

## MARKETING | RESEARCH ARTICLE

# Improving Market Performance in The Digital Era: The Role of Collaboration, Marketing Innovation

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**ABSTRACT**

This study analyzes the influence of collaboration, marketing innovation, and organizational creativity on market performance in the digital era, with entrepreneurial innovation as a moderator variable. This research was conducted in Sidoarjo and Surabaya, using quantitative methods and SmartPLS to test research hypotheses. Data collection was carried out by distributing questionnaires designed by researchers. The results of this study show that collaboration marketing innovation does not influence market performance where collaboration has a gap in market performance. In contrast, organizational creativity has a significant influence on market performance, where organizational creativity is considered to be able to develop a company's innovation.

**Keywords:** Collaboration, Innovation, Market Performance, Creativity.

**JEL Code:** M14, M31.

## I. Introduction

The growth of internet and social media users in Indonesia has encouraged businesses to take advantage of this to promote their products to a broad and unlimited online market (Aditi et al., 2022) The growth of SMEs in some regions has created fierce competition among SMEs, so digital marketing is considered to have improved marketing performance, which plays an important role in winning the competition through overall marketing (Puspaningrum, 2020) A survey conducted by the Indonesian Internet Service Providers Association (APJII) announced that the number of internet users in Indonesia will reach 221 million out of a total population of 278 million by 2024. Many studies explain the relationship between market performance and other variables. Adam & Alarifi (2021) Collaboration marketing innovation helps companies improve SME performance, as innovation is a defense mechanism for SMEs to encourage the creation of attractive and competitive products and services. To face stiff competition, collaboration roles enhance the ability of SMEs to respond to customer demands (Feng et al., 2018) Meanwhile, a poor organizational can hinder the growth process of SMEs and hinder outstanding innovation, As a result, most SMEs lack professional competence in marketing strategies and opportunities to develop new knowledge, which hinders innovation in market performance (Yan et al., 2017). Moreover, through creativity, organizations can solve customer problems more effectively and help improve organizational performance (Darvishmotevali et

al., 2020a). In addition, companies can increase resilience by improving market performance through product innovation and process innovation (Ammirato et al., 2019)

Previous studies have not fully understood the performance of the market in the digital age. This study uses The Resource-Advantage Theory of Competition (RAToC), first introduced by Hunt & Morgan (1995), according to Mendez-Vega et al. (2021), to provide a new perspective on improving market performance in the digital age and emphasizing the company's success in utilizing resources to achieve goals such as increasing market share, sales, and customer satisfaction. RAToC triggers market imbalances where companies seek to maintain their appeal through innovation. In this case, SMEs can at least implement strategies that allow companies to stay in the market while providing jobs and company welfare (Ismail, 2022) To answer the research question, this study analyzes the role of innovative marketing collaboration and organizational creativity in improving the performance of the SME market in the digital era. First, the study develops a hypothesis based on relevant concepts from previous research and focuses on marketing performance. Second, researchers created questionnaires and distributed them to collect data. Third, the analysis unit focuses on store owners and managers as decision-makers and supervisors in increasing sales. Fourth, the researchers followed a series of procedures to analyze the data at the intermediate level using the SmartPLS 4.0 program (Hair et al., 2019).

This research contributes. First, it provides empirical evidence for the RAToC theory in the application of competitive competition and marketing performance improvement that is more relevant to small and medium-sized enterprises (Muna et al., 2024) These two studies expand on market performance in the digital era previously conducted by Chinakidzwa & Phiri, (2020) in the agricultural SME sector in Zimbabwe and China by Chen, (2020), showing that market performance studies in the digital age have not been widely conducted in developing countries. Indonesia is a developing country with many SMEs that need special attention, and this research makes an important contribution to SMEs and the existing literature. This research ultimately provides insights related to previous studies and offers guidance for future research.

## II. Literature Review and Hypothesis Development

The Resource-Advantage Theory of Competition (RAToC) was first introduced by Hunt & Morgan (1995). Explaining the increasing competition in the strategy literature, it is worth explaining that the economy is not only based on competing firms but can also be based on firms working together in terms of quality, quantity, innovation of goods and services, as well as the phenomenon of corporate diversity in a market-based economy (Muna et al., 2023) Companies with different resources can create a competitive advantage in the market. (Khasanah & Praswati, 2023).

