

## THE ROLE OF MARKETING AMBIDEXTERITY TO UPSCALING SME'S BUSINESS PERFORMANCE

Alya Nisa Ramadani<sup>1</sup>, Sulis Riptiono<sup>2\*</sup>, Sigit Wibawanto<sup>3</sup>

<sup>1,2,3</sup> Department of Magister Management, Universitas Putra Bangsa, Kebumen, Indonesia

\*Corresponding author; Email: [sulis.riptiono@gmail.com](mailto:sulis.riptiono@gmail.com)<sup>2</sup>

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### Abstract

This study aims to examine entrepreneurship orientation, online marketing capability, and marketing ambidexterity on fashion business performance in SMEs in Central Java. A total of 230 fashion business owners selected using a simple random sampling technique were involved in this study. Data were analyzed using SEM-Amos. The study's results indicated that marketing ambidexterity represented by market-driving orientation was significant to fashion business performance. In contrast, market-driven orientation was not proven to influence business performance. In addition, marketing ambidexterity was influenced by online marketing capability. Furthermore, the other factors that could improve SME fashion business performance are entrepreneurship orientation and online marketing capability. Although entrepreneurship orientation was significant toward business performance, it did not influence online marketing capability. The implication of this study is that SME businesses should take a business approach that focuses on understanding and fulfilling customer needs and desires by optimizing online marketing capabilities and paying attention to entrepreneurship orientation.

**Keywords:** Business performance, market-driven, market-driving, ambidexterity, SMEs.

### Introduction

The rapid development of digital technology offers the potential for new, innovative business models. This makes business actors more oriented towards increasing process efficiency, utilizing existing potential, and optimizing the use of digital technology. For example, SMEs can innovate business models based on available technological opportunities (Müller et al., 2020). Currently, the development of small and medium enterprises is growing and developing, although it is not easy for SME business actors to develop.

The SME sector in Indonesia has a very important role as a driver of the economy, especially non-oil and gas. The SME sector in Indonesia generally has several obstacles, one of which is marketing obstacles. The limitations of SMEs in accessing information and market coverage, workforce networks, and access to strategic locations for business, the ability to build and communicate brands to customers tends to be low so that they have not been able to bind customers and affect the marketing performance of SMEs (Munir et al., 2023). This will have an impact on increasing their business performance (scale up) slowly or even tending to stagnate.

The strategy that can improve SME performance is optimizing digital marketing (Apasrawirote et al., 2022). SME business actors must have online marketing

capabilities by using and utilizing social media, digital platforms, websites, applications, and so on to market their products (Wang, 2020; Zahara et al., 2023). The increasing level of digital marketing capabilities of business actors will be able to face challenges in the future to increase their sales (Danzen, 2022).

The concept of digital marketing has been widely used to test business performance in various sectors. Such as the tourism sector (Liu et al., 2023), the banking sector (Ashraf, 2023), the online transportation sector (Shen & Wall, 2021), and the SME sector (Chinakidzwa & Phiri, 2020; Mulyana et al., 2024). However, there is still a research gap that tests online marketing capabilities on business performance in SMEs. For example, previous studies found that digital marketing capabilities can improve SME performance (Zahara et al., 2023; Purwanti et al., 2022). Different results were found by (Chinakidzwa & Phiri, 2020) who found that not all business performance can be influenced by online marketing. However, there are factors that can improve business performance, namely business actors must be able to have ambidexterity to improve their business performance (Tolstoy et al., 2022). However, research related to marketing ambidexterity is still relatively limited (Ho et al., 2020). Thus, it is worth further investigating the role of marketing ambidexterity in improving SME performance.

Tolstoy et al. (2022) stated that the marketing ambidexterity (MA) framework is needed so that

online marketing capability (OMC) can be applied accurately, which ultimately improves SME performance. Therefore, by implementing OMC ambidextrously, SMEs can serve two strategic objectives, namely to optimize interactions with existing customers (market-driven) and develop new customer relationships in inactive customer segments (market-driving) (Tolstoy et al., 2022). Unlike previous studies, this study proposes EO as an antecedent of OMC in the research model. In addition to finding a positive influence between EO and OMC (Zahara et al., 2023). Entrepreneurship and marketing functions play an important role throughout the company (Qureshi et al., 2017). Quinton, et al. (2018) stated that EO is one of the success factors for SMEs in implementing OMC. This description helps integrate the main concepts of entrepreneurship and marketing.

