

ORIENTATION AND SENSING BASED DRIVERS TO ENHANCE MARKETING PERFORMANCE OF INDONESIAN PHARMACEUTICAL SMES: MEDIATING ROLE OF MARKET PIONEERING

Endang Sulistya Rini^{1*}, Yeni Absah¹, Isfenti Sadalia¹

¹Faculty of Economics and Business, Universitas Sumatera Utara, Medan, Indonesia.

*Corresponding Email: endang.sulistya@usu.ac.id

Abstract

In the shadow of increased number of pharmaceutical small and medium sized enterprise in Indonesia, which has given rise to immense competition, management must constantly provide greater value in order to preserve a competitive position and market share. This study discovers how two noticeable market strategies such as market orientation and market pioneering influence a pharmaceutical SME marketing performance. Specifically, it was scrutinized how market pioneering mediates the interaction between market-oriented dimension and market performance. A questionnaire survey in a purposive sample of 423 top managers from pharmaceutical small and medium sized enterprises, data was analyzed by operating structural equation modeling, statistical analysis showed that proactive market orientation, responsive market orientation and market sensing capability are significantly related to marketing performance and are crucial to maintain firm performance. This study also spells out that market pioneering mediates orientation drivers (responsive, proactive orientation, sensing capability) and marketing performance. This paper is added in existing literature that provides delivers new insights for market orientation by exploring the inter connection of market performance and market pioneering. It provides broader understanding of market responsive pro-activity. It facilitates managers in devising market-oriented strategies.

Keywords: Market Orientation, Market Sensing Capability, Market Pioneering, Marketing Performance, Pharmaceutical SME's, Indonesia

Corresponding Email: endang.sulistya@usu.ac.id

Introduction

A superior value of an organization can be obtained with the help of strategic orientation that maintains a strong position of the firm in the market for a long time (Beliaeva, Shirokova, Wales, & Gafforova, 2018). Strategic

orientation leads to market pioneering (MP) and the enhanced performance of an organization (Widiyanti, Sadalia, Zunaidah, Irawati, & Hendrawaty, 2019). The given graph has illustrated the importance of marketing performance through different indicators.

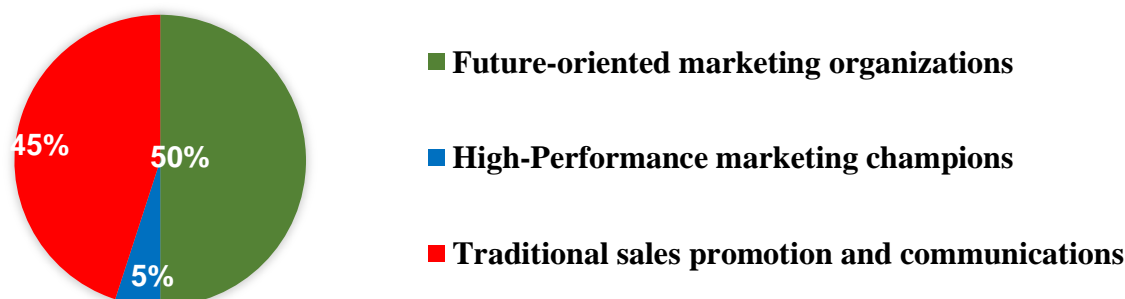


Figure 1. Marketing performance indicators in Indonesia.

The behavioral and cultural magnitudes of the proactively of marketing and their association positively affect the performance of a firm. MP plays a vital role in the growth of a business and sales per employee (Mu, Thomas, Peng, & Di Benedetto, 2017). According to Al-Henzab, Tarhini, and Obeidat (2018), the technological orientation of an organization is correlated with market pioneering and

proactive market orientation. There is a direct impact of MP on the growth rate, sales per employee, and the proactive market orientation that results in the advancement and improvement of the SMEs in Indonesia (Saebi, Lien, & Foss, 2017). The below table enlists some important marketing sensing approaches used by different SMEs in Indonesia.

Table 1. Market sensing approaches

Sensing approach	Dimensions of sensing
Information	Organizations worldwide responsiveness, obtain information, intelligence generation, use market data.
Capabilities	Learning orientation, marketing information, or firm system and firm communication.
Resource	Action, scanning, and interpreting.

The main focus of pharmaceutical SMEs of Indonesia is not on the market pioneering, and they emphasize rules instead of solving a problem and do not move towards new ideas and innovative technology (Sahi, Gupta, & Lonial, 2018). The technological orientations of pharmaceutical SMEs are not that advanced that can help in avoiding multi-collinearity problems (Prabowo, Rahadi, & Alamanda, 2017). There is a lack of innovative technology that does not enable the pharmaceutical SMEs of Indonesia to develop the products according to the needs and requirements of the customers to satisfy them (Ramli, Latan, & Solovida, 2019). There are different factors that have led to the increase in the growth of pharmaceutical sector in Indonesia. This rapid growth of this particular sector might be the result of expansion in the product ranges and increase in demands of the pharmaceutical products. According to the statistics, it has been found out that almost 75% needs of medicine in Indonesia is fulfilled by the domestic companies of pharmaceutical products. The remaining 25% needs are fulfilled by the foreign pharmaceutical companies. Kalbe Pharma is the largest pharmaceutical domestic firm and it has the 15% share in the total market. In addition, other companies such as Bayer, Pfizer and GlaxoSmithKline take up the total of 8% share of market. However, a negative aspect is that most of the raw materials required for the production of pharmaceutical products are imported from other countries. However, regulations and policies are being made to cope with this issue. By 2017, many of the multinational pharmaceutical producers have taken more interest in the development of industries and companies in pharmaceutical sector of Indonesia. This increase in the development of this sector requires more research to better understand different aspects related to it so that the better policies and regulations can be developed.