### 2.1. Collaboration Marketing Innovation

Corporate innovation relies heavily on collaboration on new ideas and knowledge, both internally and with external partners. (Audretsch & Belitski, 2024) Collaboration marketing innovation is a company's effort to create marketing maneuvers by utilizing their networks to improve marketing performance, where SMEs are encouraged to build Collaboration Innovation to reduce their obligations from small-value offerings. (Muna et al., 2024) Collaboration marketing innovation is an action by company members to create and offer value. (Efrat et al., 2017) It can be concluded that collaboration can develop the company's innovation, and marketing performance can be improved with collaboration in marketing innovation. Collaboration can be created between the Company's members to create value and value offerings.

### 2.2. Organizational Creativity

Creativity is a mechanism that allows companies to develop innovation and improve performance (Ferreira et al., 2020) Every organizational needs to use creative processes and try to identify and retain creative

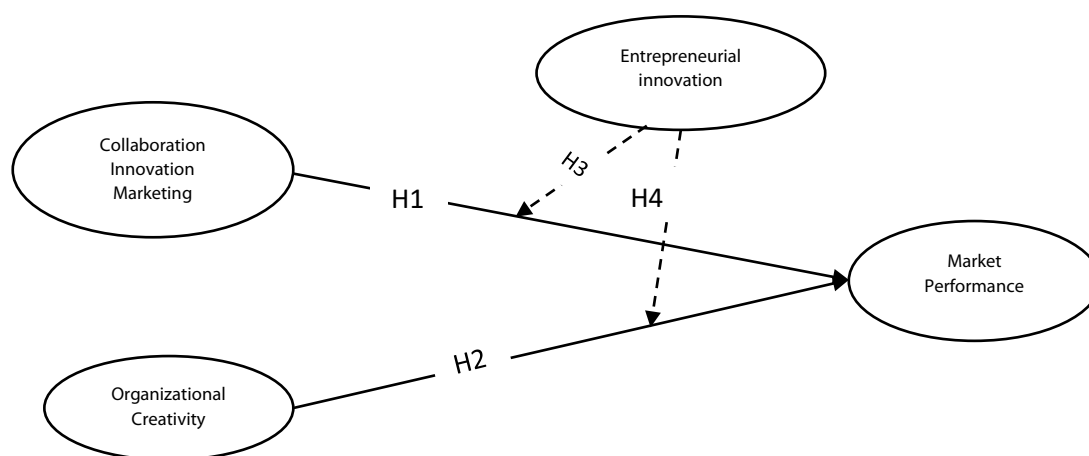
staff to achieve its goals (Safari et al., 2020) Organizational creativity is defined as the implementation, creation, and implementation of new ideas in a work role, team, or organization to achieve the best results for that organizational. Organizational creativity is recognized as a competitive advantage that companies can use to respond to rapidly changing business needs (Darvishmotevali et al., 2020). Organizational creativity requires individuals to come up with new ideas that fit the needs and priorities of the business (Awan et al., 2022) Organizational creativity is cooperation between members of the Company to create new ideas in creating a competitive advantage in a business, where an individual is required to produce new ideas that suit the needs of business priorities.

### 2.3. Entrepreneurial Innovation

Entrepreneurial innovation is the implementation of creative ideas by discovering and exploiting business opportunities, while innovation is considered a new idea. (Tsolakidis et al., 2020) Innovation itself is an activity that produces new and better outputs to improve and maintain the market. (Handayani & Handoyo, 2020) In this regard, innovation is needed for business sustainability to meet current and future market needs. (Modranský et al., 2020) Innovation can serve as a mediator in the relationship between entrepreneurial competence and the sustainability of SMEs in new markets, which is a new characteristic of SMEs, in addition to the idea of entrepreneurship, that can strengthen the Company's brand about elements of the marketing mix. (Ismail, 2022).

### 2.4. Market Performance

Marketing includes a series of activities that go beyond offering goods and selling goods. (Astuti et al., 2024) Market performance is a construct used to measure the impact of a company's strategy in achieving the product being marketed. These marketing activities produce marketing performance supported by business people who are proactive, innovative, and dare to take risks. (Handayani & Handoyo, 2020) Marketing performance is a value benchmark that combines strengthening innovation capabilities and a deep understanding of market orientation. (Nurjaya et al., 2021) Meanwhile, according to Pramuki, (2020) Marketing performance is a benchmark for the company's success, with a predetermined period as the value of activities compiled and implemented to determine whether the strategy aligns with the plan. Market performance highlights the Company's ability to market and introduce its products, aligning with its marketing strategy and creativity development. (Fikrotussyuhud & Komariyatin, 2025).



