STRATEGIC FLEXIBILITY AS A MODERATOR OF THE RELATIONSHIP BETWEEN MARKET ORIENTATION AND MARKETING PERFORMANCE OF CULINARY SMES IN INDONESIA

Muhammad Nurhaula Huddin[1*], Weni Novandari[2], Pramono Hari Adi[3], Refius Pradipta Setyanto[4]

[1-3] Student Doctor Sains Manajement, Jenderal Soedirman University, Indonesia.
[4] Management Faculty of Economics and Business, Jenderal Soedirman University, Indonesia.
[*]Email corresponding author: muhammad.huddin@mhs.unsoed.ac.id

Abstract

This empirical study investigates the influence of market orientation on marketing performance and explores the moderating role of strategic flexibility within the context of Indonesian small and medium enterprises (SMEs) culinary in Indonesia. Utilizing a quantitative research design, primary data were collected via a structured survey administered between March 12th and April 12th, 2025. Respondents were selected using purposive sampling, focusing on SME managers or owners with a minimum of three years of operational experience. The sample used in this study consisted of 275 respondents.

Data analysis employed Partial Least Squares Structural Equation Modelling (PLS-SEM), a robust method for predictive modelling and theory testing. The results indicate that market orientation significantly enhances marketing performance, underscoring the value of both proactive and responsive orientations in addressing customer needs and responding to market dynamics. Moreover, strategic flexibility was found to positively moderate the relationship between market orientation and marketing performance, suggesting that firms with higher adaptability can more effectively implement market-oriented strategies. These findings reinforce the contingency theory and the resource-based view by demonstrating that strategic alignment with a dynamic environment is essential for achieving sustained competitive advantage and superior marketing results. This research contributes to the strategic marketing and SMEs literature by providing empirical evidence on how market orientation and strategic flexibility jointly drive marketing performance in emerging market contexts.

Keywords: market orientation, strategic flexibility, marketing performance, SMEs culinary, sustaining SMEs.

INTRODUCTION

Marketing performance is crucial in driving business success as it serves as a key indicator of the effectiveness of implemented marketing strategies (Gu, 2023). Good marketing performance can enhance brand visibility, expand market share, and increase customer loyalty, which ultimately contributes to increased sales and profitability. Furthermore, by regularly measuring marketing performance, companies can identify areas that require improvement and make proactive strategic adjustments to remain competitive in the market (Sam Liu & Huang, 2020). Therefore, focusing on marketing performance is essential for achieving and sustaining long-term success in business (J. Lee, 2021).

Marketing performance is a measure of the success of marketing strategies in achieving business goals, encompassing various metrics such as sales growth, customer loyalty, market share, and profitability (Lückenbach et al., 2019). Evaluating marketing performance is critical to understanding the effectiveness of different marketing activities and how they contribute to the achievement of the organization's overall objectives. By measuring marketing performance, companies can identify areas that need improvement, assess how to enhance customer satisfaction and increase consumer numbers, and make better strategic decisions for future business development (Rajadurai et al., 2021).

Marketing performance reflects the effectiveness of marketing strategies in creating value for both customers and the business. This can be observed through various indicators, such as increased market share, sales growth, and customer loyalty (Takundwa et al., 2023). Good marketing performance indicates that the strategies implemented have successfully met customer needs and desires, thereby creating satisfaction that positively impacts business sustainability. Therefore, evaluating marketing performance is essential to ensure that marketing efforts align with established objectives and make a significant contribution to the overall achievement of business goals (de Moura & Saroli, 2021).

Small and Medium Enterprises (SMEs) in the culinary sector play a vital role in the Indonesian economy. Culinary SMEs not only make a significant contribution to the country's Gross Domestic Product (GDP) but also serve as one of the sectors that absorbs the most labor. With a diverse range of food and beverages produced, culinary SMEs are capable of meeting the consumption needs of the local population while promoting Indonesia's culinary potential globally (D'souza et al., 2022). Furthermore, this sector drives local economic growth by opening new business opportunities, increasing community income, and encouraging innovation within the food and beverage industry. The presence of strong and developing culinary SMEs has become an important pillar in supporting national economic stability and sustainability (Yudawisastra et al., 2023).

