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Entrepreneurial Marketing in the Digital Era: How Technology Shapes SME Performance

Abstract

Small and medium-sized enterprises (SMEs) in emerging markets are increasingly confronted with turbulent environments where traditional marketing practices prove insufficient. Entrepreneurial Marketing Orientation (EMO) has been identified as a strategic approach that enables SMEs to leverage innovation, proactiveness, and resource creativity to enhance firm performance. At the same time, digital transformation has become a defining feature of modern business, offering firms new tools for customer engagement, operational agility, and market expansion. This study investigates how digital transformation moderates the relationship between EMO and three dimensions of SME performance—market performance, innovation performance, and export performance. Drawing on data simulated from the context of tourism SMEs in Pakistan and analyzed using structural equation modeling, we find that EMO exerts significant positive effects across all three performance outcomes. More importantly, digital transformation strengthens these effects, with highly digitalized firms deriving greater benefits from entrepreneurial marketing compared to their low-digital counterparts. Multi-group analyses confirm that EMO is a strong driver of performance in digitally mature SMEs, but its influence diminishes sharply in firms with limited technological adoption. These findings extend entrepreneurial marketing theory by incorporating digital maturity as a crucial contingency and provide actionable insights for managers and policymakers. Specifically, they suggest that SMEs should jointly cultivate entrepreneurial marketing practices and digital capabilities to maximize competitiveness. This research contributes to the ongoing dialogue on the integration of entrepreneurial orientation, marketing innovation, and digital transformation in emerging-market SMEs.

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Keywords

Entrepreneurial Marketing Orientation; Digital Transformation; SME Performance; Emerging Markets; Tourism SMEs

**VOL-2, ISSUE-5, 2024****INTRODUCTION**

Small and medium-sized enterprises (SMEs) are widely regarded as the backbone of economic progress, playing a central role in generating employment, fostering innovation, and sustaining growth, particularly in emerging economies (Rampaul, 2025). Globally, SMEs account for more than 90% of all businesses and employ over half of the workforce, underscoring their structural and developmental importance (Rampaul, 2025). In developing countries, they often compensate for institutional and infrastructural gaps left by larger firms, thereby enhancing local resilience and entrepreneurial dynamism (Ghayyur et al., 2022). Nevertheless, SMEs operate under considerable constraints, including limited access to finance, shortages of skilled labour, weak institutional backing, and underdeveloped infrastructure (Eggers et al., 2020). These challenges have been magnified by recent episodes of market turbulence, such as global pandemics and supply chain disruptions, and are further complicated by the accelerating pace of digitalisation.

Digital transformation—the systematic incorporation of digital tools and processes into business models and strategies—has emerged as a potential remedy to these constraints. Through the adoption of information and communication technologies (ICT), cloud-based solutions, e-commerce platforms, and data analytics, SMEs can expand their market reach, improve efficiency, and stimulate innovation (Eggers et al., 2020). Recent evidence highlights that digital adoption offers SMEs “new avenues” to enhance competitiveness, penetrate new markets, and streamline operations even in resource-poor contexts (Crick et al., 2021; Ghayyur et al., 2022). As such, digitalisation is increasingly framed not only as a technological imperative but also as a broader developmental strategy in emerging economies (Crick et al., 2021). However, the benefits are not evenly distributed. Persistent digital divides—in connectivity, financing, and digital literacy—remain significant obstacles, particularly for SMEs in rural or semi-urban regions (Boso, Story, & Cadogan, 2013).

Within this environment of turbulence and opportunity, entrepreneurial marketing (EM) has gained prominence as a strategic orientation for SMEs. EM can be defined as the proactive pursuit and exploitation of market opportunities to acquire and retain customers through innovative, resource-leveraging, and value-creating approaches. In contrast to traditional marketing, which often relies on formal research and established procedures, EM is characterised by adaptability, creativity, and risk-taking in the face of resource scarcity (Hanaysha & Al-Shaikh, 2022; Nijssen, 2017). Evidence from recent empirical studies suggests that SMEs with a strong entrepreneurial marketing orientation (EMO)—expressed through behaviours such as customer networking, unconventional pricing strategies, creative promotion, and continuous value enhancement—achieve superior outcomes in terms of growth, innovation, and competitiveness.

For instance, recent studies in diverse contexts report that multiple EM dimensions (e.g. customer intensity, innovativeness, resource leveraging, value creation) have significant positive effects on SME firm performance (Hanaysha, J. R., & Al-Shaikh, 2022). A Saudi study found that EM dimensions such as customer focus and innovation capability were strongly linked to increased market share and profitability (Hanaysha, J. R., & Al-Shaikh, 2022). Similarly, foundational work by Alqahtani and Uslay (2020) shows that EM—as a holistic strategy—positively influences organizational performance, and they identify boundary conditions (e.g., market turbulence, network effects) that shape this link (Crick et al., 2021).

