Firm Resources, Firm Capabilities, and Marketing Strategy as Drivers of Firm Performance: Evidence from Jewelry SMEs in Pakistan

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ABSTRACT: Small and Medium Enterprises (SMEs) are an integral component of the economic activities of Pakistan. Indeed, the jewellery industry is a unique industry as it is relevant meshed with artisanal expertise and has a steady buying demand on the local level due to the cultural significance of the industry. But, there are some problems facing jewelry SMEs and preventing them to compete and perform effectively. This study examines the relationships which exist among the three components of the Firm Resources, Firm Capabilities, Marketing Strategy and Firm Performance for jewelry Small and Medium Scale Enterprises of Pakistan. Theoretical framework consists of the Resource Based View (RBV), Dynamic Capabilities Theory (DCT) and Contingency Theory. A cross-sectional survey was conducted using quantitative tools and variables with the target group of jewelry SMEs owners, managers and senior management of the major markets in commercial centers of Pakistan. The 320 questionnaires were distributed and 250 were obtained as a usable return, a rate of 78.1%. Partial Least Squares Structural Equation Modeling (PLS-SEM) with 5000 bootstraps was used to analyze the data using SmartPLS 4. Results - All three hypotheses are accepted. Firm Resources has $p<0.001$ and $\beta>0.412$ relationship with Firm Capabilities. Marketing Strategy was positively and significantly influenced by the firm capability ($\beta=0.385$, $p<0.001$). Among the three constructs, Marketing Strategy has positive and significant and strong relationship with Firm Performance ($\beta=0.468$, $p<0.001$). The findings showcase the need to establish strong resources, enhance organizational capacity and implement systematic market strategies for strengthening jewelry SMEs in Pakistan.

KEYWORDS: Jewelry SMEs, Firm Resources, Firm Capabilities, Marketing Strategy, Firm Performance, External Environment, PLS-SEM, Pakistan

Pages: 123 – 137
Volume: 5
Issue: 2 (February 2026)

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Cite this Article: Khan, A., & Zaman, S. U. (2026). Firm Resources, Firm Capabilities, and Marketing Strategy as Drivers of Firm Performance: Evidence from Jewelry SMEs in Pakistan. *The Regional Tribune, 5*(2), 123-137. https://doi.org/10.55737/trt/v-ii.418

Introduction

SSMEs play a significant role in employment generation, income generation, and economic activity in Pakistan. The jewelry sector is unique, considering its cultural importance, traditional craft, handmade designs, and use of precious metals and stones in this broad SME ecosystem. The sector is mainly made up of small and medium-sized companies, many of them family-owned businesses, operating on a small scale and focusing mostly on local markets. Despite

skilled labor, traditional craftsmanship and strong cultural value, a large number of jewelry SMEs face difficulties in competing effectively and improving the overall performance of the firm (Government of Pakistan, 2006; IBA Students Group, 2010; Khurram & Shaukat, 2016).

The sector is experiencing increasing production costs, changing consumer preferences, intense competition, and fast-moving marketing channels. The customer is becoming more aware, quality-conscious, and is influenced by branding, design trends, and marketing communication. Hence, jewelry SMEs can no longer depend just on traditional craftsmanship or past reputation. To improve performance, they need to leverage internal resources, develop organizational capabilities, and implement suitable marketing strategies (Rodrigues & Silva, 2021; Ullah & Al-Dajani, 2023).

The Resource-Based View (RBV) has been viewed as a basis for explaining how firms achieve superior performance through possessing valuable, rare, and inimitable resources (Barney, 1991; Wernerfelt, 1984). In the case of jewelry SMEs, financial strength, skilled labor, production facilities, brand image, and managerial knowledge are important internal resources. But having resources is not enough. To convert resources into effective actions, well-designed marketing strategies and organizational capabilities are needed (Teece et al., 1997; Vorhies & Morgan, 2005).

The Dynamic Capabilities Theory (DCT) builds on the resource view and stresses the firms' ability to create, deploy and reconfigure capabilities in response to changing environments (Teece et al., 1997; Eisenhardt & Martin, 2000). In the jewelry industry, design innovation, quality management, operational flexibility, coordination, adaptation, and managerial capabilities can assist firms in responding to market changes and implementing effective marketing strategies. Especially, marketing decisions are essential in a customer-oriented sector such as jewelry, including branding, pricing, promotion, product positioning, and customer relationship management (Cavusgil & Zou, 1994; Jaworski & Kohli, 1993).

Contingency Theory brings in an environmental dimension, arguing that the effectiveness of strategies is contingent on environmental conditions (Miller & Friesen, 1983; Donaldson, 2001). The effect of marketing strategies on performance might be more or less, depending on competition, economic conditions, technological changes, and changing consumer tastes. Thus, environmental turbulence is an important predictor of the strategic outcomes of the Pakistani jewelry SMEs (Khurram & Shaukat, 2016; Ullah & Al-Dajani, 2023).