The exclusive appearance of marketing achievement and market sensing has been considering acquiring attention from the research scholars for the past few years (Ardayan, 2016; Yolanda, Yakub, & Nugraha, 2019). Nonetheless, it is noted that even now a market capability gap remains in the small business operations as the number of businesses functioning as successful firms, though, on the rise is yet lower as compared to another type of businesses (Febrian, Sukresna, & Ghozali, 2020), endorsed that to address and fill this gap, the dependent factors influencing the overall performance of small businesses need to be analyzed in detail as well as in a positive way. Since the researches on the marketing performance of pharmaceutical SMEs are sparse and narrow, therefore study needs to be conducted on SMEs and other small businesses of the developing nations (Hendar, Ferdinand, & Nurhayati, 2017). A study by Hanfan and Setiawan (2018) completed empirical research to investigate the analytically evaluated antecedents and results of the marketing capabilities of pharmaceutical SMEs and also praised further investigation into these marketing variables. Therefore, the current study is new and justified in understanding the mediating part of the marketing variable of pioneering. In line with the above justification, this paper

has the following objectives;

- The premier target is to evaluate the exclusive impact of responsive market orientation (RMO) on the marketing performance in pharmaceutical SMEs of Indonesia.
- The second ambition is to investigate the relationship between marketing sensing capability (MSC) and marketing presentation in pharmaceutical SMEs of Indonesia.
- The third aim is to analyze the overall impact of proactive market orientation (PMO) on the marketing functioning in pharmaceutical SMEs of Indonesia.
- The fourth objective is to determine the mediating part of market pioneering in the correspondence between RMO and market presentation in pharmaceutical SMEs in Indonesia.
- The fifth target is to evaluate the mediating impact of market pioneering on the interrelation between MSC and market attainment in pharmaceutical SMEs of Indonesia.
- The final goal is to examine the mediating influence of market pioneering the connection between PMO and marketing administering in pharmaceutical SMEs of Indonesia.

The average work is performed by many researchers about the marketing strategies and the source that can play a significant role in the progress and development of the market of Indonesia. But the focus of the current study is to analyze the demand of the orientation-based drivers that can work to enhance the working ability and significance of proactive marketing. The researcher has evaluated the market strategies and the innovation adopted by marketers to enhance market performance. This study is very helpful and has a significant value in the field of research. This is a piece of very significant evidence and work creating variation for the researchers of the future and also for the marketing strategies planners, owners of organizations, and also the management of the businesses not only in Indonesia but global significance and value.

Literature review

2.1 Theory of Proactive marketing

According to this theory, which was originally proposed by Michael Porter says that proactive organizations use marketing strategies and competencies to see what will contribute to significant marketing performance (MP) (Whitler & Farris, 2017). Being proactive means responding in anticipation of future performance, needs and modifications. According to Brege and Kindström (2020), proactive marketing strategies is much more than just a procedure it is a marketing approach that allows marketing profts to be data-driven, agile, real-time and executable to the ever-changing requirements of both existing and future MP of the business. According to this theory, PM strategies allow an organization to develop more engaging chances and acquire more value out of each aspect on a more significant level (Spears, Taddeo, & Barnes, 2018). Besides, it encompasses all types of marketing, also focusing on developing processes and marketing strategies with detailed forecasting of impact,

Orientation And Sensing Based Drivers To Enhance Marketing Performance Of Indonesian Pharmaceutical Smes: Mediating Role Of Market Pioneering

influence, and metrics of marketing success. In general, being proactive according to this theory means benchmarking in real-time, evaluating the information on the go and optimizing strategies for significant entire product value and worth, incorporates marketing effective plans to identify what will contribute to favorable performance (Bashir, Yousaf, & Wani, 2016).

2.2 The relationship between responsive market orientation and marketing performance

Market orientation (MO) according to Mac and Evangelista (2018), is a concept to a business that mainly used to prioritizes determining the expectations and needs of the customers and then adopting effective marketing strategies that satisfy customers. MO is a responsive and consumer-centered phenomenon to good design and it mainly includes research aimed at examining what customer's views as their quick requirements, basic concerns, and personal choices within a certain product and service range which directly affects the responsiveness level of the firm to develop efficient marketing plan (Najafi-Tavani, Sharifi, & Najafi-Tavani, 2016). A company with responsive MO enables one to effectively focus on its product development efforts with the properties that are most in-demand and also have a direct impact on the MP of the company (Herhausen, 2016). With an improvingly global economy and the proliferation of selections for customers, small businesses adapt to a responsive MO to stay competitive in terms of MP. Furthermore, a business with RMO reveals a significant culture and actions that are sustainable with the MP and marketing concept and the marketing strategies puts the client at the bottom stage of the company which directly improves the MP of the company (Kocak, Carsrud, & Oflazoglu, 2017). The theory of proactive marketing supports this relationship because according to this theory responsiveness promotes a long-term connection between the company and effective performance. Hence, the present research effort proposed the following hypothesis;

H1: There is a significant correspondence between responsive market orientation and marketing achievement.

