

The Support of Craft Industry in Developing Creative Economy: How Entrepreneurial Orientation Affects the Marketing Effectiveness (the case of Small medium Industry in West Java-Indonesia)

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Abstract

Craft industries have an important role to the growth of creative economy through its contribution on domestic output and job creation. Nowadays, craft industries represent a dynamic cluster of emerging creativity and economic activity. Most of the players in this industry are Small Medium Industries (SMIs) which is still facing marketing problems such as reluctant to innovate the product design, be proactive to seek market opportunity, face the business risk. Entrepreneurial orientation is a driving force to influence the SMI entrepreneurs to increase the marketing effectiveness so that it produces a valuable product that will give significant contribution to superior customer value.

The study aims to investigate the influence of entrepreneurial orientation towards the marketing effectiveness of the SMI entrepreneurs. Measurement was made to search variables in determining how the relationship of variables. Verification is used as a method of analysis. Hypotheses were tested by multivariate statistics. The sample was chosen by stratified and proportional random sampling. The sample was 84 SME entrepreneurs in West Java, Indonesia. This study is using entrepreneur commitment to moderate the relationship of entrepreneurship orientation and marketing effectiveness.

As a result, the entrepreneurial orientation significantly affects the marketing effectiveness. So, the higher the entrepreneurial orientation, the higher the marketing effectiveness. The entrepreneurs' commitment is proved to be positively increase the relationship of entrepreneurial orientation and marketing effectiveness. The present study becomes a direction for craft industry in increasing the West Java creative Industry

Keywords: *SMEs, craft industry, entrepreneurial orientation, marketing effectiveness*

INTRODUCTION

The growth of creative sector plays an important role to the national economy, especially in absorbing the grass root level employment. Creative industries that are part of the creative economy pillar is emphasized on harnessing the creativity, skills and talents of individuals to create wealth and jobs through the creation and utilization of creativity and individual creativity (Ministry of Tourism and Creative Economy 2010). The players of creative industries sector is largely derived from the Small and Medium Industries (SMIs) which is mainly engaged in handicraft and furniture sectors.

The development of the Creative Industries after 2000 was rising sharply due to the support of creative industries technology. Between 2002 and 2006, the average value -added GDP of Indonesia's creative industry reached Rp 79,079 billion, or 4.75 percent of total national GDP. The average number of workers absorbed during 2002-2006 were 3,702,447 people with total employment growth rate of 8.1 % per year (Ahmad, 2008). In 2013 creative industry growth

rate reached 5.76 % and is able to absorb 11.9 % of the total national workforce (Indopos, 22 November 2013) .

The issue of market globalization and trade liberalization , within the last decade has opened up business opportunities for entrepreneurs to conduct international activities (Daft 2010:125). For small and medium scale enterprises, export is the common method to enter the international markets with lower risk, less capital and easier than other methods such as licensing , joint ventures and contract manufactur. Doing business in international markets for small and medium enterprises in the craft industry, is a formidable challenge. They have to prepare themselves in facing tight competition with other business entrepreneurs in the international market. Small and medium industries are reported to face several major constraints , such as: the lack of working capital to finance the exports, limited resources, and limited access to key infrastructure (OECD 2009). The amount of non - oil exports of SMIs from year 2009 to 2011 was 17-18.9 % (Ministry of Industry : " Strategic Plan : 2010-2014 " 2010:57) .

Various constraints faced by SMIs in the creative industries leads the marketing aspect can not be developed properly, so that the resulting product can not deliver superior value to meet the needs and the desires of consumers. SMIs player in the creative industries are challenged to implement effective marketing strategies in quality, design, promotion and marketing innovation. The development of marketing effectiveness becomes an important aspect that represents the success of SMIs' players. According to Kotler (1997) marketing effectiveness of a firm entails an amalgams of five components, notably customer philosophy, integrated marketing organization, marketing information, strategic orientation, and operational efficiency. Moreover, Kwaku (2001:2) view that the application of marketing effectiveness must be supported by the ability of businesses to identify the importance of understanding the market, identify market opportunities, identify market segments to operate, allocation and appropriate marketing plans. Unfortunately, SMIs' player in the craft industry has not been able to apply allegedly marketing effectiveness which is indicated by a variety of problems related to the quality of product, less competitive pricing strategy, design, unoptimal promotion , and innovation (Director of SMIs, Tambunan 2011). This condition causes the SME players in the creative industries have not been able to build a competitive advantage optimally .

