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**Articles** 

# **Exploring Marketing Maneuverability's Role in Linking Entrepreneurial Orientation and Marketing Performance**

Explorando o papel da maniobrabilidade do márketing na vinculación da orientación empresarial e o desempeño do márketing

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#### **Abstract**

Based on the Resource-Advantage theory (R-A theory), this study attempts to develop a solid framework for marketing maneuverability (MM), which could be used as a lever to optimize the role of entrepreneurial orientation (EO) and improve marketing performance (MP). This study develops MM in an effort to improve the MP of Madurese hairdressing salons, classified as small-medium enterprises (SMEs), in Central Java, Indonesia. In addition, MM strengthens the influence of service encounter value (SEV) and market penetration advantage (MPA) on marketing performance (MP). As a result, MM could help SMEs implement SEV and MPA, leading to enhanced MP. This study further explores the application of the R-A theory by verifying that MM improves MP due to its ability to align EO, SEV, and MPA.

**Keywords:** Entrepreneurial orientation; Marketing maneuverability; Marketing performance; Small-medium enterprises.

#### Resumo

Baseándose na teoría da Vantaxe-Recursos (teoría R-A), este estudo tenta desenvolver un marco sólido para a maniobrabilidade do márketing (MM) que podería utilizarse como medio para optimizar o papel da orientación empresarial (EO) e mellorar o desempeño do márketing (MP). Este estudo desenvolve a MM nun esforzo por mellorar o MP dos salóns de peiteado madureses, clasificados como pequenas e medianas empresas (PEMES), en Central Java, Indonesia. Ademais, a MM reforza a influencia do valor de encontro do servizo (SEV) e a vantaxe de penetración no mercado (MPA) nos MP. En consecuencia, a MM podería axudar ás PEMES para aplicar o SEV e o MPA, o que melloraría os MP. Este estudo afonda na aplicación da teoría R-A verificando que a xestión da MM mellora os MP grazas á súa capacidade para aliñar o EO, o SEV e a MPA.

**Palabras chave:** Orientación empresarial; Maniobrabilidade de márketing; Desempeño do márketing; Pequenas e medianas empresas.

JEL: M31; L26; 01.



### 1. INTRODUCTION

Small-medium enterprises (SMEs) are widely recognized as crucial contributors to sustainable economic development in countries around the world (Zahoor et al., 2023). Considering the fact that SMEs make up 90% of global business operations, it is essential to prioritize their sustainability and performance for a country's economic well-being. The condition of SMEs in Indonesia is of utmost importance for the continuity of the Indonesian economy (Igbal et al., 2023). In Indonesia, SMEs need to improve their performance to remain competitive amid volatile, uncertain, complex and ambiguous (VUCA) circumstances (Eckstein et al., 2023) and health crises, such as the coronavirus disease of 2019 (COVID-19) (Yacob et al., 2023). This pandemic has had an impact not only on Indonesia, but also on global social inequalities and business-customer relationships (Amoedo & Sánchez-Carreira, 2023; Calvo Dopico et al., 2021). SMEs in developing countries, such as Indonesia, encounter significant challenges that require careful consideration (Zahoor et al., 2023). First, in said country, these companies may have resource constraints that could lead to support products and services failing to be competitive, which may make it challenging for them to penetrate the market and establish a superior position in the consumer market (Nurvakin & Ardyan, 2018). SMEs in European countries are often able to leverage their competitive advantages (Monteiro et al., 2019). Nevertheless, Indonesian ones may face certain challenges when it comes to managing their business operations, due to a family-based approach that is often followed to fill strategic positions, sometimes prioritizing emotional relationships over competency as a result, hindering effective decision-making (Alonso-Dos-Santos & Llanos-Contreras, 2019). In addition, these SMEs may struggle to absorb knowledge and information from the market, resulting in slower maneuvering responses to competitive and consumer market dynamics (Audretsch & Belitski, 2021). The market may face disequilibrium due to the potential entry of new competitors. The business services sector in Indonesia has been adversely affected by the COVID-19 pandemic (Yacob et al., 2023) along with the added threat of new entrants (Widya-Hasuti et al., 2018), in that the position of companies has changed in the consumer market.

Numerous studies have investigated the role that entrepreneurial orientation (EO) plays for SMEs to improve their long-term marketing performance (MP) (D'Angelo & Presutti, 2019; Presutti & Odorici, 2019), particularly in developing countries (Khan et al., 2020; Kottika et al., 2020). For this reason, we have identified certain limitations and challenges for EO research. First, the unclear impacts of EO on SME performance, especially on micro businesses in Indonesia, is our reason for extending the study of the EO concept's application. What is required is better knowledge on EO development and its relative impact on the performance of these microbusinesses. Second, discrepancies remain in the research findings of EO and performance, where some studies have found that the former concept does not fully improve the latter(Lim & Kim, 2023; Rigtering et al., 2024), while other studies have revealed a causal relationship between EO and SME performance (Sendawula et al., 2023; Wu et al., 2024; Yacob et al., 2023). To bridge the relationship gap, our study introduces marketing maneuverability (MM) as a mediator between EO and MP. MM refers to a firm's ability to use effective marketing strategies to achieve its targets. Grounded on the Resource-Advantage theory (R-A theory), we propose that MM could mediate the EO-MP relationship. Therefore, SMEs could benefit from a marketing approach to more effectively navigate market provocation and allow marketing to significantly aid the long-term survival of SMEs, particularly micro-businesses (McGowan, 2021).