Culinary SMEs face various key challenges that may hinder their growth and business sustainability. Intense competition in the culinary industry often makes it difficult for SMEs to maintain market share and attract new customers, especially with the presence of larger players with greater resources. Additionally, rapidly changing consumer trends force SMEs to constantly innovate and adapt to new preferences, such as the growing demand for healthy or eco-friendly foods (Alraja et al., 2022) . Economic instability also poses a significant challenge, as fluctuations in raw material prices, inflation, and unpredictable consumer purchasing power can affect overall business profitability and operations. Therefore, culinary SMEs must have flexible and adaptive strategies to navigate these challenges (Yudawisastra et al., 2023) .

Several studies have shown a significant relationship between market orientation and marketing performance Fernandes Sampaio et al., (2020); Hiong et al., (2020); Puspaningrum, (2020) while other research has found that this effect does not always occur Tirtayasa & Rahmadana, (2023); Yadav et al., (2019); Kocak et al., (2017). These differences suggest that market orientation alone is not always sufficient to improve marketing performance, but rather depends on how companies implement adaptive and responsive strategies to market dynamics. The need for strategic flexibility as a moderating variable in the relationship between market orientation and marketing performance arises due to the contradictory findings regarding the direct effect of market orientation on marketing performance.

Strategic flexibility plays a crucial role in optimizing the impact of market orientation on marketing performance by ensuring that companies can quickly adjust to market changes, consumer trends, and increasingly fierce competition (Chaudhary et al., 2023). In the context of culinary SMEs, for example, flexibility in marketing strategies allows businesses to adapt their products, pricing, and promotions to ever-changing customer preferences. Additionally, strategic flexibility helps companies overcome barriers that might hinder the effectiveness of market orientation, such as resource limitations or regulatory changes (Navarro-García et al., 2024). Therefore, strategic flexibility becomes a key element in strengthening the relationship between market orientation and marketing performance, ensuring that businesses remain competitive and resilient in a dynamic business environment (Yang et al., 2020).

This study aims to re-examine the effect of market orientation on the marketing performance of culinary SMEs in Indonesia, which still shows inconsistent research findings. Furthermore, this research also analyzes the role of strategic flexibility as a moderating variable in this relationship, as strategic flexibility can assist culinary SMEs in adapting to changes in consumer trends, technology, and competition. By understanding the interaction between market orientation and strategic flexibility, this study is expected to provide strategic recommendations for culinary SMEs to enhance their competitiveness through a more flexible, innovative, and market-oriented marketing approach.

LITERATURE REVIEW AND HYPOTHESIS FORMULATION

Dynamic Capabilities Theory

Dynamic Capabilities Theory (Butkouskaya et al., 2024) emphasizes that a firm's competitive advantage depends on its ability to adapt, build, and reconfigure resources and internal competencies to respond to changes in a dynamic business environment. This theory emerged as an extension of the Resource-Based View (RBV), highlighting that merely possessing valuable resources is insufficient to sustain a competitive edge (Kristinae et al., 2020). Instead, firms must possess dynamic capabilities to continuously update their strategies, innovations, and operations in line with market and technological developments. Dynamic capabilities encompass three key processes by Crittenden et al., (2011): sensing (detecting opportunities and threats in the market), seizing (capitalizing on opportunities with appropriate strategies), and transforming (adjusting and reconfiguring business models to maintain competitiveness)

In the context of culinary SMEs in Indonesia, dynamic capabilities are particularly crucial due to the rapidly changing trends within the industry, including shifts in consumer preferences, regulations, and market competition (Lee, 2013). Strategic flexibility, as a form of dynamic capability, allows SMEs to effectively adapt to these changes. By having strategic flexibility, SMEs can adjust their menus, marketing strategies, and product innovations in response to the evolving needs of customers. Additionally, strategic flexibility strengthens the relationship between market orientation and marketing performance, as it enables SMEs to be more responsive to market dynamics, thereby improving customer satisfaction, loyalty, and business profitability (Najafi-Tavani et al., 2016).

