# BRAND MANAGEMENT, ENTREPRENEURIAL MARKETING ORIENTATION, SOCIAL CAPITAL, RESOURCES CAPABILITIES AND ENVIRONMENTAL FACTORS IN SUSTAINING PERFOMANCE OF SMALL MEDIUM ENTERPRISES

**Iin Mayasari [1] Adrian A Wijanarko[2]**

[1] FEB Universitas Paramadina, *iin.mayasari@paramadina.ac.id*

[2] FEB Universitas Paramadina, *adrian.wijanarko@paramadina.ac.id*

## ABSTRACT

*This study aims at exploring the concepts of 1) brand management and entrepreneurial marketing; 2) social capital and resources capability; 3) law and government as external environment. Entrepreneur performance is measured by both objective and subjective perspective. Objective perspective is measured by quantitative measurement and subjective perspective is measured by the perception of the ability to manage company. The method research was library study method.*

**Keywords***: Brand management, Entrepreneurial marketing, Social capital, Organizational resources, External environment, and Performance*

## BACKGROUND

Entrepreneurs are a key pillar of Indonesian Economy. Entrepreneurship is widely increasing and regarded as an integral player in the business culture of Indonesian life, and particularly as an engine for job creation and economic growth. Entrepreneurs search for opportunities where they may be able to offer consumers a product or service that is either priced lower or better quality than what is offered by existing firm (Madura, 2008). Entrepreneurs are the organizers and coordinators of the major factors of production, and also have initiative and self-confidence in accumulating and mobilizing capital resources for new business or business expansion. Aside from being innovator and reasonable risk-takers, entrepreneurs take advantage of business opportunities and transform into the profits. Such entrepreneurial spirit has greatly contributed to the modernization of the economy. Learning from China Inc. and India Inc: their economic growth are driven more by millions of small business rather than by big corporate.

The progress of SMEs practically is supported by the progress of SMEs theoretically. Based on previous research, the entrepreneurial research only focused one aspect separately including motivational factors (Benzing, Manh, Kara, 2009); entrepreneurship education (Hamidi, Wennburg, Berglund, 2008); external factors (Zhang & Si, 2008), and entrepreneurial marketing (Mayasari, Maharani, Wiadi, 2009).

The success of SMEs is assumed to support by the managerial and entrepreneurial orientation. This study focuses on brand management, entrepreneurial marketing orientation, social capital, resource capabilities, and environmental factos including law and government. This study with holistic perspective aims at understanding the entrepreneurship from different angles simultaneously in order to obtain a wide view. The perspectives are explained in the conceptual model that consists of each concept and the representative of all concepts are as follows 1) brand management and entrepreneurial marketing as marketing aspect; 2) social capital and organization resources as the capability; and 3) government and law as external environment.

Zhang, Yang, and Ma (2008) have already proposed the integrative theoretical framework about key attribute differentiate rapid growth firms from slow growth firms, the model does not discuss brand management. Brand management literature has focused almost exclusively on large and multinational brands. Powerful brands are not easy to build and are costly and complex to develop and maintain (Davis, 2002; Aaker, 2004). Furthermore, SMEs typically lacked the capabilities, marketing power, and other organizational capabilities (Knight, 2000). In other words, it is even more difficult in a good brand management or creating a powerful brand. However, nurturing brand is important. Vans Renburg (2013) argued that a strategy and capability of venturing with entrepreneurs to access brands and marketing know-how that possess disruptive value is very important. Small entrepreneurial brand firms are well placed to generate innovative new brand ideas.

Entrepreneurial marketing is considered to important for supporting factor. Entrepreneurial organizations have been largely overlooked. This is surprising, given that entrepreneurial organizations constitute the vast majority of organizations. Entrepreneurial organizations especially small to medium size typically lack the capabilities, marketing power, and other resources of larger organizations (Knight, 2000).

However, the orientation toward entrepreneurial marketing is important for small firms (Thomas et al., 2013). Small firms are able to craft strong niche positions within their sectors if they are able to balance the need to constantly react to day-to-day market changes with a commitment to stability of purpose in their strategic direction (Beverland and Lockshin, 2006). Entrepreneurial marketing is a spirit, an orientation as well as a process of passionately pursuing opportunities and launching and growing ventures that create perceived customer value through relationships by employing innovativeness, creativity, selling, market immersion, networking and flexibility (Hills et al., 2008). Jones and Rowley (2011) argued that entrepreneurial marketing is important to the firm's future strategic direction and involves organizational members' practice of integrating customer preferences, competitor intelligence and product knowledge into the process of creating and delivering superior value to customers.

Meanwhile, social capital is considered to influence the performance of entrepreneur. Birley (1985) argued that that small business owners relied on their informal contacts of family and friends to help acquire raw materials, equipment and other start-up needed resources. It involves the relationship between individuals and organizations that facilitate action and create value (Adler, & Kwon, 2002). Enabling people to act collectively, social capital reflects the value of the relationships and does quality exist among people and organizations. Social capital entails a web of relationships that includes norms, values, and obligations and facilitate of entrepreneurial business. McLine and Bath (2012) argued that , the results indicate that in the startup phase of entrepreneurship, the entrepreneur will use the network of friends, former co-workers and then, family members to acquire missing resources.