**Figure 1. Results Model**

H1: Collaboration Marketing Innovation (CMI) Influences Market Performance (MP).

H2: Organizational Creativity (OC) influences market performance (MP).

H3: Collaboration Marketing Innovation (CMI) influences market performance (MP), reinforced by entrepreneurial Innovation (EI).

H4: Organizational creativity (OC) influences market performance (MP), reinforced by entrepreneurial innovation (EI).

### III. Research Method

#### 3.1. Research Type

This study uses a descriptive method to describe the character characteristics of each respondent variable through a numerical percentage, with a quantitative approach. This study uses two independent variables, collaboration marketing innovation (X1) and organizational creativity (X2). Furthermore, it is strengthened by entrepreneurial innovation as a moderator variable (Z) and ends with market performance as a dependent variable (Y).

#### 3.2. Types and Sources of Data

This study uses primary and secondary data, where primary data is obtained from respondents' answers through questionnaires that have been prepared. Meanwhile, secondary data for this study were obtained from various marketing strategy research journals related to collaborative marketing innovation, organizational creativity, market performance, and entrepreneurial innovation, which are related to the research.

#### 3.3. Data Collection Techniques

Data for this study were collected from SMEs located in Sidoarjo and Surabaya. This study also uses purposive sampling with the criteria of having positions as owners, managers, and store heads as decision-makers and supervisors in increasing sales. The research began in September 2024 and ended in May 2025. The research has several stages: in the first stage, the researcher develops a questionnaire and ensures that the statements are easy to understand, relevant, and straightforward. In the second stage, the researcher distributed the questionnaire directly to each SME by issuing a permit to distribute the questionnaire and making a proposal for filling out the questionnaire, thus obtaining 210 SMEs from ten times the number of indicators, which will be used as the population and sample in this study. Hair, 2018; Pujianto, 2021).

#### 3.4. Measurement

The measurement instruments used in this survey were adapted from scales validated in various related literature.

1. Collaborative marketing innovation is a company's effort to create marketing maneuvers by utilizing networks to improve marketing performance (Muna et al., 2024). Collaborative marketing innovation can be measured with seven items.
2. Organizational creativity has the potential to adapt and embrace the changes necessary to respond proactively to remove uncertain barriers (Awan et al., 2022). Organizational creativity can be measured using five items.

3. Entrepreneurial innovation is the implementation of creative ideas through discovering and exploiting opportunities within a company, while innovation is considered a new idea (Tsolakidis et al., 2020). Entrepreneurial innovation can be measured using seven items adapted from (Ismail, 2022).
4. Market performance is a construct used to measure the impact of a company's strategy on the achievement of the marketed product (Handayani & Handoyo, 2020) Market performance can be measured using five items adapted from (Qionglei Yu, Bradley Richard Barnes, 2022). Items relevant to this study are presented in Table 1.

**Table 1. Research Item, Factor Loadings, Composite Reliability, And AVE**

Item Measurements	Factor Loadings	Cronbach's Alpha	Composite Reliability	AVE
<b>Collaboration marketing innovation</b>				
I often partner with suppliers/customers to innovate my marketing programmes.	0.824	0.928	0.939	0.687
I often consult with partners about new product designs.	0.831			
I discussed product prices with suppliers/customers.	0.772			
I frequently collaborate to enhance promotion	0.895			
I actively collaborate with partners to find ways to get closer to customers.	0.791			
I am looking for ways to involve customers in developing promotional methods.	0.842			
I am looking for ways to improve effective sales techniques.	0.840			
<b>Organizational creativity</b>				
I have/produced new ideas (products/services)	0.799	0.889	0.918	0.691
I encourage creating an environment that supports generating new ideas (products/services).	0.796			
I spend much time generating new ideas (services/products).	0.845			
I am considering generating new ideas (services/products) as an important activity.	0.850			
I actively come up with new ideas.	0.863			
<b>Entrepreneurial innovation</b>				
I ensure that my customers are satisfied, and my organisation makes simple adjustments to existing products	0.731	0.875	0.892	0.542
My company's personnel are dedicated to innovation in new product development.	0.740			
I am still capable of developing new product items to remain competitive.	0.721			
My company constantly looks for innovative ways to improve our manufacturing processes.	0.751			
In the new market, I am commercialising new products for my clients.	0.706			
In the new market, I am taking advantage of new business prospects.	0.761			
How my company operates is highly innovative	0.735			
<b>Market performance</b>				
Demand for my company's products or services will grow in 3-4 years.	0.853	0.818	0.862	0.557
My company has a significant market share compared to competitors in the same industry.	0.726			

