

Investigating Marketing Performance of Small Business in Kediri. Does the Role of Marketing Ambidexterity Matter?

Nuril Aulia Munawaroh^{1*}, Sudarmiati², Ludi Wishnu Wardana³

^{1,3}Program Doktor Ilmu Manajemen Universitas Negeri Malang

²Jurusan Manajemen Universitas Negeri Malang

Corresponding Author: Nuril Aulia Munawaroh

nuril.aulia.2304139@students.um.ac.id

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ABSTRACT

The objective of this research is to investigate the correlation between the development of market knowledge and cross-functional marketing capabilities, along with the concept of marketing ambidexterity. It aims to evaluate the factors that impact marketing performance in the handicraft industry in Kediri, East Java. The research methodology employed in this study is quantitative research and a sampling was carried out using a non-probability sampling technique using 102 samples. The findings of this study demonstrate that market knowledge has a direct impact on enhancing cross-functional marketing capabilities, market knowledge can drive direct marketing ambidexterity and marketing ambidexterity can drive marketing performance. Firms must possess the capability to execute ambidexterity practices and talents within their respective marketplaces to attain exceptional performance.

INTRODUCTION

Small firms have faced substantial obstacles because to the COVID-19 outbreak, namely in terms of cash flow constraints, disruptions in the supply chain, and shifts in market demand (Lu et al., 2020; Xie et al., 2022). The primary issue arising from the COVID-19 outbreak is the disruption to their financial liquidity (Papadopoulos et al., 2020; Xie et al., 2022). This occurs due to the inadequate resources or reserves of certain small businesses to cope with unforeseen circumstances. Amidst the pandemic, small businesses are facing challenges in meeting their financial obligations, including employee salaries, debt interest, rent, and other expenses (Farzaneh et al., 2022; Lu et al., 2020; Papadopoulos et al., 2020; Xie & Wang, 2021). The second issue pertains to the supplier chain. The COVID-19 epidemic has impeded the delivery of goods and factory output, leading to limitations in the supply of supplies for small businesses.

This challenge is also crucial for MSMEs, especially the handicraft industry in Kediri, East Java because this industry is related to art so it demands high creativity. Consequences of rapidly evolving tastes include short shelf lives for the final products. Consumers in this industry are always demanding new products quickly and difficult to predict, the focus of competition has transitioned from pricing and quality concerns to competition focused on time (García-Villaverde et al., 2013). In order to thrive, the handicraft sector must consistently engage in innovation to create the most up-to-date varieties and designs. This involves optimizing existing resources (exploitation) while also actively seeking out new ones (exploration), a concept sometimes referred to as ambidexterity.

The present circumstances necessitate small businesses to not only sustain themselves by capitalizing on their current operations but also by actively seeking out new prospects (Indarti & Postma, 2013; Jaidi et al., 2022; Kuckertz et al., 2020; Papadopoulos et al., 2020; Posen & Levinthal, 2012). If small businesses possess a strong capacity to balance exploration and exploitation, they will be able to discover novel ideas for innovation while simultaneously preserving their current products (Seo et al., 2023; Wilden et al., 2018; Xie et al., 2022). Effective execution of innovation is crucial, as invention alone is insufficient to enhance the company's performance.

This means that small businesses must strive to always adapt to changing environments innovate quickly and effectively are more likely to achieve better marketing performance (Carbonell & Rodriguez, 2006). (Carbonell & Rodriguez, 2006). Marketing performance is a linchpin for small businesses, influencing their visibility, competitiveness, and financial well-being. Ultimately, effective marketing empowers small businesses to thrive in a challenging business environment, driving growth, profitability, and sustainability. Due to the challenging business environment, small businesses need to balance and excel in both exploratory and exploitative marketing strategies. Exploratory strategies involve innovation, adaptability, and experimentation, while exploitative strategies focus on optimizing and refining existing methods.

Functions Cross marketing capability is the second factor. O'Cass and colleagues (2014) Organizations with an ambidextrous nature must implement explorative and exploitative strategies at the operational and organizational levels. This is necessary because there must be a mutually beneficial link between the abilities to explore and exploit at both levels. Cross-functional marketing capabilities can aid companies in identifying new opportunities or adapting to changes in the business environment, while also making use of existing chances to maximize corporate efficiency (Benner & Tushman, 2003). It is concluded that marketing capability has the potential to enhance "ambidexterity" by enabling effective market sensing and engagement with customers or partners through robust cross-functional marketing abilities, such as customer relationship management, brand management, and new product development (Mu, 2015).