Marketing Performance

Marketing performance is a measure of how effectively the marketing strategies implemented by a company achieve the business objectives that have been set. According to Abrokwah-Larbi (2024) marketing performance can be evaluated through various indicators, such as sales growth, market share, customer loyalty, customer satisfaction, and profitability. Kajalo & Lindblom (2015) also stated that marketing performance reflects a company’s effectiveness in creating value for customers and maintaining a competitive position in the market. In other words, the better a company's marketing strategy in understanding customer needs and adapting to market dynamics, the higher its marketing performance outcomes will be. In highly competitive industries such as culinary SMEs, marketing performance is a key factor in sustaining business continuity and building long-term competitive advantages (Kocak et al., 2017).

In the context of culinary SMEs in Indonesia, marketing performance is heavily dependent on the business's ability to adopt market orientation and implement flexible marketing strategies (Dhillon et al., 2023). Market orientation enables SMEs to understand customer needs and compete effectively; however, its impact on marketing performance is not always linear. Therefore, strategic flexibility becomes an important factor that strengthens this relationship, as it allows SMEs to quickly adapt to changes in consumer trends, competition, and technology. By having flexibility in marketing strategies, culinary SMEs can more responsively adjust their products, pricing, and distribution channels, thereby enhancing their competitiveness and driving more optimal marketing performance outcomes (De Toni et al., 2022).

Market Orientation

Market Orientation Theory is a fundamental marketing concept emphasizing the importance of understanding customer needs, competitors, and market dynamics to create sustainable business value (Matsuno et al., (2005); Slater & Narver, (1994); Kohli (2017) It focuses on three main elements: customer orientation, competitor orientation, and inter-functional coordination. Customer orientation aims to understand and fulfill consumer needs better than competitors, while competitor orientation involves analyzing competitor strategies to gain a competitive advantage (Quang Hung et al., 2023). Inter-functional coordination highlights the need for collaboration across company functions to effectively implement marketing strategies. In the context of culinary SMEs in Indonesia, market orientation is crucial for improving marketing performance in an industry that is heavily influenced by changing trends, consumer preferences, and intense competition (Abduh et al., 2024).

However, the effectiveness of market orientation depends not only on understanding the market but also on the company's ability to respond quickly and appropriately to changes. Strategic flexibility plays a moderating role in this relationship, allowing SMEs to adjust their products, pricing, and marketing strategies in response to evolving market needs, thereby boosting competitiveness and profitability (Sihvonen et al., 2021). Additionally, both proactive and reactive market orientation are essential. Proactive market orientation focuses on anticipating future trends and opportunities, fostering innovation and market leadership, while reactive market orientation is centered on responding to immediate market demands (Kocak et al., 2017). Combining both approaches, along with strategic flexibility, enables culinary SMEs to balance anticipation with responsiveness, allowing them to adapt and thrive in a competitive and dynamic business environment.

Strategic Flexibility

Strategic flexibility refers to a company's ability to adapt and respond quickly and effectively to changes in the business environment (Chaudhary et al., 2023). Rooted in Dynamic Capabilities Theory (Anim et al., 2023), this concept posits that firms with strategic flexibility are capable of developing, utilizing, and reconfiguring their resources to face external challenges. Strategic flexibility encompasses operational flexibility (the ability to adjust short-term strategies, such as pricing and promotions) and structural flexibility (the capacity to alter business models or organizational structures to address long-term changes). According to Khan et al., (2022), strategic flexibility enables firms to maintain competitiveness in uncertain market conditions by adapting marketing strategies, product innovations, and resource management.

In the context of culinary SMEs in Indonesia, strategic flexibility plays a critical role in enhancing the effectiveness of market orientation to achieve optimal marketing performance. The culinary industry is highly dynamic, influenced by shifting consumer trends, regulations, and intense competition. SMEs with strategic flexibility are better equipped to adapt their menus, promotional strategies, and distribution channels to meet the constantly changing preferences of customers (Chaudhary et al., 2023) . Furthermore, strategic flexibility enables SMEs to respond to crises, such as a pandemic or shifts in economic policies, by innovating and adjusting their business strategies. Thus, strategic flexibility acts as a moderating variable that strengthens the relationship between market orientation and marketing performance, ensuring that the strategies implemented remain relevant to the dynamic market conditions (Yang et al., 2020).

Market orientation on marketing performance.