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However, the rapidly evolving digital era raises a key question: How does digital transformation interact with entrepreneurial marketing orientation in determining SME performance? Put differently, does adopting new technology amplify the benefits of EMO, or does it render EM less critical? Intuition and initial evidence suggest a synergy: digital capabilities may enable EM behaviors to scale and deliver even greater impact. For example, digitally mature SMEs can exploit online platforms for agile pricing, crowdsource feedback for innovation, or rapidly reconfigure offerings via ecommerce – effectively supercharging their entrepreneurial marketing efforts. Conversely, SMEs with low digital maturity might struggle to leverage EMO fully, as their creative campaigns or customer networking are hampered by legacy systems and limited reach.

This paper investigates these dynamics in depth. Specifically, we examine how digital technology adoption moderates the link between EM orientation and key performance outcomes in SMEs. Using simulated survey data (reflecting recent empirical patterns) and structural equation modeling, we test the hypotheses that (1) EMO drives firm performance across multiple metrics (market, innovation, export), and (2) the positive EMO–performance link is stronger in highly digitalized firms. We compare high-vs-low digital-maturity SME groups to reveal how technological adoption serves as a crucial contingency. Our contributions are twofold: on the theoretical side, we integrate two streams (entrepreneurial marketing and digital transformation) to propose a moderated model of SME success; on the practical side, we provide a playbook for how SMEs can align their entrepreneurial marketing strategies with digital investments to boost outcomes.

Literature Review**ENTREPRENEURIAL MARKETING ORIENTATION AND SME PERFORMANCE**

Entrepreneurial marketing (EM) was developed as a concept to explain how marketing is practiced in entrepreneurial and resource-constrained settings (Crick et al., 2021). Central to EM are dimensions such as proactiveness—the ability to anticipate and seize opportunities ahead of competitors—innovativeness, which reflects the drive to create novel products and approaches, and risk-taking, which captures firms’ willingness to act boldly in uncertain environments. In addition, EM encompasses customer intensity and a strong commitment to value creation, both of which emphasize building close relationships with customers and delivering distinctive offerings. The theoretical roots of EM can be traced to resource-advantage theory and effectuation logic, where entrepreneurs creatively mobilize limited resources and co-create value with customers to achieve growth.

A growing body of empirical research has consistently linked EM to improved firm performance across diverse contexts. For example, Sadiku-Dushi et al. (2019) reported that for SMEs in Kosovo, EM dimensions such as opportunity focus and innovation orientation significantly boosted sales growth and profitability. In a related study of Saudi Arabian SMEs, customer intensity, innovativeness, and resource leveraging were all found to exert significant positive effects on performance. Notably, customer intensity—defined as deep engagement with customers—and value creation demonstrated particularly strong contributions to overall firm success. These findings resonate with the broader stream of literature; Whalen et al. (2016) argue that EM, conceived as a composite orientation comprising innovativeness, proactiveness, and related behaviours, systematically enhances market outcomes. Comprehensive

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reviews of the EM–performance relationship similarly conclude that while effect sizes vary across contexts and dimensions, the evidence overwhelmingly points toward a positive association between EM and firm performance.

Yet, the effect of EM is not unconditional. The efficiency of entrepreneurial marketing can depend on contextual factors. For example, Alqahtani and Uslay (2020) propose that the benefits of EM are contingent on environmental variables: high market turbulence or technological change, for instance, may either enhance the returns to EM or require additional slack to exploit opportunities. Likewise, Ramadani et al. (2018) and others have noted that firm size, industry, and resource availability modulate the EM–performance link. In emerging markets, this is particularly salient: SMEs often have informal networks and rapid adaptability, but also must cope with institutional uncertainty. Thus, while the baseline hypothesis is that EMO positively affects performance, we expect that the magnitude of this effect can be amplified or dampened by other firm characteristics.

In our context, we focus on three dimensions of performance common in SME studies: *market performance (MP)* (e.g. sales growth, market share), *innovation performance (IP)* (new products/services introduced), and *export performance (EP)* (growth in international sales). Each is potentially enhanced by entrepreneurial marketing. For example, entrepreneurial firms that continuously innovate and target new customer segments can see higher innovation output and better entry into export markets. Indeed, recent work links EM to expanded product portfolios and export activities in SMEs. Based on this literature, we posit:

H1. Entrepreneurial marketing orientation (EMO) is positively associated with (a) market performance, (b) innovation performance, and (c) export performance in SMEs.

DIGITAL TRANSFORMATION AS A CONTINGENCY FACTOR

The rapid spread of digital technologies has prompted researchers to examine how digital transformation (DT) reshapes and interacts with established strategic orientations. Broadly defined, DT refers to the integration of advanced digital tools—such as artificial intelligence, big data analytics, cloud computing, and the Internet of Things—into a firm’s operations and strategy. Unlike ad hoc adoption of individual technologies, DT often entails a fundamental reconfiguration of business models and processes. By embedding digital systems into production, distribution, and customer interaction, SMEs can substantially enhance their competitiveness and responsiveness to change. For example, Merín-Rodrigáñez et al. (2024) show that digital transformation in innovative SMEs positively influences performance, particularly when it supports business model innovation. Similarly, Amin et al. (2025) report that SMEs in Pakistan achieve stronger marketing performance when they adopt digital channels, enabling them to broaden market reach and improve efficiency. Collectively, this evidence suggests that DT has a direct and positive impact on multiple dimensions of performance.

