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The Role of Entrepreneurial Marketing and Entrepreneurial Orientation in Improving SMEs Performance (Study on Kampung Tahu Kediri)

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ABSTRACT

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This study aims to analyze the influence of entrepreneurial marketing and entrepreneurial orientation on the performance of small and medium-sized tofu producers in Kampung Tahu Kediri, considering the role of marketing strategy as a mediator and marketing capability as a moderator. The research population consisted of all SMEs that are members of the Paguyuban Tahu in Kampung Tahu Kediri, with a sample size of 43 respondents selected using saturated sampling. The PLS-SEM approach was used to evaluate primary data collected via surveys. The results indicate that entrepreneurial marketing has a positive and significant effect on marketing strategy and SME performance, while entrepreneurial orientation does not have a significant effect and tends to be negative on both; marketing strategy contributes positively and significantly to SME performance, but marketing capability does not have a significant effect or moderation in the relationship, and marketing strategy does not mediate the influence of entrepreneurial marketing and entrepreneurial orientation on SME performance. The novelty of this study lies in the strong direct impact of entrepreneurial marketing on the performance of tofu-processing SMEs in a local community context, while entrepreneurial orientation shows a negative tendency, providing new insights into the dynamics of entrepreneurial characteristics in traditional businesses. The implications of these findings emphasize the importance of focusing on product innovation and adaptive marketing strategies, as well as the need for government and supporting institutions to strengthen marketing capabilities and business sustainability of SMEs

INTRODUCTION

A phenomenon currently emerging among business actors is their involvement in innovative behavior, proactivity in competing with competitors, and willingness to take risks. Entrepreneurial marketing (EM) encourages this to help business actors achieve competitive advantages and improve their business success rates. In this case, entrepreneurial orientation (EO) is needed. Companies that have entrepreneurial marketing and entrepreneurial orientation can develop effective marketing strategies and help MSMEs achieve higher success rates. According to the Ministry of Cooperatives and SMEs, there were 64.2 million SMEs in 2021, making up 8573.89 trillion rupiah, or 61.07% of the nation's GDP. The contribution of SMEs to Indonesia's economy includes mobilizing up to 60.4% of total investment and employing 97% of the workforce. Entrepreneurial marketing offers unique products with distinctive designs. It also helps SMEs identify their target market and clarify customer needs. Meanwhile, entrepreneurial orientation focuses on developing products and technologies from unique designs. The success of SMEs is crucial for the overall economic growth of a country, both nationally and internationally (Qalati et al., 2021).

In implementing entrepreneurial marketing (EM) strategies, SMEs can become more proactive and guide customers through innovation and customer understanding. Entrepreneurial marketing can also support the development of collaborations with business partners that can help support marketing strategies.

MSMEs that are more entrepreneurial oriented (EO) can improve performance due to their ability to develop ideas and take risks. EO can lead to changes in business approaches that may result in changes in the level of company success. EO can also lead to changes in the level of company success due to increased risk-taking and innovative capabilities.

Previous research shows that theory Resource Based View (RBV) constructs, such as every aspect of entrepreneurial marketing is positively correlated and significantly affects the success of SMEs (Sadiku-dushi et al., 2019). In order to revitalize competitive advantage and encourage entrepreneurship in the marketing process, entrepreneurial marketing can even be deliberately employed (Miles & Darroch, 2006). Entrepreneurial orientation also influences the performance of SMEs

producing traditional Indonesian food in East Java (Hutahayan, 2019). In the retail sector of supermarkets connected to ACATS in Santa Catarina, there is a correlation between business performance and entrepreneurial orientation (Santos & Marinho, 2018). Entrepreneurial orientation even provides a strong foundation for cross-border SME performance (Karami & Tang, 2019). Marketing strategy also significantly and positively influences SMEs performance in Kenya (Kanake, 2018). In another study conducted by Fiore et al (2013), it was found that EM dimensions such as proactiveness, calculated risk taking, innovativeness, and customer intensity had no effect on business performance. Another study conducted by Olannye & Edward (2016) showed that the dimensions of risk-taking orientation, innovativeness, opportunity-focus, and legitimacy were also not proven to affect business performance. Similarly, with entrepreneurial orientation, Soares & Perin (2020) found discovered non-significant variations between the manufacturing and services sectors in the impact of entrepreneurial orientation on performance. This framework is not sufficient to explain the improvement in SME performance, especially in the manufacturing sector. A new research framework is needed in line with the needs of the manufacturing industry post-COVID-19 pandemic, which has the ability to take risks, is highly innovative, has intense relationships with customers, and is proactive in seeing the marketing capabilities of MSMEs. SMEs' growth rate will be positively impacted if they possess good marketing capabilities (Joensuu-salo et al., 2023). Business performance is most positively impacted by marketing capabilities, which are followed by industrial strength, especially competitive competition, supplier strength, and market orientation (Takata, 2016). One critical variable that has not been widely explored is marketing capability. This variable can serve as a moderator in line with the needs of the manufacturing industry post-COVID-19 pandemic, and this variable distinguishes this study from previous studies.

