

Collaborative marketing innovation: How to energize social capital to enhance MSME's performance?

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Abstract

An entrepreneurial network is one of the most prominent strategic resources for business. Even though micro, small, and medium-sized enterprises (MSMEs) face several challenges arising from their liability of smallness, they can leverage the advantages of having strong network ties. This study aims to examine how social capital derived from entrepreneurial networks (both formal and informal) can encourage collaborative marketing innovation and speed-to-market to enhance marketing performance. A total of 161 MSME owners from various industries participated in a field survey that was conducted using self-administered questionnaires. Data is analyzed using Structural Equation Modelling with AMOS software. The Resource Advantage Theory of Competition (RAToC) emphasizes the dynamic nature of competition in provoking disequilibrium through collaboration with other organizations. The result shows that collaboration helps companies in integrating resources in the marketing innovation process such as obtaining input for product development and supporting product promotion. The study also indicates that collaborative marketing innovation has become the most salient variable that accelerates time-to-market and enhances MSME performance.

Introduction

The majority of SMEs in Indonesia are in the informal sector where they face the liability of smallness. Liability of smallness is related to challenges faced by SMEs due to their small business operation, limited production capacity, low technological support, slow market penetration, and average level of human resources (Shinozaki, 2022). In the increasingly competitive competition, resource ownership becomes very important. Although SMEs has limitations in resources, however, the selection of important resources can help SMEs to grow. As human beings, social relationship with family members, business partner, and community might becomes strategic asset. Social capital is a resource related to the ownership of network assets for companies (Wulandhari et al., 2022). Social capital is defined as accumulated ties of social relation that build across internal and external relationship. A well-developed social capital promotes mutual benefit for businesses to exchange resources and gain benefits to grow (Jeong & Chung, 2022).

Rooted in the Resource-Advantage Theory of Competition (RAToC), this study aims to provide a new perspective on comparative advantages. RAToC was first introduced by Hunt and Morgan (2005) to expand the Resource-based view (RBV) by Barney (1991) on how to maintain superior performance relative to competitors. The Resource-Advantage Theory of Competition (Hunt, 2017) postulates the importance of resources, both tangible and intangible, that enable a company to obtain a competitive advantage. Scant research exploring RAToC has generally focused on large enterprises or multinational enterprises (Wan et al., 2020). However, several researchers have attempted to adopt RAToC to deepen the understanding of maintaining strategic resources in MSMEs in Indonesia (Hansen et al., 2023; Mohammad & Solikahan, 2023; Panjaitan

& Indriani, 2022; Situmorang et al., 2024). MSMEs are unique due to their large number and potential for driving economic growth in Indonesia. The biggest question is how to leverage resources to achieve a competitive advantage, especially for MSMEs (Varadarajan, 2023).

Thus, social capital offers a relational advantage by building network asset with stakeholders such as cooperation and collaboration with suppliers, buyers, consumers, and so on. Social capital comprises relational resources from which a company might exploit the information and knowledge needed to cope with its limited resources (Faroque et al., 2021; Huang & Lu, 2020). The interpersonal ties benefit the company in exploiting business opportunities and significant innovations to grow progressively.

Social capital is a widely researched topic in the area of social networks and entrepreneurship (Liu & Yang, 2020; Muna et al., 2023; Zheng et al., 2019), though few entrepreneurship studies stress the strategic significance of social capital in synergizing entrepreneurial networks for the survival and success of MSMEs (Al-Omouh et al., 2022; Doan et al., 2023). The main concerns for SMEs are related to resource constraints and market penetration. By maintaining good relationships with entrepreneurial networks, companies have the opportunity to build business support during market turbulence or crises such as Covid-19 pandemic (Kussudyarsana et al., 2023; Ozanne et al., 2022). Strong entrepreneurial networks that forms social capital become long-term investment that help companies in finding solution to its resource constraint and market penetration. Such relationships with family members, for example, provide trusted information in identifying needs for product development, and participating in trade associations gives full access to new knowledge, creates opportunities to expand to wider markets, and discover new and more promising business networks. Business associations or communities typically provide access to capacity building through training or assistance that is more favorable to the conditions of MSMEs (Adam & Alarifi, 2021).

