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Abstract

The aim of this study is to bridge the gap in literature by studying how far do growth orientation, opportunity orientation, total customer focus, value creation networking, informal market analysis, and closeness to the market dimensions in start-up companies and scale-up companies have impact on entrepreneurial marketing (EM) behavior. Therefore, the goals in this study are: analyzing whether there is any difference in EM behavior for start-up company and scale-up company? The questionnaires were distributed to 406 business owners in Indonesia, spread throughout eight provinces. Start-up companies are companies that have been operating for less than 6 years, and scale-up companies are companies that have been operating for more than 6 years. Snowball sampling was used to select the chosen respondents, using the entire firms in Indonesia, be it services or manufacturing. The result of the study suggests that there is no difference in entrepreneurial marketing behavior between start-up companies and scale-up companies. Value creation networking is shown to be the most dominant dimension for start-up companies in terms of its impact on entrepreneurial marketing behavior, as for scale-up company, the most dominant dimension is closeness to market dimension in its impact on entrepreneurial marketing behavior.

Keywords: entrepreneurial marketing, growth orientation, opportunity orientation, total customer focus, value creation networking, informal market analysis, closeness to the market

1. Introduction

During the development stage, which is around year 1980, there were discussions about the pros and cons of EM [1]. The surfacing of EM was sparked from the critique towards customer centric model in marketing, which caused the lack...
of innovation and therefore resulted in process and replication of relatively similar products and services, and not very innovative results [2]. For years, EM research was focused on companies; moreover, researchers and practitioners tried to identify the success factors of a company, but were not fully focused on EM problem [3]. In addition, EM domain at the time has not become a developed field of study with established ideas.

Discussion about Entrepreneurial Marketing (EM) surfaced as a marketing practice that can help companies operating in fast changing environments. EM originates from an intercept between marketing and entrepreneurship, and integrates marketing and entrepreneurship through the common concepts that the two fields possess [4]. EM approach can proactively take advantage of innovation and help manage risk as long as marketing process is intended to “create, communicate, and give added value to customers” [5].

Several previous studies identified several characteristics of EM behavior, such as decision making [6], resources decision making and decision based on intuition and experience [7], focus on opportunity recognition, flexible approach on market and exploiting smaller niche market [8]. From initial discussions conducted, there was a phenomenon where EM behavior is proven to be different between companies that have been operating longer (scale-up companies) and start-ups. This conclusion is based on several initial researches that show that startup companies were more successful in implementing entrepreneurial marketing, and scale-up company would also be more successful in implementing entrepreneurial marketing. Despite that, there was still no study that explicitly studied the implementation of EM on scale-up companies compared to start-up companies. Majority of EM studies depended on case study, and as a result, although it gave an overview of the companies’ experience in detail, but it could not be generalized to various samples. Several studies conducted previously also tend to be unable to decide on the dimension that is most dominant that would contribute to the entrepreneurial marketing behavior if the researcher decided to research companies with certain characteristics.

Based on the reasons above, researcher will attempt to analyze the difference in entrepreneurial marketing behavior of start-up companies compared to scale-up companies. The unit of this study is companies located in Indonesia, and operating in eight provinces. Start-up company is defined as a company that has been conducting business operation for less than 6 years, whereas scale-up company is a company that has been operating for more than 6 years. Snowball sampling was used to select the respondents with the entirety of firms in Indonesia, be it services or manufacturing, as the population. Furthermore, this study is aimed to bridge the gap in literature by analyzing how far the difference is in the implementation of entrepreneurial marketing behavior between start-up company and scale-up company.

2. Literature review

In the study on EM definition [9], expanded it to a wider version by combining the definition of entrepreneurship and the definition of marketing of American Marketing Association (page 27): EM is an organizational function and a series of processes to create innovation, communicate, and give value to customer and to manage relationship with customer in a way that benefits the organization and its stakeholders, and this can be indicated by innovation, risk taking, proactive, that can be done without the currently existing resources. However in the initial
conception, EM was often seen as reactive, not advanced and limited to individual's wants [4, 9, 10]. EM practice is describes as “an entrepreneur's unplanned action, not linear and visionary.” Conceptualized EM as “proactive identification and exploitation of opportunities to obtain and maintain customers that is beneficial through innovative approach on risk management, increasing resources, and value creation,” a more recent definition proposed in the literature [9, 10]. Researcher realized the two definitions are in accordance with the core concept of EM, and this article focuses on the dimension that underlies both definitions.