The development of online marketing capability is a structural challenge that needs serious attention (Purwanti et al., 2022). If this continues to be a challenge, it will have a negative impact on business performance and sustainability, making SMEs in Indonesia unprepared to face global competition (Permana et al., 2019). Therefore, this study highlights the importance of the role of OMC as a superior strategy in responding to market changes, such as providing product information on digital platforms, providing online services for customer needs, and building relationships and communication with online consumers.

### ***Business Performance (BPE)***

This study refers to the Resource Based View (RBV) perspective of (Barney et al., 2011) which focuses on resource capability development strategies used to improve performance. Therefore, the RBV theory assesses the company's capabilities in improving its business performance, especially marketing performance (Abrokwah-Larbi & Awuku-Larbi, 2023). Marketing performance in business plays an important role in showing future business prospects and is used as a benchmark for business success (Fatonah & Haryanto, 2022). SMEs performance can be interpreted as a reflection of the success or failure of a company and also as the results achieved by the Company from a series of implementation of work functions or activities within a certain period of time (Purwanti et al., 2022).

Company performance is the result of the Company's operational achievements using the resources it has, the results between one Company and another are very likely to be different (Farida & Setiawan, 2022). This difference is due to the

Company's ability to manage the resources it has (Joensuu-Salo et al., 2018). Thus, SMEs must be able to manage their resources sustainably. Sustainable SME performance is a business goal that includes not only business performance but also the environment and society (Setyaningrum et al., 2023). In addition, business performance for SMEs is a serious challenge in achieving performance effectiveness.

### ***Entrepreneurship Orientation (EOR)***

Entrepreneurship orientation is a condition that tends to make business actors innovate, be proactive, and be willing to take risks to start or manage a business. In its implementation, it is necessary to involve the development and implementation of creative, efficient, and flexible marketing strategies in responding to changing market conditions (Zahara et al., 2023). Entrepreneurial Orientation helps companies see market developments that continue to change and develop and increases the company's sensitivity to market needs (Qureshi et al., 2017). Then entrepreneurial orientation helps companies to innovate products, and be able and brave to make decisions (Mehrabi et al., 2019).

Innovation refers to the creation of an environment that encourages experimentation, new and different ideas, and creativity that can result in new products, services, processes, or technological applications, while risk-taking refers to the tendency to divert resources to ventures and ideas that can fail but have the potential for a high rate of return. Therefore, entrepreneurship orientation is important for SMEs to develop an entrepreneurial culture, marketing, and innovative capabilities to increase their competitive advantage (Permana et al., 2019).

Business actors who are more entrepreneurial are likely to see more business opportunities in digitalization and develop digital capabilities to support innovative activities (Wang, 2020). Previous research shows that there is a positive influence between entrepreneurial orientation and digital marketing capability (Zahara et al., 2023). Therefore, SMEs that have an EO spirit can see new market opportunities through the implementation of online marketing and then develop online marketing capabilities to support their marketing activities.

Previous literature reveals that entrepreneurship orientation has a positive correlation with SMEs' business performance (Salah & Ayyash, 2024). This means that EO plays an important role in improving company performance (Mehrabi et al., 2019; Zahara et al., 2023). EO has a direct relationship with marketing capabilities, innovation, and sustainable competitive

advantage, so EO is very important to develop a marketing entrepreneurial culture and innovative capabilities in companies to increase competitive advantage (Qureshi et al., 2017; Zahara et al., 2023). This means that SMEs that adopt EO perform better than SMEs that do not adopt EO. Thus, the hypotheses developed in this study are:

*H<sub>1</sub>*: EOR positive and significant toward OMC.

*H<sub>2</sub>*: EOR positive and significant toward BPE.

