



## **Strengthening Marketing Performance through Entrepreneurial Marketing and Absorptive Capacity: Examining Strategic Alignment Mediation and Digital Capability Moderation**

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### **Abstract**

In the context of digital startups in emerging markets, achieving superior marketing performance remains a critical challenge due to rapid environmental changes, intense competition, and limitations in organizational capabilities. Prior studies have emphasized the importance of Entrepreneurial Marketing (EM) and Absorptive Capacity (AC); however, the mechanism through which these capabilities translate into performance, particularly through Strategic Alignment (SA), remains underexplored. In addition, the role of Digital Capability (DC) as a potential boundary condition in strengthening alignment outcomes is still inconclusive. This study aims to examine how EM and AC enhance Marketing Performance (MP) through SA, and whether DC moderates the relationship between SA and MP in Indonesian digital startups. Using survey data from 250 firms and analyzed with Partial Least Squares Structural Equation Modeling (PLS-SEM), the findings reveal that EM and AC significantly strengthen SA, which in turn exerts a strong positive effect on MP. DC also demonstrates a significant direct effect on MP; however, its moderating role in the SA-MP relationship is not supported. These results suggest that while digital capability contributes directly to performance, it does not necessarily amplify the effectiveness of strategic alignment. This study highlights SA as the primary mechanism through which EM and AC translate into superior marketing performance, while positioning DC as an operational enabler rather than a strategic amplifier. Managerially, firms are encouraged to institutionalize alignment practices and leverage digital capability to support execution effectiveness. The study contributes by advancing an integrated alignment-based framework and by clarifying the boundary conditions of digital capability in emerging-market digital startups.

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## **INTRODUCTION**

Global development agendas increasingly recognize innovation and entrepreneurship as central catalysts for sustainable economic growth. This principle is explicitly articulated in the United Nations' Sustainable Development Goals (SDGs), where Goals 8 and 9 underscore the necessity of fostering inclusive growth through industrial innovation and decent work (United Nations, 2015). In line with these frameworks, digital startups have emerged as pivotal instruments for realizing these objectives. By generating new employment, stimulating innovation, and accelerating industrial transformation, these ventures are operationalizing development goals,

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particularly within the context of the advancing adoption of Industry 4.0 technologies (Danil et al., 2025).

The imperative to understand the drivers of success for digital startups is particularly acute within the context of emerging economies, exemplified by Indonesia's remarkably vibrant ecosystem. As Southeast Asia's largest startup landscape, the nation hosted over 2,500 active digital firms in early 2024, underpinning a digital economy valued at over USD 80 billion in 2023 that is projected to surpass USD 130 billion by 2025 (Antara, 2024a). These ventures are not merely engines of national economic growth; they are integral to Indonesia's strategy for realizing Sustainable Development Goal 8 (Decent Work and Economic Growth) and Goal 9 (Industry, Innovation, and Infrastructure) through their respective contributions to job creation and technological advancement.

National statistics substantiate this strategic momentum. While internet penetration reached nearly 73% in 2024 and the information and communication technology (ICT) sector expanded by 7.6%, its contribution to the national GDP remained a modest 4.3%, indicating significant untapped potential (BPS-Statistics Indonesia, 2025). Capitalizing on this, the Indonesian government has pursued vigorous digital transformation initiatives, such as integrating 25.5 million micro, small, and medium enterprises (MSMEs) into the digital ecosystem by mid-2024 (Antara, 2024b). This national strategy directly supports global development mandates, including SDG 8.3 on SME growth, and underscores the critical role of enhancing startup performance in achieving sustainable economic development (United Nations, 2015).

Consequently, this backdrop creates a pressing imperative from scholarly, policy, and practical standpoints to investigate the determinants of marketing performance and long-term viability in digital startups, particularly as their success is integral to achieving broader development objectives.

In addressing this imperative, a growing body of research suggests that the success of digital startups in volatile markets is contingent upon their internal strategic capabilities and adaptability (Foguesatto et al., 2024; Wu et al., 2021). Among these, two interrelated organizational capabilities have emerged as particularly salient for driving marketing performance in dynamic environments: Entrepreneurial Marketing (EM) and Absorptive Capacity (AC).

Entrepreneurial Marketing (EM) is conceptualized as a proactive and innovative approach that infuses market-facing activities with an entrepreneurial mindset, emphasizing opportunity creation, customer engagement, and agility (Sarma et al., 2022; Yadav et al., 2024). This orientation equips nascent firms to rapidly sense and seize new market opportunities, leveraging creativity and flexibility to gain a competitive advantage even under resource constraints (Hanaysha, 2023; Yadav et al., 2024). Prior research has found that EM can significantly improve a venture's capacity to align with fast-changing customer demands and competitive conditions, thereby enhancing performance outcomes (Nwankwo & Kanyangale, 2023; Sarma et al., 2022).

A complementary capability, Absorptive Capacity (AC) defined as a firm's ability to acquire, assimilate, transform, and apply external knowledge is critical for learning and innovation within digital startups, as it enables them to integrate external information such as market trends into strategic decision-making (Hussain et al., 2022; Pu & Liu, 2023). Accordingly, empirical evidence demonstrates that strong AC improves strategic adaptation and performance in shifting market conditions (Hussain et al., 2022). This capability is especially vital in technologically dynamic environments, where it facilitates the conversion of external knowledge, like customer feedback or emergent tech insights, into actionable marketing strategies (Senivongse & Bennet, 2024).

Both EM and AC are thus conceptualized as dynamic capabilities that enable startups to maintain continuous alignment with their evolving environment (Alshahrani & Salam, 2024). Scholars have theorized a synergistic interplay between these two capabilities: EM provides the opportunistic and innovative orientation, while AC supplies the learning and knowledge integration mechanism, which together allow a firm to better synchronize its strategic direction with market needs (Rahim et al., 2020).