Several studies have explored various combinations of EM dimensions. Though fragmented, several researchers collectively formed EM paradigm [11, 12]. Several further studies were conducted by focusing on the understanding of the reciprocal relationship between the main constructs (for example, encouraged opportunity, proactive, focus on innovation, customer intensity, risk management, resource development and value creation) of Entrepreneurial Marketing. EM scale recently developed and tested it for convergent, discriminant and nominative validity. The latest development shows that EM is a multidimensional construct [9].

Therefore, based on the results of various studies, it can be suggested that EM dimensions are as follows: growth orientation, opportunity orientation, total customer focus, value creation networking, informal market analysis, and closeness to the market whereby each EM dimension will be explained briefly below.

EM is often linked with growth. Entrepreneur marketers often have long term goal in their marketing activity and aim to generate sales growth through long term relationship. Marketer's ambition to grow the company will eventually determine the company's business model, competitive strategy and resource management. To grow, marketers adopt several ways to grow their business, including increasing repeated business and creating a community of customers who are dedicated and loyal to the product. Several researchers suggested that on EM characteristic dimension is encouraging growth in the identified target market.

EM puts emphasis on pursuing opportunities, regardless of consideration to the existing resources. Marketers respond to the opportunities that arise by improvising and allocating their resources [13]. Even though opportunities can arise randomly, but EM is known to be proactive and to always look for new opportunities. Entrepreneurial marketers are able to see and have the willingness to be a pioneer in serving unfulfilled needs and capturing arising opportunities before their competitors. Therefore, innovation and creativity are important processes that help EM to change opportunity to reality. Companies that adopt EM often focus on creating new product category and directing their customer to respond to the result of company's innovation continuously [14]. Innovation is to be understood not only limited to the product or service, but also including the process or marketing strategy.

EM make their customers their main priority and treat customers as active participants in their marketing decision making process. Marketers integrated their customers to their operation and accept regularly recommendations from customers. Customers' preference directly plays an important role in determining product approach, price, distribution, and communication of a company. In order to follow the change, EM behavior prioritizes customers' preference, using very focused, flexible approach that can be adjusted to the market [4, 13]. They are willing to make new promises to customers, modify their product design and change price to give the most satisfactory product or service for the customers.

Value creation through networking is an important concept in EM. EM collects market information and gain access to potential customer through their network.
The information from network is also what’s helping marketer to give product with the best quality to the customers, and to create a competitive advantage compared to the competitors [15]. Resources from network can help companies to manage their risks and allocate their resources more efficiently. This is especially applicable to small companies with marketing activities that are usually limited by their lack of resources. Note that entrepreneurial marketer’s network is not limited to suppliers and customers, but also including competitors.

Entrepreneurial marketers often follow their intuition when making marketing decision and consider intuitive assessment as a very important part in assessing market potential [16]. Marketing decision under EM does not always depend on formal planning process. Company’s marketing strategy can also appear and adjusted during implementation. Marketers have the tendency to not conduct formal market research since they believe that they gain intuitive understanding that is rich about the market through their constant contact with the customers. By taking into consideration customers’ perception during the interaction, marketer can gain valuable market information and identify appropriate market opportunity.

EM often have decision-making process that is tightly related to the customer. They make decisions based on customer’s feedback or information that they gain during the direct interaction or face-to-face conversation with the customer. Through relationship with suppliers and trade partners, marketers can gather information about the market and customer’s change in preference. This information enables them to more effectively implement marketing strategy and communication. Several EM rely on experience when making decision about new product and service because they believe that experience helps make competent marketing decision.

Previous entrepreneurial studies consider 6 years or less as the conventional operational definition of start-up companies [17, 18]. This research also explored the validity of the results using different cut off, whereby the company has been operating for 6 or 7 years, but it did not make any difference. This further ensures that the cut off for start-up companies operating for 6 years has a strong judgment (Figure 1).