The main research problem is to find out the relationship between Firm Resources, Firm Capabilities, and Marketing Strategy with Firm Performance in the case of jewelry SMEs in Pakistan. The study investigates three direct relationships: the relationship between Firm Resources and Firm Capabilities, the relationship between Firm Capabilities and Marketing Strategy, and the relationship between Marketing Strategy and Firm Performance.

Research is required as previous work has primarily focused on resources, capabilities, or marketing strategy in isolation and has paid limited attention to jewelry SMEs in Pakistan. In the present study, these are incorporated into a sequential framework. It therefore explores how resources become capabilities, how capabilities inform marketing strategy, and how marketing strategy enhances performance in a particular emerging market sector. The study also provides practical guidance to owners and managers on resource allocation, capability development, marketing planning and adaptation to environmental conditions.

Research Questions

RQ1: What is the impact of firm resources on the firm capabilities of jewelry SMEs in Pakistan?
RQ2: What is the effect of firm capabilities on the marketing strategy of jewelry SMEs in Pakistan?
RQ3: What is the impact of marketing strategy on the firm performance of jewelry SMEs in Pakistan?

The SME sector of the jewelry industry in Pakistan is situated in a specific socio-economic and cultural context. Weddings are a major focus for jewelry, and traditional styles and techniques are in high demand for festivals and other social gatherings. Customer trust is key to purchases, and like other sectors, consumer trends and the effect of digital media on market information and communication affect the sector (IBA Students Group, 2010; Simoni et al., 2010).

Economic context – constraint & opportunity! The jewellery industry is an employment- and export-generating industry that also provides value addition in this sector, but still has limited access to finance, high input costs, and inadequate infrastructure as key constraints mentioned in the paper. Quality standards and requirements, hallmarking, and taxation are other regulatory considerations which could be problematic, particularly in a complex or inconsistent regulatory environment. Many SMEs in the jewelry industry are doing their business outside the formal financial system and may not be accessing formal financial support programs for this reason (Government of Pakistan, 2006).

Technological changes are more prevalent in the sector. Social media sites include Instagram and Facebook, where customers explore designs, compare costs, and make purchases. A few businesses are promoting their products and/or services via the Internet in order to digitalize the marketing process, but there seem to be some restrictions around knowledge and strategy in digital marketing, as well as limited use of e-commerce and social marketing. The paper identifies this as the general issue that digital marketing seems to have both limitations in knowledge and in strategy. The changes make the skills of the organization and a systematic marketing strategy more relevant for companies to reach a broader market (Rodrigues & Silva, 2021).

The study includes the study of Jewelry SMEs working in the main business and commercial cities of Pakistan, e.g., Karachi, Lahore, Islamabad, and other commercial cities. The criteria for selecting the locations were: Jewelry businesses; trading markets. The paper also benchmarks against international evidence of jewellery companies. It notes that if the small jewellery industry continues to be supply-oriented and relies heavily on aging techniques, it could find it challenging. So, demand-driven and more tailored marketing strategies are relevant to the strategic framework studied in this paper (Simoni et al., 2010).

Literature Review

Resource-Based View

RBV explains how firms can achieve competitive advantage through the effective use of valuable, rare, and difficult-to-imitate resources (Barney, 1991; Wernerfelt, 1984). Barney (1991) distinguishes resources associated with physical capital, human capital, and organizational capital. In the context of SMEs, financial capital, skilled labor, managerial expertise, physical assets, technology, and organizational resources provide the foundation for business operations and strategic decision-making.

For jewelry SMEs, resources include financial resources and access to capital, skilled craftsmen and employees, managerial knowledge, equipment, tools, production facilities, and shop facilities. Financial resources can support investment in equipment, training, and marketing, while human resources provide the knowledge and skills required for capability development. Physical and technological resources can be utilized to support quality of products, productivity, and customer services. The research suggests that the availability and use of resources are associated with SME performance, and financial constraints may limit investment and strategic flexibility (Morgan et al., 2004; Rodrigues & Silva, 2021; Khurram & Shaukat, 2016).

At the same time, the literature points to an important issue about the mechanism through which resources affect outcomes. Resources can be a starting point, but they must be deployed purposefully so that they can develop capabilities and strategic actions. This concern now leads us to the significance of Dynamic Capabilities Theory under the current context.

Dynamic Capabilities Theory

DCT is an extension of RBV, in so far as it seeks to understand how firms shape their internal and external competencies, creating or modifying them in the face of changing environments (Teece et al., 1997). Dynamic capabilities are the sensing of opportunities, the seizing of them, and the transforming of the organizational resources and operations. Eisenhardt and Martin (2000) expand the definition of dynamic capabilities to the organizational processes that enable organisations to create new resource structures.

