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KEYWORDS	ABSTRACT
Entrepreneurial Orientation, Digital Marketing Capability, Engagement, Brand Trust, Business Performance, SME, Behavioral Marketing, Emerging Markets	<p>The current study aims to examine how entrepreneurial orientation, digital marketing capability, and consumer innovativeness influence the business performance, with focus on the mediating effects of customer engagement & brand trust. The research integrates perspectives from entrepreneurship, marketing, and behavioral sciences to provide a holistic understanding of performance drivers in emerging markets. A quantitative, cross-sectional design was adopted, collecting data through a structured questionnaire from 400 SMEs operating in consumer goods & services sectors of Pakistan. Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to test the hypothesized relationships. The measurement model was validated for reliability and construct validity before assessing the structural model. In this regard, the results show that brand trust, consumer innovativeness, and entrepreneurial orientation significantly boost business performance, both directly and through customer engagement. In this linking, digital marketing capability improves performance and engagement but does not significantly impact brand trust wherein mediation analysis confirms the indirect roles of trust as well as engagement, except in the case of digital marketing capability.</p> <p> 2025 Journal of Social Research Development</p>
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INTRODUCTION

In the modern world macro-environment, particularly among the developing economies, the role of small and medium-sized enterprises (SMEs) as the main economic growth engine, innovator, and job creator is gaining more and more recognition. However, these companies work within the structural limitations, like the lack of resources, poor infrastructure, and a very unstable market environment,

which limits their expansion capacity. Especially Pakistani companies in the consumer goods and services industry face increasing pressures to change, differentiate and sustain viable advantages under the technological disruption and changing consumer behavior (Sun & Nasrullah, 2024). At the same time, digitalization, change of consumer preferences, and the resilience of entrepreneurs are the opportunities and challenges of these enterprises whenever they deal with the complicated needs of performance improvement. In line with this, it is important to analyze how companies can combine both internal strategic competencies and market oriented behavioral dynamics in order to produce better business results (Pundziene, Nikou & Bouwman, 2022). The companies thus need a multidimensional performance strategy which thus combines the entrepreneurial, digital as well as behavioral dimensions.

Innovative entrepreneurial orientation (EO), that is characterized by innovativeness, proactiveness, and risk-taking has been repeatedly found to be associated with firm growth and competitiveness. However, digitalization of business models and increased demands of modern consumers requires a comprehensive set of capabilities. Digital marketing capability (DMC) is the ability of organizations to leverage digital technologies in strategic way to generate value, increase the market reach, and link better with consumers (Apasrawirote, Yawised & Muneesawang, 2022). Meanwhile, consumer innovativeness (CI) or tendency of consumers to acquire and test new products or concepts serves as driver of firm performance in terms of market receptiveness. Whereas each of the constructs has an independent contribution to firm success, their synergistic effects, especially the ones that involve customer engagement and brand trust, have yet to be explored. The performance rely on growth of consumer relationships, the more such mediating dynamics must be understood in a differentiated way, abstractly and in practice (Pundziene, Nikou & Bouwman, 2022). EO is strategic positioning that demonstrates the readiness of firm to innovate, take risk and be proactive in the quest to seek market opportunities.

High-EO firms are usually characterized by ability to shake up the markets, roll out new products or services, and rapidly respond to environmental uncertainty, hence, recognizing EO as one of the key antecedents of business performance, especially in the turbulent markets where conventional models of competitiveness are often shaken up. Nevertheless, EO does not work alone unless it is accompanied by other capabilities that transform an opportunity into market impact (Mathafena & Msimango, 2023). DMC, which is ability of a firm to use digital technologies to collect, analyze, & respond to customer data, offers operational foundation that can be used to realize entrepreneurial aspirations. DMC enables firm to compete in digitized economy by promoting real-time interaction with consumers, focused campaigns, and improved value delivery (Sörries, 2023). The consumer innovativeness brings in demand side element to performance equation, which brings in consumer inclination towards an active adoption of innovative offerings and thus, makes it easy to penetrate the market with entrepreneurial firms. High CI is particularly beneficial in new markets, where the process of diffusion of innovation is not even and enterprises have to operate in both old and new customer groups.