The relationship between EM and company’s characteristic needs to be explored, two hypotheses about the relationship between the practice of EM in company and characteristic was beginning to be developed. Considering entrepreneurial behavior is often found in small companies, start-up companies and scale-up companies, this research studies the relationship between the practice of EM and company’s characteristic, which is the operating age of the company. In the context of EM practices being related to company’s age, several researchers admitted that company’s age has significant impact towards the strategy and performance of the company [19]. Previous studies stated that entrepreneurial process usually happens at the beginning stages of company development [20]. Several studies have also provided evidence that shows that start-up companies have several characteristics that enables it to be more entrepreneurial than scale-up companies. Start-up companies are not limited by certain structures and routines that prevents them from thinking creatively. As a result, they can use their resources more innovatively and make more innovation. Several studies also found that start-up companies have slight advantage compared to scale-up companies in exploring new technology [21], and that start-up companies tend to have more innovation activities compared to scale-up companies. The lack of routine also enables start-up company to react more readily to rising market opportunity in unknown region better than scale-up companies. In a study, start-up company can make use of their knowledge from the international market and expand their business through the launch of new product or service, whereby scale-up companies are unable to do that [22]. For companies at
the beginning of the life stages (start-up), they do have a very well-defined knowledge management process. Start-up companies are more informal in their planning and marketing analysis [23] and often improvise to make or implement a solution [24]. Improvisation enables them to be more customer oriented by adjusting their product/service rapidly based on customer’s preference and by using innovative marketing strategy that might not be thought up of by scale-up companies. Start-up companies emphasize more on network creation and relationship through using more of information from their network compared to scale-up companies. Network and alliances help companies to plant themselves in their market and gather important market information through direct interaction with their customers. Researchers believe that network not only helps start-up companies identify new market opportunities, but also helps them to survive [25]. This might be the reason why start-up companies are able to grow in small market and in environments that do not require wide production asset [26]. Based on the discussion from the studies, therefore the hypotheses are as follows:

H1. Start-up companies have higher entrepreneurial marketing behavior than scale-up companies.

H2. Value creation networking will be the dominant dimension in start-up companies and scale-up companies.

3. Research methodology

This research used quantitative approach, since it examined the significance of EM dimension in determining the dominant dimension among start-up companies and scale-up companies. In quantitative approach, the study uses rationalization process of a phenomenon that occurred and measured the variable (indicator variable) that is being studied, and would subsequently try to make a generalized conclusion. The population of the study is companies in eight provinces in Indonesia. Snowball sampling was used to select the chosen respondents. Questionnaires were distributed to national sample from 406 business owners in Indonesia, spread throughout eight provinces. Start-up companies are companies that have been operating for less than 6 years, whereas scale-up companies are companies that have been operating for more than 6 years. The analysis technique to test the hypotheses proposed is by the use of multiple regression analysis and t-test difference test.
4. Variable identification

The dependent variable in this study is EM behavior, measured using 6 questions. Five points Likert scale is used as follows: agree, slightly agree, disagree, slightly disagree, and strongly disagree. The independent variables are categorized according to the EM dimensions, which are growth orientation, closeness to the market, value creation networking and informal market analysis, each measured through three questions, as for opportunity orientation and total customer focus are each measured through four questions (Figure 2).

From the sample of 406 companies there are 185 (45.56%) start-up companies and 221 (54.43%) scale-up companies that were the respondents. In terms of the company asset, there are 23% companies with asset between 200 and 500 million, 37% companies with assets more than 500 million to 10 billion, and 40% companies with assets more than 10 billion. The sample characteristics are based on the type of industries as follows: 3% service, 10% manufacturing, 3% real estate, 7% retail, 3% health tools industry, 3% biotechnology, 3% sugar refinage, 3% property, 3% food and beverage, 3% retail houseware, 3% coffee processing, 3% trading company, 3% hospitality, 7% freight forwarding and logistic, 3% fishery, 7% batik industry, 3% paint company, 3% agency, 7% furniture, 10% digital industry, and 7% branding and graphic design.

