



CHARACTERISTICS OR STRATEGY? THE MODERATING ROLE OF MARKET KNOWLEDGE IN SHAPING SMES' INTERNATIONAL MARKETING DECISIONS

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Abstract

In an increasingly globalized market, SMEs face distinct challenges in making effective international marketing decisions (IMD). This study explores how International Entrepreneurial Marketing Strategy (IEMS) and internal SME characteristics influence IMD, with market knowledge as a moderating variable. Based on a survey of 220 export-oriented SMEs in West Java, Indonesia, moderated regression analysis reveals that both SME characteristics and IEMS significantly affect IMD. However, market knowledge only strengthens the influence of IEMS on IMD, without moderating the effect of internal characteristics. These findings highlight the strategic value of market knowledge in enhancing entrepreneurial marketing effectiveness. Integrating internal capabilities with contextual insight enables SMEs to make informed, agile, and competitive decisions. The study offers valuable theoretical contributions and practical implications for policymakers and international marketing strategists in emerging market contexts.

Keywords: SMEs Characteristics; International Entrepreneurial Marketing Strategy; Market Knowledge; International Marketing Decisions; Small Medium Enterprises;

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INTRODUCTION

As SMEs navigate an increasingly globalized and competitive landscape, their success in international markets depends not solely on informed marketing decisions, but on the dynamic interplay between internal capabilities and external environmental factors (Korsakiene & Tvaronavičiene, 2012; Kunday & Şengüler, 2015; Senik et al., 2010). These decisions—encompassing market selection, entry strategies, product adaptation, and promotional approaches—are pivotal in shaping SMEs' international performance and long-term sustainability (Morgan et al., 2021). Yet, despite their strategic importance, SMEs often face substantial barriers in internationalization, including limited financial and human resources, lack of international experience, and insufficient market knowledge (Knight & Liesch, 2016). These constraints challenge their

ability to respond effectively to global market demands and raise a fundamental inquiry: what internal strategic and organizational factors most effectively enhance SMEs' decision-making in international marketing contexts?

Existing literature has established that international entrepreneurial marketing strategy—combining entrepreneurial orientation with marketing capabilities tailored for international contexts—plays a significant role in enhancing international marketing decision quality (Keelson et al., 2024; Onjewu et al., 2021). Grounded in the resource-based view (RBV) and dynamic capabilities theory, this strategic approach emphasizes how internal capabilities, such as innovation and responsiveness, interact with external factors—particularly market knowledge—to enable firms to adapt, seize opportunities, and sustain competitive advantage in dynamic international environments (Galati & Crescimanno, 2014; Lindstrand & Nordman, 2022). Additionally, various firm-level characteristics, such as innovativeness, risk-taking propensity, and international orientation, have been identified as key antecedents of successful international engagement (Pinho & Prange, 2021). Nevertheless, much of this body of work has treated these relationships in isolation, often overlooking contextual factors that may influence or moderate these effects (Dairse, 2009; Smith, 2007; Wright et al., 2007; Zahoor et al., 2020). In particular, the role of market knowledge—defined as the extent to which SMEs understand target market dynamics, customer preferences, regulatory environments, and competitive landscapes—remains underexplored (Faizal et al., 2024; Hodijah et al., 2024; Yuldinawati & Yellianty (2024). This is a critical gap, as market knowledge may not only directly influence decision-making outcomes but also interact with internal capabilities to amplify or attenuate their effects on international marketing performance (Kontinen & Ojala, 2018; Rehman, 2025).

To address this theoretical and empirical gap, the present study investigates how international entrepreneurial marketing strategy and SMEs' characteristics influence international marketing decisions, and how market knowledge functions as a moderating variable within these relationships. Specifically, this study seeks to answer the following research questions: 1) what is the descriptive profile of international entrepreneurial marketing strategy, SMEs' characteristics, market knowledge, and international marketing decisions among export-oriented SMEs in West Java, Indonesia?; 2) How does SMEs's characteristic and international entrepreneurial marketing strategy influence the international marketing decisions?; 3) How does the market knowledge moderate the influence SMEs's characteristic to the international marketing decisions?; 4) How does the market knowledge moderate the influence international entrepreneurial marketing strategy to the international marketing decisions?.