Organizational capability in this study focuses on human resources and resource capabilities. Human resources are important function in model of business performance (Voss et al., 2002). Human capital refers to entrepreneurs' general knowledge obtained through formal education and professional experience, which may be applicable to a wide range of occupational alternatives (Colombo and Grilli 2005). Human capital here can be also the employees. The employees of small tend to have a frequent contact to all customers. Small business can focus on customer orientation. The existence of business is due to the interaction of human resources toward customer. Furthermore, the human capital of their founders is one of their main business assets (Criaco et al., 2014). The survival of this type of firm is also heavily dependent on the human capital characteristics of their founders.

Financial resource is also the organizational capability. Sciascia et al. (2006) argued that entrepreneurship is promoted by financial resources. The level of productivity to produce good outcomes is high when a business is not short on fund. The impact of financial resource availability as a consequence thereof, is the impact on firm performance.

Related to environment factor**,** law and government are also important factor in influencing entrepreneurial perfomance. The growth of entrepreneurial enterprise is also determined by law (Zhang & Si, 2008). Law affects entrepreneurship in both positive and negative ways namely offering considerable opportunities for entrepreneurs to experiment and explore as well as inflicting a range of penalties on individuals who stepped out of line. Government has also a role in facilitating entrepreneurship, in general and the development in particular (Zhang & Si, 2008). Governments should perform certain tasks in the economy, and the legal system provides a sound infrastructure on which to do business.

This study highlights the importance of some aspects in explaining the organization performance of entrepreneurship organization of medium and small enterprise. This study aims at analyzing holistically of the marketing aspect, capability, and external environment of entrepreneurs in understanding the abilities to achieve optimal company performance.

## THEORETICAL BACKGROUND

### Performance of Entrepreneurship

Performance of business has become an important area. It can consist of a set of processes that help organizations optimize their business performance. It provides a framework for organizing, automating and analyzing business, metrics, processes and systems that drive business performance. The business performance enables businesses to define strategic goals and then measure and manage performance against those goals. In this study, performance of entrepreneurial enterprise can be both subjective and objective performance. The performance aims at better motivating and retaining top performers, more closely align individuals' goals with those of your organization and create a more engaged workforce. All of which lead to greater productivity, and ultimately, and improves your company's bottom line (Mayasari *et al.*, 2009). The objective business performance can be new customers acquired, status of existing customers, attrition of customers (including breakup by reason for attrition), turnover generated by segments of the customers - possibly using demographic filters. Meanwhile, subjective measurement of business performance can also be applied to measure entrepreneurial enterprise. This measurement can be the ability to manage a procedure work, to make a change of work, to determine their own career, to have flexibility, and to have a balance of life.

Laitinen (2002) defines performance as the ability of an object to produce results in a dimension determined a priori, in relation to a target. This performance has traditionally been measured in financial terms. The most commonly used measures of performance are efficiency (ROI), growth (increase in sales) and profit. This one-sided view of performance has also been criticized for emphasizing short-term and lacking strategies focus. It has been argued that financial measures alone are not sufficient for making decisions in modern firms and therefore performance measures should include both financial and non-financial meters. These non-financial meters usually deal with time, flexibility, quality of manufacturing and entrepreneurial satisfaction (Mayasari *et al*., 2009).

Reijonen and Komppula (2007) discussed the interaction between business growth through increase in employment and turnover and entrepreneurs' subjective meters success. It was suggested that the subjective measures of success reflect entrepreneur's characteristics and are affected by his or her motives, goals, and attitudes (Mayasari *et al*., 2009). The entrepreneurs seemed usually to set non-financial goals for their business. They did not tend to regard profit maximization as important. In addition, making a living was as much more important goal than making profits. Other themes that often occurred as motivation, goal, and important factors in entrepreneurship include spending time with the family, freedom, and independence as well as job satisfaction.

**Brand Management**

Product of entrepreneurship plays an important role in generating sales and profits and creating growth opportunities for all entrepreneurs. Moreover, management initiative for new and existing product is closely interrelated. This requires successful new product introduction effective targeting and positioning of existing products. Strategic brand management of the portfolio is an ongoing challenge.

Strategic brand management is a key issue in many organizations including small and medium enterprise. A strategic brand perspective requires entrepreneurs to decide what role brands play for the company in creating customer value and shareholder value. This role should be the basis for directing and sustaining brand investment into the most productive areas (Berthon, Hulbert, Leyland, Pitt, 1997). For buyers, brands reduce 1) customer search costs, by identifying products quickly and accurately; 2) the buyer's perceived risk, by providing an assurance of quality and consistency; 3) the social and psychological risks associated with owning and using the wrong product, by providing psychological rewards for purchasing brands that symbolize status and prestige.

