THE ROLE OF ENTREPRENEURSHIP ORIENTATION IN THE EFFECT OF DIGITAL MARKETING THROUGH SOCIAL MEDIA ON THE PERFORMANCE OF MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs) IN INDONESIA

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Abstract: This research contributes to formulating policies and programs related to MSMEs, especially digital marketing in Indonesia. This research examines the role of entrepreneurial orientation on the influence of digital marketing via social media on MSMEs in Indonesia. Although several studies have examined the relationship between the use of social media (Technology Acceptance Model, TAM) and company business performance, the existence of inconsistencies in previous research results opens up obstacles for this research to develop theory and strengthen weaknesses. Previous research, as well as complementing the growing digital marketing literature. This research involved 500 MSME owners in Indonesia, where an online survey of MSME owners was the data collection instrument. The data has been analysed using SEM (Structural Equation Modeling) via AMOS (Analysis of Moment Structure) software. Results showed that perceived ease of use positively affected attitudes towards using social media. The benefits of using social media and attitudes towards using social media have a positive effect on attitudes towards using social media. The use of social media has a positive impact on the performance of MSMEs. Then, entrepreneurial orientation has a positive effect on the performance of MSMEs. Furthermore, entrepreneurial orientation moderates the influence of social media use on MSME's performance, meaning that entrepreneurial orientation strengthens the influence of social media use on MSME's performance. The research implication is that it contributes to the TAM literature, where all tests support the TAM theory. Future research is encouraged to replicate the moderation model developed in this study as applicable to other countries and regions for better generalisation. Future research can add control variables such as age, education, and experience to the relationship between social media use and MSME performance. From a practical point of view, the government needs to intervene to improve the business performance of MSMEs. One of them is providing reliable and affordable internet connectivity, equal distribution of internet infrastructure, especially in rural and remote areas, providing digital literacy and training among business owners and employees. Then, MSME players must be oriented towards entrepreneurship by producing innovative new products and more modern marketing innovations digitally through social media.

Keywords: Technology acceptance model, entrepreneurship orientation, MSME performance.

Introduction

Micro, Small and Medium Enterprises (MSMEs) play a significant role in the economies of developing countries. Based on World Bank data (2020), as much as 90% of business entities in the MSMEs sector and this sector contribute 50% to global employment and 40%

to gross domestic product (GDP) in developing countries. Canada has the best MSMEs in the world, followed by Hong Kong, the USA, the Netherlands, and Singapore. Easy procedures for recruiting and terminating employees and access to finance and tax policies have become

the supporting factors for the growth of MSMEs in those countries (Euler-Hermes-Group, 2019).

The Ministry of Cooperatives and Micro, Small and Medium Enterprises said the number of MSMEs in Indonesia in 2021 was 65.5 million or 99.99% of the number of business agents. The absorption capacity of the MSMEs workforce is 119.6 million people or 96.92% of the workforce absorption capacity of the business world. MSMEs also contribute to the national economy by 61.1%, and large business agents which is only 5.550 or 0.01% of the total business agents, contribute the remaining 38.9% (BPS, 2021). This makes MSMEs the most dominant level of business in Indonesia.

The food, beverage, and foodstuffs group is the type of goods or services most sold via the Internet in 2020, and the total number of MSMEs selling these goods or services is 40.86% of all MSME businesses. The type of goods or services sold the most in second place is fashion with the proportion of businesses selling as much as 20.71%. In third place, there are types of goods or services for household needs, as many as 10.30% of businesses sell these goods or services. Furthermore, 8.05% were cosmetic businesses and 38.40% were other businesses not in that group (BPS, 2021).

MSMEs can develop if regulated properly, with good governance and high performance, and grow more productively (Ananda & Susilowati, 2017). Fred (2009) revealed that one of the factors that influences business performance is marketing strategy. Marketing strategies are important in the MSMEs' business. Marketing, in practice, must keep up with developments to keep pace with consumer needs and wants, especially in the digital era that it is today. MSMEs in the digital era are increasingly competitive in attracting consumer attention. Ease of access and attractive content are the keys to marketing in the digital era. Thus, digitalisation in marketing, especially social media, is believed to affect the MSME's performance.

The Central Statistics Agency (2021) also revealed that almost all MSMEs that sell online

use instant messaging applications (93.98%), such as WhatsApp, Line, and Telegram messages. Then, marketing via social media (54.66%), such as Facebook, Twitter, and Instagram, is in second place. Only 21.64% of MSMEs have sales accounts in the marketplace. Furthermore, 10.42% of businesses use e-mail and 2.38% use websites. This is homework for the government, so digital marketing in Indonesia is interested in switching to digital marketing because there are still 78.36% who have not utilised digital marketing.

Scholars have proven the effect of social media on the MSME's performance (Rahman et al., 2016; Hendrawan et al., 2019; Marbun & Simanjuntak, 2021). They tested the use of social media by MSMEs and have brought opportunities for the MSMEs to gain a business advantage by using social media. Chatterjee and Kumar (2020) found that the use of social media contributes to the growth of MSME businesses in developing countries. Saleh and Said (2019) proved the positive impact of digital marketing in increasing MSMEs through effective website advertising. The effect of the website is that it can facilitate customers' purchasing and product-search.

Experts have proven the influence of social media on the performance of MSMEs, such as Fakhreldin et al. (2020) research conducted in the Middle East, Egypt found a better understanding of the influence of social media use, as well as its positive impact on the performance of MSMEs. Another research conducted by Abebe (2014) in Texas USA, Masa'deh et al. (2018) in Jordan, Marolt et al. (2022) in Slovenia, and Shauri et al. (2023) in Dodoma City, Tanzania, found a significant influence between the use of social media on business performance. Furthermore, a significant influence of the use of social media on business performance has also been found in developing countries such as Chatterjee and Kumar (2020) in India, Parveen et al. (2016) in Malaysia, Wang (2020) in China, Fan et al. (2021) in Pakistan and Istianingsih and Indonesia (Hendrawan et al., 2019; Istianingsih & Defit, 2021; Marbun & Simanjuntak, 2021)

found that the use of social media contributes to the growth of MSME businesses in developing countries.

