

Traditional Marketing Practice Model and Entrepreneurship Marketing in SMEs in Indonesia

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Abstract

Small Medium Enterprises (SMEs) in Indonesia have a significantly strategic role in the national economy to improve employment, Gross Domestic Product (GDP) and export value, thus increase the economic growth in Indonesia. The purpose of the study is to describe and analyze the traditional marketing practices and entrepreneurial marketing and their effects on business performance. The object of the research is industrial SMEs in garment production, located in East Java Province. The number of research samples is 134. The data is analyzed by using SEM-PLS and Different Test Statistics. The result of the study indicates that the traditional marketing practice model and entrepreneurial marketing influence business performance. And the other research results show that there are differences in traditional marketing practices and entrepreneurial marketing in SMEs. The concept of entrepreneurial marketing is suitable for SMEs to improve their business performance. From the research it is recommended that the government policy, with its SME empowerment program, is able to overcome marketing challenges. For SMEs, they need to consider and learn the entrepreneurial marketing concept as a new paradigm in marketing.

Keywords: traditional marketing, entrepreneurial marketing, business performance, SMEs, Indonesia

1. Introduction

The economic performance in Indonesia does not only rely on the role of large businesses, but also Micro, Small and Medium Enterprises (MSMEs) and is proven to have relatively better resilience compared to large scale businesses. Amidst the economic crisis and the recovery effort in Indonesia today, SMEs play a very strategic role. In 2011-2013 period according to Central Bureau of Statistics data of MSMEs, the performance of MSMEs on economic contributions generally fluctuated. The number of business units and employment in the last 2 years has not improved. The contribution of MSMEs to GDP and the export value of the 2 periods declined recently. The government always tries to make policies in empowering MSMEs in Indonesia. MSMEs spreading throughout all regions and rural areas are able to contribute to the economy in the region.

Government intervention in empowering MSMEs in Indonesia through Presidential Instruction Number 6 of 2007 concerning the Acceleration of the Real Sector and Development of Micro, Small and Medium Enterprises on 8 June 2007 mandates the development of centers through the One Village One Product (OVOP) approach. The other government intervention is the Instruction of the President of the Republic of Indonesia No. 6 of 2014 dated September 1, 2014 concerning the Increasing Competitiveness in facing the Asian Economic Community (AEC). It is expected that the MEA policy will encourage MSMEs in Indonesia to be competitive in ASIA market. Hadiyati, E (2017) states that MSMEs have two challenges: marketing difficulties and tight business competition, on the second and the third ranks respectively.

Based on the results of the BPS survey, the marketing concept in MSMEs is interesting to research and review according to the changing business dynamics faced by MSMEs in Indonesia. Knowledge about marketing provided by SMEs has been using marketing concepts that are not separated between SMEs and large businesses. According to (Hogarth-Scott et al. 1996), marketing for large and small organizations has been considered relevant and the basic principles of marketing are seen as valid for both (Reynolds, 2002, Siu & Kirby 1998). Traditional marketing is considered as an organized and planned process. The traditional/conventional marketing concept assumption is to identify consumer needs through formal market research.

The results of market analysis will be used as the basis for developing new products or services in response to consumer needs. Marketing in small companies has unique characteristics that distinguish them from large organizations (Fillis 2002, Gilmore et al., 2011). Marketing of small companies has been characterized by attributes such as haphazard, informal, loose, unstructured and spontaneous (Gilmore et al., 2011) and has weaknesses in pricing, planning, training and forecasting (McCartan-Quinn & Carson 2003). Most marketing in SMEs is driven by innovation (O'Dwyer et al., 2009). Entrepreneurial behavior, on the other hand, is considered as more of informal and unplanned activities that rely on intuition and energy from individuals to realize business activities (Day, John, Reynald, Pane, Lancaster, & Geoff, 2006).

This statement explains that SME owner managers in their business activities need to combine traditional/conventional marketing with entrepreneurial marketing. This will encourage researchers in Indonesia to conduct research in relation to traditional marketing practices and entrepreneurial marketing in SMEs in Indonesia. The results of this study will produce a marketing concept that is appropriately implemented in SMEs thanks to its unique characteristics.

This study can be distinguished from the previous research for: first, this study uses a model analysis tool from the theory of traditional marketing concepts and entrepreneurial marketing with SEM-PLS, second, it uses a test analysis tool different from the two theoretical concepts. From the results of data analysis, it produces a novelty of research that has proven that entrepreneurial marketing is the most appropriate marketing theory concept for SMEs in accordance with their characteristics.

2. Review of Related Literature

Philosophy of Differences in Traditional Marketing and Entrepreneurship Marketing According to Martin (2009), Zontanos and Anderson (2004) state that the philosophy of differences in companies that apply traditional marketing and entrepreneurial marketing has 3 (three) dimensions of difference: (1) Culture (i.e. values and beliefs regarding the customer's main interests in guiding the organization), (2) Strategy (i.e. achieving competitive advantage in certain industries and market contexts), and (3) Tactics (i.e. methods of utilizing resources, and various techniques for managing risk; Kotler, 2001). The basic philosophical differences from traditional marketing and entrepreneurial marketing are manifested in material differences in organizational culture, strategy, and tactics (Martin, 2009). Dodge et al. (1994) argue that the most common problem with small companies is a lack of knowledge about markets and planning. In general, most "owner-managers do not determine their own marketing mix in terms of product, price, place and promotion, but seem to prefer interactive marketing" (Carson et al., 1995, p. 230).

Marketing scientists have identified needs by better understanding on relationship strategies, alliances, and networks (Achrol and Kotler, 1999). Zontanos and Anderson (2004, p. 231) suggests that the marketing benefits of small companies make a close relationship between employers and customers. Entrepreneurs must be great communicators and have skills in persuading and influencing customers. A competent communicator is the cornerstone of the success in building a personal contacts network with customers. Simpson and Taylor (2001) state that many SME entrepreneurs regard sales and marketing as the most dominant problem of their business. SMEs cover the lack of marketing expertise by relying on network and customer involvement, which arises a debate whether this is not a lack of marketing expertise, but more of redefining the marketing parameters.

2.1 *Philosophy of Differences in Traditional Marketing and Entrepreneurship Marketing*

According to Morris (2002)

Morris et al. (2002) provide an analytical framework through seven dimensions (being proactive, calculation of risk taking, innovation, utilizing opportunities, resources, customer intensity, and value creation) of the concept of entrepreneurial marketing that can be assessed properly. As defined in various literatures, entrepreneurial marketing captures entrepreneurship and marketing, and serves as a tool in marketing cases. The literature reviewed so far explains that entrepreneurial marketing is widely applied to SMEs.