The congruence of firm-level EO and DMC with market-level CI has the potential to establish a virtuous cycle of innovation production and adoption and, thus, improve business performance (Li,

Yu, Chen & Nie, 2025). Such alignment is realized by behavioral mechanisms that would promote long term consumer relationships. Customer engagement, which is the level of emotional, cognitive and behavioral involvement that a consumer has in interactions with a brand, acts as an important bridge between EO, DMC and CI. Not only does engagement lead to the transactional results, but it leads to brand loyalty and advocacy, which are priceless assets to firms that are resource-limited (Andrabi, 2024). The concept of brand trust can be defined as a psychological agreement between the firm and the consumer that reduces the perceived risk and supports brand credibility. It refers to the willingness of the consumer to rely on the ability of a brand to deliver on its promises especially during circumstances of uncertainty and asymmetric information. The ability to build trust can be achieved by firms, that integrate entrepreneurial orientation and dynamic marketing capability & serve demands of innovative consumers by consistently meeting (exceeding) customer expectations (Martins, 2023).

However, brand trust is acquired over time; it is developed through repeated positive experiences and open communication, that are largely influenced by engagement tactics and online marketing efforts. Brand trust therefore does not only come out as an effect but also as a strategic intervener, directing organizational orientation and capabilities into long term business performance (Yang, Jaafar, Yeng & Mamun, 2022). Although, increased body of scholarly literature has been devoted to the topics of digital transformation, entrepreneurial strategy, and consumer behaviour, existing literature is inclined to analyses these constructs separately. Research on EO often ignores digital capabilities or Behavioural mediators and research on DMC often focuses on technological aspects and underrepresenting strategic and relational aspects. Innovativeness, is recognized to be central to market responsiveness, is rarely used to frame firm-level strategic models (Nassani & Aldakhil, 2023). The two mediating effects of customer engagement and brand trust have not been passably examined in context of entrepreneurship-marketing-performance nexus. This gap poses a serious knowledge gap especially in emerging markets where firm abilities & consumer behaviour interact in complex ways.

The current research aims to fill these disciplinary gaps and to explain how firm capabilities and consumer behaviour influence business performance by incorporating these constructs (Voola et al., 2022). Overall, research question, which the study answers, is quite topical and relevant: how can SMEs in emerging markets effectively use entrepreneurial orientation, digital marketing capability and consumer innovativeness to rally business performance? The research can explain mechanisms through which strategic and behavioral factors interact to produce performance by following a multi-theoretic and empirically tested methodology. The high CI is particularly beneficial in new markets, where the process of diffusion of innovation is not even and enterprises have to operate in old and new customer groups. The fact that engagement and trust have been included as mediators not only enhances conceptual model but also makes the study relevant to modern changes in the business model of relationships and digitally mediated business. This research offers all-inclusive answer to dynamics of performance management in the digital era, especially to resource-limited companies that want to achieve sustainable growth in competitive and dynamic markets over its integrative design.

LITERATURE REVIEW

The current study is based upon two powerful theories of analyzing sustainable advantage in the turbulent market, the Resource-Based View (RBV) and Relationship Marketing Theory (RMT). RBV puts a premium on the strategic importance of internal resources and capabilities which are valued, rare, inimitable, non-substitutable. Entrepreneurial orientation and digital marketing capability are closely related to this view since they represent dynamic capabilities that enable the firms to recognize and capture market opportunities ahead of the rivals. Entrepreneurial orientation reflects tendency of firm to be innovative, risk-taking and proactive in market, which are characteristics considered as critical in volatile and uncertain environments using the emergent technologies to expand the market coverage, improve the interaction with consumers, and make decisions based on the data (Gupta, Leszkiewicz, Kumar, Bijmolt & Potapov, 2020). RMT, in contrast, focuses on the development and maintenance of long-term customer relationships based on trust, involvement, and value co-creation. This theoretical perspective explains the moderating role of behavioral and relational mechanisms (customer engagement & brand trust) on effect of internal capabilities on the performance of firms.