This study has three main contributions: first, it explains the benefits of supporting the application of the Resource Advantage (R-A) theory to a broader area of micro business. Second, it aims to enrich research on micro businesses in developing countries. Third, it focuses on the barbershop industry, particularly Madurese salons ('Indonesian-Madurese ethnic') that are SMEs. By selecting these establishments, the findings should provide practical relevance to micro businesses in other developing countries, being representative of micro-businesses in Indonesia. The Madurese are known as migrant entrepreneurs who work in barbery and catering. The ownership of a barbershop business has traditionally been passed down from one generation to the next. The R-A theory provides a solid foundation for the MM capabilities of Madurese barbershops, offering a comparative and competitive advantage that helps them maintain their position in the consumer market. Furthermore, our study aims to provide empirical evidence of the relationship between EO, MP, and MM for micro businesses.

#### 2. LITERATURE REVIEW

#### 2.1. MARKETING MANEUVERABILITY

R-A theory provides a foundation for this study, since firms must continuously improve their competencies and knowledge to cause disequilibrium in the market (Hunt & Madhavaram, 2020). This theory assumes that firms need to categorize and manage markets effectively to maintain their position in the consumer market (Varadarajan, 2023). We believe that this can be achieved if the MM concept is implemented by businesses, especially micro businesses, which may need MM to accomplish many of their operations. MM could encourage business owners to hone and utilize their marketing skills and have a competitive edge in the market. MM stimulates entrepreneurial behavior, which can lead to superior marketing performance if they manage their comparative resources successfully.

This body of research proposes MM as a construct that mutually influences SMEs, particularly micro businesses. It uses R-A theory to develop an MM model because it considers that firms require comparative capability capital to deal with competitive dynamics and any changes in their consumer market position. Comparative advantage helps companies maneuver according to consumer market demand. In addition, the R-A theory reminds companies to continually improve their products and services to be able to handle competitors and excel competitively in the consumer market (Varadarajan, 2023).

This paper offers the MM concept as a solution for companies to use should they wish to gain a higher MP. It can also be a marketing solution for firms who encounter obstacles with marketing strategies, which could mean they reign victorious in the consumer market (Bachmann et al., 2021). Our study defines marketing maneuverability as "the ability of firms to use a variety of marketing approaches to respond quickly and surprisingly to competitors' actions and market demands so that firms can drive market growth and maintain their position in the consumer market". MM is a firm's ability to make effective and appropriate marketing decisions among various successful marketing campaigns in consumer markets, where MM practices make their implementation more effective to respond to competitors' offensive strategies and strengthen customer retention in consumer markets (Arslan et al., 2024). The concept of MM appears to be adopted by companies who are faced with multimarket competitive conditions, where the likelihood of rapid growth and long-term business sustainability is higher (Alghamdi & Agag, 2024). The speed and surprise dimensions in MM could be considered the primary elements of business maneuvers (Mohammad Shafiee,

2022). The speed dimension refers to a company's actions as a reaction or initiative to seize potential opportunities, ensuring the successful penetration of the market according to the company's plan (Wali et al., 2020). The surprise dimension in MM may be perceived as an action that customers may not have been expecting, which would lead to the feeling that they were experiencing the best service possible (Agag et al., 2024). The element of surprise in MM's strategy is a successful marketing tactic that can be difficult for competitors to generalize. According to the literature the ability for a company to surprise is also the reason why it is always one step ahead of its competitors at every step of the way (Alghamdi & Agag, 2024).

### 2.2. ENTREPRENEURIAL ORIENTATION AND MARKETING MANEUVERABILITY

The concept of EO has evolved as a guide for business owners in their decision-making processes and to help them meet their companies' main competitive advantage and company performance goals (Ferreira et al., 2020). It makes companies, especially SMEs, realize that they have limited resources, so management is encouraged to allocate them carefully to take advantage of any external opportunity to achieve optimal performance. EO is the key to accomplishing this and developing a relatively precise marketing strategy. EO seeks to pursue market opportunities and penetrate operating areas in existing markets. At the micro-business level, it plays a role in identifying performance determinants and helping business owners improve their growth (Genc et al., 2019; Ghantous & Alnawas, 2020). EO also encourages firms to improve their skills and Its adoption is likely to be an obstacle to micro businesses wishing to take advantage of external opportunities in the consumer market (Peterson & Crittenden, 2020). EO is the process of exploiting the external opportunities of SMEs, and it helps companies create strategic policies and practices to identify and launch innovative and valuable product innovation in consumer markets.