Meanwhile for entrepreneurs, brands play a function by making easier some of the tasks the entrepreneur has to perform. Brands facilitate (Cravens & Piercy, 2013) 1) repeat purchases that enhance the company's financial performance because the brand enables the customer to identify and re-identify the product compared to alternatives; 2) the introduction of new products because the customer is familiar with the brand from previous buying experience; 3) promotional effectiveness by providing a point of focus; 4) premium pricing by creating a basis level of differentiation compared to competitors; 5) marketing segmentation by communicating a coherent message to the target audience, telling them for whom the brand is intended and for whom it is not; 6) brand loyalty, of particular importance in product categories where loyal buying is an important feature of buying behavior.

Brand management also discusses corporate identity or image and their reputation. Corporate image is defined in terms of the publics' latest belief about a company or the total impression an entity makes with such publics (Balmer, 1998). Corporate reputation on the other hand refers to value judgments about an organization's qualities, trustworthiness and reliability built up over time. Brand management can help bridge the gap between a brand's image and its reputation. Brand management is the process of creating, coordinating and monitoring interactions that occur between an organization and its stakeholders. It is important that organizations initially focus their efforts on creating an appropriate brand image that has a niche in the marketplace. Marketing mix elements should be used to operationalize the concept and communicate this to a target audience (Park, Jaworksi, & MacInnis, 1986). As the brand grows, managerial emphasis should shift toward making a brand memorable, ensuring that consumers can recall a brand well. Entrepreneurial business generally accepts that a good corporate reputation is important to receiving legitimization from different stakeholders and company performance (Golberd, Cohen, & Fiegenbaum, 2003).

## Entrepreneurial Marketing

Related to theoretical foundation for entrepreneurial marketing, it is especially consistent with resource-advantage theory (R-A) theory (Hunt, 1991). R-A theory clearly allows both for conventional approaches to marketing and for entrepreneurial marketing. It is consistent with the dynamic of competition under R-A theory that marketing can facilitate the ability of firms to create new resources and enhance the productivity of current resources through the various leveraging and championing innovation in the form of new combination of resources (Mayasari *et al.*, 2009).

According to Morris, Schindehutte, LaForge (2002), entrepreneurial marketing is defined as the proactive identification and exploitation of opportunities for acquiring and retaining profitable customers through innovative approaches to risk management, resource leveraging, and value creation.

Entrepreneurial marketing shows an opportunistic where in entrepreneurs proactively seek novel ways to create value for desired customers and build customer equity. Entrepreneurs are not constrained by resources controlled and innovation represents the core marketing responsibility and the key means to sustainable competitive advantage (Mayasari *et al.*, 2009). A comparison of specific aspects of conventional and entrepreneurial marketing approaches is presented in Table 1.1. The difference highlights that entrepreneurial marketing approach requires changes not only in behavior but in the underlying attitudes held by those responsible for marketing activities. Engaging in actions that are innovative, entail risks or are more proactive implies that entrepreneurs understand and have a positive affect towards such normative behaviors and that they develop skill sets to support activities.

**Table 1.1. Conventional Marketing and Entrepreneurial Marketing**

| | Traditional Marketing | Entrepreneurial Marketing |
|---|---|---|
| Basic premise | Facilitation of transactions and market control | Sustainable competitive advantage through value creating innovation |
| Orientation | Marketing as objective, dispassionate science | Central role of passion, zeal, persistence and creativity in marketing |
| Context | Established, relatively stable markets | Envisioned, emerging, and fragmented markets with high levels of turbulence |
| Marketer's role | Coordinator of marketing mix; builder of brand | Internal and external change agent; creator with dynamic innovation |
| Market approach | Reactive and adaptive approach to current market situation with incremental innovation | Proactive approach; leading the customer with dynamic innovation |
| Customer needs | Articulate, asumed, expressed by customers through survey research | Unarticulated, discovered, identified through lead users |
| Risk perspective | Risk minimization in marketing actions. | Marketing as vehicle for calculated risk-taking, emphasis on finding ways to mitigate, stage or share risks |
| Resource management | Efficient use of existing resources scarcity mentality | Leveraging, creative use of the resource of others, doing more with less; actions are not constrained by resources currently controlled |
| New product/service development | Marketing supports new product/service development activities of research and development and other techical departments | Marketing is the home of innovation, customer is co-active produces |
| Customer's role | External source of intelligence and feedback | Active participation in firms' marketing decision process, defining product, price, disribution and communication approach |

***Source: Morris, Schindehutte, LaForge, (2002)***

Entrepreneurial marketing has the interface between entrepreneurship and marketing and serves as an umbrella for many of the emergent perspectives on marketing. It has eight underlying dimensions. Four of the dimensions are proactiveness, calculated risk taking, innovativeness, and an opportunity focus. These are derived from the work on the entrepreneurial orientation of the firm (Zahra & Garvis, 2000). The fifth dimension is resource leveraging (Morris et al., 2002). The other two dimensions are customer intensity and value creating that is consistent with the market orientation of the firm (Jaworski & Kohli, 1993; Slater & Narver, 1995).

