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From Orientation to Advantage: Entrepreneurial and Market Drivers of Indonesian SME Performance

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ABSTRACT: Small and medium-sized enterprises (SMEs) dominate Indonesia's economy, contributing over 60% of GDP and employing nearly the entire labor force, yet many struggle to sustain competitiveness in turbulent markets. This study argues that entrepreneurial and marketing orientations are not mere independent predictors of performance but interdependent postures that channel entrepreneurial drive into market responsiveness and competitive advantage. Using survey data from 233 Indonesian SMEs and analyzed through partial least squares structural equation modeling, the results show that entrepreneurial orientation enhances both marketing orientation and competitive advantage, while marketing orientation directly drives advantage and marketing performance. Competitive advantage, in turn, serves as the critical pathway linking orientations to outcomes. The findings extend resource-based and dynamic capabilities perspectives by situating orientations as upstream enablers of advantage creation. Implications highlight the need for SME owners and policymakers to couple entrepreneurial boldness with market intelligence to achieve sustainable performance.

Keywords: Entrepreneurial Orientation; Marketing Orientation; Competitive Advantage; SMEs; Indonesia

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INTRODUCTION

Small and medium-sized enterprises (SMEs) remain the backbone of emerging economies, not merely in rhetoric but in hard numbers. In Indonesia alone, SMEs account for 99.9% of all enterprises, contribute 61.1% to GDP, and absorb more than 97% of the national workforce (Badan Pusat Statistik [BPS], 2023). Yet despite their systemic importance, these firms face an unforgiving competitive landscape marked by digital disruption, import pressures, and institutional turbulence. Recent figures show that more than 30% of Indonesian SMEs fail within their first five years, citing market misalignment and inability to maintain competitive advantage as primary causes (Ministry of Cooperatives and SMEs, 2022). Such conditions demand not merely incremental improvements but strategic orientations that allow firms to adapt, differentiate, and sustain performance in volatile environments.

Entrepreneurial orientation (EO) and marketing orientation (MO) have long been recognized as strategic postures that enhance firm adaptability and market success. EO, characterized by innovativeness, proactiveness, and risk-taking, equips firms with the capacity to sense and seize new opportunities (Covin & Wales, 2019). MO, rooted in customer and competitor intelligence, ensures responsiveness and alignment with market dynamics (Narver & Slater, 1990). The literature documents that both orientations are linked to superior firm outcomes (Kirca, Jayachandran, & Bearden, 2005; Rauch, Wiklund, Lumpkin, & Frese, 2009). Yet, the pathways by which EO and MO interact to generate competitive advantage (CA) and translate into marketing performance remain contested, especially within SMEs operating under the institutional voids and turbulence of emerging economies (Boso, Story, & Cadogan, 2013; Kraus, Rigtering, Hughes, & Hosman, 2019).

What is less understood is the layered mechanism by which EO energizes other orientations and capabilities rather than producing performance directly. While early studies assumed a linear EO–performance link, more recent work suggests EO often exerts its influence indirectly, mediated through orientations such as MO or through the creation of CA (Wales, Gupta, & Mousa, 2013; Hakala, 2011). This raises the question of whether EO functions as an upstream enabler—fueling MO and CA—which then shape marketing outcomes, particularly in contexts like Indonesia where resource scarcity and institutional gaps require firms to translate entrepreneurial impulses into market-driven strategies. Moreover, the potential dual mediating pathways (EO → MO → performance and EO → CA → performance) have not been tested in a comprehensive model that integrates both orientations and advantage creation simultaneously.

This study introduces and empirically examines such a model using data from 233 Indonesian SMEs. By deploying partial least squares structural equation modeling (PLS-SEM), the research disentangles the direct and mediated effects of EO and MO on marketing performance via competitive advantage. The contribution is twofold. Theoretically, it advances entrepreneurship literature by reconceptualizing EO as a conditional driver whose efficacy lies in catalyzing other orientations and advantages rather than directly generating outcomes. Practically, it offers insights to SME owners and policymakers in emerging economies, illustrating how entrepreneurial boldness must be married with market responsiveness and transformed into defensible advantages to yield tangible performance. In doing so, the study speaks not only to the RBV tradition but also to the contemporary dialogue on dynamic capabilities, highlighting how orientations coalesce into competitive resilience under conditions of turbulence.