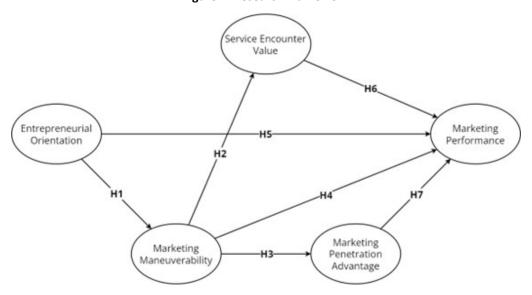


Figure 1. Research Framework

Previous research has revealed that EO enhances the strategic posture of SMEs, which is needed for their success. It has been found that EO builds up business leaders' confidence which helps them improve their entrepreneurial skills to achieve their goals (Bernoster et al.,

2020). It also plays a part in conceptualizing MM that allow micro businesses to fully exploit external opportunities. It is important for companies to ensure that their decisions are in line with their goals (Ciabuschi et al., 2020; D'Angelo & Presutti, 2019). EO can help guide the application of MM strategies and improve a company's competitive position (Alghamdi & Agag, 2024). It is a significant factor that can help micro-level entrepreneurs navigate market entry effectively because triumph is frequently linked with competitive drive (Singh et al., 2021). Hence, the implementation of EO in MM has the potential to aid the sustainability of micro businesses (Fellnhofer, 2019; V. K. Gupta et al., 2020). Based on the findings, the proposed hypothesis is:

**H1:** EO positively influences MM.

### 2.3. MARKETING MANEUVERABILITY AND SERVICE ENCOUNTER VALUE

Our study considers service encounter value (SEV) as a framework for SMEs in the barbershop industry which allows value and agility to be created for service providers who in turn should be able to stably maintain continuous quality, yet dynamically develop more innovative products according to customer expectations and perceptions (Valentini et al., 2024). The SEV framework helps companies standardize operations while distinguishing themselves for their customer service. It supports organizations in both resisting and adapting to change, enabling them to seize new opportunities that cater specifically to satisfying customer needs (Söderlund & Mattsson, 2019). SEV is a powerful weapon for companies seeking to survive in the competitive marketplace, transforming service encounters to keep pace with change and seize external opportunities from customer responses (Ladhari et al., 2017; Robinson et al., 2020). By focusing on customer reactions, SEV makes companies more open to listening to the complaints and needs of the target market. SEV is a driving factor for this because it creates conditions for companies and customers to consciously build strong networking and social listening, making it more likely that consumers' preferences are directed towards their products (Z. Liu et al., 2023). Our body of research, based on the premise of R-A theory, aims to demonstrate that SEV can be a valuable for companies in the consumer market. For micro businesses, their competitive advantage in the face of multi-market competition is the synergy between MM and SEV (Singh et al., 2021). Against this background, the proposed hypothesis is:

**H2:** MM positively influences SEV

# 2.4. MARKETING MANEUVERABILITY AND MARKET PENETRATION ADVANTAGE

Competition in the market can sometimes lead to disequilibrium in market conditions as each player strives to innovate with high-quality products and services (Varadarajan, 2023). It can be challenging for micro businesses to be in an ideal situation in such an environment. Market penetration advantage (MPA) is considered crucial for companies or business, which act as 'controlling' entities over products and competitors in the consumer market (Kapferer & Valette-Florence, 2018). Our study assumes that at the micro-business level, MPA is still necessary not only to perform the control function but also to increase the bargaining power

of micro businesses in the market (Demirci & Erkip, 2024). MPA refers to a company's competitive ability to achieve short-term goals, particularly for SMEs, by protecting their territory from competitors' threats. To increase sales growth in existing markets, companies require market penetration, while broader market development requires marketing strategies (Varadarajan, 2023). The intensive strategy required by a company to support MPA is known as MM. Companies may consider adjusting their marketing strategies to meet the unique demands of each segment (Pedada et al., 2020). The marketing mix can provide an advantage in terms of products and services, and allow these businesses to be the first to market theirs, which can facilitate market penetration (Agostini et al., 2023). The utilization of MM and MPA has the potential to enhance the negotiating power of micro businesses with their sales networks and consumers in the market (Moroni-Cutovoi, 2021). The success of MPA is contingent upon the implementation of MM by SMEs. Our study suggests that the effectiveness of MPA can be determined by the utilization of MM, which can help micro businesses achieve their objectives. As such, we hypothesize that:

**H3:** MM positively influences MPA

# 2.5. MARKETING MANEUVERABILITY AND MARKETING PERFORMANCE

Our research builds upon the concept of MM by incorporating the military paradigm, which states that military attacks prioritize low maneuverability to achieve effective target interception. This is accomplished with cooperative strategies and integrated methods to produce strong maneuverability (Chen et al., 2021). Our study suggests that MM can be aligned with business logic and R-A theory, where companies can execute strategic maneuvers to develop scalable and sustainable business models that can achieve sustainable market power (G. Gupta & Bose, 2019; Hunt & Madhavaram, 2020). To enhance marketing performance, companies are encouraged to utilize the knowledge and insights which they gain from the market (Cao & Tian, 2020). They allocate resources carefully, such as marketing capabilities, financial assets market information, and branding, to the relevant sectors to ensure that their operations are secure in the dynamic market environment (Du & Kim, 2021; Medase & Barasa, 2019; Pyper et al., 2019). Companies maneuver, therefore, to expand to uncharted territories where they want to market their products or services, while preserving their current customer base (Chereau & Meschi, 2019). For SMEs taking on new ventures which have external challenges that may be detrimental to their marketing performance, MM should be adopted so that they can intensify their exploitable and profitable explorations of marketing opportunities (Asseraf & Shoham, 2019; Bachmann et al., 2021; Katsikea et al., 2019). Therefore, the proposed hypothesis is:

**H4:** MM positively influences marketing performance

### 2.6. ENTREPRENEURIAL ORIENTATION AND MARKETING PERFORMANCE

EO refers to how firms adapt to the dynamic external and competitive environment. This research on the role of EO is important because it can help firms understand and develop appropriate strategies to achieve a competitive edge (Rubio-Andrés et al., 2024). In response

to competition and market changes, EO encourages business owners to innovate their models. It helps increase the likelihood that firms can continuously innovate according to the changing dynamics of the market. Volatile markets create new opportunities for business ventures to build new business models. EO is the tendency of firms to pursue sustainable behavior that is risky, innovative, and proactive. It is an important organizational resource for creating a sustainable competitive advantage and improving firm performance (Niu et al., 2020).. It also helps to improve a firm's networking capabilities and knowledge and can ultimately improve marketing performance, since EO enhances SMEs' ability to align their business models with market demands, (Salah & Ayyash, 2024). EO has a positive impact on the relationship between business model innovation and marketing performance (Wu et al., 2024). Based on the findings, the proposed hypothesis is:

**H5:** EO positively influences marketing performance

### 2.7. SERVICE ENCOUNTER VALUE AND MARKETING PERFORMANCE

Companies often find that SEV is necessary to achieve their goals. It includes not only interpersonal interactions but also the social context in which customers and service providers strive to fulfill psychosocial needs and interact with each other (Paparoidamis et al., 2019; Park & Kim, 2003). Hence, SEV places emphasis on the customer's role to enlarge the simple concept of exchange between the company and its customers as a constellation of values (Joly et al., 2019). The concept of value in marketing involves subjective matters that connect SEV with values regarded highly by consumers. The emotional valence resulting from this connection can greatly affect consumer behavior, making it a key consideration for companies (Luo et al., 2019). In R-A theory, SEV is considered a marketing strategy tool to control consumers' moods after they use a company's products and services, with the aim of eliciting positive interactions from the consumer market (Nicholls & Gad Mohsen, 2019). Macro businesses may benefit from SEV when market uncertainty due to their professional competence is questioned. It is believed that consumers' emotional experience and expression can influence service interactions and their potential impact on the company (Fliess & Volkers, 2019; Lee et al., 2020; Roy et al., 2020). Therefore, SEV may be considered a leveraging factor that can improve marketing performance (Joly et al., 2019; Verhulst et al., 2019; Xu et al., 2020), particularly in macro businesses. This leads us to the following hypothesis:

**H6:** SEV positively influences marketing performance

# 2.8. MARKET PENETRATION ADVANTAGE AND MARKETING PERFORMANCE

Companies often seek to gain MPA, which could be seen as an extension of their marketing strategy, in order to achieve their goals (Weerawardena et al., 2019). As noted by Rožman et al. (2023), a well-crafted strategy can help an organization attain a favorable position in a competitive environment. The main goal of MPA is to investigate specific consumer demand information to achieve a competitive advantage. By offering products and services that meet the needs of the target market, companies can create value. MPA can help them utilize market information to create a range of tailor-made products based on market demand (Mainardes et al., 2022). By determining the success of these tailor-made product MPA can

assist companies in capturing new opportunities, such as gaining new customers, increasing profit, and improving demand (C. L. (Eunice) Liu et al., 2020). This study proposes that MPA is a competitive resource and an enabler for firms that can be a driving factor for strong marketing performance (Iheanachor et al., 2021; Ledesma-Chaves et al., 2020). With this in mind, the proposed hypothesis is:

**H7:** MPA positively influences marketing performance

### 3. RESEARCH METHOD

#### 3.1. SAMPLE AND DATA COLLECTION

In order to examine what factors influence MM and what its outcomes are, this study proposed a predictive model. We collected data from 257 managers or owners of Madurese barbershop ('Indonesian-Madurese ethnic') SMEs in five cities (Semarang, Ungaran, Salatiga, Demak, and Kendal) in Central Java Province, Indonesia. We adopted a non-probability purposive sampling method to select respondents because the population was unknown. This stemmed from our finding that they have no legal association, so the exact number of Madurese Barbershop SMEs is unknown. In addition, they belong to an informal institution, in the form of a community of Madurese barbershop SMEs. It is worth noting that they are migrant business holders, often moving from one location to another, making it difficult to collect data and monitor their development and they are male-dominated. This is due to a tradition in Madurese culture where the knowledge of barbery is only passed on to men, representing a form of male responsibility for their families. Madurese culture encourages men to become migrant entrepreneurs and move around Indonesia. The study criteria comprised the owners or managers of Madurese barbershop SMEs who had been running their businesses for more than 3 years. Data collection for this study was conducted from October 2023 to April 2024 with face-to-face interviews. Trained enumerators administered a structured questionnaire to gather data from participants. Given the absence of an exact population count for Madurese barbershops in Indonesia, enumerators approached participants via their community networks. This method ensured a representative sample and reliable data collection. The questionnaire draft was translated from English into Indonesian and evaluated for content validity by an Indonesian academic expert. The revised questionnaires were then back translated into English by a certified translator to ensure that the meaning of each construct item remained intact, and finally, the validated Indonesian version was ready to be distributed.