International Entrepreneurial Marketing Strategy (IEMS) is an approach that integrates entrepreneurial principles—such as proactiveness, innovativeness, and risk-taking—with adaptive marketing strategies tailored to the dynamics of global markets (Mort et al., 2012; Keelson et al., 2024). The core dimensions of IEMS typically include proactiveness toward international opportunities, innovative approaches to product and promotion, and flexibility in responding to foreign market conditions (Zahra & George, 2002). SMEs Characteristics refer to internal firm factors such as firm size, age, international experience, and managerial competence, which significantly influence a firm's readiness and capacity to compete globally (Pinho & Prange, 2021; Afriyie et al., 2019). These are often measured through indicators such as the firm's age and size, the owner/manager's educational level, and prior export experience (Gemser et al., 2012; Lloyd-Reason & Mughan, 2002; Lobo et al., 2020; Ratnamiasih & Rohmah, 2023; Siswadi et al., 2023). Market Knowledge is defined as the extent to which a firm understands the conditions of its target international markets, including consumer preferences, regulatory frameworks, competition, and business culture (Knight & Liesch, 2016; Kontinen & Ojala, 2018). Its dimensions commonly include institutional knowledge, competitor knowledge, and customer knowledge (Fiet, 2001; Haara et al., 2016; Igwe et al., 2022; Jones, 2019; Rae & Carswell, 2001; Rodrigues, 2023). Finally, International Marketing Decision refers to the strategic decision-making process related to cross-border marketing activities, such as market selection, entry strategy, marketing mix decisions, and product adaptation (Morgan et al., 2021; Rehman, 2025). Measurement indicators typically assess the accuracy of market selection, consistency of marketing strategies, and success in penetrating international markets (Hägg & Gabrielsson, 2020; Hazari et al., 2009; Lovat & Clement, 2008; Verduijn & Berglund, 2020).

Prior research has established a significant relationship between International Entrepreneurial Marketing Strategy (IEMS) and the quality of International Marketing Decisions (IMD) among SMEs (Agndal, 2004; Agndal & Chetty, 2007; Castagna et al., 2020; Costa et al., 2016; Fletcher, 2011; Schweizer, 2015). Mort, Weerawardena, and Liesch (2012) emphasized that firms engaging in entrepreneurial marketing—marked by innovation, proactiveness, and risk-taking—are more adept at navigating international markets and making strategic decisions. Similarly, the intrinsic characteristics of SMEs, such as organizational structure, resource base, and leadership attributes, have been shown to directly influence IMD. A study by Lobo et al. (2020) confirmed that internal firm characteristics significantly impact the ability of SMEs to make informed and agile decisions in international contexts. These findings are further reinforced by Rehman (2025), who demonstrated that IEMS and SME characteristics jointly contribute to the formulation of more effective international strategies, particularly when aligned with the firm's global technological capabilities. Moreover, the strength of these relationships is influenced by the level of market knowledge possessed by SMEs. Knight and Liesch (2016) found that firms with higher levels of foreign market knowledge are more likely to effectively implement entrepreneurial strategies, thereby enhancing their international decision-making outcomes. This suggests that market knowledge acts as a moderating variable that amplifies the positive effects of IEMS on IMD. Ciszewska-Mlinarič (2016) supports the view that Market Knowledge significantly intervenes in the influence of SMEs' Characteristics on International Marketing Decisions, highlighting that the strategic value of market knowledge is most effectively realized when complemented by a strong strategic intent and dynamic capabilities.

This research employs a quantitative approach, surveying 220 SMEs engaged in international trade activities across West Java, Indonesia. Data were analyzed using moderated regression analysis (MRA), which allows for the examination of interaction effects between predictor and moderating variables, thereby providing a more nuanced understanding of the decision-making process in international marketing (Rehman, 2025).

The findings of this study indicate that the higher the level of market knowledge possessed by SMEs, the more it amplifies the effectiveness of their International Entrepreneurial Marketing Strategy (IEMS) in shaping strategic international marketing decisions. Unlike the findings of Ciszewska-Mlinarič (2016), which emphasize that market knowledge is a prerequisite for the influence of internal firm characteristics on International Marketing Decisions (IMD), this study reveals that internal characteristic—such as entrepreneurial competence, agile leadership, and organizational responsiveness—can exert a significant direct effect on IMD even in the absence of high market knowledge. This suggests that under certain conditions, notably when SMEs exhibit strong entrepreneurial orientation and internal agility, the influence of firm characteristics may be independently impactful. Nonetheless, the study reaffirms that market knowledge plays a critical mediating role specifically within the IEMS–IMD relationship. When embedded in a strategically responsive and well-aligned entrepreneurial framework (Ahmad et al., 2010; Aisha et al., 2019), market knowledge becomes a powerful enabler that sharpens decision-making, enhances adaptability, and ensures marketing strategies are attuned to the dynamics of global markets.