One of the dominant aspects that is suspected as the cause of the low effectiveness of marketing implementation of SMI players in the craft industry is weak entrepreneurship orientation. Entrepreneurship orientation reflects the courage to face risk, innovative and proactive, also the ability to compete aggressively, which are important to improve the growth and performance of SMIs (Fairoz et al 2010:35). Company where the entrepreneurs have demonstrated high levels of entrepreneurial orientation courage to bear the risk, innovative, proactive, compete aggressively and independently, so as to discover new opportunities and increase competitive advantage and performance (Chen et al 2011:705). SMEs require businesses that have a strong entrepreneurial orientation given the high level of competition in international business. As stated by the Director General of the Ministry of Industry SMI (Gema, March 2011:7) "Businessman with entrepreneurship orientation is a key pillar of SMI development and an indicator of the success of SMIs ". SMIs players in the craft industry allegedly not optimally entrepreneurial oriented. It is characterized by the low number of entrepreneurs. Spokesman of the Ministry of Industry said Indonesia only has an estimated 440,000 entrepreneurs or 0.18 % of the total population, while the number of entrepreneurs in developed countries like the United States and Singapore has achieved 11.5

% and 7.2 % of the total population (Gema, December 2010:11). Entrepreneurship ratio compared to the population of Indonesia is only 1:83 , while in the Philippines 1:66, 1:25 Japan , and Korea are less than 20. The international ideal ratio of entrepreneurship is 1:20 (Yuyus and Bayu 2010:1).

Not maximal entrepreneurial orientation will rise various problems in improving the performance of SMIs which is represented by the low marketing effectiveness and will nationally impact the performance of the craft industry players which are not optimal. As stated by Musnidar and Tambunan (2009:112), low entrepreneurial orientation has become a major cause of the slow development of the Indonesian economy compared to Asian countries such as Malaysia, Thailand, China, South Korea and Singapore. Besides that, global knowledge economy growth associated with the emergence of various intensive needs of the SMIs and intellectual capital on the international market which would require businesses with high entrepreneurial oriented. Developing a strong entrepreneurial orientation is expected to encourage the involvement of SMIs in the creative industries in the international business (Lan and Wu 2010:56) . This phenomenon is interesting to be explored since there are still lack of studies on entrepreneurial orientation as the strategic orientation of small and medium businesses to use international market opportunities, especially in developing countries (Jones et al 2009:1).

Not optimal entrepreneurial orientation that affect the application of marketing effectiveness allegedly due to the lack of entrepreneurship commitment, so it has not been able to build strong relationships with stakeholders (Wong et al 2008). Commitment to self-employment is an attachment of self and a strong desire to build , promote and maintain a business presence in any situation (Chenet et al, 2010). Several empirical studies (Chenet et al , 2010; Zabkar and Brencic 2004; Morgan and Hunt,1994) clearly states that the commitment is an important determinant of success building a business relationship. Ability of business to build relationships that are built through a network will be able to provide important benefits in order to access the resources and information, market opportunities and innovation (O'Toole and Mc Grath, 2008 and Carson et al, 2005; Chetty and Hunt, 2003). High commitment of entrepreneur is indispensable in order to obtain maximum results with minimal resources, improve the entrepreneur success and never stop trying.

The aims of this study are to construct an integrative framework linking entrepreneurial orientation, commitment and marketing effectiveness and test the framework in craft industry as one of important industry that plays an important role in driving the growth of the creative economy in Indonesia . The research question in this study :

1. are there the linkage among entrepreneurial orientation, commitment and marketing effectiveness
2. If the linkages exist , what are the direction and degree of linkages?