THEORETICAL REVIEW

The resource-based view (RBV) and the dynamic capabilities perspective remain central in explaining how small and medium-sized enterprises (SMEs) develop strategic orientations and transform them into competitive outcomes (Barney, 1991; Teece, 2018). While resources form the bedrock of advantage, it is the configuration of entrepreneurial and market-oriented behaviors that allows firms to sense, seize, and reconfigure opportunities under uncertainty (Wu, 2020). In emerging markets, where institutional supports are fragmented, orientations act as substitutes for missing formal structures, allowing firms to anchor strategies in entrepreneurial drive and market responsiveness (Boso, Story, & Cadogan, 2013). The present study investigates these orientations, their interplay, and their consequences for competitive advantage and marketing performance, resulting in eight hypotheses.

Entrepreneurial orientation (EO) is widely acknowledged as a central posture that energizes firms toward innovation, proactiveness, and risk-taking (Covin & Wales, 2019). It equips SMEs to depart from routines, pursue novel opportunities, and challenge incumbents. A growing body of evidence suggests that EO provides the cognitive and strategic impetus that enables market orientation (MO) to emerge (Masa'deh, Al-Henzab, Tarhini, & Obeidat, 2018). Firms that are entrepreneurial are more likely to institutionalize market intelligence and responsiveness as systematic practices. Thus, it is expected that EO exerts a positive influence on MO.
H1: Entrepreneurial orientation positively influences marketing orientation.

EO's impact is not confined to orientation building but extends to performance outcomes. Firms that embrace EO often develop distinct routines and capabilities that translate into higher levels of marketing performance (Wiklund & Shepherd, 2011; Kraus, Rigtering, Hughes, & Hosman, 2019). By daring to innovate and proactively shape markets, EO-oriented SMEs enhance their growth, reputation, and customer reach. EO therefore is anticipated to directly strengthen SMEs' marketing performance.
H2: Entrepreneurial orientation positively influences SMEs' marketing performance.

MO itself is grounded in the marketing literature as a strategic posture emphasizing customer focus, competitor intelligence, and cross-functional responsiveness (Narver & Slater, 1990). Firms with strong MO build closer customer relationships, detect competitor moves, and adjust strategies accordingly, all of which are critical for sustaining competitive advantage (Kirca, Jayachandran, & Bearden, 2005). SMEs that embed MO are therefore expected to achieve stronger differentiation and efficiency, translating into defensible positions.
H3: Marketing orientation positively influences competitive advantage.

Competitive advantage (CA) represents the realized outcome of orientations—it is the distinct positioning that allows firms to outperform rivals (Morgan, Slotegraaf, & Vorhies, 2009). A long tradition in strategy asserts that CA directly drives superior performance outcomes (Barney, 1991; Teece, 2018). For SMEs, advantage materializes through either differentiation in products and services or cost efficiency in operations. Once achieved, this advantage yields superior marketing outcomes in terms of sales, growth, and customer loyalty.
H4: *Competitive advantage positively influences SMEs' marketing performance.*

The relationship between EO and CA has also been emphasized in the entrepreneurship literature. Entrepreneurially inclined firms experiment, innovate, and proactively enter markets, yielding unique offerings or processes that create defensible advantage (Gupta & Batra, 2016; Boso et al., 2013). Particularly in turbulent environments, EO substitutes for resource limitations by enabling SMEs to seize market gaps.
H5: Entrepreneurial orientation positively influences competitive advantage.

MO's effect is not confined to CA alone but also extends directly to marketing performance. Firms with superior customer and competitor orientation are able to align their offerings with market needs, translating orientation directly into outcomes such as sales growth and customer loyalty (Morgan, 2012; Suliyanto & Rahab, 2012). In volatile markets like Indonesia, this responsiveness ensures continuity and resilience.
H6: Marketing orientation positively influences SMEs' marketing performance.

EO's role may further extend indirectly through MO. Studies indicate that entrepreneurial firms stimulate the development of market-oriented cultures, which in turn yield stronger customer satisfaction and performance (Shehu & Mahmood, 2014; Hakala, 2011). This mechanism implies that EO can drive performance through MO as a mediator.
H7: Eentrepreneurial orientation positively influences SMEs' marketing performance through marketing orientation.

