

## JURNAL EKONOMI DAN BISNIS

Journal homepage: www.ejournal.uksw.edu/jeb ISSN 1979-6471 E-ISSN 2528-0147

## Absorption capability and aggressive marketing strategy in improving marketing performance

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#### ARTICLE INFO

#### Article History:

Received 06-01-2025 Revised 05-11-2025 Accepted 06-10-2025

#### Kata Kunci:

Kapasitas penyerapan, strategi pemasaran agresif, orientasi pasar poraktif, kapasitas inovasi, kinerja pemasaran

#### Keywords:

Absorptive capability, aggressive marketing strategy, proactive market orientation, innovation capability, marketing performance

#### ABSTRAK

Penelitian ini mengeksplorasi kapasitas absorptif terhadap kinerja pemasaran UKM melalui strategi pemasaran agresif sebagai variabel mediasi. Kebaruan studi ini terletak pada pengembangan model empiris yang mengusulkan strategi pemasaran agresif untuk menjembatani kesenjangan penelitian antara kapasitas absorptif dan kinerja pemasaran UKM. Penelitian ini melibatkan 200 UKM di Kabupaten Sumba Timur, Indonesia. Semua hipotesis yang diajukan terbukti valid, menunjukkan bahwa kapasitas absorptif, strategi pemasaran agresif, orientasi pasar proaktif, dan kemampuan inovasi memiliki pengaruh signifikan terhadap peningkatan kinerja UKM. Temuan ini memperkuat hubungan logis antarvariabel dan memperjelas kerangka teori yang digunakan. Selain itu, model konseptual ini relevan dalam menangkap fenomena bisnis di lapangan, sehingga menjadi referensi penting untuk pengembangan UKM. Penelitian ini menyimpulkan bahwa sinergi antara kapasitas absorptif, orientasi pasar proaktif, kemampuan inovasi, dan strategi pemasaran agresif memberikan kerangka kerja yang kuat bagi UKM untuk meraih keunggulan kompetitif di pasar yang dinamis.

#### ABSTRACT

This study explores absorptive capacity on SMEs marketing performance through aggressive marketing strategy as a mediating variable. The study's novelty lies in developing an empirical model that proposes an aggressive marketing strategy to bridge the research gap between absorptive capability and SMEs marketing performance. This study involved 200 SMEs in East Sumba Regency, Indonesia. All hypotheses proposed were proven valid,

indicating that absorptive capability, aggressive marketing strategy, proactive market orientation, and innovation capability have a significant influence on improving SMEs performance. This finding strengthens the logical relationship between variables and clarifies the theoretical framework used. In addition, this conceptual model is relevant in capturing business phenomena in the field, making it an essential reference for SMEs development. This study concludes that the synergy between absorptive capacity, proactive market orientation, innovation capability, and aggressive marketing strategy provides a strong framework for SMEs to achieve competitive advantage in a dynamic market.

## INTRODUCTION

Micro, Small, and Medium Enterprises (SMEs) have a strategic role in maintaining the stability of a country's economy (Hidayat et al., 2022), contributing significantly to Gross Domestic Product (GDP), employment absorption, and reducing unemployment rates (Sarfiah et al., 2019). By increasingly competitive market competition, SMEs must be responsive to market changes, creating differentiated products to maintain performance (Methasari et al., 2018). A serious challenge for SMEs is the ability to adapt to change and to take advantage of new opportunities. This impacts the ability of SMEs to respond to the market and develop products so that business performance is maintained (Elwisam & Lestari, 2019; Ernawati et al., 2022). SMEs must be able to observe market trends ide, notify new opportunities, and adapt to changes to improve business performance. Offering unique products or services is important in maintaining business performance (Elwisam & Lestari, 2019; Ernawati et al., 2022). Several studies state that SMEs performance is influenced by internal and external aspects (Fibriyani & Mufidah, 2018). External factors include access to financing, infrastructure, and government policies that support SMEs growth. Internal factors include managerial capabilities, innovation capacity, and quality of human resources (Dewantoro et al., 2023; Sulistiyo et al., 2022).