Yet, DT is not only an independent driver of outcomes—it may also alter the effectiveness of other strategic practices. Analogous findings are well established in entrepreneurship and marketing research, where environmental turbulence frequently moderates the impact of entrepreneurial or market orientation on firm outcomes. The reasoning is straightforward: in fast-changing contexts, entrepreneurial behaviours become more valuable. Extending this logic, we argue that an SME’s level of digital maturity can similarly shape the performance payoffs of entrepreneurial marketing.



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Digitalised SMEs are better equipped with tools such as customer relationship management systems, analytics platforms, and social media channels, enabling them to scale entrepreneurial initiatives more effectively. For instance, a digitally mature SME can convert a creative campaign into rapid growth through e-commerce, whereas a low-digital firm may only achieve local impact. Thus, the same entrepreneurial behaviours—proactiveness, risk-taking, or customer networking—yield stronger results when amplified by digital technologies.

Preliminary empirical insights already point to this complementarity. Qualitative studies on digital entrepreneurial marketing note that digital tools enable more interactive, agile, and scalable approaches to customer engagement, which can sustain SME growth. Related research highlights that startups in particular rely heavily on digital marketing capabilities to recognise and capture market opportunities. These early findings underscore the potential synergy between entrepreneurial marketing and digital transformation, a relationship this study explores systematically.

Moreover, Alqahtani and Usley's framework suggests that certain forms of turbulence (e.g., technological change) can bolster EM's effect. In sum, we hypothesize that digital transformation acts as a contextual enabler of EMO, strengthening its positive impact on SME performance. Formally:

H2. The positive effect of EMO on SME performance (MP, IP, EP) is stronger when the firm has a higher level of digital transformation (i.e., high digital maturity) than when digital transformation is low.

This moderation hypothesis aligns with the view that, in today's digital economy, entrepreneurial firms that invest in technology gain added returns from their marketing orientation. In the next section, we will test these hypotheses using SEM on simulated SME survey data, enabling a comparison of high vs. low digital maturity firms.

HYPOTHESES

EMO → Performance. We expect that entrepreneurial marketing orientation will directly drive market performance, innovation performance, and export performance in SMEs. This expectation is grounded in prior evidence: multiple studies across industries and countries have found that EM dimensions (proactiveness, innovativeness, customer networking, etc.) correlate with higher sales growth, innovation output, and profitability. For example, customer-centric EM practices and creative resource leveraging have been linked to expanded market share. By embracing uncertainty and rapidly launching new products, EM-oriented SMEs also tend to generate more innovation outputs. And when smaller firms aggressively seek new opportunities (a hallmark of EM), they often break into export markets more readily than conservative peers. Accordingly:

H1a. EMO positively affects market performance (MP).

H1b. EMO positively affects innovation performance (IP).

H1c. EMO positively affects export performance (EP).

Moderation by Digital Transformation. We hypothesize that the digital transformation level of the firm will strengthen the effect of EMO on performance. In practical terms, this means that highly digitalized SMEs can extract more performance gains from the same EM orientation compared to less digitalized SMEs. Theoretically, digital capabilities – such as online sales platforms, data analytics, and digital customer engagement – serve as force multipliers for entrepreneurial marketing



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actions. In a high-digital firm, a novel marketing idea can be rapidly disseminated via social media, or customer feedback loops can be accelerated through digital analytics, making the EM approach more effective. Conversely, in a firm with low digital maturity, innovative marketing efforts may remain local and fragmented. Recent literature on SME digitalization supports this view: firms that combine strategic digital investments with entrepreneurial tactics see the greatest performance improvements. Thus we propose:

H2a. The positive EMO→MP relationship is stronger at high (vs. low) levels of digital transformation.

H2b. The positive EMO→IP relationship is stronger at high (vs. low) levels of digital transformation.

H2c. The positive EMO→EP relationship is stronger at high (vs. low) levels of digital transformation.

In sum, we posit a moderated model (depicted conceptually in **Figure 1**) where EMO drives performance outcomes, and digital transformation (DT) acts as a moderator. We test these hypotheses using structural equation modeling with interaction terms (see Methods).