This research aims to assess the direct effects of marketing exploitation and exploration, or marketing ambidexterity, on marketing effectiveness. Two primary contributions are offered by this study. Prior research indicates that organizations possessing ambidextrous talents are more likely to achieve superior achievement. Nevertheless, there is a dearth of research that expressly investigates the impact of ambidexterity on the performance of companies in the marketing domain (Ho & Lu, 2015). The investigations yield different results, with the interaction between exploration and exploitation affecting the slowdown of new product development but not significantly impacting the effectiveness of new product innovation (Zhang et al., 2015). The simultaneous utilization of exploitation and exploration has a negative impact on business performance, especially for companies with a market orientation that emphasizes responsiveness. However, it has a beneficial effect for companies with a market orientation that emphasizes proactivity (Wei et al., 2014). On the other hand, some studies show a positive relationship. Sanal, A., L., Aren, S., Sezen, B., & Ayden, (2013) found that ambidexterity has a more beneficial effect on the overall performance of a company in terms of both innovation and financial success compared to the strategies of exploitation or exploration. Additionally, it is crucial to note that the notion of strategic marketing ambidexterity revolves around the creation and extraction of value through marketing activities, incorporating both exploitation and exploration.

Furthermore, the majority of research solely examined the financial performance when evaluating the impact of marketing ambidexterity activities on business success (Josephson et al., 2016; O'Cass et al., 2014; Vorhies et al., 2011). However, none of the studies have investigated the combined impact of marketing ambidexterity on a company's productivity or efficiency, effectiveness, adaptability, or innovative capabilities in marketing operations. In evaluating the impact of marketing ambidexterity on corporate performance, we propose that criteria measuring a company's marketing efficacy, efficiency, and adaptability are more objective than those centered on short-term or financial performance. Given the previous analysis, we investigate the importance of developing market knowledge and cross-functional marketing competencies in promoting marketing ambidexterity. We separate the topic into multiple sections in order to achieve the study objectives. The conceptual development and

hypotheses are covered in the first section. Next, we elucidate the research methodology, succeeded by the results and deliberations. In the conclusion, we provide a summary of the results and offer suggestions.

LITERATURE REVIEW

Cross-Functional Marketing Capabilities

"Morgan (2012) states that cross-functional marketing capabilities can be created by combining inputs from various specialized marketing capabilities in different functions with product, price, channel, marketing communication, selling management, and market research examples of diverse specialized marketing capabilities." New product creation, brand management, and customer relationship management are the three cross-functional marketing abilities that are thought to be the most crucial. The firm's capacity to deploy reputational resources efficiently is referred to as brand management. Customer relationship management is described as a company's capacity to employ relational resources efficiently (Vorhies et al., 2011).

Comprehending market demands and possessing company expertise in anticipating and addressing such demands could bolster the advancement of marketing skills (Krasnikov & Jayachandran, 2008). Companies that have a sophisticated understanding of market dynamics will be better equipped to gather and analyze relevant information about customer needs, competition strategies, and market trends, giving them an advantage over their competitors. Market knowledge development refers to the knowledge-producing operations of a corporation that are specifically aimed at understanding the market. These operations encompass the collecting, dissemination, analysis, and common comprehension of market information (Hult et al., 2007). Market information acquisition refers to the knowledge-generating endeavors of a firm that are specifically "focused on" comprehending "the market." Shared understanding refers to the collaborative process by which persons achieve mutual grasp of data and events (Hult et al., 2007; Morgan, 2012a)

Tseng (2016) indicates that a company's capability to handle market knowledge may enhance the company's power to manage its customer connections. Market knowledge "and the firm's experience" in anticipating and addressing consumer needs enhance these capabilities. The prior research by Slater & Narver (1995) reveals that firms possessing a greater degree of market knowledge are more inclined to accumulate a larger amount of information through their marketing staff members. In addition, the data might be used to improve cross-functional marketing skills, which include corporate brand management, customer relationship management, and the capacity to develop new goods (Morgan, 2012). "Our hypothesis is as follows, based on the aforementioned arguments:

- H1 : "The growth of market knowledge has a good impact on cross-functional marketing competencies.