The ability of SMEs to drive resources to assimilate and apply external knowledge has the potential for competitive advantage and business performance (Ernawati et al., 2022; Tarigan, 2023). SMEs must formulate effective strategies to improve competitiveness and business performance. Several studies have stated that factors that increase SMEs performance include entrepreneurial orientation, innovation, competitive advantage, market orientation, and absorptive capacity (Ichsan et al., 2022; Medase & Barasa, 2019; Rajapathirana & Hui, 2018; Rezaei & Ortt, 2018; Situmorang et al., 2024). Absorptive capacity is a key factor determining how effectively SMEs internalize new knowledge and use it to improve business and product innovation (Dewanti, 2022). High absorption capacity enables SMEs to identify market trends more quickly, understand consumer needs, and directly contribute to increasing marketing (Afifah & Cahyono, 2020; Ranto, 2015).

The research gap related to the influence of absorptive capacity on SMEs performance is still unresolved. Several studies have shown that absorptive capacity has significant potential to improve marketing performance (Hurtado-Palomino et al., 2022; Medase & Barasa, 2019), while other studies state that absorptive capability does not affect marketing performance (da Costa et al., 2018). A mediating variable can resolve the research gap (N.-H. Chen et al., 2013). The aggressiveness variable of marketing strategy rooted in the Resource Advantage Theory of Competition becomes a mediating variable that explains absorptive capacity and marketing performance.

The phenomenon of SMEs development in East Sumba Regency, especially in Waingapu City District, reflects the strategic role of this sector in supporting regional economic growth, primarily through job creation and contribution to local income (Central Bureau of Statistics, 2023). However, the dynamics of the number of SMEs that fluctuate significantly, from 3,128 units in 2019, down to 2,971 in 2020, jumping to 7,056 in 2021, and dropping again to 5,734 in 2022, indicate structural instability that needs to be examined more deeply. This variation suggests that most SMEs actors do not yet have adequate adaptive capacity to respond to external changes, such as market pressures, technological developments, and changes in consumer preferences. Therefore, it is essential to examine further how the capacity to absorb external information and knowledge (absorptive capacity) can be strengthened as a strategic resource that drives business resilience and innovation. In an increasingly competitive context, an aggressive marketing strategy can be an essential mechanism that mediates the relationship between absorptive capacity and marketing performance achievement. The study aims to determine how to manage absorptive capacity capabilities as a strategic orientation to trigger aggressive marketing strategies in improving SMES marketing performance. The benefits of the study provide academic contributions in enriching the understanding of strategic marketing dynamics and offer practical implications for SMEs in designing more adaptive and aggressive marketing strategies to strengthen business performance sustainably amidst increasingly fierce competition.

## LITERATURE REVIEW

## **Absorptive Capacity and Aggressive Marketing Strategy**

Absorptive capability (AC) is a strategic capacity that micro, small, and medium enterprises possess to identify, assimilate, and apply external knowledge to gain a sustainable competitive advantage (Wu et al., 2020). AC reflects organizational adaptability in facing changes in the business environment and is an essential foundation in strategic decision-making and innovation development based on the dynamics of market needs (Müller et al., 2021). In an increasingly dynamic competitive landscape, this capability enables SMEs to respond quickly to consumer preferences, market fluctuations, and competitor movements (Ibarra-Cisneros & Hernandez-Perlines, 2020). As well as increase the capacity to recognize and optimize

market opportunities (Carrasco-Carvajal et al., 2023). Moreover, AC has been proven to be a source of competitive advantage that is not easily imitated, especially when consistently integrated into the innovation process(Ávila, 2022).

