

ABSTRACT

This study empirically examines the relationship between entrepreneurial orientation (EO) and firm performance (FP), with dynamic capabilities (DC) acting as a mediator, in digital marketing agencies in DKI Jakarta, Indonesia. The research aims to determine whether the indirect path through DC provides a better influence on FP compared to the direct impact of EO. The dynamic and competitive nature of the digital marketing sector requires a strong EO. Although there is evidence of a direct positive relationship between EO and FP, dynamic capabilities may mediate this relationship. This study addresses the research gap concerning EO, DC, and FP in Indonesian digital marketing companies and explores the strategic and performance implications in this context.

The research employs a quantitative approach using structural equation modeling (SEM) to analyze data collected through surveys distributed to the sample of 155 high-level managers and C-level executives.

The findings reveal that EO has a significant positive influence on both DC and FP. Interestingly, the indirect effect of EO on FP through DC is stronger than the direct effect, suggesting partial mediation. This study contributes to the literature by demonstrating the importance of EO for fostering DC, which ultimately leads to improved FP in Indonesian digital marketing agencies. It highlights the need for agility and adaptability in this dynamic field.

Keywords: *Digital Marketing Agency, Entrepreneurial Orientation, Dynamic Capabilities, Firm Performance, Resource-Based View.*