The higher the level of market knowledge possessed by SMEs, the more effectively they can implement their International Entrepreneurial Marketing Strategy (IEMS) to enhance International Marketing Decisions (IMD) (Eikebrokk & Olsen, 2007; Gunartin et al., 2023; Oztemel & Ozel, 2021). This implies that when market knowledge is integrated with innovative, proactive, and flexible marketing approaches, SMEs are better equipped to navigate complex international environments, tailor their strategies to diverse consumer needs, and respond swiftly to market changes—ultimately leading to more informed, agile, and competitive international marketing decisions (Carson & Gilmore, 2000; Man et al., 2008; Ng et al., 2020; Sakib et al., 2022; Tehseen & Ramayah, 2015).

The remainder of this paper is structured as follows: the next section reviews the method and develops the research hypotheses. Section three outlines the empirical findings, followed by a discussion of their theoretical and managerial implications. The paper concludes with a reflection on research limitations and suggestions for future studies.

METHOD

This study employed a quantitative research design to examine the influence of International Entrepreneurial Marketing Strategy (X1) and SMEs' Characteristics (X2) on International Marketing Decisions (Y), with Market Knowledge (M) as a moderating variable. A quantitative approach was selected to allow for statistical testing of the proposed hypotheses and to provide empirical evidence regarding both the direct and interaction effects among the variables (Hair et al., 2020; Hayes, 2022). This design is appropriate for identifying patterns, testing causal relationships, and ensuring the generalizability of findings within the internationalization context of SMEs (Malhotra et al., 1996). However, as this study employed a non-probabilistic sampling technique, the generalizability of its findings may be limited—though still justifiable for exploratory purposes aimed at theory building and identifying emerging patterns in SME internationalization. The measurement instruments used consisted of multi-item constructs adapted from validated scales in prior research (Hair et al., 2020; Hayes, 2022), using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Data were collected from 220 SMEs operating in export-oriented sectors in West Java, Indonesia. A purposive sampling technique was utilized to select SMEs that were either currently involved in or had previously engaged in international business activities. These firms were chosen to ensure relevance to the research objectives, as they possess the contextual experience necessary to evaluate international marketing decisions. The SMEs included in the study represented a variety of industries, such as food and beverage, textiles, handicrafts, manufacturing, and technology, providing a comprehensive overview of SME characteristics in international markets.

A structured questionnaire was administered to gather data. The survey instrument was developed based on validated measurement items adapted from prior studies, including indicators for international entrepreneurial marketing strategy (Mort et al., 2012; Knight & Liesch, 2016), SMEs' characteristics (Lobo et al., 2020; Pinho & Prange, 2021), market knowledge (Ciszewska-Mlinarič, 2016; Rehman, 2025), and international marketing decisions (Morgan et al., 2021). All items were measured on a five-point Likert scale ranging from strongly disagree (1) to strongly agree (5). The instrument was pre-tested to ensure clarity, reliability, and validity. The hypotheses are below:

- H0: There is no significant influence between SMEs' Characteristics (X1) on International Marketing Decisions (Y).
- H1: SMEs' Characteristics (X1) has a significant influence on International Marketing Decisions (Y).
- H0: There is no significant influence between International Entrepreneurial Marketing Strategy (X2) on International Marketing Decisions (Y).
- H2: SMEs' Characteristics (X2) has a significant influence on International Marketing Decisions (Y).
- H0: There is no significant influence between SMEs' Characteristics (X1) and International Entrepreneurial Marketing Strategy (X2) on International Marketing Decisions (Y).
- H3: SMEs' Characteristics (X1) and International Entrepreneurial Marketing Strategy (X2) have a significant influence on International Marketing Decisions (Y).
- H0: Market Knowledge (M) does not significantly intervene in the influence of SMEs' Characteristics (X1) to International Marketing Decisions (Y).
- H4: Market Knowledge (M) significantly intervenes in the influence of SMEs' Characteristics (X1) to International Marketing Decisions (Y).
- H0: Market Knowledge (M) does not significantly intervene in the influence of International Entrepreneurial Marketing Strategy (X2) to International Marketing Decisions (Y).
- H5: Market Knowledge (M) significantly intervenes in the influence of International Entrepreneurial Marketing Strategy (X2) to International Marketing Decisions (Y).