a. Proactive Orientation

Entrepreneur has proactive orientation. This assumption describes that entrepreneur has to continually search for new ways to achieve competitive advantage through incremental changes to the established methods of production, sales, and distribution. Entrepreneurial marketing does not consider the external environment as a given. Bateman and Crant (1993) argued that proactive behavior is a dispositional construct that identifies differences between people in the extent to which they take action to influence their environments.

b. Opportunity Driven

Opportunities represent unnoticed market positions that are sources of sustainable profit potential. They derive from market imperfections where knowledge about these imperfections and how to exploit them distinguish entrepreneurial marketing. The principal focus has been on environmental scanning activities (Kotler & Keller, 2019). Scanning activities can help identify trends and developments, but the ability to recognize underlying patterns that represents unnoticed market positions or market imperfections requires creative insight.

c. Customer Intensity

According to Sheth, Sisodia, and Sharma (2000), customer intensity involves customer equity, visceral relationship, and emotional dimensions. Entrepreneurship marketing lies at the interface between a market orientation and an entrepreneurial orientation. Based on customer equity, entrepreneurial marketing incorporates the need for creative approaches to customer acquisition, retention, and development. A philosophy of customer intimacy produces a dynamic knowledge base of changing customer circumstances and requirements. In this view, entrepreneurial marketing has many consistencies with relationship marketing. It focuses on innovative approaches to create new relationship or using existing relationship to create new markets. The visceral relationship identifies the dyadic relationship with customer. The emotional aspect to successful market action also represents the point of customer intimacy. Entrepreneurial marketing reflects the sense of purpose and conviction resulting in a different marketing consciousness. Marketing efforts incorporate a sence of conviction, passion, zeal and benefit.

d. Innovation-Focus

With the entrepreneurial marketing, entrepreneur plays an integral part in sustainable innovation. Its roles range from opportunity identification and concept generation to technical support and creative augmentation of the firm’s resources base to support innovation. Entrepreneur continually champions new approaches to segmentation, pricing, brand management, packaging, customer communication and relationship management, service level and among other operational activities.

e. Risk Management

Entrepreneur operations can be characterized in terms of a risk profile. Risks are reflected in the various resource allocation decisions made by an organization, as well as in the choice of products, services, and markets to be emphasized. Entrepreneurship is associated with calculated risk-taking, which implies overt efforts to identify risk factors, and then to mitigate or share those factors. Entrepreneurial marketing defines an explicit role for marketing in managing the firm’s risk profile. Further, resources are managed in ways that they can be quickly committed to or withdrawn from new projects, thereby enhancing the firm’s flexibility. Examples of efforts that can achieve one or more of these outcomes include collaborative marketing programs with other firms, joint development projects, test market, strategic alliances, and outsourcing of key marketing activities and resources expenditures that are tied to performance.

f. Resource Leveraging

Entrepreneurial marketing develops a creative capacity for resource leveraging. The ability to recognize a resource has to be optimal. The most critical form of leveraging involves the ability to use other people’s resources to accomplish the marketer’s purpose. Examples of the ways in which this is done include bartering, borrowing, renting, leasing, sharing, recycling, contracting, and outsourcing. These efforts can be directed at other departments and units within the firm or at suppliers, distributors, customers and other external organizations.

g. Value Creation

The focal point of entrepreneurial marketing is innovative value creation. The task of entrepreneur is to discover untapped sources of customer value and to create unique combinations of resources to produce value. The ongoing responsibility of the entrepreneur is to explore each marketing mix element in a search for new sources of customer value

**Capability**

A concept of capability is derived from the resource-based view (Connor, 2002). A central thrust of the resource-based view is the contribution of core competencies as strategic assets which will be the continuing source of new products and services through whatever future developments may take place in the market. Thus, the emphasis of the resource-based view approach to strategic management decision making is on the strategic capability of the firm. This concept focuses the importance of the idea not only intangible assets as central to resource-based view approach to understanding competitive advantage. Tangible asset may be relatively easy to imitate or acquire but the real difficulty is encountered in the case of intangible assets. Hall (1992) identified the importance of such intangible assets as know-how, product reputation, culture, and network in contributing to the overall success of a firm.

In this section, the assets involve tangible and intangible assets. It includes social capital and resource capabilities The hypotheses as follows: firms that are able to choose strategic initiatives which effectively exploit their existing human and social capital while at the same time, facilitating the development of new, variable human and social capital will perform better in the long run than those that are not able to achieve this synergy between exploitation and creation.