Several researchers suggest that networks are a prominent factor in co-creation efforts designed to overcome MSME limitations (Al-Omouh et al., 2022; Ferdinand & Killa, 2018), and strong ties with stakeholders, both formal and informal, might establish a robust business ecosystem as leverage for business success (Leviäkangas & Öörni, 2020). Those business systems promote strong bonds between companies to support each other and create a stronger market presence. Social capital stresses the importance of entrepreneurial network ties for MSMEs. By maintaining social capital, businesses can explore and exploit potential resources, including sources of financial, physical, and technological capital (Cenamor et al., 2019; Meijer et al., 2019). Social capital also provides support systems, particularly through government officials, trade associations, and universities that have certain agendas in terms of capacity building, mentoring, and matching businesses with prospective investors. Finally, networks and social capital accelerate business growth, either in the domestic or international markets (Gil-Barragan et al., 2020).

While the essential value of social capital has been extensively explored, few academics or entrepreneurs are surprised by the advantages of maintaining a good relationship with business stakeholders. The art of building social capital is strongly influenced by a company's capabilities in maintaining a portfolio of strategic networks since a single network cannot be relied upon to enhance performance. Stam et al. (2014) found that the prevalent issue is the substantial cost of maintaining a network that fails to support the performance of network members. Social capital provides a cohesive function in synergizing networks to accelerate innovation. Recent studies provide evidence for the impact of social capital on performance (Cai et al., 2020; Doan et al., 2023; Mazzucchelli et al., 2021), while others do not (Cappiello et al., 2020; Dar & Mishra, 2020). As in Boateng et al. (2020), social capital found positive and significant support on social benefit of maintaining good relationships with supplier and buyer. Meanwhile, social capital showed a negative effect on business performance (Mlotshwa & Msimango-Galawe, 2020). The main issue in social capital studies is related to the accumulation of emotional attachment or personal manifestation that prolongs decision-making and leads to a reluctance to change (Lohe et al., 2021).

These inconsistent findings raise the question of "how a company manages its social capital to enhance its business performance?". This leaves room for this research to examine the nature of social capital in enhancing marketing performance. Resource-Advantage Theory of Competition

(Hunt & Morgan, 2005) is adopted to address the research problem for several considerations. First, RAToC provokes market disequilibrium where a company attempts to maintain its attractiveness through innovation (Mendez-Vega et al., 2021). Second, in maintaining its market position, RAToC offers a company-specific efficiency advantage; by forming a collaboration with other companies, SMEs maintain the liabilities of smallness by integrating resources and complementing resource deficiencies (Claro & Ramos, 2018; Heirati & Siahtiri, 2019). Third, RAT promotes supportive and obliging competition between competitors; by engaging in collaboration with other parties, RAT hinders self-seeking interest, proving that competition is not merely about rent-seeking and superiority but rather focused on progressive growth (Tehseen et al., 2019; Veronica et al., 2019). Collaboration empowers synergy between actors to explore and maximize resources for mutual benefit, promoting cooperative nuance that abolishes fierce competition.

This research aims to fill the research gap by proposing a conceptual model that incorporates collaborative marketing innovation, social capital, and speed-to-market to enhance SME performance. This research focuses on SMEs maintaining relations with internal and external stakeholders in Central Java, Indonesia, contributing significantly to understanding the dynamics of this specific context. This study offers two contributions:

- 1) An empirical contribution to the development of a new concept in the entrepreneurship and marketing literature. Collaborative marketing innovation enhances SME performance, and this research provides insights for collaborating actors within SME entrepreneurial networks to proactively engage in solving SME problems.
- 2) Empirical evidence to the application of Resource-Advantage Theory of Competition which is more relevant to small and medium businesses.

Literature Review and Hypotheses Development

Social Capital

Social capital has been studied in relation to entrepreneurship and marketing strategy (Mazzucchelli et al., 2021; Weerakoon et al., 2019). Social capital is defined as a set of accumulated relationships either directly or indirectly. Social capital has been widely researched across various types of networks, such as internal and external networks, formal and informal networks (Baker et al., 2016; Dunn, 2017). Due to different cultural backgrounds, exclusive networks are formed to achieve common goals such as guanxi networks, Islamic networks, cluster networks (Ju et al., 2019; Kurta et al., 2020). As the relationship is always evolving, Sukoco et al. (2018) explored the importance of interaction through open and honest communication to optimize information exchange. Similarly, Cofré-Bravo et al. (2019) pointed out another dimension which is bonding, bridging, and linking in order to link different types of networks.