Several studies have stated that AC directly contributes to the implementation of aggressive marketing strategies because effective management of market information supports the formulation of more accurate and proactive strategies (Alnawas & Abu Farha, 2020; Mata et al., 2024) The absorption of quality external knowledge allows the design of more targeted marketing approaches, increasing market reach, and strengthening competitive positions (Kohtamäki et al., 2020). In an increasingly dynamic competitive landscape, this capability enables SMEs to respond quickly to changes in consumer preferences, market fluctuations, and competitor movements. Several studies have stated that high AC will increase aggressive marketing strategies (Abourokbah et al., 2023; Kale et al., 2019; Kurt & Hulland, 2013; Martinez-Sanchez & Lahoz-Leo, 2018). Thus, AC not only functions as an adaptation mechanism but also as a catalyst in accelerating the strategic response of SMEs to market opportunities and challenges measurably and sustainably. Based on the literature review, the following hypothesis is proposed:

**HI:** Absorptive capability has a positive effect on aggressive marketing strategy.

## **Aggressive Marketing Strategy and Marketing Performance**

SMEs that consistently mobilize resources to exploit market opportunities effectively and have an aggressive marketing strategy will have a significant competitive advantage over competitors (Palmatier & Crecelius, 2019). Exploring business opportunities is correlated with creating product or service innovation (Abiodun & Kolade, 2020). Aggressive marketing strategies, such as massive advertising campaigns, attractive discounts, and ongoing promotions, allow SMEs to attract consumer attention faster (Yoshikuni et al., 2023). This approach helps win market share and strengthens the position of SMEs in a competitive market (Kano et al., 2022). An aggressive marketing strategy is important for SMEs to maintain and improve business performance (Ijomah et al., 2024). Business actors who successfully integrate aggressive marketing strategies with effective resource management will continue to innovate and adapt to market changes. SMEs that combine effective business exploitation with aggressive marketing strategies will survive in a competitive business environment (Purwianti, 2023; Varadarajan, 2020).

Aggressive marketing strategy involves a market-oriented approach, rapid market penetration, and product innovation that can potentially increase the competitiveness of SMEs (Kano et al., 2022). This strategy allows companies to optimize customer interactions, increase brand exposure, and respond quickly to market changes. This aligns with research (Naab & Bans-Akutey, 2021), that a good

marketing strategy helps companies focus on consumers, competitors, and business goals, thereby improving overall marketing results. Previous research shows that implementing an appropriate and aggressive marketing strategy has a positive relationship with marketing performance, although this relationship can be influenced by external factors such as market orientation and economic conditions (Hadiyati & Hendrasto, 2021; Paulus & Hermanto, 2022). An aggressive marketing approach can give SMEs a competitive edge, particularly when combined with innovative goods and services, which will enhance marketing effectiveness (Abiodun & Kolade, 2020; Alnawas & Abu Farha, 2020). Based on the literature review, the following hypothesis is proposed:

**H2:** Aggressive marketing strategy has a positive influence on marketing performance.

## **Innovation Capability and Aggressive Marketing Strategy**

Innovation also plays a role in strengthening the company's position in the market through product and service differentiation. The ability to innovate to create superior products has a greater chance of attracting consumer attention quickly. Combining innovation capability and aggressive marketing strategy can provide significant competitive advantages for SMEs in a competitive market. An aggressive marketing strategy encourages business actors to enter the market and improve marketing performance (Gotteland et al., 2020). An aggressive marketing strategy is important for SMEs to achieve superior marketing performance and business growth. In addition to accelerating the speed of market entry, an aggressive marketing strategy contributes significantly to marketing performance (Brege & Kindström, 2020). The consistency of SMEs in developing products has an impact on the ability to improve aggressive marketing strategies (Brege & Kindström, 2020). The consistency of SMEs in developing products has an impact on the ability to improve aggressive marketing strategies (Bodlaj & Čater, 2022).

The ability of resources to develop differentiation-based products is the key to increasing the effectiveness of aggressive marketing strategies. Products with unique features and competitive advantages over similar products can attract market attention more quickly. Product differentiation can be in the form of innovation in design, material quality, the technology used, or additional services offered (Gotteland et al., 2020; Kristinae et al., 2020). When SMEs succeed in creating different and better products, aggressive marketing strategies such as intense advertising campaigns will be encouraged, and sales promotions will be more effective. Aggressive marketing strategies supported by differentiation-based products not only help SMEs attract new customers. Consumers tend to be more interested and loyal to products that offer something unique and more valuable than competitors. Reliable resource capabilities in creating different products and utilizing aggressive marketing strategies in carrying

out product advantages (Davcik & Sharma, 2016). The combination of superior products and aggressive marketing will significantly impact increasing sales and business growth (Farida & Setiawan, 2022). Based on the literature review, the following hypothesis is proposed:

**H3:** Innovation capability has a positive effect on aggressive marketing strategy.

## **Proactive Market Orientation and Innovation Capability**

Proactive market orientation is a strategic approach emphasizing systematic efforts to identify unrevealed market needs, emerging consumer trends, and potential threats from competitor strategies. Micro, small, and medium enterprises that have human resources with good market observation capabilities tend to be more adaptive in responding to changes in the business environment through product development that is oriented towards value differentiation (Kolbe et al., 2022; Wang & Liu, 2020). With a deep understanding of consumer preferences and analysis of competitor strategies, SMEs can create unique product innovations and sustainable competitive advantages (Kuncoro & Suriani, 2018). Products that are developed based on differentiation, which are based on an understanding of market dynamics and competitors, have a greater chance of being accepted by consumers and becoming a strategic tool in increasing market attractiveness (Puspaningrum, 2020). Developing human resources responsive to market information is vital in encouraging relevant and value-added innovation (Saleh et al., 2020).

Furthermore, combining proactive market orientation and strong innovation capabilities is a major determining factor in achieving SMEs performance (Genc et al., 2019). Innovation resulting from intensive market monitoring and understanding consumer dissatisfaction will encourage the creation of products with superior quality, innovative features, and additional services not offered by competitors (De Brentani, 2001). This strategy allows SMEs to meet and anticipate market demand more accurately. The study by Falahat et al. (2020) shows that proactive market orientation, accompanied by innovation capabilities, can strengthen the competitive position of SMEs and encourage sustainable performance improvements (Bodlaj & Čater, 2022; Kolbe et al., 2022; Liu et al., 2017). Based on the literature review, the following hypothesis is proposed:

**H4:** Market orientation has a positive effect on innovation capability.

## **Innovation Capability and Marketing Performance**

Innovation capability plays a role in improving marketing performance in SMEs. Innovation covers various dimensions, such as products, processes, marketing, and organizations, which can help companies create added value and adapt to market

dynamics (Situmorang, 2023). This capability encourages SMEs to develop more relevant products and services, increase competitiveness, and meet consumer needs effectively. This aligns with research showing that innovation capability can encourage SMEs to explore market opportunities aggressively (Situmorang et al., 2024). Exploration of opportunities encourages the creation of differentiation-based products with unique features and designs that significantly encourage SMEs Aggregation. Products that differ from those on the market attract consumers' attention and create added value that encourages consumers to choose these products over competing products (Shen et al., 2020).

Offering different features, superior quality, or innovative designs attracts new market segments and retains existing customers, thus enhancing aggressive marketing strategies. This differentiation provides a strong reason for SMEs to improve their marketing strategies to expand their market reach. Products with attractive features and designs can open opportunities to encourage SMEs to enter new markets (Zhang et al., 2021). Product differentiation improves marketing performance in terms of revenue and sales and helps SMEs significantly expand their market reach. It also has the potential to increase aggressive marketing strategies because various resource capabilities in innovation support them. Based on the literature review, the following hypothesis is proposed:

**H5:** Innovation capability positive affects marketing performance.

## The mediating effect of Aggressive Marketing Strategy on the relationship between Absorptive Capability and SME performance

The mediating role of aggressive marketing strategy in the relationship between absorptive capability and SMEs performance is based on the argument that the knowledge advantage obtained from the external environment does not automatically contribute to improved performance, unless utilized through the right marketing strategy. Absorptive capability, which includes the organization's ability to recognize the value of new information, assimilate it, and apply it for commercial purposes (Zahra & George, 2002), is an important foundation for SMEs in responding to market changes quickly and innovatively (Kastelli et al., 2024). However, in the context of increasingly dynamic competition, these capabilities must be combined with an aggressive marketing strategy—an approach oriented towards market penetration, intensive promotion, and new customer acquisition (Weinzimmer et al., 2023). This strategy serves as a link between internalized knowledge and concrete implementation in the market, thus enabling SMEs to achieve competitive advantages that have a direct impact on business performance (Zhang et al., 2023).