#### 3.2. DEVELOPMENT OF MEASUREMENT ITEMS

A survey questionnaire was utilized in this study, which included a 10-point semantic differential scale ranging from 'strongly disagree' to 'strongly agree'. The items were adapted from previous literature on EO, MM, strategic entrepreneurial orientation (SEO), MPA, and marketing performance (MP). The measurement of EO was based on five items adapted from (Rwehumbiza & Marinov, 2020) and (Sok et al., 2017), which assessed innovativeness, proactiveness, risk-taking, competitive aggressiveness, and firm autonomy. MM was calculated with five items adapted from various sources (Abdelilah et al., 2018; Chahal et al., 2019; Geyi et al., 2020). MM is a variable that measures a company's response to competitors' strategies,

their attitude toward competition, their speed in handling complaints, their operational flexibility, and their network collaboration. SEV was analyzed with five items adapted from (Ali et al., 2022; Boaventura et al., 2018). SEV measures the functional, emotional, social, epistemic, and economic value of a company's products and services MPA was assessed with four items adapted from (Nuryakin & Ardyan, 2018). The concept of MPA encompasses several factors, including first-mover advantage, the speed of product launches, information acquisition, and new demand creation. Finally, MP was evaluated with five items adapted from (Salah & Ayyash, 2024). These items included company performance in terms of sales growth, profit margins, products and services, product value, and market coverage. Items could be removed when they did not meet the criteria during model evaluation. However, since the relationship between constructs and indicators in this research was reflective, the removal of some indicators was not a significant issue. However, the remaining indicators were able to describe the constructs effectively (Sarstedt et al., 2019). Table 1 presents the measurement items used in this study.

#### 4. DATA ANALYSIS

This study used Partial Least Square - Structural Equation Modelling (PLS-SEM) to rigorously analyze complex relationships between latent variables, contributing to the field's knowledge base (Hair et al., 2017). Evaluating the PLS-SEM results involved two steps: first, assessing the measurement models (Outer Model) for validity and reliability; and second, evaluating the structural model (Inner Model) for testing the hypotheses (Hair Jr et al., 2017).

### 4.1. OUTER MODEL

The inner model analysis commenced with an examination of loading indicators and construct reliability, detailed in Table 1. Adhering to established thresholds, successful indicators require loadings greater than 0.708, while acceptable levels for composite reliability should be above 0.7 (Hair et al., 2022). In this analysis, items EO5, MM5, SEV4, and SEV5 were removed from the model, since they failed to meet the loading indicator criteria. Nevertheless, all constructs successfully met the criteria for composite reliability, indicating overall fit in these aspects of the model.

Table 1. Measurement items, loading indicators and construct reliability

	Measurement item	Factor loading >0.708	Composite reliability >0.7
	Entrepreneurial orientation		0.912
E01	Over the past three years, our product and service lines have changed significantly.	0.868	
E02	We respond to competitors' actions by introducing new services, such as new technology, new techniques, and so on.	0.856	
E03	To simulate uncertainty, we adopt a proactive attitude to exploit potential opportunities.	0.860	
E04	Our company operates in an industry with many competitors.	0.811	
E05	The approach to working conditions for employees has been restructured to provide more options for them to achieve their targets.	(removed)	
	Marketing maneuverability		0.910
MM1	We excel at responding to competitors' actions by introducing new services, using new technology, introducing new techniques, and so on.	0.850	
MM2	Competitor strategies have forced us to be more creative in marketing campaigns.	0.859	

	Measurement item	Factor loading >0.708	Composite reliability > 0.7
	Entrepreneurial orientation		0.912
ММЗ	We are quick at handling customer complaints.	0.854	,
MM4	Our employees are able to multitask.	0.825	
MM5	We build close relationships with our customers.	(removed)	
	Service encounter value		0.831
SEV1	Our customers receive customized solutions.	0.790	,
SEV2	Our employees project friendliness toward new customers when no personal relationship has previously been established.	0.809	
SEV3	We provide valuable services to make consumers feel satisfied	0.764	
SEV4	Service encounters allow various new techniques to be trialed	(removed)	
SEV5	Our services offer affordable prices without compromising on service quality	(removed)	
	Market penetration advantage		0.866
MPA1	Market penetration advantage	0.761	
MPA2	We are pioneers in the consumer market.	0.799	
MPA3	We launch customized products swiftly onto the consumer market.	0.767	
MPA4	We are quick to acquire information on the needs of new markets.	0.813	
	Marketing performance		0.831
MP1	Sales growth	0.768	
MP2	Higher Profit margin	0.793	
MP3	Product growth	0.708	
MP4	Increased product value	0.747	

The subsequent phase in the inner model analysis involved assessing construct validity, encompassing both convergent and discriminant validity. Convergent validity was confirmed with Average Variance Extracted (AVE) values exceeding 0.5, while discriminant validity was established with Heterotrait-Monotrait (HTMT) ratios below 0.85 (Hair et al., 2022). According to Table 2, both AVE and HTMT criteria were met, indicating that all constructs in the model were valid.

