

Deploying Marketing Indicators to Ensure Greater SMEs International Performance in Mediating Role of Customer Satisfaction: A Glance of Indonesian Pharmacies

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ABSTRACT

The role of market indicators for small and medium enterprise (SME) international performance has always considered as a vital area of interest for researchers with emergence and growth of SME's internationalization. Previously many studies have conferred the role of marketing capabilities as a key factor for international performance of SME's, however only handful studies have analyzed the indicators of firm marketing and customer satisfaction mediating role in the relationship between organizational capabilities and pharmaceutical SME's international performance. In this paper, four marketing drivers (market intelligence, product innovation, pricing, and marketing communication) are taken as determinants of international performance of Indonesian pharmaceutical SMEs. Drawing on theory of SME's performance, this paper examines the direct and indirect relationships between market intelligence, market communication capability, price capability, product innovation, customer satisfaction and pharmaceutical SME's international performance. A quantitative survey consisted of a self-administrative questionnaire was engaged to collect data from employees of pharmaceutical SME's. Based on a sample of 438 employees and structural equation modeling, the results shown that all these capabilities provoke pharmaceutical SME's international performance. Further, outcomes designated that customer satisfaction acts as a mediator between pricing capability and pharmaceutical SME's international performance. This study directs that managers must focus on establishing marketing capabilities in order to satisfy their customers.

Keywords: Market Intelligence, Product Innovation, Pricing, Marketing Communication, marketing capabilities, Internationalization, International performance, Customer satisfaction, pharmaceutical SMEs, Indonesia.

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INTRODUCTION

The competitive advantage of SMEs has a direct impact on the satisfaction of the customers and the economic development of the businesses in Indonesia (Prabowo, Singgih, Karningsih, & Widodo, 2020). The development of innovative products of an organization and the customer-needed products results in increasing the level of satisfaction of the customers. The international performance of SMEs depends on the abilities and capabilities concerned with the performance of the firm. The internationalization environment is considered as the complex environment in which the main

consideration is the relationship of performance and the capabilities of a firm because inconsistency in this relationship leads to the failure of an organization's competitive advantage (Auliana, Alexandri, & Arifianti, 2019). Moreover, customer satisfaction (CSAT) leads to the growth of SMEs and their continued existence and is considered as the key indicator that determines the differences among the successful and unsuccessful business performance in Indonesia. The below table enlists some common CSAT challenges faced by SMEs in Indonesia during the last few years;

Table 1. Customer Satisfaction Challenges Faced by SMEs in Indonesia.

Manufacturing	Hi-Tech	Retail
Controlling different orders and rules management practices for each customer.	Accurately promising dates based on fulfillment management lead estimates.	Visibility to managed inventories to commit internally as well as across partners.
Addressing to changing customer order delivery expectations.	Responding to modifications client order delivery expectations.	Multiple order channels and processes to control.

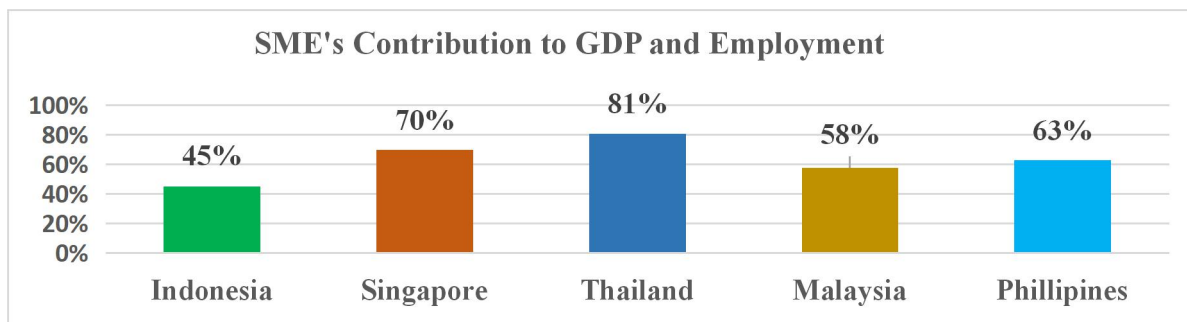
There is a lack of focus on the key indicators that result in the economic growth and the productivity of pharmaceutical organization in SMEs in Indonesia, as these indicators can enhance the international performance of an organization. Pharmaceutical SMEs in Indonesia usually focus on different strategies such as SWOT Analysis, Outsourcing, TQM, etc. and none of these strategies can help in addressing the positive relationship between the qualities of a product and strategic SCM practice, flexibility, and variety of products that can enhance the satisfaction of the customers. Although, it has examined that the pharmaceutical SME's contribution

towards GDP and employment is lesser in Indonesia as compared to others. In Indonesia, a new program has started under the name of Jaminan Kesehatan Nasional JKN which can also be called as universal health coverage scheme. Based on this scheme, the pharmaceutical sector of Indonesia has been showing great improvements since 2016. The basic objective of this scheme is to provide 260 million people of Indonesia the healthcare insurance by January 2019. As far as the general market is concerned, it is estimated at 619 million dollars and pharmaceutical sector of Indonesia makes up 10.8 percent in context of the total market share. This share is expected to enhance

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further based on the JKN scheme. In Indonesia, almost 210 pharmaceutical companies are there among which almost 70% companies are domestic as per the ministry of health of Indonesia. The ownership policies and other regulations regarding pharmaceutical sector have been made easy and convenient. Based on this information, it is

expected that the pharmaceutical sector of Indonesia has great potential in future especially in context of SMEs. This indicates that the research in context of pharmaceutical SMEs is very essential to cope with the increasing growth and trend of this sector in Indonesia in marketing and other aspects.