The results of the 2021 E-Commerce Survey up to December 31, 2020, show that 25.25% of all MSMEs in Indonesia had carried out digital marketing activities, and this number grew to 25.92% by June 30, 2021. This shows that despite an increase, MSMEs that receive orders or sell goods/services digitally are still relatively low and are still dominated by conventional business types (buyers meet directly with sellers) (BPS, 2021).

Several studies have explored using MSME's social media by investigating the motivation for participating in these activities (Abebe, 2014; Masa'deh et al., 2018; Fakhreldin et al., 2020; Marolt et al., 2022). The methods used are the Technology Acceptance Model (TAM) (Pentina et al., 2012; Beier & Wagner, 2016; Kalu et al., 2017; Ritz et al., 2019), Unified Theory of Acceptance and Use of Technology 2 (UTAUT2) (Chatterjee & Kumar, 2020), and Factor Analysis (Dlodlo & Dhurup, 2013; Dlodlo & Mafini, 2014). Another study shows that the lack of MSME competence, low level of awareness, and organisational readiness became the research topic for adopting online channels in the MSMEs sector (Centobelli et al., 2016).

In relation to TAM theory, the behaviour of using (actual use) of social media is influenced by three external factors: Perceived ease of use, perceived usefulness, and attitude towards using (Davis, 1989). Thompson et al. (1991) revealed the usefulness of technology (perceived usefulness) as the benefits expected by users to carry out their duties, and they also mentioned that individuals would use technology if they knew that the benefits positively affect its use. Thus, it can be stated that the perception of usefulness is at a level where a person believes that the user of a particular system will improve his work performance. It means that the benefits of using technology can improve performance and the work performance of people who use it. Perceived ease of use is an important

determinant of the attitude variable (Fishbein & Ajzen, 1975). This concept describes the system's convenience for users related to being flexible, clear, understandable, and easy to use as a whole so that the perceived ease will positively impact attitudes. Bregashtian and Herdinata (2021), Oentario *et al.* (2017), and Sidharta and Sidh (2014) have proven the significant effect of perceived ease of use on attitude.

Perceived ease of use is a factor that influences the attitude toward using, and even more so, it acts as an antecedent of perceived usefulness. if the number of perceived ease of use is large, the perceived usefulness will be even higher (El-Gohary, 2010). Davis (1989) defines perceived ease of use as the degree to which a person believes that using a particular system can reduce one's effort in doing something. Furthermore, according to Goodwin (1987), the intensity of use and interaction between the user and the system can indicate ease of use. Some previous research found a significant effect of perceived usefulness on actual behaviour (Adams et al., 1992; Kanchanatanee et al., 2014; Oentario et al., 2017; Tanjung et al., 2020).

Davis (1989) defines Attitude towards using as a person's positive or negative feelings about having to perform a determined behaviour. Attitudes toward using technology are defined as user evaluations about their interest in using technology (Davis, 1989). Perceived attitudes toward the use of technology can improve a person's performance and psychologically encourage the person to accept the use of technology in his work (Venkatesh *et al.*, 2003).

Attitude towards use can be a connecting variable between TAM's two main perception variables. When someone has tried a new technology, that person will respond to the advantages and disadvantages of the technology through their attitude. The response will take various forms, such as an attitude of liking or disliking the technology, an attitude to use it further, and an attitude of interest in it. All existing attitudes will affect the intention to use the technology (Davis, 1989; Venkatesh *et al.*, 2003). Some previous research proved the

influence and significance of attitude variables on behaviour using technology (Manda & Salim, 2021; Yuan *et al.*, 2021).

MSMEs will use social media if they think it provides greater benefits than existing methods and is compatible with their technological infrastructure (Shaltoni *et al.*, 2018). There is a supply and demand gap that limits MSMEs from adopting social media (Mohan & Ali, 2019). On the other hand, the speed of technological innovation creates knowledge gaps for some MSME owners/managers, but they realise the importance of adopting technology for marketing and recognise the opportunities it provides (Alford & Page, 2015).

The researcher applies the Technology Acceptance Model (TAM) to explore the adoption of social media by MSMEs (Davis, 1989; Venkatesh *et al.*, 2003). The TAM model proposes that an individual's perception of ease of use and usefulness is a determinant of intention to adopt technology and actual adoption behaviour (Jelinek *et al.*, 2006; Lacka & Chong, 2016; Itani *et al.*, 2017). The principle underlying TAM is that the easier a technology is to use, the more useful it is for users (Venkatesh *et al.*, 2003). The reason for using TAM is to explore the motivation of MSME owners or managers to use social media to perceive ease of use, usefulness, and attitude.

Research related to marketing that applies TAM, for example, self-service technology (Dabholkar & Bagozzi, 2002; Chowdhury et al., 2014), social media adoption (Veldeman et al., 2017), mobile CRM technologies (Rodriguez & Trainor, 2016), sales force automation tools (Homburg et al., 2010), and e-commerce (Ashraf et al., 2014). Ease of use and usefulness of technology is also related to post-use evaluation (Kim & Forsythe, 2008), revisit intention (Reynolds & Ruiz de Maya, 2013), and attitude (Klein, 2003; Kulviwat et al., 2014). The gap in TAM theory from these researches is that it only uses a single similar subject, for example, using an organisation or company, so in this study, the TAM theory will be tested on various MSME businesses.

Some research related to TAM on business performance shows inconsistency in the results of proving hypotheses, such as the use of information technology affects business performance (Oly Ndubisi & Agarwal, 2014; Buli, 2017; Masa'deh et al., 2018; Mamun, 2018; Mantok et al., 2019; Wang, 2020; Dadzie et al., 2021; Fan et al., 2021; Ibarra-Cisneros et al., 2021). Likewise, getting digital marketing through e-commerce and social media impacts business performance (Abebe, 2014; Parveen et al., 2016; Troise et al., 2022). In contrast, Reken et al. (2020) did not find the impact of digital marketing via websites and email on business performance. Itani et al. (2017) find no relationship between attitudes toward social media usefulness and social media use. Nevertheless, Lacka & Chong (2016) emphasise that marketers' perceptions of the usefulness of social media sites drive their adoption and use.

