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Unpacking the Resource–Value–Performance Nexus in SMEs

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ABSTRACT

Objectives: *This study investigates how resource leverage and value creation interact to influence the overall performance of SMEs within an entrepreneurial marketing framework. It addresses the gap in understanding whether leveraging limited resources translates into performance gains when mediated by value creation.*

Methodology: *A quantitative research design was employed, utilizing a structured questionnaire distributed to 140 SME owners and managers. Data from these respondents were analyzed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) to test the measurement and structural models linking resource leverage, value creation, and performance.*

Findings: *The results show that resource leverage has a significant direct effect on SME performance ($\beta = 0.333$, $p = 0.000$). Additionally, resource leverage strongly influences value creation ($\beta = 0.604$, $p = 0.000$), which in turn has a substantial effect on SME performance ($\beta = 0.527$, $p = 0.000$). The mediation analysis confirms that value creation significantly mediates the relationship between resource leverage and SME performance ($\beta = 0.319$, $p = 0.000$), indicating that firms that effectively transform financial, human, and social resources into customer-oriented value offerings achieve superior outcomes—such as higher financial returns, customer loyalty, and market differentiation.*

Conclusion: *This study confirms the importance of value creation in maximizing the impact of resource leverage. It contributes to entrepreneurial marketing and resource-based view literature by highlighting the strategic role of co-creation, innovation, and market responsiveness in enhancing SME performance, particularly in resource-constrained environments.*

Keywords*: Entrepreneurial Marketing; Resource Leverage; Value Creation; SME Performance; Strategic Marketing.*

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INTRODUCTION

Small and Medium Enterprises (SMEs) are pivotal contributors to economic growth, innovation, and employment generation across the globe. However, these enterprises frequently face significant constraints, including limited access to financial capital, insufficient human resources, and restricted market reach. Many SMEs struggle to survive in increasingly competitive markets due to a lack of strategic capabilities, difficulty adapting to customer demands, and underutilization of their existing resources. These practical challenges often result in stagnant growth, low profitability, and high failure rates. Operating under such limitations necessitates that SMEs adopt strategic approaches to optimize resource utilization and enhance sustainable performance. One such strategy gaining traction is entrepreneurial marketing (EM), a hybrid orientation combining entrepreneurial behavior with marketing practices to strengthen competitive positioning, customer engagement, and long-term value creation. Although numerous studies recognize the positive influence of EM on firm performance, deeper investigation is warranted to understand how specific mechanisms, such as resource leverage and value creation, interact to influence SME outcomes.

Entrepreneurial marketing is characterized by its emphasis on innovation, proactiveness, risk-taking, and value-focused customer engagement (Morris et al., 2002). In contrast to conventional marketing, which typically involves structured and resource-heavy approaches, EM enables SMEs to operate flexibly and innovatively in dynamic or resource-constrained environments (Shiratina et al., 2023; Buli, 2017). Nevertheless, despite increasing interest in EM, the literature has yet to fully explicate how SMEs can tactically utilize their limited resources and implement value-creating strategies to attain superior performance. Addressing this knowledge gap is especially relevant in today's volatile economic climate, where adaptability and strategic foresight are critical to business survival and growth.

Resource leverage refers to a firm's strategic capacity to maximize the value derived from its existing assets—financial, human, and social—to achieve business objectives (Etuk et al., 2024; Hacini et al., 2022). For SMEs, leveraging resources is not only essential for overcoming operational and financial limitations but also serves as a foundation for building competitive advantage. In settings characterized by resource scarcity, strategic management of these assets becomes even more critical. However, the direct relationship between resource leverage and firm performance remains complex and sometimes ambiguous. Several empirical studies suggest that while leveraging resources contributes to increased innovation and organizational agility, its influence on tangible outcomes such as profitability, customer satisfaction, and market share often depends on mediating variables (Batra et al., 2015; Koeswandi et al., 2024).

One such mediating mechanism is value creation. This refers to a firm's ability to transform leveraged resources into offerings that deliver meaningful and differentiated benefits to customers. Recent research has emphasized that value creation plays a pivotal role in converting internal resource potential into improved business performance. For example, studies by Jain et al. (2017) and Feng et al. (2022) underscore the importance of intellectual capital and innovative resource configurations in driving business outcomes. Additionally, Oduro and Mensah-Williams (2023) highlight the role of marketing capabilities in ensuring that resources are allocated and applied in ways that meet customer expectations and market trends.