The Kediri City Tahu Association is an SME operating in the culinary sector within the Kampung Tahu Kediri. Kampung Tahu is a well-known culinary industrial tourism area renowned as a center for tofu innovate in Kediri City. SMEs within this community produce various innovative products using tofu as the main ingredient, daring to compete with similar competitors in the Kediri region and willing to take

risks in all situations. Although SMEs in this area have demonstrated innovative behavior, proactive competition with competitors, and a willingness to take risks, most tofu producers in the area share similar attitudes. However, some SMEs in this community have more product innovations and superior product quality compared to competitors outside the Kampung Tahu Kediri. This needs to be studied to develop entrepreneurial marketing and entrepreneurial orientation through marketing strategies tailored to the market capabilities of SMEs. Based on previous research, marketing capabilities can be used to drive the moderating role between entrepreneurial marketing and entrepreneurial orientation on SMEs performance.

LITERATURE REVIEW

Resource-Based View (RBV)

According to Wernefelt (1984), the RBV is a crucial resource point of view for the company. RBV theory is an extension of corporate growth theory (J. Barney, 1991). This idea holds that a company's resource performance gives it a long-term competitive edge (Wernefelt, 1984).

RBV's primary development took place from 1984 until the middle of the 1990s. Numerous researchers, most notably (J. B. Barney, 1986; J. Barney, 1991), contributed after Wernefelt (1984) original article. Since then, a wide range of phenomena have been examined using RBV, including organizational networks (Lavie, 2006) and information systems (Wade & Hulland, 2004). Some recent review publications that look at the theoretical and empirical evolution of RBV include Lockett et al. (2009).

RBV hypothesis states that a company's competitive advantage and superior performance are derived from its distinct resources and capabilities that are costly for competitors to imitate. Furthermore, these resources are rare, valuable, difficult to replicate, and irreplaceable; as a result, the firm's business plan is contingent upon the resources at its disposal (J. Barney, 1991). This RBV theory has the drawback of being unable to be applied broadly, because businesses are primarily focused on particular organizations (Davis & Bendickson, 2018).

SME Performance

According to Khan et al. (2014), performance is defined as the advantages derived from the work activities and business procedures that the organization carries out. The success of an organization is determined by its financial performance, namely its financial and non-financial performances (Protopappa-sieke & Seifert, 2010). There are several dimensions of the SMEs performance variable that are suitable for this SMEs including growth, profit, owners personal goals and reputation (Sadiku-dushi et al., 2019).

Entrepreneurial Marketing (EM)

Entrepreneurial marketing (EM) is the proactive search for and seize of chances to attract and keep lucrative clients by using creative methods for lowering risk, allocating resources, and creating value (Morris et al., 2002). All definitions of EM share common elements, all containing aspects of marketing and entrepreneurship disciplines (Sadiku-dushi et al., 2019). This conceptual synthesis clearly demonstrates the integral relationship between entrepreneurial marketing and marketing strategy, whereby entrepreneurial marketing functions as a strategic framework that enables firms, particularly SMEs, to craft innovative, resourceful, and adaptive marketing approaches. Such entrepreneurial marketing strategies are essential in fostering competitive advantage, responding to market dynamism, and aligning marketing efforts with entrepreneurial orientation to achieve superior marketing outcomes.

H1: Entrepreneurial marketing has a significant positive effect on marketing strategy.

Another definition of EM is an innovative process that is proactive and acceptable in taking risks in order to generate value that is shared by stakeholders and customers (Alqahtani & Uslay, 2018; Eggers et al., 2018). Organizations of all sizes that actively exploit innovation and risk-taking to obtain a competitive edge are referred to as EM (Miles & Darroch, 2006). The dimensions of EM have a positive relationship and significant impact on SMEs performance (Sadiku-dushi et al., 2019). Small businesses should be asked about a number of entrepreneurial marketing aspects, including opportunity focus, measured risk taking, customer intensity,

resource leveraging, and value generation (Morris et al., 2002). This reinforces the proposition that entrepreneurial marketing not only serves as a catalyst for innovative market approaches but also directly influences SMEs performance by enhancing their the capacity to recognize and seize market opportunities, manage resources effectively, and build sustainable competitive advantages in highly dynamic business environments.

H2: Entrepreneurial marketing has a significant positive effect on SME performance.