**Social Capital**

Social capital is the collection of resources owned by the members of an individual's personal social network: which may become available to the individual as a result of the history of this relationship (Van der Gaag, 2005). Coleman (1988) argued that social capital is defined by its function. It is not a single entity but a variety of different entities, with two elements in common: they all consist of some aspect of social structures and they facilitate certain actions of actors-whether persons or corporate actors-within the structure. Like other forms of capital, social capital is productive, making possible the achievement of certain ends that in its absence would not be possible. Social capital inheres in the structure of relations between actors and among actors. It is not lodged either in the actors themselves or in physical implements of production. Because purposive organizations can be actors (corporate actors) just as persons can, relations among corporate actors can constitute social capital for them as well. The form of social capital depends on two elements namely trustworthiness of the social environment which means that obligations will be repaid, and the actual obligation held.

Social capital also involves the relationship between individuals and organizations that facilitate action and create value (Adler, & Kwon, 2002). Enabling people to act collectively, social capital reflects the value of the relationships and does a quality exist among people and organizations. Social capital entails a web of relationships that includes norms, values, and obligations. The concept of social capital refers to internal and external social capital.

Hitt and Ireland (2002) argued that internal social capital is concerned with the relationships between strategic leaders and those whom they lead as well as relationships across all of an organization's work units. Strategic leaders must build and utilize great groups as a means of developing effective and collaborative relationship. External social capital is concerned with the relationship between strategic leaders and those outside the organization with whom they interact to further the firm's interest. This need causes organizations to form both formal and informal alliances with other firms to gain access to complimentary and needed resources and participate in a network relationship (Gulati, Nohria, Zaheer, 2000).

The application of social capital is facilitated by networking. Marketing by networking is a naturally inherent aspect of entrepreneurial decision-making in which entrepreneurs exchange and seek ideas, knowledge, and market-related information through their business activities and contacts (Gilmore & Carson, 1999). This is because entrepreneur must go outside, and this business is a market-led activity. Thus, entrepreneurs are doing marketing through all their normal communication activities such as interacting and participating in social, business, and activities. The characteristic of marketing by networking center around people orientated activities. The characteristic is informal. It is interactive, interchangeable, integrated, habitual, and highly focused around small and medium enterprise and entrepreneurs (Mayasari *et al*., 2009).

Marketing by networking is used by entrepreneurs to develop, enhance, and support all aspects of the marketing activity by networking with customers and potential customers and by industry and business networks, word of mouth communication, and information-gathering activities. In overseeing and directing all business activities, networking can help entrepreneurs determine how the mix of marketing component parts can be brought together to make a complete whole. This depends on how entrepreneurs perceive the firm' strengths and weaknesses in relation to threats and opportunities in the market and environment in which it competes. Networking represents the intangible glue holding business and marketing activities together, matching marketing functions, operations, activities with the more intangible interactive, communicative, and personal characteristics inherent in the networking dimensions (Mayasari *et al*., 2009). .

Entrepreneur can learn from mistakes-assessing what went wrong and how to avoid such mistakes in the future. They also learn from successes- assessing all the circumstances both internal and external that contribute to success. Such experiential learning has very strong links with the learning of the entrepreneurship as a whole. Experiential learning is derived from the capability of an organization to draw valid and useful inferences from experience and observation and to convert such inferences to effective action (Mayasari *et al.*, 2009).

**Resource Capability**

Human capital is though to be of critical importance in contributing to higher income, life-satisfaction and social cohesion within individual economies. Thus, human capital may be a determinant of organization growth for individual nations as well as individual firms (Hitt & Ireland, 2002). Human capital represents the knowledge, skills, and capabilities of individuals (Coleman, 1988). Human capital is usually reflected by the person's education, experience and specific identifiable skills. Human capital affords a firm an opportunity to achieve a competitive advantage. Firms with greater investment in and utilization of human capital experience higher levels of performance.

The importance of knowledge, explicit and tacit is one of the factors explaining the finding of the influence of human resources on organizational performance. Knowledge is the most critical competitive asset a firm can hold and that it is a vital source of a firm's superior economic performance (McEvily & Chakravarthy, 2002). Thus, knowledge which is embedded within human capital and is organized for application through social capital is an increasingly vital source of competitive advantage for firms competing in the complex economic environment.

### External Environment

Numerous prior studies have examined the impacts of external factors on entrepreneurship which can be organized into two categories:

1) Organization, including government (Li, 1998), university and R & D institute (O'Shea, Allen, O'Gorman, & Roche, 2004), financial investor or lender (Bitzenis & Nito, 2005);

2) Environment, including cultural environment (Gibb & Li, 2003); institutional environment (Hoskisson, 2000).

However, these factors were studies discretely in different culture and countries. These factors cannot represent and explain all of the reason and force that drive and support entrepreneurship to grow rapidly. In this study, only law and government are focused.

### Law

The growth of entrepreneurial enterprise is not only determined by organizational forces in the market economy, but also by other indigenous features such as law (Zhang & Si, 2008). It must be pointed that the complexity and lack of stability in, law affects entrepreneurship in both positive and negative ways: it offers considerable opportunities for entrepreneurs to experiment and explore as well as inflicting a range of penalties on individuals who stepped out of line.