### ***Online Marketing Capability (OMC)***

OMC is defined as a company's ability to market its products and services Using digital technology to attract customers, promote brands, retain customers, and increase sales (Chinakidzwa & Phiri, 2020). The importance of managing digital marketing capabilities is to create superior performance compared to competitors (Herhausen et al., 2020). Digital marketing capabilities are centered on a company's ability to carry out customer service activities using digital platforms, including sales, distribution, payments, e-research Marketing, and related business management functions (Danzen, 2022; Zahoor & Lew, 2023).

Through digital marketing, SMEs can reach a wider target market relatively quickly and at a relatively low cost (Purwanti et al., 2022). In the case of SMEs, OMC can be a valuable resource that can give them a competitive advantage in the digital marketing space. On the other hand, the dynamic capabilities theory states that businesses must continuously adapt and develop new capabilities to remain competitive in a changing environment (Fatonah & Haryanto, 2022). Along with the rapid development of technology and consumer behavior, SMEs must continue to develop their OMC to remain relevant and effective in their digital marketing efforts (Tolstoy et al., 2022).

Digital marketing has become a transformative force in the business world, leveraging online platforms, advanced technology, and sophisticated data analytics to develop effective marketing campaign strategies (Hadiyati et al., 2024). This means that SMEs must be able to adapt by enhancing digital-based marketing capabilities to maintain and improve their business performance. Previous studies have found a positive influence between OMC and business performance (Purwanti et al., 2022; Hadiyati et al., 2024). Online marketing capability is an important part of delivering products, services and managing customers by utilizing digital technology (Chinakidzwa & Phiri, 2020). Marketing capability is an important factor for companies in exploiting and exploring market opportunities (Ali et al., 2022). Indirectly,

OMC directs SMEs to exploit and explore market opportunities or ambidexterity marketing capabilities (Wang, 2020). Previous studies have also found that marketing capability has an effect on marketing ambidexterity (Adiwijaya et al., 2020; Tolstoy et al., 2022). Thus, the hypotheses developed in this study are:

*H<sub>3</sub>*: OMC positive and significant toward BPE.

*H<sub>4</sub>*: OMC positive and significant toward MAA.

*H<sub>5</sub>*: OMC positive and significant toward MAB.

### ***Marketing Ambidexterity (MA)***

Ambidexterity generally refers to a company's ability to achieve different goals, namely efficiency and flexibility (Chang & Hughes, 2012). Previous studies have shown that a company's ambidexterity will be able to improve its performance (Kowalik & Pleśniak, 2022). Marketing Ambidexterity acts as a company's bilateral and balanced focus on exploration and exploitation simultaneously across all marketing activities, including product design, promotion, segmentation and targeting, pricing, and customer service (Ho et al., 2020). According Tolstoy, et al. (2022) the concept of marketing ambidexterity is divided into two components, namely market-driven orientation (MAA), and market-driving orientation (MAB).

The market-driven approach emphasizes the importance of efficiently exploiting current market demand by studying, understanding, and responding to customer impulses (He & Wei, 2011). Companies with a market orientation will find it easier to create new product innovations and superior customer value (Zhou et al., 2021; Fatonah & Haryanto, 2022). The basic idea of market-driven reflects the conventional wisdom of marketing philosophy that companies need to meet customer needs and adjust their offerings to satisfy them (Zehir et al., 2015). In contrast to market-driven orientation, market-driving orientation refers to a proactive business logic that suggests that a company's ability to sustain competitive advantage depends on creating new markets or fundamentally modifying markets (Schindehutte et al., 2008). The ability to develop marketing and innovation capabilities (Huda Khan, Felix Mavondo, 2022). Market-driving seeks to be proactive in responding to customer needs conventionally (Zehir et al., 2015).

The concept of ambidexterity has been applied to various balanced behaviors of companies in exploration and exploitation simultaneously across marketing activities (Ho et al., 2020). Market-driven and market-driving approaches are equally important in improving a company's business performance (Tolstoy et al.,

2022). Previous research shows that marketing ambidexterity can contribute to a company's business performance (Ho et al., 2020; Tolstoy et al., 2022). Thus, the hypotheses used in this study are:

*H<sub>6</sub>*: MAA positive and significant toward BPE.