2.3 The correspondence between market sensing capability and market presentation

Market sensing (MS), according to Murray, Lynch, and Foley (2016), is the combination of practices that facilitate the management of the business in forecasting the external market changing and requirements effectively. In other words, MS is a significant and exclusive ability of an organization that is mainly used to the marketing changes with forecasting processes that leverage new mathematical techniques and near real-time data to develop an accurate forecast of customers' needs which further influence the process of MP (Demirel & Kesidou, 2019). Traditionally, MS accuracy is mainly based on time series methods that develop a forecast based before sales data and draws on many years of information to give useful insights into predictable seasonal patterns that help businesses in developing long terms plans that further influence the process of performance (Ndambuki, 2018). MS is fundamentally different in that because according to Ardyan (2016), it incorporates a much broader category of needs signals mainly including existing data from the supply chain and also different processes to develop a more effective

forecast that responds to better performance in terms of marketing aspects of the business. The linkage between MSC and MP is also upheld by the theory of proactive marketing because according to this theory MS rapidly responds to all the market concerns (Ali & Selvachandran, 2017). Therefore, in the line of the above consideration, the analyst suggests the following hypothesis;

H2: There is a positive relationship between marketing sensing capability and market presentation of businesses.

2.4 The relationship between proactive marketing orientation and market performance

The proactive marketing orientation is a very positive strategy as it helps the marketers and managers to keep observation and an up to date information and evaluation about the product purchase and the response of the customers and also to keep in mind the supply and production maintenance thoroughly (Ozdemir, Kandemir, & Eng, 2017). This proactive marketing orientation helps the managers to manage all activities for better performance internally as well as externally so that the organization may achieve success and compete with the rivals. Chahal, Dangwal, and Raina (2016) illustrates that this up to date performance of the proactive marketing strategy enhances the market performance. All issues regarding market supply, customers demand their point of view about the product, customer preference of the product, production, and supply system availability and also the performance of the employees with a positive attitude and response (Nugraha & Hakimah, 2019). The demand and the supply make the process of marketing goals obtained and the managerial activities follow the steps to make this process of demand and supply with all possible means of sources to maintain the level and production and thus the economy of the country increases and also better opportunities for the marketers to develop their business on the international market (Papadas, Avlonitis, & Carrigan, 2017). The study evaluates that the relationship between proactive marketing orientation and marketing performance is very crucial and demand for modern marketing.

H3: Proactive market orientation positively influences the marketing performance of businesses.

2.5 The mediating impact of market pioneering on the interrelation between responsive market orientation and marketing presentation

The association between market pioneering and organization MP has been the focus of favorable interest in the academic literature (Gotteland, Shock, & Sarin, 2020). However, market pioneering has higher premier costs as well as challenges and risks of failure (Otto, Szymanski, & Varadarajan, 2020), favorable proves to recommend that, relative to their challengers, pioneering businesses are frequently able to prevent limited resources, manage proprietary information, incorporate specialized power and attain higher economies of scale (Pirayesh & Karami, 2017), which certainly affect the level of responsiveness. According to Han, Kang, Oh, Kehoe, and Lepak (2019), a business can create itself as the market pioneer mainly by being the first to offer a brand or service, in this way, the MP of the business can be improved. Besides, the brand and service must be attractive enough to attract a customer base and then the business must keep on a significant level of customer preferences to maintain pioneering which affects the

Orientation And Sensing Based Drivers To Enhance Marketing Performance Of Indonesian Pharmaceutical Smes: Mediating Role Of Market Pioneering

responsiveness level of the business which positively affect the exclusive MP of the firm, thus, the current research paper suggests the below hypothesis;

H4: Market pioneering significantly mediates the interdependence between RMO and the marketing performance of SMEs.

2.6 The mediating role of market pioneering in the association between market sensing capability and marketing performance

Market sensing capability is the process in which an organization is quick to realize the demand for the product supply of the product, a quick observation of the customer's behavior and response, and to design a rapid entry strategy to compete for the rivals in the market. This market sensing capability has a very close association in making market performance level with all possibilities quick responsive and reliable with a continuous process. In this regard, the pioneers of markets play such strategies to keep the new entry out and for this purpose, they develop such policies and also steps so that the market value and the customer ratio may not get low. The market pioneers on the other hand are just examples for the new entries to adopt such strategies and innovations in the field of marketing. Therefore, the research proposes the following hypothesis;

H5: Market pioneering favorably mediates the interrelation between MSC and MP of the businesses.

2.7 The mediating part of market pioneering in the interrelation between proactive market orientation and marketing achievement

Market pioneering has a positive impact on the R&D personnel, effective marketing achievement, organizational success, and proactive marketing achievement. It has been described by the Sugiyarti and Ardyan (2017) that when a firm enters the area of new products or innovative products proactively, it is considered as the market pioneer. It has been proved by the proactive marketing theory that marketing performance depends on marketing strategies and plans. The study conducted by Liang and Frösén (2020) has stated that the proactive market orientation refers to the innovative technology, products, and opportunities even if they are part of an organization or not. It has been explained by (Jermisittiparsert & Pithuk, 2019) efficiently that a climate is established by an organization where new products are developed, and new ideas are generated, plus new technologies are used to enter new markets. Additionally, the market pioneering and proactive market orientation results in increasing the level of marketing achievement of an organization (Hao & Song, 2016). A firm needs to understand the market environment and change in the technologies to develop the products according to the present environment to achieve the marketing goals efficiently.

H6: Market pioneering significantly mediates the relationship between PMO and market performance.

