

The Effect of Entrepreneurial Marketing on SME Business Performance: Moderated by Soft Lean Practices

Lisnawati Mantero
Universitas Ciputra; Surabaya, Indonesia
E-Mail: lmantero01@student.ciputra.ac.id

Murpin Joshua Sembiring
Universitas Ciputra; Surabaya, Indonesia
E-Mail: murpin.sembiring@ciputra.ac.id

Tommy Christian Efrata
Universitas Ciputra; Surabaya, Indonesia
E-Mail: tommy.christian@ciputra.ac.id

ABSTRACT

In dynamic competition, SMEs need adaptive strategies such as entrepreneurial marketing and lean practices. This study examines the effect of entrepreneurial marketing and business performance by considering the role of soft lean practices and environmental turbulence as moderating variables. Using an explanatory quantitative methodology with a cross-sectional survey approach, this study involved 198 SMEs out of a total of 225 SMEs surveyed through purposive sampling. The theoretical framework of the study was built based on five theories: resource-based view theory, dynamic capabilities theory, contingency theory, entrepreneurship theory, and organizational learning theory. The results of the structural model analysis indicate that entrepreneurial marketing has a dominant positive influence ($\beta = 0.782$, $t = 22.035$, $p < 0.001$) on business performance. Soft lean practices show a substantial positive influence ($\beta = 0.647$, $t = 7.216$, $p < 0.001$), with a significant interaction effect ($\beta = 0.213$) between the two variables. The strong synergistic relationship ($r = 0.866$) confirms the importance of integrating these two practices. The evaluation of the model fit showed satisfactory results with SRMR values of 0.085 and NFI of 0.662. These findings contribute to the development of business strategies that integrate entrepreneurial marketing and soft lean practices.

Keywords: Business Performance, Entrepreneurial Marketing, Environmental Turbulence, SMEs, Soft Lean Practices.

ABSTRAK

Dalam persaingan yang dinamis, UKM membutuhkan strategi adaptif seperti pemasaran kewirausahaan dan praktik ramping. Studi ini mengkaji pengaruh antara pemasaran kewirausahaan dan kinerja bisnis dengan mempertimbangkan peran praktik lean soft dan turbulensi lingkungan sebagai variabel moderasi. Menggunakan metodologi kuantitatif eksplanatori dengan pendekatan survei cross-sectional, studi ini melibatkan 198 UKM dari total 225 UKM yang disurvei melalui purposive sampling. Kerangka teoritis studi ini dibangun berdasarkan lima teori: teori pandangan berbasis sumber daya, teori kemampuan dinamis, teori kontingensi, teori kewirausahaan, dan teori pembelajaran organisasi. Hasil analisis model struktural menunjukkan bahwa pemasaran kewirausahaan memiliki pengaruh positif dominan ($\beta = 0.782$, $t = 22.035$, $p < 0.001$) terhadap kinerja bisnis. Praktik Lean Soft menunjukkan pengaruh positif yang substansial ($\beta = 0.647$, $t = 7.216$, $p < 0.001$), dengan efek interaksi yang signifikan ($\beta = 0.213$) antara kedua variabel. Hubungan sinergis yang kuat ($r = 0.866$) menegaskan pentingnya integrasi kedua praktik ini. Evaluasi kesesuaian model menunjukkan hasil yang memuaskan

dengan nilai SRMR 0.085 dan NFI 0.662. Temuan ini berkontribusi pada pengembangan strategi bisnis yang mengintegrasikan pemasaran kewirausahaan dan praktik lean soft.

Kata kunci: Kinerja Bisnis, Pemasaran Kewirausahaan, Turbulensi Lingkungan, UKM, Praktik Lean Soft.