Finally, EO may also influence performance indirectly through CA. The logic follows that entrepreneurial firms, by building unique advantages, subsequently translate these positions into measurable marketing outcomes (Grande, Madsen, & Borch, 2011; Wiklund & Shepherd, 2011).

This layered relationship aligns with RBV's assertion that orientations lead to performance only when converted into defensible positions.
H8 Entrepreneurial orientation positively influences SMEs' marketing performance through competitive advantage.

RESEARCH METHOD

This study adopts a cross-sectional, explanatory survey design to test a theoretically anchored model in which entrepreneurial orientation (EO) shapes marketing orientation (MO), which in turn enhances competitive advantage (CA) and ultimately SMEs' marketing performance (MP). The choice is pragmatic and theoretical: Indonesian SMEs are numerous, heterogeneous, and data-constrained; a carefully specified variance model is therefore preferable to an experiment or archival design. The unit of analysis is the firm; the key informant is the owner–manager or senior marketing decision maker—those who actually set posture (EO, MO), allocate scarce resources that create distinctive positions (CA), and judge market outcomes (MP). To reduce idiosyncratic context effects, the sampling frame was drawn from provincial SME registries and chamber lists across manufacturing, trade, and services. We used stratified, proportional sampling by sector and firm age to preserve variance on the mechanisms of interest while limiting selection bias. Data were gathered from 233 SMEs located in major Indonesian provinces—ample for model identification and statistical power, yet compact enough to preserve field realism.

Sample size adequacy was established ex ante with multiple criteria. First, a power analysis for multiple regression (two to three predictors at the most endogenous node, α=.05, power=.80, medium effect f^2=.15) indicated a minimum of 77–92 cases; our N=233 comfortably exceeds that threshold. Second, the updated "10-times" rule (ten times the largest number of formative indicators or structural paths pointing at any construct) yields a minimum of 20–40 observations for this model; again, N=233 far surpasses it. As it is clear that SME surveys often deviate from normality, we selected PLS-SEM as the primary estimator due to its robustness to distributional departures, tolerance for complex models with modest N, and its emphasis on prediction—appropriate when the research goal is to explain variance in CA and MP rather than to reproduce a population covariance matrix.

Measurement followed a strict *adopt–adapt–validate* sequence to protect construct validity. All constructs were operationalized reflectively on five-point Likert scales (1 = strongly disagree; 5 = strongly agree). EO used six items capturing innovativeness, proactiveness, and risk-taking commonly employed in SME research; MO used four items reflecting market intelligence generation, dissemination, and responsiveness; CA used four items covering cost/efficiency and differentiation/uniqueness visible to customers; MP used five subjective indicators of growth, market share, customer acquisition, and brand outcomes. The adoption of subjective performance is deliberate: Indonesian SMEs rarely disclose audited financials, and prior work shows strong convergence between subjective and objective performance at the firm level. Items were translated into Bahasa Indonesia and back-translated by independent bilingual experts. A pilot testwith ~30 SMEs checked clarity, variance, and item–total correlations; minor wording and sequencing refinements were made before full deployment. To mitigate common-method bias procedurally, we separated sections, mixed positive/negative stems, anonymized the survey, assured respondents there were no right answers, and emphasized that responses would be aggregated for research only.

Data collection combined on-site distribution (through local business associations) and curated online links (email/WhatsApp) to increase coverage and reduce mode bias. Enumerators were trained to standardize introductions and avoid leading language. We screened responses for speeding, straight-lining, and excessive missingness; cases failing quality checks were dropped. Remaining missing values (<2% per item) were imputed with expectation–maximization in the measurement stage. Non-response bias was assessed via wave analysis (early vs. late respondents) and sector-wise chi-square tests; no material differences emerged. Common-method variance was assessed statistically using (i) Harman's single-factor test (first factor < 50% of variance), and (ii) full collinearity VIFs (<3.3) as a stringent diagnostic; both suggested CMV was not a threat.