All 406 companies have launched new product or service in their business with details as follows: 58% of the companies have launched new product or service in its business within ≤2 years, 26% of the companies have launched a new product or service within 2.5 ≤ 5 years, 13% of the companies have launched a new product or service within 5.5 ≤ 10 years and 2% of the companies have launched a new product or service within ≤10.5 tahun. Therefore, more than half of the sample has launched new product or service in less than 2 years. A total of 96% of the sample agreed and strongly agreed to appreciate process related to innovation and only 4% slightly disagreed or disagreed with innovation process.

In addition, below is the observation of respondents’ answers for each of the questionnaires questions that can be seen in Table 1 as follows:

Almost all responses from respondents for all questions have the mean of above 4, only the mean for the answers to opportunity orientation dimension question, which is “Our marketing effort leads the customer, and not to respond” and the three questions for all dimensions of informal analysis dimension that have answers mean between 3 and 3.5, which are “Introducing new product or service usually only involves limited research and formal market analysis,” “Our marketing decisions are based more on informal customer feedback rather than formal market research,” “It is important to rely on intuition when making marketing decision.”

Figure 2.
Research model. Source: Christina [1].
<table>
<thead>
<tr>
<th>Code</th>
<th>Question</th>
<th>Mean</th>
<th>Std. deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>G1</td>
<td>Long term growth is more important than immediate gain</td>
<td>4.5</td>
<td>0.7593</td>
</tr>
<tr>
<td>G2</td>
<td>Our main purpose is to grow the business</td>
<td>4.633</td>
<td>0.5405</td>
</tr>
<tr>
<td>G3</td>
<td>We aggressively try to expand our customer base</td>
<td>4.1601</td>
<td>0.9514</td>
</tr>
<tr>
<td>O1</td>
<td>We keep searching for new business opportunities</td>
<td>4.4113</td>
<td>0.73419</td>
</tr>
<tr>
<td>O2</td>
<td>Our marketing effort leads the customer, and not to respond</td>
<td>3.4704</td>
<td>1.33809</td>
</tr>
<tr>
<td>O3</td>
<td>Adding innovative product or service is very important to our success</td>
<td>4.5</td>
<td>0.73954</td>
</tr>
<tr>
<td>O4</td>
<td>Creativity stimulates good marketing decision</td>
<td>4.5739</td>
<td>0.65032</td>
</tr>
<tr>
<td>T1</td>
<td>Majority of our marketing decisions is based on what we learn from daily contact with the customers</td>
<td>4.2833</td>
<td>0.80189</td>
</tr>
<tr>
<td>T2</td>
<td>Our customers require us to act flexibly and according to their specific needs</td>
<td>4.0739</td>
<td>0.97851</td>
</tr>
<tr>
<td>T3</td>
<td>Everyone in this company make customers their main priority</td>
<td>4.5123</td>
<td>0.71912</td>
</tr>
<tr>
<td>T4</td>
<td>We adjust ourselves quickly to fulfill our customers’ everchanging expectations</td>
<td>4.4532</td>
<td>0.67515</td>
</tr>
<tr>
<td>V1</td>
<td>We learn from our competitors</td>
<td>4.4039</td>
<td>0.81612</td>
</tr>
<tr>
<td>V2</td>
<td>We use our friends and main industry partners extensively to help us in developing and marketing our products and services</td>
<td>4.2931</td>
<td>0.86084</td>
</tr>
<tr>
<td>V3</td>
<td>Majority of our marketing decisions is based on information exchange with people in our personal and professional network</td>
<td>4.1897</td>
<td>0.81103</td>
</tr>
<tr>
<td>I1</td>
<td>Introducing new product or service usually only involves limited research and formal market analysis</td>
<td>3.1059</td>
<td>1.41635</td>
</tr>
<tr>
<td>I2</td>
<td>Our marketing decisions are based more on informal customer feedback rather than formal market research</td>
<td>3.4631</td>
<td>1.16634</td>
</tr>
<tr>
<td>I3</td>
<td>It is important to rely on intuition when making marketing decision</td>
<td>3.2217</td>
<td>1.25122</td>
</tr>
<tr>
<td>C1</td>
<td>Customer demands are usually the reason why we introduce new product and/ or service</td>
<td>4.9012</td>
<td>0.90122</td>
</tr>
<tr>
<td>C2</td>
<td>We usually introduce new product and service based on the recommendation from our suppliers</td>
<td>4.9831</td>
<td>0.98316</td>
</tr>
<tr>
<td>C3</td>
<td>We highly rely on experience when making marketing decision</td>
<td>4.7436</td>
<td>0.74367</td>
</tr>
<tr>
<td>EM1</td>
<td>Growth orientation is an important factor in building business success</td>
<td>4.5481</td>
<td>0.63131</td>
</tr>
<tr>
<td>EM2</td>
<td>Opportunity orientation is an important factor in building business success</td>
<td>4.4852</td>
<td>0.60739</td>
</tr>
<tr>
<td>EM3</td>
<td>Total customer focus is an important factor in building business success</td>
<td>4.5</td>
<td>0.63148</td>
</tr>
<tr>
<td>EM4</td>
<td><strong>Value Creation Through Networking</strong> is an important factor in building business success</td>
<td>4.5</td>
<td>0.67678</td>
</tr>
<tr>
<td>EM5</td>
<td><strong>Informal Market Analysis</strong> is an important factor in building business success</td>
<td>4.3374</td>
<td>0.67909</td>
</tr>
<tr>
<td>EM6</td>
<td><strong>Closeness To The Market</strong> is an important factor in building business success</td>
<td>4.4113</td>
<td>0.71372</td>
</tr>
</tbody>
</table>