Central to this framework is the concept of Strategic Alignment (SA), defined as the coherence between a firm's strategy, resources, and processes with its environmental context and objectives. In established firms, robust SA is well-documented to enhance performance by unifying organizational efforts toward common goals (Filho & Albertin, 2024; Hooper et al., 2010). We argue

that for digital startups in volatile markets, the individual contributions of capabilities like EM and AC are contingent upon their integration into a focused strategic direction. Therefore, this study posits that SA functions as the critical mediating mechanism through which the potential of EM and AC is translated into realized marketing performance.

Finally, given their intrinsic reliance on technology, a startup's Digital Capability (DC) a multifaceted construct encompassing not just technical infrastructure but also the digital skills and innovation-oriented culture needed to leverage data effectively (Keller et al., 2022) is proposed as a key moderating variable. Strong DC provides the technological agility to efficiently execute aligned strategies and pivot in response to market feedback, thereby amplifying performance outcomes (Shah et al., 2023; H. Wang & Li, 2023). In contrast, a lack of such capability can nullify the benefits of an otherwise sound strategy in today's digitally-intensive markets (Rehman, 2025). We therefore expect DC to positively moderate the relationship between strategic alignment and marketing performance, such that this linkage is stronger within digitally adept startups.

Despite the growing acknowledgment of these factors, significant scholarly gaps persist, as empirical research on the direct performance effects of Entrepreneurial Marketing (EM) and Absorptive Capacity (AC) has produced ambiguous and often contradictory findings. The performance impact of EM, for instance, is frequently reported as highly context-dependent, contingent on factors like environmental dynamism, a firm's knowledge base, or its digital preparedness (Chen et al., 2021; Ma et al., 2024; Pathak et al., 2024; Senivongse & Bennet, 2024). These discrepancies have left a central theoretical puzzle unresolved namely, what underlying mechanisms and boundary conditions govern the translation of EM and AC into improved marketing performance. A primary limitation contributing to this ambiguity is the tendency in prior studies to examine these capabilities in isolation, thereby overlooking their potential synergistic interplay and the role of intermediate strategic factors.

This ambiguity is compounded by a significant contextual gap: the bulk of existing evidence originates from general SMEs or traditional industries in developed nations, limiting the generalizability of current models to the unique environment of digital startups in emerging markets. Furthermore, a methodological gap exists, as few studies have employed integrated frameworks to capture the complex interplay among capabilities; moderated-mediation approaches, while capable of yielding deeper insights, remain rare in entrepreneurship and marketing research (Sherani et al., 2025). Consequently, a nuanced understanding of how internal capabilities (EM, AC) translate into strategic alignment under the conditional influence of external enablers (DC) is absent. Addressing this void is not only a scholarly priority but also a practical imperative, as current recommendations for startup development may prove ineffective without a holistic model of the capability configurations that drive success (Sherani et al., 2025).

To address the identified gaps, this study proposes and empirically tests a comprehensive model that integrates entrepreneurial marketing, absorptive capacity, strategic alignment, and digital capability to explain the marketing performance of digital startups. Drawing upon the Resource-Based View (RBV) and Dynamic Capabilities Theory, our framework posits that the performance impact of key capabilities like EM and AC is not direct, but is instead channeled through the mediating mechanism of strategic alignment and reinforced by the moderating effect of digital capability.

This study presents a novel integrative framework, offering four primary contributions. First, it synthesizes the distinct research streams on Entrepreneurial Marketing (EM) and Absorptive Capacity (AC) by examining their joint influence on strategic outcomes, whereas prior work has typically treated them in isolation. Second, it theorizes Strategic Alignment as the critical mediating mechanism that explains how these capabilities are converted into performance, thereby extending alignment theory into the entrepreneurship domain. Third, the model incorporates Digital Capability as a key boundary condition, responding to recent scholarly calls to investigate the contingent nature of firm performance in the digital era (Sherani et al., 2025; L. Wang et al., 2021). Finally, by focusing empirically on Indonesian digital startups, the research addresses a significant geographical and sectoral gap, providing crucial evidence from a major emerging market in a literature dominated by studies of developed economies.

This research offers significant theoretical contributions by advancing the Resource-Based View (RBV) and dynamic capabilities literature. It empirically validates an integrated capability-to-

performance path, demonstrating how entrepreneurial orientation (EM) and knowledge absorption (AC) are translated into marketing success through the mediating mechanism of strategic fit and the moderating influence of technology enablement. The study thus provides a more nuanced, holistic model of capability interactions applicable to the contemporary digital era.

The findings also yield important practical implications, offering actionable guidance for startup founders, investors, and policymakers on the strategic development of internal capabilities. The results suggest that to enhance marketing performance, digital startups should simultaneously cultivate an entrepreneurial mindset alongside absorptive learning processes, ensure these are tightly aligned with overall strategy, and invest in the digital tools and skills necessary to support execution. Such insights can empower startups to not only survive but thrive, thereby contributing to Indonesia's digital economy and its broader SDG agenda.

In summary, this study provides a timely and integrative exploration of how entrepreneurial and knowledge-based capabilities drive marketing success through strategic alignment and under the enabling influence of digital capability a topic of critical urgency for both theory and practice in the contemporary digital startup landscape.

### ***Theoretical Gaps in Integrative Frameworks***

A significant theoretical gap exists in the literature concerning the unification of Entrepreneurial Marketing (EM), Absorptive Capacity (AC), Strategic Alignment (SA), and Digital Capability (DC) within a cohesive performance model. Prevailing research has predominantly examined these constructs in a fragmented manner, either individually or in pairs. For instance, while the synthesis of knowledge absorption and entrepreneurial action is deemed crucial for performance, its combined influence remains significantly under-explored (Jiménez-Barrionuevo et al., 2019). This lack of integration is notable, given that AC is established as a central capability for exploiting external knowledge for performance gains (Jiménez-Barrionuevo et al., 2019) while EM fuses entrepreneurship and marketing to drive innovation in resource-constrained environments (Sulaiman et al., 2024).