The prologue of the paper is Followed by the review of the perspective and researches on the variables inquiry. This literature review serves as the underpinning for building the conceptual framework for which the data are analyzed. The paper ends with some practical implications and future research.

LITERATURE REVIEW

Creative Industry In Indonesia

Craft industry is a sub-sectors that have a significant contribution to the growth of the creative industry in Indonesia. Creative industries emphasized on the utilization of creativity, skill and talent of individuals to create wealth and jobs through the creation of individual creativity, skill, and talent (Ministry of Tourism and Creative Economy, 2010). Creative

industries in Indonesia are classified into several sub-sectors, namely industry: advertising, architecture, Art, Goods Market, Craft, Design, fashion, video, creative play, music, performing arts, publishing and Printing, Computer Services and Software, Television and Radio, research and Development, culinary. Three sub-sectors that contributed most nationally are fashion (30%), crafts (23%) and advertising (18%) (Ministry of Tourism and Creative Economy, 2010).

The growth of Indonesia creative industry is able to push the economic growth which is targeted 6.8 percent in the States Budget and Revenue Plan Expenditure. This must be supported by a product that has more value and the citizen purchasing power is getting better. The prospect of creative industry is brighter since the government supports them with training, assistance and the provision of expert. To push the productivity of creative industry, government also provides incentive in the form of a 40% rebate of the purchase price of the production machine.

Entrepreneurial Orientation

The Entrepreneurial Orientation is an important concept in entrepreneurship literature and strategic management in the last 20 years (Kreiser and Davis 2010:40). The Entrepreneurial Orientation is not only discussed in a big company case, but also in the SME's research. Many experts defines Entrepreneurial Orientation. According to Lumpkin dan Dess (1996:137) "entrepreneurial orientation is processes, practices, and decision-making activities that leads to new entry. Entrepreneurial orientation refers to the level of firm-specific behavior in facing risk, independent activity, engaged in innovation and react positively and aggressively to outperform the competitors in the market ". Lumpkin and Dess (1996:136) stressed that the "entrepreneurial orientation is a process-focused concept of organizational entrepreneurial orientation" which is implemented on five dimensions: autonomy, innovativeness, risk taking, proactiveness and competitive aggressiveness. Lumpkin and Dess further (1996:137) explains that in order to be entrepreneurial oriented, an organization does not have to show strong signs in the fifth dimension, can be only a few dimensions depending on the context studied. This statement is proven through empirical study of Lumpkin and Dess (2001:445) using two dimensions of proactiveness and competitive aggressiveness .

Other experts such as Quince and Whittaker (2003:1) states Entrepreneurial Orientation is seen in the innovative behavior of companies such as , proactive and willing to take important risk for small high-tech enterprises". Wiklund and Shepherd (2005:74) suggests the definition of entrepreneurial orientation as a strategic orientation of the company, to understand specific aspects of entrepreneurship such as decision-making styles , methods, and practices ". Other experts such as Moreno and Casilas (2008:507) states "Entrepreneurial Orientation is a logical consequence of innovative, proactive, and risk-taking behaviors that are important for the growth of small and medium enterprises ".

Rauch (2009:763) gives broader definition on entrepreneurial orientation; "entrepreneurial orientation reflects the policies and practices that form the basis for entrepreneurial decisions and actions". Therefore, entrepreneurial orientation can be viewed as a process of creating entrepreneurial strategies used by decision makers in achieving corporate goals, maintain vision, and create competitive advantage". Then other experts define entrepreneurial orientation as an important aspect that should be owned entrepreneurs to increase profits and adjust to changes, as stated by Mukherji et al (2009:90) " entrepreneurial orientation relates to how a person manage ideas in a changing society , and the ability to transform the idea into a profitable business ". So, businesses need to have an entrepreneurial orientation that distinguishes entrepreneurs with non- entrepreneurs. Another opinion expressed by Frank et

al (2010:177) "entrepreneurial orientation in general is a strategic orientation of the company is able to understand the decision-making aspects of entrepreneurship specifically, styles, methods, and practices. Entrepreneurial orientation reflects a firm line that starts from conservative to entrepreneurial companies that use". In relation to small and medium enterprises Fairouz et al (2010:35) states entrepreneurial orientation shows "innovation, proactive, and the quality of courage in taking risks is essential for the growth and performance of small and medium-sized enterprises " .