SMEs play a significant part in both employment chances and economic development in almost every country. The entire process of market intelligence and market communication has been significantly attracting attention from the academic fellows and researchers since the past years (Rakthin, Calantone, & Wang, 2016). Nevertheless, it can be noted that even now performance gap and inconsistency exist in the overall international presentation of SMEs as several small and medium enterprises functioning as successful international businesses. Katsikea, Theodosiou, and Makri (2019) suggested that to address this limitation and performance gap, some contextual variables and factors affecting the overall international performance of SMEs need to analyze in particular. After all the researches on pharmaceutical SME's international presentation are finite and limited, therefore study needs to be conducted on the pharmaceutical SMEs of Indonesia that operate internationally Navarro-García, Peris-Ortiz, and Barrera-Barrera (2016) evaluating the overall influence of product and market capability, Falahat, Ramayah, Soto-Acosta, and Lee (2020) pricing capability relating to the performance of SMEs. Therefore, the given research effort is new and positive because no other effort in the past few years analyzes the overall international performance of SMEs in Indonesia through the mediating impact of CSAT. This paper has specific study goals which are given below.

- The initial target is to discover the overall effect of market intelligence capability (MIC) on pharmaceutical SME's international performance in Indonesian businesses.
- The second aim is to analyze the effect of product innovation capability (PIC) on the entire international presentation of pharmaceutical SMEs in Indonesian businesses.
- The third objective is to investigate the significant relationship between pricing capability (PC) and pharmaceutical SME's global performance in Indonesian businesses.
- The next intention is to evaluate the consequence of marketing communication capability (MCC) and multinational performance of pharmaceutical SMEs in Indonesian businesses.
- The fifth aim of the thesis is to analyze the mediating role of CSAT in the association between MIC and pharmaceutical SMEs worldwide performance in Indonesian businesses.

- Another objective is to identify the mediating impact of CSAT on the relationship between PIC and the global performance of pharmaceutical SMEs in Indonesian businesses.
- The seventh aim is to investigate the overall mediating impact of CSAT on the interplay between PC and worldwide performance of pharmaceutical SMEs in Indonesian businesses.
- And the final objective is to determine the mediating role of CSAT in the nexus between MCC and pharmaceutical SMEs multinational performance in Indonesian businesses.

There is representation by many researchers about the progress and internalization of pharmaceutical SMEs and these studies provide a broad variety of ideas that are very applicable and adaptable. The results of these researchers are very inclusive and effective. But the current study has focused and analyzed the issue which is the root cause and needs solutions and a focus to be cared about. This research paper indicates gaps that the previous studies made and gives ideas and practical solutions to be followed not only in the specific field of pharmaceuticals of Indonesia but also internationally acknowledged. It provides a future and also fulfills the requirements of the present time. This study is accepted, and the results and findings are fact-based and implacable, and this fact is very interesting to describe its significance and value.

The thesis is mainly comprised of five chapters and these chapters are listed as Introduction, review of the literature, methodology, verdicts, and conclusion, and results. The introductory chapter describes what is the purpose of the study it almost replies of three questions What, Why, and where. The literature review expresses the issue, previous studies, and research, and objectives, research methodology elaborates the tools, methodology, and the strategies to obtain accurate data. Results are the findings of the whole activity to meet the required material. The last chapter is about conclusion and findings and discussion is made to express the reach key elements and findings.

LITERATURE REVIEW

Theory of SMEs performance

According to Jaramillo, Zарtha Sossa, and Orozco Mendoza (2019) SMEs are businesses that sustain profits, assets, and several employees mainly below a specific range to stay successful in the national as well as

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international market. In 1990, Howard Dresner, a famous business analyst, popularized small business intelligence as a significant term to demonstrate a set of ideas and factors that affect the overall performance of small businesses. SMEs' performance is mainly built on a basis of small business intelligence but combines it with the planning and management cycle of the enterprise with small business management, marketing, pricing, and goods innovation capabilities (Aymen, Alhamzah, & Bilal, 2019). Moreover, this theory also states that small business performance has three major activities including selection of practices, consolidation of marketing strategies, and interventions develop by managers based on the marketing capabilities to enhance overall performance (Nugraha & Hakimah, 2019).