INTRODUCTION

In an increasingly complex and dynamic business environment, companies must design adaptive and efficient strategies to ensure their sustainability. Entrepreneurial marketing has become a vital approach, particularly for Small and Medium Enterprises (SMEs) facing limited resources and intense competition. However, its correlation with business performance is not always linear and may be shaped by moderating variables (Trivedi, 2017; Kotla & Bosman, 2023). Recently, soft lean practices have gained attention as a management method emphasizing non-technical aspects such as employee empowerment, organizational culture, and continuous learning (Mohebbi, 2023; Tortosa & Pérez, 2024). These practices optimize resources and enhance operational effectiveness, yet their role in strengthening the link between entrepreneurial marketing and performance remains underexplored (De Koeijer et al., 2024). Meanwhile, environmental turbulence, marked by technological change, shifting consumer preferences, and fierce competition, requires firms to integrate soft lean practices with entrepreneurial marketing to sustain competitiveness (Anning-Dorson & Nyamekye, 2020). Research gaps persist in examining these moderating roles simultaneously (Liu & Liu, 2023; Chan et al., 2023; He et al., 2024).

The impact of soft lean practices and environmental turbulence varies, affecting various aspects of organizational performance and strategy (Luan & Reb, 2017; Pham & Vu, 2022). Soft lean practices, such as Soft Total Quality Management (STQM), are crucial for encouraging knowledge sharing and improving organizational adaptability (De Koeijer et al., 2024). Arici and Gok (2023) stated that environmental turbulence, characterized by rapid and unpredictable changes, can challenge and enhance companies' strategic capabilities. The interaction between these elements is complex, with environmental turbulence acting as both a catalyst and barrier to organizational growth and innovation (Dessart et al., 2015; Morgan et al., 2019).

The theoretical framework of this study draws on five major complementary theories. According to Barney's (1991), Resource-Based View (RBV) serves as the foundation for explaining how valuable internal resources generate sustainable competitive advantage. Dynamic capabilities theory emphasizes a firm's ability to reconfigure competencies in response to environmental changes, while Lawrence and Lorsch's (1967) Contingency Theory highlights the importance of a fit between an organization's approach and the external context. Entrepreneurship theory explains how organizations acquire and apply knowledge (Argyris & Schön, 1997). Together, these perspectives provide a comprehensive perspective for analyzing how entrepreneurial marketing, lean-soft practices, and environmental turbulence interact to influence business performance.

Based on a comprehensive literature review, the relationship between entrepreneurial marketing and business performance shows significant complexity when moderated by soft lean practices and environmental turbulence. Arici and Gok (2023) reveal that soft lean practices, which include strategic agility and innovation, play a vital role in enhancing companies' ability to adapt to dynamic business environment changes. In line with these findings, Aboalhoool et al. (2024) strengthen this argument by Dheer and Lenartowicz (2019) demonstrating how the integration of humane entrepreneurship with soft lean practices can generate positive impacts on company performance, especially when combined with green market orientation. In the context of environmental turbulence, Cui et al. (2022) and Diao and Doucoure (2022) show that high turbulence can enhance the positive effect of entrepreneurial orientation on market performance by encouraging rapid adaptation and innovation. Shabbir et al. (2021) further emphasize the

moderating role of business ties and industry connections in linking turbulence to entrepreneurial performance. This insight highlights the need for a holistic approach, encouraging firms to adopt adaptive strategies and optimize lean-soft practices to maintain business performance.

This research aims to examine the relationship between entrepreneurial marketing and business performance, with a specific focus on the role of soft lean practices as a moderating variable. While the importance of entrepreneurial marketing has been recognized, understanding how soft lean practices influence this relationship remains limited. The research seeks to investigate how entrepreneurial marketing affects business performance in SMEs, examine the role of soft lean practices as a moderator, and provide insights into enhancing the effectiveness of entrepreneurial marketing strategies. The research contribution encompasses both academic and practical aspects. Academically, the research fills a gap in the literature regarding the role of soft lean practices as a catalyst in the relationship between entrepreneurial marketing and business performance.