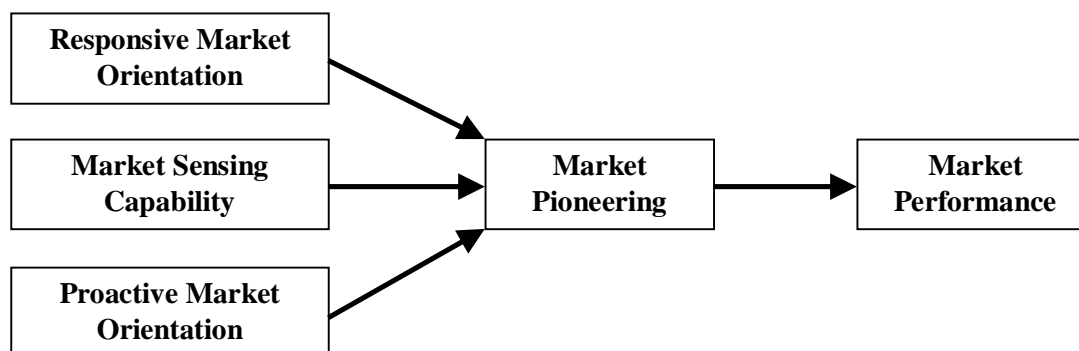


Figure 2. Research Framework

Methodology

3.1. Study context and sample

The proposed hypotheses in this study were verified by conducting a survey of a purposive sample of Indonesia pharmaceutical enterprises of small and medium sizes. For assortment of data, the pharmaceutical SME's were directed as it is largest part of economy in Indonesia. To take into account the current status of these pharmaceutical enterprises in terms of marketing strategies and capabilities, heads and top managers of few pharmaceutical SME's in Jakarta, Surabaya, Bandung, and Bekasi were contacted. In view of context of study, it was compulsory that participants have a comprehensive idea of firm's strategies. So, executives and top managers of these enterprises were considered appropriate to take part in survey for this study. Because members at this level are aware of organizational structure and more qualified to give reliable views. Referring to published and public information from ministry of minor, small and medium sized enterprises, contact information for executives and top managers was collected from 150 small and medium companies. For fetching responses from these participants a self-reporting online

questionnaire was industrialized, which was distributed through email that has a link to the questionnaire by Qualtrics. Participants information was kept confidential. Follow-up emails were also sent for timely data collection. Of the 1250 respondents e-mailed, 213 e-mails failed due to incorrect contact information. Primarily received 587 responses showed a response rate of 45.1 %. However, 110 responses were having incomplete data related to questions and 54 were entered doubled so only 423 responses were strained which could go under statistical analysis.

3.2. Measures and scale refinement

The questionnaire is designed on scale that have been mentioned in previous researches with necessary alteration in view of the current research. The scales were urbanized to measure responsive market orientation, marketing sensing capability, proactive market orientation, market pioneering and marketing performance. Narver and Slater (1990) market orientation Scale was embraced to amount the responsive market orientation among these firms. This scale contained six items, one of the items is "We closely

Orientation And Sensing Based Drivers To Enhance Marketing Performance Of Indonesian Pharmaceutical Smes: Mediating Role Of Market Pioneering

monitor and assess our level of commitment in serving customers' needs". Participants pointed out the responsiveness of markets on a 5-point scale where 1=strongly disagree and 5= strongly agree. Cronbach Alpha demonstrated 0.947 a high level of consistency. The proactive market orientation Scale advanced and validated by Narver, Slater, and MacLachlan (2004). Seven items were reformed to check firm ability to response markets needs timely by asking "We continuously try to discover additional needs of our customers of which they are unaware". Participants specified the proactive approach on a 5-point scale 1=strongly disagree and 6=strongly agree. High scores represented high levels of lack of work control by indicating $\alpha=0.924$.

The marketing sensing capability was evaluated by 5 items from Cohen and Levinthal (1990) including "Our company acquire and use market information" that was recorded on five-point Likert scale ranging from 1=strongly agree and 2=strongly disagree. With composite reliability of 0.910. The items for market pioneering were invented from Covin, Slevin, and Heeley (2000) study on Pioneers and followers. Three items were generated to check either these firms are market pioneer or follower such as "We compete heavily on the basis of being first-to-market with new products. Managers labelled the variable on a 5-point scale showing 1= never and 5=several times. Scores confirmed high

level of reliability as Cronbach alpha=0.908. Anand and Ward (2004) scale on marketing performance was considered appropriate to advance items for market performance of SME's, total 5 items are adjusted in current study for example "our firm's market share is greater in comparison to your main competitors" which was graded on 5 point Likert scale putting forward high reliability with CR=0.955.

Results and Analysis

By incorporating purposive sampling technique total 432 executives and managers at top levels across Small and medium sized manufacturing, agricultural and construction companies in Indonesia were counted in sample from registered SME's. Deliberating to demographic analysis 239 top managers out of 432 informants were male, and 193 were found to be female that intimated rule of male members and we can postulate that relatively less female footing these positions in Indonesia. In terms of Age 31.1 % have age below 25 years of age, further 42.8% have age of 25 to 35 years, 22.2% fell between age range of 35 to 45 years and only 3.7% have age above 45 years. 184 top managers and executives have been engaged in these SMEs for at least 2 to 5 years, 137 participants have been worked for more than 5 and less than 8 years and only 40 have 8 years of experience.

Table 2. Descriptive Statistics

Construct	N	Minimum	Maximum	Mean	Std. Deviation	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
ResMarOri	432	1.00	5.00	3.2164	1.04514	-.189	.117
MarSenCap	432	1.00	5.00	3.3717	1.00587	-.366	.117
ProMarOri	432	1.00	5.00	3.5241	1.16809	-.555	.117
MarkPerf	432	1.00	5.28	3.4393	1.12536	-.509	.117
MarkPion	432	1.00	5.00	3.5571	1.14335	-.568	.117
Valid N (listwise)	432						

Descriptive statistics in table 1 is precis of possessions of current study sample qualities in form of statistics values. N in table indicates number of observations, in this study it is 432, all values Minimum 1 and maximum 2 which doesn't exceed settled range in addition it is unrestricted from outlier and differences. The mean value for projected constructs which are responsive market orientation, market sensing capability, proactive market orientation, market performance and market pioneering are as follow in same order 3.216, 3.372, 3.524, 3.439 and 3.557. To test the normality of data skewness values are considered, here these values are in range of -1+1 confirming normal distribution.