Entrepreneurial Orientation (EO)

Millert (1983) stated that entrepreneurial orientation (EO) is a business construct successful businesses tend to exhibit innovation, proactivity, and a tendency to take risks. Businesses with EO are always looking to find and seize new possibilities, develop new values, and take the lead in their respective markets. EO is a comprehensive approach to entrepreneurship (Gupta & Gupta, 2015). According to Lumpkin & Dess (1996), EO is the process of developing company plans that incorporate entrepreneurial endeavors (e.g., developing new goods, businesses, or making revolutionary choices, etc.). Market orientation and EO may have certain similarities, but they differ in a number of areas, according to Miles & Darroch (2006). This theoretical foundation underscores how entrepreneurial orientation fundamentally shapes marketing strategy by driving firms to adopt innovative, proactive, and risk-taking behaviors that enable the development and implementation of tailored marketing strategies. Consequently, firms with a strong entrepreneurial orientation are better positioned to design marketing strategies that are adaptive, opportunity-focused, and capable of securing competitive advantage in dynamic markets.

H3: Entrepreneurial orientation has a significant positive effect on marketing strategy.

An organization's propensity to investigate new market opportunities is referred to as EO (Boso et al., 2013). According to George & Marino (2011), EO has its roots in the research who discovered that EO is more likely than other organizations to take risks and is more aggressive in doing so in order to investigate new business prospects. According to Gupta & Gupta (2015), EO is a broad strategic

stance toward entrepreneurship. Reverse innovation has a key role in mediating the relationship between EO and multinational enterprises' improved performance (Hashmi et al., 2025). As one of the inherent qualities that promote learning and have a favorable impact on performance, EO is a managerial mindset that companies ought to embrace and integrate (Alegre & Chiva, 2013). EO may act as a moderator in the relationship between sustainability and SME performance (Yacob et al., 2021). Better corporate performance can result from EO (Covin & Slevin, 1991). Innovativeness, proactivity, competitive aggression, and autonomy are some of the aspects of the entrepreneurial orientation variable that are suitable to ask small business manufacturers (Lumpkin & Dess, 1996). This body of literature collectively substantiates that entrepreneurial orientation significantly influences SMEs performance, which are critical for competitive advantage and sustained growth. Thus, entrepreneurial orientation functions as a strategic driver for SMEs to enhance their operational capabilities, adjust to shifting market conditions and improve overall firm performance.

H4: Entrepreneurial orientation has a significant positive effect on SME performance.

Marketing Strategy

The performance of SMEs in Kenya is greatly and favorably impacted by marketing strategy. Buzz marketing, guerrilla marketing, new product marketing strategy, and e-commerce are some of the aspects of the marketing strategy variable that are suitable to ask SMEs (Kanake, 2018). Consequently, marketing strategy serves not only as a direct influencer of SMEs performance but also plays a critical mediating role by channeling the effects of both marketing orientation and entrepreneurial orientation toward enhancing firm performance. This mediation function underscores the strategic importance of marketing planning and execution in transforming entrepreneurial and marketing orientations into tangible business outcomes.

H5: Marketing strategy has a significant positive effect on SME performance.

H7: Entrepreneurial marketing influences SMEs performance mediated by marketing strategy.

H8: Entrepreneurial orientation influences SMEs performance mediated by marketing strategy.

Marketing Capabilities

The effectiveness of a company's new products is determined by its marketing capabilities (Najafi-Tavani et al., 2016). A company with strong marketing capabilities can meet consumer demands and enhance the value of its products. A company's marketing skills allow it to deploy resources for managing marketing data and creating and executing marketing strategies. Innovation performance is positively correlated with marketing capabilities exhibited by new product marketing and marketing innovation (Medase & Barasa, 2019). Numerous studies have already documented positive correlations, both direct and indirect, between several facets of marketing competencies and performance (Blesa & Ripollés, 2008). Business performance is most positively impacted by marketing capabilities, which are followed by industry strength, especially competitive competition, supplier strength, and market orientation (Takata, 2016). In the overall sample and each subsample across three nations, Jaakkola et al. (2010) showed a comparatively strong positive correlation between subjective company performance and internal and external marketing capabilities. Therefore, it is clear that marketing capabilities are essential to improving the performance of SMEs since they allow businesses to efficiently allocate and use resources, develop new goods, and carry out effective marketing strategies. Moreover, these capabilities act as critical enablers that transform strategic intentions into superior firm performance outcomes.

H6: Marketing capabilities have a significant positive effect on SMEs' performance.