Market orientation has a significant positive effect on the marketing performance of culinary SMEs, as established in the literature. Fadhilah, (2017) study indicates that proactive market orientation, which focuses on anticipating and responding to customer needs, correlates with improved marketing outcomes among SMEs in various sectors, although their specific findings regarding culinary SMEs are not clearly supported in the reference (Kocak et al., 2017). Thus, the claim should be more cautiously articulated without overextending the reference's implications. Killa's research supports the idea that entrepreneurial innovativeness, coupled with product innovation and value co-creation, impacts the marketing performance of SMEs (Killa, 2014).

The study demonstrates that product innovation driven by market-oriented behaviors leads to increased competitive advantage in the market, which can effectively improve marketing performance. Moreover, Farida and Listyorini's work reinforces the notion that enhancing innovation capabilities resulting from effective market orientation can lead to better marketing performance (Farida & Listyorini, 2021). Their study highlights that firms investing in co-creation and market-oriented practices significantly enhance marketing performance metrics, indicating the importance for culinary SMEs to promote market awareness and customer engagement (Kocak et al., 2017).

H1. Market orientation has a positive effect on marketing performance.

Strategic flexibility relationship between market orientation and marketing performance.

Strategic flexibility plays a crucial moderating role in the relationship between market orientation and marketing performance for small and medium enterprises (SMEs). According to Putri et al., businesses that exhibit strategic flexibility can adapt their market-oriented practices to capitalize on changing consumer preferences and competitive landscapes, thereby enhancing their marketing performance (Putri et al., 2022). Their study indicates that organizations equipped with high strategic flexibility leverage their market orientation to anticipate customer needs and respond effectively to market dynamics, which is particularly significant in industries characterized by rapid changes, such as the culinary sector (Chaudhary et al., 2023).

Further bolstering this claim, Zahoor and Lew discuss how strategic flexibility is essential for SMEs aiming to enhance their international marketing capabilities, especially in crisis situations (Zahoor & Lew, 2023). They argue that businesses that leverage digital technologies alongside a strong market orientation can create synergies that improve marketing efficiency and performance. The combination of market orientation and strategic flexibility empowers SMEs to pursue innovative marketing strategies that dynamically respond to consumer needs and competitive pressures, thus increasing their likelihood of achieving superior marketing outcomes and sustaining growth in challenging environments (Kocak et al., 2017).

Moreover, this relationship is supported by the findings of Kantur, who emphasizes the significance of strategic entrepreneurship in promoting flexibility that directly influences performance (Kantur, 2016). Strategic entrepreneurship fosters a mindset within SMEs inclined towards exploration and adaptability, which, when combined with market orientation, strengthens the ability to innovate and meet market demands. Consequently, SMEs that cultivate both market orientation and strategic flexibility are better positioned to harness opportunities, thereby achieving heightened marketing performance through responsiveness and creativity. This demonstrates the critical importance of integrating these strategies to build resilient and competitive SMEs in diverse market conditions (Navarro-García et al., 2024).

H2. Strategic flexibility moderates the influence of market orientation on marketing performance. The higher the strategic flexibility, the stronger the influence of market orientation on marketing performance.