Marketing activities must be considered from various perspectives: academics, practitioners, and researchers may reflect various disciplinary applications to meet certain proactive requirements (Carson et al, 2001). For example, Miles and Darroch (2006) found that the marketing process of entrepreneurship can be used strategically to foster entrepreneurship in the marketing process, build and study competitive advantage in large companies. All of this focuses on the dimensions of entrepreneurial marketing. Morris, et al. (2002) developed seven core dimensions of entrepreneurial marketing. These are opportunity-driven, pro-active, focused innovation, customer intensity, risk management, value creation and increased resources.

According to Pitsamorn Kilenthong (2011)

Entrepreneurial marketing behavior is different from traditional marketing behavior in several aspects (Stokes, 2000a; Morris et al., 2002b; Hills et al., 2008). Some characteristics of entrepreneurial marketing behavior, according to previous study: due to the risk, decision making based on intuition and experience is the focus inherent to recognition of opportunities, a flexible approach to markets, and the exploitation of smaller market niches. Pitsamorn Kilenthong (2011) in (Stokes, 2000a; Morris et al., 2002b) has identified the difference between traditional marketing and entrepreneurial marketing in 4 (four) dimensions: marketing philosophy, marketing strategies, marketing technique, and marketing intelligence.

According to Stokes (2000)

This study refers to Stokes (2000) who asserted that there are four principles of difference between traditional marketing and entrepreneurial marketing, which are concepts, strategies, methods, and market intelligence.

2.2 Business Performance

Marketing performance is a variable that can be used to measure the marketing performance of a business. This is in accordance with of Permadi (1998) who states that marketing performance is a concept to measure the market performance of a product. Ismawanti (2008) suggest that marketing performance is an important element of company performance in general because the performance of a company can be seen from its marketing performance. Marketing performance is measured through sales volume, customer growth and sales growth (Fatonah, 2009; Ismawanti, 2008). Company performance in SMEs according to (Keh, Nguyen & Ng (2007; Wiklund & Shepherd, 2005; Jaworski & Kohli, 1993) is measured through the cumulative aspects of three different items embodying: growth in number of employees, market shares, and sales.

3. Method

3.1 Research Sites

The research was carried out at the SME scale in the garment industry throughout East Java province. In accordance with the data of the East Java Province Department of Industry and Commerce in 2017, the garment industry SMEs in East Java are spread over 7 (seven) cities: Tulungagung, Surabaya, Malang, Gersik, Banyuwangi, Sidoarjo and Pasuruan. These locations are selected because the garment industry production in those cities are based on OVOP and have implemented government policies in facing Asian markets through MEA policies.

3.2 Types of Research

This is an explanatory research or causal-predictive by examining the relationships between research variables that include: traditional marketing, entrepreneurial marketing and business performance. This study shows the relationship between latent variables and measuring the strength of one-way relationships between two or more variables.

3.3 Research Design

Basically the research design is a "blueprint" which describes each research procedure from the research objectives to data analysis. As per the literature review and the formulation of the hypothesis will produce a research conceptual framework. In accordance with the research objectives, the study uses primary data from qualitative statements that are quantified, and the answer to the list of questions that have been filled in by the respondents. Primary data will be tabulated according to research variables and the number of samples use or raw data that is ready to be processed or analyzed. In accordance with the research concept framework, the data analysis of SEM-PLS data and Statistical Test Differences and from the data processing will produce a model test and a different test of traditional marketing concepts and entrepreneurial marketing in accordance with predetermined criteria.

3.4 Population and Samples

The populations of the study are 202 garment SME entrepreneurs in East Java Province, spread in 7 cities: Tulungagung, Surabaya, Gersik, Banyuwangi, Sidoarjo, Pasuruan and Malang. The samples are determined according to the Slovin formula that have 134 respondents. To produce a representative sample of the population, the number of samples is determined by proportional random sampling. The sampling method uses non-probability sampling method by convenience sampling technique. Researchers take samples of members of the population based on how easy the members of the population are met and willing to become respondents.

3.5 Data Type

This study uses primary data and secondary data. The primary data will be obtained directly from respondents' answers to a structured list of questions submitted to respondents. The secondary data is obtained from relevant agencies which are document data relating to supplementary data according to research needs, for example data from the Department of Industry and Commerce, in relation to the profile data of SMEs from various business sectors in East Java Province.

3.6 Data Analysis Method

To test the traditional marketing concept model and entrepreneurial marketing on business performance, this study uses a SEM-PLS data analysis model and difference test statistics (independent t-test sample). Analysis of SEM-PLS data will produce a good test model of a model concept in accordance with predetermined test criteria. While different test statistics will result in differences in the accuracy of the marketing concepts used for SMEs.

4. Results and Discussion

4.1 Partial Least Square (PLS) Analysis

The data is processed by using the SEM method based on Partial Least Square (PLS) using a SMARTPLS software version 2.0 M3, developed at the University of Hamburg Germany. PLS takes two stages: first, evaluating the outer model or measurement model, second, evaluating the inner model or structural model. The measurement model consists of observable indicators. The structural model consists of latent constructs that cannot be observed. This test also estimates the path coefficients that identify the strength of the relationship between the independent variable and the dependent variable. The measurement model consists of relationships between items of observable variables and latent constructs measured by those items.

4.2 Evaluation of Measurement Models (Outer Model)

The measurement model shows the manifestation variable or the observation variable representing latent variables to be measured. The algorithm results of SEM-PLS in traditional marketing can be seen in Figure 1 and SEM-PLS in entrepreneurship marketing in Figure 2

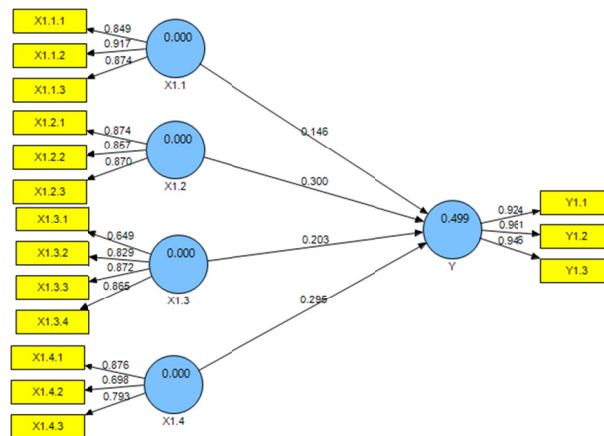


Figure 1. Traditional Marketing Structural Model (Outer Model)

Source: Data Processing using PLS, 2018.

In figure 1, the traditional outer marketing model from the results of marketing philosophy logarithms, marketing strategies, marketing methods, marketing intelligence and business performance shows that the biggest loading factor is at Y_{1,2} at 0.961 and the smallest at X_{1,4,2} at 0.698. In addition, the Outer model shows the results of loading factor > 0.60, which means that all construct indicators are valid.