The legal system in this case can be a business license. Business License provides legal framework for a business to grow. It transforms businesses from being informal to formal. In other words, business license can provide business with access to capital; give business access to global market. In doing small business or applying entrepreneurship, there are some conditions in the market that should be considered such as demand, competition, labor condition, and regulatory conditions. Concerning regulatory condition, the government may enforce environmental rules or may prevent a firm form operation in particular locations or from engaging in particular type of business. The good regulation can ease the bureaucratic burden on all businesses. By providing easy start-up requirements and strong property rights, any business will have the opportunity to thrive. Entrepreneurs when doing a business look a procedure of licensing. Unfortunately, doing for business license in Indonesia is complicated, time consuming; and expensive.

Doing a business licensing in Indonesia is viewed as slow, discretionary and unnecessary. Inefficiency and corruption remain major problems in doing business license. The license approval process is nontransparent because not all the rules are in writing. This type of discretionary and nontransparent behavior makes the approval process unpredictable and opens the way for face-to-face negotiations.

Moreover, the quality of public service needs more to be reformed. Quality management of public service is a strategic integrated management system for achieving customer satisfactions (business players) and continuous improvement of all the organization’s processes and use of resources (of the people). There is evidence that easier business start-up procedures can help generate more business ventures and with it create a more dynamic private sector. However, while simplified business registration is a necessary condition to motivate enterprises to become formal, it is only one element in the overall business environment and in some cases might not be a sufficient condition to spur further private sector development or formalization of existing enterprises. There is also widespread agreement that additional reform is needed as well as feasible. So, the regulatory government has to start simple and consider administrative reforms and cut unnecessary procedures, reducing the number of bureaucrat entrepreneurs interact with, introduce standard application forms, reduce the number of licenses and permits, introduce to statutory time limits for issuing a license, and computerize licensing process.

**Government**

Prior research evidence shows that local government often played an important role in facilitating entrepreneurship, in general and the development in particular (Zhang & Si, 2008). However, from a view of enterprise competitive power, the government excessive subsidies and overindulgence could hold back the entrepreneurship because it depresses the desire of improving competitive power. Governments have to perform certain tasks in the economy, and the legal system provides a sound infrastructure on which to do business. Businesses including entrepreneurial business need permission from governments to operate at all. Businesses need various registrations, licenses, and permits from local governments. Businesses need the court system for protecting property rights, enforcing contracts, and resolving commercial disputes. Governments protect consumers from business. Governments redress consumers' grievances about business fraud and enforce recalls of dangerous products. Governments regulate private companies' activities to protect public health and safety or maintain a healthy environment. Government policies can also promote businesses. For example, tax breaks not only promote the public goal of home ownership–nearly but also expand business opportunities for business. Governments provide certain services – such as national defense, administration of justice, education, environmental protection, road construction, space exploration – for which they are viewed as better suited than private businesses. With the supporting of government, entrepreneurial activities can run well. Government should provide transparency including fostering greater disclosure. The public will then be empowered, in a sense of with information to see through them. Transparency can help provide the kind of environmental conditions that stimulate entrepreneurial characteristics and behavior because it reduces uncertainty and enhances empowerment (Sakr, 2003).

Related to Indonesia's case, the government and the law is merged. The government has stipulated Indonesia SMEs Government Regulation (Government Regulation Number 17 of 2013 of Implementation of Indonesia SMEs Law). This regulation concerns about business development including facilities, activities, priority, intensity, deadline, and implementation, types of partnership, government role in partnership and licensing. The Ministry of Cooperative and SMEs established SIC-SMESCO Indonesia Company. SMESCO stands for small and medium enterprises and cooperatives. SIC aims at promotiong Indonesian SMESCO sector internationally (Decree Number 19.3/Per/M.KUKM/VII/2006 issued by The Minister of Co-operative and SMEs concerning the Establishment and the Management of SIC). Indonesia's government has also faced the issue related to non bankable issue namely the easiness of SME of getting loan from bank. The government of Indonesia has tried to overcome this problem by providing several financial supports for SMEs.

Financial support for SMEs is divided into three categories, i.e. financial support or financing access from the Ministry of Co-Operative and SMEs, mandatory financing for SMEs by banking sector under the Central Bank of Indonesia Regulations, and financial support by state owned enterprises.

## CONCLUSION

Barney et al. (2001) argued that much of the focus of (Resource-based View) RBV research has been on larger firms, yet smaller firms also face the need to acquire critical resources to create a sustainable competitive advantage. Micro enterprises tend to be more conservative therefore, the existence of a formal strategic planning is less developed. The objective of the firm is much more subjective. The micro-firm has a very simple structure, wherein the owner and employees are found to be closer to their customers due to the lack of management layers (Brady & Voss, 1995). To survive in the future, it needs resources to support the existence.