The strategic utilization of social resources also merits consideration. Alam et al. (2023) demonstrate that platforms like social media facilitate customer engagement and knowledge exchange, which are critical for enhancing perceived customer value. These tools allow SMEs

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to collect real-time feedback, engage customers in co-creation, and build brand communities. Complementing this, Fitriasari (2020) finds that marketing capabilities significantly moderate the relationship between resource leverage and performance, particularly through improvements in customer responsiveness and adaptability.

Value creation lies at the heart of entrepreneurial marketing. It involves delivering superior benefits to customers via innovative products, services, or experiences (Sadiku-Dushi et al., 2019). The service-dominant logic, proposed by Vargo and Lusch (2015), views value as co-created through interactive processes between firms and consumers, rather than being embedded in the product itself. Liu et al. (2019) further emphasize that successful value co-creation requires structured interactions among stakeholders throughout the product lifecycle. Zhou et al. (2022) and Zhuo et al. (2022) support this view, arguing that consumer participation, engagement, and experiential feedback are essential in sustaining competitive advantage through continuous value refinement. Brege and Kindström (2020) add that proactive relationship management enables firms to innovate collaboratively with customers, leading to higher satisfaction and brand loyalty.

Despite these theoretical insights, limited empirical work has addressed how value creation mediates the relationship between resource leverage and SME performance. This study seeks to fill this gap by examining four key research questions: (1) How does resource leverage influence value creation? (2) How does resource leverage impact SMEs' overall performance? (3) What is the direct effect of value creation on SME performance? and (4) Does value creation mediate the relationship between resource leverage and performance?

The study is grounded in the Resource-Based View (RBV), which posits that firms achieve sustained competitive advantage by effectively deploying valuable, rare, inimitable, and non-substitutable resources (Barney, 1991). It is further supported by entrepreneurial marketing literature that focuses on leveraging internal capabilities and external opportunities to drive growth (Morris et al., 2002). Together, these frameworks provide a robust theoretical lens for analysing how SMEs can navigate challenges and capitalize on their resource base through value-driven strategies.

Empirical evidence indicates that SMEs that effectively integrate EM principles are better positioned to achieve outcomes such as revenue growth, market expansion, and stronger customer relationships (Ali et al., 2020; Hanaysha, 2022). However, the absence of a systematic exploration of value creation as a mediating factor limits current understanding. This study contributes to bridging that gap by incorporating value creation as a central construct, thereby offering a more complete model of SME performance enhancement.

The anticipated contributions of this study are threefold. First, it empirically validates the linkage between resource leverage and value creation, offering practical insights for optimizing resource use. Second, it extends the entrepreneurial marketing paradigm by positioning value creation as a strategic intermediary in performance outcomes. Third, it provides actionable recommendations for SME stakeholders to align marketing strategies with value generation, thus enhancing competitiveness and resilience. Ultimately, this research contributes to both academic inquiry and managerial practice by elucidating how SMEs can translate internal resource capabilities into sustainable market success through entrepreneurial marketing.

LITERATURE REVIEW

The present study investigates how resource leverage and value creation interact within an entrepreneurial marketing (EM) framework to influence the performance of SMEs. This literature review outlines the theoretical underpinnings of EM and the Resource-Based View (RBV) of the firm, followed by a discussion of how both perspectives inform the constructs of resource leverage and value creation. It integrates prior empirical findings to identify gaps and explain how these constructs jointly influence SME performance.

Entrepreneurial marketing (EM) merges core entrepreneurial principles—proactiveness, innovativeness, and risk-taking—with strategic marketing to address customer needs (Morris et al., 2002). Unlike traditional marketing, EM emphasizes agility, adaptability, and creativity, enabling SMEs to operate effectively under constrained resources (Shiratina et al., 2023). EM encourages firms to proactively identify opportunities and engage in customer-centric innovation, a critical factor in volatile and resource-scarce environments (Buli, 2017; Yuza et al., 2023). In developing economies, EM contributes significantly to adaptability and resilience by facilitating strategic partnerships and resource pooling (Gontur et al., 2022; Etuk et al., 2024; Teofilus et al., 2020). Furthermore, EM plays a critical role in digital market expansion, where entrepreneurs leverage social networks to build trust and facilitate international market entry (Yang et al., 2023). This adaptability is further supported by the synergy between product innovation and strategic marketing approaches, which directly influence consumer purchasing behavior (Purnamasari et al., 2024). Therefore, EM sets a foundation for understanding how SMEs leverage resources and generate value to sustain performance.