LITERATURE REVIEW & HYPOTHESIS DEVELOPMENT

Entrepreneurial Marketing, Soft Lean Practice and Business Performance

Entrepreneurial marketing, which integrates innovation, proactiveness, and risk-taking into marketing strategies, plays a critical role in strengthening business performance (Sarstedt et al., 2021; Morris & Pretorius, 2023). Entrepreneurial marketing emphasizes opportunity-driven actions, customer co-creation, and creative resource leveraging, enabling firms to generate superior outcomes. Empirical studies consistently show that higher entrepreneurial marketing intensity improves financial performance through increased sales growth and profitability, and enhances non-financial outcomes such as customer satisfaction, loyalty, and market share (Amjad, 2022; Dimitrios et al., 2023). Proactive innovation and digital campaign initiatives further boost brand image and revenue, supporting sustainable competitive positioning (Mero et al., 2023; Wijekoon et al., 2024). Research across contexts confirms a significant positive relationship between entrepreneurial marketing and business performance (Elgarhy & Abou-Shouk, 2023). Longitudinal findings show that continuous entrepreneurial marketing implementation yields cumulative and resilient performance improvements over time (Kotla & Bosman, 2023; Capeli et al., 2025).

Soft lean practices emphasize customer-centricity as a core principle, focusing on creating value through a deep understanding of evolving customer needs and preferences (Ariffin et al., 2016; Raja et al., 2022). Studies show that customer-oriented lean practices enhance the effectiveness of entrepreneurial marketing strategies, which subsequently improve customer satisfaction and business outcomes (Heinen & Richards, 2020; Ahmadi et al., 2024). Empirical findings further confirm that the implementation of soft lean practices directly contributes to improved business performance, demonstrating their role in strengthening organizational competitiveness and responsiveness (Machingura et al., 2024).

H1: Entrepreneurial marketing has a significant influence on business performance.

H2: Soft lean practices have a significant influence on business performance.

The Influence of Entrepreneurial Marketing on Soft Lean Practice

Entrepreneurial marketing not only affects performance directly but also stimulates the adoption and effectiveness of soft lean practices. Entrepreneurial marketing proactive orientation encourages organizations to seek operational improvements that eliminate waste while preserving creativity (Morris & Pretorius, 2023). Firms strong in entrepreneurial marketing tend to implement soft lean practice, such as employee empowerment, continuous improvement, and customer-centric culture to support bold marketing initiatives (Ariffin et al., 2016). For instance, innovative marketing campaigns require flexible processes and rapid feedback loops, which soft lean practice provides through cross-functional collaboration and knowledge sharing (Pan et al., 2024). Ahmadi

et al. (2024) illustrate how digitally oriented entrepreneurial marketing triggers reverse-logistics improvements rooted in lean principles. Similarly, customer-focused entrepreneurial marketing demands real-time responsiveness, prompting organizations to embed soft lean elements like team autonomy and learning orientation (Heinen & Richards, 2020). The strong correlation observed in preliminary data further supports this directional influence. Consequently, entrepreneurial marketing acts as an antecedent that cultivates an organizational climate conducive to soft lean practice implementation, creating a virtuous cycle of innovation and efficiency (Oliveira et al., 2022).

This directional influence is especially pronounced in digital-native SMEs, where EM's experimentation culture naturally evolves into lean experimentation frameworks such as build-measure-learn cycles (Preiss, 2022). Organizations that score high on entrepreneurial marketing dimensions are more likely to invest in soft lean training programs, viewing them as enablers rather than costs (Machingura et al., 2024). Thus, entrepreneurial marketing serves as a cultural catalyst that accelerates soft lean practice institutionalization beyond mere operational necessity.

H3: Entrepreneurial marketing has a significant influence on soft lean practices.