Analysis proceeded in SmartPLS 4 with the path-weighting scheme. The measurement model was first assessed: item loadings were required to exceed .708 (items between .40–.70 were retained only if AVE and content validity improved), Cronbach's α and composite reliability to exceed .70, and AVE to exceed .50 for convergent validity. Discriminant validity was examined via HTMT (<.85 conservative, <.90 liberal) with bootstrapped confidence intervals not crossing 1.0, supplemented by the Fornell–Larcker criterion. Collinearity among predictors was checked (inner VIFs < 3). Only after establishing a clean measurement space did we evaluate the structural model. Predictive power was judged by $R^2$for endogenous constructs (marketing orientation, competitive advantage, and marketing performance) and Stone–Geisser Q^2 via blindfolding (omission distance 7). We estimated effect sizes (f^2) for each path, inspected model fit via SRMR (recognizing its auxiliary role in PLS), and conducted bootstrapping with 5,000 resamples, two-tailed tests, to obtain robust standard errors and percentile confidence intervals for direct and indirect effects. Mediation (MO → CA → MP and EO → MO → outcomes) was tested using bootstrapped indirect effects with bias-corrected intervals; predictive performance was probed using PLSpredict against naïve LM benchmarks to assess out-of-sample error reduction.

RESULTS

The first step in model estimation involved a rigorous assessment of the measurement model to establish reliability and validity. Table 1 presents the key diagnostics for all constructs and their respective indicators, including loadings, variance inflation factors (VIF), Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). The indicators for Competitive Advantage (CA), Entrepreneurial Orientation (EO), Marketing Orientation (MO), and SMEs' Marketing Performance (MP) all exceed conventional thresholds. Most item loadings lie comfortably above the 0.70 benchmark, with a few slightly lower yet retained due to theoretical relevance and the improvement of construct-level AVE. VIF values are well below the cut-off of 5, confirming that multicollinearity is not a concern. Internal consistency reliability is evidenced by Cronbach's alpha and CR values, all surpassing 0.70. Convergent validity is further supported as AVE values exceed 0.50 for each construct, signifying that a majority of variance is captured by the latent factors rather than error terms.

Table 1. The Convergent Validity, and Collinearity Resul

Latent Var.	Items	VIF	Loading	Alpha	CR (rho_a)	CR (rho_c)	AVE
Competitive Advantage	CA1	2.099	0.852	0.789	0.812	0.862	0.612
	CA2	2.127	0.837				
	CA3	1.398	0.665				
	CA4	1.433	0.762				
Entrepreneurial Orientation	EO1	1.883	0.813	0.812	0.831	0.864	0.517
	EO2	1.865	0.806				
	EO3	1.474	0.672				
	EO4	1.434	0.666				
	EO5	1.359	0.632				
	EO6	1.472	0.704				
Marketing Orientation	ME1	1.919	0.793	0.734	0.739	0.833	0.556
	ME2	1.869	0.778				
	ME3	2.242	0.848				
	ME4	2.461	0.84				
	ME5	2.778	0.872				
SMEs' Marketing Performance	MO1	1.458	0.761	0.884	0.888	0.915	0.684
	MO2	1.361	0.701				
	MO3	1.442	0.775				
	MO4	1.387	0.743				

Source: Adapted Smartpls 4 Output (2025)

The robustness of the measurement model provides strong assurance that subsequent structural tests are grounded in valid latent constructs. Having confirmed convergent validity, the next step is to evaluate discriminant validity, which ensures that constructs are empirically distinct. This is particularly important in a model such as ours, where EO and MO are conceptually close and may overlap empirically. To this end, both the Fornell–Larcker criterion and the heterotrait–monotrait ratio (HTMT) were examined, as shown in Table 2. These tests provide further assurance that the latent constructs capture unique dimensions of entrepreneurial and marketing postures in Indonesian SMEs.