This enables the company to address competitive threats, adjust to market conditions by seizing market opportunities, and add value to goods and services. It is impossible to undervalue marketing capabilities as a factor that helps businesses succeed financially and in the marketplace (Kanibir et al., 2014). In the retail sector of supermarkets connected to ACATS in Santa Catarina, a study found a correlation between EO, marketing skills, and business performance (Santos & Marinho, 2018). According to Miles & Darroch (2006), a company's performance is significantly influenced by its marketing capabilities. A supplementary mediating factor between

EO and Organizational Performance is Organizational Learning Capability (Alegre & Chiva, 2013). There are several dimensions of the marketing capabilities variable that are appropriate when asked of small business manufacturers, i.e. networking capability, outside-in capability, inside-out capability, and spanning capability (Blesa & Ripollés, 2008). Given to note that marketing capabilities may also serve as a moderating factor that strengthens or alters the relationship between entrepreneurial marketing and SMEs performance. This moderation effect highlights the role of marketing capabilities as a critical enabler that translates entrepreneurial marketing initiatives into measurable performance outcomes by optimizing resource deployment and strategic market responsiveness.

H9: Marketing capabilities strengthen the influence of entrepreneurial marketing on SME performance.

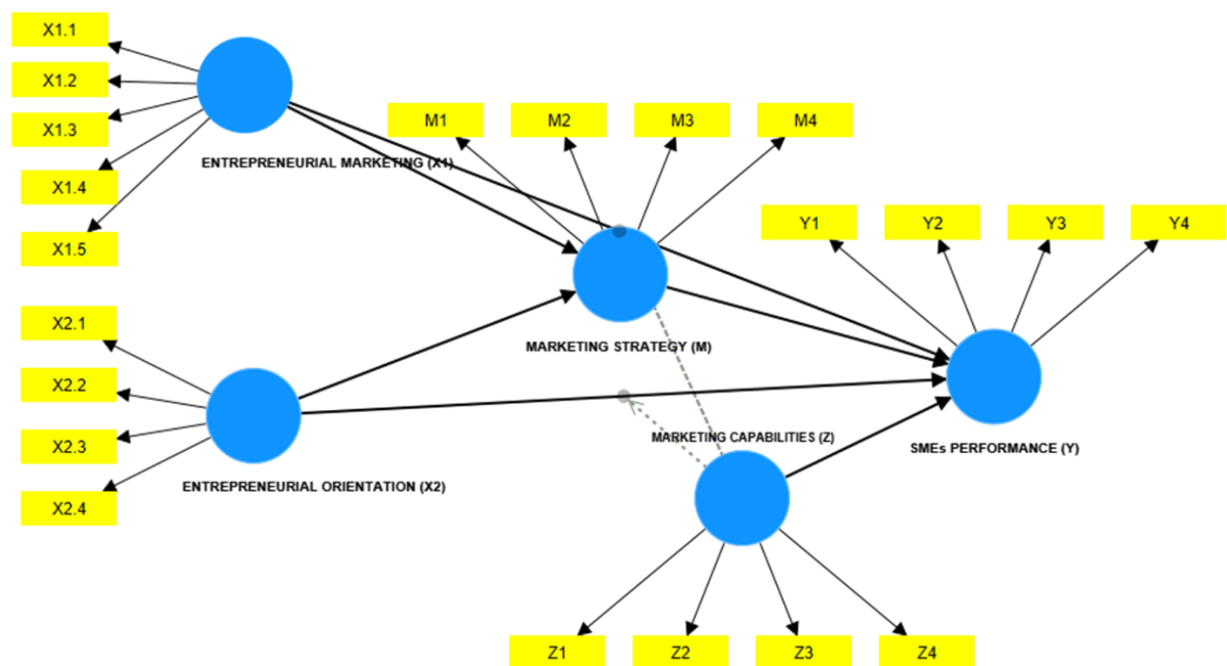


Figure 1. Research Model

METHODS

Sample

This study employs a quantitative method with a population and sample of 43 tofu producers or business owners who are members of the Tahu Association in Kampung Tahu Kediri. The sampling technique used is saturated sampling. Data

collection was conducted using a Google Form from May to June 2025. Both primary and secondary data sources were employed. Primary data sources include data obtained from interviews, observations, and questionnaires. Secondary data sources include data obtained from books and journals. The SEM-PLS 4.0 analysis method used is indeed popular in marketing research, but the use of this model on relatively small samples also carries the risk of parameter bias and limitations in external validity.

Scale Measurement

All constructs in this study are measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The items used are derived from existing measurement instruments in the literature and adapted to suit the context of SMEs in Kampung Tahu Kediri.

Specifically, entrepreneurial marketing is measured using items adapted from Morris et al. (2002); entrepreneurial orientation was based on Lumpkin & Dess (1996); marketing strategy was measured using items from Kanake (2018); and marketing capabilities were adapted from Blesa & Ripollés (2008), while the measurement items for SME performance were adapted from Sadiku-dushi et al. (2019). All items were contextualized to ensure content relevance and build validity while maintaining their original reliability.