Table 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.943
Bartlett's Test of Sphericity	Approx. Chi-Square	12400.599
	df	325
	Sig.	.000

Table 2 contains estimated values of KMO and Bartlett's Test donating the appropriateness of sampling size. Kaiser-Meyer-Olkin Measure and Bartlett's Test of Sphericity reports .943 that is stable with threshold values of 0.8 to 1 which confirms sample adequacy. In Bartlett's Test of Sphericity The approximate of Chi-square is 12400.599 and 325 degree of freedom which further supports sampling adequacy as significance level

is below 0.05.

Table 4. Rotated Component Matrix

Item	Component				
	1	2	3	4	5
MO11		.820			
MO2		.861			
MO3		.814			
MO4		.782			
MO5		.811			
MO6		.830			
SC1				.737	
SC2				.734	
SC3				.774	
SC4				.836	
SC5				.802	
PM1	.828				
PM2	.841				
PM3	.833				
PM4	.882				
PM5	.902				
PM6	.891				
PM7	.889				
MP1			.834		
MP2			.851		
MP3			.842		
MP4			.858		

Orientation And Sensing Based Drivers To Enhance Marketing Performance Of Indonesian Pharmaceutical Smes: Mediating Role Of Market Pioneering

MP5			.861		
PIO1					.815
PIO2					.830
PIO3					.844

Rotated Component Matrix assessed data accuracy and variables correlation. In this study Factor loading for 5 constructs and 26 items is figured by Confirmatory factor analysis. It is evident that all the item's shows factor loading is extending from .774 to .902 which surpass threshold value of 0.7 for appropriate correlation with no cross-loading bias which make these constructs valid.

Table 5. Convergent and Discriminant Validity

	CR	AVE	MSV	PIO	MO	SC	PM	MP
PIO	0.908	0.768	0.309	0.876				
MO	0.947	0.749	0.370	0.508	0.865			
SC	0.910	0.670	0.370	0.556	0.608	0.819		
PM	0.924	0.845	0.312	0.483	0.465	0.468	0.919	
MP	0.955	0.810	0.312	0.419	0.467	0.462	0.559	0.900

Table 4 is tabular presentation of Convergent validity, which is adopted to conjectured if these variables endure any relatedness among variables, for which the composite reliability and Average Variance Extracted must be estimated for each variable. The market performance construct is reflected as most reliable due to highest CR= 0.955 and proactive market orientation disposed lowermost composite reliability= 0.908. As well if we check AVE we can say that market sensing capability shows least variance as AVE 0.670 and pioneer marketing archives most variance as AVE is 0.845. CR and AVE values for all variables are > 0.7 and > 0.5, ensuring convergent validity.

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	2.880	0.865	0.956	0.956	0.066

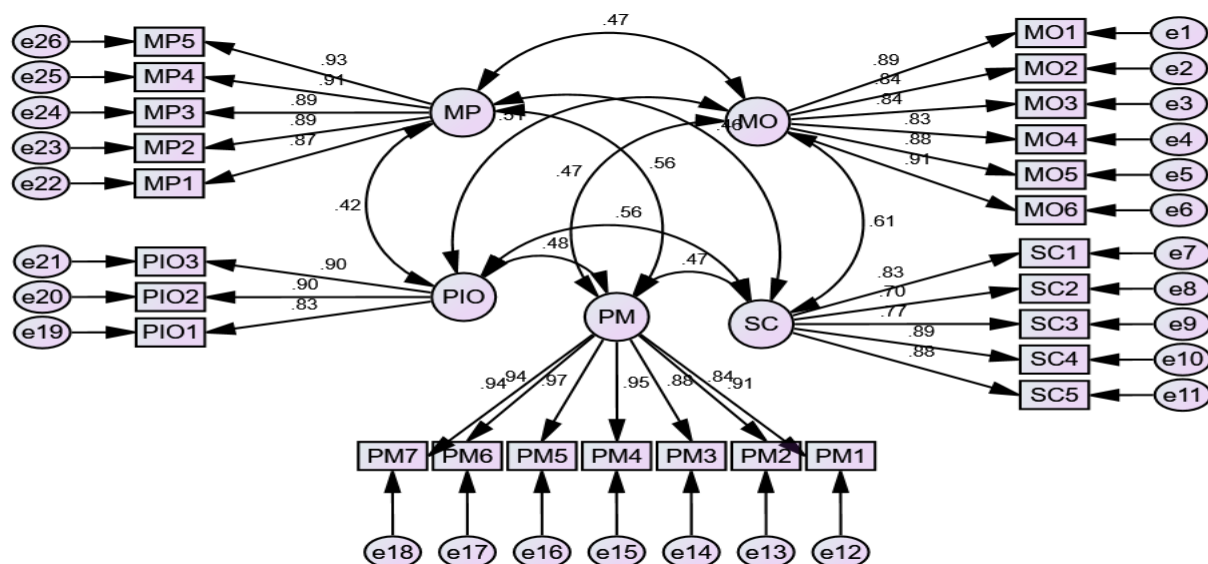


Figure 3. CFA

Confirmatory Factors Analysis is conducted to validate the fitness of model to confirm either model is fit with sample and data. Indicators for model fitness are CMIN, CFI, IFI, GFI and RMSEA values. As all estimated values

2.880 0.865 0.956 0.956 0.066 are inside the threshold group Less or equal 3, Equal or greater .80, Equal or greater .90, Equal or greater .90 and Less or equal .08. Hence the model is confirmed to be fit.

