

The Role of Social Media Marketing Capacity on the Entrepreneurial Orientation of MSMEs

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Abstract

This research is a quantitative descriptive study. This study's data collection methods include questionnaires and interviews. The participants in this study are MSMEs in Ambon City. In this study, the minimum number of samples employed is equal to 11 times the total number of latent variables in the path model, or 11 times the indicator count. The overall sample size for this investigation was 98 MSME samples. Path analysis was performed using SmartPLS 3.0 software. The research results reveal that in direct effect, Social Media Marketing marketing capabilities have a favorable and significant effect on entrepreneurial orientation, however Social Media Marketing Marketing Assets have no effect on entrepreneurial orientation.

Keywords: Social Media Marketing Capacity; Entrepreneurial Orientation

Introduction

Ambon City, one of Maluku's municipalities, is known as a business hub with a strong growth rate of MSMEs. According to records, Ambon City has 1221 MSMEs. To boost business capacity, including the capacity of production equipment and the soft skills capacity required to compete in business, such as capacity in the marketing process by utilizing the concept of Social Media Marketing. This is critical since the rise of Social Media Marketing marketing has increased competition with competitors not just in Ambon, but also throughout Indonesia and even internationally.

Several aspects influence MSMEs' marketing success, including marketing access to Social Media Marketing, marketing orientation, and entrepreneurial orientation (Yusuf et al. 2022). People are beginning to enjoy and become accustomed to using social media or online shopping platforms for shopping. This is a message to young people to instantly enhance the quality of their social media marketing. Social Media Marketing marketing capacity can be measured using a variety of metrics, including Social Media Marketing marketing capabilities and Social Media Marketing marketing assets. Based on this backdrop, researchers want to undertake a thorough investigation of this phenomena and assess the ability of Social Media Marketing MSME marketing to promote entrepreneurial orientation and improve MSME marketing performance.

Yusuf et al. (2022) conducted additional in-depth research on the characteristics of Social Media Marketing marketing in relation to entrepreneurial orientation and marketing performance. The findings indicate that numerous characteristics of Social Media Marketing marketing, including Social Media Marketing marketing capability and Social Media Marketing marketing assets, have a favorable and significant impact on MSMEs' entrepreneurial orientation and marketing performance. Overall, the findings of these four studies consistently show that implementing Social Media Marketing marketing strategies has a significant positive impact on SMEs' success and performance, both in terms of competitive advantage, profits, sales performance, and entrepreneurial orientation. Marketing plays a crucial role in a company's long-term success. Aside from sales, marketing is vital in terms of product planning, price determination, promotion methods, the use of technology, and detecting customer behavior that will be utilized as the foundation for product development. Marketing is the

managerial process of meeting consumer requirements and desires by creating, offering, and exchanging valuable goods or services (Yusuf et al. 2022). Aside from that, marketing can be defined as an effort to meet requirements in a lucrative manner (Sukandi, 2021). Even though marketing plays an important function, the marketing department must be managed in a methodical and integrated manner with other divisions in a corporation such as human resources, operations, finance, and other areas of the organization. Marketing management refers to the process of managing a marketing department. Aside from that, marketing management may be defined as a set of operations that include thinking, pricing, advertising, and disseminating ideas in order to get exchanges and achieve individual goals within a firm (Yusuf, 2022).

Social Media Marketing marketing is a technology for marketing products and services that focuses on the use of Social Media Marketing media (Yusuf, 2022). Social Media Marketing marketing capabilities are determined by the Social Media Marketing marketing assets that are possessed. The correct execution of Social Media Marketing will have a good influence on the dissemination of product or service information to the target market (Ramdhan, 2022). Social media marketing has emerged as a means for MSMEs to reach their target market. This provides MSMEs with a broader market reach, a larger number of customers, cost-effective marketing, and other advantages. Social Media Marketing marketing capacity can be seen in a variety of ways, including Social Media Marketing marketing assets and capabilities.

Methods

This research is a quantitative descriptive study. Data was obtained by delivering questionnaires with a list of written statements to respondents in order to obtain the information or data needed by the researcher. The population in this study is MSMEs located in Ambon City, which is dominated by the trade or business sector in terms of Gross Regional Domestic Product (Kushendar et al. 2021). Ambon City has 1221 MSMEs. This study employs route analysis tools to examine hypotheses. The path analysis model employs the partial least squares regression approach. Path analysis is a multivariate technique that combines parts of factor analysis and regression, allowing researchers to quantify the link between latent variables and measurable variables simultaneously (Kushendar et al. 2022).

Results and Discussion

Respondents in this study are MSMEs with operational regions in Ambon City, Maluku. The criterion considered are MSMEs that have been using Social Media Marketing for at least a year. The screening of the distributed surveys yielded a sample size of 135 MSME samples. The Partial Least Squares approach is used in the initial step of the analysis. is used to confirm the validity of the outer model. PLS is an algorithm for external model analysis. Within the framework of this research, the external model is tested using a variety of methods, including convergent validity tests, discriminant validity tests, reliability tests, and formative concept testing. The PLS analysis technique was implemented using SmartPLS version 3.0 software.

Tabel 3. Construct Reliability, Validity and Average Variance Extracted (AVE)

Variabel	Cronbach's alpha	Composite Reliability	Average Variance Extracted (AVE)
Aset Social Media Marketing Marketing	0,775	0,850	0,589
Orientasi Kewirausahaan	0,825	0,884	0,656
Kinerja Pemasaran	0,900	0,930	0,770

Source: SmartPLS 3.0 Processed Results, 2024

Based on the results of data processing carried out with the help of the SmartPLS 3.0 program, the R Square value is as follows:

Table Coefficient of Determination (R²)

	R Square
Marketing Performance	0.499
Entrepreneurial Orientation	0.654

Source: Smart PLS 3.0 Output, 2024

The R Square value for the Entrepreneurial Orientation variable is 0.654. This value indicates that the percentage value of purchasing decisions is 65.4%, implying that the variables Social Media Marketing Marketing Capabilities and Social Media Marketing Marketing Assets influence Entrepreneurial Orientation by 65.4%, with the remaining 34.6% influenced by variables not included in this study. Meanwhile, the Marketing Performance variable has a R Square value of 0.499. These findings explain why the percentage value of Marketing Performance is 49.9%. This suggests that the factors Social Media Marketing Capability, Social Media Marketing Marketing Assets, and Entrepreneurship Orientation have an influence of 49.9% on consumer satisfaction, with the remaining 50.1% influenced by additional variables not included in this study.

Conclusion

Several factors influence the marketing performance of Ambon City's MSMEs. Entrepreneurial attitude is influenced by social media marketing capabilities, not marketing assets. Furthermore, Marketing Performance is influenced by Social Media Marketing Capabilities via entrepreneurial orientation, however Social Media Marketing Assets via entrepreneurial orientation have no effect on marketing performance.

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