The relationship between market intelligence capability and SME's international performance (IP)

MIC mainly refers to the company's capability and strength to forecast modifications in their business markets and then address in outcomes with overall marketing responses (Rakthin et al., 2016). According to Falahat et al. (2020) MIC majorly consists of forecasting the behavior of competitors, consumers, and various business stakeholders, and, as consequence, it secure company to develop better and effective international performance mainly by utilizing significant chances in business markets. Significant and effective MIC solves all types of market issues and challenges favorably and also give information about existing and potential clients and competitors which further affect the entire worldwide presentation of SMEs. According to Joensuu-Salo, Sorama, Viljamaa, and Varamäki (2018), the fundamental objective of MIC is to enhance the international as the global performance of small business mainly by making effective business decisions through product intelligence and other business aspects. The above relationship between MIC and IP of SMEs is supported by the theory of SME's performance because of the above theory state that SME's performance is directly related to intelligence capabilities like competitive and brand intelligence. Therefore, the research proposed the ensuing hypothesis.

H1: There is a favorable relationship between market intelligence capabilities and SMEs international performance,

The interplay between product innovation capability and SME's international presentation

Product innovation is the change, variation, and development in the established product. Innovation is the process that makes a change within already system or product with several changes and variations in style, color, designing, taste, structure, flavor, and so on (Najafi-Tavani, Najafi-Tavani, Naudé, Oghazi, & Zeynaloo, 2018). This brand innovation is widely accepted and the products become a success for the organization and a firm. SMEs find it a very positive step and this innovation leads them to the standard of quality and not only at the national level or the international markets accept these innovative products. Through the means of innovative products, the SMEs find new ways and markets to make their place (Dangelico, Pujari, & Pontrandolfo, 2017). To analyze the product innovation capability interplays a very positive and strong relationship that can lead the SMEs to a new world of success and the process of innovation not only provides opportunities of success and increase in the profits of the SMEs but also the economy of the country also leads to the establishment and progress.

H2: There is a significant correlation between product innovation capability and IP of SMEs.

The association between pricing capability and international performance of SME's

According to KanKam-Kwarteng, Gatsi, Donkor, and Acheampong (2018) pricing capability majorly refers to the organization's strength to regulate prices and terms mainly based on a consistent reflection of costs, client and consumer expectations, and competition in the marketing. Small organizations and businesses with an effective PC may attain significant and better international performance mainly through its strength to secure efficient client negotiations (Pratono, 2018). Accounted for few efforts on PC, proposing that organizations with more consistency and malleability in costing can also offer significant value for the capital deals which improves the entire global performance of businesses (Mu, Bao, Sekhon, Qi, & Love, 2018). Besides, the majority of the research results indicate that an organization's PC majorly leads to better multinational performance connected to less prices relative to its competitors. This relationship between PC and IP of SMEs is also upheld by the theory of SME's performance; according to this theory, effective pricing management directly influences the operational and financial performance of the business. Hence, based on the above arguments the paper recommends the below hypothesis.

H3: There is a significant correspondence between pricing capability and multinational performance of SMEs.

The relationship between marketing communication capability and international presentation of SME's

Marketing communication strategy (MCS) according to Valos, Maplestone, Polonsky, and Ewing (2017) incorporates different marketing resources and channels and tools in combination and also to focus on any way an organization communicates a message to its required market. MCC is an organization's capability to adopt methodologies and tactics to transfer the messages effectively and uniquely to current and prospective clients mainly about their offerings of services and brands (Pham, Le Monkhouse, & Barnes, 2017). Marketing communication is either direct or indirect to persuade the clients to give way in the profit through products and services, which according to (Wang & Kim, 2017; Nugraha & Hakimah, 2019) further enhance the worldwide performance of the company. Bruhn and Schnebelen (2017) indicate that a company with MCC leads to better international performance as compared with companies focusing completely on financial capabilities and strengths. The existing linkage between MCC and IP of SMEs is supported by the above theory of SMEs performance; the theory demonstrates that MCS helped a firm to manifest its brand advantages and benefits, hence, above findings leads to the development of below hypothesis;

H4: There is an effective linkage between marketing communication capability and the global performance of SMEs.

The mediating role of customer satisfaction in the linkage between market intelligence capability and SME's international presentation

Customer satisfaction (CSAT) is a concept typically used in the marketing of small businesses and according to Hussain and Phau (2016), it refers to how brands and service delivered by a small business surpass and meet customer expectations, Iqbal, Hassan, and Habibah (2018) state that CSAT is the number of customers and

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consumers, whose reported experience with the company, its services, and its products exceeds certain satisfaction objectives which affect the future performance of the company. Despite [Lussier and Hartmann \(2017\)](#) suggested that CSAT and loyalty are two different processes and concepts, [Iqbal, Ul Hassan, and Habibah \(2018\)](#) indicate that several companies try to gain effective CSAT and loyalty at the same time. Their research indicates that attaining both CSAT and loyalty benefits has significant and favorable impacts on the IP of small businesses. Moreover, many past efforts results conclude that SCAT plays a positive role in improving the existing marketing capability of firms which further leads to better IP of SMEs. Consequently, the above findings lead to the establishment of the following hypothesis.