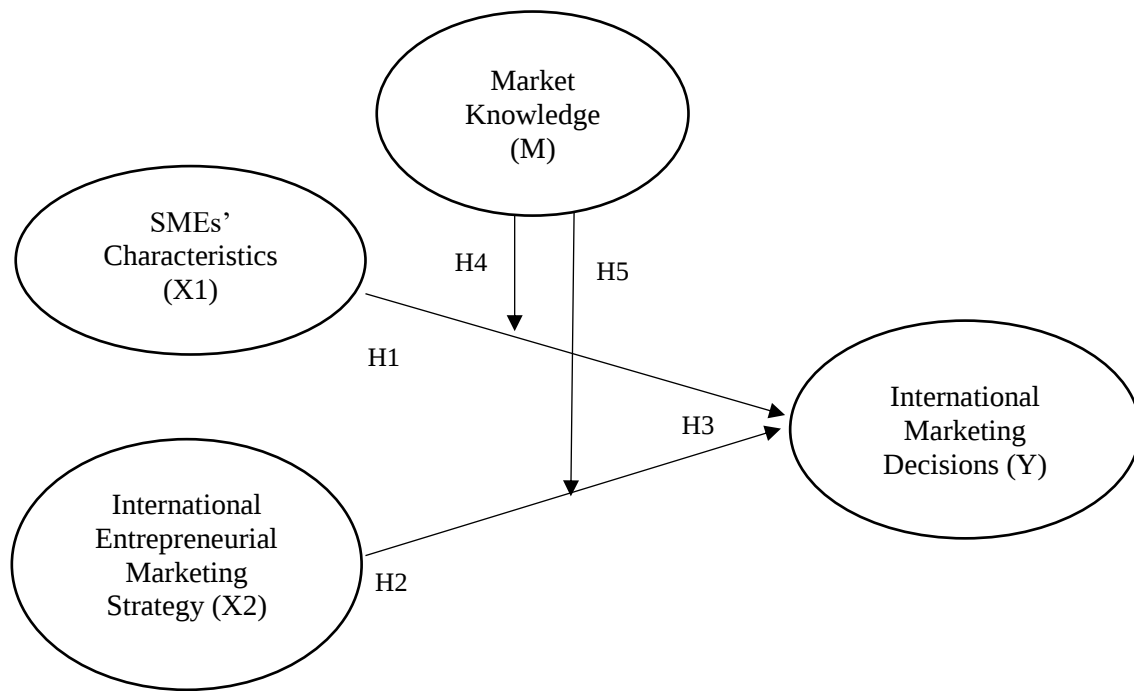


Figure 1. Research Paradigm

Figure 1 visualizes the research paradigm and the hypotheses. To test the hypotheses, Moderated Multiple Regression Analysis (MMRA) was employed using SPSS and PROCESS Macro Model 1 (Hayes, 2013). MMRA allows for testing the main effects of independent variables (X1 and X2) on the dependent variable (Y), as well as examining how the relationship between X1 or X2 and Y changes depending on the level of the moderating variable (M). This method is particularly useful in capturing the interaction effects of market knowledge on the relationship between international entrepreneurial marketing strategies and SMEs' characteristics on international marketing decisions.

RESULTS

The descriptive analysis reveals that export-oriented SMEs in West Java demonstrate a moderate to high level of engagement with International Entrepreneurial Marketing Strategy (IEMS), particularly in terms of proactiveness and flexibility in responding to international market dynamics. Innovation, while present, remains unevenly adopted across firms, suggesting room for improvement in product development and creative marketing approaches. In terms of SMEs' characteristics, most firms surveyed fall within the small enterprise category, with an average firm age of 9–12 years. A significant portion of SME owners or managers have tertiary education, and nearly half possess some degree of international business experience, indicating a moderate level of internal preparedness for global engagement. Market knowledge levels vary, with stronger awareness of customer preferences compared to institutional or regulatory knowledge. Many SMEs report limited access to formal market intelligence systems, relying instead on informal networks and experiential learning. Regarding International Marketing Decisions (IMD), most SMEs exhibit strategic awareness in market selection and product adaptation but are less consistent in formulating comprehensive entry strategies or promotional plans tailored for international audiences. This suggests a foundational understanding of IMD processes, though not yet fully optimized for competitive international performance.