*H<sub>7</sub>*: MAA positive and significant toward BPE.

Based on the literature review description and hypotheses development, the research framework can be seen in Figure 1.

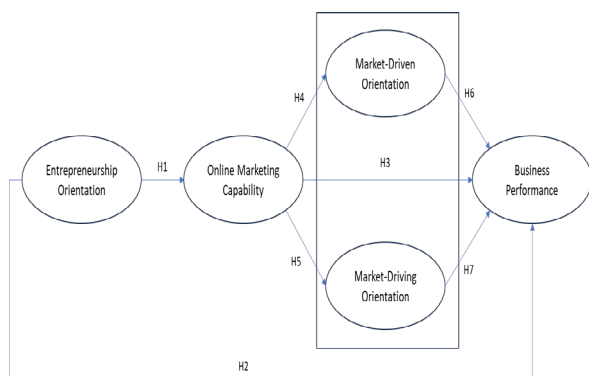


Figure 1. Research framework

## Research Methods

This research is quantitative research with a survey method with a questionnaire distributed to 230 fashion business owners. The questionnaire was compiled using indicators from previous studies and measured using a 5-point Likert scale. This conceptual model will be tested on fashion business sector SMEs throughout Barlingmascakeb (Banjar, Purbalingga, Banyumas, Cilacap, and Kebumen) with the consideration that this location or region is a Regency that is developing its SME sector and requires a more in-depth study of online marketing to improve their business performance.

Measurement of the construct of entrepreneur orientation using 3 indicators adopted from (Mehrabi et al., 2019; Wang, 2020). Online marketing capability is measured using 6 indicators adopted from (Chinakidzwa & Phiri, 2020). Marketing Ambidexterity is a dimension consisting of two variables, namely; market-driven orientation is measured using 5 indicators adopted from (Tolstoy et al., 2022) and market-driving orientation is measured using 5 indicators adopted from (Tolstoy et al., 2022). Business performance is measured using 4 indicators adopted from (Mathews et al., 2019). So, this research model will be measured using 23 indicators. Thus, to meet the number of samples to be studied, the researcher refers to (Hair et al., 2019), namely the number of indicators multiplied by 5-10, so the sample

used is  $23 \times 10 = 230$  respondents, which were selected using the purposive sampling technique.

Data analysis will use Structural Equation Modelling with Confirmatory Factor Analysis (CFA) which was processed with the help of AMOS 26 statistical software. Statistical tests are carried out to test the validity and reliability of the variable constructs, which are then used to test the hypothesis using the SEM method (overall model fit, measurement model fit, and structural model fit). The model fit parameters are expected to meet the values: Probability Chi-square  $\geq 0.05$ ; Goodness of Fit Index (GFI)  $\geq 0.90$ ; RMSEA value between 0.05 and 0.08; Adjusted Goodness Fit of Index (AGFI)  $\geq 0.90$ ; Normed Fit Index (NFI)  $\geq 0.90$ ; Comparative Fit Index (CFI)  $\geq 0.90$ . The interpretation results will be used as the basis for determining the acceptance of the research hypothesis.

## Results and Discussion

### Sample Characteristics

This study involved 230 SME owners in the fashion business sector in Central Java as respondents who were taken using simple random sampling techniques. Based on the results of data collection, the characteristics of SME entrepreneurs can be seen in the Table 1.

Table 1  
Profile of business owners (n=230 respondents)

Demographics	Frequency	Percentage (%)
Gender		
• Male	127	55.22
• Female	103	44.78
Age (years)		
< 20	21	9.13
• 21 – 30	47	20.43
• 31 – 40	78	33.91
• 41 – 50	67	29.13
• > 51	17	7.39
Status		
• Married	136	59.13
• Single	94	40.87
Education		
• < High school	73	31.74
• Diploma	17	7.39
• Bachelor	112	48.70
• > Master	28	12.17

Table 1 describes the characteristics of the respondents used in this study. As many as 127 people (55.22) were male, and 103 (44.78%) were female. Furthermore, the age of the respondents is mostly in the age range of 31-40 with a frequency of 78 people

(33.91%), then the age range of 41-50 as many as 67 (29.13%), the marital status of the respondents consists of 136 people (59.13%) with married status and as many as 94 people (40.87%) with single status. Finally, for the level of education of the respondents, the most are bachelor's degree graduates, namely 112 people (48.70%), followed by high school and below as many as 73 people (31.74%).