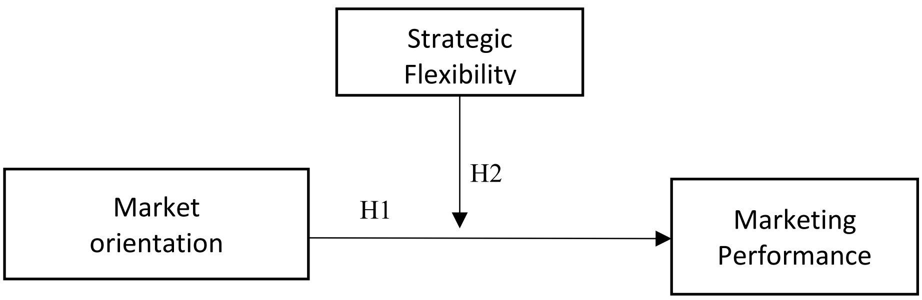

Figure 1: Model Research

RESEARCH METHODS

This research was conducted using a quantitative approach. The study employed primary data collected through a survey method, where respondents were selected using purposive sampling technique The sampling technique used is purposive sampling, which is a sampling method where the selected samples or respondents must meet the criteria set for the research objectives (Cooper and Schindler, 2014). This technique required respondents to meet criteria established by the researcher, which included manger or owner who small medium enterprise at least 3 years in Indonesia. The research was conducted from Maret 12th 2025 to April 12th 2025. The data analysis method used in this research was partial least square structural equation modelling (PLS-SEM). Respondents for this study were determined based on the assumption of a minimum of 5 times the number of statement items. This research consists of 18 statements; therefore, a minimum of 90 respondents were sampled. The study encompasses four research variables measured using a 5-point Likert, scale treat the ordinal data as if it were (Hair et al., 2009). This study employs three main variables with established measurement items from prior research. Market Orientation, adapted from Kocak et al. (2017), consists of 10 items that encompass both Proactive and Responsive Market Orientation dimensions. Strategic Flexibility is measured using 3 items based on Chaudhary et al., (2023), focusing on the firm's ability to realign resources and adapt marketing strategies. Marketing Performance is assessed using 5 items sourced from Kocak et al. (2017) and De Toni et al. (2022), capturing various indicators of business growth, including profitability, customer base, and sales improvement.

RESULTS AND DISCUSSION

The researcher distributed questionnaires in the form of a questionnaire link through various social media platforms and email to manager and owner who small medium enterprise, demographic profile of the 275 respondents in this study reveals several key characteristics. In terms of gender, the majority were female (70.55%), while male respondents accounted for 29.45%. Regarding business age, most businesses had been operating for 3–4 years (39.27%) and 5–6 years (32.36%), followed by 7–8 years (14.18%), more than 11 years (9.82%), and 9–10 years (4.36%). In terms of annual income, the majority of businesses earned less than IDR 10,000,000 (55.27%), while 30.91% earned between IDR 10,000,000 and IDR 50,000,000, 9.82% earned between IDR 50,000,000 and IDR 100,000,000, 2.91% earned between IDR 100,000,000 and IDR 150,000,000, and only 1.09% reported annual income above IDR 150,000,000. Lastly, most businesses had 1–5 employees (45.45%), followed by 6–10 employees (31.64%), 11–15 employees (16.36%), 16–20 employees (4.36%), and more than 20 employees (2.18%).

To assess nonresponse bias, the researchers followed the approach recommended by Hair et, al., (2014) which suggests that late responses are likely to reflect the opinions of early respondents. Consequently, the researchers took proactive steps to minimize potential biases throughout the data collection process. One such strategy included providing an incentive in the form of a prize draw for mobile credit or GooPay balance at the end of the survey, aimed at promoting equitable participation and reducing the likelihood of bias. The initial responses consisted of 275 participants who completed the questionnaire during the early phase, while the late responses were provided by 275 participants who responded in the final stage of the survey. To examine any demographic differences, a t-test was employed to compare the age and gender of early and late respondents. The obtained p-value exceeded 0.05, confirming that no significant nonresponse bias was present in the dataset.

Measurement model analysis (outer model) As stated in the methodology section, this study uses two analytical procedures: validity and reliability testing, which fall under the measurement model analysis category. Invalidity testing and discriminant validity are assessed using the loading factor value, whereas discriminant validity is evaluated based on the average variance extracted (AVE) value. After conducting validity tests on the variables of customer orientation, strategic flexibility, and marketing performance, all indicators showed factor loading values above 0.70. This indicates that each indicator has a strong contribution to the construct being measured. Subsequently, the Average Variance Extracted (AVE) was calculated for each variable. The results showed AVE values of 0.595 for customer orientation, 0.838 for strategic flexibility, and 0.784 for marketing performance. All three values exceed the minimum threshold of 0.50, indicating that the instruments have adequate convergent validity. Reliability testing was then conducted by assessing the composite reliability (CR) values. In this study, the CR values for customer orientation, strategic flexibility, and marketing performance were 0.925, 0.907, and 0.931, respectively. These values demonstrate that all variables used in this study are reliable, as they exceed the threshold of 0.70 (Hair et, al., 2014). Base on the data shown in Table 3, it can be inferred that the instrument is dependable.