The Resource-Based View (RBV) posits that firms derive competitive advantage by developing and deploying resources that are valuable, rare, inimitable, and non-substitutable (Barney, 1991). For SMEs, such resources often include human capital, social networks, and innovation capabilities. However, due to institutional and financial limitations, SMEs often struggle to fully exploit their resources (Ali et al., 2020). RBV and EM are complementary; while RBV defines which resources matter, EM suggests how firms can utilize them strategically. Gruber-Mücke and Hofer (2015) emphasize that EM enables SMEs to dynamically mobilize and reconfigure resources to seize market opportunities. Additionally, recent studies indicate that RBV is essential in helping firms maintain resilience during periods of uncertainty, such as market disruptions and economic crises (Haque, 2023). The integration of RBV with dynamic capability theories further highlights its importance in turbulent environments, where firms must continuously adapt their internal resources to sustain competitive advantage (Mukhtar et al., 2023). This dual-theoretical framework underscores the relevance of studying resource leveraging and value creation within SME contexts.

Resource Leveraging

Resource leveraging refers to a firm's ability to maximize the value derived from its assets—financial, human, social, or technological—to meet strategic goals. Given their scale, SMEs must frequently innovate to utilize available resources efficiently (Maziriri & Mapuranga, 2018). Scholars highlight the importance of intangible assets, such as entrepreneurial orientation and network capital, in offsetting resource constraints (Fitriany et al., 2023). SMEs may form partnerships, engage in bricolage, or exploit digital platforms to stretch their limited resources (Illandarage & Kodituwakku, 2024). Within the EM framework, resource leveraging is tightly linked to proactiveness, innovation, and market orientation. For instance, SMEs that

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are proactive may gather consumer insights through social engagement, refining products to better meet customer expectations (Anoke et al., 2022). Others may innovate by reconfiguring digital tools or utilizing collaborative networks to introduce novel offerings (Chen, 2024). Crick et al. (2021) argue that such leveraging can mitigate uncertainty, particularly when SMEs access diverse knowledge flows via strategic alliances. However, while studies acknowledge a positive association between resource leveraging and performance, few delineate the mechanisms—especially value creation—through which this impact materializes.

Value Creation

Value creation involves developing offerings that deliver distinct customer benefits. In EM, value creation extends beyond functional utility to include customer co-creation, engagement, and relationship building (Zahara et al., 2023; Ferreira et al., 2019). SMEs, with their close customer ties, are uniquely positioned to co-create value through agile innovation and interactive feedback loops (Novari, 2020). This facilitates differentiation and fosters customer loyalty, which are critical in sustaining profitability. Value creation aligns with the service-dominant logic proposed by Vargo and Lusch (2015), where value is co-created through interactions rather than embedded in products. Liu et al. (2019) argue that structured stakeholder collaboration is essential to optimize value outcomes. Zhou et al. (2022) and Zhuo et al. (2022) emphasize that customer experiences and engagement are central to the value co-creation process. Brege and Kindström (2020) add that proactive relationship management enhances value delivery by involving customers in innovation. These insights imply that the ability to create value transforms resource leveraging from a passive to an active strategic mechanism. Setiyaningrum et al. (2022) argue that SMEs must complement resource optimization with the capacity to convert resources into tangible customer value. Thus, value creation serves as a bridge between resource leveraging and firm performance, enabling differentiation, loyalty, and growth (Rashad, 2018).

Linking Resource Leveraging, Value Creation, and Performance

Empirical research increasingly supports the view that resource leveraging leads to increased value creation, which in turn enhances SME performance. Ali et al. (2022) found that SMEs leveraging strategic alliances and internal resources improved innovation output, customer satisfaction, and financial returns. Vrontis et al. (2022) highlight that firms capable of integrating internal and external resources are better positioned to create sustainable value. In dynamic markets, such as those in Southeast Asia, Sudirjo (2023) observes that the synergy between leveraging and value creation enhances SMEs' adaptability. Entrepreneurial competencies, especially innovativeness and proactiveness, play a pivotal role in this triadic relationship. SMEs with high entrepreneurial orientation are better at deploying limited assets to generate customer-centric value, thereby capturing greater market share (Gala & Kashmiri, 2022). This forms a virtuous cycle of improvement, where resource constraints spur creative value creation strategies that drive performance. Nonetheless, significant research gaps persist. For example, Flaminiano (2024) stresses the need to clarify how resource leveraging channels through value creation to influence cost efficiency and revenue growth. Environmental moderators, such as market turbulence or institutional support, may also shape these effects (Shuremo et al., 2021). Zeng and Khan (2019) call for further studies to determine whether SMEs that creatively reconfigure resources invest adequately in marketing strategies that translate into customer-perceived value. To provide a comprehensive understanding of the

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theoretical landscape, Table 1 synthesizes the foundational concepts and their empirical support from the existing literature.