**Table 2. Construct Validity** 

Construct	AVE	НТМТ					
Construct	AVE	ЕО	MM	MP	MPA	SEV	
ЕО	0.721						
MM	0.718	0.749					
MP	0.569	0.286	0.430				
MPA	0.617	0.315	0.372	0.717			
SEV	0.621	0.190	0.214	0.380	0.345		

 $^{Note}$  EO = Entrepreneurship Orientation; MM = Marketing Maneuverability; SEV = Service Encounter Value; MPA = Market Penetration Advantage; MP = Marketing Performance

### 4.2. INNER MODEL

Following the validation and reliability confirmation of the indicators and constructs in the research, the assessment of the outer model began with an examination of indicator multicollinearity (Hair et al., 2022). The model required Variance Inflation Factor (VIF) values to be below 3 to indicate that there were no concerns regarding multicollinearity. As shown in Table 3, all VIF scores in this study were below 3, confirming that multicollinearity was not an issue in this model.

Table 3. Indicator of multicollinearity

Item	VIF								
E01	2.395	MM1	2.065	MP1	1.439	MPA1	1.607	SEV1	1.595
EO2	2.274	MM2	2.241	MP2	1.549	MPA2	1.719	SEV2	1.641
E03	2.290	ммз	2.184	MP3	1.561	MPA3	1.617	SEV3	1.187
EO4	1.778	MM4	1.931	MP4	1.572	MPA4	1.480		

 $^{Note}$  EO = Entrepreneurship Orientation; MM = Marketing Maneuverability; SEV = Service Encounter Value; MPA = Market Penetration Advantage; MP = Marketing Performance

In this study, the significance and magnitude of the structural path coefficients were assessed using a bootstrap method with 5,000 subsamples. This number of subsamples was chosen to enhance the precision and reliability of the estimates, minimizing bias and variance. This approach aligns with statistical best practices, ensuring robust confidence intervals and reliable significance tests, particularly in complex models (Ringle et al., 2024). Hypotheses were considered supported when the t-values exceeded 1.65 (one-tailed approach) and when p-values were below 0.05. The coefficients, or beta values, denoted the direction of influence. Table 4 and Figure 2 display these coefficients, t-values, and significance levels (p-values). The results indicate that while hypothesis 5 was not supported, all the other hypotheses were.

**Table 4. Hypothesis Tests** 

Path	β	t-value	p-value	Conclusion
H1 EO $\rightarrow$ MM	0.653	14.822	0.000	Supported
H2 MM $\rightarrow$ SEV	0.173	2.818	0.002	Supported
H3 MM $\rightarrow$ MPA	0.326	5.914	0.000	Supported
$H4 MM \rightarrow MP$	0.186	2.558	0.005	Supported
H5 EO $\rightarrow$ MP	-0.045	0.645	0.259	Rejected
$H6 SEV \rightarrow MP$	0.120	2.138	0.016	Supported
H7 MPA $\rightarrow$ MP	0.653	14.822	0.000	Supported

Note EO = Entrepreneurship orientation; MM = Marketing maneuverability; SEV = Service encounter value; MPA = Market penetration advantage; MP = Marketing performance

# 4.3. EXPLANATORY POWER, PREDICTIVE RELEVANCE AND EFFECT SIZE

The coefficient of determination (R<sup>2</sup>) in this study measured the explanatory power of the PLS structural model, where the higher the R<sup>2</sup> values were, the greater the explanatory and

predictive accuracy for endogenous constructs were. R<sup>2</sup> values were considered substantial, moderate, and weak at 0.75, 0.50, and 0.25, respectively. Figure 1 presents the coefficient determination of the construct.

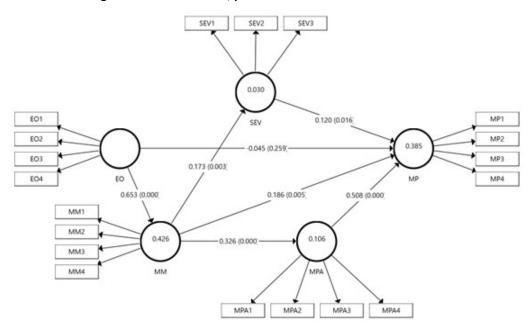


Figure 2. Path coefficient, p-value and coefficient determination

Blindfolding was used to evaluate the model's predictive relevance  $(Q^2)$ . A  $Q^2$  value greater than zero signified acceptable predictive accuracy for an endogenous construct. Table 5 presents the coefficient determination and predictive relevance of this study.

Table 5. Coefficient determination and predictive relevance

Construct		$\mathbb{R}^2$	$Q^2$
•	ЕО	(independent)	0.521
MM		0.426	0.519
	MP	0.385	0.287
	MPA	0.106	0.359
	SEV	0.030	0.244

Note EO = Entrepreneurship orientation; MM = Marketing maneuverability; SEV = Service encounter value; MPA = Market penetration advantage; MP = Marketing performance

Additionally, the effect size ( $f^2$ ) assessed the impact of removing an exogenous construct from the model, with 0.02, 0.15, and 0.35 indicating low, medium, and high effects, respectively (Cohen, 2013). Table 6 displays the effect size of each construct.