Building on RAToC, social capital becomes an essential relational asset for business. In relationship marketing, maintaining good connection with stakeholders play vital role to help business to grow. First, social capital plays as resource-bridging between companies and various parties in providing up-to-date and relevant information that meets companies' needs (Masiello & Izzo, 2020; Sheng & Hartmann, 2019). Second, social capital provides a support system to accommodate issues related to marketing support. Such as building a crowd in promotion, sharing promotion costs, and building brand identity.

However, previous researches on social capital in MSMEs highlights two important aspects of networks which are quantity and quality. Having more networks does not guarantee enhancing business performance. Besides that, high-quality networks are the potential to generate fine-grained networks, unfortunately, MSMEs is lack on capacity to convert the information into knowledge that leads to innovation (Cai et al., 2021). Therefore, collaborative action is important in synergizing different networks. First, entrepreneurial networks offer open access to marketing ideation and campaigns (Itani et al., 2022). By fostering a strong relationship with external stakeholders, collaboration becomes important in discovering novel marketing ideas. Based on the social exchange perspective, good inter-organizational relationships are based on a mutual commitment to common goals, shared values, and collaborative behavior (Crick & Crick, 2020; Hardwick &

Anderson, 2019). Second, entrepreneurial networks create strong value resonance. Companies that develop and maintain customer loyalty can drive customers through the value delivery process. Social media marketing, for example, empowers the customer through message engagement and sharing across wider networks, enhancing the extensiveness of marketing efforts that lead to improved sales performance and leveraging network proliferation to capture a broader customer base (Hollebeek, 2019; Ki et al., 2020). Third, networks provide access to shared, integrated, and complementary resources; through collaboration, companies share marketing resources to enhance performance, while brand collaboration with other parties effectively exploits collective marketing resources (Heirati & Siahtiri, 2019). Collaboration benefits SMEs involved in branding efforts where a company might enhance product visibility and corporate credibility.

H₁: Social capital has a positive and significant impact on collaborative marketing innovation.

Collaborative Marketing Innovation

RAToC (Hunt & Morgan, 2005) underpins the emergence of collaborative marketing innovation as a dynamic effort to provoke market disequilibrium. RAToC explains about innovation as one of strategy in creating different value offering to the market. Based on RAToC, resources can be in the form of tangible and intangible assets that are valuable, rare, inimitable, and non-substitutable (Hunt, 2015). RAT explains that resources are not limited to the tangible (e.g., plant and machinery), or the intangible (e.g., entrepreneurial skills, capabilities, organizational learning, relationships, and culture), and they can all be deployed to create a value offering to serve a specific market segment. The discovery of new resources that are inimitable becomes salient and will lead to a sustainable competitive advantage (Hunt, 2017). Several researches underlying the emergence of RAToC explain that businesses play a major role in combining resources to create innovations that lead to superior performance through a cooperative form of collaboration (Deng & Hendrikse, 2017).

Recent researches on MSME innovation often focuses on incremental innovation rather than radical product innovation (Lennerts et al., 2020; Rubin & Abramson, 2018). Generally, MSMEs do not make groundbreaking product innovation but instead upgrading the peripheral characteristics of the product such as patterns, colors, and so on. Based on RAToC, collaborative marketing innovation is the company's attempt to create marketing maneuvers by leveraging its networks to enhance marketing performance. SMEs are encouraged to build collaborative innovations with stakeholders to mitigate their liabilities of smallness in terms of a value offering. Aksoy (2017) asserts that inter-organizational relationships provide access to marketing resources to enhance the value delivery of products or services to the customer. Marketing innovation can be in the form of a new product/service design, promotion strategy, or pricing (Quaye & Mensah, 2019; Wang et al., 2020). From a behavioral perspective, collaboration promotes coordination and cooperation between businesses that share a mutual vision to achieve business sustainability.

Collaborative marketing innovation is defined as a joint action by members within entrepreneurial ties in the value creation and value offering process (Efrat et al., 2017; Fernandes & Remelhe, 2015). From marketing ideation to product launch, companies strive to introduce novel ideas that lead to customer purchases. Collaborative marketing innovation helps the company to enhance SME performance for several reasons. First, innovation is a survival mechanism for SMEs that stimulates and drives the creation of attractive and competitive products and services (Adam & Alarifi, 2021; Wang et al., 2020). In dealing with the pressure of competition, collaborative action enhances the ability of SMEs to respond to customer demands (Feng et al., 2018). By integrating resources with other parties, SMEs can generate information that is helpful in designing a compelling value offering to customers. Second, collaborative innovation in marketing programs speeds up the value delivery process. The marketing campaign resonates with the extensiveness of product performance among customers and retailers. Thus, collaborative action accelerates product development in terms of time and scope. It enhances the introduction to a wider market faster than competitors. Third, collaborative innovation promotes business growth while marketing innovation leads to speed-to-market and performance.