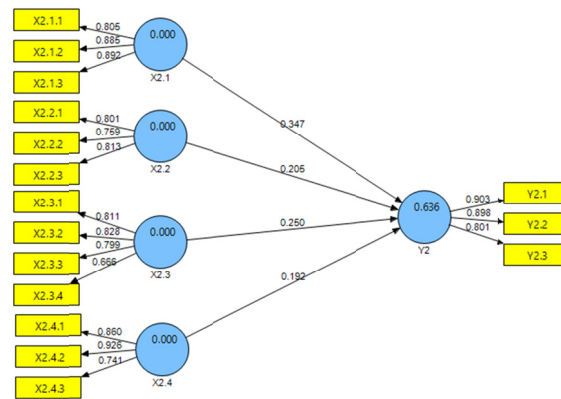


Figure 2. Structural Model (Outer Model) Entrepreneurship Marketing

Source: Data Processing using PLS, 2018.

In figure 2, the outer entrepreneurship marketing model picture resulting from the marketing philosophy logarithms, marketing strategies, marketing methods, marketing intelligence and business performance shows that the biggest loading factor is at $X_{2.4.2}$ at 0.926 and the smallest at $X_{2.4.3}$ at 0.741. In figure 2, the Outer model shows the results of loading factor >0.60 , meaning that all construct indicators are valid.

There are three criteria in using data analysis techniques using Smart PLS to assess the outer model: Convergent Validity, Discriminant Validity and Composite Reliability. Convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between the item score/component score estimated by PLS software. The individual reflexive measure is considered to be high if it correlates more than 0.70 with the measured construct. However, for the initial stage of research on the development of a scale of measurement the loading values of 0.5 to 0.6 are considered sufficient. This study use a loading factor limit of 0.50.

4.3 Convergent Validity

Convergent validity aims to determine the validity of each relationship between indicators and their latent variables. Convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between item scores or component scores with scores of latent variables or construct scores calculated by PLS. The value of loading factor above 0.7 is said to be ideal and valid. However, the value of the loading factor above 0.5 is also acceptable unless below 0.5. From the results of the analysis of the loading factor value (convergent validity) of each indicator, it shows the value of loading factor is >0.7 which is considered to be valid, but the rule of thumb interpretation of the value of the loading factor >0.5 is considered to be valid. From the results of the analysis, it is known that all loading factor values from the indicators of Traditional Marketing (X_1), Entrepreneurship Marketing (X_2), and Business Performance (Y) are greater than 0.60. This shows that the indicators are valid.

4.4 Discriminant Validity

Discriminant Validity is to prove that latent constructs predict the size of their blocks better than that of the others. Ghazali (2008) states that the Discriminant Validity of the measurement model using reflexive indicators is assessed based on cross loading measurements with constructs. After converging validity, the next evaluation is looking at discriminant validity with cross loading, the square root of average variance extracted (AVE) and composite reliability. Discriminant validity of the measurement model was assessed based on the measurement of cross loading with the construct. If the construct correlation with the measurement principal (of each indicator) is greater than the size of the other constructs, the latent construct predicts the indicator better than do the other constructs. The model has good discriminant validity if each loading value of each indicator of a latent variable has the highest loading value with other loading values for other latent variables. The results of discriminant validity testing for traditional marketing can be seen that all the indicators that make up each variable in this study (bold values) have met discriminant validity because they have the largest outer loading value for the variables formed and not on the other variables. Thus all indicators in each variable in this study have met discriminant validity.

4.5 Testing Construct Variable Models

Evaluation the measurement model using square root of average variance extracted is comparing the root value

of AVE with the correlation between constructs. If the AVE root value is higher than the correlation value between constructs, then good discriminant validity is achieved. In addition, AVE values greater than 0.5 are highly recommended. The next test to analyze the outer model is to look at the construct reliability of latent variables measured by two criteria: composite reliability and Cronbach alpha from the indicator block that measures the construct. The constructs are considered reliable if the composite reliability value and Cronbach alpha value are above 0.70. The result shows that the AVE value for the four constructs is greater than 0.5, which can be concluded that the evaluation of model measurements has good discriminant validity. Besides the construct validity test, the construct reliability test is also measured by the criteria tests, which are composite reliability and Cronbach alpha from the indicator block that measures the construct.

Constructs are considered reliable if the composite reliability value and Cronbach alpha are above 0.70, which means that the construct has good reliability.

4.6 Evaluation of Structural / Structural Models (Inner Model)

Testing the inner model or structural model is done to find out the relationship between constructs of significance values and R-square of the research model. The structural model is evaluated using R-square for the dependent construct of the t test and the significance of the structural path parameter coefficients.

1. R-Square (R^2)

Testing of the structural model is conducted by regarding the R-square value which is a goodness-fit model test. The R-Square result can be seen in table 1.

Table 1. R-Square value

Variables	R Square
Y ₁	0.4988
Y ₂	0.6355

Source: Processing data using PLS, 2018.

In principle, this study uses 4 variables influenced by other variables which are Business Performance variables that are influenced by traditional marketing variables and entrepreneurial marketing. Table 5 shows the R-square value for the variable business performance for traditional marketing obtained by 0.4988. The R-square value indicates that 49.88% of business performance variables (traditional marketing) can be influenced by marketing philosophy variables, marketing strategies, marketing methods, marketing intelligence. While, the remaining 50.12% is influenced by other variables outside the model studied. Table 5 shows the R-square value for the business performance variable for entrepreneurship marketing obtained at 0.6355. The R-square value shows that 63.55% of business performance variables (entrepreneurial marketing) can be influenced by marketing philosophy variables, marketing strategies, marketing methods, marketing intelligence. While the remaining 36.45% is influenced by other variables outside the model studied. From the R-square value in table 5, it shows that business performance determined by entrepreneurial marketing has a greater value: 63.55 which is categorized as moderate.

4.7 Testing of Research Hypotheses

The significance of the estimated parameters provides very useful information about the relationship between the research variables. In the PLS, a statistical test of each hypothesized relationship is carried out using simulation. In this case the bootstrap method is performed on the sample. Bootstrap testing is also intended to minimize the problems on research data abnormalities. The test results of bootstrapping from PLS analysis can be seen in table 2.

Table 2. Path Coefficient (Mean, STDEV, T-Values)

Variable Relationships	Estimated coefficient	t _{count}	p	Information
X _{1,1} -> Y ₁	0.1462	0.9223	0.360	Insignificant
X _{1,2} -> Y ₁	0.3004	2.7256	0.008	Significant
X _{1,3} -> Y ₁	0.203	1.0096	0.317	insignificant
X _{1,4} -> Y ₁	0.2955	3.3132	0.002	Significant
X _{2,1} -> Y ₂	0.3472	2.6738	0.010	Significant
X _{2,2} -> Y ₂	0.2047	2.0136	0.048	Signifikan
X _{2,3} -> Y ₂	0.2497	2.2322	0.029	Signifikan
X _{2,4} -> Y ₂	0.1925	2.2275	0.030	Signifikan

Source: Processing data using PLS, 2018.