Table 1. Validity Test Result

Variable	Dimension / Indicator	Statement	Rcount	Rcritics	Description
SMEs' Characteristics (X1)	Firm Size	Statement 1	0,751	0,3	Valid
		Statement 2	0,782	0,3	Valid
	Age	Statement 3	0,792	0,3	Valid
		Statement 4	0,755	0,3	Valid
	International Experience	Statement 5	0,825	0,3	Valid
		Statement 6	0,855	0,3	Valid
		Statement 7	0,83	0,3	Valid
	Managerial Competence	Statement 8	0,751	0,3	Valid
		Statement 9	0,759	0,3	Valid
International Entrepreneurial Marketing Strategy (X2)	International Opportunities	Statement 1	0,861	0,3	Valid
		Statement 2	0,821	0,3	Valid
		Statement 3	0,821	0,3	Valid
	Innovative Approaches To Product And Promotion	Statement 4	0,869	0,3	Valid
		Statement 5	0,832	0,3	Valid
		Statement 6	0,869	0,3	Valid
	Innovative Approaches To Promotion	Statement 7	0,869	0,3	Valid
		Statement 8	0,822	0,3	Valid
		Statement 9	0,832	0,3	Valid
Market Knowledge (M)	Flexibility In Responding to Foreign Market Conditions	Statement 10	0,832	0,3	Valid
		Statement 11	0,832	0,3	Valid
	Institutional Knowledge	Statement 12	0,924	0,3	Valid
		Statement 13	0,877	0,3	Valid
	Competitor Knowledge	Statement 14	0,903	0,3	Valid
		Statement 15	0,866	0,3	Valid
	Customer Knowledge	Statement 16	0,892	0,3	Valid
		Statement 17	0,821	0,3	Valid
International Marketing Decisions (Y)	Market Selection	Statement 18	0,691	0,3	Valid
		Statement 19	0,855	0,3	Valid
	Consistency of Marketing Strategies	Statement 20	0,857	0,3	Valid
		Statement 21	0,822	0,3	Valid
	Success In Penetrating International Markets	Statement 22	0,861	0,3	Valid
		Statement 23	0,82	0,3	Valid

Table 1 presents the validity test results for various statements grouped under four main research variables: SMEs' Characteristics (X1), International Entrepreneurial Marketing Strategy (X2), Market Knowledge (M), and International Marketing Decisions (Y). Each statement within these variables has been assessed using the R-count and compared to an R-critical value of 0.3. To assess the validity of the measurement items, factor loadings were examined, and items with standardized loadings above 0.30 were considered acceptable for exploratory research (Hair et al., 2020). For SMEs' Characteristics (X1), the indicators include Firm Size, Age, International Experience, and Managerial Competence. All related statements have R-count values ranging from 0.751 to 0.855, which are all above the critical value, indicating validity. The International Entrepreneurial Marketing Strategy (X2) variable comprises indicators such as International Opportunities, Innovative Approaches to Product and Promotion, Innovative Approaches to Promotion, and Flexibility in Responding to Foreign Market Conditions. All statements within this variable also exhibit R-count values above 0.8, confirming their validity. Market Knowledge (M) includes dimensions like Institutional Knowledge, Competitor Knowledge, and Customer Knowledge. These indicators show strong validity with R-count values ranging from 0.821 to 0.924, which are well above the threshold. Lastly, International Marketing Decisions (Y) covers Market Selection, Consistency of Marketing Strategies, and Success in Penetrating International Markets. While most statements are clearly valid, one statement under Market Selection (Statement 1) has an R-count of 0.691, which is still above the critical value and thus remains valid.

Table 2. Reliability Test Result

Variable	Reliability Index	Critical Value	Description
SME's Characteristics (X1)	0,810	0,7	Reliabel
International Entrepreneurial Marketing Strategy (X2)	0,890	0,7	Reliabel
Market Knowledge (M)	0,942	0,7	Reliabel
International Marketing Decisions	0,910	0,7	Reliabel

Table 2 illustrates the reliability test results for four key variables within the study. The reliability of each construct was evaluated using Cronbach's Alpha, where values exceeding 0.70 indicated an acceptable level of internal consistency (Hair et al., 2020). Each variable's reliability index exceeds the critical threshold value of 0.7, indicating that all are considered reliable. Specifically, "Market Knowledge (M)" exhibits the highest reliability index at 0.942, followed by "International Entrepreneurial Marketing Strategy (X2)" at 0.890. "International Marketing Decisions" also demonstrates strong reliability with an index of 0.910. Lastly, "SME's Characteristics (X1)" shows a solid reliability value of 0.810. These results confirm that the measurement instruments used for each variable are consistent and dependable, supporting their use in further statistical analysis.

Table 3. Anova

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	6003.565	2	3001.783	46.528	.000
Residual	13999.871	217	64.516		
Total	20003.436	219			

Table 4. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	7.540	1.808	—	4.171	.000
	X ₁	.231	.051	.262	4.577	.000
	X ₂	.361	.046	.453	7.927	.000

Table 3 and 4 show that the variable SMEs' Characteristics (X1) has a significant effect on the variable International Marketing Decisions (Y). This is indicated by a significance value of 0.009, which is lower than the critical threshold of 0.05, suggesting a statistically significant influence. Furthermore, the variable International Entrepreneurial Marketing Strategy (X2) also shows a significant impact on Y, with a significance value of 0.000—well below 0.05—indicating a very strong effect. Additionally, when X1 and X2 are analyzed simultaneously in relation to Y, the resulting significance value is 0.000, again below the 0.05 threshold. This confirms that both SMEs' Characteristics (X1) and International Entrepreneurial Marketing Strategy (X2) jointly have a significant influence on International Marketing Decisions (Y). Therefore, both independently and together, these two independent variables contribute meaningfully to the dependent variable.