Table 1 Summary of the key concept, theory and past research

Concept/Theory	Key Characteristics	Main Findings from Past Studies
Entrepreneurial Marketing (EM)	1. Blends proactiveness, innovativeness, and risk-taking with marketing 2. Emphasizes agility, adaptability, and customer-centric innovation 3. Leverages social networks and digital tools	1. EM enables SMEs to overcome resource constraints and adapt quickly to market changes (Buli, 2017; Shiratina et al., 2023). 2. Proactive EM practices improve customer insights and product–market fit (Morris et al., 2002; Sadiku-Dushi et al., 2019). 3. Strategic partnerships under EM boost resilience in developing contexts (Fitriasari, 2020; Oduro & Mensah-Williams, 2023).
Resource-Based View (RBV)	1. Focuses on VRIN resources (valuable, rare, inimitable, non-substitutable) 2. For SMEs, key resources include human capital, networks, and innovation capabilities 3. Often constrained by finance and institutions	1. VRIN resources underpin sustainable advantage, but SMEs struggle to fully exploit them due to resource limits (Barney, 1991; Etuk et al., 2024). 2. EM helps SMEs mobilize and reconfigure RBV resources dynamically (Morris et al., 2002; Ali et al., 2020). 3. RBV resource endowments increase SME resilience in disruptions (Ferreira et al., 2019; Setiyaningrum et al., 2022).
Resource Leveraging	1. Maximizing value from assets (financial, human, social, technological) 2. Relies on intangible assets (entrepreneurial orientation, network capital) 3. Involves partnerships, bricolage, digital platforms	1. Continuous innovation and bricolage allow SMEs to stretch limited resources (Maziriri & Mapuranga, 2018; Gontur et al., 2022). 2. Intangible assets and strategic alliances improve resource efficiency and reduce uncertainty (Chen, 2024; Novari, 2020). 3. Proactive engagement refines offerings under tight budgets (Gruber-Mücke & Hofer, 2015; Rashad, 2018).
Value Creation	1. Developing offerings that deliver unique customer benefits 2. Includes co-creation, engagement, and relationship-building 3. Based on service-dominant logic (value through interaction)	1. Co-creation and customer engagement drive differentiation and loyalty for SMEs (Vargo & Lusch, 2015; Zhou et al., 2022). 2. Structured stakeholder collaboration optimizes outcomes (Liu et al., 2019; Zhuo et al., 2022). 3. Converting resources into tangible customer value is crucial for growth (Ferreira et al., 2019; Brege & Kindström, 2020).
Linking Leveraging–Value Creation–Performance	1. Resource leveraging → value creation → improved performance 2. Entrepreneurial competencies (innovativiness,	1. SMEs that leverage resources effectively generate more value and achieve higher innovation, customer satisfaction, and financial returns (Setiyaningrum et al., 2022; Koeswandi et al., 2024). 2. High entrepreneurial orientation strengthens

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	proactiveness) are critical 3. Synergistic use of internal/external resources	this linkage and expands market share (Hanaysha, 2022; Oduro & Mensah-Williams, 2023).

Hypotheses Development

The Influence of Resource Leverage on SMEs Overall Performance

This hypothesis is grounded in the RBV, which argues that effectively mobilizing valuable resources contributes directly to superior firm performance (Barney, 1991). Empirical studies show that SMEs capable of creatively managing limited financial, human, and social capital often outperform competitors in terms of efficiency and strategic responsiveness (Maziriri & Mapuranga, 2018; Gontur et al., 2022). By leveraging resources through alliances, innovation, and digital tools, SMEs can reduce operational costs, penetrate new markets, and boost profitability—even in volatile environments (Ali et al., 2022). Hence, resource leverage functions as a core strategic input for driving SME performance outcomes.

H1: Resource leverage positively influences SMEs' overall performance.