Table 1. Research Measurement Model

No	Variable	Indicator	Question Item	Literature
1	Entrepreneurial Marketing (X1)	1. Opportunity Focus (X1.1)	1. My business looks beyond customers and markets to identify more business opportunities. 2. I am skilled at identifying and pursuing business opportunities. 3. I would characterize my business as a business opportunity that does not yet exist in the market. 4. I am always on the lookout for opportunities for new products. 5. I will do whatever it takes to pursue opportunities for new products.	Morris (2002) in Sadiku-Dushi (2019)
		2. Calculate Risk Taking (X1.2)	6. I prefer to take risks to pursue business opportunities rather than miss them. 7. I am willing to take risks if it will benefit my business.	

3. Customer Intensity (X1.3)	4. Resource Leveraging (X1.4)	5. Value Creation (X1.5)	8. My business is not considered reckless, but I am aware of the risks involved.	Lumpkin (1996) in Buli (2017)
			9. I frequently measure customer satisfaction with my business.	
			10. I hope my employees understand the importance of satisfying customers.	
			11. My business goals are driven by customer satisfaction.	
			12. I encourage my employees to adopt innovative approaches in building relationships with customers.	
			13. I ensure that my business's competitive advantage is based on an understanding of customer needs.	
			14. I utilize partnerships with third parties that benefit my business.	
			15. Those who know me well would describe me as persistent and resilient in overcoming challenges.	
			16. I use a creative approach to develop products.	
			17. I am proud to be able to accomplish more with limited resources.	
			18. I always find ways to obtain the resources needed to complete the job.	
			19. I create value for customers by providing excellent service.	
			20. I do an excellent job of creating valuable value for customers.	
2. Entrepreneurial Orientation (X2)	1. Innovativeness (X2.1)	2. Proactiveness (X2.2)	21. I ensure that my product pricing structure is designed to reflect the value that is important to customers.	
			22. I understand how employees can contribute to creating valuable value for customers.	
			23. Providing valuable value to customers is the most important thing I do in my business.	
			24. I introduce product innovations in my business.	
			25. My business is always creative in its operational methods.	
			26. My business is always looking for ways to create new products.	
			27. I always strive to take the initiative in every situation.	
			28. I excel at identifying business opportunities.	
			29. I initiate actions that are responded to by competitors.	

		3. Competitive Aggressiveness (X2.3)	30. My business is highly competitive.	
			31. My business takes a bold or aggressive approach when competing with competitors.	
		4. Autonomy (X2.4)	32. I try to differentiate myself from competitors.	
			33. My employees are allowed to act and think without my interference.	
			34. My employees can perform work that enables them to create and initiate change in their own way.	
			35. My employees are given the freedom and independence to decide for themselves how to do their work.	
			36. My employees are given the freedom to communicate without interference from me.	
			37. My employees are given the authority and responsibility to act together if they believe it is in the best interest of my business.	
			38. My employees have access to all important information related to my business.	
3.	Marketing Strategy (M)	1. Buzz Marketing (M1)	39. Advertising on social media drives effective promotion for my business.	Kanake (2018)
			40. Advertising on social media is the cheapest form of promotion.	
			41. Social media advertising allows my business to focus on increasing production volume.	
			42. When marketing products using social media advertising, more consumers are reached.	
			43. Social media advertising helps me build a brand with consumers.	
			44. Marketing products at exhibitions or public places helps increase consumers.	
		2. Guerrilla Marketing (M2)	45. Marketing products at exhibitions or public places requires low costs.	
			46. Marketing products at exhibitions or public places provides a unique and memorable experience for my business with consumers.	
			47. Marketing products at exhibitions or public places allows my business to target the same consumers for collaboration, which attracts more consumers.	
			48. This marketing strategy helps me determine the price of new products.	
		3. New Product Marketing Strategy (M3)	49. This marketing strategy helps me determine distribution channels.	

		4. E-Commerce (M4)	50. This marketing strategy is a way to introduce new products to consumers.	
			51. This marketing strategy identifies the market I will target.	
			52. Marketing products on e-commerce helps reach many existing consumers and potential customers.	
			53. Marketing products on e-commerce increases market share.	
			54. Marketing products on e-commerce enables my business to create, share content, and communicate with consumers.	
4.	Marketing Capabilities (Z)	1. Networking Capability (Z1)	55. Marketing products on e-commerce enables me to reach many consumers throughout Indonesia.	Blesa (2008)
			56. I have great trust in my partners.	
			57. I strive to establish good commitments and shared goals with partners.	
			58. I am skilled at integrating expertise with partners.	
		2. Outside-in Capability (Z2)	59. I am skilled at creating, maintaining, and improving relationships with customers.	
			60. I am skilled at ensuring that customers' current needs are met and identifying what products they will need in the future.	
			61. I implement strong financial management.	
			62. I have experience in business management.	
		3. Inside-out Capability (Z3)	63. I implement effective human resource management.	
			64. I have the ability to launch new products.	
			65. I have the ability to provide the best service to customers.	
			66. I have good marketing management skills.	
		4. Spanning Capability (Z4)	67. I am skilled at utilizing information from the market.	
			68. I am satisfied with sales growth.	
			69. I am satisfied with the growth in market share.	
			70. I am satisfied with employee growth.	
5.	SME Performance (Y)	1. Growth (Y1)	71. I am satisfied with the profit on sales.	Saiku-Dushi (2019)
		2. Profit (Y2)	72. I am satisfied with the net profit margin.	
			73. I am satisfied with the gross profit margin.	