The structural equations obtained in traditional marketing are:

$$Y_1 = 0,1462 X_{1,1} + 0.3004 X_{1,2} + 0.203 X_{1,3} + 0.2955 X_{1,3}$$

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the hypotheses is the value found in the result for inner weight output. Hypothesis testing can be done by comparing t-statistics with t-tables. t-table is obtained from 67 respondents, which is then obtained t-table of 1.960 on alpha 5% and 1.64 on alpha 10%. Table 6 provides estimated output for testing structural models.

a. Hypothesis 1

H₁: Marketing philosophy has a direct and significant influence on business performance.

Marketing Philosophy has a positive influence on business performance with path coefficients of 0.1462 and t statistics of 0.9233 smaller than t table (1.960) and significance p (0.360) > 0.05. The result above shows that H₀ is accepted, showing that the marketing philosophy has a non-significant effect on business performance.

b. Hypothesis 2

H₂: Marketing strategies have a direct and significant influence on business performance.

Marketing strategies have a positive influence on business performance with path coefficients of 0.3004 and t statistics of 2.7256 greater than t table (1.960) and significance p (0.008) < 0.05. The result above shows that H₀ is rejected, meaning that the marketing strategy has a significant influence on business performance.

c. Hypothesis 3

H₃: Marketing methods have a direct and significant positive influence on business performance.

Marketing methods have a positive influence on Business Performance with path coefficients of 0.203 and t statistics of 1.0096 smaller than t table (1.960) and significance p (0.317) > 0.05. From the results above, the Marketing Method has a direct and not significant positive influence on Business Performance.

d. Hypothesis 4

H₃: Marketing intelligence has a direct and significant influence on business performance.

Marketing intelligence has a positive influence on business performance with path coefficients of 0.3004 and t statistics at 3.132 greater than t table (1.960) and significance p (0.002) < 0.05. The above result show that H₀ is rejected, showing that Marketing Intelligence has a significant effect on Business Performance.

The structural equation obtained in Entrepreneurship Marketing is:

$$Y_2 = 0,3472 X_{2,1} + 0.2047 X_{2,2} + 0.2497 X_{2,3} + 0.1925 X_{2,4}$$

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing hypotheses is the value found in the result for inner weight output. Hypothesis testing can be done by comparing t-statistics with t-tables. t-table can be obtained from 67 respondents, which is then obtained t-table of 1.960 on alpha 5% and 1.64 on alpha 10%. Table 6 provides estimated output for testing structural models.

a. Hypothesis 1

H₁: Marketing Philosophy has a direct and significant influence on Business Performance.

Marketing Philosophy has a positive influence on Business Performance with a path coefficient of 0.3472 and t statistics of 2.6738 greater than t table (1.960) and significance p (0.010) <0.05. The results above show that H_0 is rejected, which shows that the marketing philosophy has a significant influence on business performance.

b. Hypothesis 2

H_2 : Marketing strategies have a direct and significant influence on Business Performance.

Marketing strategies have a positive influence on business performance with path coefficients of 0.2047 and t statistics of 2.0136 greater than t table (1.960) and significance p (0.048) <0.05. The result above shows that H_0 is rejected, which shows that the marketing strategy has a significant influence on business performance.

c. Hypothesis 3

H_3 : Marketing methods have a direct and significant positive influence on business performance.

Marketing methods have a positive influence on business performance with path coefficients of 0.2497 and t statistics of 2.232 greater than t table (1.960), and significance p (0.029) <0.10. From the results above, the marketing method has a direct and significant positive influence on business performance at an error rate of 5%.

d. Hypothesis 4

H_4 : Marketing Intelligence has a direct and significant influence on Business Performance.

Marketing intelligence has a positive influence on business performance with path coefficients of 0.1925 and t statistics of 2.2275 greater than t table (1.960) and significance p (0.030) <0.05. The results above show that H_0 is rejected which shows that marketing intelligence has a significant influence on business performance.

4.8 Testing the Difference of Traditional Marketing with Entrepreneurship Marketing

To find out the difference between traditional marketing practices and entrepreneurial marketing, the statistical tool used is the average difference test, which is the independent t test, because it is assumed that traditional marketing and entrepreneurial marketing are not mutually independent. The calculation of the independent t test uses the help of SPSS software ver.20.00, and the test results can be seen in Table 3.

Table 3. T test between Traditional Marketing and Entrepreneurial Marketing

Variables	Distribution/ marketing	N	Mean	t _{count}	Sig.	Information
Marketing Philosophy	Traditional	67	3.950	-3.555	0.001	Significant
	Entrepreneurial	67	4.403			
Marketing Strategy	Traditional	67	3.881	-3.950	0.000	Significant
	Entrepreneurial	67	4.383			
Marketing Method	Traditional	67	3.728	-3.253	0.001	Significant
	Entrepreneurial	67	4.157			
Marketing Intelligence	Traditional	67	2.736	-5.913	0.000	Significant
	Entrepreneurial	67	3.736			
Entrepreneurial Performance	Traditional	67	3.871	-3.362	0.001	Significant
	Entrepreneurial	67	4.299			

Source: Primary data processed.

Based on Table 3, the paired t test results are for each traditional marketing variable and entrepreneurial marketing with marketing philosophy indicators, marketing strategies, marketing methods and marketing intelligence, explained as follows:

1. Marketing Philosophy

The result of the t test for the Marketing Philosophy variable shows the value of t count of 3.555 with the sig. value equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because the t count is greater than t table or sig value. (0.001) <0.05, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and entrepreneurial marketing. Based on statistics, it is found that entrepreneurial marketing has a higher marketing philosophy value than traditional marketing.

2. Company Strategy

The result of the t test for the Marketing Strategy variable shows the value of t count of 3.950 with the value of sig. equal to 0.000, while t table with free degrees of 132 and $\alpha = 5\%$ of 1,978. Because t count is greater than t table or sig value. $(0.000) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and Entrepreneurial Marketing. Based on statistics, it is found that entrepreneurship marketing has a higher marketing strategy value than traditional marketing.

3. Marketing Methods

The result of the t test for the Marketing Method variable indicates that the value of t count is 3.253 with the value of sig. equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because t count is greater than t table or sig value. $(0.001) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and Entrepreneurial Marketing. Based on statistics, it is found that entrepreneurial marketing has a higher marketing method value than traditional marketing.

4. Marketing Intelligence

The result of the t test for Marketing intelligence variants shows that the value of t count is 5.913 with the value of sig. equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because t count is greater than t table or sig value. $(0,000) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and Entrepreneurial Marketing. Based on statistics, it is found that entrepreneurial marketing has a higher marketing intelligence value than traditional marketing.

5. Business Performance

The result of the t test for the business performance variable shows that the value of t count of 3.362 with the value of sig. equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because t count is greater than t table or sig value. $(0.001) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and entrepreneurial marketing. Based on statistics, it is found that entrepreneurial marketing has a higher value of business performance than traditional marketing.