Table 1. Data quality test

Variable	Item	Loading factor	Result	CR	AVE	Result
Market Orientation	PMO1	0,724	Valid	0,925	0,595	Valid
	PMO2	0,777				
	PMO3	0,794				
	PMO4	0,791				
	PMO5	0,795				
	PMO5	0,821				
	RMO1	0,725				
	RMO2	0,781				
	RMO3	0,765				
	RMO4	0,736				
Strategic flexibility.	SF1	0,917	Valid	0,907	0,838	Valid
	SF2	0,919				
	SF3	0,912				
Marketing Performance.	MP1	0,863	Valid	0,931	0,784	Valid
	MP2	0,860				
	MP3	0,903				
	MP4	0,907				
	MP5	0,894				

Source: Authors' own work

Structural Model Analysis (Inner Model) the process of hypothesis testing using structural model analysis is depicted in Figure 3. The figure presents the results of bootstrapping, which involved 275 resamplings performed using the SmartPLS 4.0 application. The use of SmartPLS 4.0 in this study is justified due to its robust capability in handling complex models involving multiple latent variables and moderating effects, which are central to this research framework. As a variance-based structural equation modeling (SEM) tool, SmartPLS is particularly well-suited for exploratory research and predictive modeling, making it ideal for analyzing the relationships between market orientation, strategic flexibility, and marketing performance within the dynamic context of culinary SMEs in Indonesia.

Based on Figure 2, this study examines several hypotheses using empirical data collected from the field. The research investigates how Customer Orientation influences Marketing Performance, both directly and indirectly through the mediating role of Strategy Flexibility. The path analysis results indicate that the direct effect of customer orientation on marketing performance is statistically significant, with a t-value of 5.575 (> 1.974). Furthermore, customer orientation also has a significant influence on strategy flexibility, as evidenced by a t-value of

10.00 (> 1.974). These findings suggest that organizations that prioritize customer orientation tend to exhibit greater strategic flexibility in responding to market dynamics.

Moreover, strategy flexibility was found to have a statistically significant effect on marketing performance, with a t-value of 6.34 (> 1.974) see figure 2. This confirms that strategy flexibility acts as a mediating variable in the relationship between customer orientation and marketing performance. All path coefficients tested yielded t-values exceeding the critical threshold of 1.974, thereby supporting all proposed hypotheses. These results imply that the null hypotheses, which suggest no significant relationships, are rejected in favor of the alternative hypotheses that confirm positive influences. Additionally, the R^2 value of 0.634 indicates that approximately 63.4% of the variance in marketing performance can be explained by customer orientation and strategy flexibility.

Table 4. Hypothesis Testing

Hypothesis	Sample mean (M)	T-statistics	T-Critical	P values
Flexibility Strategy -> Marketing Performance	0,299	4,248	1,974	0,000
Market Orientation -> Marketing Performance	0,580	8,270		0,000
Flexibility Strategy x Market Orientation -> Marketing Performance	0,101	3,013		0,003