Table 7. Structural Equation Modeling

	ProMarOri	MarSenCap	ResMarOri	MarkPion
Total effect				
MarkPion	.239**	.303**	.175**	.000
MarkPerf	.371**	.140*	.191**	.155**
Direct Effect				
MarkPion	.239**	.303**	.175**	.000
MarkPerf	.334**	.093	.164**	.155**
Indirect Effect				
MarkPion	.000	.000	.000	.000
MarkPerf	.037*	.047*	.027*	.000

Structural equation model table put forward that when proactive market orientation is added by one unit it directly causes market pioneering to be increased by 23.9% and marketing performance with 33.4%, Sole unit change in market sensing capability positively influence market pioneering with 30.3% and accounts for 9.3% rise in marketing performance. Additionally, responsive

market orientation is responsible for 17.5 % positive change in market pioneering along with 16.4% enhancement in marketing performance. Thus, all direction relationships are subjective to be positive and significant effect, so these hypotheses are approved. As far Indirect relationship are concerned, mediating effect of market pioneering are reported as significant and

Orientation And Sensing Based Drivers To Enhance Marketing Performance Of Indonesian Pharmaceutical Smes: Mediating Role Of Market Pioneering

positive relationship with marketing performance in association with proactive market orientation, market sensing capability and responsive market orientation. All these constructs in relation to market pioneering

increases market performance by 3.7 %, 4.7% and 2.7% respectively that supports these hypotheses by accepting them.

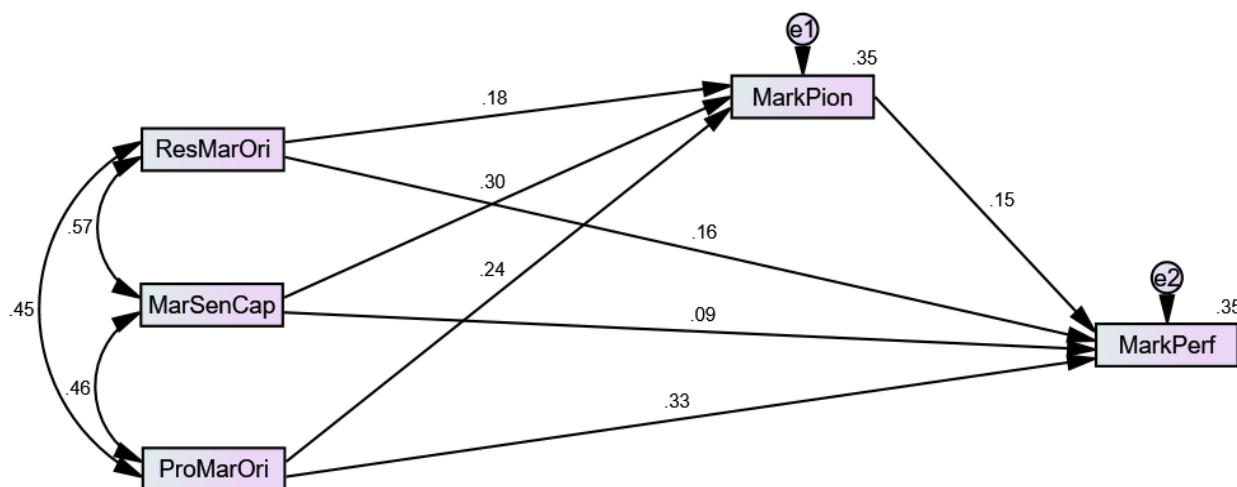


Figure 4. SEM

Discussion and Conclusion

Using the structural equation model, the aims of this paper were to inspect how the proactive market orientation, responsiveness and the market pioneering proportions of marketing orientation affect a company marketing performance of pharmaceutical SMEs such sales, growth rate, and sales/employee, also how its sensing capability impact its marketing proactivity. Our results established that these cultural dimensions of marketing orientation have a significant positive effect on marketing performance of pharmaceutical SME's. These findings were established by developing hypotheses for measuring their impact. Firstly, the relationship between responsive market orientation and marketing performance was supposed as H1 which is responsive market orientation has a significant impact on marketing performance, the SEM test verified the significant relationship between responsive market orientation and marketing performance. Because rapidly responding to the market requirements and dynamics strengthen marketing performance of any organization.it is supported by (Gotteland et al., 2020) which emphases positive relationship between responsive market orientation and pharmaceutical small and medium sized enterprises marketing performance.

The association between proactive market orientation and marketing performance is hypothesized as H2 projecting significant relationship between proactive market orientation and marketing, our study found a positive and significant relationship among these variables as when a firm is proactive in their marketing a positive change is noticed in share growth and sales which ultimately leads to better marketing performance of pharmaceutical SMEs. These consequences are parallel to Abubakar and Bambale (2016) study which indicated importance of proactive market orientation to achieve greater market share and sales revenue as compare to competitors in a market by portraying a positive impact of proactive market orientation. H3 which is postulating significant relationship between market sensing capability and marketing performance, the data confirmed a significant relationship between market

sensing capability and marketing performance of pharmaceutical SMEs, because sensing market changes and identifying opportunities definitely facilitates in marketing planning to boost marketing performance, this project is consistent to Likoum, Shamout, Harazneh, and Abubakar (2018) findings on market sensing capability.