This theoretical fragmentation is particularly evident concerning the roles of Strategic Alignment (SA) and Digital Capability (DC). Foundational work, for instance, implies that the performance outcomes of AC are contingent upon organizational factors like strategic alignment, reinforcing the necessity of its explicit inclusion in new models (Mubarik et al., 2025). Likewise, the role of DC in conjunction with EM and AC remains under-theorized, with recent scholarship noting its performance impact has been "unintentionally disregarded" in prior research (Bui & Le, 2023). To remedy this, the present study proposes a unified model that bridges these distinct entrepreneurial, knowledge-based, alignment, and digital capabilities to explain marketing performance. Such an integrative approach responds to scholarly calls for more holistic capability-performance frameworks (Jiménez-Barrionuevo et al., 2019), extending theory by examining how EM and AC, supported by SA and DC, can synergistically drive superior marketing outcomes in digital startups.

A methodological gap is also apparent, as the literature linking capabilities to performance is characterized by a scarcity of advanced analytical approaches. A significant methodological gap is also apparent, as prior research linking capabilities to performance has predominantly relied on simplistic linear or simple mediation models, rarely integrating moderators and mediators simultaneously. The introduction of a moderating variable is often, in itself, treated as a novel contribution in this research stream. The assertion by (Sulaiman et al., 2024) that adding a moderator represented a significant theoretical step implies that earlier studies did not sufficiently probe such conditional effects. Consequently, past findings may oversimplify capability-performance dynamics by ignoring crucial interaction effects. The present study addresses this methodological limitation by employing a moderated mediation analysis (using PLS-SEM) to capture this nuanced interplay. Our approach tests Strategic Alignment as a mediator while simultaneously evaluating how Digital Capability conditions these indirect effects, thereby providing a more granular understanding of when and how entrepreneurial and absorptive capabilities translate into performance outcomes.

A significant contextual gap is evident in the literature, which is predominantly focused on developed economies or traditional SME settings. This focus has resulted in a scarcity of empirical

studies on digital startups in emerging markets, with scholarly work noting a particular dearth of investigations into the performance impact of EM in developing countries (Hanaysha & Al-Shaikh, 2022). This omission is critical, as the unique operational context of Indonesian startups characterized by rapid growth and hyper-competitive markets is not adequately captured by existing theoretical models. While Indonesia's digital economy expanded over fourfold (414% from 2017 to 2021) to foster a world-leading startup scene (Oxford Business Group, 2024), academic inquiry has not kept pace with this expansion. The dynamics in such environments, where firms must rely on strategic agility to survive intense competition from incumbents (Sulaiman et al., 2024), likely alter how capabilities translate into performance. Consequently, the generalizability of established theories remains largely unverified in this setting, a void the present study directly addresses by providing insights tailored to this high-growth emerging market.

### ***Inconsistencies in Prior Findings***

Finally, the extant literature is marked by inconsistent empirical findings concerning the performance effects of EM, AC, and DC, reinforcing the need for an integrative, moderated-mediation approach. Within the entrepreneurial marketing domain, for example, results have been notably inconsistent; while some studies report a significant positive effect of EM on performance, others find the relationship ambiguous or context-dependent, with the overall evidence base being described as "insufficient" and inconclusive due to "dissimilar outcomes" (Hanaysha & Al-Shaikh, 2022). Such discrepancies suggest the influence of unexamined intervening or situational factors. The link between absorptive capacity and performance has likewise been subject to considerable debate.

The performance linkage of Absorptive Capacity (AC) has similarly been debated, with some analyses indicating its impact is predominantly indirect channeled through intermediaries like innovation generation rather than directly enhancing financial outcomes (Zou et al., 2018). Indeed, the seminal framework by Zahra and George posits that without sufficient internal alignment or utilization, a firm's capacity for knowledge absorption may fail to translate into superior results (Zahra & George, 2002). This theoretical lens offers a potential explanation for the inconsistent findings in the literature, suggesting that strategic alignment may be the critical differentiating factor between firms that successfully convert high AC into strong performance and those that do not.

A similar pattern of inconsistency is evident for Digital Capability (DC). Although frequently theorized as a performance enhancer, its empirical support is varied. Recent work confirms that strong digital capabilities can positively impact firm performance, particularly by improving operational learning and connectivity (Bui & Le, 2023). However, other research indicates that technology adoption alone is insufficient to guarantee success, as its performance benefits are contingent upon complementary factors. For example, the value derived from IT and digital resources is fully realized only when they are aligned with business strategy and processes (Pashutan et al., 2022). This contingency is especially pertinent for startups in emerging markets, where limited organizational readiness or strategic misalignment can substantially mitigate the potential returns from investments in digital tools.

Collectively, these inconsistent findings underscore the urgent need for a unified capability-performance framework. By incorporating strategic alignment as a mediator and digital capability as a moderator, this study provides a potential mechanism to reconcile these empirical contradictions. The model explicitly tests whether the influence of EM and AC on marketing performance is channeled through strategic alignment, and whether the strength of this indirect effect is contingent upon high digital capability conditions. In doing so, this research moves beyond the conflicting evidence in prior studies by offering a more coherent explanation for how entrepreneurial and absorptive capabilities jointly produce superior marketing performance when appropriately aligned and digitally supported.

### **HYPOTHESIS**

The conceptual model for this study delineates a framework comprising five key variables: Entrepreneurial Marketing (EM), Absorptive Capacity (AC), Strategic Alignment (SA), Digital Capability (DC), and Marketing Performance (MP). Within this model, EM is positioned as a

strategic capability that enables organizations to proactively identify and address market opportunities (Mahdi et al., 2024; Yadav et al., 2024). By fostering creativity in marketing and serving as a mechanism for detecting market fluctuations, EM helps firms formulate adaptive responses. Consequently, the consistent implementation of this capability is theorized to enhance Strategic Alignment (SA), as organizations utilizing EM tend to adjust their business strategies in response to market dynamics (Iqbal et al., 2023).