Table 1. Mean and standard deviation of respondents’ answers.
5. Analysis and discussion

5.1 Validity and reliability test

Validity test using Pearson correlations shows that the value of calculated \( r \) is greater than the table \( r \), based on the significance test 0.01 (two-tailed), which means that the items above are valid. As for the reliability test, it was conducted using Cronbach’s alpha that shows value of 0.876, higher than 0.6 which means that it is reliable, that the instrument used in the study to obtain information used can be relied on as a tool to collect data and can reveal actual information in the field.

5.2 Hypothesis testing

-t-Test differences test is used to prove that there is a difference in the entrepreneurial marketing behavior between start-up and scale-up companies, based on Tables 2 and 3 as follows.

**Table 2** shows that there are 185 (45.56%) start-up companies and 221 (54.43%) scale-up companies as respondents, with mean of 4.45 for start-up companies and mean of 4.45 for scale-up companies. The standard deviations for the two are 0.51 and 0.47 respectively, which indicates that the respondents’ responses tend to be homogeneous.

**Table 3** shows EM differences test analysis for companies managed by founders and companies managed by professionals by using Levene’s test in independent t-test. Sig value (two-tailed) or p value. In the test below the p value is 0.96, whereby it is >0.05. Since it is >0.05, then there is no statistically meaningful or significant difference between entrepreneurial marketing behavior of start-up companies and scale-up companies on the 0.05 probability level.

As for Tables 4–6, multiple regression tests were conducted to analyze whether the six dimensions have significant impact on entrepreneurial marketing behavior of start-up companies compared to scale-up companies.

According to **Table 4**, R value is 0.767 and R square value is 0.588 for start-up companies, and as for scale-up companies, the R is 0.606 and the R square is 0.444, which suggests that the percentage contribution of the independent variables (which are: growth orientation, opportunity orientation, total customer focus, value creation networking, informal market analysis, and closeness to the market) on EM behavior is 58.8% for start-up companies and 37.0% for scale-up companies.

According to **Table 5**, it shows that the significance is 0.000 be it for start-up companies and also for scale-up companies, which means that there is a significant impact of growth orientation, opportunity orientation, total customer focus, value creation networking, informal market analysis, and closeness to the market simultaneously on EM behavior of start-up companies and also for scale-up companies.

According to **Table 6**, it can be analyzed that the six dimensions have significant impact on entrepreneurial marketing behavior. For start-up companies, there are only two dimensions that are significant, which are opportunity orientation and value creation networking. As for scale-up companies, all dimensions are relevant.