This is particularly important for SMEs, as they have to remain agile and respond quickly to shifting consumer preferences, pressures and the marketplace. The paper conceptualizes Firm Capabilities as coordination capabilities, adaptation capabilities and managerial capabilities. Coordination allows firms to coordinate internal activities; adaptation allows firms to adapt to changes in the market; and managerial capabilities support the planning and implementation of business decisions (Teece et al., 1997; Vorhies & Morgan, 2005).

In the jewelry industry, these capabilities can help in design innovation, quality management, operational flexibility, market sensing, and customer relationship management. Firms with stronger capabilities are better able to deploy resources in ways that support marketing strategy. Thus, capabilities are the means through which internal resources can be transformed into strategic action.

Contingency Theory

Contingency Theory argues that there is no one best way to organize or strategize because the effectiveness of organizational strategies is contingent on fit with environmental conditions (Donaldson, 2001; Miller & Friesen, 1983). Lawrence and Lorsch (1967) emphasized the need to adapt organizational structures to environmental contexts. The same strategy may lead to different performance outcomes under different levels of competition, uncertainty, technological change, or market turbulence in SMEs.

The external environment for jewelry SMEs in Pakistan is characterized by changing customer tastes, competitive conditions, and economic and regulatory conditions. These factors can impact the effectiveness of marketing strategy. Standardized marketing practices may be more workable under stable conditions, while adaptation and marketing agility may be more important in turbulent conditions. Thus, the external environment is identified as a moderator of the Marketing Strategy - Firm Performance relationship.

Research Gap

The present study is motivated by several gaps identified in the literature reviewed in this research. Most of the existing literature has been on general SMEs or manufacturing industries, and jewelry SMEs have received relatively less attention. Firm Resources, Firm Capabilities, Marketing Strategy, and Firm Performance have been studied individually or in selected relationships, but there are few studies that have integrated these constructs into a sequential framework within the framework of Pakistani jewelry SMEs. The specific sector and the emerging-market setting have not been the subject of much empirical research on the relationships between Firm Resources and Firm Capabilities, between Firm Capabilities and Marketing Strategy, and between Marketing Strategy and Firm Performance. The present study fills these gaps and examines the sequential relationship between Firm Resources,

Firm Capabilities, Marketing Strategy, and Firm Performance in Pakistani jewelry SMEs. The present study therefore contributes to the understanding of internal resources and capabilities that support effective marketing strategies and thereby enhance the performance of jewelry SMEs in Pakistan with a focus on these interconnected relationships.

Conceptual and Theoretical Framework

The conceptual framework is based on the Resource-Based View (RBV), the Dynamic Capabilities Theory (DCT), and the Contingency Theory. The model shows the sequential relationship where Firm Resources are the foundation of Firm Capabilities, Firm Capabilities guide Marketing Strategy, and Marketing Strategy contributes to Firm Performance.

RBV suggests that firms can achieve competitive advantage by having resources that are valuable, rare, and hard to imitate (Barney, 1991; Wernerfelt, 1984). The financial resources, skilled labor, managerial knowledge, equipment, tools, and shop facilities constitute the internal foundation for operations and making strategic choices in jewelry SMEs. However, resources need to be used effectively to build organizational capabilities and strategic actions (Morgan et al., 2004; Vorhies & Morgan, 2005).