The mediating role of market pioneering was also studied for validation in context of Indonesian pharmaceutical SME's. H4 anticipated significant mediating effect of market pioneering on responsive market orientation and marketing performance which was approve due to its positive impact (Garrett, Covin, & Slevin, 2009) can be referred to support this claim as they stated that firm can achieve higher market performance by responsive marketing orientation and market pioneering. H5 is market pioneering significantly mediates proactive market orientation and marketing performance, it was put forward that this hypothesis is valid and have significant impact on marketing performance, which is similar to (Anseel, Lievens, Schollaert, & Choragwicka, 2010) which indicated that engaging in market pioneering reinforces market proactivity and marketing performance of pharmaceutical SMEs. H6 the mediation effect of market pioneering is also significant and positive on market sensing capability and marketing performance. In short all the hypotheses are validated and it is concluded that market orientation and Sensing are the key drivers to Enhance Marketing Performance of Indonesian pharmaceutical SMEs. The mediating effect of market pioneering also cannot be ignored so it is essential to pay attention to these topics both academic and corporate world. These areas are under worked and seek attention from researchers especially in Indonesia, so this study is an attempt to fill the gap and has contributed in literature and particle. The findings are source of information for Other SME's that how they can be more market oriented to proactively response market dynamics.

References

1. Abubakar, H. H., & Bambale, A. (2016). The Mediating Effect of Proactive Market Orientation on

Orientation And Sensing Based Drivers To Enhance Marketing Performance Of Indonesian Pharmaceutical Smes: Mediating Role Of Market Pioneering

- Entrepreneurial Proclivity and Small-Scale Business Performance. *Journal of Marketing & Management*, 7(1), 76-100.
2. Al-Henzab, J., Tarhini, A., & Obeidat, B. Y. (2018). The associations among market orientation, technology orientation, entrepreneurial orientation and organizational performance. *Benchmarking: An International Journal*.
3. Ali, H. A. R., & Selvachandran, G. (2017). Influential Dynamic Capabilities in Small and Medium Enterprises' Internationalization. *Advanced Science Letters*, 23(4), 2825-2828.
4. Anand, G., & Ward, P. T. (2004). Fit, flexibility and performance in manufacturing: coping with dynamic environments. *Production and Operations Management*, 13(4), 369-385.
5. Anseel, F., Lievens, F., Schollaert, E., & Choragwicka, B. (2010). Response rates in organizational science, 1995–2008: A meta-analytic review and guidelines for survey researchers. *Journal of Business and Psychology*, 25(3), 335-349.
6. Ardyan, E. (2016). Market sensing capability and SMEs performance: The mediating role of product innovativeness success. *DLSU Business & Economics Review*, 25(2), 79-97.
7. Bashir, M., Yousaf, A., & Wani, A. A. (2016). Green Marketing & CSR: A Proactive & Innovative Tool to Gain Competitive Excellence. *Journal of Supply Chain Management Systems*, 5(2), 1-11.
8. Beliaeva, T., Shirokova, G., Wales, W., & Gafforova, E. (2018). Benefiting from economic crisis? Strategic orientation effects, trade-offs, and configurations with resource availability on SME performance. *International Entrepreneurship and Management Journal*, 1-30.
9. Brege, H., & Kindström, D. (2020). Exploring proactive market strategies. *Industrial Marketing Management*, 84, 75-88.
10. Chahal, H., Dangwal, R., & Raina, S. (2016). Marketing orientation, strategic orientation and their synergistic impact on business performance. *Journal of Research in Marketing and Entrepreneurship*, 18(1), 27-52.
11. Cohen, W. M., & Levinthal, D. A. (1990). Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, 128-152.
12. Covin, J. G., Slevin, D. P., & Heeley, M. B. (2000). Pioneers and followers: Competitive tactics, environment, and firm growth. *Journal of business venturing*, 15(2), 175-210.
13. Demirel, P., & Kesidou, E. (2019). Sustainability-oriented capabilities for eco-innovation: Meeting the regulatory, technology, and market demands. *Business Strategy and the Environment*, 28(5), 847-857.
14. Febrian, A., Sukresna, I., & Ghozali, I. (2020). Relational capital and marketing performance: The mediating role of SMEs networking in Indonesia. *Management Science Letters*, 10(14), 3405-3412.
15. Garrett, R. P., Covin, J. G., & Slevin, D. P. (2009). Market responsiveness, top management risk taking, and the role of strategic learning as determinants of market pioneering. *Journal of Business Research*, 62(8), 782-788.
16. Gotteland, D., Shock, J., & Sarin, S. (2020). Strategic orientations, marketing proactivity and firm market performance. *Industrial Marketing Management*.
17. Han, J. H., Kang, S., Oh, I.-S., Kehoe, R. R., & Lepak, D. P. (2019). The goldilocks effect of strategic human resource management? Optimizing the benefits of a high-performance work system through the dual alignment of vertical and horizontal fit. *Academy of Management Journal*, 62(5), 1388-1412.
18. Hanfan, A., & Setiawan, A. I. (2018). Exploiting regio-centric product advantage to increase small and medium enterprises' (SMEs) marketing performance. *International Journal of Economics and Business Administration*, VI(2), 3-26.
19. Hao, S., & Song, M. (2016). Technology-driven strategy and firm performance: Are strategic capabilities missing links? *Journal of business research*, 69(2), 751-759.
20. Hendar, H., Ferdinand, A. T., & Nurhayati, T. (2017). Introducing the religio-centric positional advantage to Indonesian small businesses. *Management & Marketing. Challenges for the Knowledge Society*, 12(1), 78-102.
21. Herhausen, D. (2016). Unfolding the ambidextrous effects of proactive and responsive market orientation. *Journal of business research*, 69(7), 2585-2593.
22. Jermisittiparsert, K., & Pithuk, L. (2019). Exploring the nexus between supply chain ambidexterity, supply chain agility, supply chain adaptability and the marketing sensing of manufacturing firms in Indonesia. *Humanities & Social Sciences Reviews*, 7(2), 555-562.
23. Kocak, A., Carsrud, A., & Oflazoglu, S. (2017). Market, entrepreneurial, and technology orientations: impact on innovation and firm performance. *Management Decision*, 5(2), 248-270.
24. Liang, X., & Frösén, J. (2020). Examining the link between marketing controls and firm performance: The mediating effect of market-focused learning capability. *Journal of business research*, 109, 545-556.
25. Likoum, S. W. B., Shamout, M. D., Harazneh, I., & Abubakar, A. M. (2018). Market-sensing capability, innovativeness, brand management systems, market dynamism, competitive intensity, and performance: an integrative review. *Journal of the Knowledge Economy*, 11(2), 593-613.
26. Mac, L., & Evangelista, F. (2018). Proactive and responsive market orientation on marketing exploration and firm performance. Paper presented at the 2018 Global Marketing Conference at Tokyo.
27. Mu, J., Thomas, E., Peng, G., & Di Benedetto, A. (2017). Strategic orientation and new product development performance: The role of networking capability and networking ability. *Industrial Marketing Management*, 64, 187-201.
28. Murray, N., Lynch, P., & Foley, A. (2016). Unlocking the magic in successful tourism destination marketing: the role of sensing capability. *Journal of Marketing Management*, 32(9-10), 877-899.
29. Najafi-Tavani, S., Sharifi, H., & Najafi-Tavani, Z. (2016). Market orientation, marketing capability, and new product performance: The moderating role of absorptive capacity. *Journal of business research*, 69(11), 5059-5064.
30. Narver, J. C., & Slater, S. F. (1990). The effect of a market orientation on business profitability. *Journal of marketing*, 54(4), 20-35.
31. Narver, J. C., Slater, S. F., & MacLachlan, D. L. (2004). Responsive and proactive market orientation and