H₂: Collaborative marketing innovation has a positive and significant impact on SME performance.

Speed-to-Market

The dynamic nature of competition and market uncertainty posit speed-to-market as a crucial factor in enhancing MSME's performance. RAToC views speed-to-market as a firm-specific advantage in managing time during the innovation process. Various perspectives on explaining speed-to-market, Akgün and Lynn (2002) described speed-to-market as an achievement in the actual realization of project management from its pre-scheduled events. Bhattacharyya et al. (2015) explained speed-to-market as a first-mover advantage where companies are one step ahead from their competitors in responding to the market. Additionally, speed-to-market signifies acceleration in market entry effort, it showed the pace of the company in conducting its marketing activities from ideation to finally launching the product (Puthusserry et al., 2020).

Micro, small, and medium-sized enterprises face several marketing challenges in delivering a value offering to the customer. As customer preferences are always changing, speed-to-market is defined as "time elapsed on the process of introducing innovation to the marketplace, it is related to the speed of the product development until product offering to the market" (Amaya et al., 2019). If there is a new product pipeline, it can also serve an increasing number of offerings to maximize revenue. Social capital is one potential antecedent that can enhance the pace of innovation (Lyu et al., 2022; Zhang et al., 2020). Collaborative innovation is also important in the process of product development as it facilitates the exchange of information and new knowledge creation between the collaborating parties (Najafi-Tavani et al., 2018). Wu et al. (2020) find that teamwork and management support are vital in the decision-making processes around new product development. Entrepreneurial SMEs are challenged to quickly adapt to market turbulence, and a relatively short time-to-market is a mark of success in managing the associated time pressures. The faster a new product is introduced to the market, the higher the chance of achieving a first-mover advantage (Ahmadi & O'Cass, 2018). Second, speed indicates the ability of the firm to grasp the moment. Providing that the first-mover advantage is gained by providing product or service that is in demand, will enhance the performance of the company.

H₃: Collaborative marketing innovation has a positive and significant impact on speed-to-market.

H₄: Speed-to-market has a positive and significant impact on SME performance.

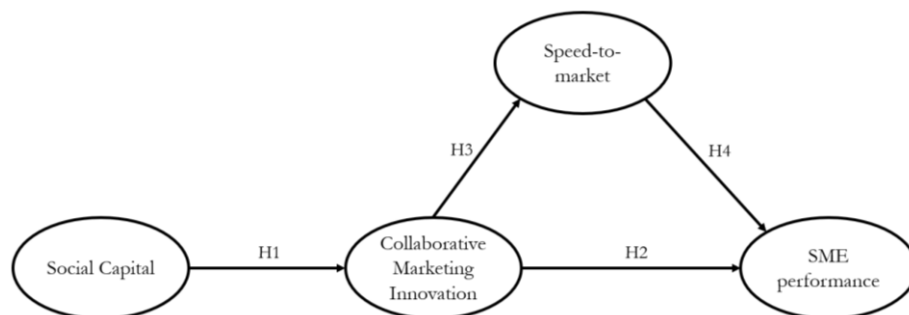


Figure 1. Theoretical Framework

Research Methods

Research Design and Data Collection

All instruments collected are based on previous research relevant to the context of the study. There are three independent variables, namely social capital, collaborative marketing innovation, and speed-to-market. Social capital was assessed using five questions adapted from (Jeong & Chung, 2022). Collaborative marketing innovation was measured using seven items adapted from (Aksoy, 2017; Jeong & Chung, 2022). Speed-to-market was measured using four items adapted from (Amaya et al., 2019). The dependent variable, SME performance, is adapted from Lee and Hallak (2020) using four items: sales growth, profit growth, market growth, and customer satisfaction. In order to ensure that the instrument are clearly understood by the respondent, face validity is conducted by distributing the instrument to three experts in marketing and entrepreneurship from academia, business practitioners, and government officials.