Marketing Ambidexterity

The term "ambidexterity" in marketing refers to the ability to use marketing techniques and strategies to sustain a company's long-term viability and its competitive position in the market (Kyriakopoulos & Moorman, 2004). March (1991) claimed that the essence of exploitation is "the refinement and extension of existing competencies, technologies, and paradigms," whose return is positive and adjacent, but the essence of exploration is "experimentation with new alternatives," which has unpredictable and separate returns. "Moreover, market exploitation is the use and improvement of preexisting knowledge and skills in the present market, whereas Zhang et al. (2015) define market exploration as the search and pursuit of "completely new knowledge and skills in" a new and/or emerging market. (Kyriakopoulos & Moorman, 2004)." Marketing exploitation is the process of enhancing and optimizing present processes, skills, and marketing capabilities in order to establish a more "competitive position in the current market" by creating "value that is" linked to "existing markets (Kyriakopoulos & Moorman, 2004; Vorhies et al., 2011)." "Marketing exploration," on the other hand, pertains to the abilities that concentrate on cultivating novel expertise, procedures, and marketing capacities by utilizing fresh market insights through innovation-related activities "(Kyriakopoulos & Moorman, 2004; Vorhies et al., 2011). Marketing" ambidexterity is defined in the context of the study as marketing activities that concurrently or sequentially incorporate both alignment and adaptability (Gibson & Birkinshaw, 2004).

According to marketing theory, a corporation "with higher-level market knowledge is thought to deliver more information and better marketing exploration and exploitation." Effective implementation "of marketing ambidexterity necessitates the input or intake of information" for optimal and triumphant operation. (Kyriakopoulos & Moorman, 2004) stated that market knowledge development can enhance a firm's marketing ambidexterity. Enhancing marketing skills, procedures, and capacities, such as marketing ambidexterity, can be achieved through the acquisition of market information. Firms must continuously develop market intelligence in order to facilitate marketing ambidexterity (Vorhies et al., 2011). Enhancing market orientation might potentially increase marketing ambidexterity, leading to improved financial performance for new products (Kyriakopoulos & Moorman, 2004). The success of ambidexterity is intricately linked to the transfer of knowledge between the upper and lower echelons of personnel. Based on the arguments above, we formulate the following hypothesis:

- H2 : "'Development of market knowledge influences marketing ambidexterity positively."

A firm's development and improvement require the presence of marketing capabilities. Our focus is on cross-functional marketing capabilities. These capabilities have the ability to stimulate enterprises to engage in both radical (exploratory) and incremental (exploitative) innovation. "CRM, brand management, and NPD are all parts of this marketing competence (Morgan, 2012)." "Different marketing capabilities from different departments (e.g., product management, pricing, promotion, distribution, sales, and marketing research) are combined to create this capability." Marketing ambidexterity activities may be facilitated by "this marketing capability," which also has the ability to build social interactions with staff members from different functional backgrounds. Inquisitive and exploitative innovative creativity can be fostered by "these social links," which can create new opportunities for people to learn from various backgrounds. Cross-functional marketing abilities are closely related to marketing exploration and exploitation. Our hypothesis is as follows, based on the aforementioned arguments:

- H3. : Positively influencing marketing ambidexterity are cross-functional marketing competencies.

Marketing Performance

Several academics assert that a company's marketing prowess, which includes the ability to sustain operational effectiveness and adapt to dynamic surroundings (ambidexterity), is crucial for achieving success in business (Gibson & Birkinshaw, 2004). In order to have better performance and long-term survival, enterprises should apply two expertise adaption processes (i.e., marketing exploration and exploitation) simultaneously, according to the paradoxical thinking paradigm (Gupta et al., 2006b; O'Reilly & Tushman, 2013; Raisch & Birkinshaw, 2008). (Aren et al., 2013) argue that firms possessing ambidexterity competence are more likely to exhibit superior levels of creativity and financial performance in highly competitive environments. The extent of product innovation and market performance can be influenced by the capacities of exploitation and exploration. Therefore, the ability to balance and excel in both traditional and innovative marketing strategies enables a company to sustain a high level of marketing effectiveness. Marketing exploitation aims to enhance a company's immediate financial performance by increasing profits.

Strategic marketing ambidexterity, encompassing both exploitation and exploration, prioritizes the generation and extraction of value through marketing activities, hence enhancing returns through exploitation (Josephson et al., 2016). Ambidexterity exerts a more substantial influence on both the performance of innovation and financial performance compared to either exploitation or exploration (Aren et al., 2013). Market orientation, which enables the strategic pursuit of marketing research and exploitation at elevated levels, has the potential to enhance the financial performance of new products (Kyriakopoulos & Moorman, 2004). Ambidextrous firms possess significant advantages in comparison to less ambidextrous firms (Gupta et al., 2006). In order to enhance export performance, managers should implement extensive

levels of export market exploitation, actively participate in export market discovery in dynamic export markets, and maintain a harmonious equilibrium between export market exploitation and exploration (Lisboa et al., 2013). A sequential approach that combines exploitation and exploration is necessary to optimize company performance in producing innovative product-service offerings (Bustinza et al., 2020).