Furthermore, other experts such as Lan and Wu (2010:54) said that on entrepreneurial orientation reflects the style and specific method of strategic guidance, decision-making and running a business. Entrepreneurial orientation shows that companies want to engage in product innovation and is ready to accept the risks of the test and introduce uncertain new products and services into new markets acquire new opportunities before competitors do it ". Chen et al (2011:704) states entrepreneurial orientation is related to the entrepreneurial process, and entrepreneurial orientation is the result of changes in business practices old stereotypes and build something new, innovative, patterned on the courage to risk as economic behavior ".

Based on the review of the literature on entrepreneurial orientation, there are three school of thought ; *environmental school of thought*, *entrepreneurial trait school of thought* and *strategic formulation school of thought* (Kuratko, 2012:9). The difference between them were the entrepreneurial thinking is developed by experts which states the firm level behavior is the level of organizational behavior in entrepreneurship. Entrepreneurial orientation is "an organization - focused behavioral approach with respect to a particular functional emphasis" (Boehm, 2008:69). It focuses on the behavioral approach of an organization which emphasized on the functional aspects. The experts of strategic orientation expert emphasized on the implementation of strategic orientation that able to understand the aspect, methods, practice, decision making-style, find market opportunity, produce new product, create competitive advantage. The environmental experts considers the change of environmental factor that emphasize the necessity to move from conservative firm into the new stereotype business to increase the capability and utilize the resources.

Some empirical findings (Wiklund and Shepherd 2005; Fairouz et al, 2010; Lee and Lim, 2009; Coulthard 2007) can prove that entrepreneurial orientation affect the business performance (sales growth , overall performance, employment growth, profit, market share growth, and owner manager satisfaction) .

This study refers to the concept of entrepreneurial orientation based on the strategic orientation. In this study , entrepreneurial orientation is defined as the strategic orientation of decision makers as a basis for entrepreneurial actions that reflect the strategic actions of SMI entrepreneurs in doing international business that improve the performance (marketing effectiveness). The indicators used in this research are innovativeness, risk taking, proactive and competitiveness. Risk taking is associated with the courage to take the risk to enter new markets, managing a large number of resources with an uncertain output level (Lumpkin and Dess1996 :145, Lee and Lim 2009:5). Innovativeness is the tendency of companies to support the development of new ideas, experimentation and creative processes that may result in the novelty of the products, services and technologies process (Li et al 2008:118, Rauch et.al. 2009: 6). Proactive is an act that quickly took the initiative in an effort to take advantage of new opportunities to be successful in business. (Rauch et . al 2009:3, Kroppet.al.2008: 104). Aggressiveness is competitive action for the company by trying to beat competitors, creating

effective strategies to cope environmental change, promoting the uniqueness and gaining superior profit (Coulthard 2007: 30, Gurbuz and Aykol 2009:331) .

Marketing Effectiveness

Effectiveness of marketing concepts evolve with the implementation of a customer-oriented business philosophy to adapt to competition in the increasingly fierce market where competitive advantage is a winning weapon. Ghorbani et al (2014) views the marketing effectiveness as how effectively marketing strategy is translated into marketing response actions to movements in the marketplace for customer satisfaction to the product and corporate. From a business perspective Kwaku et al (2001:2) states " a business is considered to possess a high level of marketing effectiveness if it has a close association with customers , is driven by a common set of values within the organization and demonstrates an external orientation " .