H5: CSAT positively mediates the relationship between MIC and SMEs multinational accomplishment.

The mediating impact of customer satisfaction on the relationship between product innovation competence and international performance of SME's

[Le and Lei \(2019\)](#) Describe that the innovation competence refers to the capability of a firm to produce new brands and goods that have advanced features and characteristics to provide the customers the ease of use and reliability and gain their attention towards it. It has been defined by [Sulistyo \(2016\)](#) that innovative products with the characteristics according to the customer needs will result in enhancing the international performance of an organization. The [Fernando, Jabbour, and Wah \(2019\)](#) have stated that innovation may refer to produce new products or to enhance or improve the existing products. [Ganguly, Talukdar, and Chatterjee \(2019\)](#) have elaborated that innovative products, technologies, techniques, strategies, and tools result in the better performance rate of a firm. It has been supported by the theory of SME's performance that the performance of SMEs is based on the intelligence of an organization, and according to [Bahadur, Aziz, and Zulfiqar \(2018\)](#), the performance also depends on the management and planning cycle of a business. Thus, the research study recommends the following hypothesis:

H6: Customer satisfaction favorably mediates the nexus between product innovation capability and IP of SME's.

The mediating part of customer satisfaction in the relationship between pricing capability and international performance of SME's

It has been stated in the research conducted by [Keshavarz and Jamshidi \(2018\)](#) that the low price of a

product usually attracts the customers towards the product. [\(Abbas, Gao, & Shah, 2018\)](#) describes that the customers are more likely to buy low-price products with rich features and qualities. It has been described that even if a product is enriched with great qualities and is available at a low price but does not satisfy the customer, it is useless. It has been defined by [Santouridis and Veraki \(2017\)](#) that a product should be made according to the needs of the customers so that they can be satisfied and the satisfaction of the customer results in enhancing the SME's international performance. [Agyapong, Afi, and Kwateng \(2018\)](#) confess that the services and products are considered as the vital ingredients for the improvement and the advancement of the performance of a firm. It has been proved by the SME's performance theory that the overall performance can be modified with the MC and strategies of a firm. So, the above entire discussion leads to the development of below hypothesis.

H7: CSAT significantly mediates the correspondence between pricing potentiality and IP of SMEs.

The mediating role of customer satisfaction in the connection between market communication capability and SME's international presentation

CSAT is the key element in developing a successful market value and progress and it is the result of the extra efficiency of the organization to satisfy them with their product, services, and also proper care of their basic needs and requirements [\(Su, Swanson, & Chen, 2016\)](#). The satisfied customers are the certificate of success and also the ambassador of the product in society nationally and at the international level. The role of market communication is very essential in building such a satisfactory relationship between the customers and the market communication [\(Masnita, Yakub, Nugraha, & Riorini, 2019\)](#). This capability of communication with the customers is a very positive and strong link to make a successful process of production [\(Imran, Hamid, Aziz, & Hameed, 2019\)](#). The value of CSAT is very crucial and important for the development and progress of companies and firms. The satisfied customer creates links and makes them aware of their good points and weaknesses also. This positive behavior of the customers ensures the SME's success to represent their services or products at the international level. Therefore, the present research suggests the following hypothesis.

H8: CSAT significantly mediates the association between market communication competence and IP of SMEs.

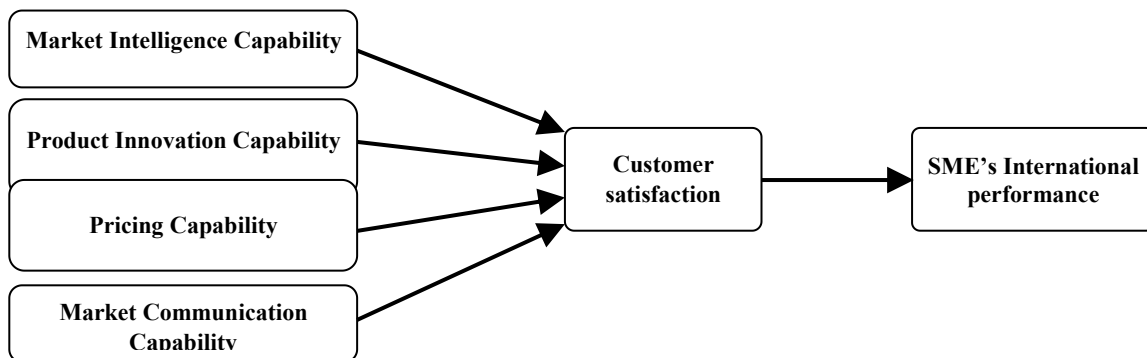


Figure 1. Research Framework

METHODOLOGY

Data

This study was led in account of competition that has amplified the pressure on pharmaceutical small and

medium enterprises. Focused population in current study is small and medium enterprises who are also involved in international level located in Indonesia. To scrutinize the research model of this study a purposive sample was