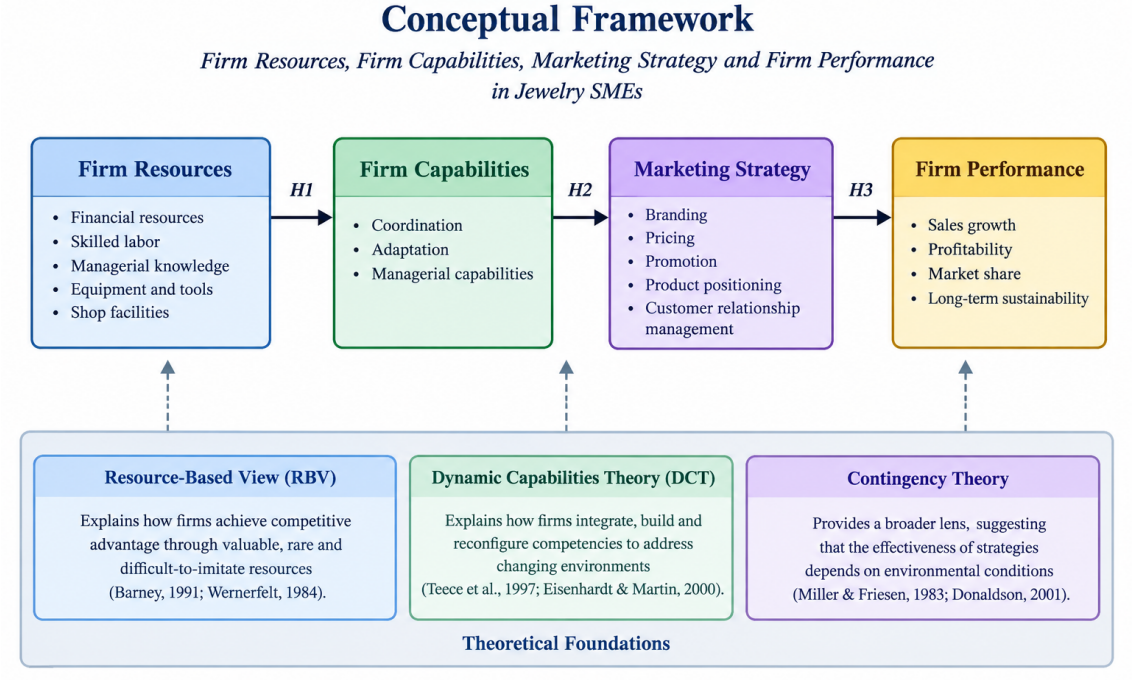
DCT extends the resource view by explaining how firms integrate, develop, and reconfigure their competencies to respond to changing environments (Teece et al., 1997). Coordination, adaptation, and managerial capacities are key to the research framework. These skills allow jewelry SMEs to respond to shifting consumer tastes and competitive pressures and to conduct marketing activities. Eisenhardt and Martin (2000) also look at the organizational processes through which firms arrive at new resource configurations.

The larger theoretical framework employs Contingency Theory in the model. The empirical framework concentrates on three direct relationships defined in the research questions and hypotheses.

Conceptual and Theoretical Framework

Figure 1

Conceptual Framework of the Study



Hypotheses Development

Based on the theoretical foundations and literature review, three hypotheses are proposed.

Table 1

Hypotheses and Structural Relationships

Hypothesis	Path	Relationship Type
H1	FR → FC	Direct Effect
H2	FC → MS	Direct Effect
H3	MS → FP	Direct Effect

H1: Firm Resources have a positive and significant impact on Firm Capabilities of jewelry SMEs in Pakistan.

The RBV suggests that a firm's resources form the basis for the development of organizational capabilities (Barney, 1991; Wernerfelt, 1984). Financial resources, skilled human capital, physical assets, and managerial expertise can be deployed to support capability development in jewelry SMEs. Thus, literature suggests resources are strategically valuable when firms are able to organize and deploy them efficiently.

H2: Firm Capabilities have a positive and significant impact on the marketing strategy of jewelry SMEs in Pakistan.

Firms' capabilities such as coordination, adaptation, managerial expertise, product development, quality control, innovation, and knowledge of the market help them design and implement effective marketing strategies (Teece et al., 1997; Eisenhardt & Martin, 2000; Vorhies & Morgan, 2005). Within the jewelry industry, increased capabilities can assist with branding, digital marketing, product positioning, and responses to changing consumer tastes. Therefore, H2 proposes that Firm Capabilities positively affect Marketing Strategy.

H3: Marketing Strategy has a positive and significant impact on Firm Performance of jewelry SMEs in Pakistan.

Marketing strategy is a deliberate set of activities to sell products, win customers, compete in the marketplace, and communicate value. Branding, promotion, pricing, positioning, and customer relationship management can help in market visibility, customer trust, sales growth, and profitability (Cavusgil & Zou, 1994; Jaworski & Kohli, 1993). The paper also points out that traditional selling and word-of-mouth are associated with less SME growth and that there is a positive association between structured marketing strategies and SME performance (Rodrigues & Silva, 2021; O'Cass & Weerawardena, 2010). H3 posits a positive relationship between Marketing Strategy and Firm Performance.

Methodology

Research Design

The study utilized a quantitative, cross-sectional survey design to investigate the relationships between the study constructs. The present study was conducted on jewelry SMEs operating in Pakistan, with the owners, managers, and senior executives targeted as respondents.

Population, Respondents, and Sampling

The population was SMEs in the jewelry industry of Pakistan. The respondents targeted were owners, managers, senior executives, and other decision makers who were knowledgeable about resource allocation, capability development, marketing strategy, and firm performance. Purposive sampling was used to select respondents with relevant knowledge and experience, while convenience sampling was used to access respondents who were available and willing to participate.

A total of 320 questionnaires were distributed, and 250 useful responses were retained, giving an effective response rate of 78.1%. The sample size was considered sufficient for the PLS-SEM analysis applied in this research. The respondents were selected from major commercial and business areas like Karachi, Lahore, Islamabad, and other major urban centers identified in the research paper.