Table 6. Effect size

Path		f <sup>2</sup>	Conclusion		
	$EO \rightarrow MM$	0.742	High		
	$MM \rightarrow SEV$	0.031	Low		
	$MM \rightarrow MPA$	0.119	Low		

Path	f <sup>2</sup>	Conclusion	
$MM \rightarrow MP$	0.031	Low	
$EO \to MP$	0.002	No effect	
$SEV \mathop{\rightarrow} MP$	0.022	Low	
$MPA \to MP$	0.355	High	

Note EO = Entrepreneurship orientation; MM = Marketing maneuverability; SEV = Service encounter value; MPA = Market penetration advantage; MP = Marketing performance

In this research, the observed  $R^2$  values for all dependent variables were below 0.50, indicating a modest level of explanatory power. Despite the lower magnitudes of  $R^2$ , which would suggest limited variance in the dependent variables being accounted for by the model, the positive values of  $Q^2$  across the board signify that the model retained predictive relevance. This is an important aspect, as it demonstrates the model's capability to predict the dependent variables with a high degree of accuracy. Furthermore, although most  $F^2$  values were low, indicating minimal effect sizes, the overall positive predictive relevance  $(Q^2)$  and the moderate explanatory power  $(R^2)$  still affirmed the utility and validity of the research. Therefore, even with the limitations in explanatory power and effect size, this study offers meaningful insights and contributes to the field, underlining its value and applicability.

#### 4.4. MEDIATION EFFECT TEST

In this study, mediation analysis was utilized to explore the mechanisms underlying the influence of EO on MP. Although the direct relationship posited in Hypothesis 5 (EO  $\rightarrow$  MP) was not supported, subsequent mediation testing revealed that MM served as a full mediator in this relationship. This mediation effect is detailed in Table 7, which demonstrates that EO did not directly affect MP but indirectly did with MM, highlighting the full mediation effect where the presence of MM accounted for the entire relationship between EO and MP.

**Table 7. Mediation testing** 

Path	Direct	t effect	Med	Indirect effect		Conclusion
Paul	β	t-value		β	t-value	
$EO \rightarrow MP$	-0.045	0.645	MM	0.121**	2.496	Full mediation

Note EO = Entrepreneurship orientation; MM = Marketing maneuverability; SEV = Service encounter value; MPA = Market penetration advantage; MP = Marketing performance.

#### 5. RESULTS

The findings indicate strong relationships among constructs, with several hypotheses being supported, and one key relationship notably mediated. A strong and positive relationship was established between EO and MM (Hypothesis 1,  $\beta$  = 0.653, p < 0.001, t-value = 14.822), demonstrating that an increase in EO significantly enhanced MM. The influence of MM on SEV (Hypothesis 2,  $\beta$  = 0.173, p = 0.002, t-value = 2.818) and MPA (Hypothesis 3,  $\beta$  =

<sup>\*</sup>p-value>0.05

<sup>\*\*</sup> p-value>0.01

<sup>\*\*\*</sup> p-value>0.001

0.326, p < 0.001, t-value = 5.914) was also supported, underscoring MM's role in enhancing both SEV and MPA. MM's direct impact on MP was also significant (Hypothesis 4,  $\beta$  = 0.186, p = 0.005, t-value = 2.558), as was the relationship between SEV and MP (Hypothesis 6,  $\beta$  = 0.120, p = 0.016, t-value = 2.138), and between MPA and MP (Hypothesis 7,  $\beta$  = 0.653, p < 0.001, t-value = 14.822). However, the direct influence of EO on MP was not supported (Hypothesis 5,  $\beta$  = -0.045, p = 0.259, t-value = 0.645), suggesting that EO alone did not significantly affect MP. Crucially, a mediation analysis revealed that MM fully mediated the relationship between EO and MP ( $\beta$  = 0.121, p < 0.01, t-value = 2.496). This finding indicates that the impact of EO on MP occurred with MM, illustrating MM's critical role in leveraging EO to enhance MP.

### 6. DISCUSSION

This paper has examined the concepts of EO, MM, SEV, and MPA in the context of Madurese barbershop SMEs. The study has presented the initial mechanism of the MM concept as a mediator in the relationship between EO and MP. Four out of the six hypotheses in this study have proposed new relationships in the development of the MM concept. This study has proposed that MM is significant for a conclusive relationship between SEV and MPA being created and in turn can improve marketing performance. The impact of EO appears to have been greater when mediated by MM, which effectively integrated the concepts of SEV and MPA,. Furthermore, SEV seems to have had a greater influence on MPA when it mediated the relationship between MM and MP. Overall, EO appears to have had the greatest influence on MP with MM and SEV pathways.

This research model has made EO the main factor influencing other variables. The model has proposed that SMEs that take risks in their business are encouraged to proactively acquire new customers by responding quickly to their complaints. This approach enables SMEs to provide customers with a valuable product that fits within their budget, ultimately increasing its value, which is the dominant indicator in the marketing performance construct. Moreover, this research has found a correlation between EO and MM, which are both essential in determining a firm's ability to remain competitive in the consumer market. It is important for companies to dominate the market to achieve a competitive position, even if it is temporary. EO can drive MM by enhancing their agility and innovativeness even when they penetrate into their competitors' territory and strengthen their valuable services to the target market.