Moderating Effect of Soft Lean Practices

Soft lean practice moderates the entrepreneurial marketing on business performance relationship by providing the operational backbone that translates marketing creativity into measurable outcomes (DeKoeijer et al., 2024). Customer-centric lean cultures ensure that innovative marketing ideas are executed efficiently, reducing implementation gaps (Raja et al., 2022). Employee empowerment within soft lean practice enables faster decision-making, allowing firms to capitalize on EM-generated opportunities before competitors (Endres et al., 2024). Interaction effects reported in recent studies confirm that high soft lean practice strengthens entrepreneurial marketing contribution to performance, whereas low soft lean practice dilutes it (Aboalhoool et al., 2024). For example, lean-enabled agility helps SMEs respond to market turbulence triggered by entrepreneurial marketing campaigns, resulting in higher returns on marketing investments (Machingura et al., 2024). The significant interaction term in the current structural model validates this moderating mechanism. Thus, soft lean practice does not merely complement EM, it magnifies its performance impact through enhanced execution capability and resource optimization (Gareis et al., 2021).

The moderating effect becomes critical during high environmental turbulence, where weak soft lean practice causes promising entrepreneurial marketing initiatives to fail due to execution bottlenecks (Arici & Gok, 2023). Conversely, mature soft lean practices transform entrepreneurial marketing from resource-draining experimentation into disciplined value creation, explaining why some SMEs achieve breakthrough performance while others experience diminishing returns (Anning-Dorson & Nyamekye, 2020). This contingency perspective highlights soft lean practice as a strategic multiplier rather than a mere support function.

H4: Soft lean practices moderate the relationship between entrepreneurial marketing and business performance.

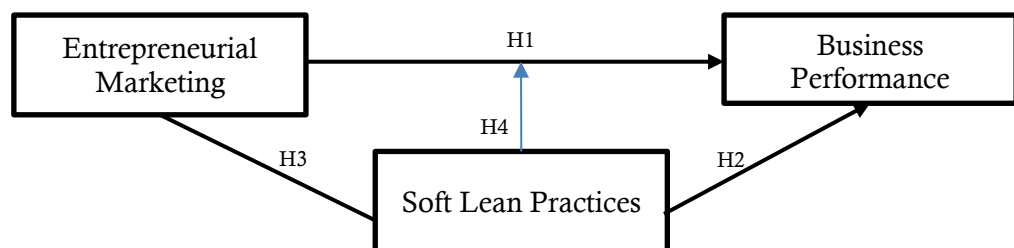


Figure 1. Research Framework

Figure 1 integrates the hypothesized relationships into a cohesive model grounded in RBV, dynamic capabilities, and contingency perspectives. Entrepreneurial marketing serves as the primary independent variable directly influencing business performance and indirectly through soft lean practices. The framework illustrates that while entrepreneurial marketing provides the strategic thrust for opportunity exploitation, soft lean practice supplies the operational flexibility and cultural support necessary for sustained success in turbulent environments. By combining these elements, the model explains how resource-constrained SMEs can achieve competitive advantage through synergistic management practices (Barney, 1991; Teece et al., 1997; Sadiku-Dushi et al., 2019).

RESEARCH METHODS

The research method in this study uses an explanatory quantitative approach, which aims to examine the causal relationship between variables, namely entrepreneurial marketing, soft lean practices, and business performance. The research design employed a cross-sectional survey with a structured questionnaire distributed online via Google Forms. This approach was chosen because it allows for simultaneous data collection from respondents and is suitable for testing conceptual models involving latent variables with complex relationships. The research subjects were MSMEs that met certain criteria: having been operating for at least two years, actively utilizing digital platforms, and demonstrating evidence of innovation within the past year. Purposive sampling was used to ensure that only MSMEs meeting the research criteria were included. Of the 225 MSMEs contacted, 225 responses were obtained within three weeks. After verifying the quality and completeness of the responses, 198 responses were deemed valid and were further analyzed.