Measurement

Multi-item scales with a five-point Likert response format were used to measure all constructs. Firm Resources were measured with three items on financial, human, and physical/technological resources adapted from Morgan, Kaleka, and Katsikeas (2004). Firm Capabilities were measured using three items of coordination, adaptation, and managerial capabilities adapted from Vorhies and Morgan (2005).

Marketing Strategy was measured with three items covering clarity and consistency of marketing strategy, competitive pricing, and product positioning, adapted from Cavusgil and Zou (1994). External Environment was measured with three items covering changes in customer preferences, competitive conditions, and economic/regulatory conditions, based on Jaworski and Kohli (1993) and Miller and Friesen (1983). Firm Performance was measured using three items covering sales growth, profitability, and overall performance relative to competitors, adapted from Zou et al. (1998).

Data Screening and Analysis

The dataset was screened before structural analysis. Mardia's multivariate normality test indicated significant deviation from multivariate normality, with skewness of 42.18 ($p < 0.001$) and kurtosis of 318.45 ($p < 0.001$). The paper therefore used PLS-SEM because the method does not impose distributional normality assumptions. Missing-data procedures indicated complete cases across indicator items, eliminating the need for mean imputation.

PLS-SEM was conducted in SmartPLS 4. The measurement model was first evaluated for indicator reliability, internal consistency, convergent validity, and discriminant validity. Then, the structural model was assessed through path coefficients, bootstrapping, coefficients of determination (R^2), predictive relevance (Q^2), and SRMR. The hypotheses were tested on the basis of bootstrap resamples of 5,000. Common method bias was addressed by Harman's single-factor procedure and full-collinearity assessment, whereas multicollinearity was assessed based on VIF assessment (Kock, 2015; Hair et al., 2021).

Validity and Reliability

All indicator loadings retained were over 0.70, ranging from 0.732 to 0.891. The values of Cronbach's α and Composite Reliability were more than 0.70 for all constructs, and the values of Average Variance Extracted (AVE) were more than 0.50. Specifically, Firm Resources had $\alpha = 0.835$, CR = 0.890, and AVE = 0.670; Firm Capabilities had $\alpha = 0.848$, CR = 0.897, and AVE = 0.686; Marketing Strategy had $\alpha = 0.882$, CR = 0.914, and AVE = 0.680; External Environment had $\alpha = 0.821$, CR = 0.881, and AVE = 0.650; and Firm Performance had $\alpha = 0.891$, CR = 0.920, and AVE = 0.697.

The discriminant validity was assessed using the HTMT criterion. All HTMT values were less than the conservative threshold of 0.85, indicating a distinct construct identity (Henseler et al., 2015). The maximum value was 0.718 between Marketing Strategy and Firm Performance, and the remaining values were lower.

Results

Sample Characteristics

The sample included several pieces of the jewelry industry. Jewelry Manufacturing was represented by 82 respondents (32.8%), Jewelry Retail and Wholesale by 64 (25.6%), Jewelry Design and Services by 48 (19.2%), Jewelry Repair and Customization by 32 (12.8%), and Precious Metals and Stones Trading by 24 (9.6%). Based on firm size, Table 1 in the research sample shows that 55 respondents (22.0%) are small firms (< 50 employees), 128 (51.2%) are medium firms (50-250 employees), and 67 (26.8%) are large firms (> 250 employees). The age of the firm was less than 5 years in 38 firms (15.2%), 5 to 10 years in 105 firms (42.0%), and more than 10 years in 107 firms (42.8%).

Table 2

Sample Characteristics

Variable	Category / Group	n	%
Industry Sector	Jewelry Manufacturing	82	32.8
	Jewelry Retail & Wholesale	64	25.6
	Jewelry Design & Services	48	19.2
	Jewelry Repair & Customization	32	12.8
	Precious Metals & Stones Trading	24	9.6
Firm Size	Small (<50 employees)	55	22.0
	Medium (50–250 employees)	128	51.2
	Large (>250 employees)	67	26.8
Firm Age	<5 years	38	15.2
	5–10 years	105	42.0
	>10 years	107	42.8

Descriptive Statistics

Firm Resources mean score was 3.82 (SD = 0.68), Firm Capabilities mean score was 3.75 (SD = 0.71), Marketing Strategy mean score was 3.89 (SD = 0.64), External Environment mean score was 3.61 (SD = 0.79), and Firm Performance mean score was 3.71 (SD = 0.73). Results indicate relatively high levels of resources and marketing strategy, moderate levels of capability development, variation in environmental conditions, and moderate levels of firm performance.