The Influence of Resource Leverage on Value Creation

Resource leverage not only affects performance directly but also shapes a firm’s capacity to create value. Within the EM framework, leveraging human and social capital enables firms to generate offerings tailored to specific customer needs (Chen, 2024). SMEs that utilize digital channels or network partnerships often co-create value by integrating customer feedback into product development (Anoke et al., 2022; Diantoro et al., 2023). Studies show that this strategic use of resources enhances innovation, customer engagement, and brand differentiation (Ferreira et al., 2019). Therefore, SMEs that effectively leverage resources are more likely to build compelling, high-value market propositions.

H2: Resource leverage positively influences value creation.

The Influence of Value Creation on SMEs Overall Performance

Value creation plays a pivotal role in enabling SMEs to achieve superior performance, both financially and non-financially. Through customer-centric innovation, co-creation, and proactive relationship management, SMEs foster brand loyalty, customer retention, and sustainable revenue growth (Vargo & Lusch, 2015; Novari, 2020). Research suggests that value creation not only improves short-term sales performance but also strengthens long-term competitiveness by differentiating offerings in crowded markets (Zhou et al., 2022; Brege & Kindström, 2020). This hypothesis is supported by literature showing that firms prioritizing value delivery achieve better market positions and stakeholder trust.

H3: Value creation positively influences SMEs’ overall performance.

The Mediating Role of Value Creation

The fourth hypothesis posits a mediation pathway whereby value creation serves as the mechanism translating resource leverage into performance. While resource leveraging provides potential, it is the firm's ability to transform these resources into customer-centric value that determines performance gains (Setiyaningrum et al., 2022). For example, intellectual capital and social engagement, when leveraged effectively, enhance the relevance and uniqueness of

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offerings, which then leads to improved performance (Fitriany et al., 2023; Rashad, 2018). This mediating role reflects a key insight from EM theory: it is not the mere possession of resources but the ability to translate them into market value that matters most (Crick et al., 2021).

H4: Value creation mediates the relationship between resource leverage and SMEs' performance.

METHOD

This study employed a quantitative research design to investigate the influence of resource leverage and value creation on the performance of SMEs operating within the creative economy sector. The research approach allowed for statistical analysis of relationships between constructs, providing empirical support for the proposed hypotheses.

Population and Sample

The study targeted a population of 250 SMEs operating in the creative economy sector, registered with a local business association. These enterprises represent sub-sectors including fashion, design, culinary arts, and digital technology. A structured questionnaire was distributed via email to the full population. A total of 150 responses were received, of which 140 were deemed valid after excluding 10 responses due to incomplete or inconsistent data. This resulted in an effective response rate of 56%. The final sample meets the minimum size requirement according to Slovin's formula with a 10% margin of error (Sugiyono, 2016). Given the focus on SMEs that are formally registered and active in creative industries, the sample is highly relevant for drawing practical and theoretical insights. The use of total population sampling enhances the internal validity of the findings, and the results provide a solid foundation for similar contexts involving structured, innovation-driven SMEs.

Table 2 Source of measurement instruments

Variable	*Dimensions*	*No of items*	*Source*
Resource Leverage		6	Li et al. (2009)
Value Creation		5	Becherer et al. (2012)
Overall Performance	Efficiency	3	Sadiku-Dushi et al. (2019).
	Growth	3	
	Owners Personal Goals	4	
	Profit	3	
	Reputation	5	

Data Collection Techniques and Instrument Development

The survey instrument was developed using validated constructs from previous studies in entrepreneurial marketing, resource-based theory, and SME performance (Sadiku-Dushi et al., 2019; Becherer et al., 2012; Li et al., 2009). All items were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). Table 2 detailed the measurement instruments.

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RESULTS AND DISCUSSION

This section presents the empirical findings of the study, derived from the application of Partial Least Squares–Structural Equation Modelling (PLS-SEM) using SmartPLS Version 4.0. The analysis follows Hair et al. (2017) and includes evaluation of the measurement model (outer model) and the structural model (inner model). Before proceeding to the assessment of the measurement model, to address concerns of common method bias, the Variance Inflation Factor (VIF) values were assessed. All inner VIF values remained below the recommended threshold of 3.33 (Kock, 2015), indicating that common method bias does not pose a threat to the validity of the findings.