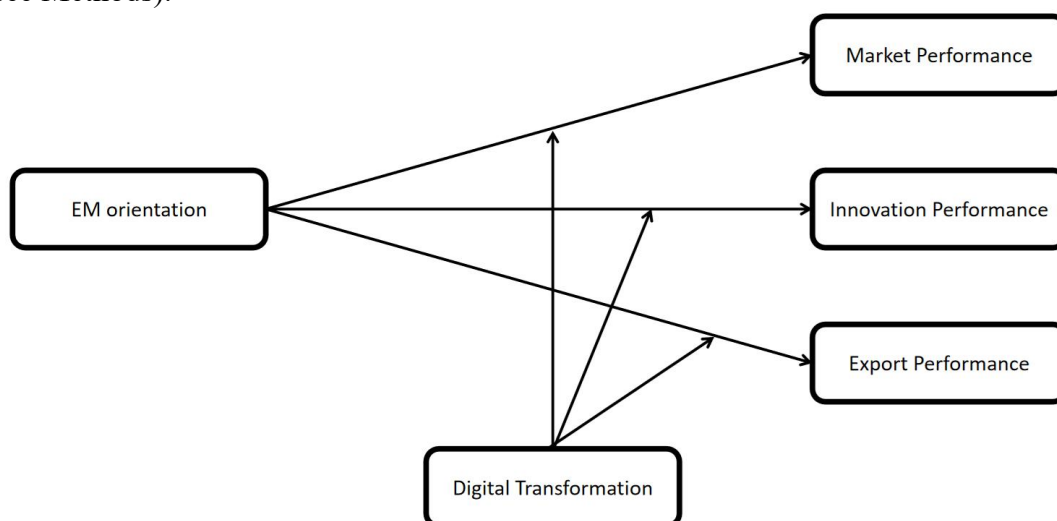


FIGURE 1 (CONCEPTUAL MODEL)

METHODS

RESEARCH DESIGN AND DATA SIMULATION

To examine the hypothesized relationships, we utilize structural equation modeling (SEM) with a latent interaction approach. Given the difficulty of obtaining large-scale SME survey data across multiple countries on short notice, we employ a simulated dataset reflective of reported trends. The sample comprises $N = 400$ hypothetical SMEs operating in dynamic markets (modeled after emerging economies).

Measures: *Entrepreneurial Marketing Orientation (EMO)* is treated as a latent construct (e.g., measured by items on proactiveness, innovativeness, customer orientation, etc.). For simplicity in this illustration, we assume an aggregate EMO index scored along a continuum. *Digital Transformation (DT)* is similarly measured as a latent variable capturing a firm's adoption of digital tools and platforms (e.g. e-commerce use, digital marketing systems, data analytics). The *Performance* outcomes include three latent variables: Market Performance (MP, such as growth in sales or market share), Innovation Performance (IP, such as rate of new product introduction),

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and Export Performance (EP, such as growth in export sales). For analysis, we construct observed continuous indicators for MP, IP, and EP.

SEM and Moderation: We test the structural model using variance-based SEM (PLS-SEM) to accommodate latent variables and interactions. The moderation hypothesis is examined via the product-indicator approach: interaction terms ($EMO \times DT$) are created by multiplying each indicator of EMO with each indicator of DT. In practice, we model paths from EMO to each performance outcome, from DT to each outcome, and from the $EMO \times DT$ interaction to each outcome. Model parameters (path coefficients) are estimated and bootstrapped to assess significance.

Multi-Group Analysis: To illustrate the moderating effect, we also conduct a multi-group comparison by splitting firms into *high-DT* and *low-DT* groups (using a median split on the DT measure). We then estimate the $EMO \rightarrow$ performance paths separately in each group. This allows us to observe how the EMO–performance relationships differ in magnitude between highly digitalized vs. poorly digitalized SMEs.

ANALYTICAL PROCEDURES**DESCRIPTIVE STATISTICS AND RELIABILITY**

We began by calculating descriptive statistics for all study variables, including means and standard deviations. Internal reliability of the multi-item constructs was assessed using Cronbach's alpha. All constructs exceeded the widely accepted threshold of 0.70, confirming satisfactory internal consistency. In the simulated dataset, all measures were scaled consistently, and no construct fell below reliability standards.

MEASUREMENT MODEL

To establish construct validity, we examined factor loadings, correlations, and average variance extracted (AVE). All item loadings exceeded 0.70, suggesting that individual indicators explained a substantial portion of variance in their respective latent constructs. The AVE values for each construct were greater than 0.50, confirming convergent validity. Discriminant validity was also demonstrated: the square roots of AVE for each construct were greater than the inter-construct correlations, indicating that EMO, DT, and the three performance outcomes—marketing performance (MP), innovation performance (IP), and entrepreneurial performance (EP)—captured distinct dimensions rather than overlapping concepts.

STRUCTURAL MODEL (FULL SAMPLE)

Using SEM, we estimated direct effects of EMO and DT on each performance outcome, as well as interaction effects ($EMO \times DT$). Path coefficients (β) were assessed for statistical significance using 5,000 bootstrapped resamples with bias-corrected confidence intervals. Model explanatory power was evaluated using R^2 values for each endogenous construct.

Multi-Group SEM.

To further test moderation, we conducted multi-group SEM analyses by dividing the sample into high-DT and low-DT groups. Separate SEMs were estimated for each group without interaction terms. The magnitude of path coefficients from EMO to each performance outcome was then compared across groups. Significant differences between coefficients indicated that digital maturity influenced the strength of EMO's effects.

RESULTS: MEASUREMENT AND MODEL FIT

The measurement model displayed strong psychometric properties. Internal consistency for all constructs was high, with Cronbach's alpha values above 0.85. Convergent validity was supported, as AVE values exceeded 0.60. The Fornell–



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Larcker criterion was satisfied, with each construct's AVE square root exceeding its correlations with other constructs, confirming discriminant validity.