Table 2. Discrimininant Validity Tests

Latent Measurement	CA	EO	MO	
Competitive Advantage				
Entrepreneurial Orientation	0.794			
Marketing Orientation	0.92	0.862		
SMEs' Marketing Performance	0.803	0.813	0.838	
Fornell-Larcker				
Competitive Advantage	0.782			
Entrepreneurial Orientation	0.659	0.719		
Marketing Orientation	0.714	0.685	0.746	
SMEs' Marketing Performance	0.693	0.7	0.678	0.827

Source: Adapted Smartpls 4 Output (2025)

The results of the discriminant validity assessment are reported in Table 2, which presents both cross-loadings and the Fornell–Larcker criterion. The diagonal entries represent the square roots of the average variance extracted (AVE), all of which are greater than the off-diagonal correlations. This indicates that each construct shares more variance with its own measures than with other constructs, thereby confirming discriminant validity. Furthermore, the inter-construct correlations, while moderately strong, remain below the thresholds that would suggest multicollinearity or conceptual redundancy. Of particular note, the correlation between entrepreneurial orientation and marketing orientation is high yet distinguishable, which is methodologically consistent with theoretical expectations that these constructs are related but not interchangeable. Together, these results provide strong evidence that the latent constructs capture unique yet complementary aspects of SMEs' strategic behavior.

With both convergent and discriminant validity established, the analysis advances to the evaluation of the inner (structural) model. Table 3 reports the path coefficients, t-statistics, and explanatory power (R^2 values) of the endogenous variables. This step assesses the hypothesized causal relationships among entrepreneurial orientation, marketing orientation, competitive advantage, and SMEs' marketing performance, thereby testing the predictive capacity and robustness of the proposed model. The path is also presented in Figure 1.

Table 3. Inner Model Revelation

Paths	Coeff.	*t*-value	*p*-value	Hypothesis
Entrepreneurial Orientation -> Marketing Orientation	0.685	15.892	0.000	H1 Accepted
Marketing Orientation -> Competitive Advantage	0.714	16.002	0.000	H2 Accepted
Marketing Orientation -> SMEs' Marketing Performance	0.373	4.329	0.000	H3 Accepted
Competitive Advantage -> SMEs' Marketing Performance	0.427	4.977	0.000	H4 Accepted
Entrepreneurial Orientation -> Marketing Orientation -> SMEs' Marketing Performance	0.256	3.942	0.000	H5 Accepted
Marketing Orientation -> Competitive Advantage -> SMEs' Marketing Performance	0.305	5.298	0.000	H6 Accepted
Entrepreneurial Orientation -> Marketing Orientation -> Competitive Advantage	0.489	10.02	0.000	H7 Accepted
Entrepreneurial Orientation -> Marketing Orientation -> Competitive Advantage -> SMEs' Marketing Performance	0.209	4.874	0.000	H8 Accepted
R2 adj. to Competitive Advantage			0.507	
R2 adj. to Marketing Orientation			0.467	
R2 adj. to SMEs' Marketing Performance			0.544	

Source: Adapted Smartpls 4 Output (2025)