3. Owner Personal Goals (Y3)	4. Reputation (Y4)	74. I am satisfied with my personal financial situation.
		75. My status in society has improved.
		76. My standard of living has improved.
		77. I have achieved all my life goals.
		78. I have a high reputation.
		79. I treat customers with the utmost respect.
		80. My business has many followers on social media.
		81. My employees are proud to be part of this business.
		82. I consider my business to be socially oriented, aimed at helping others.

RESULT

Sample Profile

A study can be seen in the characteristics of the respondents who were researched in a previously determined business object and the results of the analysis of the questionnaire that was distributed.

Characteristics	Criteria	Frequency	Percent
Gender	Male	42	97.67
	Female	1	2.33
Age	> 25 years	0	0
	25-44	11	25.58
	45-54	26	60.47
	< 54 years	6	13.95
Net profit margin generated each month	Rp 1,000,000 - Rp 5,000,000	11	25.5
	IDR 5,050,000 - IDR 10,000,000	3	74.42
	Rp 10,050,000 - Rp 15,000,000	0	0
	< Rp 15,050,000	0	0

Table 2. Demographic characteristics of Respondents (N = 43)

Table 1 presents the demographic characteristics of the MSME respondents who are members of the Tahu Association in Kampung Tahu Kediri. Male respondents dominated with 42 people or (97.67%) of the total sample, who are tofu producers or business owners, while female respondents were only 1 person or 2.33%. This indicates that tofu producers or business owners are predominantly male because this business requires physical stamina for operational activities, and sales activities are also carried out by men as the heads of households. Most respondents (60.47%) were aged 45-54 years, followed by those aged 25-44 years (25.58%), over 54 years (13.95%), and none

were under 25 years old. This indicates that the producers or owners of tofu businesses Tahu Association in the Kampung Tahu are mature with more than 10 years of business experience and have even achieved success in developing their businesses, although there are some second-generation producers in several tofu businesses where the first generation has passed away. In terms of monthly net profit, most tofu producers or business owners have a net profit ranging from Rp 5,050,000 to Rp 10,000,000 (74.42%) and a net profit between Rp 1,000,000 to Rp 5,000,000 (25.58%). While these figures may seem small compared to SMEs in larger cities, the cost of living in Kediri City and the fact that the minimum wage is below the average net profit rate indicate that tofu producers or business owners in Kampung Tahu can support their families and even provide capital for the next generation.

Measurement Model

The measurement model, also known as the outer model in PLS-SEM, includes convergent validity. There are 2 (two) main criteria used to determine convergent validity: (1) loadings greater than 0.70, and (2) statistically significant p-values < 0.05.

Dimension	Outer loadings	CA	CR	AVE	R-Square
Entrepreneurial Marketing (X1)		0.991	0.993	0.964	
X1.1	0.975				
X1.2	0.986				
X1.3	0.984				
X1.4	0.991				
X1.5	0.974				
Entrepreneurial Orientation (X2)		0.904	0.935	0.787	
X2.1	0.640				
X2.2	0.949				
X2.3	0.948				
X2.4	0.970				
Marketing Strategy (M)		0.965	0.974	0.904	0.931
M1	0.944				
M2	0.963				
M3	0.961				
M4	0.935				
Marketing Capabilities (Z)		0.981	0.986	0.946	
Z1	0.984				
Z2	0.959				
Z3	0.973				
Z4	0.974				
SME Performance (Y)		0.971	0.978	0.919	0.989
Y1	0.969				
Y2	0.948				
Y3	0.954				
Y4	0.964				

Table 2. Measurement Model Evaluation Research

As shown in Table 2 above, all indicator loadings exceed 0.70, except for indicator X2.1. The requirement for *loadings* above 0.7 is often not met, especially for newly developed questionnaires; therefore, loadings between 0.40 and 0.70 are still considered acceptable to retain. This indicates adequate reliability of all indicators. Furthermore, all constructs have CR and CA values greater than 0.70, demonstrating high reliability and internal consistency. Convergent validity is supported by the fact that every construct in the dimensions has an AVE value greater than 0.50.