4.9 Partial Least Square (PLS) Analysis

The data is processed by using the SEM method based on Partial Least Square (PLS) using a SMARTPLS software version 2.0 M3, developed at the University of Hamburg Germany. PLS takes two stages: first, evaluating the outer model or measurement model, second, evaluating the inner model or structural model. The measurement model consists of observable indicators. The structural model consists of latent constructs that cannot be observed. This test also estimates the path coefficients that identify the strength of the relationship between the independent variable and the dependent variable. The measurement model consists of relationships between items of observable variables and latent constructs measured by those items.

4.10 Evaluation of Measurement Models (Outer Model)

The measurement model shows the manifestation variable or the observation variable representing latent variables to be measured. The algorithm results of SEM-PLS in traditional marketing can be seen in Figure 1 and SEM-PLS in entrepreneurship marketing in Figure 2

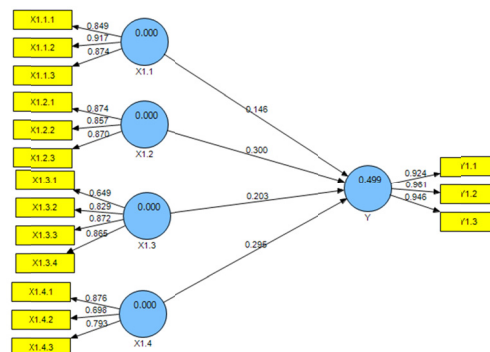


Figure 1. Traditional Marketing Structural Model (Outer Model)

Source: Data Processing using PLS, 2018.

In figure 1, the traditional outer marketing model from the results of marketing philosophy logarithms, marketing strategies, marketing methods, marketing intelligence and business performance shows that the biggest loading factor is at $Y_{1,2}$ at 0.961 and the smallest at $X_{1,4,2}$ at 0.698. In addition, the Outer model shows the results of loading factor > 0.60 , which means that all construct indicators are valid.

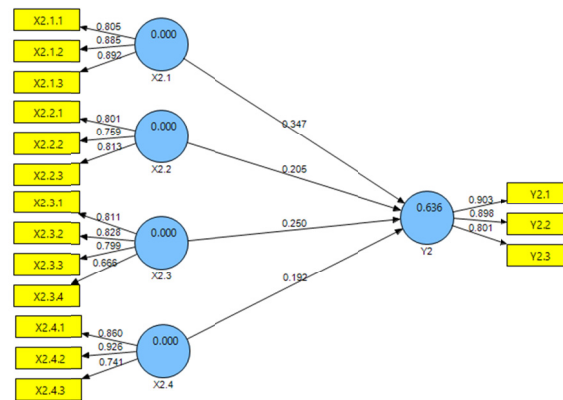


Figure 2. Structural Model (Outer Model) entrepreneurship marketing

Source: Data Processing using PLS, 2018.

In figure 2, the outer entrepreneurship marketing model picture resulting from the marketing philosophy logarithms, marketing strategies, marketing methods, marketing intelligence and business performance shows that the biggest loading factor is at $X_{2,4,2}$ at 0.926 and the smallest at $X_{2,4,3}$ at 0.741. In figure 2, the Outer model shows the results of loading factor > 0.60 , meaning that all construct indicators are valid. There are three criteria in using data analysis techniques using Smart PLS to assess the outer model: Convergent Validity, Discriminant Validity and Composite Reliability. Convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between the item score/component score estimated by PLS software. The individual reflexive measure is considered to be high if it correlates more than 0.70 with the measured construct. However, for the initial stage of research on the development of a scale of measurement the loading values of 0.5 to 0.6 are considered sufficient. This study use a loading factor limit of 0.50.

4.11 Convergent Validity

Convergent validity aims to determine the validity of each relationship between indicators and their latent variables. Convergent validity of the measurement model with reflexive indicators is assessed based on the correlation between item scores or component scores with scores of latent variables or construct scores calculated by PLS. The value of loading factor above 0.7 is said to be ideal and valid. However, the value of the loading factor above 0.5 is also acceptable unless below 0.5. From the results of the analysis of the loading factor value (convergent validity) of each indicator, it shows the value of loading factor is > 0.7 which is considered to be valid, but the rule of thumb interpretation of the value of the loading factor > 0.5 is considered to be valid. From the results of the analysis, it is known that all loading factor values from the indicators of Traditional Marketing (X_1), Entrepreneurship Marketing (X_2), and Business Performance (Y) are greater than 0.60. This shows that the indicators are valid.

4.12 Discriminant Validity

Discriminant Validity is to prove that latent constructs predict the size of their blocks better than that of the others. Ghazali (2008) states that the Discriminant Validity of the measurement model using reflexive indicators is assessed based on cross loading measurements with constructs. After converging validity, the next evaluation is looking at discriminant validity with cross loading, the square root of average variance extracted (AVE) and composite reliability. Discriminant validity of the measurement model was assessed based on the measurement of cross loading with the construct. If the construct correlation with the measurement principal (of each indicator) is greater than the size of the other constructs, the latent construct predicts the indicator better than do the other constructs. The model has good discriminant validity if each loading value of each indicator of a latent variable has the highest loading value with other loading values for other latent variables. The results of discriminant validity testing for traditional marketing can be seen that all the indicators that make up each variable in this study (bold

values) have met discriminant validity because they have the largest outer loading value for the variables formed and not on the other variables. Thus, all indicators in each variable in this study have met discriminant validity.

4.13 Testing Construct Variable Models

Evaluation the measurement model using square root of average variance extracted is comparing the root value of AVE with the correlation between constructs. If the AVE root value is higher than the correlation value between constructs, then good discriminant validity is achieved. In addition, AVE values greater than 0.5 are highly recommended. The next test to analyze the outer model is to look at the construct reliability of latent variables measured by two criteria: composite reliability and Cronbach alpha from the indicator block that measures the construct. The constructs are considered reliable if the composite reliability value and Cronbach alpha value are above 0.70. The result shows that the AVE value for the four constructs is greater than 0.5, which can be concluded that the evaluation of model measurements has good discriminant validity. Besides the construct validity test, the construct reliability test is also measured by the criteria tests, which are composite reliability and Cronbach alpha from the indicator block that measures the construct. Constructs are considered reliable if the composite reliability value and Cronbach alpha are above 0.70, which means that the construct has good reliability.

4.14 Evaluation of Structural / Structural Models (Inner Model)

Testing the inner model or structural model is done to find out the relationship between constructs of significance values and R-square of the research model. The structural model is evaluated using R-square for the dependent construct of the t test and the significance of the structural path parameter coefficients.

1. R-Square (R²)

Testing of the structural model is conducted by regarding the R-square value which is a goodness-fit model test. The R-Square result can be seen in table 1.

Table 1. R-Square Value

Variables	R Square
Y ₁	0.4988
Y ₂	0.6355

Source: Processing data using PLS, 2018.