The adoption of exploratory and exploitative methods promotes the development of new products by establishing a distinctive competitive edge for customers in terms of distinctiveness and cost-effectiveness “(O’Cass et al., 2014). The interaction between exploration and exploitation activities may influence a firm's performance (Wei et al., 2014). Combining exploration and exploitation efforts would aid in the development of innovative methods that maximize customer value and promote business performance. Other research has shown that ambidextrous businesses outperform enterprises that just use one side of their brain (Lubatkin et al., 2006) and in business competition (Raisch & Birkinshaw, 2008).

As a result, we investigate the impact of marketing ambidexterity on a firm's performance utilizing the marketing performance evaluation system technique and the construct of marketing performance (Frösén et al., 2013). This assessment technique may assess the efficiency, effectiveness, and flexibility of marketing initiatives (Frösén et al., 2013; Morgan, 2012) which can be more objective in determining the impact of marketing ambidexterity on a firm success. That consist of the actual and potential customer attitudes, perceptions, emotions, and feelings are referred to as brand equity. Customer equity is defined as the nature and growth of a company's customer base. client feedback indicates client happiness and success in customer relationship management. The success of innovation in terms of new product development and financial value is referred to as innovation. The level of incoming cash flow and the profitability of the gap between this cash flow and the required investment are characterized as financial position. Based on the arguments above, we formulate the following hypothesis:

H4 : Marketing ambidexterity positively influences marketing performance.”

Below is the research model in **Figure 1**

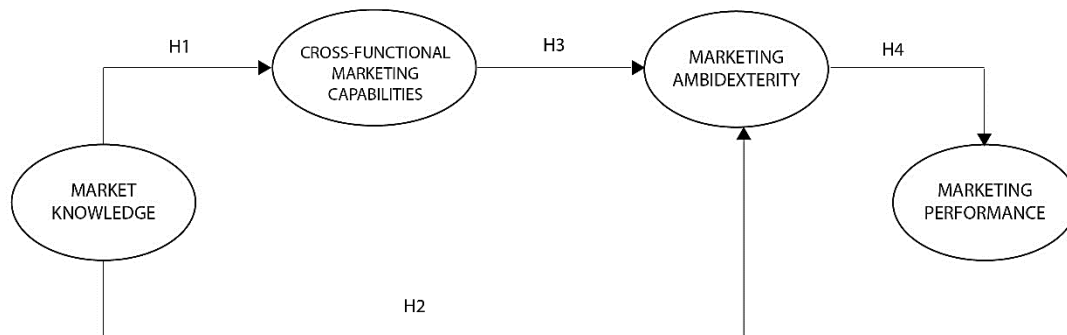


Figure 1. Conceptual Framework

METHODOLOGY

This study employs a descriptive single cross-sectional design and utilizes data obtained from handicrafts MSME actors in Kediri, East Java under the auspices of the Cooperative and MSME Office of Kediri City. In order to pursue both exploration and exploitation, the company needs a lot of resources. It also has to have spare capital to engage in marketing ambidexterity (Sok & O’Cass, 2015). Therefore, in the event that multiple individuals from the same firm participate in the questionnaire, only the data represented by the average response of these respondents is utilized. The craft sub-sector is one of the sub-sectors that contributes to the creative economy's growth in Indonesia.

We argue that the craft industry faces similar marketing challenges in Kediri, particularly with products that have high turnover across various categories, such as batik, tenun ikat, ribbon embroidery, kriya, hantaran). The challenge lies in devising strategies for the firms to effectively promote and distribute items on a large scale. The total population in this study is 124 firms that are involved in the craft industry of MSMEs in Kediri, East Java. The sampling method is non-probability sampling using judgment or purposive sampling. Those with managerial positions and at least three years of experience working for craft industry firms make up the study's sample of respondents. They possess a commendable comprehension of the organization and its industry (Martins et al., 2014). We ask two screening questions to ensure responders are in managerial positions and have a decent understanding of the sector. First, do they hold managerial positions in the firms that they currently working or owners of the firms that they are currently running. Second, have they worked or run in this industry for three years?

The sample size of this study is 102 samples, and due to the small number of samples, SmartPLS (ver.3) is used for statistical analysis and model testing.