Marketing constructs which are widely used in empirical studies was proposed by Kotler (1997). According to Kotler (1997) there are five critical components that can form the marketing effectiveness, they are customer philosophy, integrated marketing organization, adequate marketing information, strategic orientation and effectiveness operational efficiency. Furthermore, Kotler (1997) asserts that in order to implement marketing effectiveness , there are two things that companies should be aware: 1) it is crucial to the primacy of studying the market, discerning numerous opportunities, selecting the most segments of the market to Operate in and an attempting to offer superior value to meet the selected customers' need and wants, 2) the organization must be properly staffed to enable it to carry out marketing analysis, planning and implementation in order to effectively allocating resources to diverse markets and products.

Birgit et al (2002:4) suggests five factors that increase the level of marketing effectiveness , namely :

- 1) Employing a superior marketing strategy through positioning of the product and brand Correctly
- 2) Creativity in marketing can turn marketer 's eyes beyond the current movement in the marketplace into the future landscape of the market .
- 3) Marketing execution in terms of improving how marketers go to market by making small change in any or all of the marketing mix .
- 4) Improving marketing infrastructure such as budgeting, motivation and coordination can lead to significant gains for the company
- 5) Taking advantage of exogenous factors like interest, regulatory environment and seasonality can help marketers improve their marketing effectiveness .

Empirical studies of Haery et al (2013:437) suggests that marketing effectiveness significantly influence the managerial competencies associated with the customer philosophy, integrated efforts, marketing information, marketing orientation and operational productivity. Tuan (2011:145) proved in his research that leadership (transformational leadership) and organizational trust (knowledge-based trust) affects the higher level of marketing effectiveness. Sin et al (2000) proved that organizational cultural values both directly and indirectly affect the performance of the company through its impact on marketing effectiveness. As dependent variables, empirical study of Ghorbani et al (2014) may prove market orientation has a positive and significant effect on components of marketing effectiveness including customer philosophy, operational efficiency, strategic orientation and marketing effectiveness. In this study, the marketing effectiveness is defined as a results of business actors in implementing marketing strategies. The indicators used are innovation,

quality products, competitive pricing, proper distribution, and effective promotion

Commitment

According to Morgan and Hunt (1994:23) a commitment was an agreement (relationship) which continues to run with the other parties that need maximum efforts to maintain it, the parties are committed to ensure that the relationship will run. Furthermore, Morgan and Hunt (1994) emphasized the commitment is a customer's long term orientation towards a business relationship. This orientation is based on emotional bond, higher expectation of benefits and enhances client loyalty. Young et al (1995:25) stated commitment is the tendency of the various parties to continue the existing relationship. The two Sources of commitment in collaboration relationship are evaluation and expectations of future economic potential based on the aspect of rationality, which is known as calculative commitment (Blomqvist and Levy 2006:40) .

According Chenet et al (2010) building a commitment to self-employment is self relationship and a strong desire to promote and maintain a business presence in any situation . Factors that indicate a high commitment in entrepreneurship is to have a high dedication, love of work, always holds the promise, quality oriented work, diligence, perseverance, confidence and discipline (Chenet et al 2010, Wiklund and Shepherd 2005). In order to stronger relationship with business partners in the network, Carson et al (2005:374) defines a commitment of time and effort in maintaining relationships in the network. Commitment is measured by the frequency of communication between the owner/manager and each member of the network. Tang (2011:377) defines commitment as the desire and the investment made by the company in developing and maintaining relationships with business partners .

Several empirical studies (Zabkar and Brencic 2004; Wong et al, 2008; Chenet et al 2010) succeeded in proving that commitment is supported by the trust, service quality can form a relationship value that affects satisfaction, word of mouth and loyalty. This study defines commitment as the confidence to maintain relationships with business partners based principles of rationality and calculation. The indicators used are the effort to maintain a relationship based on confidence and interest in developing the business .