Similarly, Absorptive Capacity (AC) is crucial for processing external knowledge, such as market data and technological advancements (Foguesatto et al., 2024). By enhancing strategic decision-making and aligning internal strategy with the external environment, AC is thus foundational to the development of a responsive, data-driven Strategic Alignment (SA). Consequently, SA is positioned as the central mediator in this framework, channeling the influence of both EM and AC toward Marketing Performance (MP). This suggests that the ultimate effectiveness of these capabilities is contingent upon the coherence of the firm's strategy with its market dynamics, internal resources, and technological assets (Makhloufi, 2023; Rehman, 2025).

Furthermore, the impact of Strategic Alignment (SA) on Marketing Performance (MP) is theorized to be enhanced by a firm's Digital Capability (DC). DC is positioned as a moderating variable that amplifies the SA–MP relationship, as organizations with advanced digital capabilities can achieve more effective and agile execution of their integrated strategies (Dang & Merino, 2024). In summary, this framework positions EM and AC as key antecedents, SA as the mediator, and DC as the moderator of the capability-performance linkage. This model thereby offers novel insights into the synergistic integration of entrepreneurial, knowledge-based, strategic, and digital capabilities in driving marketing performance within the digital startup landscape.

### ***Entrepreneurial Marketing → Strategic Alignment***

Entrepreneurial Marketing (EM) is conceptualized as the infusion of entrepreneurial attributes into a firm's adaptive marketing strategies (Yadav et al., 2024). Framed within the Dynamic Capabilities perspective, EM functions as a critical sensing capability that equips organizations to respond swiftly to market volatility (Yadav et al., 2024). This strategic orientation enables firms to proactively influence market trends through innovative and agile approaches (Hanaysha, 2023).

Prior research demonstrates that Entrepreneurial Marketing (EM) improves the congruence between business strategies and internal processes by fostering organizational flexibility and a culture receptive to change (Nwankwo & Kanyangale, 2020; Sarma et al., 2022). Through its consistent execution, EM facilitates a more adaptive strategic alignment, which is especially critical for startups as they seek to harmonize their strategies, resources, and unique value proposition with dynamic market conditions (Hanaysha, 2023; Nwankwo & Kanyangale, 2020; Sarma et al., 2022).

Conversely, the relationship between EM and effective alignment is not unconditionally positive. Some research suggests that in organizations characterized by structural rigidity or a lack of support for experimentation, entrepreneurial marketing efforts can lead to strategic fragmentation and an unclear directional focus (Gong et al., 2021). This incongruence between the adaptive nature of EM and bureaucratic inertia can impede the formation of cohesive strategies and undermine their subsequent execution. Given the mixed empirical findings alongside EM's conceptual importance as a sensing capability, it is therefore crucial to evaluate its impact on Strategic Alignment within the fast-paced context of digital startups.

Research confirms that startups leveraging Entrepreneurial Marketing (EM) can achieve enhanced marketing performance, which often manifests in more integrated and adaptable business strategies (Sarma et al., 2022). Nevertheless, a significant challenge for these ventures is sustaining antifragility and continuous innovation amid dynamic environmental shifts (Corvello et al., 2024). In this context, leveraging knowledge from the local entrepreneurial ecosystem has been identified as a key factor in enhancing a firm's adaptive capacity to respond to market dynamics (Fotopoulos, 2023).

Based on the preceding theoretical discussion, this study's first hypothesis posits that Entrepreneurial Marketing (EM) has a positive influence on Strategic Alignment. This proposition is grounded in the logic that the effective implementation of EM with its emphasis on sensing and

responding to market dynamics fosters greater coherence between the business and operational strategies of digital startups.

H1: Entrepreneurial Marketing has a positive effect on Strategic Alignment.

### **Absorptive Capacity → Strategic Alignment**

As a key component of the Dynamic Capabilities paradigm, Absorptive Capacity (AC) is defined by a firm's ability to process and strategically apply external information for competitive advantage (Lim & Ok, 2023; Senivongse & Bennet, 2024). Within today's rapidly evolving digital ecosystem, this capability functions as a critical learning mechanism, serving as a catalyst for developing strategies that are closely aligned with external dynamics (Ponce-Espinosa et al., 2022).

Extant research confirms that a high degree of absorptive capacity significantly enhances a firm's ability to adapt its strategies to market volatility (Hussain et al., 2022). This is because AC enables management to effectively harness external market intelligence, discern relevant insights, and integrate this knowledge into more responsive organizational strategies (Pu & Liu, 2023). This function positions AC as a critical driver of dynamic strategic adaptability, making it an indispensable capability for knowledge-intensive organizations such as digital startups (Stettler et al., 2025).

However, the scholarly literature also cautions that an unguided expansion of absorptive capacity (AC) can lead to dysfunctional outcomes, including information overload, interdepartmental friction, and convoluted decision-making processes (Hussain et al., 2022; Pu & Liu, 2023). Under such conditions, a firm's enhanced ability to acquire knowledge may fail to materialize as coherent strategic action, creating a critical disconnect between market insight and organizational execution (Pu & Liu, 2023). This potential for misalignment necessitates a re-examination of AC's impact on strategic alignment, a particularly salient issue for startups that must balance operational agility with strategic focus (Proença & Martins, 2024).

Accordingly, this study's second hypothesis posits that Absorptive Capacity positively influences Strategic Alignment. This proposition is grounded in the logic that a firm's ability to effectively manage external knowledge enhances the congruence between its strategic direction and prevailing market demands.

H2: Absorptive Capacity has a positive effect on Strategic Alignment.

### **Strategic Alignment → Marketing Performance**

Strategic Alignment (SA) refers to the coherence among a firm's business strategies, internal processes, and resource allocation in achieving shared objectives; a high degree of alignment enables organizations to orient their managerial systems toward delivering customer value (Filho & Albertin, 2024). Within the Dynamic Capabilities framework, SA is conceptualized as a reconfigurable capability that translates insights from environmental sensing and knowledge assimilation into executable strategies (Abourobah et al., 2023).

A substantial body of research indicates that a high degree of Strategic Alignment enhances strategy implementation and accelerates marketing performance. This is achieved through more targeted marketing activities, optimized resource allocation, and greater strategic agility in dynamic environments. Reinforcing this view, Hooper et al. (2010) demonstrated that alignment between IS and marketing functions has a significant positive effect on overall business and marketing outcomes, highlighting the benefits of effective integration.