Recent empirical findings also confirm that absorptive capability does not directly guarantee business success if an aggressive market response does not accompany it. Alnawas & Abu Farha (2020) revealed that SMEs with a high absorptive

capability level that do not implement an aggressive marketing strategy tend to experience market growth and development stagnation. This indicates that an aggressive marketing strategy functions as a complement and becomes a crucial mediating mechanism that transforms information advantages into valuable strategic actions. In this context, an aggressive marketing strategy allows companies to proactively explore market opportunities, expand market share, and form a higher value perception in the eyes of (Cuevas-Vargas et al., 2022; Flatten et al., 2011; Medase & Barasa, 2019). Based on the literature review, the following hypothesis is proposed:

**H6:** Aggressive marketing strategy mediating role in the relationship between absorptive capability and SMEs performance.

The following Figure 1 shows the empirical model designed for this study.



Figure 1 Research Model

## RESEARCH METHODS

## **Population and sample**

This study uses a quantitative approach with a structured questionnaire as the primary tool to obtain data from SMEs in East Sumba Regency. A non-probability sampling technique using the purposive sampling method was chosen to ensure the representation of respondents who met the criteria: SMEs owners or managers domiciled in Waingapu and Kambera Districts with a minimum of five years of business experience. The initial number of respondents was set at 285, referring to the guidelines of Hair et al. (2010), which recommends a sample size of five to ten times the number of indicators to ensure model accuracy and analytical strength. The samples collected reflect the relevant population, thus supporting an in-depth study of the relationship between absorption capacity, aggressive marketing strategies, and SME performance.

## Data analysis

Data were analyzed using AMOS version 24, which can estimate complex structural relationship models with greater accuracy and flexibility (Nachigall et al., 2003). Path analysis examined the causal relationships and mediation effects among variables (Ferdinand, 2014). Before the final analysis, the data underwent a series of validation, reliability, and normality tests, resulting in 199 data points deemed suitable for further examination. The development of the questionnaire instrument adhered to widely accepted measurement standards to ensure validity and reliability. Construct validity was evaluated through standardized loading values, with a minimum threshold of  $\geq$  0.60, indicating acceptable indicator contribution to latent constructs (Hair et al., 2010). Convergent validity was confirmed through an Average Variance Extracted (AVE) value exceeding 0.50, demonstrating sufficient shared variance among indicators within each construct (Bollen & Long, 1992). To assess internal consistency, Construct Reliability (CR) values above 0.70 were considered adequate (Fornell & Larcker, 1981), while Cronbach's Alpha values  $\geq$  0.60 indicated acceptable reliability across all measurement items (Heale & Twycross, 2015).

#### Variable Measurement

This study analyzes five constructs: absorptive capacity, aggressive marketing strategy, proactive market orientation, innovation capability, and SMEs performance. The measuring instruments used are adapted or developed based on previous studies. The operational definitions of the variables and related indicators can be found in Table 2. Each statement and indicator are assessed using a 7-point scale that ranges from 1 (strongly disagree) to 7 (strongly agree). The study's conceptual framework uses the Structural Equation Modeling-AMOS (SEM-AMOS).

Loading value of more than 0.5. Each construct tested shows an Average Variance Extracted (AVE) value above 0.5. This finding confirms that the instrument used has good convergent validity. For construct reliability, calculations based on the square of the standard loading value and error sum shows that all constructs have a reliability value of more than 0.70, which means that this instrument can be considered valid and reliable. Discriminant validity testing assesses how conceptually different constructs can be distinguished (Ferdinand, 2014). In this analysis, a comparison is made between the square root of the Average Variance Extracted (AVE) and the correlation value between variables. The results show that all constructs have good discriminant validity because the square root of AVE is greater than the correlation value between constructs. This shows that each construct has unique characteristics and can be clearly distinguished.

## **RESULT AND DISCUSSION**

## **Empirical Results**

This measure still meets the adequacy requirements for structural equation modeling analysis. Table 1 presents a summary of respondent characteristics based on descriptive analysis.