Item Measurements	Factor Loadings	Cronbach's Alpha	Composite Reliability	AVE
My company has an effective strategy for managing costs and generating profits.	0.702			
My company is actively developing new products to meet existing market needs.	0.737			
My company has successfully entered new markets recently and received positive responses.	0.703			

Based on Table 1, overall, the outer loading value is  $> 0.70$ , indicating that it meets the criteria of good convergent validity. Cronbach's alpha  $> 0.7$  indicates that the data used is reliable. The reliability composite variable for collaborative marketing innovation is 0.939, the reliability composite variable for organizational creativity is 0.918, the reliability composite variable for entrepreneurial innovation is 0.892, and the reliability composite variable for market performance is 0.862. Each variable receives a value  $> 0.60$ , declaring all variables reliable. In addition, the AVE value for the collaboration marketing innovation variable is 0.687, the AVE value for the organizational creativity variable is 0.91, the AVE value for the entrepreneurial innovation variable is 0.542, and the AVE value for the market performance variable is 0.557. Thus, the data used in this study is considered valid.

### 3.5. Fornell-Lacker Criterion

The Fornell-Lacker criterion is a measure of discriminant validity. According to Fornell-Lacker, a construct is considered to have good discriminant validity if the values are above 0.65 and 0.85 (Hair et al., 2019).

**Table 2. Fornell-Lacker Criterion**

	CMI	EI	MP	OP
CMI	0.829			
EI	0.047	0.736		
MP	-0.087	0.139	0.746	
OC				0.831

Based on Table 2, the Fornell-Lacker criterion value for each construct has a good value for the latent variable tested with the other latent variable. This means that each parameter can be well predicted by any latent variable.

### 3.6. Data Validity Test

Using two main models, namely the measurement model (outer model) and the structural model (inner model). In the measurement model, validity is tested by looking at factor loadings above 0.7 and Average Variance Extracted (AVE) above 0.5, which indicates good validity. Meanwhile, in structural models,  $R^2$  is used to assess the ability to explain variations in market performance. Meanwhile, reliability is assessed using Cronbach's Alpha and Composite Reliability with values above 0.7, indicating good consistency. The Parth coefficient is tested using bootstrapping to determine the significance between variables. If the t-statistical value is greater than 1.96, it is considered significant at a rate of 5% (Hair et al., 2019).

### 3.7. Data Analysis Techniques

Furthermore, this study utilizes Likert scale measurements. Likert scale measurements are carried out to measure all data obtained and can meet the accuracy and perception. There is a score for each statement, ranging from strongly disagree (STS) with a score of 1, disagree (TS) with a score of 2, neutral (N) with a score of 3, agree (S) with a score of 4, and strongly agree (SS) with a score of 5. This study analyzed the data collected

using SmartPLS 4.0 (Partial Least Squares) software. The analysis process with smartPLS involves two stages, namely the analysis of the external model and the inner model (Hair et al., 2019). PLS was chosen because this study required a latent variable score for further analysis and because the study was based on secondary data that may not have comprehensive evidence based on measurement theory (Hair et al., 2019).

## IV. Results and Discussion

### 4.1. Results

Based on the results obtained from questionnaires distributed by the researchers to 210 organizations in the Sidoarjo and Surabaya areas. The highest number of respondents came from Sidoarjo, with a frequency of 52.38%, followed by Surabaya with 47.62%. The most significant number of respondents was in the fashion SME sector with a frequency of 30.48%, followed by the food and beverage sector at 27.62%, services at 27.62%, and furniture and machinery at 14.29%.