Actual use of social media, in relation to TAM theory, is influenced by three external factors: perceived ease of use, perceived usefulness, and attitude toward use (Davis, 1989). Thompson et al. (1991) revealed perceived usefulness as the benefits expected by users to carry out their tasks. Thompson et al. (1991) also stated that individuals will use technology if the individual knows the benefits or usefulness has a positive influence on its use. Thus, it can be stated that if someone believes that social media users provide benefits, then they will use it. Then, perceived ease of use is a factor that influences attitude toward using, even perceived ease of use is an antecedent of perceived usefulness. If the number of perceived ease of use is large, then actual use will be higher ((El-Gohary, 2010). It can be said that individuals who find it easy to use social media will continue to use social media. Furthermore, attitude towards use can be a connecting variable between TAM's two main perception variables (Davis, 1989; Venkatesh et al., 2003). When someone has tried social media as a digital marketing tool, that person will respond to the advantages and disadvantages of social media through their attitude. The more positive the

response to social media use, the higher the use of social media.

Although several studies have examined the relationship between the use of social media (TAM) on company business performance, the inconsistency results of previous studies opened the way for the researcher to develop a theory and strengthen the weaknesses in previous research, as well as complement the digital marketing literature that continues to grow. The researcher adds entrepreneurship orientation as a moderating variable. Entrepreneurial orientation is believed to play a role in the influence of social media on the MSME's performance. This is because entrepreneurship orientation is the best way for companies to compete in the market and achieve superior performance (Gatignon & Xuereb, 1997). MSMEs need entrepreneurship orientation in selecting and establishing strategies to face competition.

Entrepreneurship orientation has played an important role in business performance, especially in the MSMEs sector (Rauch et al., 2009; Eggers et al., 2013; Lonial & Carter, 2015). Rauch et al. (2009) find that a company's internal environment, which includes entrepreneurship orientation, strengthens the positive relationship between performance and knowledge-based resources. Some studies find a weaker relationship between entrepreneurship orientation and business performance (Lumpkin & Dess, 2001), whereas other studies show a stronger correlation between entrepreneurship orientation and business performance (Covin & Slevin, 1989; Hult et al., 2003; Wiklund & Shepherd, 2003).

Kaur and Mantok (2015) have proved the importance of having an entrepreneurship orientation in running a business, that the three dimensions of it, namely proactivity, risk-taking, and innovation, affect business performance as measured by subjective performance. This is also supported by Uddin *et al.* (2014), who found that four entrepreneurship orientation variables-innovation, proactivity, risk-taking, and autonomy- have been proven to affect business

performance. This indicates that MSMEs which want to improve their performance must have a strong entrepreneurship orientation.

Entrepreneurial orientation as a moderating variable is believed to complement existing theory, and practically, entrepreneurial orientation will encourage business actors to be innovative, one of which is through social media. Those with a high entrepreneurial orientation will innovate by introducing and promoting products by optimising sales content via social media such as Instagram, Facebook, Twitter, and other digital media.

researcher The believes that the entrepreneurship orientation variable has a significant role, namely strengthening the influence between the use of social media and the MSME's performance. The use of social media in digital marketing can present attractive solutions for business people, especially among MSMEs. However, not many previous studies have investigated and proven the impact of using social media on the MSME's performance through entrepreneurship orientation. Therefore, the researcher believes that this research can contribute to formulating policies and programs related to MSMEs, especially digital marketing in Indonesia. This research focuses on the MSMEs selling food, beverages, ingredients, and handicrafts. Those sectors of MSMEs are the ones that sell the most via the Internet

Materials and Methods

Sample and Data Collection

Respondents in this research are MSME owners in Indonesia who use digital marketing. Based on the data from BPS (2021) and KemenkopUKM (2022), the number of MSMEs using digital marketing in Indonesia is 1,715,587,52.

Respondents were chosen using a purposive sampling technique to determine samples from populations with certain considerations/ characteristics (Cooper & Schindler, 2014). The considerations in selecting the MSMEs as sample units are:

- (1) More than 25% of provinces using digital marketing are Lampung, Kepulauan Bangka Belitung, Kepulauan Riau, DKI Jakarta, West Java, Central Java, Yogyakarta, East Java, Banten, West Kalimantan, South Kalimantan, East Kalimantan, and North Kalimantan.
- (2) The MSMEs are in the food and beverage and crafting sector.
- (3) The MSMEs use digital marketing through social media channels (Instagram, Facebook, and Twitter) as promotion and sales media

According to Hair *et al.* (2010), the minimum sample in the Structural Equation Model (SEM) method is 100 respondents for a model with a maximum of five constructs and a minimum of 500 respondents for a model with many constructs. For this reason, the number of samples in this study is as many as 500 business agents or owners of MSMEs in Indonesia. This research took samples from 13 cities based on the use of digital marketing above 25%,

namely Lampung, Kepulauan Bangka Belitung, Kepulauan Riau, DKI Jakarta, West Java, Central Java, Yogyakarta, East Java, Banten, West Kalimantan, South Kalimantan, East Kalimantan, and North Kalimantan.

The sampling technique was snowball sampling. According to Sugiyono (2017), snowball sampling is a sample determination technique that is initially small in number and then enlarges. The researcher chose snowball sampling because in determining the sample, the researcher first only selected one or two people, but because the data obtained was incomplete, the researcher looked for other people to complete the data based on initial informant referrals to fulfil the required number of samples.