The minimum sample requirement for SmartPLS is $n \times 10$ (Hair et al., 2021) (n is the number of arrows that connect constructs in the model), i.e., 90 (9×10); thus, the sample size of 102 is considered sufficient for testing hypotheses in the model. The data were gathered via both offline and online surveys. We employed both survey methodologies because of the high mobility attributes of

our respondents, who occupy as an owner or managerial roles in craft firms. Merely 10% of participants responded to the questionnaire online.

Characteristic of Sample

Female respondents comprise the majority (75%), the remaining respondent are man (27%), 47,05% of respondents are aged between 30-40 years the remaining, 6,86% of respondents are over 50 years old. Around 9,80% firms are more than 20 years, the remaining firms aged between 3-8 years (42,15%). Finally, 41,18% firms are quite intensive in discussing market trends.

Table 1. Descriptive Respondent

Aspects	Classification	Number	Percent
Sex	Female	75	73,53
	Male	27	26,47
Age	< 30 year	13	12,74
	30-40 year	48	47,05
	41-50 year	34	33,33
	>50 year	7	6,86
Firm's Age	3-8 year	43	42,15
	9-14 year	32	31,37
	15-20 year	17	16,67
	> 20 year	10	9,80
Meetings among members to discuss market trends/month	1times (2-5 month)	20	19,60
	1 times	15	14,70
	2-3 times	25	24,50
	>3times	42	41,18

However, we made the questionnaire's questions structured, clear, succinct, and easy to answer in order to reduce the disparity in respondents' perceptions between the two alternative approaches. The questions were made in the form of multiple-choice, and rating scale 1 to. 5 (1 means strongly disagree and 5 means strongly agree). For online surveys, questionnaires are sent via WhatsApp group. For off-line surveys, questionnaires are sent by drop off. The structured questionnaire that makes up the research tool has items that have been taken from published works (See **Table 2**)

Table 2. Summary of Measurement

Aspect and Items		Mean	Loading Factor
MARKET KNOWLEDGE DEVELOPMENT			
Market Information Acquisition (MIAC)			
	The marketing team always conducts customer meetings to determine what products the customers will need going forward.	4,286	0,954
	Management teams always keep a close eye on rivals to identify lost or prospective opportunities.	4,677	0,832
Market Information Dissemination (MID)			
	Any significant information regarding the primary market or customers is quickly shared with every staff member inside the firms.	4,808	0,788
	Information sharing between marketing and other divisions works effectively.	5,601	0,782
Market Information Analysis (MIAN)			
	A variety of fresh marketing data is routinely examined to gauge the possible advantages.	4,975	0,852
	Different marketing methods are constantly carefully evaluated.	4,616	0,826
	Market information is always effectively maintained on a regular basis.	4,777	0,903
Shared Understanding			
	We frequently explain in detail to all members of the marketing team the marketing steps that must be taken.	4,545	0,687
	We develop a shared understanding of available marketing information on a regular basis.	4,586	0,888
MARKETING AMBIDEXTERITY			
Marketing Exploration (MEXPLOR)			
	We are always developing new marketing processes that are extremely different from those used by other firms.	4,456	0,751
	We introduce a number of new marketing tactics that are tough, hazardous, or daring on a regular basis.	4,909	0,942
	We employ market expertise to "think outside the box" and develop novel marketing processes that have never been attempted before.	4,243	0,954
Marketing Exploitation (MEXPLOIT)			
	We regularly examine data from different initiatives and/or earlier research to adjust different marketing procedures.	5,333	0,852
	Every now and then, while creating new marketing procedures, we take into account a variety of current concepts.	5,101	0,789
	We systematically enhance many established marketing processes throughout time.	4,634	0,778
CROSS-FUNCTIONAL MARKETING CAPABILITIES			
Customer Relationship Management			
	We have established a "dialogue" with our target customers.	3,889	0,824
	We work hard to satisfy our clients' long-term demands so they will come back for more.	4,434	0,866
	We consistently work to strengthen our bonds with our most important customers	4,950	0,888

Brand Management			
	We frequently identify valuable brand positioning for clients by using a thorough understanding of them.	4,737	0,765
	We uphold a favorable perception of our brand in comparison to rivals.	4,323	0,710
	There are times when there is little market awareness of our brand.	4,960	0,865
New Product Development			
	Our firm frequently introduces new products.	4,838	0,886
	Our firm has the capability to concurrently launch multiple product variations across various marketplaces.	4,967	0,839
	Our firm has the capability to address a diverse range of specialized inquiries across various marketplaces.	4,876	0,781
	Our firm has the ability to enter new markets.	4,860	0,852
MARKETING PERFORMANCE			
Channel Activity			
	Our items have a limited range of selling points.	4,828	0,860
	Our sales channels have a wide geographical coverage across several regions of Indonesia.	3,818	0,752
Brand Equity			
	Consumer awareness of our brands has experienced substantial growth.	4,667	0,852
	Our consumers have a higher level of brand recognition.	4,596	0,787
Marketing Positions			
	Achieving the targets can be accomplished by increasing the entire market share of our products.	4,650	0,873
	Our company's market share is relatively larger for the last three years	4,616	0,702
Financial Position			
	We strive for operational efficiency in order to achieve our profit target.	4,466	0,873
	We make effective use of our resources in order to reach the net income goal.	4,909	0,882
	The net income of our business is comparatively higher for the last three years.	3,818	0,749