**Measurement Model**

This study uses SEM to test the causal relationship between latent variables. The result of the statistical test with the assistance of the software AMOS shows the result of the criteria cut off in goodness of fit has met good fit model (Chi square = 228.44; df = 143; P = 0.001;  $\chi^2/df$  = 2.15; GFI = 0.931; TLI = 0.938; CFI = 0.946; RMSEA = 0.053).

**Validity and Reliability Analysis**

The reliability and validity of the model was measured before examining the structural relationship model. This study analyzed CFA; therefore, the reliability of the measurement scale was estimated using Cronbach's  $\alpha$  and composite reliability with the provisioned value that Cronbach's alpha and composite reliability were above 0.7. Meanwhile, the measurement of validity can be seen based on the convergent validity test and the discriminant validity test. Convergent validity is measured using AVE with a value above 0.5. In contrast, discriminant validity is measured by comparing AVE with the correlation between squared constructs with an AVE value greater than the correlation between squared constructs. The results of the reliability and validity tests can be seen in table 2.

Based on the table 2, all loading factors are above the recommended value of 0.5 (Hair et al., 2010). Convergent validity is measured using the intensity and significance of factor loadings and the average variance extraction values (AVEs; Fornell & Larcker, 1981; Hair et al., 2010). Factor loadings are above the recommended threshold of 0.5 and significant ( $p < .01$ ). Likewise, AVE also exceeds the minimum threshold of 0.5. This study argues that AVE of 50% or more is an indicator of the convergent validity of the measurement scale (Fornell & Larcker, 1981). Since the AVE in this study is more than 0.5, this confirms the convergent validity of the measurement scale. Discriminant validity is estimated by comparing AVE with the squared inter-construct correlation. This study argues that if AVE is greater than the squared inter-construct correlation, then the discriminant validity of the measurement scale can be confirmed (Fornell &

Larcker, 1981). This study found that AVE was greater than the squared inter-construct correlation, indicating discriminant validity among the conceptualized constructs (Hair et al., 2010).

**Table 2**  
**Psychometric properties of the measurement scale**

Items	Loading Factors	CR	Alpha	AVE
EOR1	0.771	0.883	0.901	0.716
EOR2	0.827			
EOR3	0.701			
OMC1	0.731	0.929	0.917	0.649
OMC2	0.729			
OMC3	0.709			
OMC4	0.712			
OMC5	0.718			
OMC6	0.715			
MAA1	0.819	0.925	0.899	0.712
MAA2	0.729			
MAA3	0.755			
MAA4	0.708			
MAA5	0.805			
MAB1	0.791	0.915	0.922	0.685
MAB2	0.728			
MAB3	0.711			
MAB4	0.714			
MAB5	0.778			
BPE1	0.788	0.921	0.891	0.744
BPE2	0.737			
BPE3	0.812			
BPE4	0.809			

**Structural Model and Hypotheses Testing**

The study tested the coefficient between variables and hypothesis testing. Complete results can be seen in table 3.

**Tabel 3**  
**Results of structural model and hypotheses testing**

Path	Coeff. (β)	P-Value	Hypothesis Remark
EOR → OMC	0.058	0.429	Rejected
EOR → BPE	0.276	0.002	Accepted
OMC → BPE	0.391	0.001	Accepted
OMC → MAA	0.412	0.000	Accepted
OMC → MAB	0.335	0.001	Accepted
MAA → BPE	0.576	0.137	Rejected
MAB → BPE	0.513	0.000	Accepted

The results of the hypothesis testing, as stated in Table 3, show that out of seven hypotheses submitted for testing, five hypotheses were accepted, and two were rejected. The first hypothesis test (H1) tested the effect of entrepreneurship orientation on online marketing capability. The test results obtained a significance value

above 0.05, which was 0.429, with a coefficient value of 0.058. Thus, the test results on the first hypothesis were rejected.