Data was collected through an online survey by distributing a questionnaire in a Google form (link: https://forms.gle/ir5hcbrg9LXLPY339) over three months. The questionnaire was distributed using snowball sampling. First, access the researchers' social media, such as Instagram, Facebook, and Twitter. Next, on social media, type search keywords with hashtags, for

Using Digital Food, Beverage, Sample Number No. **Province MSMEs** Marketing and Crafts Sector (500) (0.061%) 1 Lampung 208.274 72,146 43,288 26 2 Bangka Belitung 23.764 6,278 3,767 2 3 5 Riau 41.942 14,210 8,526 4 9 Bengkulu 71.425 18,213 10,251 5 DKI Jakarta 489.637 208,585 125,151 76 6 West Java 914.230 29,987 17,992 11 7 Central Java 1.190.772 358,422 215,053 129 8 Yogyakarta 883.699 301,606 180,964 110 9 249,953 149,972 91 East Java 828.482 10 30 Banten 318.046 83,074 49,844 11 West Kalimantan 15.154 3,908 2,345 1 12 South Kalimantan 5 56.566 14,419 8,651 13 East Kalimantan 33.629 10,280 6,168 4 14 North Kalimantan 5.577 1,449 869 1 Total 1,354,317 822,841 500

Table 1: Research samples

Source: (BPS, 2021; KemenkopUKM, 2022)

example, #umkmjakarta #umkmlampung, so that social media accounts from MSMEs appear according to the hashtag group.

Next, the researcher opened the MSME profile and sent the questionnaire link via direct message (DM). Apart from that, the researcher also opened viral content on social media Instagram, Facebook and Twitter, usually in the comments on these posts many MSMEs were marketing their products, here, the researcher sent DMs to accounts that met the criteria as respondents. And so on by looking for other MSME actors to complete the data based on references from previous MSME actors. Apart from that, researchers also distributed the questionnaire link through MSME communities. In this way, the required sample size can be met, namely 500 respondents.

Measures and Data Analysis

Several stages are used to analyse the criteria for the hypothesis so that a hypothesis can be drawn according to the determined criteria and methods. The resulting ordinal data is transformed into interval data using the Method of Successive (MSI) using the Additional Instrument (Add-Ins) in Microsoft Excel. Confirmation factor analysis (CFA) is used in instrument testing. In the first stage of the process, the measurement model is analysed to assess whether the construct meets the validity and reliability standards. After determining that the structural model is reliable and valid, the next step is analysing it. This phase is divided into two parts. Structural models are used to determine whether a model fits the data sufficiently. If the model developed in the research is by the applicable research

Table 2: Measuring instrument

Variables	Indicators	Sources	Scale
Perceived Ease of Use (PEU)	1. Easy to learn 2. Controllable 3. Clear and understandable 4. Flexible 5. Easy to be skilful 6. Easy to operate	(Davis, 1989; Venkatesh <i>et al.</i> , 2003))	Ordinal
Perceived Usefulness (PU)	Work faster Work performance Increase productivity Increase effectiveness Make the work easier Useful	(Davis, 1989; Sun & Zhang, 2006)	Ordinal
Attitude Toward Using (ATU)	Convenience of interacting with social media Enjoyment of using social media Enjoy the use of social media for product marketing and sales	(Curran & Davis, 1989; Lennon, 2011)	Ordinal
Actual Use of Social Media (AU)	1. The amount of time interacting with social media 2. Frequency of using social media 3. User satisfaction		Ordinal
Entrepreneurship Orientation (OK)	Risk taking Innovation 3. Proactive Competitive aggressiveness 5. Autonomy	(Hughes & Morgan, 2007)	Ordinal

MSMEs Performance (KU)	Increase in MSMEs profits in the last six months Capital adequacy for MSME development Competitive MSME products or services (content, packaging, price) A Sales target in the last six months The number of subscribers has continued to grow in the last six months Expansion or market reach that continues to increase from month to month	(Yuliansyah & Razimi, 2015; Gopang <i>et al.</i> , 2017)	Ordinal
	increase from month to month		

rules, then the developed model can be used to continue with hypothesis testing.

Results and Discussion

Measurement Model

The first stage in hypothesis evaluation using SEM assessed the measurement model between latent and manifest variables. However, the reliability and validity of the construct were first tested. Construct validity with Confirmatory Factor Analysis (CFA) and reliability using Composite Reliability (CR) and Average of

Variance Extracted (AVE) values. Table 3 shows the validity test results using CFA AMOS, which obtained factor loading values of ≥ 0.50 for all indicators for each variable so that all indicators can be declared valid and used for further testing. Then, all latent variables have good model reliability because CR is > 0.70 and AVE is > 0.50. In processing the data, it was found that all manifest variables from each latent variable met the measurement model criteria, meaning that the manifest variables could explain each latent variable.

Table 3: Confirmatory Factor Analysis (CFA) and reliability testing

Indicators	Factor loading	Composite Reliability (CR)	Average of variance extracted (AVE)	
PEU1	0.789			
PEU2	0.730			
PEU3	0.885	0.029	0.716	
PEU4	0.791	0.938	0.716	
PEU5	0.825			
PEU6	0.857			
PU6	0.821			
PU5	0.905			
PU4	0.910	0.054	0.770	
PU3	0.842	0.954	0.778	
PU2	0.833			
PU1	0.807			
ATU1	0.812			
ATU2	0.822	0.919	0.790	
ATU3	0.861			

AU6	0.510		
AU5	0.629		
AU4	0.663	0.005	0.560
AU3	0.858	0.885	0.568
AU2	0.793		
AU1	0.773		
OK5	0.735		
OK4	0.803		
OK3	0.806	0.913	0.679
OK2	0.856		
OK1	0.730		
KU6	0.802		
KU5	0.883		
KU4	0.886	0.910	0.636
KU3	0.521	0.910	0.030
KU2	0.585		
KU1	0.816		

Then, the normality test was carried out, in the AMOS output, the normality test was carried out using the CR (Critical Ratio) skewness value criteria of \pm 2.58 on the assessment of normality with a significance level of 0.01. The data can be normally distributed if the critical skewness ratio is \pm 2.58. Table 4 shows that the data normality test was not normally distributed where there are critical ratio (C.R.) values that surpass the limit of \pm 2.58, namely KU3-KU6, OK1-OK5, AU1-AU5, ATU1-ATU3, PU1-PU6 and PEU1-PEU6. The rest of the data is declared normal because it is between -2.58 to 2.58. With abnormal data, the researcher used the Bootstrap

technique. This assumes that the original sample will result in the next increment of a multiple. Thus, bootstrap is a resampling technique where the sample is assumed to be a population. Then, some are taken randomly to form the sample. If the results are not significantly different from the original data after bootstrapping, it can be stated that the data is feasible (Ghozali, 2013). After testing using Bootstrap (Figure 1), the chi-square value of 382.501 indicates a cluster value at the centre because there are several comparable values above and below 101.933. The data above has normal results on the distribution of chi-square values.