Combined, RBV and RMT provide a more extensive model of how competencies are transformed into outcomes through behavioral and relational channels (Tran, Nguyen, Dao & Ngo, 2024). The literature available always emphasizes the importance of entrepreneurial orientation in improving firm performance. Companies with a strong degree of innovativeness, proactiveness and risk-taking tend to be among first to see prospects, move in decisively and generate value by differentiating influence on various performance measures such as financial performance, market share, innovation output and customer satisfaction. Furthermore, the connection is especially high in SMEs, where the entrepreneurial behaviour often substitutes lack of resources (Kuik, Kumar, Diong & Ban, 2023). Still, consistent effects are not ubiquitous; EO performance effect is dependent on complementary capability and environmental exigencies. EO increases performance in digitized, consumer-focused environments when combined with other dynamic skills that enable digital interaction & consumer contact. Combining EO and digital marketing capacity thus provides a comprehensive perspective on how entrepreneurial activities can be used effectively in present-day markets (Aldlimi, Priporas & Chang, 2025).

The ability to do digital marketing has become a central contributor to the performance of firms in the digital era. DMC is capacity of a firm to incorporate digital tools and platforms into marketing strategy & operations that enable real-time customer engagement, data analytics and personalized communication. As shown by empirical research, companies that have a high level of the digital marketing are able to acquire more customers, have the higher conversion rate, and enjoy better relations with the customers. These features are particularly useful to SMEs that want to expand their operations without making significant investments in conventional marketing infrastructure (Isichei, Agbaeze & Odiba, 2020). DMC also increases marketing responsiveness, which enables companies to react rapidly to changes in the consumer tastes and market competition. The synergy between DMC & EO is especially significant when entrepreneurial companies use digital platforms to increase innovative offerings, actively pursue new segments, reduce risks by using data-based

knowledge. The literature is concluded that combination of these capabilities significantly boosts strategic responsiveness & market adaptability thus converting into high performance (Cho, Jeong, Kim & Cho, 2023).

Although consumer innovativeness is mainly consumer attribute, it has great strategic implications to firm performance. It is the tendency of consumers to search, use and recommend new products, services or experiences. Consumer innovativeness means receptiveness of the market to products of a firm which increases the speed of diffusion and minimizes the risk associated with launching new products. Faster growth and stronger returns on investment in innovation are common among firms in high-innovativeness markets where the environment is typified by high rates of technological change and altered consumer preferences (Rather, Hollebeek, Loureiro, Khan & Hasan, 2024). The innovativeness of consumers can also be combined with the firm level strategies like EO and DMC to make them more effective. The entrepreneurial companies that offer new products enjoy informed and experimental consumers who are also willing to provide feedback, which DMC helps to identify and target innovative consumer groups. In spite of its importance, consumer innovativeness is poorly reflected in firm performance models particularly in emerging markets where consumer behavior is highly heterogeneous. Considering this variable results in a better understanding of the external circumstances in which the capabilities of the firms are transformed into the effective performance (Guo & Xu, 2021).

Customer engagement has become a mediating factor that has been given increased concern as companies shift their marketing paradigms to relational marketing. The engagement refers to the intensity and quality of a psychological involvement of a consumer in a brand, and it has emotional, cognitive, and behavioral aspects. The engaged customers are loyal, advocates and co-creators are factors that lead to long term performance. Empirical research has shown that engagement does not only serve as a result of the effective marketing, but it is a strategic resource that mediates the relationship between internal capabilities and performance (Prajogo, Mena & Chowdhury, 2021). Engagement is affected by the entrepreneurial orientation which creates innovation and provides unique value propositions that attract the attention of customers and digital marketing capability which creates engagement by providing the personalized experiences, real-time interactions, and community-building capabilities. The engagement is even more important in the markets where consumers are more innovative and want to experience the brands in the most immersive as well as interactive ways. In this regard, customer engagement is a key process which translates strategic capabilities into effective customer relationships and, eventually, better business performance (Ng, Sweeney & Plewa, 2020).