#### 4.1.1. Model Fit Test

The model goodness test helps compare the observed frequency values and the theoretical (expected) frequency. The SRMR (Standardised Root Mean Square Residue) value shows the model's suitability. A model is considered to fit the criteria if the SRMR value is  $< 0.10$ , and the model is considered perfect if the SRMR value is  $< 0.08$  (Putri, 2024).

**Table 3. Model fit**

	Original Sample	Sample Mean
Saturated model	0.053	0.057
Estimated model	0.058	0.056

Based on Table 3, the saturated model value is 0.053 and the estimated model value is 0.058, indicating a perfect result and by the specified criteria. It can be concluded that the data collected is suitable for the Conformity Goodness Model.

#### 4.1.2. R-Square

If the value of R Square is greater than 0.25, it is categorized as weak, greater than 0.50 is categorized as moderate, and greater than 0.75 is categorized as substantial. The following are the R-squared results of the data processed by SmartPLS.

**Table 4. R-Square**

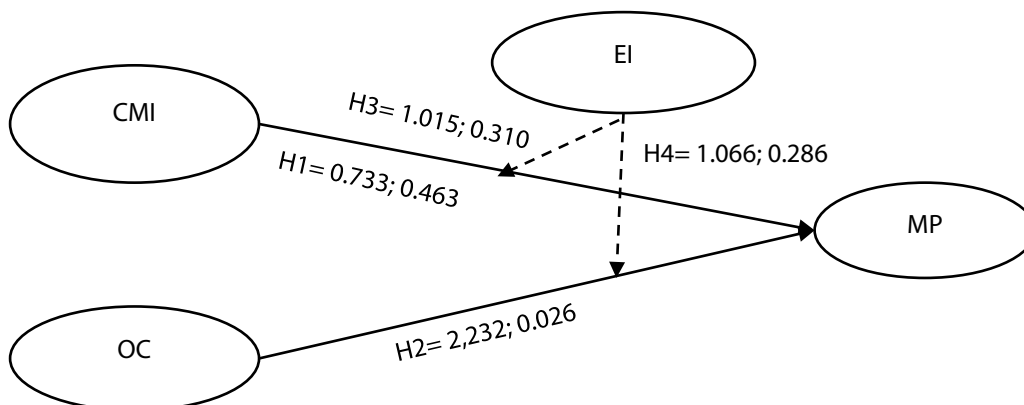
Variabel	R-square	R-square adjusted
Market Performance	0.061	0.038

If the value of R Square is greater than 0.25, it is categorized as weak, greater than 0.50 is categorized as moderate, and greater than 0.75 is categorized as substantial. Based on the data above, the R-square value for the market performance variable is 0.061 or 0.61%, so the results of the model or model structure test show that the R-square value of the market performance variable is in the moderate category.

#### 4.1.3. Hypothesis Testing

This hypothesis test was based on the results of Partial Least Squares (PLS) analysis using a Bootstrapping test with a 95% confidence level (Alpha or 0.05) on 210 respondents. The hypothesis in this study is that if the statistical value of  $T > t$ -table, then the hypothesis is accepted; if the T-statistic  $< a$  confidence level (Alpha=0.05), then the hypothesis is accepted; if the value of  $p > \text{confidence level}$  (Alpha =

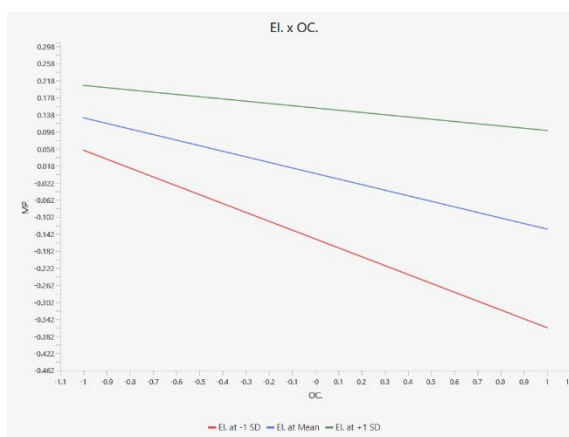
0.05), then the hypothesis is rejected. Based on the hypothesis test carried out, the hypothesis results are as follows:



**Figure 2. Results Path coefficients**

Collaboration marketing innovation (X1) had no significant effect on market performance (Y), according to PLS analysis with a 95% confidence level (Alpha 0.05). The P-value of 0.463 is greater than 0.05, and the T-statistical value of 0.733 is less than the table T value, so H-1 is rejected. In addition, organizational creativity (X2) significantly influences market performance (Y), with a P-value of 0.026 less than 0.05, and a statistical T-value of 2.232, greater than the T-table. Therefore, H-2 is accepted. In addition, the T-statistical values of 1.015 and P 0.310 indicate that the interaction between collaborative marketing innovation (X1) and entrepreneurial innovation (M) cannot strengthen collaborative marketing innovation (X1) towards market performance (Y), and H-3 is rejected. Analysis in H-4 shows a T-statistical value of 1.066, smaller than the T-table value, and a P-value of 0.286. Where entrepreneurial innovation cannot strengthen organizational creativity towards market performance (Y), H-4 is rejected.

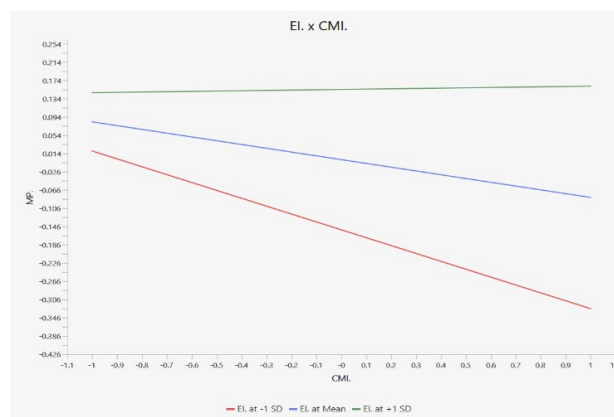
4.1.4. Moderating test



**Figure 2. Simple Slope Analysis Collaborative Marketing Innovation X Entrepreneurial Innovation**

The results of the moderation test (See Figure 1) showed that the green line represented the high influence (+1 SD) of entrepreneurial innovation on collaborative marketing innovation, the blue line represented the average value, and the red line represented the low influence (-1 SD) of entrepreneurial innovation. The three-line gradient illustrates how different types of entrepreneurial innovations affect collaborative marketing innovations. Entrepreneurial innovation did not significantly affect this relationship, nor did it strengthen the relationship between innovation, marketing collaboration, and market performance

at low levels of entrepreneurial innovation (-1 SD). The results of the moderation test (See Figure 2) showed that the green line represented the high influence of entrepreneurial innovation (+1 SD) on organizational creativity, the blue line represented the average score, and the red line indicated the low influence of entrepreneurial innovation (-1 SD). The three gradient lines illustrate how different types of entrepreneurial innovations affect organizational creativity. Entrepreneurial innovation did not significantly affect the moderation of this relationship, nor did it strengthen the relationship between organizational creativity and market performance at low levels of entrepreneurial innovation (-1 SD).



**Figure 3. Simple Slope Analysis Entrepreneurial Innovation X Organizational Creativity**

## 4.2. Discussion

### 4.2.1. The Influence of Collaboration Marketing Innovation On Market Performance

Collaboration marketing innovations do not significantly affect performance. Where this study is in line with Nightingale et al., (2018) That collaboration innovation has a performance gap. In line with Markovic et al., (2021), Those who are willing to collaborate are SMEs facing a crisis. Avelar et al., (2024) innovation Fails to understand the development flow and the company's market performance improvement. SMEs primarily do not collaborate with partners because they prefer to work with large companies. (Eze et al., 2019). In addition, SMEs do not assess their level of knowledge and the effort required to communicate relevant knowledge elements in collaboration with customers and suppliers. (Heirati & Siahtiri, 2019). In addition, SMEs can market products using new methods and continually introduce new products to customers. The ability of SMEs to identify products and meet market demand will improve performance. (Muawanah & Pujianto, 2024). In the Resource-Advantage Theory of Competition (RAToC), collaboration marketing innovation is a company's effort to create marketing maneuvers by utilizing networks to improve marketing performance. This can bridge the need for SMEs to grow and allow them to scale up the energy in a company's network assets to increase consumer demand. demand (Muna et al., 2024). Collaboration, marketing, and innovation benefit SMEs in maintaining balance and developing market performance, but they cannot be done in the long term.