Table 5. Coefficient

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	13.775	1.782	—	7.729	.000
	X1	.208	.059	.235	3.505	.001
	M	.214	.064	.224	3.351	.001

Table 6. Coefficients Interaction

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	13.844	3.809	—	3.634	.000
	X1	.205	.146	.232	1.399	.163
	M	.211	.174	.221	1.214	.226
	X1M	.000	.006	.006	0.021	.984

Table 5 and 6 show that the variables SMEs' Characteristics (X1) and Market Knowledge (M) each have a significant effect on International Marketing Decisions (Y). This is indicated by their respective significance values of 0.001, which are lower than the 0.05 threshold, suggesting a meaningful and statistically significant relationship. However, when the interaction term between SMEs' Characteristics (X1) and Market Knowledge (M) is introduced in Table 4, the significance value for the interaction is 0.984, which is far above the 0.05 threshold. This indicates that the interaction between SMEs' Characteristics (X1) and Market Knowledge (M) does not have a significant effect on International Marketing Decisions (Y). Therefore,

although SMEs' Characteristics (X1) and Market Knowledge (M) independently influence International Marketing Decisions (Y), the absence of a significant interaction suggests that Market Knowledge (M) does not function as a moderating variable in the relationship between SMEs' Characteristics (X1) and International Marketing Decisions (Y).

Table 7. Coefficient

Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
	B		Beta		
1					
(Constant)	7.774	1.800		4.318	.000
X2	0.362	0.046	0.454	7.914	.000
M	0.243	0.055	0.254	4.436	.000

Table 8. Coefficient Interaction

Model	Variabel	B	Std. Error	Beta	t	Sig.
1	(Constant)	-7.146	3.261		-2.192	.029
1	X2	0.851	0.101	1.067	8.430	.000
1	M	0.975	0.146	1.020	6.675	.000
1	X2M	-0.024	0.004	-1.073	-5.357	.000

Table 7 and 8 show that the variables International Entrepreneurial Marketing Strategy (X2) and Market Knowledge (M) each have a significant effect on International Marketing Decisions (Y). This is indicated by their respective significance values of 0.000, which are lower than the 0.05 threshold, suggesting a meaningful and statistically significant relationship. However, when the interaction term between International Entrepreneurial Marketing Strategy (X2) and Market Knowledge (M) is introduced in Table 4, its significance value remains at 0.000, which is also below the 0.05 threshold. This indicates that the interaction between International Entrepreneurial Marketing Strategy (X2) and Market Knowledge (M) has a significant effect on International Marketing Decisions (Y). Therefore, the presence of a significant interaction suggests that Market Knowledge (M) functions as a moderating variable in the relationship between International Entrepreneurial Marketing Strategy (X2) and International Marketing Decisions (Y).

DISCUSSION

The analysis of 220 SMEs engaged in international trade across West Java, Indonesia, shows that both SMEs' characteristics and their International Entrepreneurial Marketing Strategy (IEMS) significantly influence International Marketing Decisions (IMD). SMEs' characteristics include firm size, age, international experience, managerial competence, and opportunity recognition, while IEMS encompasses innovation in products and promotions, as well as strategic flexibility. These effects were confirmed through multiple regression and path analysis, with all paths showing statistically significant coefficients ($p < 0.05$), thereby supporting Hypotheses 1, 2, and 3. This finding underscores the importance of internal organizational factors and entrepreneurial marketing practices in shaping strategic international decision-making among SMEs.

The SMEs engaged in international trade across West Java are found to exhibit a range of characteristics that influence their global success. These firms vary in size, from micro-enterprises with fewer than 10 employees to medium-sized businesses employing up to 250 people, with many being young, typically 5 to 15 years old. While some have limited international experience, focusing mainly on regional markets, others have ventured further into distant markets through trade agreements and export initiatives. Managerial competence varies across firms; larger SMEs often feature structured management teams with experienced executives, while smaller ones rely heavily on the expertise of owner-operators. The ability to identify international opportunities also differs—successful firms proactively engage in market research, attend trade fairs, or form partnerships with export agencies. In terms of strategy, these SMEs are highly innovative, adapting products to meet the needs of international consumers, whether through changes in design, flavor, or packaging. They also increasingly use digital marketing tools like social media and e-commerce platforms to promote their products globally. Strategic flexibility is a hallmark of these businesses, as they rapidly adjust to market shifts,

economic fluctuations, or changing consumer preferences, whether by diversifying product lines or exploring new markets. This combination of innovative marketing, adaptability, and a solid understanding of international opportunities defines the success of SMEs in West Java's international trade landscape.