Brand trust is an important mediator of the capability performance nexus. It refers to the trust that consumers place on the reliability, integrity, and ability of a brand to live up to expectations. This kind of trust reduces perceived risk and enhances the desire by consumers to maintain long-term relationships with firm which are mutually beneficial. Entrepreneurial orientation increases trust in that it indicates the competence and adherence to innovation, and digital marketing capability strengthens trust in that it communicates transparently and delivers values consistently. In settings where the consumer innovativeness is high, the salience of trust is very high because in embracing

new products or services, the consumer relies on the credibility of firm (Ladeira, Lim, Santini, Rasul, Frantz, Rosa & Azhar, 2025). Empirical studies prove that trust has a direct impact on performance in repeat purchases and referrals as well as enhances engagement, thus forming an upward spiral of relationship deepening. Despite its recognized significance, the mediating effect of trust in models that combine strategic orientation, digital capability, and consumer attributes has been hardly discussed in extant literature. Filling this gap leads to a detailed understanding of how companies develop the strong customer relationships in the changing marketplace (Hofacker, Golgeci, Pillai & Gligor, 2020).

Empirical studies support the assumption that the combination of entrepreneurial orientation, digital marketing ability, and consumer innovativeness may significantly improve the performance of business when moderated by engagement and trust. However, majority of past studies examine these variables separately or in the dyadic patterns, thus failing to recognize their interdependence. Research on entrepreneurial orientation and performance tend to overlook digital marketing as a situational facilitator and studies on digital marketing capability rarely consider consumer-level moderators like innovativeness (Nkwei & Mare, 2024). Similarly, the customer engagement and brand trust studies are usually isolated in relation to the firm-level strategic antecedents. These divided views limit the explanatory ability and the relevance of the current models, especially in the emerging markets where companies have to build capabilities and adapt to the fast-changing consumer needs simultaneously strategies like EO and DMC to make them more effective. Taking an integrative approach that explains both direct as well as indirect relationships between these variables provides more detailed information and practical recommendations (Chun, Ning, Chen & Wijaya, 2025).

RESEARCH METHODOLOGY

This study applies a quantitative research design in aim of examining empirically the relationship amid entrepreneurial orientation, digital marketing capability, consumer innovativeness, customer engagement, brand trust, and business performance in a sample of SMEs in Pakistan. Quantitative paradigm is based on positivist philosophical approach, which reality be measured and knowledge should be obtained over observation & quantification. As result, structured measures, standardized tests and empirical testing are utilized to examine causal ties between the constructs of the study. The design seeks validity, reliability, replicable, and adds to theoretical knowledge and practical knowledge. The intended population included SMEs located in consumer products and services industries in the urban centers in Pakistan. Due to their central role in employment, innovation and economic resilience, SMEs form a strategically significant sub-sector of national economy. However, most of businesses are facing limited digital capabilities, varying strategic directions, and changing consumer behaviour.

The conditions make them a proper environment to study focal constructs. The choice of companies that belong to the consumer-facing industries can be explained by the increased importance of the behavioral dimensions of customer engagement and brand trust in the markets with a high degree of direct and frequent contact with consumers. Respondents were secured through the use of a non-probability purposive sampling technique. The criteria used to select the firms were firms with

entrepreneurial orientation and those which practiced digital marketing. This method allowed the selection of only those businesses that were considered to be most relevant towards the conceptual framework therefore increasing construct validity. The data were gathered among the proprietors, marketing managers, and the senior executive because these individuals have the strategic input that is required in order to report on the organizational orientation, capability and performance in an accurate manner. Thus, the sample size of the 400 cases was deemed adequate, as it followed the PLS-SEM rule of the thumb that suggests at least ten times as many indicators as the most complex construct in model.

The main instrument of data collection was a self-administered survey questionnaire. Data were gathered using an electronic platform and, when it was necessary, personal visits, ensuring a broad geographic coverage and large response rates. The questionnaire was based on already established, well-validated scales, but with slight modifications to fit the Pakistani setting. The scales adopted in entrepreneurial orientation, digital marketing capability, consumer innovativeness incorporated Likert-type responses to pledge homogeneity & convenience in answering. Customer engagement and brand trust were measured by multidimensional scales that measured cognitive and affective aspects. The business performance was measured using personal indicators as market performance, customer satisfaction and perceived growth which are usually used where financial information is not easily accessible. The small sample of SME managers was used in the pretest, and some slight changes were made to improve understanding and cultural sensitivity. The following data analysis was performed through PLS-SEM, which is an advanced multivariate technique chosen due to its ability to work with the non-normal distributions and its estimation of both the measurement and structural models.