Table 3 Outer Loadings, Cronbach alpha, Reliability and Convergent Validity of the Lower Order Construct (LOC)

Construct	Items	Outer loadings	CA	CR	AVE
Resource Leverage	RES1	0.851	0.806	0.819	0.637
	RES2	0.841			
	RES3	0.826			
	RES4	0.660			
Value Creation	VAL1	0.803	0.857	0.863	0.636
	VAL2	0.836			
	VAL3	0.835			
	VAL4	0.766			
	VAL5	0.744			
Efficiency	EFF1	0.899	0.879	0.885	0.805
	EFF2	0.895			
	EFF3	0.897			
Growth	GRW1	0.881	0.805	0.821	0.719
	GRW2	0.876			
	GRW3	0.784			
Owners Personal Goals	OWN1	0.857	0.851	0.855	0.692
	OWN2	0.877			
	OWN3	0.802			
	OWN4	0.788			
Profit	PROF1	0.865	0.804	0.825	0.717
	PROF2	0.879			
	PROF3	0.793			
Reputation	REP1	0.807	0.854	0.859	0.632
	REP2	0.849			
	REP3	0.757			
	REP4	0.806			
	REP5	0.751			

Measurement Model

Evaluation of the measurement model focused on assessing the reliability and validity of the constructs. Items RES5 and RES6 were excluded due to low factor loadings (< 0.50). The remaining indicators demonstrated adequate outer loadings (> 0.60), as shown in Table 3.

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Convergent validity for the lower order constructs was confirmed through Average Variance Extracted (AVE) values above 0.50. Resource leverage, value creation, and all dimensions of SMEs' performance (efficiency, growth, owners' personal goals, profitability, and reputation) met the reliability criteria, with Cronbach's alpha and Composite Reliability (CR) values exceeding 0.70. Discriminant validity was assessed using the Fornell–Larcker criterion and Heterotrait–Monotrait ratio (HTMT), as shown in Table 4. All square root AVE values exceeded inter-construct correlations. HTMT values were below 0.90, indicating satisfactory discriminant validity. At the higher-order construct (HOC) level, the five dimensions of SME performance were combined into a second-order latent construct. The composite reliability (CR = 0.861) and AVE (0.611) confirm the validity of this aggregated measure (see table 5). Table 6 shows that the HOC maintains discriminant validity relative to resource leverage and value creation.

Table 4 Discriminant Validity HTMT and Fornell Larcker Criterion (LOC)

	1	2	3	4	5	6	7
Efficiency (1)	**0.897**	0.462	0363	0.531	0.457	0.545	0.454
Growth (2)	0.544	**0.848**	0.394	0.573	0.591	0.452	0.520
Owners Personal Goals (3)	0.409	0.470	**0.832**	0.547	0.492	0.353	0.501
Profit (4)	0.630	0.705	0.657	**0.847**	0.688	0.626	0.715
Reputation (5)	0.520	0.722	0.579	0.828	**0.795**	0.537	0.621
Resource Leverage (6)	0.635	0.546	0.423	0.767	0.644	**0.798**	0.602
Value Creation (7)	0.520	0.612	0.583	0.841	0.716	0.721	**0.798**

Note: square root of AVE is shown in bold in the diagonal; Lower half of diagonal is Fornell and Larcker criterion and upper half of the diagonal is HTMT ratio.

Table 5 Outer Loadings, Construct Reliability and Validity HOC

	Outer Loadings	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
SMEs Overall Performance		0.838	0.861	0.611
Efficiency	0.709			
Growth	0.767			
Owners Goal	0.694			
Profitability	0.879			
Reputation	0.842			

Table 6 Discriminant Validity – HTMT and Fornell-Larcker Criterion for HOC

	1	2	3
Resource Leverage (1)	**0.798**	0.604	0.652
Value Creation (2)	0.721	**0.798**	0.729
SMEs Overall Performance (2)	0.777	0.845	**0.781**

Note: square root of AVE is shown in bold in the diagonal; Lower half of diagonal is Fornell and Larcker criterion and upper half of the diagonal is HTMT ratio.

Structural Model

The structural model analysis (see figure 1) confirms all four hypothesized relationships with strong statistical support ($p < 0.001$). Resource leverage has a significant direct impact on both value creation ($\beta = 0.604$) and SME performance ($\beta = 0.333$). Moreover, value creation significantly influences SME performance ($\beta = 0.527$) and also mediates the relationship

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between resource leverage and performance (indirect effect β = 0.319). Table 7 presents the detail results of the structural model analysis.