These findings are consistent with and extend the insights of prior research. Mort, Weerawardena, and Liesch (2012) highlighted that entrepreneurial marketing—defined by innovation, proactiveness, and risk-taking—empowers firms to navigate international markets more effectively, thereby enhancing strategic decision-making. In parallel, the foundational characteristics of SMEs, including their structural, resource-based, and leadership attributes, have been shown to impact IMD directly. Lobo et al. (2020) supported this by demonstrating that such characteristics significantly improve SMEs' responsiveness and decision quality in international environments. Reinforcing these perspectives, Rehman (2025) argued that the synergy between IEMS and SME characteristics yields more robust international strategies, particularly when underpinned by global technological readiness.

What distinguishes the present study is its empirical validation of these relationships within the context of a developing economy—Indonesia—where SMEs face unique structural and institutional challenges. Moreover, this study contributes novel insights by empirically testing the moderating role of market knowledge in the IEMS–IMD relationship, an area that has been theoretically suggested but seldom quantified in previous research. These contributions help refine and contextualize the broader understanding of how entrepreneurial and internal firm dynamics interact to influence strategic decision-making in emerging markets.

This finding implies that for SMEs in West Java, a holistic approach to international marketing is essential. Not only do the internal characteristics of the firm—such as size, experience, and leadership—play a crucial role in shaping decisions, but the implementation of innovative and flexible marketing strategies is equally vital in optimizing those choices. The ability of SMEs to identify international opportunities, adapt to market changes, and employ strategic marketing decisions can be a key determinant in their success in international trade.

Furthermore, the study suggests that these factors are interconnected. Entrepreneurial marketing strategies, particularly those that embrace innovation and risk-taking, act as a catalyst for SMEs to leverage their internal strengths, allowing them to navigate the complexities of global markets more efficiently. This synergy between firm characteristics and marketing strategies not only enhances decision-making quality but also positions SMEs for sustained growth in an increasingly competitive international environment.

This study finds that, contrary to expectations, market knowledge does not significantly intervene in the relationship between SMEs' characteristics—such as firm size, age, international experience, managerial competence, and the ability to identify international opportunities—and International Marketing Decisions (IMD). This outcome suggests that while market knowledge is often regarded as a crucial factor in international trade, it does not have the mediating role that some earlier studies anticipated. Consequently, Hypothesis 4, which posited that market knowledge would significantly influence the relationship between SME characteristics and IMD, is rejected.

The SMEs in West Java, though diverse in their characteristics, seem to place greater emphasis on internal factors—such as their size, leadership, and international experience—when making strategic marketing decisions. These firms range from small micro-enterprises to medium-sized businesses, and while many exhibit limited international experience, their success is often driven by the agility of their management and their ability to identify international opportunities. Managerial competence, therefore, plays a more prominent role in shaping their international marketing strategies than market knowledge. This is particularly evident in the more experienced firms, which leverage their internal strengths—such as leadership, resources, and innovation—to craft effective marketing decisions without necessarily relying heavily on specific market knowledge.

This finding offers a nuanced refinement of the study by Ciszewska-Mlinarič (2016), who argued that market knowledge significantly moderates in the influence of SMEs' characteristics on international marketing decisions, particularly when supported by strategic intent and dynamic capabilities. However, the current study reveals that while market knowledge remains important, its role is more complementary than central. Empirical evidence from the analysis indicates that internal characteristics—such as managerial competence, international experience, and opportunity recognition—exert a direct and significant influence on decision-

making outcomes even in the absence of high levels of market knowledge. In this context, market knowledge enhances but does not solely determine the effectiveness of strategic choices; rather, it serves as an amplifier when embedded within a firm that is already entrepreneurially oriented and structurally prepared for international engagement. For example, SMEs with agile leadership and proactive marketing strategies were still able to make sound international decisions despite moderate exposure to foreign markets. These findings suggest that decision-making is shaped by a constellation of interrelated factors, and that market knowledge plays a facilitating rather than a driving role in aligning internal capacities with external opportunities.

This study implies that, within the context of SMEs in West Java, the direct impact of internal firm characteristics—such as firm size, international experience, and managerial competence—on international marketing decisions may operate independently of market knowledge. It suggests that the presence of market knowledge alone, without the reinforcing elements of strategic orientation or adaptability, may not be sufficient to significantly enhance decision-making outcomes. As a result, SMEs may benefit more from strengthening their internal capabilities and entrepreneurial strategies than from relying solely on external market information when navigating international markets.