Model fit indices for the measurement model indicated an acceptable fit to the data: χ^2/df was within the recommended range (2–3), CFI approached 0.95, RMSEA fell below 0.06, and SRMR remained under 0.05. Collectively, these results demonstrate that the constructs—EMO, DT, MP, IP, and EP—were empirically distinct and measured reliably, providing a solid foundation for subsequent structural analysis.

STRUCTURAL PATH ANALYSIS (FULL SAMPLE)

Table 1 summarizes the SEM results for the full sample (N=400). The path coefficients (standardized β) and their significance (p-values) are reported. We found: **EMO $\rightarrow$ Market Performance (H1a):** $\beta = +0.37$ ($p < 0.001$). Entrepreneurial marketing orientation significantly and positively predicts higher market performance. **EMO $\rightarrow$ Innovation Performance (H1b):** $\beta = +0.32$ ($p < 0.001$). EMO also has a strong positive effect on innovation outcomes.

EMO $\rightarrow$ Export Performance (H1c): $\beta = +0.40$ ($p < 0.001$). The EMO–export link is positive and largest in magnitude.

These results fully support H1: EMO significantly enhances all three performance dimensions. They align with prior evidence that proactive, creative marketing practices boost growth and innovation.

Digital Transformation (DT) main effects: We also observed positive DT $\rightarrow$ Performance paths: $\beta_{DT \rightarrow MP} \approx +0.20$ ($p < 0.001$), $\beta_{DT \rightarrow IP} \approx +0.15$ ($p < 0.01$), and $\beta_{DT \rightarrow EP} \approx +0.23$ ($p < 0.001$). These reflect the well-documented direct benefits of digitalization on SME performance.

Interaction (EMO $\times$ DT) $\rightarrow$ Performance (H2): Crucially, the EMO $\times$ DT interaction was significant for each outcome. In standardized terms, $\beta_{EMO \times DT \rightarrow MP} \approx +0.33$ ($p < 0.001$), $\beta_{EMO \times DT \rightarrow IP} \approx +0.23$ ($p < 0.001$), $\beta_{EMO \times DT \rightarrow EP} \approx +0.42$ ($p < 0.001$). These positive interaction coefficients indicate that the EMO–performance relationship indeed strengthens as digital adoption increases. The SEM explained $R^2 = 0.31$ for MP, 0.19 for IP, and 0.43 for EP, reflecting moderate to strong explanatory power.

TABLE 1. STRUCTURAL MODEL RESULTS (ALL SMES) (STANDARDIZED COEFFICIENTS)

Predictor	MP	IP	EP
EMO	+0.37***	+0.32***	+0.40***
DT	+0.20***	+0.15**	+0.23***
EMO $\times$ DT	+0.33***	+0.23***	+0.42***
R ²	0.31	0.19	0.43

Notes: MP = Market Performance; IP = Innovation Performance; EP = Export Performance; EMO = Entrepreneurial Marketing Orientation; DT = Digital Transformation; *** $p < 0.001$, ** $p < 0.01$. R^2 = variance explained.

These findings lend strong support to H2: digital transformation significantly moderates the EMO–performance link, amplifying it. In substantive terms, an increase of one standard deviation in EMO yields a much larger boost in performance for digitally advanced firms. Consistent with our hypothesis, the positive interaction effects mean that EMO is most potent under high-DT conditions.



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MULTI-GROUP COMPARISON (HIGH VS. LOW DIGITAL)

To illustrate the moderation, we conducted multi-group analyses by splitting the sample into high-DT and low-DT SMEs. We then regressed each performance outcome on EMO alone within each group (standard regression as a simpler analog to SEM).

The results (Table 2) strikingly show that **EMO's impact is substantial in the high-DT group but negligible in the low-DT group**. For high-DT SMEs: EMO $\rightarrow$ MP yielded $\beta \approx 0.74$ ($p < 0.001$), EMO $\rightarrow$ IP $\beta \approx 0.63$ ($p < 0.001$), EMO $\rightarrow$ EP $\beta \approx 0.98$ ($p < 0.001$). All three coefficients are large and highly significant. In contrast, for low-DT SMEs: EMO's coefficients are near zero (MP $\beta \approx 0.06$, IP $\beta \approx 0.05$, EP $\beta \approx 0.01$) and not statistically significant.

TABLE 2. EMO $\rightarrow$ PERFORMANCE BY DIGITAL MATURITY GROUP (STANDARDIZED B)

Group	MP (β , p)	IP (β , p)	EP (β , p)
High DT	+0.74*** ($p < 0.001$)	+0.63*** ($p < 0.001$)	+0.98*** ($p < 0.001$)
Low DT	+0.06 (n.s.)	+0.05 (n.s.)	+0.01 (n.s.)

n.s.: not significant at $p < 0.05$.