Table 3

Descriptive Statistics

Construct	Mean	SD	Skewness	Kurtosis
Firm Resources (FR)	3.82	0.68	−0.45	0.12
Firm Capabilities (FC)	3.75	0.71	−0.38	−0.05
Marketing Strategy (MS)	3.89	0.64	−0.52	0.31
External Environment (EE)	3.61	0.79	−0.29	−0.22
Firm Performance (FP)	3.71	0.73	−0.41	0.08

Firm Resources had skewness and kurtosis values of -0.45 and 0.12, Firm Capabilities had -0.38 and -0.05, Marketing Strategy had -0.52 and 0.31, External Environment had -0.29 and -0.22, and Firm Performance had -0.41 and 0.08. These descriptive results give a general idea of the sample before testing the structural hypothesis.

Measurement Model

The measurement model demonstrated satisfactory reliability and validity. Indicator loadings ranged from 0.732 to 0.891, exceeding the threshold used in the study. Internal consistency was supported because Cronbach's alpha and Composite Reliability exceeded 0.70 for all constructs. Convergent validity was supported because all AVE values were above 0.50.

Table 4

Measurement Model: Reliability and Convergent Validity

Construct	Items	Outer Loadings	Cronbach's α	CR	AVE
Firm Resources (FR)	FR1–FR3	0.758–0.842	0.835	0.890	0.670
Firm Capabilities (FC)	FC1–FC3	0.732–0.865	0.848	0.897	0.686
Marketing Strategy (MS)	MS1–MS3	0.771–0.891	0.882	0.914	0.680
External Environment (EE)	EE1–EE3	0.745–0.838	0.821	0.881	0.650
Firm Performance (FP)	FP1–FP3	0.762–0.880	0.891	0.920	0.697

The HTMT results also supported discriminant validity. The correlations expressed through HTMT were 0.612 for Firm Resources–Firm Capabilities, 0.658 for Firm Resources–Marketing Strategy, 0.384 for Firm Resources–External Environment, 0.605 for Firm Resources–Firm Performance, 0.641 for Firm Capabilities–Marketing Strategy, 0.412 for Firm Capabilities–External Environment, 0.591 for Firm Capabilities–Firm Performance, 0.455 for Marketing Strategy–External Environment, 0.718 for Marketing Strategy–Firm Performance, and 0.492 for External Environment–Firm Performance. All were below 0.85.

Note: All HTMT values are below 0.85, supporting discriminant validity.

Table 5

Heterotrait–Monotrait Ratio (HTMT)

Construct	FR	FC	MS	EE	FP
Firm Resources (FR)	—	—	—	—	—
Firm Capabilities (FC)	0.612	—	—	—	—
Marketing Strategy (MS)	0.658	0.641	—	—	—
External Environment (EE)	0.384	0.412	0.455	—	—
Firm Performance (FP)	0.605	0.591	0.718	0.492	—

Structural Model and Hypothesis Testing

The structural model explained 54.3% of the variance in Firm Capabilities (R^2 = 0.543). Firm Capabilities and Marketing Strategy together accounted for 58.6% of the variance in Firm Performance (R^2 = 0.586). Predictive relevance was indicated by Q^2 = 0.431 for Firm Capabilities and Q^2 = 0.472 for Firm Performance. The SRMR was 0.068, below the 0.08 level reported as acceptable in the paper.

Table 7

Structural Model Quality and Predictive Relevance

Measure	Value	Interpretation
R^2 (Firm Capabilities)	0.543	54.3% variance explained by Firm Resources
R^2 (Firm Performance)	0.586	58.6% variance explained by the model
Q^2 (Firm Capabilities)	0.431	Moderate predictive relevance
Q^2 (Firm Performance)	0.472	Moderate predictive relevance
SRMR	0.068	Acceptable fit (<0.08)

Table 8

Hypothesis Testing Results

Hypothesis & Path	β	SE	t	p	95% CI	Decision
H1: FR → FC	0.412	0.060	6.867	<0.001	[0.294, 0.530]	Supported
H2: FC → MS	0.385	0.062	6.210	<0.001	[0.263, 0.507]	Supported
H3: MS → FP	0.468	0.062	7.548	<0.001	[0.346, 0.590]	Supported

H1 was supported: Firm Resources positively and significantly affected Firm Capabilities (β = 0.412, SE = 0.060, t = 6.867, p < 0.001).

Discussion

Empirical results are consistent with the sequence logics of the conceptual framework. Firm Resources positively influence Firm Capabilities, Firm Capabilities positively influence Marketing Strategy, and Marketing Strategy positively influences Firm Performance. This study revealed that the jewelry SMEs' internal resources play a vital role in the construction of their organizations' capabilities, and finally, the increased capabilities help them in making effective decisions and wishing to prepare a marketing decision with the increased capability. An efficient marketing strategy, in turn, helps quite a bit in enhancing a firm's performance. The results show that the sequential development of resources, capabilities, and marketing strategies is a significant pathway that helps jewellery SMEs enhance their competitive position and performance in the Pakistani market. The findings support the theoretical arguments of the study, including those of the Resource-Based View and Dynamic Capabilities Theory; the Contingent theory has a more comprehensive approach for the understanding of the significance of alignment of organizational strategy with conditions of business.