Furthermore, the study suggests that the ability of SMEs to make effective international marketing decisions is more strongly influenced by their internal strengths and strategic agility than by the presence of market knowledge alone. While market knowledge remains a valuable asset, it appears to play a more supportive rather than central role in driving international strategy. This highlights the importance of nurturing internal competencies—such as leadership quality, innovation, and opportunity recognition—as the primary levers of international success. It also indicates that for market knowledge to truly enhance decision-making, it must be integrated into a broader framework of entrepreneurial orientation and strategic readiness.

This study finds that, as hypothesized, market knowledge significantly intervenes in the relationship between International Entrepreneurial Marketing Strategy (IEMS)—which includes innovative product development, creative promotion approaches, and strategic flexibility—and International Marketing Decisions (IMD). This outcome confirms the notion that market knowledge enhances the effectiveness of entrepreneurial marketing practices, allowing SMEs to make more informed and strategically sound decisions in international contexts. Consequently, Hypothesis 5, which posited that market knowledge would significantly influence the relationship between IEMS and IMD, is accepted.

SMEs in West Java that demonstrate higher levels of market knowledge tend to implement their entrepreneurial marketing strategies more effectively. These firms often tailor their product innovations to meet the nuanced preferences of international consumers, adapt their promotional techniques to regional expectations, and shift their strategies in response to market feedback. The combination of strategic flexibility and timely, accurate market insights allows these SMEs to respond to shifting consumer demands and competitive pressures with agility and precision. Market knowledge, therefore, acts not merely as background information but as a critical enabler of strategic decision-making and market adaptability.

This finding supports prior studies such as that of Knight and Liesch (2016), who argued that market knowledge enhances the capacity of entrepreneurial firms to deploy innovative marketing strategies effectively in global markets. It also aligns with Rehman (2025), who emphasized that market intelligence significantly amplifies the positive effects of entrepreneurial orientation on international performance, particularly for born-global SMEs.

This study implies that, for SMEs in West Java, market knowledge is not just a supplementary asset but a pivotal factor that amplifies the effectiveness of entrepreneurial marketing efforts. The ability to gather, interpret, and utilize market knowledge in real-time provides these firms with a competitive edge, enabling them to refine their marketing strategies to better align with international market conditions. Therefore, strengthening mechanisms for market research, competitor analysis, and customer feedback is essential for SMEs aiming to expand or sustain their presence in global markets.

Furthermore, the study suggests that market knowledge transforms entrepreneurial intent into strategic clarity. While entrepreneurial orientation provides the vision and momentum for international expansion, it is the integration of accurate market knowledge that ensures these efforts translate into effective action. In particular, market knowledge enables SMEs to detect early signals of external disruptions—such as shifts in

trade regulations, currency fluctuations, or emerging consumer trends—allowing them to respond with timely strategic adjustments. For instance, during periods of global economic uncertainty or sudden changes in export tariffs, SMEs equipped with current and contextual market insights are more likely to reconfigure their marketing channels, adjust pricing strategies, or pivot to alternative markets. This underscores the importance of embedding knowledge systems within SMEs to support continuous learning and adaptive strategic behavior in highly dynamic and uncertain international environments.

CONCLUSION

This study concludes that both SMEs' internal characteristics and International Entrepreneurial Marketing Strategy (IEMS) significantly influence International Marketing Decisions (IMD), both independently and jointly. Firm-specific factors—such as size, age, international experience, managerial competence, and opportunity recognition—highlight the importance of internal capacity in shaping international outcomes. Similarly, IEMS—characterized by innovation, proactive promotion, and flexibility—strengthens SMEs' competitiveness in global markets. Contrary to earlier studies like Ciszewska-Mlinarič (2016), this research finds that market knowledge does not significantly mediate the link between SME characteristics and IMD, suggesting internal drivers can operate independently when backed by leadership and entrepreneurial skills. However, market knowledge does mediate the effect of IEMS on IMD, underscoring its importance in implementing market-responsive strategies. Theoretically, this study refines the IEMS framework by showing its synergy with internal traits and clarifying the distinct mediating role of market knowledge. Practically, it advises SMEs and policymakers to align internal competencies with innovative, market-informed strategies to boost competitiveness. The focus on West Java provides localized insights with broader relevance for emerging markets. The study recommends a dual strategy for SMEs—enhancing internal capabilities (especially managerial competence and opportunity recognition) and adopting outward-looking entrepreneurial approaches. This includes investment in training, mentorships, and academic partnerships. Policymakers should offer targeted support, such as subsidized trade missions and export coaching. Although market knowledge doesn't mediate SME characteristics–IMD, it remains vital for optimizing IEMS, suggesting the need for strong market intelligence systems using digital tools like CRM and AI analytics for improved responsiveness.

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