This study sought to establish a resource-based view of micro-firm management practice. Specifically, micro-firm management competencies are found to be relationship management when interacting with the firm's business environment, resource at organisational level, and human resource. The resource based view depicts a unique entity in micro as the organisational management context (Kellihr & Reinl, 2009). External regulatory and competitive pressures may produce a forced learning environment from the micro-firm perspective, consequently causing a negative impact on organisational success. Pursuit and development of managerial competencies at each interaction point is therefore worthy of further investigation in the area of resource-based management practice related to brand management, entrepreneurial marketing, social capital, resource capabilities.

### Suggestion for Further Research

For the next study, it can use both qualitative method. The research is can be descriptive qualitative research. This research focused on how the concepts of brand management, entrepreneurial marketing, social capital, resource capabilities, law and government in influencing business performance. It aimed to understand deeper on these aspect toward the performance of small business. This study carries out a qualitative colleting method by having an interview. A sub-sample of entrepreneurs is selected from a sample of entrepreneurial organizations. The interview process is the primary method used to collect data. The interviews are semi-structured that is a range of topics and specific questions served as a base.

## REFERENCES

Aaker, D.A. 2004. *Brand Portfolio Strategy: Creating Relevance, Differentiation, Energy, Leverage, and Clarity*, Free Press, New York, NY.

Adler, P.S., & Kwon, S.W. 2002. Social capital: Prospect for a new concept. *Academy of Management Review*, 27: 17-40.

Balmer, J.M. 1998. Corporate identity and the advent of corporate marketing. *Journal of Marketing Management*, 14: 963-996.

Barney, J., Wright, M. and Ketchen, D.J. 2001. The resource-based view of the firm: ten years after 1991. *Journal of Management*, (27):625-41.

Bateman, T.S., & Crant, J.M. 1993. The proactive component of organizational behavior: A measure and correlates. *Journal of Organizational Behavior*, 14: 103-118.

Benzing, C., Chu, H.M., & Kara, O. 2009. Entrepreneurs in Turkey: A factor analysis of motivations, success factors and problems. *Journal of Small Business Management*, 47: 58-91.

Berthon, P., Hulbert, J.M., Pitt, L.F. 1997. Brands, brand managers, and the management of brands. Where to next. *Marketing Science Institute*, 97-122.

Beverland, M.B. and Lockshin, L.S. 2006. *Crafting a niche in a crowded market: the case of Palliser Estate Wines of Martinborough (New Zealand)* in Weinstein, A. and Dalgic, T. (Eds), Handbook of Niche Marketing, Principles and Practice, Routledge, London, 159-90.

Birley, S. 1985. Encouraging entrepreneurship: Britain's New Enterprise Program. *Journal of Small Business Management*, ( 23)4: 6 –13.

Bitzenis, A., & Nito, E. 2005. Obstacles to entrepreneurship in a transition business environment: The case of Albania. *Journal of Small Business and Enterprise Development*: 12: 564-578.

Brady, A. & Voss, B. 1995. Small is as small does. *Journal of Business Strategy*, 16 (2): 44-52.

Coleman, J.S. 1988. Social capital in the creation of human capital. *American Journal of Sociology*, 94: 95-120.

Colombo, M. G., & Grilli, L. 2005. Founders' human capital and the growth of new technology-based firms: A competence-based view. *Research Policy*, 34(6), 795–816.

Connor, T. 2002. The resource-based view of strategy and its value to practicing managers. *Strategic Change*, 11: 307-316.

Cravens, D.W., & Piercy, N.F. 2013. *Strategic Management*. 10th edition. Boston: McGraw-Hill.

Criaco, G., Minola, T., Migliorini, P., Serarols-Tarre's, C. 2014. To have and have not: Founders' human capital and university start-up survival. *Journal of Technology Transfer*, 39: 567-593.

Davis, S. 2002. Brand asset management: How businesses can profit from the power of brand. *Journal of Consumer Marketing*, 19 (4):351-8.

Gibb, A., & Li, J. 2003. Organizing for enterprise in China: What can we learn from the Chinese micro, small, and medium enterprise development experience. *Future*: 35: 403-421.

Gilmore, A., & Carson, D. 1999. Entrepreneurial marketing by networking. *New England Journal of Entrepreneurship*, 2: 31-38.

Goldberg, A.I., Cohen, G., Fiegenbaum, A. 2003. Reputation building: small business strategies for successful venture development. *Journal of Small Business Management*, 41: 168-186.

Gulati, R., Nohria, N., & Zaheer, A. 2000. Strategic network. *Strategic Management Journal*, 21: 203-215.

Hall, R. 1992. The strategic analysis of intangible resources. *Strategic Management Journal*, 13: 135-144.

Hamidi, D.Y., Wennberg, K., & Berglund, H. 2008. Creativity in entrepreneurship education. *Journal of Small Business and Enterprise Development*, 15: 304-320.

Hills, G.E., Hultman, C.M. and Miles, M.P. 2008. The evolution and development of entrepreneurialmarketing. *Journal of Small Business Management*, 46 (1): 99-112.