The second hypothesis test was conducted to test the effect of entrepreneurship orientation on business performance. The test results obtained a significance value of less than 0.05, which was 0.002, with a coefficient value of 0.276. Thus, the test results on the second hypothesis were accepted. Furthermore, the third hypothesis test was conducted to test the effect of online marketing capability on business performance. The test results showed a significance value of less than 0.05, which was 0.001, with a coefficient value of 0.391.

Thus, the results of the third hypothesis test were accepted. The same results in the fourth hypothesis test proved the influence of online marketing capability on marketing-driven orientation. This is proven by the acquisition of a significance value greater than 0.05, namely 0.000, with a coefficient value of 0.412. Thus, the fourth hypothesis test is declared accepted. The results of the fifth hypothesis test that tests the effect of online marketing capability on marketing driving orientation also get the same results. The acquisition of significance values shows a value less than 0.05, namely 0.001, with a coefficient value of 0.335.

The fifth hypothesis test is declared accepted. Differences in test results were found in the sixth hypothesis test that tests the effect of marketing-driven orientation on business performance. The acquisition of significance values greater than 0.05, namely 0.137, with a coefficient value of 0.576. Therefore, the sixth hypothesis test is declared rejected. Finally, the seventh hypothesis test that tests the effect of market-driving orientation on business performance is accepted. The acquisition of significance values is less than 0.05 or 0.000 with a coefficient of 0.513.

#### ***The Effect of Entrepreneurship Orientation on Online Marketing Capability***

Based on the results of the study, entrepreneurship orientation has not been proven to have an influence on online marketing capability in fashion business actors in the SME sector. Although previous studies have revealed that the ability of entrepreneurs to capture business opportunities through digital is an important aspect in online marketing (Wang, 2020; Zahara et al., 2023), this study did not show similar results. Although entrepreneurship orientation is a variable that can drive innovation, proactivity, and risk-taking in a business in developing an effective digital marketing strategy, in this study, it was not proven significant. This means that not all SMEs have good entrepreneurship orientation.

In implementing online marketing capability, they need not only entrepreneur orientation, but there are other variables that are not used in this study. Different levels of ability and knowledge between business actors will have an impact on their capabilities in absorbing online marketing capabilities (Danzen, 2022). In addition, management in online marketing is still a limitation for them in running their business.

#### ***The Effect of Entrepreneurship Orientation on Business Performance***

The results of this study indicate that entrepreneurship orientation has an important role in improving the performance of fashion businesses in the SME sector. This study proves that entrepreneurial orientation has a significant role in SMEs' business performance. Companies that adopt this entrepreneurial orientation tend to show better business performance. Furthermore, companies can compete in fulfilling customer needs so they can increase profitability and create competitive advantages. The results of this study are in line with previous studies, which found that business performance in SMEs can be improved with entrepreneurship orientation (Mehrabani et al., 2019; Zahara et al., 2023; Salah & Ayyash, 2024). This means that the higher the entrepreneurship orientation, the more it will improve their business performance. SMEs with entrepreneurship orientation tend to be more innovative and have sustainable competitive advantages so that they can improve their business performance (Zahara et al., 2023).

#### ***The Influence of Online Marketing Capability on Business Performance***

The results of the study show that online marketing capability is an important antecedent in improving the performance of the fashion business in the SME sector. This means that the higher the ability of business actors in online marketing, the higher their business performance will be. SMEs can boost their business performance with effective online marketing. Small and medium-sized enterprises can benefit from increased sales, customer happiness, customer loyalty, and operational efficiency, as well as the ability to adjust to changing market conditions. The results of this study are in line with previous studies which state that SMEs must be able to adapt to the transformation of conventional marketing into online marketing to improve their business performance (Purwanti et al., 2022; Hadiyati et al., 2024). Furthermore, the ability of business actors in online marketing makes it an important factor in improving their business performance

because it is considered more effective and efficient (Hadiyati et al., 2024).