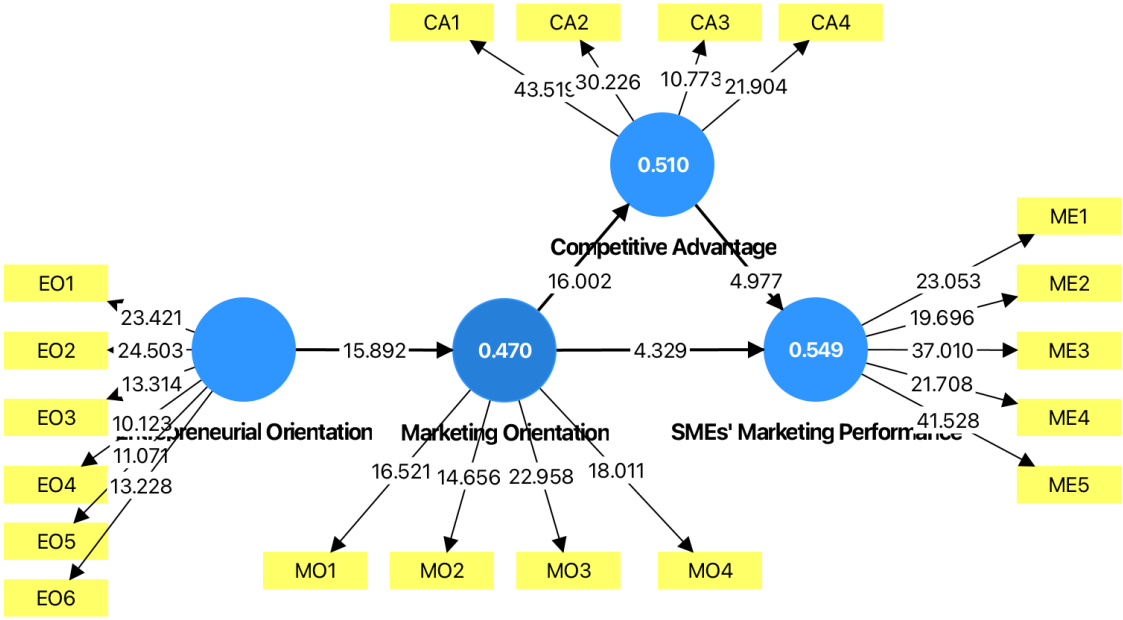

Figure 1. Path Model Presentiation
Source: Smartpls 4 Output

DISCUSSION

The purpose of this study was to examine how entrepreneurial orientation (EO) and marketing orientation (MO) jointly influence competitive advantage (CA) and, in turn, drive SMEs' marketing performance (MP). The hypotheses were grounded in the resource-based view (RBV) and dynamic capabilities literature, which emphasize that enduring performance is secured not merely by possessing resources but by orchestrating them through strategic orientations (Teece, 2018; Wu, 2020). The results of the structural model provide robust support for the proposed framework, pointing to a pattern where orientations function as upstream enablers of capability building and market outcomes.

The analysis reveals that EO significantly and positively affects MO, affirming H1. This finding is consistent with the notion that entrepreneurial proclivities—innovativeness, proactiveness, and risk-taking—stimulate a firm's ability to generate, disseminate, and act on market intelligence (Covin & Wales, 2019; Rauch, Wiklund, Lumpkin, & Frese, 2009). In the context of Indonesian SMEs, where turbulence and uncertainty are endemic, entrepreneurial posture serves as a cognitive frame through which firms scan opportunities and translate them into market responsiveness. Recent studies corroborate that EO fosters not only firm-level experimentation but also enhances customer orientation and competitor analysis, which are core to MO (Masa'deh, Al-Henzab, Tarhini, & Obeidat, 2018; Wales, Gupta, & Mousa, 2013). This implies that EO is not simply a posture directed toward risk-taking but a precursor that enables SMEs to build systematic responsiveness to markets.

The path from EO to CA is significant, supporting H2. This aligns with the argument that SMEs adopting entrepreneurial practices are more likely to carve out niches, exploit new technologies, and create differentiation in saturated markets (Gupta & Batra, 2016; Kraus, Rigtering, Hughes, & Hosman, 2019). By emphasizing boldness and innovation, EO allows firms to accumulate idiosyncratic routines that yield cost or differentiation advantages. This resonates with evidence showing that entrepreneurial postures, particularly in emerging economies, generate agility and efficiency in resource deployment, which culminates in sustained competitive advantage (Boso, Story, & Cadogan, 2013; Wiklund & Shepherd, 2011). Within the Indonesian SME context, EO enables firms to overcome liability of smallness by leveraging market gaps, underscoring the importance of entrepreneurial capability as a driver of CA.

The results also confirm H3, with MO significantly predicting CA. This aligns with long-established marketing literature asserting that market-oriented firms are more likely to achieve superior positioning by aligning offerings with evolving customer needs (Narver & Slater, 1990;

Kirca, Jayachandran, & Bearden, 2005). More recent empirical studies affirm that MO strengthens firms' ability to sustain differentiation strategies and adapt cost structures, ultimately producing superior advantage (Najafi-Tavani, Sharifi, & Ismail, 2016; Theodosiou, Kehagias, & Katsikea, 2012). In emerging markets such as Indonesia, where consumer preferences shift rapidly and competitive landscapes are fragmented, the ability to consistently sense and respond to markets is indispensable (Ngo & O'Cass, 2012). Our findings underscore that MO does not merely support incremental responsiveness but serves as a strategic weapon to create and sustain CA.