Table 1
Demographic Features

Characteristics		F	F (%)	Characteristics		F	F (%)
Age	20–30 Year	33	16.5	Candan	female	112	56.2
	31–40 Year	40	20.1	Gender	Male	87	43.7
	41-50	96	48.2		Culinary	43	21.1
	>50 Year	30	15	Type of	Furniture	34	17
Education	Elementary School	8	4	Business	Services	76	38.1
	Junior High School	24	12		Online Shop	46	23.1
	Senior High School	119	59.7		<5	132	66.3
	Undergraduate	43	21.6	Labour	6-10	62	31.1
	Post graduate	5	2.5		>10	5	2.5

Based on the characteristics of the respondents, the majority of business owners are women, at 53.7%, while men are 43.7%. The most dominant level of education is senior high school graduates, which reaches 59.7%. The type of business most often run by respondents is in the service sector, with a proportion of 38.1%. Meanwhile, most companies have fewer than five employees, which is 66.3%.

The SEM analysis consists of two stages: the measurement and structural models. In the first stage, the measurement model's main objective is to test the validity and reliability of the instruments used in measuring the research variables. The results of this evaluation are presented in Table 2.

Table 2
Instrument Validity and Reliability

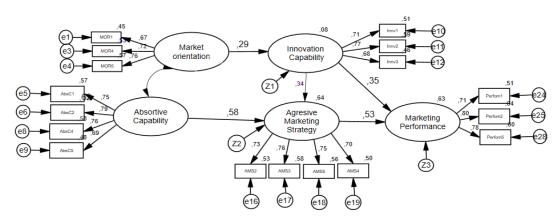
Variable	Indicator	Std. Loading	Convergent Validity	Construct Reliability	Cronbach's Alpha	Result
	Acquisition	0.689		0.834	0.835	
Absorptive	Assimilation	0.762	0.558			Valid &
capability	Transformation	on 0.787	0.556 0.654	0.054		Reliable
	exploitation	0.753				
Aggressive Marketing Strategy	Intensive	0.729	0.608	0.932	0.822	
	Promotion	0.729				
	Competitive	0.760				
	Pricing	0.700				Valid &
	Market	0.746				Reliable
	Adaptation	0.746				
	Competitor	0.705				
	Analysis	0.705				
Market Cust	Customer	0.758	0.517	0,823	0.762	Valid &
Orientation	Focus	0.738				Reliable

Variable	Indicator	Std. Loading	Convergent Validity	Construct Reliability	Cronbach's Alpha	Result
	Competitor Orientation	0.725				
	Responsivene to Market Trends	ess 0.671				
	Resource Utilization	0.712				
Innovation Capability	Idea Generation Customer-	0.770	0.519	0.823	0.762	Valid & Reliable
	Centric Innovation	0.677				
	Sales Growth	0.712				
Marketing Performance	Market Share Achievement	0.798	0.582	0.839	0.825	Valid & Reliable
<u> </u>	Profitability	0.776				

Source: Data processed (2024)

The AMOS program performs Structural Equation Modeling (SEM) analysis on the data. Absorptive Capability (AC) functions as an exogenous variable in this empirical model. At the same time, Aggressive Marketing Strategy (AMS), Proactive Market Orientation (POA), Innovation Capability (IC), and SME performance (KP) are treated as endogenous variables. The following figure presents the results of the overall structural model test (Figure 2).

Chi-Square =132,689 - Probability =,089 - DF=112 - CMIN/DF =1,185 - TLI=,979 - GFI =,925 CFI=,983 - AGFI=,898 - IFI=,983 - RMSEA =,032



Source: processed data (2024)

Figure 2 Structural Model Output

Based on Figure 2, the goodness of fit index: Chi-square: 132.689, Sig. Probability: 0.89, CMIN/DF: 1.185, GFI:0.925, AGFI: 0.898, TLI: 0.979, CFI: 0.983, IFI: 0.983, and RMSEA: 0.032. In addition, Table 3 summarizes the hypothesis testing.