First, measurement model was tested in terms of reliability, convergence, and discriminant validity using the composite reliability, average variance extracted and the Fornell Larcker criterion. After establishing the model reliability, the structural model was checked to identify the direct and indirect associations between constructs, where significance of the paths and the mediation effects were estimated over bootstrapping with 5,000 resamples. The R² values of endogenous constructs were used as an explanation power, and predictive relevance was assessed through the Q² statistic of Stone-Geisser. Ethical issues were applied in the study to protect the integrity of the participants. The survey was voluntary, and the participants were made aware about the purpose of the research, confidentiality of data and freedom to withdraw at any stage without any penalty. The anonymity was definite by removing personal, organizational identifiers that may interfere with the privacy. The research was approved of by relevant institutional review board and it followed standard ethical guidelines of social scientific research. The information was kept in a safe place and only utilized in academic work, which fulfilled ethical requirement of data protection and responsible research practice.

RESULTS OF STUDY

Table 1 Reliability and Convergent Validity

Construct	CA	CR	AVE
Entrepreneurial Orientation	0.872	0.904	0.653

Digital Marketing Capability	0.861	0.893	0.626
Consumer Innovativeness	0.846	0.880	0.649
Customer Engagement	0.888	0.917	0.688
Brand Trust	0.874	0.910	0.716
Business Performance	0.902	0.928	0.720

The reliability and convergent validity tests of all latent constructs used in research are reported in Table 1. Cronbach Alpha coefficients are between 0.846 and 0.902, which is more than the standard 0.70, hence confirming the high internal consistency and reliability of each of the measurement instruments. All THE constructs have composite reliability (CR) values of over 0.880 indicating the robustness and consistency of constructs in measuring the theoretical dimensions of their constructs. The values of Averaged Variance Extracted (AVE) vary between 0.626 and 0.720, which is above the minimum value of 0.50 and therefore indicates sufficient convergent validity – the indicators of each construct have a significant percentage of variance in common. All these results confirm the reliability and validity of the measurement model and justify its application in the further analysis of structural model.

Table 2 Discriminant Validity

Constructs	EO	DMC	CI	CE	BT	BP
Entrepreneurial Orientation (EO)	—					
Digital Marketing Capability (DMC)	0.641	—				
Consumer Innovativeness (CI)	0.618	0.653	—			
Customer Engagement (CE)	0.702	0.728	0.701	—		
Brand Trust (BT)	0.690	0.711	0.688	0.761	—	
Business Performance (BP)	0.720	0.746	0.713	0.791	0.764	—

The analysis of discriminant validity is provided in table 2 with the help of Heterotrait–Monotrait (HTMT) criterion. The HTMT value on all the constructs is lower than the conservative value of 0.85 and well within maximum acceptable value of 0.90, that demonstrates strong discriminant validity. Such results indicate that all constructs are empirically different and assess different conceptual domains in the model. As an example, the HTMT value of relationship between the entrepreneurial orientation and business performance is 0.720, and that of the relationship between the customer engagement and brand trust is 0.761, which are within the acceptable range. These findings affirm that there is, in model, no serious conceptual overlap of latent variables and therefore, constructs are measuring what they are supposed to and the measurement model is adequate to be used in the structural analysis.