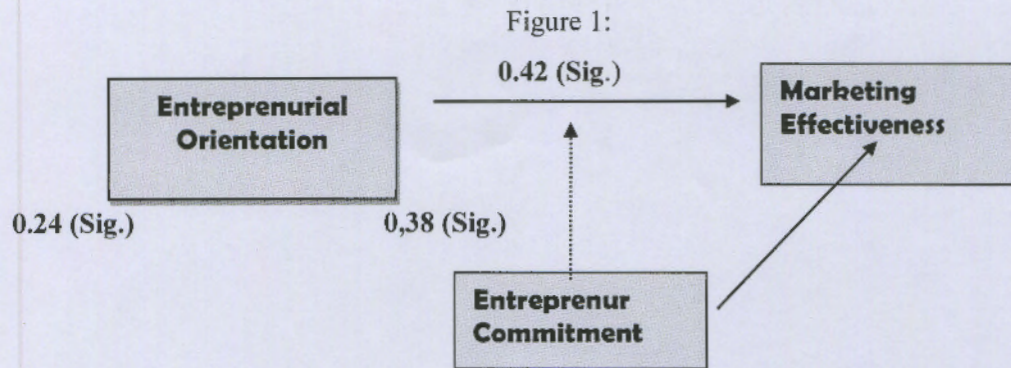
Methodology

This study applies survey method with SMIs that conduct international business (export oriented) as the units of analysis. In addition, the units of observation are owners, directors, vice directors, and managers in sectors of creative industries, namely crafts and furniture industry in West Java, Indonesia. Method used in this study is verificative (Cooper and Schindler 2011). Verificative method is used by applying explanatory research, which is used to describe the nature of causal relationship through hypotheses testing.

Variable of entrepreneurial orientation is measured by using 11 questions, and marketing effectiveness is measured by using 3 items of question, entrepreneurial commitment is measured by using 2 item questions. Measurement of variables use Likert scale. In this study, analysis technique used is structural equation modeling (SEM) based on variance structure, known as Partial Least Square (PLS-PM). Sampling of this study is conducted by applying the technique of stratification random sampling (Sekaran 2009, Cooper and Schindler 2011).

Findings

In the analysis of the structural equation model, casualty testing between entrepreneurial orientation the marketing effectiveness is conducted and commitment as moderating variable, as described below:



Tabel 1

Hypotheses Testing Result Effect of Entrepreneurial Orientation to the Marketing Effectiveness

(Commitment as moderator)				
Latent Variable	Path Coefficient	t	t-table	Description
Entrepreneurial Orientation	0.42	3,58	1. 96	(Significant)
Commitment	0,24	5,24	1. 96	(Significant)
Commitment x Entrepreneurial Orientation	0.38	2,56	1. 96	(Significant)

Source: Data Processing Result

Table 1 shows the information of entrepreneurial orientation on the marketing effectiveness of 0,42 or coefficient of determination is R 17.64%. In other words the changes that occur in marketing effectiveness are affected by the changes made in entrepreneurial orientation. So degree of marketing effectiveness will be determined by entrepreneurial orientation. Through hypotheses testing with t-student statistic, there was an effect of entrepreneurial orientation to the marketing effectiveness, it can be concluded that null hypothesis is rejected with t-value greater than the value of t-table. These results indicate that entrepreneurial orientation influences positively and significantly to the marketing effectiveness. Entrepreneurial commitment has significant effect as moderator the influence of entrepreneurial orientation and marketing effectiveness. This result shows that entrepreneurial commitment able to reinforce entrepreneurial orientation which give an impact to marketing effectiveness. Entrepreneurial commitment directly influence to the marketing effectiveness.

Discussion

Based on the statistic testing, the proposed hypothesis, "marketing effectiveness is influenced by entrepreneurial orientation", is proved. That is because the entrepreneurial orientation is a strategic orientation to utilize international market opportunity to develop effective marketing strategy which can be done by developing new products, enhancing creativity to create innovation, and competing aggressively through promotion. Those steps are the ways to improve the SME's performance in marketing effectiveness.

SME's entrepreneur has successfully developed product design, as a result, the market will appreciate this effort by repeat order from the buyer. Some SME's entrepreneurs think that

Indonesian product is still competitively advantageous due to its uniqueness, creativity and environmental friendliness. The ability to do differentiation benefited the SMI's entrepreneur which is supported by the network partners related to the value chain (Sampurno 2010:206). They are the suppliers of raw materials, banking and crafts people.