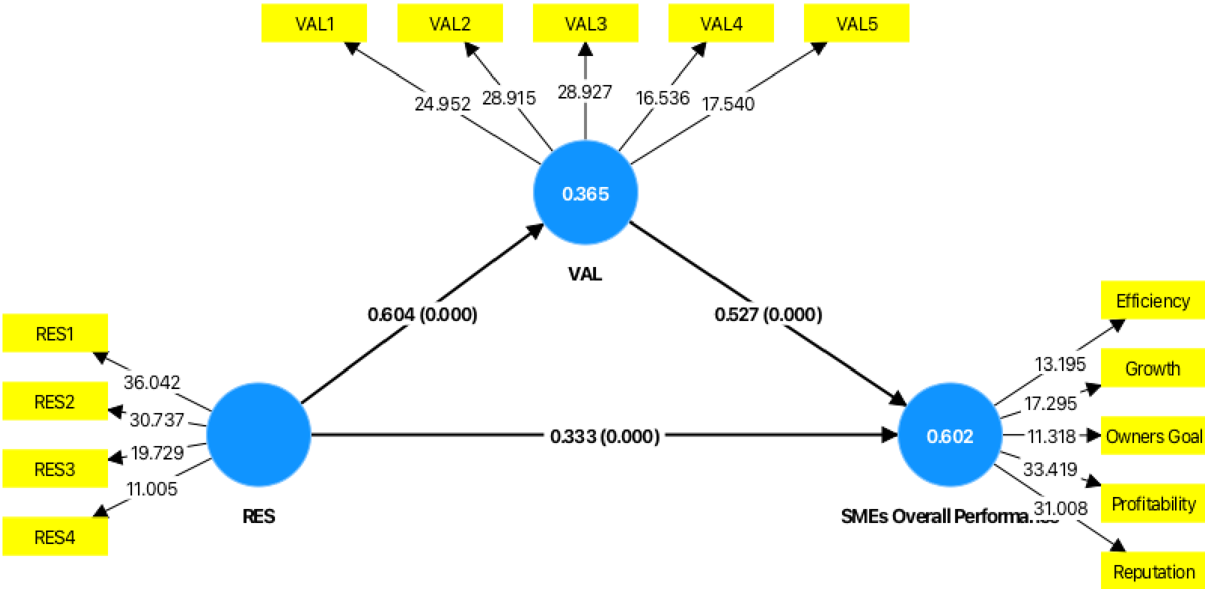

Figure 1 Path Coefficient Model

Table 7 Result of the structural model, Direct and Indirect Effects

	ß	STDEV	t-statistic	þ- values	Decision
H1. Resource Leverage → SMEs Overall Performance	0.333	0.077	4.319	0.000	Supported
H2. Resource Leverage → Value Creation	0.604	0.046	13.109	0.000	Supported
H3. Value Creation → SMEs Overall Performance	0.527	0.074	7.099	0.000	Supported
H4. Resource Leverage → Value Creation → SMEs Overall Performance	0.319	0.052	6.124	0.000	Supported

Table 8 Exploratory Power

Predictor(s)	Outcome(s)	R Square	F Square	Q Square
Resource Leverage	SMEs Overall Performance	0.602	0.177	0.411
Value Creation			0.444	
Resource Leverage	Value Creation	0.365	0.575	0.353

Table 8, shows the R^2 value for SMEs' performance was 0.602, indicating that resource leverage and value creation jointly explain 60.2% of the variance. The R^2 for value creation was 0.365. Effect sizes (f^2) showed that value creation had a stronger influence on performance (f^2 = 0.444) compared to resource leverage (f^2 = 0.177). Predictive relevance (Q^2 > 0) was established for all constructs.

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Discussion

This study validates the theoretical propositions of the Resource-Based View (Barney, 1991) and entrepreneurial marketing (Morris et al., 2002), illustrating how the strategic utilization of internal resources and the creation of customer-centric value contribute to superior SME performance. The significant positive relationship between resource leverage and performance supports findings by Maziriri & Mapuranga (2018) and Gontur et al. (2022), who highlight the necessity for SMEs to creatively mobilize financial, social, and human capital. These firms often engage in bricolage and develop external networks to compensate for internal limitations, a strategy shown to boost performance through efficiency gains and market expansion.

The relationship between resource leverage and value creation is another key insight. SMEs that apply resources toward innovation, stakeholder engagement, and agile marketing are more likely to develop high-value offerings. Chen (2024) and Gruber-Mücke & Hofer (2015) emphasize that entrepreneurial firms transform limited inputs into solutions that meet changing customer needs. Our findings affirm this logic: value creation acts as a critical intermediary that converts resource utilization into tangible customer and business outcomes. Value creation was also shown to have a direct and significant influence on SME performance. As noted by Ferreira et al. (2019) and Novari (2020), co-creation, engagement, and product differentiation enhance customer loyalty and brand equity. SMEs in this study that prioritized such strategies achieved stronger financial results and reputational gains. Value creation thus emerges not only as a marketing strategy but also as a core capability driving strategic competitiveness.