Based on **Table 2**, the use of “market knowledge development items is derived from Hult et al. (2007; Vorhies et al. (2011) which comprise four elements, namely, market information acquisition, market information dissemination, market information analysis, and shared understanding. Indicators of marketing ambidexterity were determined from the analysis of Kyriakopoulos & Moorman (2004; Vorhies et al. (2011), which consist of two dimensions, namely, marketing exploitation and marketing exploration. Indications of cross-functional marketing competencies are taken from the Vorhies et al. (2011) and Morgan (2012) research that consists of three dimensions, namely, brand management, customer relationship management, and new development products. The dimensions of the marketing performance assessment system consist of channel activity, brand equity, market position, and financial position. We contend that evaluating the effect of marketing ambidexterity on marketing performance is better served by using these four

dimensions. These metrics for measuring marketing performance are also taken from the research of Ambler et al. (2004); Combs et al., (2005); Kouropalatis et al. (2012).

RESEARCH RESULT

Measurement Model

A pre-test analysis involving thirty responders from thirty different firms was carried out. The Cronbach alpha and composite reliability values from the pre-test results demonstrate the good validity and reliability of each indicator $> 0,7$. Due to data restrictions, following the completion of the primary survey (only collected 70 data, the minimum data requirement for SEM analysis using SmartPLS is 90 data), we combined the pre-test data with the main survey data for the main test. We believe that there is no issue with the pre-test data being added to the main survey data because all indicators remain the same following the pre-test analysis. An exploratory factor analysis was done prior to the structural model test (EFA, see **Table 3**) and confirmatory factor analysis (CFA). Four elements of the growth of market knowledge, two elements of cross-functional marketing competencies, two elements of the ambidexterity of marketing, and two elements of marketing performance are obtained.

Table 3. Summary of Exploratory Factor Analysis: the higher-order construct

	MKD	CFMCap	MA	MP
<i>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</i>	0,786	0,740	0,682	0,656
<i>Bartlett's Test of Sphericity</i>	0,000	0,000	0,000	0,000
<i>Total Variance Explained</i>	72,172	63,128	62,510	64,308
<i>Components extracted</i>	4	2	2	2

The validity and reliability analysis results for higher-order and first-order constructs are displayed in **Table 4**.

Table 4. Summary of Discriminant Validity (square root AVE) and reliability

Construct	Code	1	2	3	4	5
1. Cross-Functional Marketing Capabilities ¹	C-FMCap	0.753				
2. Marketing Ambidexterity	MARKAM	0.848	0.768			
3. Market Knowledge Development ¹	MKD	0.766	0.742	0.763		
4. Marketing Performance	MPER	0.789	0.940	0.770	0.765	
Composite Reliability	CR	0.945	0.973	0.925	0.945	0.932
Cronbach's Alpha	α	0.938	0.870	0.954	0.944	0.868
Average Variances Extracted	AVE	0.587	0.678	0.576	0.576	0.582

The composite reliability values for all variables range from 0.925 to 0.973, the Cronbach's alpha value of all variables ranges between 0.868 to 0.954, and the values of all constructs' average variance extracted are between 0,576 and 0.678. Besides employing internal consistency reliability represented by composite reliability and Cronbach's alpha values, we additionally analyze

convergent validity or indicator reliability of the items (the amount to which a measure correlates favorably with alternative measures of the same construct, (Hair et al., 2021). We do a bootstrapping procedure and evaluate the outcome using two-tailed hypothesis testing at a significance threshold of 5%. In order to determine the accuracy of the measurements, a Confirmatory Factor Analysis measurement model was conducted, utilizing the overall model fit test. In order to assess the presence of common-method bias, we used (Harman, 1960).