The study's acceptance of Hypothesis 1 signifies that there was a relationship between the EO and MM concepts. Further, the result of Hypothesis 2 indicates that the creation of EO was possible with the support of the MM concept. This finding also applied to Hypothesis 3, where MM supported the MPA efforts of companies in consumer markets. The test results for hypotheses 1, 2, and 3 were consistent with the findings of previous studies (Abdelilah et al., 2018; Ali et al., 2022; Chahal et al., 2019; Geyi et al., 2020; Rwehumbiza & Marinov, 2020). Additionally, the results of Hypothesis 4 supported the mediating and direct role of the MM concept in linking MM and MP. However, those of Hypothesis 5 suggest that EO in this study did not improve marketing performance in SMEs, which differed from the findings of Lim and Kim (2023) and Rigtering et al. (2024). Moreover, the findings of Hypotheses 6 and 7 indicate that SEV and MPS empirically emerged as leverage tools to improve MP in SMEs (Nuryakin & Ardyan, 2018).

### 6.1. THEORETICAL IMPLICATIONS

The study has sought to expand on the R-A theory by exploring the relationships between MM, SEV, and MPA. Following the R-A theory, customer information is critical to the firm, so the competence of firms when it comes to obtaining information encourages their MPA to be more creative than their competitors with the products and services that they offer (G. Gupta & Bose, 2019; Hunt & Madhavaram, 2020). Here, SEV serves as a means for companies to gather information from customers and MM plays a crucial role in enhancing their ability to adapt and innovate in response to the actions of their customers and competitors. Furthermore, MM enables SEV to create value by providing unique service operations for the consumer market, where the creation of the latter concept comes from the company's tangible and intangible resources (Robinson et al., 2020). MM can act as a comparative resource to support the achievement of higher SEV and MPA, which is formed in the testing of new ideas and breakthroughs, the search for creative methods, and the introduction of new processes in market penetration, which subsequently increases the company's market share. In turn, MM can contribute to superior marketing performance being attained for SMEs.

### 6.2. BUSINESS IMPLICATIONS

Concerning the practical implications of our study, Madurese barbershop SMEs should improve their marketing performance and focus on implementing modern marketing strategies to better serve their customers. This research framework may provide guidance for MM strategies by presenting two approaches to achieve the desired marketing performance. Firstly, owners of these establishments may consider taking calculated risks to modify their strategies by introducing new products or services while still maintaining their classic hairdressing model. They could consider implementing changes to both retain current customers and attract new ones, including those from the millennial demographic. Additionally, offering flexible services such as home visits and a reservation system could help reduce waiting times and improve overall customer satisfaction. Finally, enhancing customer interactions could further improve the overall experience and foster a mutually beneficial relationship.

#### 7. LIMITATIONS AND FUTURE RESEARCH

As with other studies, this paper has its limitations. Firstly, although it is representative of SMEs, a larger sample across different industries would ensure the generalizability of the findings. Secondly, academics could use other techniques such as interviews and experiments to gain deeper insights into the topic. Thirdly, the role of MM should not just be developed in one sector, such as barbershops, but venture further afield into industries such as food and beverages, hospitality and transport. The concept of marketing maneuverability should be researched in different contexts and industries. In addition, the definition of MM may vary according to the objects and locations of the study. Finally, future research could further explore the elements of MM and its impact on increasing MP.

#### 8. CONCLUSION

This study has contributed to the existing body of knowledge on the role of MM in the context of Madurese barbershop SMEs. It has presented a comprehensive framework

for measuring the relationship between EO, MM and MP, as well as the impact of MM as a novelty marketing strategy to increase MP. The empirical results have further explored the relationship linking EO and MP by incorporating the role of MM. The MM concept is considered a useful construct for building an integrated model with SEV and MPA as leverage factors to boost marketing performance. This mutually influencing relationship can potentially be implemented into other research areas. The research has supported the R-A theory as a valuable competitive strategy for understanding company problems and strategies. Furthermore, the MM concept, based on the R-A theory, has the potential to deliver a solution to the problems of EO and MP. Intense competition and dynamic changes in the business environment call for adaptive, flexible, and responsive marketing strategies. SMEs need marketing management to offer alternative solutions to sales and marketing activities. Their owners view marketing management as a comparative resource that is innovative and proactive. They also consider that the adoption of marketing management is crucial for launching high-quality resources and products and services onto the market. These strategies are fundamental to be able to respond well to VUCA changes and create value for companies' products in the consumer market (Eckstein et al., 2023).

#### **AUTHORS CONTRIBUTION**

Conceptualization, A.S and I.M.S.; methodology, A.S.; formal Analysis, A.S.; Writing-original draft preparation, A.S.; Writing-review and editing, I.M.S; Methodology, A.S.; Validation, I.M.S.; Software, A, S.; Project Administration, A.S.; Resources, A.S..; Visualization, A.S.; Data Processing, A.S.; Writing-review & editing, I.M.S. All authors have read and agreed to the published version of the manuscript

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