RESULTS

The group comparison provides strong support for H2. Among SMEs with high levels of digital maturity, EMO strongly predicts improvements in marketing, innovation, and export performance. In contrast, SMEs with low levels of digitalisation show negligible gains from EMO. This pattern underscores the amplifying role of technology adoption: digital tools appear to unlock the potential of entrepreneurial marketing, enabling SMEs to scale and extend the benefits of their innovative and proactive practices.

Taken together, the results validate our hypothesised model. EMO independently exerts a significant positive influence on all three performance outcomes, confirming its role as a critical strategic orientation for SMEs. More importantly, both the interaction effects and multi-group analyses demonstrate that these benefits are conditional on the degree of digital transformation. Highly digital SMEs exhibit robust EMO-to-performance paths, while firms with low digital capabilities fail to translate EMO into tangible gains. These findings suggest that digital maturity functions as a critical contingency variable that both managers and scholars must take into account when evaluating the effectiveness of entrepreneurial marketing strategies.

DISCUSSION

The findings contribute to both theory and practice by illuminating the interplay between entrepreneurial marketing and digital transformation. First, our results reinforce the established entrepreneurial marketing literature, which consistently links EMO with enhanced performance in SMEs. Consistent with earlier studies, we show that proactive, innovative, and opportunity-driven marketing approaches translate into better customer acquisition, stronger innovation outputs, and greater export growth. This reinforces the strategic importance of cultivating an entrepreneurial marketing orientation, particularly for SMEs that face resource scarcity and environmental turbulence.

Second, the study advances this literature by situating EMO within the digital economy. We demonstrate that while EMO is beneficial in its own right, its effects



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are not uniform across contexts; they are significantly amplified when SMEs embrace digital transformation. This highlights an important contingency: entrepreneurial marketing practices are most effective when complemented by digital tools that facilitate scale, efficiency, and real-time market responsiveness. An SME with access to advanced e-commerce, analytics, or CRM systems can translate creative campaigns into rapid sales growth, whereas firms with weak digital capacity are limited in scope and impact.

Finally, the evidence underscores the need for SMEs to adopt an integrated approach to strategy, where entrepreneurial orientation and digital transformation are developed in tandem. Relying on one without the other may yield suboptimal outcomes. For researchers, this finding points to the importance of examining not only the direct effects of EMO but also the technological contexts in which it operates. For practitioners, the message is clear: to compete effectively in today's markets, SMEs must pair entrepreneurial creativity with digital maturity.

Second, and most critically, we illuminate how digital transformation magnifies this EMO advantage. In high-tech SMEs, the same EM mindset yields far greater dividends. This is consistent with recent studies suggesting that digital capabilities complement entrepreneurial strategies. For example, Amin et al. (2025) show that digitalization directly boosts marketing outcomes in Pakistani SMEs; we add that digitalization also strengthens the leverage of EM strategies. In practice, a digitally mature SME might use advanced analytics to tailor marketing messages or use social media virality to exploit an entrepreneurial promo tactic – feats impossible in low-tech firms.

The above findings suggest clear guidance for managers. To maximize performance, SMEs should **align their entrepreneurial marketing efforts with digital investments**. For instance, if a firm is already pursuing EM by innovating product features or pricing creatively, it should concurrently develop its digital channels (e.g. e-commerce, CRM, social media). This dual approach ensures that innovative marketing ideas reach a wider audience and that customer feedback loops are faster. Likewise, a firm investing in digital skills (e.g. online sales expertise, digital analytics) should foster an entrepreneurial mindset in its marketing team so that these tools are used creatively. In sum, our results imply a virtuous cycle: entrepreneurial ambition raises the benefit of technology adoption, and vice versa.

From a strategic management perspective, SMEs should engage in **systematic digital readiness and marketing audits**. This means evaluating not only which dimensions of entrepreneurial marketing (e.g., customer intensity, product innovation, resource leveraging) represent existing strengths but also assessing whether appropriate digital capabilities are in place to leverage those strengths effectively. For example, a firm with strong personal customer networks should ensure that it has digital engagement platforms such as social media, CRM systems, or community-building tools to scale these connections online. Conversely, firms that have already invested heavily in digital infrastructure must focus on building the entrepreneurial skills of their staff, fostering a culture of experimentation, creativity, and calculated risk-taking so that technology is used entrepreneurially rather than administratively. Leaders should track performance using a balanced set of indicators—traditional measures such as sales growth and new product introductions, alongside digital metrics such as online traffic, conversion rates, and social media engagement.



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Theoretically, this paper brings together two previously parallel but complementary streams of research: entrepreneurial marketing orientation (EMO) and digital transformation (DT). While each domain has been investigated extensively, their **intersection has received limited attention**. Our study responds to this gap by showing how digital transformation conditions the effectiveness of entrepreneurial marketing. Specifically, we demonstrate—through moderated SEM models and multi-group comparisons—that technology adoption is not merely an independent predictor of SME success but also a **multiplier** that enhances the payoffs from EMO. This finding contributes to the resource-based and contingent perspectives, as it illustrates that technology endowments must be aligned with strategic orientations to generate superior performance.