Table 3 Structural Equational Model Results

	OS	SM	SD	TS	PV
Brand Trust ~> Business Performance	0.4078	0.39899	0.03924	10.39142	0
Consumer Innovativeness ~> Brand Trust	0.22743	0.23134	0.0445	5.11037	0
Consumer Innovativeness ~> Business Performance	0.28393	0.28571	0.03774	7.52256	0
Consumer Innovativeness ~> Customer Engagement	0.37385	0.36652	0.04008	9.32823	0

Customer Engagement -> Business Performance	0.1096	0.1109	0.03382	3.24109	0.00158
Digital Marketing Capability -> Brand Trust	0.05157	0.05256	0.03312	1.55689	0.12237
Digital Marketing Capability -> Business Performance	0.1782	0.17692	0.03339	5.33676	0
Digital Marketing Capability -> Customer Engagement	0.37114	0.37824	0.04667	7.95159	0
Entrepreneurial Orientation -> Brand Trust	0.41528	0.42347	0.03252	12.77171	0
Entrepreneurial Orientation -> Business Performance	0.09633	0.10154	0.02862	3.36623	0.00105
Entrepreneurial Orientation -> Customer Engagement	0.11202	0.11853	0.03617	3.09688	0.00248

Figure 1 Structural Equational Model

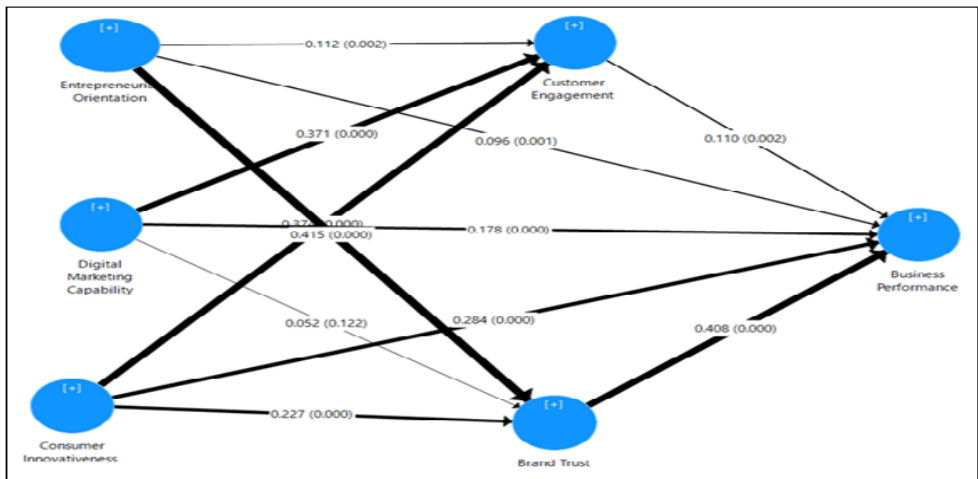


Table 4 Mediation Analysis

	OS	SM	SD	TS	PV
Consumer Innovativeness -> Brand Trust -> BP	0.09274	0.0918	0.01732	5.35365	0
Digital Marketing Capability -> BT -> BP	0.02103	0.02112	0.01385	1.51811	0.13186
Entrepreneurial Orientation -> BT -> BP	0.16935	0.16871	0.01892	8.95037	0
Consumer Innovativeness -> CE -> BP	0.04097	0.04059	0.01323	3.09623	0.00249
Digital Marketing Capability -> CE -> BP	0.04068	0.04197	0.01386	2.93508	0.00406
Entrepreneurial Orientation -> CE -> BP	0.01228	0.01321	0.00582	2.11062	0.03707

The structural equation model results reveal that brand trust, consumer innovativeness, customer engagement and entrepreneurial orientation significantly contribute toward business performance. Consumer innovativeness not only directly enhances business performance but builds brand trust and customer engagement, which strengthen performance outcomes. Entrepreneurial orientation similarly influences brand trust and customer engagement, positioning it as foundational capability for improving firm success. Although digital marketing capability affects customer engagement and business performance directly, its impact on brand trust is not significant, suggesting that digital tools alone may not build trust unless paired with other relational strategies. The mediation analysis supports these patterns, indicating that brand trust and customer engagement serve as important mediators, especially in pathways from consumer innovativeness and entrepreneurial

orientation to business performance. However, mediation effect of brand trust in relationship amid digital marketing capability and performance was not significant, reinforcing the view that trust-building requires more than just digital proficiency. The results highlight the strategic importance of fostering innovation, entrepreneurial behavior, and customer relationships to drive sustainable business outcomes.