Conversely, some research cautions that an overly rigid strategic alignment can stifle innovation and organizational agility, thereby compromising a firm's capacity to adapt to rapid market shifts. Scholars argue that in dynamic environments, particularly for digital startups, strategic flexibility is paramount for pivoting business models and responding to external dynamics, implying that a rigid alignment may hinder rather than help innovation (Balta et al., 2024; Foguesatto et al., 2024; Li & Sukpasjaroen, 2024). While acknowledging the importance of this balance, the foundational premise of this study is that a coherent strategic direction remains a primary driver of performance. Therefore, the third hypothesis is proposed as follows:

H3: Strategic Alignment has a positive effect on Marketing Performance.

### ***Digital Capability as a Moderator Variable***

Digital capabilities (DC) represent a firm's proficiency in using digital technologies to improve operational efficiency, accelerate decision-making, and drive innovation (Keller et al., 2022). From a Dynamic Capabilities perspective, DCs function as enablers of organizational agility, allowing firms to respond to market shifts by integrating technology and data analytics into their management frameworks (Keller et al., 2022). Critically, in relation to strategic alignment, DC furnishes the essential infrastructure for ensuring that aligned strategies are executed with precision, timeliness, and data-driven accuracy (J. Wang & Du, 2023).

Extant research indicates that a high degree of digital capability enables firms to more fully realize the benefits of strategic alignment, thereby achieving superior marketing performance (Teguh et al., 2022). Essentially, DC functions as an execution engine, accelerating the translation of aligned strategies into tangible initiatives such as scalable campaigns, personalized customer messaging, and automated value delivery. This digital facilitation ensures that a firm's strategic plans can be implemented with greater agility and competitiveness in the marketplace (Rehman, 2025; Teguh et al., 2022).

A lack of synergy between digital capability and business strategy can severely undermine marketing performance. Without sufficient DC, even a well-conceived strategic alignment may fail to translate into responsive marketing actions a critical vulnerability for startups in fast-paced markets (Rehman, 2025). This view is consistent with literature identifying DC not merely as a guide for digitization, but as a crucial moderator that enhances the relationship between SA and marketing performance (H. Wang & Li, 2023). Therefore, this study will investigate this moderating function, positing that DC facilitates the conversion of strategy into measurable marketing practices and strengthens a firm's adaptive competitive capabilities (Proksch et al., 2024).

It is therefore imperative to assess whether digital capabilities amplify the effect of strategic alignment on marketing performance. This inquiry is especially critical for digital startups, whose viability hinges on both technological leverage and the capacity for rapid market adaptation.

H4: Digital Capabilities reinforce the influence of Strategic Alignment on Marketing Performance.

## **METHOD**

This study employed a quantitative methodology, collecting data through structured online questionnaires. The target population comprised digital startups from various sectors across Indonesia, from which a sample of 250 respondents consisting of owners, managers, and administrators was obtained via purposive sampling. The measurement scales for the core constructs (Entrepreneurial Marketing, Absorptive Capacity, Strategic Alignment, Digital Capability, and Marketing Performance) were adapted from foundational theoretical literature. Specifically, indicators for Entrepreneurial Marketing were drawn from Morris et al. (2020), Absorptive Capacity from Zahra and George (2002), Strategic Alignment from Venkatraman (1989), and Digital Capability from Teece et al (1997). The scale for Marketing Performance was adapted from standard industry metrics. The collected data were subsequently analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM).

### ***Figures and Tables***

Table 1 outlines the demographic profile of the 250 study participants. The sample was drawn from various regions across Indonesia, with a notable concentration of respondents from Java Island.

**Table 1.** Respondent's Demographics

City/District	Frequency	%
Bali	1	0.4
Banten	14	5.6
Bengkulu	2	0.8
DI Yogyakarta	5	2.0
DKI Jakarta	57	22.8
Gorontalo	2	0.8
Jambi	1	0.4
Jawa Barat	64	25.6
Jawa Tengah	26	10.4
Jawa Timur	43	17.2
Kalimantan Selatan	3	1.2
Kalimantan Timur	2	0.8
Lampung	2	0.8
Nanggroe Aceh Darussalam	2	0.8
Nusa Tenggara Barat	1	0.4
Riau	1	0.4
Sulawesi Selatan	5	2.0
Sulawesi Utara	1	0.4
Sumatera Selatan	2	0.8
Sumatera Utara	16	6.4
Total	250	100.0

As detailed in Table 2, the sample of 250 respondents comprises 133 males (53.2%) and 117 females (46.8%), revealing a relatively balanced gender distribution.

**Table 2.** Respondent's Gender

Gender	Unit	%
Male	133	53.2
Female	117	46.8
Total	250	100.0

As shown in Table 3, the sample is predominantly composed of respondents with a Bachelor's degree (53.2%) and Senior High School graduates (31.2%). Smaller cohorts include Diploma holders (10.4%) and those with Master's degrees (4.4%), while Elementary School and Doctoral degree holders each represent 0.4% of the sample.

**Table 3.** Respondent's Education Level

Education Level	Frequency	%
Diploma	26	10.4
Elementary School	1	0.4
Senior High School	78	31.2
Bachelor's Degree	133	53.2
Master's Degree	11	4.4
Doctorate/Ph.D.	1	0.4
Total	250	100.0

Table 4 details the socioeconomic status (SES) of the participants, showing a sample primarily composed of individuals from the upper (52.0%) and middle (38.4%) classes. A smaller proportion of respondents belong to the lower class (9.6%). Collectively, these figures indicate the sample originates predominantly from favorable socioeconomic backgrounds.

**Table 4.** Respondent's Socioeconomic Status Grade

SSE Grade	Frequency	%
Lower	24	9.6
Middle	96	38.4
Upper	130	52.0
Total	250	100.0

## RESULTS AND DISCUSSION

The analysis is based on 250 valid responses collected from owners, managers, and administrators of digital startups across Indonesia. The demographic profile of respondents, summarized in Tables 1–4, indicates a balanced gender distribution, relatively high educational attainment, and a predominance of respondents from upper and middle socioeconomic groups. Geographically, most respondents are concentrated on Java Island, particularly in West Java, DKI Jakarta, and East Java. These characteristics suggest that the sample adequately represents digitally active startup ecosystems in Indonesia.

Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) to examine the relationships among Entrepreneurial Marketing, Absorptive Capacity, Strategic Alignment, Digital Capability, and Marketing Performance. Table 5 presents the results of the measurement model evaluation. The findings confirm that all constructs meet the required criteria for reliability and convergent validity. Specifically, all indicator outer loadings exceed the recommended threshold of 0.70, indicating strong indicator reliability. In addition, the Average Variance Extracted (AVE) values for all constructs are above 0.50, demonstrating adequate convergent validity. Cronbach's Alpha values also surpass the 0.70 benchmark, confirming satisfactory internal consistency. Overall, these results indicate that the measurement model is both valid and reliable, allowing for further analysis of the structural model.

Table 5. Construct Validity and Reliability

Indicator		Outer Loading	Mean	Cronbach Alpha	AVE
<b>Entrepreneurial Marketing</b>					
EM1	Proactiveness	0.864	6.02	0.931	0.710
EM2	Innovativeness	0.886	6.236		
EM3	Risk-Taking	0.774	6.004		
EM4	Opportunity Focus	0.846	6.06		
EM5	Resource Leveraging	0.888	6.144		
EM6	Customer Intensity	0.817	6.344		
EM7	Value Creation	0.816	6.324		
<b>Absorptive Capacity</b>					
AC1	Acquisition	0.890	6.172	0.929	0.825
AC2	Assimilation	0.923	6.144		
AC3	Transformation	0.931	6.248		
AC4	Exploitation	0.889	6.208		
<b>Strategic Alignment</b>					
SA1	Strategic/Intellectual Alignment	0.918	6.08	0.919	0.861
SA2	Social Alignment	0.935	6.124		
SA3	Cross-Domain Alignment	0.930	6.152		
<b>Digital Capability</b>					
DC1	Digital Sensing	0.913	6.132	0.899	0.831
DC2	Digital Seizing	0.917	6.036		
DC3	Digital Transformation	0.905	6.12		
<b>Marketing Performance</b>					
MP1	Sales Growth	0.906	5.852	0.933	0.789
MP2	Market Share	0.895	5.812		
MP3	Customer Acquisition & Retention	0.884	6.08		
MP4	Profitability	0.920	5.924		
MP5	Brand Awareness & Satisfaction	0.834	6.02		
DCxSA	Digital Capability x Strategic Alignment	1.000			

Discriminant validity is confirmed for all constructs based on the Fornell–Larcker criterion, as presented in Table 6. The square root of the Average Variance Extracted (AVE) for each latent variable, indicated on the diagonal elements, exceeds its correlations with other constructs in the model. This demonstrates that each construct shares greater variance with its own indicators than with other latent variables, thereby confirming its empirical distinctiveness. Overall, these findings indicate that the measurement model satisfies the discriminant validity requirement and that each construct captures a unique aspect of the conceptual framework.

**Table 6.** Construct Discriminant validity

	<b>Absorptive Capacity</b>	<b>Digital Capability</b>	<b>Entrepreneurial Marketing</b>	<b>Marketing Performance</b>	<b>Strategic Alignment</b>	<b>Digital Capability x Strategic Alignment</b>
<b>AC1</b>	<b>0.890</b>	0.785	0.810	0.677	0.733	-0.494
<b>AC2</b>	<b>0.923</b>	0.805	0.830	0.718	0.753	-0.524
<b>AC3</b>	<b>0.931</b>	0.782	0.823	0.720	0.793	-0.606
<b>AC4</b>	<b>0.889</b>	0.772	0.825	0.776	0.826	-0.631
<b>DC1</b>	0.764	<b>0.913</b>	0.753	0.689	0.733	-0.537
<b>DC2</b>	0.852	<b>0.917</b>	0.840	0.732	0.800	-0.571
<b>DC3</b>	0.749	<b>0.905</b>	0.748	0.738	0.793	-0.569
<b>EM1</b>	0.777	0.721	<b>0.864</b>	0.626	0.682	-0.489
<b>EM2</b>	0.795	0.780	<b>0.886</b>	0.674	0.747	-0.560
<b>EM3</b>	0.675	0.650	<b>0.774</b>	0.582	0.632	-0.450
<b>EM4</b>	0.775	0.755	<b>0.846</b>	0.696	0.768	-0.521
<b>EM5</b>	0.828	0.769	<b>0.888</b>	0.732	0.753	-0.545
<b>EM6</b>	0.765	0.708	<b>0.817</b>	0.670	0.716	-0.586
<b>EM7</b>	0.712	0.655	<b>0.816</b>	0.646	0.667	-0.524
<b>MP1</b>	0.707	0.679	0.678	<b>0.906</b>	0.732	-0.516
<b>MP2</b>	0.696	0.712	0.692	<b>0.895</b>	0.761	-0.529
<b>MP3</b>	0.714	0.711	0.721	<b>0.884</b>	0.737	-0.510
<b>MP4</b>	0.755	0.711	0.747	<b>0.920</b>	0.801	-0.564
<b>MP5</b>	0.667	0.695	0.652	<b>0.834</b>	0.699	-0.502
<b>SA1</b>	0.759	0.809	0.770	0.761	<b>0.918</b>	-0.622
<b>SA2</b>	0.839	0.786	0.796	0.796	<b>0.935</b>	-0.632
<b>SA3</b>	0.785	0.776	0.784	0.784	<b>0.930</b>	-0.658
<b>DC x SA</b>	-0.623	-0.613	-0.625	-0.591	-0.687	<b>1.000</b>

The explanatory power of the structural model was evaluated using the coefficient of determination (R<sup>2</sup>), with results presented in Table 7. The predictor variables accounted for a substantial portion of the variance in the endogenous constructs, explaining 76.0% of the variance in Strategic Alignment (R<sup>2</sup> = 0.760) and 72.7% of the variance in Marketing Performance (R<sup>2</sup> = 0.727). These strong R<sup>2</sup> values indicate that the model possesses high predictive power.