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recruited to gather data to explore the impact of marketing indicators such as market intelligence capability, production innovation capability, pricing capability and marketing communication capability on pharmaceutical SME's performance. On the basis of purposive sampling technique those pharmaceutical enterprises were selected that are active in international activities and have at least 25% of exports sales. The study incorporated the Indonesian chamber of commerce directory as the sampling frame because most exporters of pharmaceutical products are members of Indonesian chamber of commerce. The sample of 438 employees from SME's population in Indonesia was drawn that fulfilled sample size requirements and specifications. These employees were engaged in pharmaceutical export activities. For administration of research a self-administrative questionnaire tool was advanced, this questionnaire was prepared by researchers after a session with executives and top managers of 5 pharmaceutical SME's that have been exporting for last many years to identify the potential issues in Indonesian pharmaceutical SME's context. The questionnaire was pre-tested with a group of 5 enterprises managers and employees to check is there any change that is needed. On the basis of responses from this pilot group minor changes were made in questionnaires. Then 1000 paper copies of this questionnaires were circulated in chosen pharmaceutical SME's through Surveyors that were responsible for distribution and collection of questionnaires. 685 questionnaires were collected from these firms in 3 weeks, after collection questionnaires were scanned or scrutinized to fetch most appropriate responses for further research work. Finally, 438 valid responses were reserved for analysis.

Measurements of variables

Different measurements were used to verify research variables that were mechanized after comprehensively reviewing previous literature. Those scales were used that have already tested in previous in order to support this research. A five-point Likert scale was operationalized for recording responses regarding each variable which classified response on different scale like 1=strongly disagree, 2= disagree, 3=neutral, 4=agree and 5= strongly agree. The questionnaire was divided into two sections, 1st sections contained questions regarding company and employee information and 2nd section was dedicated to questions related to proposed variables. Different marketing indicators were evaluated in this study such as market intelligence capability, Marketing communication capability, Product innovation capability, and Pricing capability. These Marketing indicators was measured by applying Pham et al. (2017) scale. The scale has 16-items; 5 items were adopted to measure market intelligence capability including a sample item is "Enterprise has the ability to learn quickly about changes

in regulations of export markets" this items was rated on five Point-Likert scale with composite reliability $\alpha = 0.925$.

Marketing communication capability evaluated by 4 items of which one item is "The ability to manage export marketing communication programs" which showed 0.914 as composite reliability, in addition 3 items were used to examine Product innovation capability for example "The ability to develop new products/services for export markets" this variable yielded CR= an 0.937d Pricing capability was operationalized by 4 items from the same scale for instance "The ability to respond quickly to export competitors' pricing actions" this put forward 0.879 as composite reliability. Respondents rated SME's marketing capabilities on 5 Point-Likert scale 1= very poor and 5= very good. Estalami, Maxwell, Martín-Consuegra, Molina, and Esteban (2007) scale was opted for measurement of the mediating variable of customer satisfaction, from which three items were drawn and altered like "customers have good experience with our enterprises" this variable was recorded by participants on five-point Likert type scale 1=Not satisfied at all and 5= Very satisfied, with 0.925 as composite reliability. SME's international performance is weighed by 8 items driven from Falahat, Knight, and Alon (2018) with modification as well "Entering new market segments in international market" on 5-point scale ranging from 1= much worse and 5=much better, results showed CR= 0.925 for pharmaceutical SME's international performance.

Data analysis

For data analysis structural equation modeling technique is operated to validate and test hypothesis. Descriptive statistics, Conformity factor analysis, Rotated Component Matrix were run on data to check sample adequacy, data reliability and hypothesis relationship. All these statistical tests were operated on AMOS and SPSS.

RESULT AND ANALYSIS

Respondent details

Out of a total of 438 participants 242 were males, demonstrating 55.3%. The remaining 196 were female, representing 44.7%. So, it shows that male employees are more in quantity than females, but female are also coming in this field. A significant 43.4% of the participants were between the ages of 25 and 35 years. Moreover, 136 respondents (31.1%) were younger than the age of 25 years, followed by 21.9% between the ages of 35 to 45 years and 3.7% were older than 45 years of age. From age it is observed that most of SME's have young workforce. In terms of experience, 16.2% of the respondents have less than 2-year experience, 43.2% have 2 to 5 years' experience, 31.5% have 5 to 8 years' experience, and 9.1% have more than 8 years' experience.

Table 2. Descriptive Statistics

Construct	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
MaIntCap	438	1.00	5.00	3.5360	1.13969	-.467	.117
ProInnCap	438	1.00	5.00	3.3486	1.15129	-.436	.117
PriceCap	438	1.00	5.00	3.1884	1.05426	-.163	.117
MaCoCap	438	1.00	5.00	3.2631	.98601	-.313	.117

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SMEINPe	438	1.00	5.00	3.5208	1.15591	-.547	.117
CustoSat	438	1.00	5.00	3.1885	1.18403	-.260	.117
Valid N (listwise)	438						

Descriptive Statistics

According to Pallant (2020) first of all descriptive analysis must be conducted before further analysis. So this study also demonstrated Descriptive Statistics for proposed variables to quantify data sample basic features. N shows number of observations which is four hundred and thirty-eight in this survey. No outlier is detected between variables as all the values are in between standardized maximum and minimum value of 1 and 5.