In addition to product design, implementing successful marketing strategies that are highly rated by employers are SMIs in innovation product. Most of SME entrepreneurs stated that product innovation is an important factor of sustainable development to face competitive competition in the international market. Efforts to develop innovative products made by great attention in the search for new ideas. SMIs entrepreneurs also stated that creativity in producing innovative products also must be continuously developed. Developing innovative products is important to strengthen the product positioning to accomplished marketing effectiveness (Tuan 2011:130).

SMI entrepreneurs tend to highly judge the product quality to meet the international standards of quality. Quality becomes a competitive advantage to maintain businesses existence in the international market. Most of SMIs entrepreneur has done this consistently and continuously by high commitment and awareness. The interview revealed that to overcome the low price competition with China and Vietnam products, the SMI's entrepreneurs offers quality products and attractive design as well as more expensive price is a proper marketing strategy so that the buyer confidence can be maintained. This adopted strategies is known as an integrated low cost differentiation strategy (Kuncoro 2006:100). Companies develop a competitive advantage that simultaneously achieve low cost and differentiation at a high level.

Most of SMIs entrepreneurs has successfully developed competitive pricing strategy. The research finds that some SMIs entrepreneur prefer to offer value based pricing that is based on customer focus and product differentiation. This is done because they do not want to get trapped on cheap competition with the products of Vietnam and China.

Most of SMI's entrepreneurs think that the ability to collaborate with business partners supports the effectivity in implementing marketing strategy. Collaboration with value chain parties may overcome the limitation of resources and knowledge (O'Toole dan Mc grath 2008:5). Promotion, as one of the marketing strategy has successfully implemented. Moreover, the SMI's entrepreneurs think that exhibition is an important event and the most effective promotion because they can directly meet the potential buyer. In addition, they can also do market test and improve their negotiation skill with the buyer.

This research finds that entrepreneurial orientation that shows the strategic orientation of SMIs entrepreneurs in doing international business are willingness to face risk, innovative, proactive, and compete aggressively proven to affect performance (marketing effectiveness). It support the opinion of Rauch et al (2009:3) company with entrepreneurial orientation has a better position to take advantage of international market opportunities. The findings of this study strengthen previous research conducted Wiklund and Shepherd (2005:85) to 413 owners/managers in Sweden who can prove the existence of a positive influence between entrepreneurial orientation and non-financial performance (market growth). Aligned with the research Fairoz et.al. (2010:39), the overall dimensions of entrepreneurial orientation (proactiveness, risk taking, and innovativeness) significantly affect the market share of SMEs.

This study also prove that the relationship of entrepreneurial orientation to marketing effectiveness is reinforced by entrepreneurial commitment. This study demonstrates that commitment which is measured by belief in the importance of maintaining and developing business relationships, are proven to increase SMI's marketing effectiveness. The SMI's entrepreneurs convince that maintaining good relationship with business partners is crucial for bussiness development. Most of SMI's entrepreneurs have admitted that they tried hard to maintain their relationship with business partners (buyers, raw material suppliers, financial institution, agent) because it is very useful for business development. For example, maintaining relationship with the buyer, the SMI entrepreneurs will get great value of repeat orders to remain exist in the international market. The SMI entrepreneurs maintain their commitment with the partners by protecting their interests. Positioning good relationship as an crucial aspect for doing a succesful international business. Commitment to buyers, is important because they give penalty or fine to late delivery or the quality of good is below the standard.

Conclusion and Further Research

This study proved that entrepreneurial orientation influences significantly the marketing effectiveness, where the changes in the marketing effectiveness is influenced the changes in entrepreneurial orientation. Entrepreneurial orientation is the entrepreneurs' strategic orientation with its proactive act by developing new product, inovation, in creating creativity, and competing aggressively, so that it improve the SMI's performance in marketing effectiveness. Entrepreneurial commitment has a critical role in maintaining and developing relationship with business partners. To develop more comprehensive model, further research can be conducted using other exogenous variables in related marketing activities which are not included in this study such as service innovation, differentiation, trust and owners' satisfaction.

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