Hitt, M.A., & Ireland, R.D. 2002. The essence of strategic leadership: Managing human and social capital. *Journal of Leadership & Organizational Studies*, 9:3-14.

Hoskisson, R.E., Eden, L., Lau, C.M., & Wright, M. 2000. Strategy in emerging economies. *Academy of Management Journal*, 43: 249-267.

Hunt, S.D. 1991 a. *Modern Marketing Theory: Critical Issues in the Philosophy of Marketing Science.* Cincinnati: South-Western Publishing Co.

Jaworski, B.J., & Kohli, A.K. 1993. Marketing orientation: Antecedents and consequences. *Journal of Marketing*, 57: 53-71.

Jones, R. and Rowley, J. 2011. Entrepreneurial marketing in small businesses: a conceptual exploration. *International Small Business Journal*, 29 (1): 25-36.

Kelliher, F. And Reinl, L. 2009. A resource-based view of micro-firm management practice. *Journal of Small Business and Enterprise Development*, 16(3), 521-532.

Knight, G.A. 2000. Entrepreneurship and marketing strategy. The small medium enterprise under globalization. *Journal of International Marketing*, 8: 12-32.

Kotler, P. & Keller, K.L. 2019. *Marketing Management 13th edition*. New Jersey: Prentice Hall.

Laitinen, E.K. 2002. A dynamic performance measurement system. Evidence from small Finnish technology companies. *Scandinavian Journal of Management*, 18: 65

Li, S.M. 1998. Success in China's industrial market: An institutional and environmental approach. *Journal of International Marketing*, 6: 56-80.

Madura, J. 2008. *Introduction to Business*. Singapore: Thomson South-Western.

Mayasari, I., Maharani, A., Wiadi, I. 2009. Entrepreneurial Marketing for Small and Medium Enterprises Business. *Jurnal Manajemen Bisnis*, 2(1): 1-12.

McLine, R., Bath, S. 2012. An exploratory investigation into the role and importance of networking partners of south asian entrepreneurs in the venture creation process. *International Journal of Entrepreneurship*, 16: 37-62.

McEvily, S.K., & Chakravarthy, B. 2002. The persistence of knowledge based advantage: An empirical test for product performance and technological knowledge. *Strategic Management Journal*, 23: 285-305.

Morris, M.H., Schindehutte, M., & LaForge, R.W. 2002. Entrepreneurial marketing: A construct for integrating emerging entrepreneurship and marketing perspective. *Journal of Marketing Theory and Practice,* 10: 1-19.

O'Shea, R.P., Allen, T.J., O'Gorman, C., & Roche, F. 2004. Universities and technology transfer: A review of academic entrepreneurship literature. *Iris Journal of Management*, 25:11-29.

Park, C.W., Jaworski, B.J., & MacInnis, D.J. 1986. Strategic brand concept image management. *Journal of Marketing*, 50: 135-145.

Reijonen, H., & Komppula, R. 2007. Perception of success and its effect on small firm performance. *Journal of Small Business and Enterprise Development*, 14: 689-701.

Sakr, N. 2003. Freedom of expression accountability and development in the Arab region. *Journal of Human Development*, 4.

Sciascia, S. Naldi, L., Hunter, E. 2006. Market orientation as determinant of entrepreneurship: An empirical investigation on SMEs, in: International *Entrepreneurship and Management Journal*, 2, 1, 21-38.

Sheth, J.N., & Sisodia, R.S., & Sharma, A. 2000. The antecedents and consequences of customer-centric marketing. *Journal of the Academy of Marketing Science*, 28: 55-66.

Slater, S.F., & Narver, J.C. 1995. Market orientation and the learning organization. *Journal of Marketing,* 59: 63-74.

Thomas, L.C., Painbeni, S., Barton, H. 2013. Entrepreneurial marketing within the French wine industry. *International Journal and Entrepreneurial Behavior & Research*, 19 (2): 238-260.

Van der Gaag, M. 2005. *Measurement of social capital*. Netherlands Organization for Scientific Research.

Vans Renburg, DJ. 2013. Strategic brand venturing: An intersectional idea. *Management Decision, 51 (1): 200-219.*

Voss, K.E., Frankwick, G.L., Chakraborty, G.2002. The marketing-human resource interface: Superior performance for the small business. *Journal of Business & Entrepreneurship*, 14 (2): 69-83.

Zahra, S., & Garvis, D. 2000. International corporate entrepreneurship and firm performance: The moderating effect of international environmental hostility. *Journal of Business Venturing*, 15: 469-492.

Zhang, Y., Yang, X., & Ma, F. 2008. A quantitative analysis of the characteristics of rapid growth firms and their entrepreneurs in China. *Journal of Small Business and Enterprise Development*, 15: 2008.

Zhang, Y., & Si, C. 2008. The impacts of external factors on the growth of Chinese entrepreneurial enterprises: An empirical study. *Journal of Small Business and Enterprise Development*, 15: 689-703.