Importantly, this study confirms value creation as a mediating mechanism. As Rashad (2018) and Setiyaningrum et al. (2022) propose, resource deployment yields optimal results when aligned with value-generating processes. The mediation analysis underscores the strategic imperative of integrating marketing and resource strategies to unlock firm performance. This integrative model extends RBV by revealing how the effectiveness of resource leverage depends on firms' capacity for customer-focused innovation. These results contribute to bridging the theoretical and empirical gaps identified by Flaminiano (2024), Zeng & Khan (2019), and Shuremo et al. (2021), who call for a better understanding of the pathways linking resource configurations, value delivery, and performance outcomes. This study provides empirical clarity by mapping these relationships in the SME context.

By combining RBV and EM, our model extends typical EM research by highlighting value creation as the mediator. While most EM studies view resource utilization and market actions as simultaneous influences, we demonstrate that mobilizing resources alone is insufficient; organizations need to transform these resources into customer-centered value to achieve performance improvements. From the RBV perspective, our model clarifies which assets are critical, and EM explains how those assets are applied to foster innovation and engagement. Consequently, our framework presents a clear sequence where resource leveraging leads to value creation, which in turn leads to enhanced performance— a linkage that neither RBV nor EM, considered separately, has fully articulated. This specific focus on mediation sets our study apart from previous EM research that does not systematically address the role of value creation.

These findings contribute to the Resource-Based View by demonstrating that the strategic reorganization of valuable, rare, inimitable, and non-substitutable resources through practices such as bricolage and the development of external networks significantly enhances the resilience and competitiveness of SMEs. The study also extends entrepreneurial marketing

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theory by emphasizing that customer-focused innovation and value co-creation are essential mechanisms through which resource leverage improves business performance. From a practical perspective, SME managers can apply these insights by evaluating their existing financial, human, and social resources, and by strengthening marketing capabilities that support rapid product development, active stakeholder engagement, and effective use of digital platforms. Aligning resource utilization with efforts to deliver meaningful value allows firms to improve operational efficiency and build stronger relationships with customers. This research offers a clear and actionable framework that guides SMEs in transforming their available resources into sustainable strategic advantages through entrepreneurial marketing.

CONCLUSION

This study set out to explore how SMEs can strategically leverage their internal resources to achieve superior performance, with value creation serving as a mediating mechanism. Grounded in the Resource-Based View (Barney, 1991) and entrepreneurial marketing theory (Morris et al., 2002), the research responds to persistent gaps in understanding how resource configurations interact with customer-oriented innovation to drive firm success. The findings clearly demonstrate that while resource availability remains foundational, it is the strategic application of those resources—particularly when aligned with value creation efforts—that generates competitive advantage. Resource leverage significantly influences both value creation and SME performance. More importantly, value creation exerts a robust mediating effect, indicating that firms must not only mobilize resources but also transform them into meaningful customer value to achieve sustained business outcomes.

These results offer theoretical contributions by integrating two influential frameworks—RBV and EM—into a comprehensive model that clarifies the pathway from internal capability to market performance. Practically, SME managers are advised to go beyond resource acquisition and focus on developing entrepreneurial marketing capabilities such as co-creation, responsiveness, and customer engagement. For example, small retail businesses can invite loyal customers to co-develop new product lines through surveys or feedback sessions, enhancing relevance and loyalty. Home-based food entrepreneurs may use social media not only for promotion but to test new menu ideas and collect real-time feedback. Service providers such as local repair shops or freelance consultants can leverage their personal networks and referrals as a strategic resource to attract and retain clients. These simple, low-cost practices illustrate how resource leverage and value creation can be practically implemented in everyday operations. Policymakers and development agencies should similarly target interventions that enhance not only access to resources but also the skills and tools required to convert them into value.

For future research, there is significant potential to examine moderating variables such as digital maturity, industry volatility, or institutional support, which may influence the resource–value–performance relationship. Comparative analyses across industries or regions could provide further insight into context-specific dynamics. Longitudinal studies may also help assess how resource leverage and value creation evolve over time in response to market turbulence. In sum, this study underscores a pivotal message for SMEs and their stakeholders: success is not merely about what you have, but how effectively you use it to create value. In a world where resource constraints are common, those firms that master this alignment will be best positioned to achieve growth, resilience, and long-term sustainability.

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