The research instrument was developed in several stages, starting with the statement of research objectives, collecting respondent demographic data, and developing the measurement items for the main constructs. All variables were measured using a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree). Construct indicators were adapted from previous studies, such as Womack and Jones (2008), Fowler et al. (2013), and Dombrowski et al. (2019), to ensure their suitability to the MSME context. Content validity was tested through expert consultation, while reliability and construct validity were tested using Cronbach's Alpha (CA), Composite Reliability (CR), Average Variance Extracted (AVE), and discriminant validity tests as recommended by Fornell and Larcker (1981). Data analysis was conducted using the Partial Least Squares-Structural Equation Modeling (PLS-SEM) approach, which is considered appropriate due to its ability to handle complex models with moderate sample sizes. Model evaluation included testing for reliability, validity, and model feasibility using Standardized Root Mean Square Residual (SRMR), Normed Fit Index (NFI), Unweighted Least Squares Discrepancy (d_{ULS}), Geodesic Discrepancy (d_G), and Chi-square indicators. With this procedure, the research not only ensures the quality of the instrument, but also produces valid findings to answer the proposed hypothesis.

RESULTS

The demographic analysis of 198 respondents on Table 1 reveals diverse distributions. By gender, the respondent composition consists of 59.60% male and 40.40% female. Age distribution shows a concentration in productive age groups, with 44.00% of respondents in the 18-35 age range, 36.80% in the 36-50 range, and 17.60% above 50 years old. Regarding education levels, more than half of the respondents (55.20%) have secondary education (high school), while the proportion of respondents with primary education (22.80%) and higher education (22.00%) is relatively balanced. Concerning business scale, a significant majority (82.40%) of respondents operate micro-enterprises, while the remainder (17.60%) manage small businesses. This demographic profile reflects typical characteristics of SMEs business actors in developing countries like Indonesia, dominated

by young male entrepreneurs with secondary education operating in the micro-business sector.

Table 1. Respondent Demographic

Category	Details	Frequency	Percentage (%)
Total Number of Users		198	100.00
Gender	Male	118	59.60
	Female	80	40.40
Age	Youth (18–35)	87	44.00
	Middle-aged (36–50)	73	36.80
	Senior (>50)	35	17.60
Education	Elementary	45	22.80
	High School	109	55.20
	Higher Education	44	22.00
Business Scale	Micro	163	82.40
	Small	35	17.60

The development of the research instrument in the form of a questionnaire was conducted in a structured manner across three main components. The initial component includes a comprehensive explanation of the research objectives and context to establish respondent understanding. The subsequent component focused on collecting respondent demographic data. The final component consists of a series of validated construct measurement items. During its development, the research instrument was refined through expert consultation to ensure contextual appropriateness of each statement item. All constructs were measured using a seven-point Likert scale, with response ranges from 1 (strongly disagree) to 7 (strongly agree). Detailed specifications regarding measurement items and their source references can be found in Table 2.

Table 2. Cronbach's Alpha and Convergent Validity

Variable	Indicator	Loadings	CR	AVE	CA
Entrepreneurial Marketing	EM.1	0.749	0.890	0.537	0.872
	EM.2	0.768			
	EM.3	0.746			
	EM.4	0.640			
	EM.5	0.719			
	EM.6	0.733			
	EM.7	0.765			
Business Performance	BP.1	0.805	0.904	0.612	0.857
	BP.2	0.732			
	BP.3	0.881			
	BP.4	0.778			
	BP.5	0.792			
	BP.6	0.692			
Soft Lean Practices	SP.1	0.791	0.918	0.616	0.896
	SP.2	0.780			
	SP.3	0.753			
	SP.4	0.789			
	SP.5	0.789			
	SP.6	0.787			
	SP.7	0.805			

Table 2 presents the results of construct validity and reliability tests for three research variables, namely Entrepreneurial Marketing (EM), Business Performance (BP), and Soft Lean Practices (SP). Each construct is measured by several indicators (items) that have loading factor values above 0.64, indicating an adequate contribution to their respective constructs. Composite Reliability (CR) values for the three constructs range from 0.890 to 0.918, while Cronbach's Alpha (CA) ranges from 0.857 to 0.896, both indicating high internal reliability. Meanwhile, the Average Variance Extracted (AVE) ranges from 0.537 to 0.616, indicating good convergent validity because it exceeds the minimum threshold

of 0.50. Thus, all constructs in this study can be declared valid and reliable for use in structural model analysis.