The population in this study comprises MSMEs in Central Java under the guidance of the Ministry of Cooperatives and SMEs (Kementerian Koperasi dan UMKM), in total of 172.498 units. Central Java is the second largest number of MSMEs in Indonesia, after West Java. This study employed probability sampling using a cluster sampling technique due to the large distribution of the population. Solo Raya was then chosen as the most representative of the population since it has the highest number of MSMEs (Fataip, 2023). Therefore, data collection was conducted in Solo Raya, which consists of six regions namely Surakarta, Boyolali, Sukoharjo, Wonogiri, Sragen, and Klaten. The data was collected over three months from December 2022 to February 2023.

At last, a field survey was conducted by distributing questionnaires directly to respondents. Self-administered questionnaires are employed to maintain the privacy and secrecy of the information. Respondents are encouraged to answer on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree). A total of 161 SME owners in various industries (apparel & textile, food & beverages, services, and handcraft) participated in this research. The data was then analyzed using Structural Equation Modelling (SEM) with the assistance of SEM AMOS 23.0. SEM is a multivariate analysis methods which aims to assess the quality of the model and constructs through measurement model and structural model. SEM combines several analyses from factor analysis, regression analysis, and path analysis. SEM was chosen for several considerations. First, SEM is an effective technique for structurally testing a conceptual model with a complex relationship. Second, SEM allows the measurement of multiple independent and dependent variables simultaneously. Third, SEM presents measurement error to improve the model which is difficult to achieve with other techniques (Ferdinand, 2014; Hair et al., 2014).

Results and Discussion

Respondent Profile

Table 1 summarizes the characteristics of respondents comprising micro businesses (65%), small businesses (23%), and medium-sized businesses (12%). Table 1 shows the distribution of the sample. The highest percentage of work is in apparel and textiles (36.0%), followed by handcraft (19.0%) and food (16.0%). Respondents are dominated by males (68%) and most are aged 41-50 years old (36%). Meanwhile, the majority of respondents have been in business for more than 15 years (40%) with between 11-20 employees (80%).

Table 1. Characteristics of Sample

	Frequency (N = 161)	Percentage		Frequency (N = 161)	Percentage
<i>Industry Type</i>			<i>Education</i>		
Micro	105	65%	Junior high school	41	25%
Small	37	23%	Senior high school	106	66%
Medium	19	12%	Associate's degree	3	2%
<i>Product Categories</i>			<i>Bachelor's degree</i>		
Apparel and textile	58	36%		11	7%
Food	26	16%	<i>Age of Business (year)</i>		
Services	20	12%	5-10	55	34%
Furniture	27	17%	10-15	42	26%
Handcraft	30	19%	>15	64	40%
<i>Gender</i>			<i>Number of Employees</i>		
Female	52	32%	<5	3	2%
Male	109	68%	5-10	14	10%
<i>Ages (year)</i>			11-20	128	80%
21-30	45	28%	>20	13	8%
31-40	40	25%			
41-50	59	36%			
51-60	14	9%			
>60	3	2%			

Validity and Reliability

Before conducting the structural measurement, validity and reliability test was performed including evaluating the Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). Table 2 presents the correlation matrix that indicates the strength of the relationship among variables in the model: social capital (SC), collaborative marketing innovation (CMI), speed-to-market (MS), and SMEs performance (PER). The result of Pearson's correlation test shows that each variable in the model has significant relationship at level of <0.001 . The descriptive analysis shows that respondents generally agreed upon the items of the questionnaire with minimum variation.

Table 2. Correlation Matrix

	SC	CMI	MS	PER	Mean	Min	Max	Std. Deviation
SC	1	0.621**	0.300**	0.205**	5.15	3.00	7.00	0.748
CMI		1	0.362**	0.325**	5.10	2.29	7.00	0.769
MS			1	0.475**	5.37	2.50	7.00	0.908
PER				1	5.19	2.00	7.00	0.987

Note: **Correlation is significant at the level of 0.01

SC = social capital; CMI = collaborative marketing innovation; MS = speed-to-market; PER = SMEs performance

To test the reliability of the instrument, the result of Cronbach's alpha is 0.925 which is higher than the cut-off value of 0.6. therefore, it can be concluded that all the items in the questionnaires is reliable.

Measurement Model

A structural model analysis is conducted by running a confirmatory factor analysis (CFA) for exogenous and endogenous variables. Composite reliability (CR) and average variance extracted (AVE) are used to examine the reliability and validity of the instruments. The value for the loading factor and the AVE should be above 0.5, while the CR should be above 0.6 (Hair et al., 2014). Table 3 shows the results that indicate that the instruments are both valid and reliable.