DISCUSSION

This outcomes estimation of the structural model are displayed in **Figure 2**; *First*, it is worth noting that the loading factor of all indicators in constructs is higher than 0.6. This loading factor serves as an indication of the significance of the construct indicators. Second, the hypothesis testing of four hypothetical regressions shows a significance level of $p < 0.01$ (H1, H2, H3, and H4 are accepted). The first result indicates that market knowledge can directly support cross-functional marketing capabilities ($\beta = 0.65$; $p < 0.00$). As changes in consumer preferences, behavior trends, and product demand patterns are accelerating in the small business market. The acquisition of market information is crucial and will expedite the expansion of the firm's marketing skills. By developing market knowledge, firms can improve their marketing capabilities and transform their resources into market-related outcomes (Kaleka & Morgan, 2019).

The second result indicates that market knowledge can drive directly marketing ambidexterity ($\beta = 0.72$; $p < 0.00$), which is the ability of a firm to balance exploratory and exploitative strategies in marketing (Prange & Schlegelmilch, 2009). Market knowledge can help firms develop ambidextrous marketing capabilities, which include vigilant market learning, adaptive market experimentation, and balancing exploratory and exploitative strategies (He et al., 2021). This can lead to innovative performance and improved brand management processes. Acquiring market knowledge can give firms a competitive edge, and effectively managing this knowledge through marketing capabilities can lead to greater performance (Morgan, 2012; Vorhies et al., 2011). An alternative option is to implement marketing ambidexterity, which requires up-to-date market intelligence. Conversely, the company must promptly implement its marketing strategy in real time to swiftly address the demands of its customers.

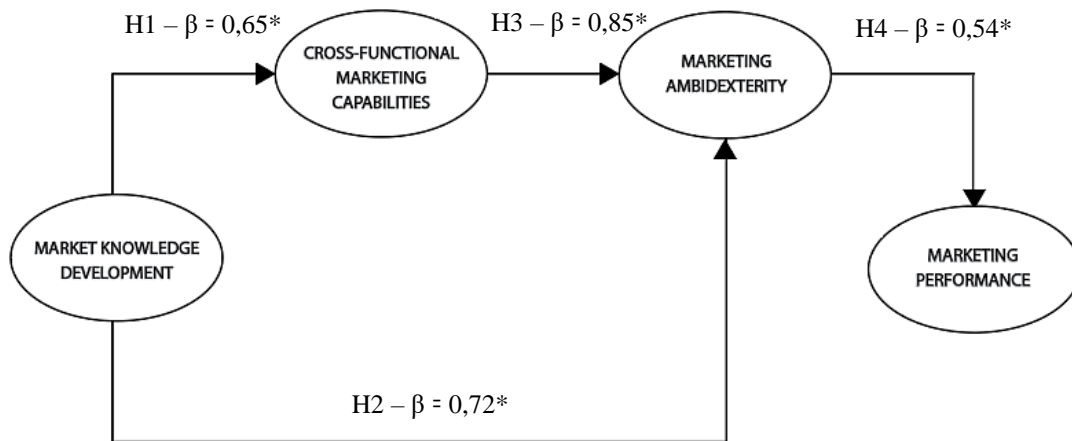


Figure 2. Path Coefficient

The third discovery demonstrates that cross-functional marketing capabilities can facilitate marketing ambidexterity ($\beta = 0.85 ; p < 0.00$), this illustrated that marketing competencies, such as market sensing, customer engagement, and partner linkage, it serves as catalysts for achieving marketing ambidexterity. Market sensing can help firms understand their customers' needs and preferences, which can lead to the development of products and services that better meet those needs (Williamson, 2022)and it enables firms to gather and analyze market information, anticipate rivals' actions, predict consumer demand, and establish a database to serve customers. It shows the marketing resources (intellectual and relational assets based on the market), in addition to marketing capabilities, will have an impact on the marketing strategy's execution, as well as the market's positioning advantages and financial performance (Morgan, 2012).

The results emphasize that the ability to preserve brand positioning and consumer loyalty can serve as a driver for achieving marketing ambidexterity. More precisely, the perception of a brand by customers, which is shaped by advertising and effectively communicated through various media channels, can promote both the exploitation and exploration of marketing opportunities. Ultimately, enhancing the quality of relationships with key consumers and engaging in meaningful interaction with target customers will effectively enhance marketing ambidexterity and ensure the ongoing loyalty of important customers. The fourth finding shows that marketing ambidexterity drive marketing performance ($\beta = 0.54 ; p < 0.00$). The results indicate, the capacity to effectively execute business operations, particularly marketing activities (referred to as marketing exploitation), as well as the ability to adapt marketing strategies in response to changes in the market environment (known as marketing exploration), is a crucial determinant of achieving exceptional marketing performance (Gibson & Birkinshaw, 2004; Raisch & Birkinshaw, 2008). This results indicate small business should engaged in marketing ambidexterity activities likely to exhibit superior levels of innovation and financial performance compared marketing exploitation or exploration activities (Aren et al., 2013).