Table 4: Data normally test

Variable	min	max	skew	C.R.	kurtosis	C.R.
KU1	1.000	4.408	262	-2.391	608	-2.776
KU2	1.000	4.403	168	-1.531	622	-2.841
KU3	1.000	4.527	524	-4.788	577	-2.634
KU4	1.000	4.436	302	-2.753	626	-2.858
KU5	1.000	4.337	342	-3.119	655	-2.989
KU6	1.000	4.347	303	-2.763	667	-3.045
OK1	1.000	4.317	535	-4.882	655	-2.991
OK2	1.000	4.179	787	-7.185	419	-1.912

OK3	1.000	4.466	526	-4.799	636	-2.901
OK4	1.000	4.366	653	-5.963	523	-2.386
OK5	1.000	3.997	-1.070	-9.766	047	217
AU1	1.000	4.106	592	-5.400	668	-3.050
AU2	1.000	4.201	768	-7.012	496	-2.263
AU3	1.000	4.302	611	-5.579	603	-2.754
AU4	1.000	4.274	528	-4.822	641	-2.927
AU5	1.000	4.355	431	-3.934	678	-3.096
AU6	1.000	4.336	162	-1.475	663	-3.025
ATU3	1.000	4.133	871	-7.950	349	-1.592
ATU2	1.000	4.119	985	-8.994	176	803
ATU1	1.000	4.171	686	-6.263	531	-2.425
PU1	1.000	4.312	612	-5.583	590	-2.693
PU2	1.000	4.020	782	-7.135	509	-2.321
PU3	1.000	4.126	716	-6.532	552	-2.520
PU4	1.000	4.193	621	-5.669	591	-2.698
PU5	1.000	4.147	783	-7.145	469	-2.142
PU6	1.000	4.065	-1.005	-9.173	153	697
PEU6	1.000	4.129	709	-6.474	548	-2.502
PEU5	1.000	4.033	765	-6.987	502	-2.293
PEU4	1.000	3.911	832	-7.598	468	-2.136
PEU3	1.000	4.360	652	-5.952	558	-2.545
PEU2	1.000	4.199	575	-5.247	650	-2.969
PEU1	1.000	4.039	749	-6.838	549	-2.508
Multivariate					378,487	73,002

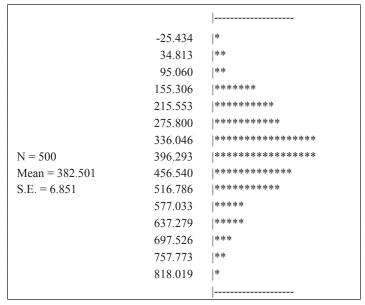


Figure 1: Bootstrapping

Researchers tested the goodness of fit on the proposed model. The use of several goodness-of-fit indices allows researchers to gain acceptance of the proposed model (Hair et al., 2010). According to Hair et al. (2010), using three to four fit indices provides sufficient evidence of model fit, and researchers do not need to report all fit indices because they would be redundant. From the goodness

of fit test results, it can be concluded that the feasibility of the SEM model of the perceived ease of use variable is insufficient to meet the acceptance requirements, except for the attitude toward using a variable. Therefore, the model was modified using modification indices with the result that the model met the acceptance requirements and was statistically fit.

Table 5: Model fit test results

Variables	Goodness of Fit	Cut-off Value	Model Result	Description	Modification Indices	Description
	Probability level	p < 0.05	0.000	Good	0.001	Good
	RMSEA	< 0.08	0.149	Not Good	0.073	Good
Perceived ease of use	IFI	> 0.9	0.952	Good	0.992	Good
or use	TLI	> 0.9	0.919	Good	0.981	Good
	NFI	> 0.9	0.947	Good	0.990	Good
	AGFI	> 0.9	0.826	Not Good	0.948	Good
	Probability level	p < 0.05	0.000	Good	0.000	Good
	RMSEA	< 0.08	0.186	Not Good	0.079	Good
Perceived usefulness	IFI	> 0.9	0.944	Good	0.993	Good
	TLI	> 0.9	0.906	Good	0.983	Good
	NFI	> 0.9	0.941	Good	0.991	Good
	AGFI	> 0.9	0.762	Not Good	0.944	Good
	Probability level	p < 0.05	0.000	Good		
	RMSEA	< 0.08	0.010	Good		
Attitude toward	IFI	> 0.9	1.000	Good	No Mod	ification
using	TLI	> 0.9	1.000	Good		
	NFI	> 0.9	1.000	Good		
	AGFI	> 0.9	1.000	Good		
	Probability level	p < 0.05	0.000	Good	0.002	Good
	RMSEA	< 0.08	0.166	Not Good	0.076	Good
Actual use	IFI	> 0.9	0.917	Good	0.990	Good
	TLI	> 0.9	0.861	Not Good	0.970	Good
	NFI	> 0.9	0.912	Good	0.987	Good
	AGFI	> 0.9	0.802	Not Good	0.949	Good

	Probability level	p < 0.05	0.000	Good	0.048	Good
	RMSEA	< 0.08	0.121	Not Good	0.057	Good
Entrepreneurship	IFI	> 0.9	0.974	Good	0.996	Good
orientation	TLI	> 0.9	0.947	Good	0.988	Good
	NFI	> 0.9	0.970	Good	0.994	Good
	AGFI	> 0.9	0.904	Good	0.969	Good
	Probability level	p < 0.05	0.000	Good	0.013	Good
MSMEs performance	RMSEA	< 0.08	0.089	Not Good	0.054	Good
	IFI	> 0.9	0.982	Good	0.984	Good
	TLI	> 0.9	0.971	Good	0.989	Good
	NFI	> 0.9	0.978	Good	0.990	Good
	AGFI	> 0.9	0.931	Good	0.967	Good

Structural Model

Hypothesis testing is carried out through a significance test of the path coefficient with a t-test at an alpha of 5% or using a critical t-value of 1.96 as the cut-off value. Hypothesis testing tests the significance of the path coefficient or beta coefficient. If the resulting p-value is > 5% or CR > 1.96, the research hypothesis (alternative) is supported. Table 6 and Figure 2 show the path coefficient test on the structural model that has been formed, which will be explained further.