In principle, this study uses 4 variables influenced by other variables which are Business Performance variables that are influenced by traditional marketing variables and entrepreneurial marketing. Table 5 shows the R-square value for the variable business performance for traditional marketing obtained by 0.4988. The R-square value indicates that 49.88% of business performance variables (traditional marketing) can be influenced by marketing philosophy variables, marketing strategies, marketing methods, marketing intelligence. While, the remaining 50.12% is influenced by other variables outside the model studied. Table 5 shows the R-square value for the business performance variable for entrepreneurship marketing obtained at 0.6355. The R-square value shows that 63.55% of business performance variables (entrepreneurial marketing) can be influenced by marketing philosophy variables, marketing strategies, marketing methods, marketing intelligence. While the remaining 36.45% is influenced by other variables outside the model studied. From the R-square value in table 5, it shows that business performance determined by entrepreneurial marketing has a greater value: 63.55 which is categorized as moderate.

4.15 Testing of Research Hypotheses

The significance of the estimated parameters provides very useful information about the relationship between the research variables. In the PLS, a statistical test of each hypothesized relationship is carried out using simulation. In this case the bootstrap method is performed on the sample. Bootstrap testing is also intended to minimize the problems on research data abnormalities. The test results of bootstrapping from PLS analysis can be seen in table 2.

Table 2. Path Coefficient (Mean, STDEV, T-Values)

Variable Relationships	Estimated coefficient	t _{count}	p	Information
X _{1,1} -> Y ₁	0.1462	0.9223	0.360	Insignificant
X _{1,2} -> Y ₁	0.3004	2.7256	0.008	Significant
X _{1,3} -> Y ₁	0.203	1.0096	0.317	insignificant
X _{1,4} -> Y ₁	0.2955	3.3132	0.002	Significant
X _{2,1} -> Y ₂	0.3472	2.6738	0.010	Significant
X _{2,2} -> Y ₂	0.2047	2.0136	0.048	Signifikan
X _{2,3} -> Y ₂	0.2497	2.2322	0.029	Signifikan
X _{2,4} -> Y ₂	0.1925	2.2275	0.030	Signifikan

Source: Processing data using PLS, 2018.

The structural equations obtained in traditional marketing are:

$$Y_1 = 0,1462 X_{1,1} + 0.3004 X_{1,2} + 0.203 X_{1,3} + 0.2955 X_{1,4}$$

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the hypotheses is the value found in the result for inner weight output. Hypothesis testing can be done by comparing t-statistics with t-tables. t-table is obtained from 67 respondents, which is then obtained t-table of 1.960 on alpha 5% and 1.64 on alpha 10%. Table 6 provides estimated output for testing structural models.

a. Hypothesis 1

H₁: Marketing philosophy has a direct and significant influence on business performance.

Marketing Philosophy has a positive influence on business performance with path coefficients of 0.1462 and t statistics of 0.9233 smaller than t table (1.960) and significance p (0.360) > 0.05. The result above shows that H₀ is accepted, showing that the marketing philosophy has a non-significant effect on business performance.

b. Hypothesis 2

H₂: Marketing strategies have a direct and significant influence on business performance.

Marketing strategies have a positive influence on business performance with path coefficients of 0.3004 and t statistics of 2.7256 greater than t table (1.960) and significance p (0.008) < 0.05. The result above shows that H₀ is rejected, meaning that the marketing strategy has a significant influence on business performance.

c. Hypothesis 3

H₃: Marketing methods have a direct and significant positive influence on business performance.

Marketing methods have a positive influence on Business Performance with path coefficients of 0.203 and t statistics of 1.0096 smaller than t table (1.960) and significance p (0.317) > 0.05. From the results above, the Marketing Method has a direct and not significant positive influence on Business Performance.

d. Hypothesis 4

H₄: Marketing intelligence has a direct and significant influence on business performance.

Marketing intelligence has a positive influence on business performance with path coefficients of 0.3004 and t statistics at 3.132 greater than t table (1.960) and significance p (0.002) < 0.05. The above result show that H₀ is rejected, showing that Marketing Intelligence has a significant effect on Business Performance.

The structural equation obtained in Entrepreneurship Marketing is:

$$Y_2 = 0,3472 X_{2,1} + 0.2047 X_{2,2} + 0.2497 X_{2,3} + 0.1925 X_{2,4}$$

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing hypotheses is the value found in the result for inner weight output. Hypothesis testing can be done by comparing t-statistics with t-tables. t-table can be obtained from 67 respondents, which is then obtained t-table of 1.960 on alpha 5% and 1.64 on alpha 10%. Table 6 provides estimated output for testing structural models.

a. Hypothesis 1

H₁: Marketing Philosophy has a direct and significant influence on Business Performance.

Marketing Philosophy has a positive influence on Business Performance with a path coefficient of 0.3472 and t statistics of 2.6738 greater than t table (1.960) and significance p (0.010) <0.05. The results above show that H_0 is rejected, which shows that the marketing philosophy has a significant influence on business performance.

b. Hypothesis 2

H_2 : Marketing strategies have a direct and significant influence on Business Performance.

Marketing strategies have a positive influence on business performance with path coefficients of 0.2047 and t statistics of 2.0136 greater than t table (1.960) and significance p (0.048) <0.05. The result above shows that H_0 is rejected, which shows that the marketing strategy has a significant influence on business performance.

c. Hypothesis 3

H_3 : Marketing methods have a direct and significant positive influence on business performance.

Marketing methods have a positive influence on business performance with path coefficients of 0.2497 and t statistics of 2.232 greater than t table (1.960), and significance p (0.029) <0.10. From the results above, the marketing method has a direct and significant positive influence on business performance at an error rate of 5%.

d. Hypothesis 4

H_4 : Marketing Intelligence has a direct and significant influence on Business Performance.

Marketing intelligence has a positive influence on business performance with path coefficients of 0.1925 and t statistics of 2.2275 greater than t table (1.960) and significance p (0.030) <0.05. The results above show that H_0 is rejected which shows that marketing intelligence has a significant influence on business performance.

4.16 Testing the Difference of Traditional Marketing with Entrepreneurship Marketing

To find out the difference between traditional marketing practices and entrepreneurial marketing, the statistical tool used is the average difference test, which is the independent t test, because it is assumed that traditional marketing and entrepreneurial marketing are not mutually independent. The calculation of the independent t test uses the help of SPSS software ver.20.00, and the test results can be seen in Table 3

Table 3. T test between Traditional Marketing and Entrepreneurial Marketing

Variables	Distribution/ marketing	N	Mean	t _{count}	Sig.	Information
Marketing Philosophy	Traditional	67	3.950	-3.555	0.001	Significant
	Entrepreneurial	67	4.403			
Marketing Strategy	Traditional	67	3.881	-3.950	0.000	Significant
	Entrepreneurial	67	4.383			
Marketing Method	Traditional	67	3.728	-3.253	0.001	Significant
	Entrepreneurial	67	4.157			
Marketing Intelligence	Traditional	67	2.736	-5.913	0.000	Significant
	Entrepreneurial	67	3.736			
Entrepreneurial Performance	Traditional	67	3.871	-3.362	0.001	Significant
	Entrepreneurial	67	4.299			

Source: Primary data processed.