CONCLUSIONS AND RECOMMENDATIONS

This research propose that the growth of market knowledge plays a crucial role in the advancement of marketing capabilities, specifically cross-functional marketing capabilities, which are the key drivers of marketing ambidexterity. Market knowledge competence also plays crucial role in a firm's capacity to adjust to market intelligence and in developing firm knowledge about customers, competitors, and markets and it is essential for firms to develop cross-functional marketing capabilities to balance exploration and exploitation activities simultaneously.

This study also indicates that cross-functional marketing capabilities are essential driving factors of marketing ambidexterity because they enable firms to balance exploration and exploitation activities simultaneously. This balance is essential for firms to achieve marketing ambidexterity, which is the ability to explore new markets and exploit existing ones. This study uncovered that marketing ambidexterity could improve marketing performance. The pursuit of marketing ambidexterity is crucial for driving marketing performance because it enables a company to effectively respond to the ever-evolving business landscape. Marketing ambidexterity, however, allows a firm to adapt to changing consumer preferences, emerging technologies, and competitive pressures while still maximizing the value of its existing marketing assets (Morgan, 2012a; Vorhies et al., 2011).

The firm needs to enhance its market information acquisition. The company should improve its market penetration, dissemination of market information, analysis of market data, and understanding of market share in order to enhance its market intelligence in order to identify prospective or missed possibilities for greater market acquisition. The marketing team need to engage in frequent interdepartmental communication or establish a dialogue forum. This will facilitate the development of a collective comprehension of market information and its impact on marketing strategy, such as the marketing or promotion mix strategy.

Second, in order to adopt marketing ambidexterity, firms should have better brand management, customer relationship management, and new product development capabilities. Firms should engage in proactive and regular advertising campaigns utilizing impactful media channels. It is important for firms to consistently cultivate the loyalty of their most important customers in order to enhance their capabilities in managing client relationships. Firms should prioritize the establishment and enhancement of the quality of relationships with their most important consumers. They should actively engage in communication with their target customers and consistently encourage them to try new or alternative products.

Furthermore, in order to attain exceptional marketing results, firms need to enhance their ability to effectively manage and balance both exploratory and exploitative marketing activities. This implies that companies should provide substantial support for both marketing exploration and exploitation endeavors. Therefore, it is highly advisable for companies to cultivate the specialized expertise, talents, and capacities of each employee in the area of marketing exploration or exploitation. To enhance their marketing exploration capabilities, firms should encourage the marketing team to establish and implement innovative and audacious marketing processes or procedures, such as a diverse array of daring promotional mix methods. In order to enhance marketing exploitation capabilities, firms should provide support to the marketing team in continually modifying the existing marketing process, including the present marketing mix tactics. The process can be initiated by assessing the existing marketing initiatives and closely observing the prevailing consumer behavior.

ADVANCED RESEARCH

This study has various restrictions. First, with only 102 samples, the number of observations barely satisfies the minimal criteria for statistical data processing. Subsequent research should augment the quantity and diversity of samples or broaden observations to encompass additional sectors such as the service industry, food and beverage industry, or tourism industry in order to enhance the findings of current studies. This study does not consider technology orientation as a significant component in the development of marketing capabilities and achieving optimal performance. The forthcoming research is anticipated to incorporate technological orientation as a key factor in enhancing marketing aptitude and marketing ambidexterity. Within the marketing context, the model alone examines the impact of the overall construct of cross-functional marketing capabilities on marketing ambidexterity. Additional research could investigate and evaluate the impact of many aspects such as brand management, customer relationship management, and new product development on marketing ambidexterity. As marketing becomes increasingly technology-driven, research can explore how emerging technologies like AI, big data, and automation impact the implementation of ambidextrous marketing strategies and their influence on marketing performance.

This study used the cross-sectional research design in which data is collected from many different individuals at a single point in time and it's not allowed for the conclusion of causality, as they are inherently nonrandomized and cannot establish a cause-and-effect relationship. Assess variables at a single point in time, making it difficult to determine the temporal relationship between variables or to assess changes over time within individuals or populations. Additional research could conduct longitudinal studies to examine how marketing ambidexterity strategies evolve over time and their long-term impact on marketing performance. This could involve tracking the marketing strategies of companies over several years to identify patterns, trends, and the enduring effects of ambidextrous practices.

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