Orientation And Sensing Based Drivers To Enhance Marketing Performance Of Indonesian Pharmaceutical Smes: Mediating Role Of Market Pioneering

- new-product success. *Journal of Product Innovation Management*, 21(5), 334-347.
32. Ndambuki, V. M. (2018). Key Account Management Practices, Market Sensing Capabilities, Organisational Characteristics and Performance of Commercial Banks in Kenya. University of Nairobi,
 33. Nugraha, A. T., & Hakimah, Y. (2019). Role of Relational Capabilities on the Supply Chain Performance of Indonesian Textile Sector with Moderating Effect of Technology Adoption. *International Journal of Supply Chain Management*, 8(5), 509-522.
 34. Otto, A. S., Szymanski, D. M., & Varadarajan, R. (2020). Customer satisfaction and firm performance: insights from over a quarter century of empirical research. *Journal of the Academy of Marketing Science*, 48(3), 543-564.
 35. Ozdemir, S., Kandemir, D., & Eng, T.-Y. (2017). The role of horizontal and vertical new product alliances in responsive and proactive market orientations and performance of industrial manufacturing firms. *Industrial Marketing Management*, 64, 25-35.
 36. Papadas, K.-K., Avlonitis, G. J., & Carrigan, M. (2017). Green marketing orientation: Conceptualization, scale development and validation. *Journal of business research*, 80, 236-246.
 37. Pirayesh, R., & Karami, S. (2017). Presenting a Dynamic Model to Improve the Performance of Green Marketing Mediating Role through Resource Commitment-Case Study: Marketing Managers of Zanjan Province. *Journal of Administrative Management, Education and Training*, 13(2), 301-313.
 38. Prabowo, F. S. A., Rahadi, R. A., & Alamanda, D. T. (2017). Decomposing the problems of traditional markets business ecosystem in Indonesia. *International Journal of Public Sector Performance Management*, 3(4), 375-397.
 39. Ramli, N. A., Latan, H., & Solovida, G. T. (2019). Determinants of capital structure and firm financial performance—A PLS-SEM approach: Evidence from Malaysia and Indonesia. *The Quarterly Review of Economics and Finance*, 71, 148-160.
 40. Saebi, T., Lien, L., & Foss, N. J. (2017). What drives business model adaptation? The impact of opportunities, threats and strategic orientation. *Long Range Planning*, 50(5), 567-581.
 41. Sahi, G. K., Gupta, M. C., & Lonial, S. C. (2018). Relating strategic market orientation and market performance: Role of customer value types. *Journal of Strategic Marketing*, 26(4), 318-338.
 42. Spears, B. A., Taddeo, C., & Barnes, A. (2018). Online social marketing approaches to inform cyber/bullying prevention and intervention: What have we learnt? In *Reducing Cyberbullying in Schools* (pp. 75-94): Elsevier.
 43. Sugiyarti, G., & Ardyan, E. (2017). Market sensing capability and product innovation advantages in emerging markets: The case of market entry quality and marketing performance of Batik Industry in Indonesia. *DLSU Business & Economics Review*, 27(1), 1-12.
 44. Masnita, Y., Yakub, A., Nugraha, A. T., & Riorini, S. V. (2019). Influence of Government Support, Technology Support and Islamic Banking awareness on Islamic Banking Choice in Indonesia with Moderating Role of Religiosity. *International Journal of Innovation, Creativity and Change*, 6(8), 46-66.
 45. Whitler, K. A., & Farris, P. W. (2017). The impact of cyber attacks on brand image: Why proactive marketing expertise is needed for managing data breaches. *Journal of Advertising Research*, 57(1), 3-9.
 46. Widiyanti, M., Sadalia, I., Zunaidah, Irawati, N., & Hendrawaty, E. (2019). Determining firm's performance: Moderating role of CSR in renewable energy sector of Indonesia. *Polish Journal of Management Studies*, 19(2), 432-441.