Based on Table 3, the paired t test results are for each traditional marketing variable and entrepreneurial marketing with marketing philosophy indicators, marketing strategies, marketing methods and marketing intelligence, explained as follows:

1. Marketing Philosophy

The result of the t test for the Marketing Philosophy variable shows the value of t count of 3.555 with the sig. value equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because the t count is greater than t table or sig value. (0.001) <0.05, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and entrepreneurial marketing. Based on statistics, it is found that entrepreneurial marketing has a higher marketing philosophy value than traditional marketing.

2. Company Strategy.

The result of the t test for the Marketing Strategy variable shows the value of t count of 3.950 with the value of sig. equal to 0.000, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because t count is greater than t table or sig value. $(0.000) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and Entrepreneurial Marketing. Based on statistics, it is found that entrepreneurship marketing has a higher marketing strategy value than traditional marketing.

3. Marketing Methods

The result of the t test for the Marketing Method variable indicates that the value of t count is 3.253 with the value of sig. equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because t count is greater than t table or sig value. $(0.001) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and Entrepreneurial Marketing. Based on statistics, it is found that entrepreneurial marketing has a higher marketing method value than traditional marketing.

4. Marketing Intelligence

The result of the t test for Marketing intelligence variants shows that the value of t count is 5.913 with the value of sig. equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because t count is greater than t table or sig value. $(0.000) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and Entrepreneurial Marketing. Based on statistics, it is found that entrepreneurial marketing has a higher marketing intelligence value than traditional marketing.

5. Business Performance

The result of the t test for the business performance variable shows that the value of t count of 3.362 with the value of sig. equal to 0.001, while t table with free degrees of 132 and $\alpha = 5\%$ of 1.978. Because t count is greater than t table or sig value. $(0.001) < 0.05$, then H_0 is rejected. So it can be concluded that there is a significant difference between traditional marketing and entrepreneurial marketing. Based on statistics, it is found that entrepreneurial marketing has a higher value of business performance than traditional marketing.

5. Discussion

5.1 Describing and Analyzing Traditional Marketing and Business Performance Applied by SMEs.

Describing and analyzing traditional marketing and business performance are indicated by descriptive results of the research variables embodying: marketing philosophy, marketing strategies, marketing methods and marketing intelligence. From each descriptive result, it can be shown for:

- a. The marketing philosophy has a good category, meaning that SMEs have been dedicating to customer orientation, marketing supporting research and development, relative approaches to markets that can determine business performance.
- b. The marketing strategy has a good category, meaning that SMEs have taken a top-down approach to the process of segmentation, targeting, and positioning, emphasizing risk minimization, efficient use of resources, and determining business performance.
- c. The marketing method has a good category, meaning that SMEs have been using the marketing mix, impersonal marketing through mass promotion and marketers which are the brand builders, this determines business performance.
- d. Marketing intelligence has a medium category, meaning that SMEs have not been actively building networks and customers are external sources that are able to determine business performance.
- e. Business performance with a good category means that business performance measured by the growth of employment, sales growth and market share growth shows the right indicators to measure the results of SME business activities.

5.2 Traditional Marketing Affects the Business Performance

Hypothesis 1: Marketing philosophy has a direct and significant influence on business performance.

From the results of hypothesis testing shows that the marketing philosophy provides a positive direct effect that is not significant to business performance. The results of this study do not support a number of traditional marketing concepts which state that marketing philosophy is an activity focused on customer orientation, marketing departments support research and development and effective approaches to markets (Stokes, 2000a; Morris et al., 2002b). Stokes (2000) describes customer-oriented traditional marketing and requires a definite

assessment of market needs before developing a product where the business begins through formal information. This is not the case according to Arfanly, Sarma and Syamsun (2016) which states that traditional marketing is defined by customer orientation.

Hypothesis 2: Marketing strategies have a direct and significant influence on business performance.

The result of hypothesis testing shows that marketing strategies have a significant influence on business performance. The results of this study support Stokes, (2000a); Morris et al., (2002b) who states that marketing strategies carried out with a top-down approach to the process of segmentation, targeting and positioning, emphasis on risk minimization, efficient use of resources so far can determine business performance. SMEs have implemented a top-down approach by dividing the market based on certain characteristics used as the basis of the target market and determining the position of products in the market by minimizing risk and efficient use of resources to improve business performance.

Hypothesis 3: Marketing methods have a direct and significant positive influence on business performance.

The results of hypothesis testing shows that the marketing method has a direct and not significant positive influence on business performance. The result of this study indicates that so far SME companies with traditional marketing approaches do not implement the marketing mix so that the marketing method used does not support Stokes, (2000a); Morris et al., (2002b), which states that effective marketing methods to improve performance with a marketing mix and impersonal marketing through mass promotion and marketers are brand builders. This is also different from the concept of Stokes (2000) that traditional marketing is where business people improve their business by implementing the marketing mix (marketing mix): 4ps or 7ps.

Hypothesis 4: Marketing intelligence has a direct and significant influence on business performance.

From the results of hypothesis testing, marketing intelligence has a significant influence on business performance. The result of this study indicates that traditional marketing for marketing intelligence is conducted by market research formally, and it is assumed that customers as external intelligence can improve business performance. It supports Stokes (2000a); Morris et al. (2002b) that traditional marketing for marketing intelligence is done through formal market research and there is no role to build networks and assume that customers are external intelligence sources. It also supports Stokes (2000) to an extent that marketing intelligence in traditional marketing uses a combination between formal market research and intelligence systems. From the results of testing the hypothesis, garment SME entrepreneurs in East Java in traditional marketing practices for marketing philosophy dimensions and marketing methods have no role in business performance while the marketing and intelligence strategy dimensions that affect business performance include growth in the number of workers, sales growth and growth of market share.

5.3 Describing and Analyzing Entrepreneurial Marketing and Business Performance Applied by SMEs

Describing and analyzing entrepreneurial marketing and business performance is indicated by research variable descriptive results that include: marketing philosophy, corporate strategy, marketing methods and marketing intelligence.

From each descriptive result, it can be drawn as follows:

- a. The marketing philosophy has a good category, meaning that SMEs have encouraged the orientation to marketing innovation and a proactive approach to lead customers in determining business performance.
- b. The marketing strategy has a good category, meaning that SMEs have been using a bottom-up approach to the process of identifying opportunities, attracting customers, and customer-based expansion to determine business performance.
- c. The marketing method has a good category, meaning that SMEs have not followed the marketing mix concept and marketing methods through personal contact and can determine business performance.
- d. Intelligence Marketing has a good category, meaning that SMEs have been conducting market research by approaching customers as a network of business decision making in determining business performance.
- e. Business performance having a good category means that business performance measured by the growth of employment, sales growth and market share growth shows the right measurement.