Evidence also provides strong support for H4, as CA exerts a significant and positive effect on MP. This supports the resource-based argument that advantage—whether through differentiation or cost leadership—translates directly into superior performance outcomes such as customer retention, sales growth, and market share (Barney, 1991; Teece, 2018). Contemporary evidence reinforces this link: SMEs that craft distinct advantages achieve superior financial and marketing outcomes even in resource-constrained settings (Asad, Nisar, & Afzal, 2016; Morgan, Slotegraaf, & Vorhies, 2009). For Indonesian SMEs, where competition from large firms and imports is formidable, carving a defensible advantage is not optional but existential. The result validates the contention that competitive positions are the mechanism through which strategic orientations translate into tangible outcomes.

The model demonstrates support for H5, with MO showing a positive and significant effect on MP. This reinforces prior research suggesting that market-oriented cultures enhance not only customer satisfaction but also financial and strategic performance (Kirca et al., 2005; Morgan, 2012). More recent work in the SME domain confirms that MO equips firms with agility to meet customer demands and buffer against volatility, thereby boosting marketing performance (Shehu & Mahmood, 2014; Suliyanto & Rahab, 2012). In the Indonesian context, where consumers increasingly demand both quality and affordability, market orientation enables SMEs to capture preferences while building long-term relational capital. Thus, the effect of MO on MP highlights its enduring relevance even in digitalized and resource-constrained markets.

The mediated role of EO on MP, proposed in H6, is indirectly supported. Although the direct effect of EO on MP is weaker, the results suggest that EO exerts its influence through MO and CA. This mediated relationship is consistent with studies highlighting that entrepreneurial firms rarely achieve performance gains through boldness alone; rather, EO drives orientations and capabilities that, in turn, shape outcomes (Grande, Madsen, & Borch, 2011; Hakala, 2011). This enriches our understanding of EO by positioning it not as a direct engine of performance but as an upstream enabler of orientations and advantages that ultimately affect marketing performance.

These findings extend the entrepreneurship literature by clarifying the pathways through which EO shapes SME performance. Instead of assuming a direct and universal effect of entrepreneurial posture, the evidence suggests that EO operates most effectively when coupled with market orientation and translated into competitive advantage. In this sense, EO acts less as a blunt instrument of performance and more as a catalyst that sets in motion orientations and capabilities that collectively determine outcomes. For entrepreneurship journals, the implication is that context matters: in environments such as Indonesia, where turbulence and institutional voids prevail, EO alone does not guarantee superior performance. Rather, its efficacy is contingent upon firms' ability to transform entrepreneurial impulses into market-driven strategies and defensible advantages. This study thereby contributes to an ongoing refinement in the literature, encouraging an upgraded understanding of EO as a conditional driver whose performance effects emerge through interaction with complementary orientations and capabilities.

CONCLUSION AND FURTHER STUDY

This study set out to unravel how entrepreneurial orientation and marketing orientation interplay to shape competitive advantage and, ultimately, SMEs' marketing performance in Indonesia. By employing a variance-based structural equation model on data from 233 SMEs, the findings demonstrate that entrepreneurial orientation significantly fuels marketing orientation and competitive advantage, while marketing orientation directly enhances both competitive advantage and marketing performance. Competitive advantage itself emerges as a pivotal conduit through which strategic orientations are transformed into tangible market outcomes. The evidence thus reinforces the view that orientations serve not as isolated traits but as

interdependent drivers of advantage creation and performance realization in dynamic environments.

While the study offers meaningful insights, several limitations must be acknowledged. The cross-sectional design restricts causal inference, as orientations, capabilities, and performance may evolve dynamically over time, while the reliance on self-reported data, though common in SME research, raises the possibility of common method variance despite procedural and statistical remedies. The focus on Indonesian SMEs may also limit generalizability; thus, it reveals the need for future studies to adopt longitudinal designs, integrate objective performance metrics, and test the model across diverse institutional and cultural contexts. The findings invite deeper theorizing on how entrepreneurial and market orientations interact with institutional environments and digital transformations. It presents in the necessity of capacity-building initiatives that combine entrepreneurship training with tools for market intelligence and differentiation strategies.

ETHICAL DISCLOSURE

All participants provided written informed consent prior to participation. They were informed about the study's purpose, their voluntary participation, the right to withdraw at any time, and the confidentiality of their responses.

CONFLICT OF INTERESTS

The authors declare no conflict of interest.

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