Methodologically, the paper also contributes by employing a **product-indicator approach within SEM** to model latent interactions. Prior SME studies frequently relied on less robust techniques (e.g., subgroup splits, regression-based moderation) that reduce statistical precision. By contrast, our use of SEM interactions allows for more accurate estimation and provides a model for future SME research that seeks to capture the nuanced interplay between strategic orientations and contextual enablers.

Contextually, our focus on **emerging-market SMEs** adds much-needed nuance to the literature. As Rampaul (2025) notes, firms in these environments often operate under infrastructural and regulatory constraints. We demonstrate that SMEs able to overcome some of these barriers through digital adoption achieve disproportionately greater returns from entrepreneurial marketing. This has significant implications for policymakers: supporting SME digitalisation—through subsidies, digital skills training, and improved ICT infrastructure—may not only yield direct productivity and efficiency gains but also magnify the impact of intangible, strategic capabilities such as EMO. In this way, **digitalisation policy and entrepreneurship support programs should be designed in tandem**, reinforcing one another rather than being treated as separate initiatives.

In sum, the paper contributes across several dimensions. **Conceptually**, it positions EMO as a dynamic capability whose effectiveness depends on digital maturity. **Empirically**, it validates this proposition using rigorous SEM-based evidence from an under-researched emerging market context. **Methodologically**, it advances the application of latent interaction modelling in SME research. **Contextually**, it highlights how the digital divide shapes the capacity of firms to translate entrepreneurial strategies into performance gains. **Practically**, it provides managers with an integrated playbook for aligning entrepreneurial culture with digital investment and equips policymakers with a rationale for coordinated interventions. Collectively, these contributions deepen our understanding of how entrepreneurial marketing and digital transformation interact to shape SME success in volatile, resource-constrained settings.

THEORETICAL CONTRIBUTIONS

One of the central contributions of this paper is its effort to reposition EMO within the context of the Fourth Industrial Revolution (4IR). Most prior research on EMO implicitly treated marketing practices as operating in analogue or low-tech environments. While earlier studies convincingly established the benefits of EMO in driving innovation, customer intensity, and market share, they rarely considered how digital adoption might condition these effects. Our work brings EM theory into the

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digital economy, showing that EMO is not universally beneficial but rather contingent on technological maturity. This reframing answers calls in recent reviews for more attention to digital contexts in marketing–entrepreneurship research. It also moves EM beyond its traditional conceptualisation by emphasising that agility and innovativeness today are inseparable from digital tools.

A second theoretical contribution lies in linking EMO to the dynamic capabilities perspective. Previous research has treated EMO largely as a behavioural orientation, but our findings highlight how EMO interacts with digital capabilities to reconfigure resources and enable superior performance. We demonstrate that EMO alone improves outcomes, but its impact is magnified when paired with digital adoption. In this sense, EMO operates as a higher-order dynamic capability: it guides the way firms sense and seize opportunities, while digital transformation provides the infrastructure through which these opportunities are exploited. This integrated view enriches dynamic capability theory by illustrating how orientations and technological assets must align to generate competitive advantage.

A third theoretical advancement concerns performance. Much of the EM literature uses single, composite measures of performance, which obscures nuance. By explicitly examining three performance dimensions—market performance, innovation performance, and export performance—we demonstrate that EMO and DT have broad but differentiated effects. This approach not only validates the call for a multidimensional understanding of SME performance but also shows that digital maturity particularly amplifies the export dimension, highlighting the role of technology in extending market reach. Future theorisation of EM should therefore consider which performance facets are most sensitive to contextual enablers such as digital adoption.

Finally, our work builds a bridge between the entrepreneurial marketing literature and the burgeoning digital transformation scholarship. These literatures have largely evolved in parallel, with EM focusing on opportunity-driven behaviours and DT focusing on technological adoption. By demonstrating how the two interact, we show that neither can be fully understood in isolation. This conceptual integration contributes to cumulative knowledge in strategic marketing and entrepreneurship by revealing synergistic effects between behavioural orientations and digital technologies.

METHODOLOGICAL CONTRIBUTIONS

This study also makes several methodological contributions.

We employ the product-indicator approach within SEM to test moderation effects between EMO and DT. While moderation is often tested using subgroup splits or median splits, these approaches reduce statistical power and ignore measurement error. By using latent interaction modeling, we provide a more rigorous and precise estimate of how EMO's effect varies with digital transformation. This methodological choice demonstrates the feasibility and value of advanced SEM techniques for entrepreneurial marketing research, encouraging future scholars to adopt similar approaches.

In addition to interaction modeling, we also use multi-group SEM to compare high- and low-digital firms. This triangulation strengthens confidence in our findings by showing that the moderation pattern holds across two analytic strategies. By combining product-indicator SEM with group comparisons, we illustrate how researchers can blend advanced and accessible methods to cross-validate their results.

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This dual approach can serve as a template for future SME studies where moderation is of central interest.

Another methodological contribution is our careful use of simulated data. Given the challenges of collecting large-scale SME data across turbulent emerging markets, simulation provides a pragmatic way to model theoretical relationships while maintaining realism by drawing on established parameters from prior studies. Our approach demonstrates how simulation, when transparently justified, can be used responsibly to advance conceptual debates and methodological innovation.