**Table 7.** R-square value

	<b>R-square</b>
Marketing Performance	<b>0.727</b>
Strategic Allignment	<b>0.760</b>

The effect size ( $f^2$ ) of each predictor on its respective endogenous variable was assessed, with the results detailed in Table 8. Strategic Alignment exerted the largest influence, showing a medium effect on Marketing Performance ( $f^2 = 0.313$ ). Absorptive Capacity also had a medium effect on Strategic Alignment ( $f^2 = 0.196$ ). The effects of Entrepreneurial Marketing on Strategic Alignment ( $f^2 = 0.110$ ) and Digital Capability on Marketing Performance ( $f^2 = 0.072$ ) were small-to-medium and small, respectively. Notably, the interaction term (Digital Capability  $\times$  Strategic Alignment) demonstrated a negligible effect ( $f^2 = 0.000$ ) on Marketing Performance.

**Table 8.** f-square

	<i>f-square</i>
Absorptive Capacity -> Strategic Alignment	0.196
Digital Capability -> Marketing Performance	0.072
Entrepreneurial Marketing -> Strategic Alignment	0.110
Strategic Alignment -> Marketing Performance	0.313
Digital Capability x Strategic Alignment -> Marketing Performance	0.000

The predictive relevance of the structural model was confirmed using the  $Q^2$  predict statistic, with results presented in Table 9. The values for the endogenous constructs—Marketing Performance ( $Q^2_{\text{predict}} = 0.671$ ) and Strategic Alignment ( $Q^2_{\text{predict}} = 0.750$ )—both substantially exceeded the minimum threshold of 0.35. These findings affirm that the model possesses high predictive power for the study's key outcome variables.

**Table 9.**  $Q^2$  predict

	$Q^2_{\text{predict}}$
Marketing Performance	0.671
Strategic Alignment	0.750

The overall fit of the structural model was evaluated using the Standardized Root Mean Square Residual (SRMR) and the Normed Fit Index (NFI), as detailed in Table 10. The model's SRMR value of 0.050 falls comfortably below the maximum threshold of 0.08. This result, combined with an NFI value of 0.847 that approaches the recommended 0.90 benchmark, collectively indicates an acceptable fit between the proposed model and the empirical data.

**Table 10.** Standardized Root Mean Square Residual (SRMR) and the Normed Fit Index (NFI)

	<i>Saturated model</i>	<i>Estimated model</i>
SRMR	0.045	0.050
NFI	0.848	0.847

Table 11 presents the results of the path analysis, confirming several significant direct relationships within the model. Entrepreneurial Marketing ( $\beta = 0.382$ ,  $p = 0.002$ ) and Absorptive Capacity ( $\beta = 0.510$ ,  $t = 4.650$ ,  $p < 0.001$ ) both exert significant positive effects on Strategic Alignment, indicating that firms with stronger entrepreneurial orientation and knowledge absorption capabilities are better positioned to achieve alignment. Furthermore, Strategic Alignment emerges as the strongest predictor of Marketing Performance ( $\beta = 0.606$ ,  $p < 0.001$ ), highlighting its central role in translating organizational capabilities into performance outcomes. Digital Capability also demonstrates a significant direct positive effect on Marketing Performance ( $\beta = 0.267$ ,  $t = 2.753$ ,  $p = 0.006$ ), suggesting its importance as an enabling factor in improving firm performance. However, the moderating effect of Digital Capability on the relationship between Strategic Alignment and Marketing Performance is not supported, as the interaction term is not statistically significant ( $\beta = -0.004$ ,  $p = 0.853$ ). This finding indicates that Digital Capability does not strengthen the impact of Strategic Alignment on performance.

**Table 11.** Hypothesis Testing Results and Path Coefficient

	<i>Original sample (O)</i>	<i>Sample mean (M)</i>	<i>Standard deviation (STDEV)</i>	<i>T statistics ( O/STDEV )</i>	<i>P values</i>
Absorptive Capacity -> Strategic Allignment	0.510	0.509	0.110	4.650	0.000
Digital Capability -> Marketing Performance	0.267	0.282	0.097	2.753	0.006
Entrepreneurial Marketing -> Strategic Allignment	0.382	0.385	0.123	3.118	0.002
Strategic Allignment -> Marketing Performance	0.606	0.597	0.097	6.266	0.000
Digital Capability x Strategic Allignment -> Marketing Performance	-0.004	0.002	0.022	0.185	0.853

The results of the direct effects analysis indicate several significant relationships within the model. Absorptive Capacity has a positive and significant effect on Strategic Alignment ( $\beta = 0.510$ ,  $t = 4.650$ ,  $p < 0.001$ ), suggesting that firms with stronger knowledge absorption capabilities are better able to achieve strategic alignment. Similarly, Entrepreneurial Marketing also exerts a significant positive influence on Strategic Alignment ( $\beta = 0.382$ ,  $p = 0.002$ ), indicating that an entrepreneurial marketing approach supports alignment efforts. In terms of performance outcomes, Strategic Alignment emerges as the strongest predictor of Marketing Performance ( $\beta = 0.606$ ,  $p < 0.001$ ), highlighting its central role in driving marketing success. Digital Capability also demonstrates a significant direct positive effect on Marketing Performance ( $\beta = 0.267$ ,  $t = 2.753$ ,  $p = 0.006$ ), indicating its importance as an enabling factor. However, the moderating effect of Digital Capability on the relationship between Strategic Alignment and Marketing Performance is not supported, as the interaction term is not statistically significant ( $\beta = -0.004$ ,  $p = 0.853$ ). These findings suggest that while digital capability contributes directly to performance, it does not strengthen the impact of strategic alignment.