After confirming the validity and reliability of the constructs, full model measurement is assessed. In the first attempt, the model shows poor goodness of fit statistically and non-statistically identified by a probability value less than 0.05, GFI (0.872) and AGFI (0.766) which does not meet the cut-off value for the goodness of fit. We evaluate the existence of multivariate outliers by identifying Mahalanobis Distance (Tabachnick & Fidell, 2012). Based on chi-square distribution, the critical chi-square value for 20 indicators at $p < 0.001$ is 45. The data that shows mahalanobis d-squared extreme value above 45 is considered as multivariate outlier and needs to be removed (Aguinis et al., 2013). Lastly, we removed 11 outliers from the data. We then re-run the model measurement and obtain a satisfactory fit with CFI (0.989), GFI (0.902), TLI (0.987), RMSEA (0.033), and AGFI (0.867). Although the value of AGFI is marginal, considering that all other values are satisfactorily fit, we conclude that the model passes the goodness-of-fit test.

Table 4 summarizes the hypotheses model testing of the model. It shows that all hypotheses are supported. H1 proposes the positive and significant impact of social capital toward collaborative marketing innovation. Social capital has a significantly positive effect on enhancing collaborative marketing innovation ($\beta=0.641$; $p=0.000$). Therefore, H1 is supported. Collaborative marketing innovation proves to have a significant impact on SME performance ($\beta=0.182$; $p<0.05$), thereby supporting H2. Similarly, collaborative marketing innovation has a positive and significant on speed-to-market ($\beta=0.374$; $p=0.000$), thereby providing support for H3. Finally, speed-to-market has a positive and significant impact on SME performance ($\beta=0.438$; $p=0.000$); thus, H4 is supported.

Table 3. Factor Loading of Variables

Latent Factors	Observed Items	Items	Loading	CR	AVE
Social Capital (Jeong & Chung, 2022)	SC1	I have cultivated close connections with our buyers.	0.821	0.92	0.69
	SC2	I have cultivated close connections with our suppliers.	0.838		
	SC3	I have cultivated close connections with our competitors.	0.894		
	SC4	I have cultivated close connections with various levels of government officials.	0.786		
	SC5	I have cultivated close connections with various associations/community development.	0.798		
Collaborative Marketing Innovation (Aksoy, 2017; Jeong & Chung, 2022)	CMI1	We frequently partnered with suppliers/customers to innovate our marketing programs.	0.676	0.92	0.61
	CMI2	We frequently consulted our partner about new product design.	0.807		
	CMI3	We frequently discussed with suppliers/customers about product pricing.	0.766		
	CMI4	We frequently partnered to look for ways to improve our promotion methods.	0.925		
	CMI5	We actively engage with our partners to look for ways to get close to our customers.	0.825		
	CMI6	We look for ways to involve our customers to develop new promotion methods.	0.786		
	CMI7	We look for ways to develop powerful sales techniques.	0.651		
Speed-to-market (Amaya et al., 2019)	MS1	We developed a new product faster than the major competitor for a similar product.	0.859	0.92	0.74
	MS2	Our product was completed in less time than what was considered normal.	0.920		
	MS3	Our product was launched on or ahead of the original schedule.	0.853		
	MS4	We were pleased with the time it took us from specs to full commercialization.	0.805		
SME Performance (Lee & Hallak, 2020)	PER1	Over the past year, the overall performance of the business met expectations.	0.932	0.94	0.79
	PER2	Over the past year, the overall performance of the business exceeded that of our major competitors.	0.900		
	PER3	Over the past year, we were very satisfied with the overall performance of the business.	0.842		
	PER4	Over the past year, our sales growth has increased.	0.884		

Table 4. Hypotheses Model Testing

Hypothesis	Estimated	Standard Error	Critical Ratio	p-value	Conclusion
H ₁ : Social capital → Collaborative marketing innovation	0.641	0.082	7.404	0.000***	Supported
H ₂ : Collaborative marketing innovation → SME performance	0.182	0.117	2.206	0.027*	Supported
H ₃ : Collaborative marketing innovation → Speed-to-market	0.374	0.106	4.282	0.000***	Supported
H ₄ : Speed-to-market → SME performance	0.438	0.099	5.164	0.000***	Supported

Note. ***p<0.000; **p<0.01; *p<0.05

Discussion

The aim of this research is to empirically test the proposed model for enhancing SME performance. The results support all hypotheses, indicating that social capital has a significant impact on SME performance through collaborative marketing innovation and speed-to-market. Collaborative marketing innovation is the most salient factor for enhancing SME performance. In line with Payan et al. (2018), SMEs must be proactively engaged in cooperation or collaboration with other organizations. Furthermore, collaboration in marketing channel through digital networks is widely promoted to enable SMEs to access wider geographical markets. Cooperation between large firms and SMEs can be found in various programs providing access to finance (Wasiuzzaman, 2019), technology adoption (Eze et al., 2019), knowledge management protection (Ta'Amnha et al., 2023), and supply chain collaboration (Liao et al., 2017).