Mean values for market intelligence capability, Product innovation capability, price capability and marketing communication capability are 3.536, 3.349, 3.188 and 3.263. Responses for Customer satisfaction and SME's international performance exhibited 3.5208 and 3.1885 as mean value respectively. The skewness measures test normality of the data. This table also indicate skewness that lie between -1 and +1.

Table 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.934
Bartlett's Test of Sphericity	Approx. Chi-Square	12914.846
	Df	351
	Sig.	.000

KMO and Bartlett's Test

KMO and Bartlett's Test verifies the competency of sample size advanced in this paper. The outcomes are presented in Table 2. Value of Kaiser-Meyer-Olkin Measure of Sampling Adequacy is .934 which is tending

towards 1 that backups adequacy of sample. From .000 significances which is not above 0.05 and degree of freedom of 351 it is determined that sample is sufficiently adequate.

Table 4. Rotated Component Matrix

Items	Component					
	1	2	3	4	5	6
IC1		.780				
IC2		.795				
IC3		.839				
IC4		.900				
IC5		.900				
PI1						.776
PI2						.774
PI3						.814
MC1			.791			
MC2			.870			
MC3			.832			
MC4			.780			
PC1				.732		
PC2				.744		
PC3				.789		
PC4				.826		
INP1	.831					
INP2	.850					
INP3	.824					
INP4	.890					
INP5	.906					
INP6	.896					
INP7	.902					
INP8	.881					
CS1					.836	
CS2					.863	
CS3					.849	

Rotated Component Matrix

Rotated Component Matrix is a statistical tactic to approximate correlation between all variables, for which quantitative outcomes are outlined in table 3 in form of factor loading signifying the correspondence of variables

through confirmatory factor analysis. Six variables were anticipated in research framework for which 27 items were utilized. All these items went through testing to get factor loading. Variables of current model are market intelligence capability, price capability and Marketing

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communication capability. Intelligence capability with 5 items from IC1 (.780) to IC5 (.900), Product innovation capability with 3 items from PI1 (.776) to PI3 (.814), 4 items of price capability from PC1 (0.732) to PC2 (0.826), 4 items of Marketing communication capability MC1

(.791) to MC4 (.780), customer satisfaction CS1(.836) to CS3(.849) and the SME's international performance with 8 items from INP1 (.831) to INP8 (.881). Factor loading of each is visibly greater from 0.7 free from any loading issue is evidencing that variables are correlated.

Table 5. Convergent and Discriminant Validity

	CR	AVE	MSV	CS	IC	PI	MC	PC	INP
CS	0.925	0.804	0.526	0.897					
IC	0.925	0.716	0.214	0.202	0.846				
PI	0.937	0.832	0.526	0.725	0.318	0.912			
MC	0.914	0.727	0.350	0.341	0.358	0.414	0.853		
PC	0.879	0.647	0.350	0.324	0.463	0.470	0.592	0.804	
INP	0.925	0.832	0.258	0.466	0.352	0.508	0.462	0.471	0.912

Convergent validity

Convergent Validity is figured out to show the relatedness of measures. In table 4 calculations of composite reliability (CR) and Average Variance Extracted (AVE) are demonstrated. According to the results product innovation capability perceived to be highly related due to its maximum composite reliability 0.937 approving internal uniformity. While price capability grips lowest composite reliability of 0.879 among current variables. Besides composite reliability,

Average variance extracted is also calculated, maximum AVE is assessed for product innovation and SME's international performances which is 0.832 for both. It is evident that the CR values are above 0.7 and values AVE are exceeding 0.5 which approved data Convergent. The discriminant validity is also computed to see which variable is different and un-related to rest of variables for which are lay out in diagonal form which shows that all variables are disarmingly valid except product innovation and international performance.

Table 6. Model Fit Indices

CFA Indicators	CMIN/DF	GFI	IFI	CFI	RMSEA
Threshold Value	≤ 3	≥ 0.80	≥ 0.90	≥ 0.90	≤ 0.08
Observed Value	2.782	0.870	0.958	0.958	0.064