#### ***The Effect of Online Marketing Capability on Market-Driven Orientation***

The results of the study show that online marketing capability is a factor that can increase market-driven orientation in the fashion business in the SME sector. This means that the higher the online marketing capability, the more it will increase market-driven orientation. Online marketing capability enables companies to engage directly with customers via online platforms, allowing them to deeply understand customer preferences. This, in turn, helps businesses respond effectively to customer needs and desires, fostering ongoing product development. The results of this study are in line with previous studies (Adiwijaya et al., 2020; Tolstoy et al., 2022) which found that business actors must be able to increase capabilities in online marketing to understand or study market responses.

#### ***The Effect of Online Marketing Capability on Market-Driving Orientation***

The results of the study prove that online marketing capability is a predictor of market-driving orientation. This means that the higher the online marketing capability, the higher the business actors will be in increasing market-driving orientation. Online marketing capability plays an important role in understanding the potential of unrealized market demand by developing unique products and services. Thus, the company does not only follow the trends that occur in the market but acts as an agent of change. The results of this study are in line with previous studies that prove a positive influence between online marketing capability and market-driving orientation (Adiwijaya et al., 2020; Tolstoy et al., 2022). Online marketing capability is used to exploit and explore market opportunities (Ali et al., 2022) and ambidexterity marketing capabilities (Wang, 2020). In addition, the higher the marketer's capability in online marketing, the more business actors are expected to innovate and create product excellence and value.

#### ***The Effect of Market-Driven Orientation on Business Performance***

The results of the study prove that market-driven orientation (MAA) has not been proven to influence improving business performance. Business is not only about fulfilling the needs and desires of consumers,

especially in the fashion sector but there are still other aspects that need to be considered to improve business performance. The results of this study are not in line with previous studies, which show that SME business performance will increase if the company is able to drive the market (Ho et al., 2020; Tolstoy et al., 2022). Responding to reactions to focus on needs is the main concept in market-driven but it cannot always improve business performance. There must be a balance between exploration and exploitation simultaneously in all marketing activities (Ho et al., 2020).

#### ***The Effect of Market-Driving Orientation on Business Performance***

The results of the study show that market-driving orientation (MAB) has a positive effect on improving the performance of the fashion business in the SME sector. This means that business actors who have the ability in market driving orientation will be able to improve their business performance. With a creative and innovative market orientation, SMEs, especially in this research in the fashion sector, can create product advantages such as creating trends and creating new products so that they will improve their business performance. The results of this study are in line with previous studies conducted by (Ho et al., 2020; Tolstoy et al., 2022), they stated that ambidexterity demonstrated through market-driving orientation will further improve business performance.

### **Conclusions and Implications**

This study highlights antecedents that can improve fashion business performance in the SMEs sector in Central Java. The results of the study found that factors that can improve business performance are entrepreneurship orientation, online marketing capability, and marketing-driving orientation, while market-driven orientation was not proven to influence improving business performance. In addition, although entrepreneurship orientation is a predictor in improving business performance, it is not significant for online marketing capability. Other findings show that online marketing capability plays an important role in improving business performance, market-driven orientation, and market-driving orientation. Although marketing ambidexterity (market-driven and market-driving orientation) is an important variable in improving performance, only market-driving orientation is significant for business performance while market-driven is not. The results of the study provide practical implications such as: Business owners should have sustainability related to the behavior of innovation, be

proactive, and willing to take risks to start or manage a business (entrepreneurship orientation) to improve their business performance. 2) Implementing and improving online marketing capabilities by optimizing social media, websites, and live streaming to improve market-drive and market-driving capabilities and improve marketing performance. 3) Proactive behavior in increasing the Company's competitive advantage with a market-driving orientation to improve business performance.

### Limitation and Future Directions

Although the results of this study have succeeded in providing several findings, there are still limitations. This study only focuses on one business in the SME sector, namely the fashion business. In addition, the entrepreneurship orientation variable has not been proven to improve business performance, and market-driven has not been proven to influence business performance. Thus, future research can expand the sample size and more representative locations and use variables that have not been explored in this study.

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