Table 3
Hypothesis Testing

Trypomesis resung								
Hypothesis	Construct			Standardized Estimate	Critical Ratio	P-Value	Result	
	Aggressive							
	Marketing	$\leftarrow$	Absorptive	0.626	5.870	0.003	Supported	
H1	Strategy		Capability				11	
			Aggressive					
	Marketing	$\leftarrow$	Marketing	0.5	4.676	***	Supported	
H2	Performance		Strategy				11	
	Innovation		Market	0.224	2.056	***	G . 1	
Н3	Capability	$\leftarrow$	Orientation	0.224	2.956	***	Supported	
	Marketing		Innovation	0.400	2.00	ale ale ale	G . 1	
H4	Performance	$\leftarrow$	Capability	0.409	3.09	***	Supported	
	Aggressive		1 ,					
	Marketing	$\leftarrow$	Innovation	0.431	3.787	***	Supported	
H5	Strategy		Capability				11	
Aggressive Marketing Strategy Mediates the influence Absorptive Capability and marketing performance								
20	Absorptive		Marketing	-	5 415	***		
Step 1	Capability	$\rightarrow$	Performance	0.58	5.415	7, 7, 4,	Supported	
_			Aggressive					
	Absorptive	$\rightarrow$	Marketing	0.798	7.210	***	Supported	
Step 2	Capability		Strategy					
•	Aggressive							
	Marketing	$\rightarrow$	Marketing	0.678	7.104	***	Supported	
Step 3	Strategy		Performance					
•	Absorptive		Marketing	0.018	0.130	0.898	Not	
Step 4	Capability	$\rightarrow$	Performance	0.018	0.130	0.898	Supported	
					Cut-of	Result	Conclusion	
Goodness of Fit Test					value	Result	Conclusion	
Chis-Square for DF=112 at Significant level 5%					119.414	132.689		
The Goodness of fit index (GFI)					$\geq 0.90$	0.925		
The Adjusted Goodness of Fit Index (AGFI)					$\geq 0.90$	0.898		
Comparative fit Index (CFI)					$\geq 0.90$	0.983		
Trucker Lewis Index (TLI)					$\geq 0.90$	0.979		
Root Mean Square Error of Approximation (RMSEA)					$\geq 0.04 \text{-} 0.08$	0.032		

Notes: \*\*\*) Significant ≤1%; \*\*) Significant ≤5%

Source: data processed (2024)

The test results demonstrate the positive influence of every hypothesis. Additionally, this study included research to investigate mediation (Baron & Kenny, 1986). Steps 1 and 2 involve regressing the absorptive capacity variable on marketing performance (0.561) and the aggressive marketing strategy variable (0.742). The absorptive capacity on marketing performance, including the aggressive marketing strategy variable, is retested after the aggressive marketing strategy variable is regressed with the marketing performance variable (0.747). The test findings are perfect mediation because the absorptive capacity and marketing performance factors do not positively influence (0.018) when the mediator variable is present, as indicated in Table 3. Every value in the structural model's goodness of fit parameters evaluation satisfies the qualifying criterion, suggesting that.

## **Discussion**

Absorptive capability (AC) supports aggressive marketing strategies by absorbing and integrating external knowledge for a more proactive market response (Ávila, 2022). High AC capacity drives innovation, and faster marketing decision-making increases adaptability to market dynamics and creates innovative competitive advantages (Ganguly et al., 2022). AC plays an important role in supporting the success of aggressive marketing strategies. This capability ensures that SMEs can exploit market opportunities and design proactive strategies. AC is the foundation for implementing an effective, aggressive marketing strategy.

Aggressive marketing strategies function as a mediator that bridges the relationship between absorptive capability and SMEs performance. This strategy allows the company to absorb external knowledge into concrete actions, such as introducing new products or optimizing marketing channels (Alghamdi & Agag, 2024). Aggressive marketing strategies strengthen the brand position and increase customer acquisition and market share, directly improving business performance (Weinzimmer et al., 2023). Aggressive marketing strategies have a positive impact on increasing sales, customer growth, and competitiveness in the market (Paulus & Hermanto, 2022). Aggressive marketing strategies have a positive impact on increasing sales, customer growth, and competitiveness in the market.