Model Fit Indices

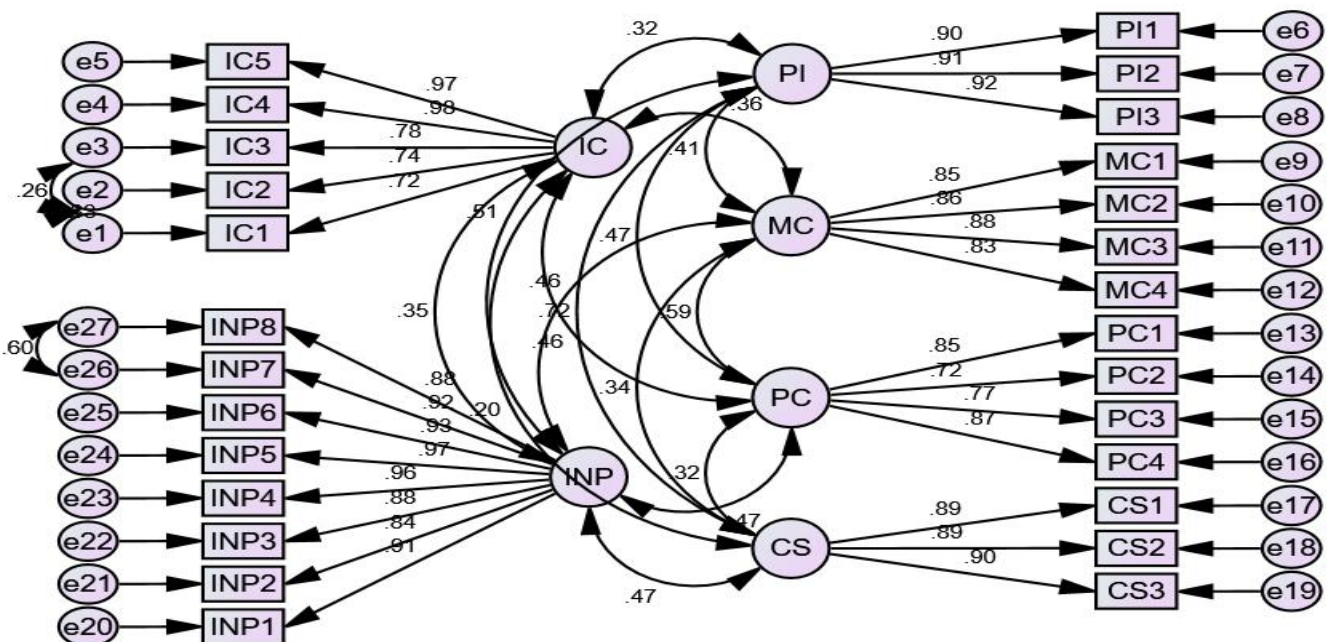
The model fitness is used to investigate the model fitness for sample, which is determined on the basis of the CMIN,

CFI, IFI, GFI and RMSEA outcomes. As table 5 displays that observed values are in limit of threshold ranges. Consequently, the model is specified to be fit.

Figure 2. CFA

Table 7. Structural Equation Modeling

Total Effect	MaCoCap	PriceCap	ProInnCap	MaIntCap	CustoSat
CustoSat	.058	.132**	.496**	.075	.000
SMEINPe	.107*	.194**	.293**	.184**	.165**



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Direct Effect	MaCoCap	PriceCap	ProInnCap	MaIntCap	CustoSat
CustoSat	.058	.132**	.496**	.075	.000
SMEINPe	.098*	.172**	.211**	.171**	.165**
Indirect Effect	MaCoCap	PriceCap	ProInnCap	MaIntCap	CustoSat
CustoSat	.000	.000	.000	.000	.000
SMEINPe	.010	.022*	.082**	.012	.000

Structural Equation Modelling

Structural Equation Model checked hypothetical relationship of current research model to see which variables are significant and which one is insignificant. It can be deduced that all hypotheses are significant in view of results. It is detected that uprising market communication capability with one unit cause direct increase of 5.8% in customer satisfaction and 9.8% in SME's international performance, similarly unitary change in price capability drives customer satisfaction to be increased by 13.2% and international performance by 17.2 %. Moreover, 49.6% of increase in customer satisfaction is noted due to unit addition in production

innovation capability, along with 21.6 % rise in international performance. One percent change in Market intelligence capability has lead customer satisfaction and SME's international performance to be enhanced by 7.5% and 17.1% respectively. Thus, all hypotheses are accepted due to significant impact on international performance of SME's. On other hand, direct effect of marketing indicators through customer satisfaction as mediator are found to be significant as unitary change in them cause upsurge in SME's international performance by 10%, 22%, 82% and 12% respectively so these hypotheses were approved.

