volume of activity. This means that small companies are a good place to educate and train staff and expertise needed corporate giants.

3. The purpose of establishing

Usually, small companies in the Semnan province are established by a person with appropriate financial strength and other family members and relatives are working on that. There are no rigid rules and regulations of the administrative in this companies. Staff continue to work according to the sense of collaboration and cooperation.

Some days are left until late in corporation and work to achieve companies goals and some days due to lack of preparation it does not refer to the company and his task will be compensated through other partners.

Established small and medium enterprises in the Semnan province is done in two ways:

1. Founder is a single person and has a great investment in the other region and on the other hand caused prejudice to his hometown are attempting to establish a small manufacturing company for working their former neighborhood and not for profit and his criterion is only employee satisfaction.

If the founder detected the high potential employees, can transfer them to larger companies and use of their ability.

Reza is one of them who start working in small companies in Damghan town and because of his high talent and appropriate physical ability and spirit of initiative after 7 months in the days that founder was visiting the company's product line was considered and Reza after numerous negotiations could transfer to very large companies that the owner of the company's founding in the small town of Damghan and be as one of the pillars of the company and its mastermind.

2. Several founders were moderate with strong financial who are friend together or relative.

Aims founders in these companies is employment for youth and families and also getting profit is special significance for them.

Production and sales are strictly controlled and a loss in the fiscal year can cause liquidate.

4. Marketing

Finding a customer who looking for products with characteristics we sell goods that it seeks to have someone with his profile. This definition of marketing states that we must produce products that customer acceptance them. Customers have different tastes and different incomes, so products must offered for all tastes and that the price for all incomes. This definition in the small and medium enterprises, has no place. Because the low facilities of these companies does not permit the production of various products. Production quality was low and unique class of low-income and does not compete with large companies.

Management in small companies has traditional minded for selling products and do not believe in sales through electronic marketing.

Ali as a manager of company in Damghan town says:
Sales of credit been strictly prohibited and if I deliver goods to the customer he should be paid full of it price and I do not believe in the virtual world and Internet and electronic sale-products and I dont pay the cost for electronic sale. When Ali receive the order, at least request 30 percent of the value of goods.

5. Electronic marketing

Some companies are using e-marketing in the province of Semnan that many of them are satisfaction of its performance and increased profitability. Hassan is the head company, says that electronic marketing has established two years ago and increase eighteen percent of profits. He believes that sales process by electronic are easier and faster and with less cost and prevent of coming customers to company for sale so he is very satisfied about it.
6. Convince traditional companies

Many small businesses in the Semnan province, sales operations are done using the traditional system and are resistant to the idea of electronic sales and do not welcome it. After talking with them and expressing the benefits of electronic marketing and sales and listening to recommendations of people who use new methods in marketing, it was decided that a company on behalf of others do advertising and electronically marketing for several companies and prorate its cost between businesses.

7. Objectives and hypotheses

In the current economic conditions, all companies are paying attention to sell their products and maximize profits. Sales manager in a company's corporate structure has an important role and the amount of his creativity and wisdom will play a decisive role in the company's future. Marketing and sales methods, depending on culture and education community and conviction leaders company.

The first hypothesis: there is a significant relationship between the cost of advertising and profitability of small and medium-sized companies.

The second hypothesis: there is a significant relationship between the cost of electronic marketing and profitability of small and medium-sized companies.

8. Dependent and independent variable:

Dependent variable is profit and independent variables are cost of advertising and cost of electronic marketing.

9. Research Method:

Hypothesis testing methods and statistical analysis is the correlation analysis and the study time area is 2005 to 2010 and the study place area is small and medium companies in Semnan province.

9.1. Hypothesis Research Examination:

For analyze the first hypothesis and its ability to accept or reject must determined linear relationship between independent and dependent variables exists or not.

At first, exist or lack of "significant linear relationship" between advertising costs and profitability small and medium companies will be examined.

there is not a significant relationship between the cost of advertising and profitability.

$$H_0: \beta_i = 0$$

there is a significant relationship between the cost of advertising and profitability.

$$H_1: \beta_i \neq 0$$

Test results, in confidence level of 95 percent in Table 1 is obtained:

<table>
<thead>
<tr>
<th>model</th>
<th>R</th>
<th>Rsquare</th>
<th>Adjusted Rsquare</th>
<th>Std. error of the estimate</th>
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<tr>
<td>1</td>
<td>0.611*</td>
<td>0.375</td>
<td>0.372</td>
<td>2376154.59</td>
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</table>

*Advertising cost (independent)
Table 2) ANOVA

<table>
<thead>
<tr>
<th>model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>f</th>
<th>sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.97E+14</td>
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<td>2.973E+1</td>
<td>52.653</td>
<td>0.000*</td>
</tr>
<tr>
<td>Residual</td>
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<td>34</td>
<td>5.646E+1</td>
<td></td>
<td></td>
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<tr>
<td>Total</td>
<td>7.21E+14</td>
<td>35</td>
<td></td>
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<tr>
<td></td>
<td>2.97E+14</td>
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<td></td>
<td>7.21E+14</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Advertising cost (independent)

Because sig < 0.05 therfor:
There is relationship between cost of advertising and profitability in medium and small companies in smol town.

After making sure there is a significant linear relationship between the dependent variable mean profit with the independent variable, the cost of advertising, Pearson's correlation coefficient can be determined for them. Pearson's correlation coefficient provides the opportunity to be able to comment on assumptions and we accept it or reject.

there is not a significant relationship between the cost of advertising and profitability. $H_0: \rho_{yx} = 0$

there is a significant relationship between the cost of advertising and profitability. $H_1: \rho_{yx} \neq 0$

Table 3) The Pearson correlation coefficient

<table>
<thead>
<tr>
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<th>profit</th>
<th>Cost advertising</th>
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</thead>
<tbody>
<tr>
<td>ProfitThe Pearson correlation coefficient sig</td>
<td>1</td>
<td>0.611</td>
</tr>
<tr>
<td>Cost advertising The Pearson correlation coefficient sig</td>
<td>0.611</td>
<td>0.000</td>
</tr>
</tbody>
</table>

The correlation between cost advertising and profit is more than 61% that means there is a direct and high link.

Test the second hypothesis:
At first Evaluation "significant linear relationship" between e-marketing costs and profitability in medium and small companies.

there is not a significant relationship between the e-marketing and profitability. $H_0: \rho_{yx} = 0$

there is a significant relationship between the e-marketing and profitability. $H_1: \rho_{yx} \neq 0$

Test results, in Confidence level of 95 percent in Table 4 is obtained:

Table 4) ANOVA

<table>
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<th>df</th>
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<td>4.972E+12</td>
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<tr>
<td>Total</td>
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<td>35</td>
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</table>

Because sig>0.05 therfor:
There is not relationship between e-marketing and profitability in medium and small companies in small town.

10. Discussion:

Profitability in small and medium companies depends on the cost of advertising and the correlation between them is more than 61% that means there is a direct and high link. It means in small companies by increasing advertising we can get more customer and profit. But in this company we can not get profit by doing electronic marketing and former method is better for small and medium companies in small town.

References

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