Aggressive marketing, when supported by good resource management, enables companies to create superior customer experiences (Al-Mamary & Alshallaqi, 2022). Integrating absorptive capability and aggressive marketing strategy creates significant synergy in driving SMEs performance. By absorbing external knowledge and implementing it through aggressive marketing, SMEs can respond to market changes more quickly and effectively. This integration enables companies to embrace market-oriented innovation while strengthening adaptability to a dynamic business environment.

An aggressive marketing strategy can be more effective when supported by absorptive capacity, proactive market orientation, and innovation capability (Ahmed et al., 2020; Benzidia & Makaoui, 2020; Elidjen et al., 2022). Absorptive capacity enables companies to absorb and assimilate external knowledge to understand dynamic market needs. Meanwhile, proactive market orientation encourages companies to anticipate market opportunities and trends before competitors do actively, thus providing an advantage in designing more targeted strategies. Innovation capability, conversely, ensures that companies can develop creative and unique solutions that strengthen the appeal of products or services in the eyes of consumers. The synergy of these three elements provides a solid foundation for aggressive marketing strategies, allowing companies to be more responsive, innovative, and competitive, ultimately driving significant improvements in marketing performance.

In the context of SMEs in East Sumba, the study's results indicate that absorptive capability is critical in strengthening aggressive marketing strategies. SMEs who can absorb and internalize external knowledge, including market trends, the latest technology, and consumer behavior dynamics, have proven more adaptive in making marketing decisions quickly and accurately. This is reflected in their ability to launch innovative products and optimize digital distribution channels to expand market reach. Aggressive marketing strategies based on absorptive capacity encourage increased SMEs competitiveness amidst increasingly dynamic competition while improving marketing performance through sales growth, growing market share, and increasing customer loyalty. Therefore, integrating absorptive capability and aggressive marketing strategies provides adaptive resilience to market changes and is key in accelerating MSME business performance in remote areas such as East Sumba.

## CONCLUSIONS, LIMITATION AND SUGGESTION

Aggressive marketing strategies can be an effective tool for SMEs to improve marketing performance, especially when integrated with absorptive capabilities, market orientation, and innovation capabilities. This strategy allows SMEs to expand market reach, increase brand awareness, and quickly take advantage of competitive opportunities. However, the success of aggressive marketing is highly dependent on the ability of SMEs to absorb and utilize external information through absorptive capabilities. With this capability, SMEs can identify market trends, consumer behavior, and competitor actions to develop more targeted and relevant strategies. This is reinforced by absorptive capabilities, enabling organizations to respond to environmental changes more adaptively.

In addition, market orientation and innovation capabilities are strategic drivers in maximizing the impact of aggressive marketing. Market orientation helps SMEs understand customer needs in-depth and adjust products or services according to market demand. On the other hand, innovation capabilities enable SMEs to present new products or services that attract consumers, thereby creating sustainable competitiveness. Combining these elements drives marketing effectiveness and creates synergies that strengthen SMEs position in the market. Research confirms that the synergy between innovation, market orientation, and aggressive strategies significantly improves marketing performance, making this approach relevant to facing increasingly dynamic competition.

This study has limitations in generalization because it focuses on SMEs in a particular context, so its application in other sectors still needs to be studied. The quantitative approach can show the relationship between variables statistically but has not explored qualitative factors such as organizational culture and industry dynamics that can affect the effectiveness of aggressive marketing strategies. In addition, external factors such as regulations, macroeconomic conditions, and technological

changes have not been considered, even though these aspects can play a role in determining the success of a marketing strategy.

Future research is expanded to other business sectors or SMEs in various geographic contexts to test the consistency of the findings. A mixed-method approach or qualitative research also needs to be used to explore the role of organizational and leadership factors in moderating the relationship between absorptive capability, market orientation, innovation, and aggressive marketing strategies. In addition, integrating external variables such as government policies and digitalization can provide a more comprehensive understanding of the effectiveness of aggressive marketing strategies. With this approach, further research can offer more holistic and applicable insights for SMEs facing increasingly fierce competition.

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