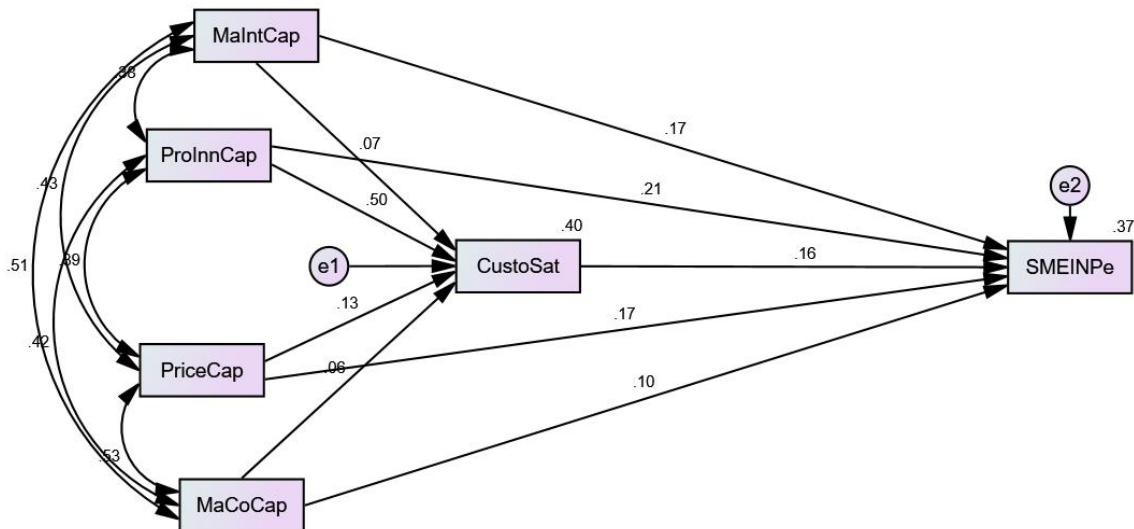


Figure 3. SEM

DISCUSSION AND CONCLUSION

The findings exposed that market intelligence capability, product innovation capability and pricing capability as crucial competences that lead to improved international performance of Indonesian pharmaceutical exporting SMEs. Said otherwise, international performance of Indonesian pharmaceutical SMEs is sustained by the enterprises' market intelligence, ability to innovate their products according to market trends, setting reasonable prices and communicating it products and services to customers. For validation of this study research model and projection related to market indicators, customer satisfaction and pharmaceutical SME's international performance various hypotheses are anticipated. First hypothesis (H1) examined link between market intelligence capability and pharmaceutical SEM's international performance, results showed a significant link between these variables as market intelligence helps organization to get information from international market to notice what is happening in market? From which they can make better decisions. [Yap, Cheng,](#)

[Mohamad Hussain, and Ahmad \(2018\)](#) study support this finding as they also depicted positive impact of market intelligence capability on small and medium enterprises performance. In second hypothesis (H2) relationship between product innovation capability and pharmaceutical SME's performance is checked which is declared to be significant by results. It is indicated that if firm is capable of innovating products than it will be able to perform very well in international exporting markets. Our anticipation is reliable to [Lee, Lee, and Garrett \(2019\)](#) that emphasize that product innovation increases any firm performance. Third hypothesis (H3) is established for price capability and pharmaceutical SME's performance, it was found that price capability significantly influences pharmaceutical SME's performance. It clarifies that pricing is very important for sustaining small and medium sized enterprises performance in international market. [Pham et al. \(2017\)](#) findings also shed light on importance of export pricing capability for greater performance by showing positive relationship between pricing capability and firm

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performance. For authentication of market communication capability and pharmaceutical SME's performance internationally.

Fourth hypothesis (H4) is developed, SEM confirmed a significant relationship among market communication capability and pharmaceutical SME's performance as effective marketing communication such as advertisement, branding and promotion tend to enhance pharmaceutical SME's reputation that consequently excites SME's overall international performance, which is also stated in [Shin, He, and Kim \(2016\)](#) research which indicated that market communication positively affect pharmaceutical SME's performance. Fifth hypothesis (H5) which was proposed to evaluate the moderating effect of customer satisfaction on market intelligence and pharmaceutical SME's performance. This study discovered positive association between these two variables through customer satisfaction, by addressing evolving customers' needs and demand firm satisfy its customer that also enriches performance of pharmaceutical SME's. [Rakthin et al. \(2016\)](#) showed that managing market intelligence can support customer satisfaction. The mediating role of customer satisfaction in relation to product innovation and pharmaceutical SME's performance is also hypothesized in (H6) that is also accepted due to its significant impact on small and medium sized enterprises of Indonesia. Modifying products or introducing new products that are innovative tends to satisfy customers varying needs. When customers are satisfied with export of innovative products than pharmaceutical SME's performance will be improved ([Rubera & Kirca, 2017](#)). Seventh hypothesis is generated to explore how customer satisfaction mediates the relationship between price capability and pharmaceutical SME's performance which turned out to be significant because today's customer wants value at reasonable price, so setting appropriate price that is affordable increases customer satisfaction level subsequently leading these firm's performance ([Razak, Nirwanto, & Triatmanto, 2016](#)). Final hypothesis is also confirmed to be significant as customer satisfaction mediates market communication capability and pharmaceutical SME's international performance this is partially referred to [Pham et al. \(2017\)](#) study.

In the shadow of current findings, we can conclude that marketing indicators and customer satisfaction play an important role in ensuring small and medium sized enterprises performance. Therefore, effective marketing capabilities are critical for performing in international markets. This study has provided many useful and productive insights both for academic's researchers and business practitioners. Specifically, its theoretical implications in Indonesian context cannot be ignored. It brings role of marketing capabilities such as intelligence, communication, pricing and product innovation into pharmaceutical SME's executives and management attention. Thus, managers can plan out effective marketing strategies to increase their export activities that will also benefit its performance. Setting aside the contributions of this study there are various shortcomings that call for future attention the main shortcoming is that it has just involved employees of pharmaceutical SME's which restricts the generalization of findings as customer's views are not considered, so it is advised to include customer as well. Other variables such as customer retention and network capability in future studies.

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