Source: Authors' own work

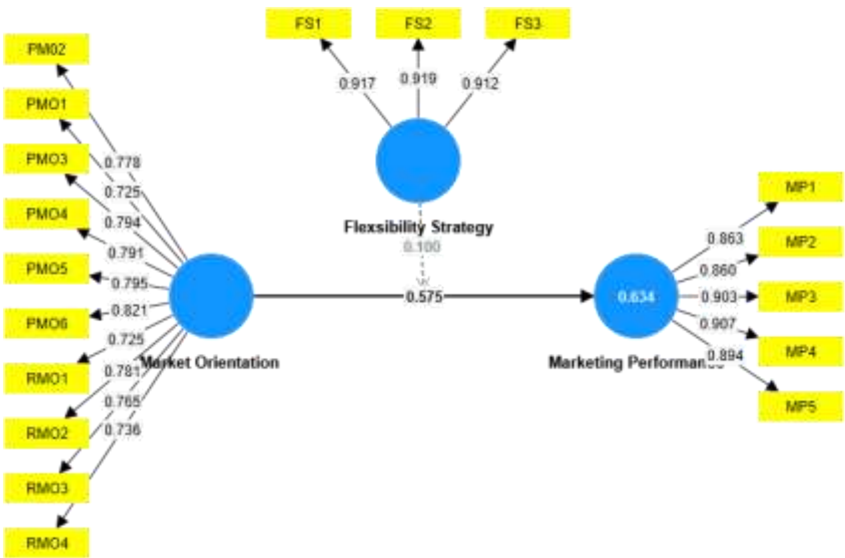

Figure 2. Structure equation modelling result

The results presented in Table 4 indicate that all proposed hypotheses are supported. Strategic flexibility has a significant positive effect on marketing performance ($\beta = 0.299$, $t = 4.248$, $p < 0.001$), as does market orientation ($\beta = 0.580$, $t = 8.270$, $p < 0.001$). Moreover, the interaction term between strategic flexibility and market orientation also shows a significant positive moderating effect on marketing performance ($\beta = 0.101$, $t = 3.013$, $p = 0.003$). These findings confirm that both strategic flexibility and market orientation are crucial drivers of marketing performance and that strategic flexibility enhances the effectiveness of market orientation in achieving optimal marketing outcomes.

Market orientation has a positive effect on marketing performance.

The research findings show that market orientation has a significant positive effect on marketing performance, as reflected by a coefficient value of 0.580, a *t-statistic* of 8.270—exceeding the *t-critical* value of 1.974—and a significance level (*p-value*) of 0.000. Empirically, this finding indicates that the combination of proactive marketing orientation—which focuses on identifying future customer needs—and responsive marketing orientation—which addresses current customer needs—simultaneously drives improvements in marketing performance (Kocak et al., 2017). By integrating both approaches, companies are able to create relevant added value, adapt to market dynamics, and sustain long-term competitive advantage.

This finding supports market orientation theory, which emphasizes the importance of customer need sensitivity and the ability to respond swiftly to changes in the market environment (Puspaningrum, 2020). Market orientation is widely acknowledged as a critical strategic approach that involves continuously acquiring, disseminating, and responding to market intelligence, with the objective of creating superior customer value and ultimately enhancing marketing performance (Fatikha et al., 2021). Empirical studies demonstrate that this orientation drives improvements in key performance indicators such as customer satisfaction, consumer reach, and profitability. For instance, Hiong et al., (2020) provide evidence that firms systematically engaging in market orientation achieve significantly better marketing outcomes by consistently meeting customer needs and leveraging market information. Similarly Fernandes Sampaio et al., (2020) show that a transformation to an innovation-focused approach can further elevate marketing performance by fostering an agile response to market dynamics. Complementarily, research on Indonesian SMEs underscores that a strong market orientation leads to increased customer acquisition and sustainable business benefits (Noya et al., 2025).

Market orientation has been identified as a crucial factor that positively impacts marketing performance. The study by Fatikha et al., 2021) revealed that market orientation—which involves a continuous process of identifying and fulfilling customer needs and wants—significantly enhances marketing performance. This finding is reinforced by Kleebbuabarn et al., (2022) who stated that market orientation directly influences strategic business performance, where understanding market dynamics contributes to a company’s competitive advantage. The combination of these two studies confirms that integrating market orientation into marketing strategies enables firms to effectively respond to market trends and create added value for customers, thereby improving marketing performance.

Strategic flexibility moderates the influence of market orientation on marketing performance.

The research findings indicate that strategic flexibility significantly moderates the influence of market orientation on marketing performance, with a coefficient value of 0.101, a *t-statistic* of 3.013—exceeding the *t-critical* value of 1.974—and a significance level (*p-value*) of 0.003. This finding suggests that strategic flexibility strengthens the relationship between market orientation and marketing performance. Accordingly, companies with a high capacity to adapt to changes in the business environment are more likely to implement market-oriented strategies effectively (Chaudhary et al., 2023). In other words, firms that not only understand market needs and dynamics but also possess agility in adjusting their strategies will be more successful in achieving superior marketing performance. This result supports the contingency perspective in strategic management, which emphasizes the importance of aligning strategy with environmental context to enhance organizational performance (Vázquez et al., 2001).