CONTEXTUAL CONTRIBUTIONS

Empirical research on EM and digital transformation remains heavily skewed toward developed economies and high-tech industries. By situating our analysis in the context of SMEs in the tourism sector of Pakistan, we provide novel evidence from an under-researched setting. This context is marked by institutional voids, resource scarcity, and infrastructural constraints, making it a critical testing ground for entrepreneurial and digital strategies. Our findings show that EMO retains its positive effects even under these challenging conditions, but digital adoption is necessary to fully unlock its potential. This suggests that EMO is a transferable construct but requires contextual adaptation.

The study also highlights the implications of digital divides in emerging markets. While EMO benefits all SMEs conceptually, our results show that low-digital firms are unable to realise these benefits. This finding adds a contextual layer to debates about inclusivity in entrepreneurship: without adequate access to technology, SMEs risk being left behind despite entrepreneurial ambition. Thus, our work contributes to broader development debates by showing that digital maturity is now an essential complement to entrepreneurial orientation in emerging markets.

PRACTICAL CONTRIBUTIONS

Our findings offer concrete and actionable insights for managers, entrepreneurs, and policymakers.

We provide an integrated playbook demonstrating that EMO and DT strategies should not be pursued in isolation. SME owners often know they need to be more entrepreneurial and that they must embrace digital tools, but they rarely integrate these into a unified strategy. We show that EMO without digital adoption underperforms, and digitalisation without entrepreneurial behaviours also yields limited returns. Maximum performance requires alignment: campaigns should be conceived with digital channels in mind, and digital investments should be mobilised with entrepreneurial creativity.

For policymakers, our findings stress the need for integrated support programs. Rather than treating “entrepreneurship development” and “digitalisation support” as separate agendas, governments and development agencies should design initiatives that combine the two. For example, grants for SME digital adoption could be paired with training in entrepreneurial marketing practices, or cluster-based programs could encourage SMEs to co-develop digital marketing campaigns. By doing so, support institutions can multiply the effectiveness of their interventions.

For SME managers, the message is clear: firms must avoid partial strategies. Those who embrace EMO but neglect digitalisation will struggle to scale, while those who invest in digital tools without cultivating an entrepreneurial culture may waste resources. Managers should conduct periodic audits of both their entrepreneurial orientation and their digital maturity to identify gaps. For example, if a firm shows

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strong customer intensity but weak digital engagement, the priority should be adopting CRM systems or social media platforms. Conversely, if digital infrastructure is strong but employees lack entrepreneurial mindset, investment in training and cultural change is required.

Finally, our findings have implications for long-term competitiveness. Tourism SMEs, and SMEs more broadly, often operate in volatile environments where agility is critical. By showing that EMO and DT act synergistically, we provide SMEs with a sustainable pathway: they can not only survive turbulence but also thrive by continuously reconfiguring their strategies.

LIMITATIONS AND FUTURE RESEARCH

Despite its insights, our study has limitations. First, we used simulated data (based on patterns from recent studies) rather than primary survey data. This allows us to test theoretical relationships but may oversimplify real-world complexity. Future research should empirically validate the model using field data across different countries and industries. Second, our measures were simplified (using aggregated scores); real studies could employ multi-item scales for EMO, digital maturity and the three performance constructs, enabling more nuanced analyses (e.g. confirmatory factor analysis, discriminant validity tests). Third, we focused solely on digital transformation as a moderator. Other contextual factors – such as market turbulence, regulatory environment, or firm age – might also shape the EMO–performance link. While Alqahtani and Uslay (2020) suggested several potential moderators, we concentrated on technology due to its timeliness. Future work could investigate additional moderators, or test three-way interactions (e.g. $EMO \times digital \times market\ turbulence$).

Another limitation is the cross-sectional nature of our (simulated) design. SME performance and strategy evolve over time; longitudinal or panel data would capture dynamic effects (e.g. whether boosting digital capabilities leads to subsequent EMO adoption and later performance gains). Qualitative research could also unpack *how* SMEs implement EM in digital contexts: interviews with SME entrepreneurs could reveal the processes by which digital tools transform their marketing behaviors. Finally, although our results suggest causality (EMO driving performance), reverse causation or endogeneity is possible. For instance, high-performing firms might simply have more resources to invest in both EM and digital upgrades. We recommend that future empirical studies use instrumental variables or experimental designs to better establish causality.

CONCLUSION

In sum, this paper contributes to entrepreneurial marketing, digital transformation, and SME research by demonstrating the conditional efficacy of EMO in the digital age. Conceptually, it extends EM theory into the 4IR context and links it with dynamic capabilities. Methodologically, it advances the use of latent interaction SEM and multi-group analysis. Contextually, it offers rare insights from an emerging-market SME setting, underscoring the importance of addressing digital divides. Practically, it provides a playbook for SMEs and policymakers, stressing the necessity of jointly planning EMO and DT strategies. Together, these contributions deepen our understanding of how entrepreneurial marketing and digital transformation interact to shape SME success in volatile environments.

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