Testing Hypotheses

This study also analyzed the moderating role of MC in the relationship between EM, EO, MS, and SME performance.

Table 3. The results of the assessment of the moderating marketing capabilities

As shown in Table 3 above, the results indicate that marketing capabilities do not significantly moderate the influence between entrepreneurial marketing and SME performance (H9) with a negative coefficient value ($\beta = -0.229$) with a p-value of 0.144 > 0.05 , indicating that as SMEs' marketing capabilities improve, they do not indirectly influence the willingness to take risks in developing processed tofu products and also do not indirectly impact the growth, profit, objectives, and reputation of tofu producers or owners who are members of the Tahu Association in Kampung Tahu Kediri.

Hypothesis	Relationship	β	T statistics	P values	Conclusion
H9	$Z * X1 \rightarrow Y$	-0.229	1.46	0.144	Rejected

Hypothesis	Relationship	β			T statistics	P values	Conclusion
		Direct	Indirect	Total			
H1	$X1 \rightarrow M$	0.676	-	0.676	3.484	0.001	Accepted
H2	$X1 \rightarrow Y$	0.661	-	0.661	3.735	0.000	Accepted
H3	$X2 \rightarrow M$	0.296	-	0.296	1.535	0.126	Rejected
H4	$X2 \rightarrow Y$	-0.088	-	-	0.536	0.592	Rejected
H5	$M \rightarrow Y$	0.461	-	0.461	3.181	0.002	Accepted
H6	$Z \rightarrow Y$	0.117	-	0.117	1.021	0.308	Rejected
H7	$X1 \rightarrow M \rightarrow Y$	0.661	0.079	0.74	1.088	0.277	Rejected
H8	$X2 \rightarrow M \rightarrow Y$	-	0.035	-0.053	0.736	0.462	Rejected

Table 4. Evaluation results of relationships considering the role of marketing strategy as a mediator

Table 4 shows the results of the direct effects. For H1, entrepreneurial marketing has a significant positive effect on marketing strategy, with a path coefficient of 0.676, supported by a T value of 3.484 (greater than the critical value of 1.647) and a p value of 0.001 < 0.05 . The significant positive effect of entrepreneurial marketing on marketing strategy is consistent with entrepreneurial marketing being strategically used to foster entrepreneurship in the marketing process and renew competitive advantage (Miles & Darroch, 2006). According to RBV theory, the success of business

actors is largely determined by their resources and capabilities. Based on the hypothesis in this study, marketing expertise, such as the ability to analyze markets and develop marketing strategies, is an important resource for improving the effectiveness of MSME marketing strategies. In fact, this kind of marketing ability can serve as a link between resources and marketing strategies in order to maintain business sustainability. Other marketing capabilities, such as producing and offering unique products, can also be an appropriate marketing strategy, especially for processed tofu products. Unique products can also increase market share and adapt to the market needs most desired by consumers.

Similarly, for H2, entrepreneurial marketing also shows a significant positive influence on SMEs performance, with a coefficient of 0.661, a T-statistic of 3.735, and a p-value of $0.000 < 0.05$. This aligns with the findings of Sadiku-dushi et al. (2019), where the performance of SMEs is significantly impacted by all aspects of entrepreneurial marketing, which are positively connected. Based on RBV theory, marketing expertise such as market analysis and marketing strategy development can be important resources for improving MSME performance. MSMEs need to develop the capability to manage entrepreneurial marketing effectively in order to maintain business sustainability. Other marketing capabilities such as the ability to create unique products can also increase business growth, profits, company goals, and reputation.

Regarding H3, entrepreneurial orientation does not have a positive impact on marketing strategy, as indicated by a coefficient value of 0.296, a T-statistic of 1.535, and a p-value of $0.126 > 0.05$, which is inconsistent with the characteristics of entrepreneurial orientation, such as risk-taking, aggressiveness, and proactivity, which are expected to help companies adopt technology that enhances success opportunities compared to competitors (Ismail, 2023). According to RBV theory, internal resources within a business can achieve competitive advantage, such as a culture of implementing marketing decisions in an innovative and proactive manner. However, this study found a slight difference, particularly in the manufacturing industry, where marketing decisions to develop existing products were found to be an inappropriate marketing strategy. Developing existing products can lead to changes

that may cause significant unknown risks and are considered to lead to business failure.