Table 6 shows five hypotheses of direct influence between variables. Perceived ease of use (PEU) has a positive effect on attitudes toward using social media (ATU), with a path coefficient value of 0.286, and it is significant with CR of (8.781) > 1.96 and p of (0.000) < 0.05, which means that the previous hypothesis: Perceived ease of use of social media has a

positive effect on the attitude of using social media is acceptable (H, is accepted). This means the higher the perceived ease of use of social media, the higher the attitude towards using social media. Perceived usefulness of using social media (PU) has a positive effect on attitudes towards using social media (ATU), with a path coefficient value of 0.713, and it is significant with CR of (16.512) > 1.96 and p of (0.000) < 0.05, which means that the previous hypothesis: Perceived usefulness of using social media has a positive effect on attitudes for acceptable social media use is acceptable (H, is accepted). That is, the higher the perceived usefulness of using social media, the higher the attitude toward using social media. It is known that the attitude towards using social media (ATU) has a positive effect on the actual use of social media (AU), with a path coefficient value

Table 6: Analysis of path coefficients in structural models

	Paths	1	Estimate	S.E.	C.R.	P
ATU	←	PEU	0,286	0,033	8,781	0,000
ATU	\leftarrow	PU	0,713	0,043	16,512	0,000
AU	\leftarrow	ATU	0,476	0,055	8,594	0,000
KU	\leftarrow	AU	0,648	0,109	5,927	0,000
KU	\leftarrow	OK	0,319	0,056	5,661	0,000

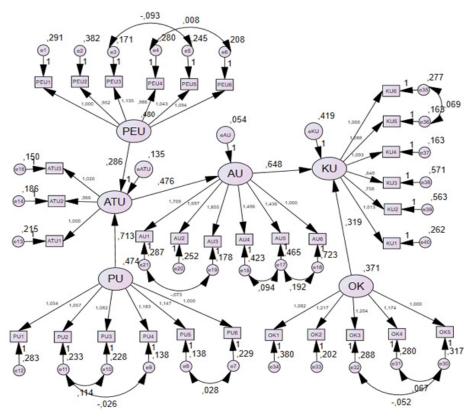


Figure 2: Structural Test-Path Coefficient Model

of 0.476, and it is significant with CR of (8.594) > 1.96 and p of (0.000) < 0.05 which means that the previous hypothesis: Attitudes toward using social media has a positive effect on actual use social media is acceptable (H, is accepted). That is, the higher the attitude toward using social media, the higher the actual use of social media. That is, the higher the attitude toward social media, the higher the use of social media actual use of social media (AU) has a positive effect on the MSME's performance (KU), with a path coefficient value of 0.648, and it is significant with CR of (5.927) > 1.96 and p of (0.000) <0.05, which means that the previous hypothesis: The actual use of social media has a positive effect on the MSMEs performance is acceptable (H₄ is accepted). That is, the higher the actual use of social media, the higher the MSME's performance. Entrepreneurship orientation (OK) has a positive effect on the MSMEs performance (KU), with a path coefficient value of 0.319, and

it is significant with CR of (5.661) > 1.96 and p of (0.000) < 0.05, which means that the previous hypothesis: Entrepreneurship orientation has a positive effect on the MSMEs performance is acceptable ($\mathbf{H_5}$ is accepted). The higher the entrepreneurship orientation, the higher the MSME's performance.

Moderation Model

Next is the moderation test, which checks whether entrepreneurship orientation (OK) significantly moderates the effect of the actual use of social media (AU) on the MSME's performance (KU). The AMOS SEM moderation test was carried out using the Ping method. Ping (1996) states that a single indicator should be used as an indicator of a moderating variable. The single indicator is a multiplication between the exogenous latent variable and moderator variable indicators.

After estimating without including interaction variables (previous structural testing), the output model results are used to calculate the loading factor value of the interaction latent variable (λ interaction) and the error variance value of the interaction latent variable indicator. The following is the calculation of the loading factor and error variance for the entrepreneurship orientation moderating interaction variable.

λ interaction = loading factor from interaction latent variable

$$\lambda$$
 interaction = $(\lambda_{x1} + ... + \lambda_{xp})$ $(\lambda_{z1} + ... + \lambda_{zq})$
 λ interaction = $(1,000 + 1,443 + 1,504 + 1,859 + 1,706 + 1,712)$ $(1,000 + 1,172 + 1,201 + 1,217 + 1,080)$
= $9,224 \times 5,670$
= $52,3001$

θq = error variance from indicator of interaction latent variable

$$\begin{array}{ll} \theta q \; = \; (\lambda_{x1}^{} + ... + \lambda_{xp}^{})^2 \, Var(X) \, (\theta_{z1}^{} + ... + \theta_{zq}^{}) + (\lambda_{z1}^{} \\ + ... + \lambda_{zq}^{})^2 \, Var(Z) \, (\lambda_{x1}^{} + ... + \lambda_{xp}^{}) + (\theta_{x1}^{} + \\ ... + \theta_{xp}^{}) + (\theta_{z1}^{} + ... + \theta_{zq}^{}) \end{array}$$

$$\theta q = [(0.9224)^2 \times (0.316 + 0.280 + 0.290 + 0.201 + 0.380)] + [(5.670)^2 \times (0.724 + 0.464 + 0.421 + 0.181 + 0.251 + 0.289)] + [(0.316 + 0.280 + 0.290 + 0.201 + 0.380) + (0.724 + 0.464 + 0.421 + 0.181 + 0.251 + 0.289)] = [85.0822 \times (1.467)] + [32.1486 \times (2.330)] + [1.467 + 2.330] = 124.816 + 74.9069 + 3.41811$$

= 203.141

Based on these calculations, the interaction λ value is 52.3001 and the θq value is 203.141. This value is used to set the parameter value of the interaction loading value and define the error variance of the interaction variable. The following are the estimation results included in the entrepreneurship orientation moderation model on the effect of digital marketing through social media on the MSME's performance.