SME networks can foster collaboration by actively engaging in the interaction between or among SMEs and their stakeholders. Bertello et al. (2021) explains the benefit of university-industry relationships in collaborative R&D projects and knowledge transfer training programs. Moreover, the university-industry interaction framework proposed by Nsanzumuhire and Groot (2020) depicts the collaborative flow between external stakeholders and innovation outcomes that lead to enhanced performance.

Social capital is a strategic asset that provides two main benefits. First, collaboration accelerates internal innovation and when SMEs develop strategic relationships with other parties, they will be enriched with ideas that will transform into knowledge (Heirati & Siahtiri, 2019). Second, collaboration increases the internal capabilities of a company in terms of supply chain management. Heirati and Siahtiri (2019) identifies several types of collaboration including strategic alliances, joint ventures, cooperation arrangements, virtual collaboration, and vertical, horizontal, and lateral integration. Collaborative marketing innovation proposes strategic action in value chain delivery resulting from a deep understanding of supply chain activities so that collaboration can enhance operational performance.

Collaborative actors are crucial in strengthening SME networks by helping design their market offerings and expanding market coverage. Government officials enable SMEs to connect with suppliers and customers to enhance their market presence and brand building through marketing programs such as exhibitions and awards. Governments can also provide recommendations for product development, product design, packaging, quality control, certification, and patents. This support is documented in studies by Achmad et al. (2023); Hussinger and Pacher (2019). Moreover, collaboration in the marketing channel through digital networks is widely promoted for SMEs to access a wider geographical market.

This study highlights the importance of collaborative marketing innovation in bridging the needs of SMEs to grow rapidly and makes it possible for SMEs to scale up by energizing their network assets to either increase the number of consumers or expand into other market segments. A diversified marketing strategy is important in generating revenue (Manser Payne et al., 2017). The results of this research demonstrate that speed-to-market significantly impacts SME performance in terms of market growth, sales growth, and customer satisfaction. The main enabler of this economic growth is the mobilization of social capital in creating collaborative networks that support SMEs.

Collaboration does create certain challenges, particularly in the decision-making process. SMEs that collaborate must be more dynamic in responding to market demand, and collaboration might fail if a business is overly focused on achieving its own goals. Ideally, collaborative relationships are based on mutual trust and shared objectives. Alonso and Bressan (2016) criticized the apparent absence of outcomes. However, this study shows that collaborative marketing innovation significantly impacts speed-to-market, and this indicates that functional collaboration partners work together in the innovation process, within shared time constraints.

Implication and Conclusion

This study explores a new perspective of Resource-Advantage Theory of Competition (RAToC) within a conceptual model that integrates several concepts, including social capital, collaborative

marketing innovation, speed-to-market, and SMEs performance. The research contributes to the adoption of RAToC by deepening the understanding of marketing strategy within MSMEs research. The findings address the research gap in leveraging social capital to enhance business performance by collaborative action amongst members within entrepreneurial networks to achieve marketing goals. Furthermore, this research provides empirical support for the importance of social capital in fostering collaborative marketing innovation, which can accelerate the innovation process and market acceptance.

This study acknowledges several limitations. First, social capital solely focused on the structural dimension (internal and external networks) neglecting other important dimension such as trust and interaction, resulting in a narrow focus on the measurement of social capital. Second, the complexity of the collaborative marketing innovation process was not explored in terms of internal capacity of MSMEs, which often struggle with coordination and realization of the goals. This research opens new avenues for future studies. First, future studies might consider adopting different dimensions of social capital such as trust, communication, and interaction. Second, since collaborative innovation is a complex process, MSMEs might experience a knowledge gap, future research therefore might further examine moderating variables that drive the transformation of information into innovation, such as innovativeness, absorptive capability, and learning capabilities.

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