Answers to the Research Questions

- RQ1 is answered affirmatively: Firm Resources have a positive and significant effect on Firm Capabilities (β = 0.412, p < 0.001).
- RQ2 is answered affirmatively: Firm Capabilities have a positive and significant effect on Marketing Strategy (β = 0.385, p < 0.001).
- RQ3 is answered affirmatively: Marketing Strategy has a positive and significant effect on Firm Performance (β = 0.468, p < 0.001).

Firm Resources and Firm Capabilities

The results support Barney's (1991) RBV idea that tangible and intangible resources serve as a basis for the development of an organization's capability (Firm Capabilities: β = 0.412, p < 0.001). Financial strength, expertise by design, management knowledge, and physical resources can feed into capabilities in the jewelry SMEs, such as design innovation, quality management, operational efficiency, coordination, and adaptation.

The result is in line with the general research of the literature undertaking, which suggests that improved resources are related to the development of internal capability (Morgan et al., 2004; Rodrigues & Silva, 2021). It also further provides a sector-specific interpretation of the resource–capability link for the jewelry SMEs in Pakistan, where the traditional craftsmanship and physical resources of the sector co-exist with financial and managerial constraints. This

indicates that "accumulation" matters – but the capacity to convert resources into organisational skills is still crucial to strategic effectiveness.

Firm Capabilities and Marketing Strategy

This positive link between Firm Capabilities and Marketing Strategy ($\beta = 0.385$, $p<0.001$) substantiates DCT. In order to effectively design and develop the marketing activities, coordination, adaptation, and managerial abilities are required (Teece et al., 1997; Eisenhardt & Martin, 2000; Vorhies & Morgan, 2005). It is a significant discovery in the eyes of jewelry SMEs that need to respond to the changing preferences of their customers and develop their product positioning, quality, and establish fresh advertising channels.

The study also relates this finding to evidence from abroad that successful jewelry companies can begin from supply-driven marketing to demand-driven and differentiated marketing initiatives (Simoni et al., 2010). Capability development, in turn, is a tool for enhancing the effectiveness of various branding, pricing, promotion, product positioning, and customer relationship activities for Pakistani jewelry SMEs.

Marketing Strategy and Firm Performance

The direct relationship between Marketing Strategy and Firm Performance was the highest ($\beta = 0.468$, at $p < 0.001$). This result backs the hypothesis that there is a significant connection between marketing strategy and performance when formulating an ANOVA in a structured way. Value communication, customer trust establishment, product differentiation, and relationship management can be accomplished with the help of the elements of branding, promotion, pricing, and positioning (Cavusgil & Zou, 1994; Jaworski & Kohli, 1993).

The outcomes also corroborate the paper's discussion of many jewelry SMEs using a lot of traditional methods of selling and talking about their products. A structured approach can help to boost market reach and customer engagement, even via digital channels. Therefore, based on this finding, the research paper can be recommended as jewelry SMEs need to proceed beyond the conventional selling method and adopt a more considered marketing approach (O'Cass & Weerawardena, 2010; Rodrigues & Silva, 2021).

Descriptive Findings and Resource–Performance Gap

The descriptive results reveal that all the means are relatively high for Firm Resources (3.82) as well as Marketing Strategy (3.89), while the means for Firm Capabilities (3.75) and Firm Performance (3.71) are lower. The paper suggests this pattern may represent awareness and possible capability gaps around strategic alignment. Resource scores are relatively high but performance scores comparatively lower, indicating that perhaps resources are not fully leveraged to the level of results, either as a result of limited capability building or strategic or operational alignment. However, External Environment (0.79) had the highest value of standard deviation, implying that there is a considerable difference between the environmental conditions of firms and in different sectors. The possible difference in the environment indicates that jewelry SMEs should take their environment into account when they implement marketing activities, because they are set in different market situations and should meet the needs of the market, especially for the local market.

The industry-sector Analysis revealed differences in structural relationships. Manufacturing companies had better resource–capability relationships, whereas design and services companies had better capability–strategy relationships. These findings indicate that the translation of resources and capabilities to strategic actions can be affected by the context of a particular sector.

The results of the environmental context analysis show that all jewellery SMEs are exposed to different conditions of their customers, competitors, and economic and technological situations. This difference emphasizes again the importance of firms keeping track of market changes and being flexible in their marketing efforts.