Table 7 shows the significance of the interaction variable on the MSME's performance with CR of (4.562) > 1.96 and p of (0.000) < 0.05, which means that the previous hypothesis:

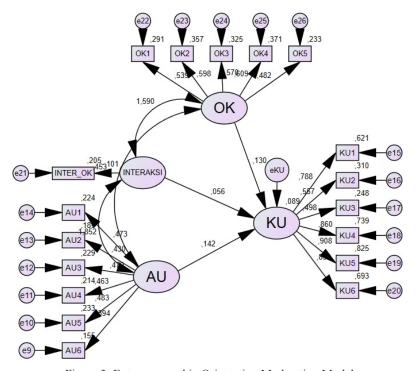


Figure 3: Entrepreneurship Orientation Moderation Model

		Paths	Estimate	S.E.	C.R.	P
KU	←	AU	0,321	0,104	3,077	0,002
KU	\leftarrow	OK	0,241	0,090	2,681	0,007
KU	\leftarrow	INTERACTION	0,002	0,000	4,562	0,000

Table 7: Analysis of path coefficients in structural models

Note: AU= Actual use; OK= Entrepreneurship orientation; Interaction = Interaction AU-OK

Entrepreneurship orientation moderates the effect of actual use of social media and the MSMEs performance is acceptable (\mathbf{H}_6 is accepted).

Discussion

The research results show that perceived ease of use positively affects attitudes toward using social media. The higher the perceived ease of use of social media, the higher the attitude towards using social media. This supports research that also finds a positive influence and significance from the variable perceived ease of use on attitude toward using (Renny *et al.*, 2013; Sidharta & Sidh, 2014; Mulyani & Kurniadi, 2015; Oentario *et al.*, 2017; Widodo & Putri, 2017; Bregashtian & Herdinata, 2021).

The TAM theory states that perceived ease of use is an important determinant of the attitude toward using variables. This concept describes the convenience of the system for users as being flexible, clear, understandable, and easy to use as a whole so that the perception of ease of use will positively impact attitudes. This is in line with the opinion of Thompson *et al.* (1991) that users of information technology expect ease in carrying out tasks.

According to the researcher, perceived usefulness is the level at which MSME agents believe using social media as a marketing tool will improve their ability to market and sell their products. The greater the benefits MSMEs get from social media, the higher their attitude toward using it as a marketing tool. Therefore, based on the results of this study, MSME agents must use digital marketing through social media in marketing their products due to the ease of

the system for users as a whole in marketing activities.

The perceived usefulness of using social media has a positive effect on attitudes toward using social media. That is, the higher the perceived usefulness of using social media, the higher the attitude toward using social media. These results are in line with research finding that there is a positive and significant effect of the variable perceived usefulness on the attitude toward using (Adams et al., 1992; Renny et al., 2013; Kanchanatanee et al., 2014; Mulyani & Kurniadi, 2015; Oentario et al., 2017; Widodo & Putri, 2017; Tanjung et al., 2020). Perceived usefulness is a factor that influences the attitude toward using. Perceived usefulness is an antecedent of the attitude toward using. If the number of perceived usefulness is high, then the attitude toward using will be higher (El-Gohary, 2010).

The results also support the TAM theory by Davis (1989), which states that perceived usefulness is when a person believes that using a particular system can reduce one's effort in doing something. The intensity of use and interaction between the user and the system can indicate ease of use. Thompson *et al.* (1991) also mention that an individual will use technology if that person knows the benefits positively affect its use.

According to the researcher, perceived usefulness is the level at which MSME agents believe using social media as a marketing tool will improve their ability to market and sell their products. The greater the benefits MSMEs get from social media, the higher their attitude toward using it as a marketing tool. Based on the results of this study, MSME agents must use

digital marketing through social media to market their products because they have perceived benefits in carrying out promotional or business activities.

The attitude toward using social media positively affects the actual use of social media. That is, the higher the attitude of social media, the higher the actual use of social media. It supports research that obtains a positive and significant effect of the attitude variable on behaviour using technology (Kanchanatanee *et al.*, 2014; Sidharta & Sidh, 2014; Oentario *et al.*, 2017).

These results are also consistent with TAM theory, where attitudes toward using can be referred to as a connecting variable between the two main perception variables of TAM and the variable behaviour using technology. When MSME agents have tried social media as a marketing tool, they will respond to the advantages and disadvantages of social media as a marketing tool through their attitudes. The responses given will have various forms, in this research, they are in the form of happy attitudes towards using social media, and attitudes of interest in social media.

Based on the study results, MSME agents are interested in and comfortable using social media. The use of social media can improve their marketing performance and psychologically encourage them to accept the use of social media in marketing and selling their products. The actual use of social media positively affects the MSME's performance. That is, the higher the actual use of social media, the higher the MSME's performance. This is in line with research stating that there is an effect of using social media on business performance (Nuseir & Aljumah, 2020; Olanrewaju *et al.*, 2020; Istianingsih & Defit, 2021; Yande & Suryanata, 2021; Yosep *et al.*, 2021).

The use of social media has a strong impact on business performance, especially regarding handling customer inquiries, building and strengthening customer relationships, and innovative mining ideas (Solis, 2010). The

use of social media by business people affects the accessibility of information, marketing information, and customer relations (Ainin *et al.*, 2015).

Based on the results of this research, MSME agents are active in using social media and utilising features on social media to improve their performance. In the comments feature, MSME agents must be more interactive and quick to respond to consumers' comments on social media because this will give a distinct impression on consumers or followers and can form closeness with consumers, especially if the replies to comments are delivered correctly.