Recent studies indicate that strategic flexibility plays a crucial moderating role in strengthening the influence of market orientation on marketing performance. For instance Putri et al., (2022) emphasized that the implementation of a resource-based strategy in the culinary MSME sector in Medan demonstrates that market orientation can significantly moderate the relationship between strategic flexibility and business performance. This indicates that an organization's dynamic adaptability (strategic flexibility) adds value to market orientation, resulting in more optimal marketing performance. In line with this, Zahoor & Lew (2023) argued that in times of crisis, the adoption of digital technologies that support international marketing capabilities can enhance the efficiency and effectiveness of market orientation, with strategic flexibility acting as a reinforcer of the positive impact of market orientation on marketing performance.

On the other hand, Kafetzopoulos & Katou (2023) found that in the era of Industry 4.0, strategic flexibility enables firms to respond to market changes swiftly and accurately, thereby enhancing the effectiveness of market orientation strategies in creating competitive advantage and superior marketing performance. These findings are supported by (Chaudhary et al., 2023) and Chen et al., (2015) who revealed that firms developing strategic flexibility are better equipped to reconfigure internal resources to align market orientation strategies with dynamic market conditions. Thus, recent literature confirms that strategic flexibility functions as a moderating factor that strengthens the direct relationship between market orientation and marketing performance by enabling tactical responses to ever-evolving changes and competitive pressures.

CONCLUSION

The findings of this study affirm that market orientation significantly enhances marketing performance, particularly when both proactive and responsive approaches are integrated. Proactive orientation enables firms to anticipate future customer needs, while responsive orientation ensures the fulfillment of current demands. Together, these dimensions create a synergistic effect that allows businesses to generate relevant customer value, adapt to shifting market dynamics, and secure a sustainable competitive advantage. This empirical evidence reinforces the foundational theory of market orientation, emphasizing its critical role in aligning marketing strategies with customer expectations and environmental changes to drive superior performance outcomes.

Moreover, the study highlights the moderating role of strategic flexibility in amplifying the impact of market orientation on marketing performance. Firms that exhibit higher levels of strategic flexibility—characterized by the ability to reconfigure strategies and internal resources swiftly in response to external changes—are more likely to leverage market orientation effectively. This conclusion is supported by recent literature, which consistently shows that strategic flexibility strengthens organizational adaptability, particularly in uncertain or rapidly changing environments. Thus, combining a strong market orientation with strategic flexibility positions firms to outperform competitors, maintain resilience, and thrive in an increasingly complex business landscape.

Based on the study's findings, MSME managers and business owners are advised to cultivate a market-oriented culture by consistently gathering and responding to market intelligence, enabling the development of customer-centric and adaptive marketing strategies. To thrive in dynamic environments, enhancing strategic flexibility is equally essential—this includes fostering an agile mindset, embracing innovation, leveraging digital technologies, and enabling rapid resource reconfiguration. By integrating market orientation with strategic flexibility, MSMEs can strengthen their marketing performance, sustain competitiveness, and achieve long-term business resilience. Additionally, balancing reactive market orientation (responding to immediate market changes and customer feedback) with proactive market orientation (anticipating future needs and trends) is key. This combined approach enables MSMEs to strengthen their marketing performance, sustain competitiveness, and achieve long-term resilience.

The limitation of this study lies in the potential challenge of generalizing its findings to diverse SME sectors or regions within Indonesia. This research is specifically focused on culinary SMEs in a particular province, where market dynamics, organizational cultures, and contextual factors may differ significantly across other regions. As such, caution should be taken when applying the results to culinary SMEs in provinces with varying socio-cultural, economic, and organizational characteristics. Future research is encouraged to investigate additional antecedents of strategic flexibility beyond market orientation, which may further influence the marketing performance of culinary SMEs. Variables such as SME size, innovation adoption, and the extent of digitalization should be explored in relation to their impact on marketing outcomes. Moreover, customer satisfaction could be examined as a pivotal variable, considering its potential role in mediating the relationship between market orientation, strategic flexibility, and marketing performance. Given the study's limitation in sample size and scope, which only includes culinary SMEs in one province, it is recommended that future studies expand the research population to enhance generalizability. Additionally, employing a mixed-methods approach, integrating both qualitative and quantitative data, would offer a more comprehensive understanding of the underlying dynamics in this context.

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