<table>
<thead>
<tr>
<th>Antremark2</th>
<th>Start_Scale</th>
<th>Mean</th>
<th>Std. deviation</th>
<th>Std. error mean</th>
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<tbody>
<tr>
<td></td>
<td>Start-up</td>
<td>185</td>
<td>4.4595</td>
<td>0.51224</td>
</tr>
<tr>
<td></td>
<td>Scale-up</td>
<td>221</td>
<td>4.457</td>
<td>0.47518</td>
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</table>
Levene’s test for equality of variance

<table>
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<tr>
<th></th>
<th>F</th>
<th>Sig</th>
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<th>df</th>
<th>Mean difference</th>
<th>Std. error difference</th>
<th>95% confidence interval of the difference</th>
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<td>Equal variance</td>
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<td>assumption of</td>
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<tr>
<td>Entre mark2</td>
<td>2.763</td>
<td>0.097</td>
<td>0.05</td>
<td>404</td>
<td>0.96</td>
<td>0.00245</td>
<td>-0.09402, 0.09891</td>
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</table>

Table 3. T-test difference testing.
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significant, which are growth orientation, opportunity orientation, total customer focus, value creation networking, informal market analysis, and closeness to the market. They are deemed significant because the significance value is smaller than 0.05. Value creation networking variable is the most dominant dimension for start-up companies, with beta value of 0.46, and as for scale-up companies, the most dominant dimension is closeness to the market, with beta value of 0.345.

Table 6.
Coefficient.
6. Discussion

The result of the study shows that there is no difference in entrepreneurial marketing behavior between start-up companies and scale-up companies. For both start-up and scale-up companies, value creation networking seems to be the most dominant dimension. For start-up companies, they use difference approach in pursuing their market opportunity. Start-up companies pursue opportunity by relying on speed, flexibility, and ability to satisfy market niche, whereas scale-up companies pursue opportunity by relying on financial resources and human resources [27]. Start-up companies have opportunistic, flexible and innovative marketing decision making process with clear target. Company can improvise and make sudden changes in their decision making pattern when involved with their market. As a result, they have the ability to react rapidly to environmental changes and tend to capture new opportunities at a faster rate than scale-up companies [6, 28]. Start-up companies have less decision makers that dominate compared to scale-up companies. As a result, decision and strategy in start-up companies will be directly impacted by the personal intention of the decision maker [29].

Finally, start-up companies have a more flat organizational structure compared to scale-up companies, and it makes them closer with the customers. Members of the company at all levels in start-up companies have potential to be involved in interactions at individual level and direct face to face interaction with the customers [6]. Also, it is relatively easy for start-up companies to access market information through direct means [30]. As a result, start-up companies have the tendency to invest in creating personal relationship with their main customers to build strong customer contact compared to scale-up companies.

In detail, this research found that start-up companies are more oriented to value creation to build networking in marketing. As for scale-up companies, closeness to the market dimension is shown to be the dimension with the most dominant impact on entrepreneurial behavior.

7. Conclusion

Various studies suggested that the EM behavior is common in start-up companies, and this suggests the assumption that scale-up company type is not suited for Entrepreneurial Marketing. However, this study has systematically found that there is not difference between the entrepreneurial marketing behavior of start-up and scale-up companies. However, it was found that for start-up companies, value creation networking is the most dominant dimension, and as for scale-up companies, closeness to the market dimension is the most dominant dimension.

In the context of EM practices, the findings of this study, which are the characteristics of start-up and scale-up companies, are the right determining factor for EM practices. Therefore, this study gives important theoretical contribution, whereby EM behavior cannot be conceptualized only through the activities of start-up companies and scale-up companies, but should also use other steps that will represent the entrepreneurial level of a company better, such as analyzing the entrepreneurial organization aspect.

This study offers several implications for future studies. Whereby, the result of this study illustrates that start-up companies do not have well defined market or established customer base, therefore they rely less on market demand/market information compared to scale-up companies when introducing new products. These findings suggest that future studies need to analyze how far EM can help in reducing effect of responsibility for newness within the company and to identify the best EM practices that should be adopted by the company so that they can survive in the long run.

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Author details

Christina Whidya Utami* and Hendro Susanto
Ciputra University, Surabaya, Indonesia

*Address all correspondence to: whidyautami@ciputra.ac.id

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