Entrepreneurship orientation has a positive effect on the MSME's performance. The higher the entrepreneurship orientation, the higher the MSME's performance will also increase. This supports research that proves the significant and positive effect of entrepreneurship orientation on business performance (Keh *et al.*, 2007; Suma & Siregar, 2013; O'Cass & Sok, 2014; Dutot & Bergeron, 2016; Umrani *et al.*, 2018; Sulistyo & Ayuni, 2019; Fan *et al.*, 2021; Rizki & Susanto, 2021).

Wiklund and Shepherd (2011) state that entrepreneurship orientation might be a source of sustainable competitive advantage and improve company performance. Dynamic capabilities theory explains that entrepreneurship orientation allows companies to recognise market opportunities, act in response to them, and reconfigure real capabilities to maintain competitiveness and improve company performance (Shirokova *et al.*, 2016).

Entrepreneurship orientation which is reflected in an attitude full of innovation, proactivity, and courage to take risks, is believed to be able to boost company performance. This is confirmed by Covin *et al.* (2006) and Wiklund and Shepherd (2011) that a higher entrepreneurship orientation can increase a company's ability to market its products towards better business performance. The entrepreneurship orientation of an entrepreneur can lead to increased business performance.

Based on the research, the s conclude that a higher entrepreneurship orientation can increase the ability of MSMEs to market their products towards better business performance, be more innovative, proactive, and courageous to take risks, and tend to be able to perform better business. In addition, entrepreneurshiporiented MSMEs will always try to produce new, innovative products and dare to face risks. The MSMEs which stand as the subjects of this research have good innovation power based on the product and service innovations they provide, so it can be seen that their business performance can increase with their entrepreneurship orientation.

Entrepreneurship orientation moderates the influence of social media use and the MSME's performance. That is, entrepreneurship orientation strengthens the effect of using social media on the performance of MSMEs. The importance of having an entrepreneurship orientation in running a business has been proven by Kaur and Mantok (2015), who state that the three dimensions of entrepreneurial orientation- proactiveness, risk-taking, and innovation- affect business performance as measured by subjective performance.

Entrepreneurship orientation will encourage business people always to be innovative, one of which is through digital marketing. Those with a high entrepreneurship orientation will carry out digital innovations in introducing and promoting products by optimising sales content through social media such as Instagram, Facebook, Twitter, and others digital media. Proactivity reflects opportunity-seeking, forward-looking behaviour, or the ability of the MSMEs to take positive actions, including digital marketing actions through social media. Proactive action directs MSMEs to gain a competitive advantage through the introduction or acceptance of social media as a marketing tool to gain competitive advantage. Risk-taking is related to the tendency of the MSMEs to take risks for better profits. It can be seen from various perspectives because the MSMEs engage in several types of risktaking behaviour. This reveals the willingness of the MSMEs to invest in technological innovation or social media adoption with a high risk of uncertainty.

Qalati *et al.* (2021) tested the technological, organisational, and environmental constructs on the MSME's performance through social media adoption as a mediating variable, reveal the need for variables such as employee skills, readiness, entrepreneurship orientation, institutional pressure, government policies, and customer trust to reveal social media adoption on the MSMEs performance.

Entrepreneurship orientation is the best way for MSMEs to compete in the market and achieve superior performance. MSMEs need entrepreneurship orientation in selecting and establishing strategies to face competition. Likewise, government policies such as strengthening, training, and marketing technology facilitation can improve the MSME's business performance.

Conclusions

The study results show that entrepreneurship orientation plays a role in strengthening the influence of digital marketing through social media on the performance of MSME's in Indonesia. Entrepreneurship orientation moderates the influence of social media use and the MSME's performance. That is, entrepreneurship orientation strengthens the effect of using social media on the performance of MSMEs.

Perceived ease of use positively affects attitudes toward using social media. That is, the higher the perceived ease of use of social media, the higher the attitude toward using social media. The perceived usefulness of using social media has a positive effect on attitudes toward using social media. That is, the higher the perceived usefulness of using social media, the higher the attitude toward using social media. The attitude of using social media positively affects the actual use of social media. That is, the higher the attitude of social media, the higher the actual use of social media. The

use of social media has a positive effect on the MSME's performance. That is, the higher the use of social media, the higher the MSME's performance. Entrepreneurship orientation has a positive effect on the MSME's performance. The higher the entrepreneurship orientation, the higher the MSME's performance.

This research generally contributes to the TAM literature, where all tests support the TAM theory. This is in line with the TAM theory of Venkatesh *et al.* (2003) and Davis (1989) that the principle underlying TAM is that the easier and more useful technology is to use, the more positive the user's attitude towards using that technology. MSMEs will use social media if they feel it provides greater benefits than existing methods and fits their technological infrastructure (Shaltoni *et al.*, 2018).

This research was limited to being conducted in Indonesia, where internet infrastructure is not evenly distributed, especially in rural and remote areas. For this reason, future research is encouraged to replicate the moderation model developed in this study in countries with advanced internet infrastructure so that the test can be further generalised. Control variables in age, education, gender and duration of social media use can be tested further within the TAM and MSME performance framework to provide a comprehensive picture based on respondent demographics. Then, future research is encouraged to replicate the moderation model developed in this study, as it can be applied in other countries and regions for better generalisation. Future research can add control variables such as age, education, and experience to the relationship between social media use and MSME performance.

Apart from that, from a practical point of view, MSMEs need to have a high entrepreneurial orientation. A higher entrepreneurial orientation can increase the ability of MSMEs to market their products towards better business performance. The government can provide digital literacy among business owners and employees, especially in rural and remote areas. MSMEs need to gain

the skills or knowledge to produce innovative new products and digital marketing innovations through social media. Apart from that, the government also provides training regarding the correct use of information technology and procedures for displaying advertisements, creates business opportunities by organising events for MSME players, and facilitates MSME business partnerships with large businesses.

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Conflict of Interest Statement

The authors declare that they have no conflict of interest

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