Table 3. Discriminant Validity

Variable	Business Performance	Entrepreneurial Marketing	Soft Lean Practices	Soft Lean Practices X Entrepreneurial Marketing
Business Performance				
Entrepreneurial Marketing	0.676			
Soft Lean Practices	0.832	0.866		
Soft Lean Practices X Entrepreneurial Marketing	0.108	0.599	0.325	

Based on Table 3, the correlation matrix analysis reveals complex relationship patterns among variables in this research. Results show that soft lean practices has a strong positive correlation with business performance ($r = 0.832$), indicating the substantial role of lean practices in enhancing business performance. The relationship between entrepreneurial marketing and business performance demonstrates a moderate positive correlation ($r = 0.676$), implying a significant contribution of entrepreneurial marketing activities to performance. An interesting finding is observed in the very strong correlation between entrepreneurial marketing and soft lean practices ($r = 0.866$), indicating strong synergy between these two management practices. However, the interaction effect between Soft Lean Practices and Entrepreneurial Marketing shows a relatively weak correlation with Business Performance ($r = 0.108$), suggesting that the moderation effect might not be as strong as hypothesized. This interaction also shows moderate correlation with entrepreneurial marketing ($r = 0.599$) and weak correlation with soft lean practices ($r = 0.325$). These findings underscore the complexity of relationships among variables and indicate that while soft lean practices and entrepreneurial marketing individually contribute significantly to business performance, their interaction effect may require further investigation for more comprehensive understanding.

Table 4. Model's fitness

Model Fit	Saturated Model	Estimated Model
SRMR	0.086	0.085
d_ ULS	1.547	1.512
d_ G	1.387	1.391
Chi-square	974.449	968.797
NFI	0.660	0.662

Model fit evaluation on Table 4 was conducted using several comprehensive fit indicators. The SRMR values for saturated and estimated models are 0.086 and 0.085, respectively, slightly above the recommended threshold of 0.08, but still acceptable considering the model's complexity. The d_ ULS indicator shows values of 1.547 for the saturated model and 1.512 for the estimated model, while d_ G records values of 1.387 and 1.391, indicating minimal differences between both models. Chi-square values of 974.449 (saturated) and 968.797 (estimated) demonstrate relatively small differences, indicating model stability. NFI stands at 0.660 for the saturated model and 0.662 for the estimated model, which, although below the ideal threshold of 0.90, remains acceptable for complex models in exploratory research contexts.