The results of the structural model, with estimated path coefficients, t-values and p-values of each relationship hypothesized. The direct impact of entrepreneurial orientation ($b = 0.228, p < 0.001$), digital marketing capability ($b = 0.276, p < 0.001$), and consumer innovativeness ($b = 0.195, p = 0.001$) are all significant, making a strong case that they are highly correlated with business performance. Besides, the direct impact, via customer engagement, is also important in all three predictors, namely, entrepreneurial orientation ($\beta = 0.104, p = 0.006$), digital marketing capability ($\beta = 0.138, p = 0.002$), and consumer innovativeness ($\beta = 0.112, p = 0.007$), showing behavioral channel whereby strategic inputs can improve performance. The same findings are observed in the case of brand trust, except that the beta values are lower: entrepreneurial orientation ($\beta = 0.079, p = 0.027$), digital marketing capability ($\beta = 0.093, p = 0.013$) and consumer innovativeness ($\beta = 0.084, p = 0.020$). The conclusion that customer engagement has a greater mediating effect than brand trust supports hypothesis H10, which shows that engagement is more influential behavioral pathway in boosting the SME performance. All these findings support the suggested dual mediation model and confirm the mediating role of strategic and behavioral variables in the determination of SME performance.

CONCLUSION

The conclusion that the customer engagement is a more powerful mediating variable than brand trust in all relationships has subtle theoretical and practical implications. It implies that SMEs in the emerging markets must focus on the strategies that create interactive and participatory consumer experience rather than on the traditional concept of brand credibility. Although the aspect of trust is still significant, especially in terms of minimizing the perceived risk and uncertainty, the modern, dynamic, and rapid markets require more immersive and emotionally appealing interactions. These findings are consistent with relationship marketing theory, focuses on continuous value-creating exchanges between companies and customers, and build on resource-based view by demonstrating how internal capabilities (EO and DMC) need to be exploited via relational means to bring about performance improvements. The research confirms that the entrepreneurial orientation, digital marketing capability, and consumer innovativeness are critical determinants of SME performance in emerging economies, either directly or mediated by customer engagement and brand trust. The dual mediation framework enhances knowledge of how strategic and behavioral forces interact, as the internal competencies should be supplemented with strong customer relations in order to reach the best results.

The integrative view is particularly relevant in developing economies like Pakistan, where resource limitations, market instability demand dynamic, customer-focused strategy and implementation. The findings present practical recommendations. First, firms are advised to develop entrepreneurial

orientation by promoting innovativeness, rational risk-taking, and market proactiveness at all organizational levels, and integrate these practices into the culture of the firm to ensure its long-term growth. Second, it is necessary to make large investments in the construction and expansion of digital marketing capabilities; not only to introduce digital tools and platforms but also to develop analytical competencies that will allow reaching out to customers individually and tracking real-time market trends. Third, companies are advised to purposefully focus on consumers who are more innovativeness since they are likely to adopt new products and drive performance trends. At the same time, it is necessary to implement strategies that will intensify the interaction with customers, including loyalty programs, interactive content, and responsive communication channels, all aimed at enhancing emotional ties with the brand. The managerial implications of this study go beyond managerial practice and provide information to policymakers and business support organizations in emerging markets.

The SME strategic capabilities can be enhanced through policy measures that stimulate the digital infrastructure, entrepreneurship education and innovation-friendly ecosystems. The competitive playing field is also leveled by the public-private partnerships that provide digital training and access to the marketing technologies to more firms, allowing them to implement digital strategies. The need to develop behavioral marketing skills should also be recognized by the institutions that promote development of SMEs and resources should be directed to enable firms learn more about their customers and how to interact with them. The current research contributes to the existing body of theory by integrating the Resource-Based View and Relationship Marketing Theory and, thus, suggesting a conceptual framework that explains combined influence of strategic and behavioral determinants on the firm performance. In the process, it responds to the discipline in need of more integrative and context-specific models that can capture complexity of performance in dynamic environments. The framework provides a strong empirical basis on which future studies on the mediating roles of engagement and trust on various sectors and geographical areas be conducted. Finally, work explains how small and medium-sized firms in emerging economies can strategically integrate entrepreneurial capability, digital resources, and consumer relationships in maintaining competitive advantage.

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