Theoretical and Practical Implications

Theoretical Implications

The study helps in the application of RBV, DCT, and Contingency Theory in the context of jewelry SME in Pakistan. The positive Firm Resources–Firm Capabilities relationship builds upon the resource-based explanation by illustrating the role of resources as bases for capability development. Second, the positive Firm Capabilities–Marketing Strategy relationship is congruent with the dynamic capability perspective and suggests a link between organizational ability and strategic market action. Third, linking Marketing Structured Activity to Firm Outcomes (MS-FP) highlights the relationship between structured marketing activities and firm performance.

The sequential model (Resources to Capabilities to Strategy to Performance) offers an embedded linkage view of the relationship between the firm's internal resources and organizational processes and its strategic action in the market and performance. The marriage between cultured, traditional workmanship, customers' trust, transformed preference, and redefined marketing strategy chain in the cultural jewelry sector makes it an eye-catching field for study, and its importance has been added to SME studies by targeting jewelry sector SMEs in Pakistan in the research.

Practical Implications

The findings suggest a connection between resources and capability development for the owners and managers of jewelry businesses deemed to be SMEs. Financial – equipment, training, marketing, human – skills and knowledge, physical – quality and operations. These resources require assimilation and adaptation, however, in the context of group competence.

So, coordination, operational manipulation, and decision-making of managers need to be reinforced. They should also develop structured marketing strategies instead of conventional selling methods as their main marketing tool. The marketing mix should be considered as an integrated set of strategic activities–marketing, branding, promotion, product positioning, and CRM. Consistent with the research paper discussion, Digital marketing platforms can be used to reach a wider audience.

The context for the implementation of marketing strategy can be influenced by changes in customer preferences, competition, the economy, and technology. Therefore, it is important for Jewelry SMEs to keep their wits about them when trying to implement marketing activities.

A policy implication or a lesson to be drawn for policies and support institutions is also highlighted in the paper. Financial support programs, credit access, subsidized loans, and technology support can enable jewelry SMEs to boost their resource base. Managerial skills, marketing, and digital literacy can be the main areas of training and capacity development. Awareness, training, and infrastructure in supporting the adoption of digital, as well as cluster development, promise the exchange of resources, know-how, and marketing strategies for the benefit of firms.

Conclusion, Limitations and Future Research

Conclusion

This study explores the relationship between Firm Resources, Firm Capabilities, Marketing Strategy, and Firm Performance of jewelry SMEs in Pakistan. The study, based on RBV, DCT, and Contingency Theory, formulated and tested three hypotheses with the help of the data gathered from 250 owners, managers, and senior executives.

Each of the three hypotheses was accepted. Firm Resources significantly affected Firm Capabilities, Marketing Strategy significantly affected Firm Capabilities, and Firm Capabilities significantly affected Firm Performance. It

was inferred that strategic integration is needed for the jewelry SMEs as a whole entity, not a single investment. Resources underpin organizational capabilities, which are transformed into market outcomes through marketing strategy, and in turn, environmental conditions impact the successful delivery of marketing strategy. The results hence are supportive of the conclusion of the paper that Integrated resource management, capability development, and structured and adaptive marketing as a marketing strategy are the solutions for jewelry SMEs to improve performance.

Limitations

An obvious weakness of the study is its theoretical focus that is based on the RBV, DCT, and Contingency Theory. Other perspectives are not taken into account. Also, only constructs in the conceptual framework are in the variable set. These particular limitations of the cross-sectional design include the inability to make causal inferences and to study change over time. Questionnaire-based self-reported data can be subject to response bias, and measures of perceived performance cannot be as successfully validated as financial measures.

The use of purposive and convenience sampling limits generalizability. Jewellery SMEs located in important commercial cities of Pakistan are the focus of the study, and therefore, conclusions made may fail to represent other cities and other sectors of SMEs. A note of caution regarding these limitations should be kept in mind when interpreting the results.

Future Research

The research suggests additional avenues of study to be investigated. Instead of compartmentalised or comparative studies, sectoral or comparative studies could be used to analyze another sector of jewelry SMEs in another region or country and compare them with other SME sectors. In a longitudinal study, one can study how resources, capabilities, and their marketing change over time, leading to more evidence of causal relationships.

Additionally, some other factors such as technological innovation, digital marketing utilization, government support, organizational culture, and entrepreneurial spirit can be added for any further studies in the future. The numbers, such as market share, sales records, and financial statements, can be added to the perceived. From the customer's perspective, it is possible to get insights into branding, promotion, customers' understanding of decision-making, and customers' loyalty.

As an example, while working on the research paper, the researcher may be asked to explore specific sections like social media marketing, ecommerce and online customer engagement, which are all areas of digital marketing. The use of qualitative research and case studies can offer some richer insight into the transformation of resources into capabilities and strategies. Other mediators and moderators may be explored as well; additional studies may be replication and mixed-methods research to bolster the evidence base, cross-contextually.

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