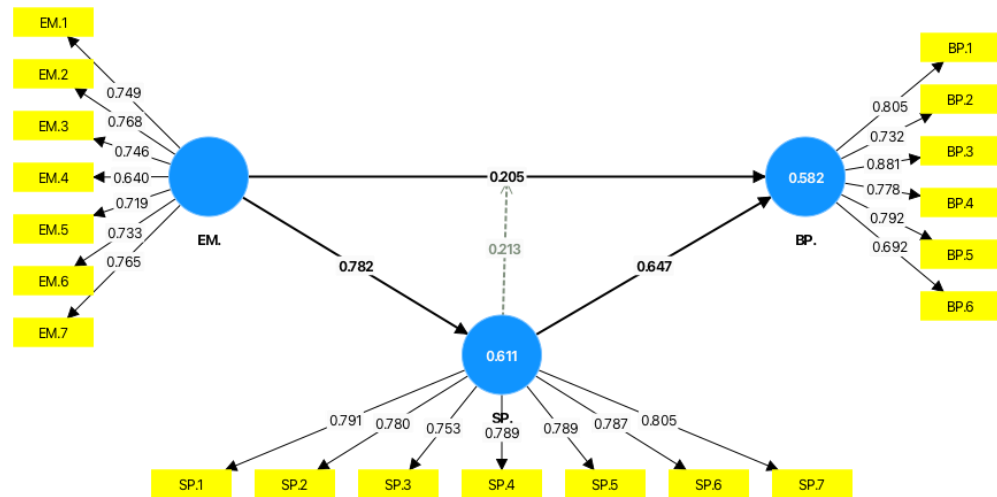


Figure 2. Structural Model

The Figure 2 displays the results of the measurement and structural model analysis using PLS-SEM for three main constructs: EM, SP, and BP. Each construct is measured by several indicators with the majority of loading factor values above 0.70, indicating a strong contribution to their respective constructs. The R^2 values of 0.611 for SP and 0.582 for BP indicate that the variables in the model are able to explain more than 50% of the variance in these constructs, while entrepreneurial marketing directly influences SP ($\beta = 0.782$) and BP ($\beta = 0.205$), with an additional influence of SP on BP ($\beta = 0.213$). These results indicate a partial moderating role of soft lean practices in strengthening the relationship between Entrepreneurial Marketing and Business Performance.

Table 5. Structural Model

Variable	Original Sample	Sample Mean	Standard Deviation	T-statistics	P-values
Entrepreneurial Marketing → Business Performance	0.205	0.195	0.111	1.847	0.032
Soft Lean Practices → Business Performance	0.647	0.663	0.090	7.216	0.000
Entrepreneurial Marketing → Soft Lean Practices	0.782	0.791	0.035	22.035	0.000
Soft Lean Practices x Entrepreneurial Marketing → Business Performance	0.213	0.215	0.056	3.789	0.000

Structural model analysis on Table 5 reveals significant relationships among research variables. Entrepreneurial marketing on business performance shows a positive and significant effect ($\beta = 0.205$, $t = 1.847$, $p = 0.032$), implying that entrepreneurial marketing activities contribute to the improvement of business performance. Second, Entrepreneurial marketing on soft lean practices exhibits a very strong and significant relationship ($\beta = 0.782$, $t = 22.035$, $p = 0.000$), indicating that entrepreneurial marketing substantially influences the implementation of soft lean practices within the organization. Soft lean practices on business performance also demonstrates a significant positive impact ($\beta = 0.647$, $t = 7.216$, $p = 0.000$), suggesting that firms adopting effective lean practices tend to achieve better business outcomes. Lastly, the moderating effect of soft lean practices between entrepreneurial marketing on business performance is statistically significant ($\beta = 0.213$, $t = 3.789$, $p = 0.000$), confirming that soft lean practices strengthen the influence of entrepreneurial marketing on business performance. These results validate all proposed hypotheses, emphasizing that entrepreneurial marketing and soft lean practices play a critical role in enhancing business performance.

DISCUSSION

The structural model analysis reveals important findings regarding the relationships between research variables. Entrepreneurial marketing shows the most dominant and highly significant positive influence ($\beta = 0.782$, $t = 22.035$, $p < 0.001$) on business performance. This finding aligns with Sadiku-Dushi et al. (2019) research affirming the vital role of entrepreneurial marketing in improving SME performance. The strength of this relationship indicates that effective implementation of entrepreneurial marketing strategies is a key factor in driving business success. Entrepreneurial marketing plays a fundamental role in enhancing business performance, particularly in the context of SMEs. Empirical studies confirm the significant influence of entrepreneurial marketing on various dimensions of business performance. Capeli et al. (2024) identify that entrepreneurial marketing substantially influences entrepreneurial behavior, with effectiveness varying based on business structure. Similarly, Wijekoon et al. (2024) demonstrate how the integration of entrepreneurial orientation and market orientation within the entrepreneurial marketing framework contributes to improving brand management capabilities and market performance.