### 4.2.2. The Influence of Collaboration Marketing Innovation On Market Performance, Moderated by Entrepreneurial Innovation

Marketing innovation in collaboration with market performance does not show a relationship with entrepreneurial innovation. Entrepreneurship does not guarantee an increase in innovation in a company. (Lailah & Soehari, 2020). On the other hand, SMEs can innovate, but do not involve the company's employees in the innovation process. SMEs only have loyal workers, which can increase productivity and responsibility for the goods produced. (Rachman, 2021) This shows that SMEs' innovation strategies focus more on sustainable results by generating higher continuity in creating new products or services. (Yulianti & Pujianto,

2024). In the Theory of Profit Resource Competition (RAToC), entrepreneurial innovation through space and time reveals the profound impact of inventions, innovations, and the contexts in which they occur on the development of society. (Favour Oluwadamilare Usman et al., 2024). By partnering with tech startups and incubators, entrepreneurial innovation leverages the resources, knowledge, and capital necessary to drive innovation and business growth. (Sutrisno et al., 2023)

#### 4.2.3. The Influence of Organizational Creativity on Market Performance

Organizational creativity significantly impacts market performance, which aligns with Subagja et al. (2018), who found that organizational creativity can increase innovation. Organizational creativity refers to products, individuals, and thought processes in which creativity can flourish (Koch et al., 2018). According to Koch et al. (2018), organizations that continuously develop and commercialize new processes and products can record superior market performance compared to their competitors. Organizations will strive to achieve optimal performance to achieve organizational goals while excelling over competitors. (Pap et al., 2022). Moreover, several studies show that cultures that encourage organizational learning improve individual, team, and organizational learning and organizational performance. (Alom et al., 2019). Creativity is also acquired and enhanced through teaching and practice, allowing for improved problem-solving skills and leading to more innovative solutions. (Bharadwaj & Menon, 2020). Organizations that prioritize and actively foster a culture of creativity and innovation will likely see an overall performance improvement. (Rumanti et al., 2023). Resource Advantage Competition Theory (RAToC) Organizational creativity greatly helps SMEs improve their performance through creativity and innovation generated by individuals and groups. (Koch et al., 2018). Organizational creativity can increase SME innovation in strengthening market performance, but entrepreneurial innovation cannot develop organizational creativity, so market performance does not change.

#### 4.2.4. Organizational creativity influences market performance, reinforced by entrepreneurial innovation.

Organizational creativity, moderated by entrepreneurial innovation, does not significantly improve market performance. Meanwhile, market performance with organizational creativity does not correlate with entrepreneurial innovation. Entrepreneurial innovation does not create an environment that supports the creation of new ideas. (Lahindah et al., 2020). Many SME owners are innovative, proactive, willing to take risks, and strive to manage their business to achieve sales growth, customer growth, market share, and profitability. (Kesuma & Istanto, 2021). SME owners need to understand the entrepreneurship that affects organizational performance and restructure their organizations to take advantage of new opportunities and improve organizational competencies to create the variety they need to compete in a highly unpredictable environment (Anggriani & Kistyanto, 2021). Entrepreneurial innovation Resource-Advantage Theory of Competition (RAToC) serves as a mediator in the relationship between entrepreneurial competence and SME sustainability in new markets, which is a new characteristic of SMEs (Ismail, 2022).

## V. Conclusion

Collaboration marketing innovations have performance gaps; those involved in collaboration are SMEs currently experiencing a crisis. Most SMEs do not collaborate with suppliers or customers regarding marketing innovation. Meanwhile, organizational creativity can develop and commercialize new processes and products, but SMEs cannot create an environment that supports the creation of new ideas. Meanwhile, entrepreneurial innovation cannot strengthen the influence of marketing innovation, collaboration, and organizational creativity on market performance. This study has limitations because it was conducted on SMEs in Sidoarjo and Surabaya, which may make the results less relevant to other populations. This study leverages RAToC, which could use a competitive dynamics perspective in the future. The moderator variable in this study is that entrepreneurial innovation can be modified into innovation capabilities in the future. To encourage innovation and collaboration, SMEs must build closer relationships with suppliers and customers. SMEs also

need to build an internal environment that supports the creation of team member creativity to develop market performance.

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