5.4 Influence of Entrepreneurship Marketing on Business Performance

Hypothesis 1: Marketing Philosophy has a direct and significant influence on Business Performance.

From the results of hypothesis testing shows that the marketing philosophy has a significant influence on

business performance. The result of this study explains that garment SME entrepreneurs in practicing entrepreneurial marketing for the dimensions of marketing philosophy by making product innovations in fulfilling customer needs affect business performance. Entrepreneurs try to approach customers as sources of information in carrying out strategies for selling products. This practice supports Stokes (2000a); Morris et al. (2002b) concept which states that in entrepreneurial marketing the dimension of marketing philosophy includes a passion for marketing innovation orientation is a home of innovation in making a proactive approach to customers. This also supports Stokes (2000) in a way that that the dimensions of marketing concepts are innovation-based on market needs. This is in accordance with Arfanly, Sarma and Syamsun (2016) from the results of his research stating that entrepreneurial marketing is defined by entrepreneurship and innovation orientation.

Hypothesis 2: Marketing strategies have a direct and significant influence on business performance.

The results of the hypothesis test shows that H₀ is rejected, indicating that the marketing strategy has a significant influence on business performance. The result of this study shows the practice of garment or embroidery SME entrepreneurs on the concept of entrepreneurial marketing for the dimensions of marketing strategy using opportunities identification with a bottom-up strategy approach that focuses on the customer-based market. This practice also triggers their creativity in using company resources. This supports Stokes (2000a); Morris et al. (2002b) concept that the marketing strategy dimension uses a bottom-up approach in the process of identifying opportunities, customer attractiveness, customer-based market expansion and creative use of resources. This also supports Stokes (2000) about the entrepreneurial marketing approach to the dimensions of marketing strategies with a bottom up approach from consumers and other influence groups. In accordance with Arfanly, Sarma and Syamsun (2016) stating that the entrepreneurial marketing strategy is firstly done by identifying potential market opportunities, then testing them with a trial and error process. After the company starts serving the needs of several clients and continues to directly contact clients to know the customers' preferences and needs from which entrepreneurs find consumers in the market with the same profile.

Hypothesis 3: Marketing methods have a direct and significant positive influence on Business Performance.

From the results of the hypothesis test, the marketing method has a direct and significant positive influence on business performance. The result of entrepreneurial marketing practice research on the dimensions of the marketing method carried out by garment or convection SME entrepreneurs affect business performance. So far, SME entrepreneurs maintain such effective direct contact with consumers and customers, and do not use tools in the marketing mix. The success in technical marketing is dependent on the skills of marketers (entrepreneurs). The result of this study is supported by the concept of Stokes (2000a); Morris et al. (2002b) stating that entrepreneurial marketing practices for the dimensions of marketing methods or methods do not follow the marketing mix concept, marketing through personal contact, and the marketers' skills have a role in creating new product categories. This also supports Stokes (2000) about entrepreneurial marketing practices for the dimensions of marketing methods or methods of interactive marketing, words of mouth marketing (WOM), and direct selling or personal selling. It also supports Arfanly, Sarma and Syamsun (2016) stating that interactive marketing conducted by SME entrepreneurs is about communicating and responding quickly to individual consumers.

Hypothesis 4: Marketing intelligence has a direct and significant influence on business performance.

The result of hypothesis testing shows that marketing intelligence has a significant influence on business performance. The results showed that entrepreneurial marketing practices in the dimensions of marketing intelligence carried out by garment or convection SME entrepreneurs had an effect on business performance. The dimension of marketing intelligence relating to the monitoring of the marketing environment carried out by entrepreneurs is able to influence business performance, preferring to obtain market information in an informal way, for example, through direct personal observation to customers in the marketing decision-making process. This supports Stokes (2000a); Morris et al. (2002b) stating that entrepreneurial marketing practice in dimensions of marketing intelligence in obtaining information use formal market research, through alliances and customer networks as active participants in the marketing decision-making process. It also supports the concept of Stokes (2000) about entrepreneurial marketing practices in the intelligence marketing dimension in getting information through informal networks. From this discussion it can be concluded that garment SME entrepreneurs in East Java have practiced entrepreneurial marketing with dimensions of marketing philosophy, marketing strategies, marketing methods and marketing intelligence influencing business performance including growth in the number of employees, sales growth and market share growth. This is supported by the opinion of Arfanly, Sarma and

Syamsun (2016) stating that the rejection of formal research methods is a logical consequence of not trusting the future predicting.

5.5 The Difference between Traditional Marketing Practices and Entrepreneurial Marketing on Business Performance in SMEs

From the results of data analysis, there is a difference between testing structural models, and traditional marketing practices and entrepreneurial marketing on business performance in garment SME. The R-square value of the entrepreneurial marketing structural equation model is greater than the R-square value of the traditional marketing structural equation model for business performance which means that business performance variables (entrepreneurial marketing) can be influenced by marketing philosophy, marketing strategies, marketing methods, stronger marketing intelligence. From the results of hypothesis test the marketing entrepreneurial marketing model with bootstrapping shows that the entrepreneurial marketing dimension includes marketing philosophy, marketing strategies, marketing methods and marketing intelligence and has a positive and significant influence on business performance. The testing results of this hypothesis when compared with the hypothesis testing on the traditional marketing structural equation model shows that the dimensions that shape business performance are only 2 (two): marketing strategy and intelligence, while the dimensions of philosophy and marketing methods have no significant effect. The results prove that the concept of entrepreneurial marketing is suitably applied by SME entrepreneurs. This supports the concept of Stokes (2000) explaining that entrepreneurial marketing is the appropriate approach in terms of the limited resources and problems dealt by SMEs. Arfanly, Sarma and Syamsun (2016) research explains that the concept of entrepreneurial marketing is the most appropriate concept in solving marketing problems in SMEs.

6. Conclusion

Entrepreneurial marketing through philosophy, strategy, methods and marketing intelligence is a concept that determines SME business performance. It means that the concept of entrepreneurial marketing is an approach that is more appropriate, considering limited resources, characteristics and problems faced by SMEs. This is supported by analysis of differences that shows the higher value of business performance of entrepreneurial marketing concept than traditional marketing.

7. Recommendations

The central and regional governments in SME empowerment programs, especially in the field of marketing, need to consider implementing the concept of entrepreneurial marketing due to limited resources and problems faced by SMEs. Thus, the government in collaboration with universities needs to socialize the concept of entrepreneurship marketing to SMEs. (SMEs) entrepreneurs need to adjust the new paradigm of the concept of entrepreneurial marketing in business activities in accordance with the limited resources and problems faced by the company.

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