Soft lean practices also demonstrate substantial positive influence ($\beta = 0.647$, $t = 7.216$, $p < 0.001$), supporting Oliveira et al. (2022) findings about the importance of lean practices in business operations optimization. This result strengthens the argument that effective adoption of lean practices can significantly improve operational performance and organizational competitiveness. Furthermore, the interaction effect between soft lean practices and entrepreneurial marketing shows significant moderation ($\beta = 0.213$, $t = 3.789$, $p < 0.001$), confirming the hypothesis that synergy between these practices can enhance overall business performance (Aboalhoool et al., 2024).

The implementation of soft lean practices has shown a significant impact in improving operational effectiveness and organizational competitive advantage. Machingura et al. (2024) find that lean practices, particularly those focusing on managerial aspects and employee development, contribute positively to business performance in the service sector. The synergistic relationship between soft lean practices and entrepreneurial marketing ($r = 0.866$) indicates a close connection between these management practices, supporting the RBV perspective proposed by Busenitz and Barney (1997), where unique combinations of resources and capabilities can create sustainable competitive advantage.

Model fit evaluation shows satisfactory results with an SRMR value of 0.085, slightly above the recommended threshold but still acceptable given the model's complexity. The NFI value of 0.662, while below the ideal threshold, remains acceptable in exploratory research contexts, as argued by Dessart et al. (2015). Beribisky and Cribbie (2024) affirm that SRMR is a reliable indicator in assessing model fit, especially when used in conjunction with equivalence testing. The holistic evaluation approach adopted in this research considers the model's complexity and the exploratory context of the study.

This research provides substantial theoretical contributions to the development of strategic management and entrepreneurship literature by integrating several major theoretical perspectives (Shane, 2000). Through resource-based view theory, this study demonstrates how the unique combination of entrepreneurial marketing and soft lean practices can create sustainable competitive advantage, supporting Barney (1991) premise about the importance of difficult-to-imitate bundles of resources. Contribution to dynamic capabilities theory is evident from findings about how organizations develop and reconfigure their competencies through soft lean practices implementation, strengthening Teece et al. (1997) argument regarding dynamic capabilities in organizational adaptation. This study also enriches contingency theory by showing how management practice effectiveness depends on specific organizational contexts while its contribution to entrepreneurship theory is seen in clarifying the strategic role of entrepreneurial marketing (Lawrence & Lorsch, 1967; Downs & Mohr, 1976). Furthermore, understanding of organizational learning theory is enriched through demonstrating how lean practices facilitate continuous organizational learning, aligning with concepts proposed by Argyris

and Schön (1997), paving the way for future research in exploring organizational capability dynamics in broader contexts.

CONCLUSION

This study confirms that entrepreneurial marketing exerts the strongest and most significant influence on business performance ($\beta = 0.782$, $p < 0.001$), reinforcing prior findings on its critical role in driving SME success. Soft lean practices also show a substantial positive effect ($\beta = 0.647$, $p < 0.001$), emphasizing their importance in optimizing operations and strengthening competitiveness. Importantly, the interaction between entrepreneurial marketing and soft lean practices demonstrates significant moderation ($\beta = 0.213$, $p < 0.001$), highlighting their synergy as a key driver of sustainable performance. These results suggest that SMEs should balance entrepreneurial strategies with lean-based cultural and managerial practices to enhance efficiency, adaptability, and long-term competitiveness.

For practitioners, adopting customer-centric and innovation-driven marketing alongside employee empowerment and continuous improvement mechanisms will help transform resource constraints into growth opportunities. This study advances the resource-based view by illustrating how unique combinations of entrepreneurial marketing and soft lean practices create difficult-to-imitate advantages. It also extends dynamic capabilities theory by showing how lean practices foster adaptability, while strengthening contingency theory and entrepreneurship theory through contextualized evidence of strategic marketing effectiveness. Limitations include reliance on cross-sectional survey data and modest sample size, restricting causal inferences and generalizability. Future research should adopt longitudinal designs, expand samples across industries, and integrate environmental turbulence or digital transformation variables to capture broader dynamics.

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