For H4, there is a similarity with the previous hypothesis, where entrepreneurial orientation also has no effect but negatively impacts SME performance, as seen in the negative coefficient value of -0.088, a T-statistic of 0.536, and a p-value of $0.592 > 0.05$. This contradicts the finding that entrepreneurial orientation dimensions such as autonomy, proactivity, competitive aggressiveness, and risk-taking have a direct and significant influence on the business performance of SMEs (Buli, 2017). There is a significant influence of entrepreneurial orientation on the performance of SMEs producing traditional Indonesian food in East Java (Hutahayan, 2019). Furthermore, entrepreneurial orientation has the potential to moderate the correlation between sustainability and SMEs performance (Yacob et al., 2021). Not only that, entrepreneurial orientation provides a strong foundation for SMEs performance across national borders (Karami & Tang, 2019). RBV underline the priority of internal company resources such as culture in implementing marketing decisions innovatively and proactively to achieve competitive advantage. However, in this study, particularly in the manufacturing sector in Kampung Tahu, MSMEs have never considered expanding their business to other lines outside of tofu production and processing. They consider this to be a challenging and risky endeavor if implemented. This shows that MSMEs do not yet have a strong marketing culture, as there is still hesitation in their actions.

In H5, marketing strategy has a significant positive influence on SMEs performance, as evidenced by the coefficient value of 0.461, a T-statistic of 3.181, and a p-value of $0.002 < 0.05$. This aligns with Kanake (2018), who also found that marketing strategy significantly and positively influences SMEs performance in Kenya. RBV explains that effective marketing strategies can be an important resource for improving the performance of MSMEs. MSMEs need to develop strategies such as implementing appropriate marketing campaigns. The findings show that appropriate marketing campaigns can enhance business growth, profits, corporate goals, and the reputation of MSMEs that are members of the Tofu Association in Kampung Tahu Kediri.

However, this does not align with hypothesis H6, which states that marketing capabilities do not have a positive influence on SMEs' performance. This is supported by a coefficient value of 0.117, a T-statistic of 1.021, and a p-value of $0.308 > 0.05$. This also contradicts to Takata (2016), who claims that market orientation, industry strength, especially supplier strength and aggressive competition and marketing capabilities have the biggest positive effects on firm performance. Innovation performance is positively correlated with marketing capabilities, as seen by marketing innovation and new product marketing (Medase & Barasa, 2019). Even if SMEs possess strong marketing capabilities, this positively impacts their growth rate (Joensuu-salo et al., 2023). This indicates that the ability to market a product does not always enhance company performance, as tofu is a product consumed daily by the person of Kediri and has become a basic necessity that consumers must purchase, regardless of the seller's marketing capabilities.

Table 5 also shows the mediating effect. For H7, marketing strategy cannot mediate the influence of entrepreneurial marketing on SME performance, as can be seen from the total effect coefficient value of 0.74, the T value of 1.088, and the p value of $0.277 > 0.05$. This finding indicates that an appropriate marketing strategy cannot enhance the impact of processed tofu products on improving growth, profit, objectives, and the reputation of tofu producers in Kampung Tahu Kediri.

Similarly, H8 shows that the mediating role of marketing strategy cannot mediate the influence between entrepreneurial orientation and SMEs performance, with a total effect coefficient of -0.053, a T-statistic of 0.736, and a p-value of $0.462 > 0.05$, an appropriate marketing strategy also cannot increase the desire of tofu producers to expand their business into other lines to enhance growth, profit, objectives, and the reputation of their business.

CONCLUSION AND SUGGESTION

This study employs a quantitative approach using the PLS-SEM method to analyze the influence of constructs derived from RBV, specifically within the context of SMEs affiliated with the Tahu Association in Kampung Tahu Kediri. The findings confirm that entrepreneurial marketing has a positive and significant influence on

marketing strategies and SME performance, while entrepreneurial orientation does not have a significant influence and even tends to be negative toward SME performance and marketing strategies. Marketing strategies were also found to have a significant positive influence on SME performance, but marketing capabilities did not have a significant effect or moderation in this relationship. Additionally, marketing strategies did not mediate the influence of entrepreneurial marketing or entrepreneurial orientation, marketing capabilities did not moderate the influence between entrepreneurial marketing on the performance of tofu producers or business owners in the Tahu Association in Kampung Tahu Kediri.

SMEs in the Tofu Association in Kampung Tahu Kediri should focus their efforts on developing entrepreneurial marketing through product innovation and the creation of unique value that can directly improve performance, while also enhancing adaptive marketing strategies tailored to the characteristics of local tofu products. Marketing capabilities also need to be enhanced through training and mentoring to build a stronger foundation in the long term, while entrepreneurial orientation development must be carried out with careful risk management to avoid business failures due to unmeasured diversification. SMEs should also prioritize product innovation and appropriate marketing strategies to strengthen their competitiveness and business growth, while the government and supporting institutions must provide educational programs, mentoring, and access to financing that support the development of entrepreneurial marketing and marketing capabilities of SMEs to become more adaptive and competitive in a dynamic market.

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