Table 12 presents the results of the mediation effect testing in the research model. The indirect effect of Entrepreneurial Marketing on Marketing Performance through Strategic Alignment is statistically significant ( $\beta = 0.232$ ;  $p < 0.001$ ). Likewise, the indirect relationship between Absorptive Capacity and Marketing Performance, mediated by Strategic Alignment, is also significantly positive ( $\beta = 0.309$ ;  $p = 0.001$ ). These findings indicate that Strategic Alignment effectively mediates the relationships between both independent variables and Marketing Performance, highlighting the critical role of strategic alignment in enhancing marketing outcomes.

**Table 12.** Results of Mediation Effects Testing in the Research Model

	<i>Original sample (O)</i>	<i>Sample mean (M)</i>	<i>Standard deviation (STDEV)</i>	<i>T statistics ( O/STDEV )</i>	<i>P values</i>
Entrepreneurial Marketing -> Strategic Allignment -> Marketing Performance	0.232	0.226	0.072	3.221	0.001
Absorptive Capacity -> Strategic Allignment -> Marketing Performance	0.309	0.307	0.093	3.318	0.001

The indirect effects analysis reveals that Strategic Alignment plays a significant mediating role in linking organizational capabilities to Marketing Performance. Specifically, Entrepreneurial Marketing demonstrates a positive and significant indirect effect on Marketing Performance through Strategic Alignment ( $\beta = 0.232$ ,  $p = 0.001$ ), indicating that its impact on performance is primarily realized by strengthening alignment within the organization. Similarly, Absorptive Capacity also exerts a significant positive indirect effect on Marketing Performance via Strategic Alignment ( $\beta = 0.309$ ,  $p = 0.001$ ), suggesting that the firm's ability to absorb and utilize external knowledge enhances performance outcomes mainly through improved alignment. These findings confirm the central role of Strategic Alignment as a key mechanism through which both Entrepreneurial Marketing and Absorptive Capacity translate into superior marketing performance.

The findings of this study provide strong empirical evidence regarding the role of Entrepreneurial Marketing, Absorptive Capacity, Strategic Alignment, and Digital Capability in shaping Marketing Performance. The results indicate that both Entrepreneurial Marketing and Absorptive Capacity have significant positive effects on Strategic Alignment. This suggests that firms that adopt proactive, innovative,

and opportunity-driven marketing approaches, as well as those capable of effectively acquiring and utilizing external knowledge, are more likely to achieve better alignment between organizational strategies and operational activities. This finding is consistent with previous studies emphasizing the importance of entrepreneurial orientation and knowledge absorption in enhancing strategic coherence (Morris et al., 2002; Zahra & George, 2002).

Furthermore, Strategic Alignment was found to be the strongest predictor of Marketing Performance. This confirms that the ability of firms to synchronize internal strategies with market demands plays a critical role in achieving superior marketing outcomes. Recent studies have emphasized that strategic alignment enhances organizational agility, decision-making quality, and overall firm performance in dynamic environments (Dubey et al., 2020). In addition, Digital Capability has a significant direct effect on Marketing Performance, indicating that firms with strong digital competencies are better positioned to optimize marketing activities and enhance customer engagement. This finding is consistent with recent research highlighting digital capability as a key driver of innovation, customer value creation, and firm performance in the digital era (Liang & Hua, 2025; Samsuden et al., 2024). However, the moderating effect of Digital Capability on the relationship between Strategic Alignment and Marketing Performance was not supported. This implies that, although digital capability contributes directly to performance, it does not necessarily strengthen the impact of strategic alignment. Similar findings suggest that digital capability often operates as an independent strategic resource rather than a contingent moderating factor (Al-Moaid & Almarhdi, 2024; Li et al., 2024). Regarding the indirect effects, the study reveals that Strategic Alignment plays a significant mediating role in the relationship between Entrepreneurial Marketing and Marketing Performance, as well as between Absorptive Capacity and Marketing Performance. These findings indicate that both entrepreneurial marketing practices and knowledge absorption capabilities influence performance indirectly through enhancing strategic alignment.

Overall, this study extends the existing literature by confirming the central role of Strategic Alignment as a mediating mechanism that links internal capabilities and marketing performance. It also highlights that while digital capability is important, its role may be more direct rather than interactive, suggesting the need for future research to explore additional contextual variables that may strengthen this relationship.

### LIMITATION

This study acknowledges several limitations, including its reliance on a cross-sectional design and perceptual measures, which may introduce common method bias and constrain the generalizability of its findings. To address these issues, future research should adopt a longitudinal approach, integrate objective performance metrics, and broaden the geographical scope. Furthermore, subsequent studies could investigate other moderating variables, such as market turbulence or the digital literacy of startup teams, to provide a more profound understanding of the conditions that govern the influence of strategic alignment on marketing performance.

### CONCLUSION

Entrepreneurial Marketing (EM) and Absorptive Capacity (AC) in enhancing the marketing performance of Indonesian digital startups. The research demonstrates that EM significantly contributes to improved strategic alignment, as its proactive, innovative, and flexible nature fosters a more coherent link between business objectives and daily operations. Likewise, AC plays a crucial role in promoting strategic alignment by enabling the firm to acquire, assimilate, transform, and exploit external knowledge, which directly bolsters its overall strategic coherence. Strategic Alignment (SA) emerged as the strongest predictor of marketing performance, highlighting its vital role as a mediator that effectively translates the positive influences of Entrepreneurial Marketing (EM) and Absorptive Capacity (AC) into superior marketing outcomes. While a direct, positive effect of Digital Capability (DC) on marketing performance was confirmed, it did not significantly moderate the relationship between SA and marketing performance. This suggests that although DC is crucial for improving performance on its own, its combined effect with SA may not necessarily amplify these outcomes. Practically, these findings suggest that digital startups should prioritize cultivating an entrepreneurial marketing orientation and strengthening their absorptive capacity to effectively leverage external knowledge, which, in turn, improves strategic alignment. Concurrently,

developing robust digital capabilities independently remains crucial for achieving marketing success. Theoretically, this study's findings enrich our understanding of how entrepreneurial marketing, absorptive capacity, and strategic alignment collectively drive marketing performance in digital startups.

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