The Role of Social Media Marketing on Company Orientation

Wahyudin Rahman[1]
Universitas Muhammadiyah Luwuk

Muhammad Irfan Aprilian[2]
Universitas Muhammadiyah Luwuk

Sarianti S. Pataba[3]
Universitas Muhammadiyah Luwuk

Ni Gusti Atu Arda Suari[4]
Universitas Muhammadiyah Luwuk

Correspondence : Wahyudin Rahman (wahyu@unismuhluwuk.ac.id)

Abstract

This study is a descriptive quantitative study. This study used questionnaires and interviews as its technique of data gathering. MSMEs in Soppeng Regency make up the research population. The minimum sample size required for this study is equal to 12 times the total number of latent variables in the path model, or 12 times the total number of indicators. 114 MSME samples in all made up the study's sample. According to the study's findings, entrepreneurial orientation is positively and significantly impacted by social media marketing marketing capabilities, while entrepreneurial orientation is not impacted by social media marketing marketing assets. Regarding the indirect effects, MSME marketing performance is positively and significantly impacted by Social Media Marketing marketing capabilities through entrepreneurial orientation as an intervening variable, whereas marketing performance is not impacted by Social Media Marketing marketing assets through entrepreneurial orientation as an intervening variable.

Keywords: Marketing Performance, Entrepreneurial Orientation, Social Media Marketing, Marketing Capacity

Introduction

One of South Sulawesi's regional districts, Soppeng Regency, is renowned for being a business district with a relatively rapid MSMEs' growth. 1442 MSMEs are registered in Soppeng Regency, according to data from the South Sulawesi Province Cooperative & MSME Service (2022). This is especially important because the growth of social media marketing has increased competition—not just from Soppeng opponents, but from competitors across Indonesia and even outside.

A number of variables, including marketing access to social media marketing, marketing orientation, and entrepreneurial orientation, affect how well MSMEs do in their marketing

(Yusuf et al. 2022). However, MSME players have not yet demonstrated a high degree of adaptability to Social Media Marketing, making MSMEs less competitive in the face of shifting customer behavior and business competition. A repercussion of the COVID-18 epidemic is alterations in the purchase habits of consumers for goods and services. Individuals are beginning to enjoy and grow accustomed to purchasing via social media or internet platforms.

Although market orientation and entrepreneurial orientation can affect marketing capabilities, they do not significantly affect firm success (Yusuf, 2022). In Kushendar's research from 2022, 44 SMEs that had gone online were examined. The findings show that 81% of SMEs' competitive advantage comes from their social media marketing strategy, with the remaining 22% coming from unanalyzed elements including cash, resources, and managerial concerns. Setiawan and associates.

An essential component of a business's long-term viability is marketing. In addition to helping with sales, marketing is crucial for product planning, pricing strategy, utilizing technology, promoting products, and figuring out consumer behavior that will serve as the foundation for future product development. According to Moridu et al. (2022), marketing is a managerial activity that involves creating, offering, and exchanging valuable goods and services in order to satisfy consumer requirements and desires. Although marketing plays a crucial function, the department must also be managed to ensure that it is systematic and integrated with other business divisions, including operations, finance, human resources, and other areas of the firm. Marketing management is the practice of overseeing the marketing division.

Typically, marketing performance is used to gauge a company's performance. A corporation can be regarded to do well if its marketing section achieves higher levels of success. According to Moridu (2021) marketing performance is defined as an organization's capacity to change in response to long-term business environment difficulties. Sales volume, client growth

rate, and product reaction rate are indicators of marketing performance. In addition, marketing performance is a notion that gauges a company's marketing accomplishments as an indicator of its competitiveness in the market (Yusuf, 2021). Companies are interested in knowing their accomplishments as a representation of their business success in the business competition, which is why marketing performance is a notion for measuring marketing achievements (Moridu, 2022).

Additionally, the following are examples of firm competencies in the context of social media marketing: The creation of an execution plan and capabilities for social media marketing, as well as e-market sensing, innovation, and leadership. According to Moridu (2022), social media marketing assets are made up of structural capital assets, also known as physical resources, human resource assets, intellectual assets, reputation assets, and relational assets. These resources dictate what social media marketing can use and how to use it most effectively.
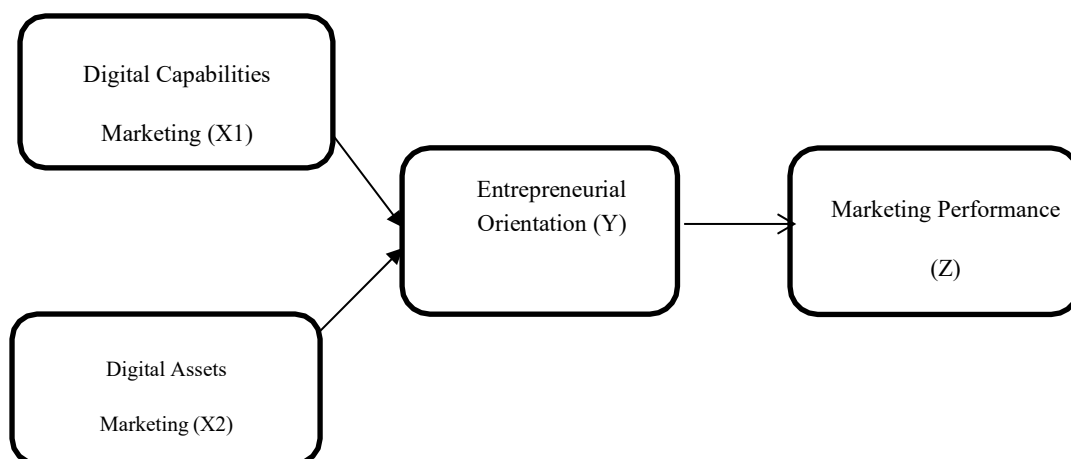

Figure 1. Research Framework

H1: Social Media Marketing Capability (X1) influences Entrepreneurial Orientation (Y)

H2: Social Media Marketing Assets (X2) influence Entrepreneurial Orientation (Y)

H3: Social Media Marketing Capability (X1) influences Entrepreneurship Orientation (Y)

Methods

This study is a descriptive quantitative study. In order to get the information or data needed by the researcher, questionnaires with a list of written statements were distributed to respondents. MSMEs in Soppeng Regency make up the population of this study, given that the trade and business sectors account for the majority of Soppeng Regency's GDP contribution (Yusuf et al. 2022).

Path analysis techniques are used in this research to analyze hypotheses. The partial least squares regression approach is the statistical technique utilized in the path analysis model. In order to quantify the link between latent variables and measurable variables simultaneously, researchers might employ path analysis, a multivariate technique that combines elements of component analysis and regression (Kurhayadi et al. 2021). PLS 3.0 is the program utilized. A technique for obtaining latent variables in data analysis to help in prediction-making is called partial least squares, or PLS. There will be multiple phases to the data analysis process, including the extraction of average variance, discrimination validity, and convergence validity from the outer model. Next, carry out the Coefficient of Determination (Inner Model Analysis). Testing your hypotheses is the last stage.

Results and Discussion

Respondents in this research are MSMEs that have operational areas in Soppeng Regency, South Sulawesi. The criteria used are MSMEs that have used Social Media Marketing for at least one year. The filtering results of the distributed questionnaires resulted in a sample size of 134 MSME samples. Convergent validity is one of the important aspects in PLS analysis. There are several criteria used to measure convergent validity, including loEOing at the value of outer loading and average extracted variance (AVE). (Kurhayadi, 2022).
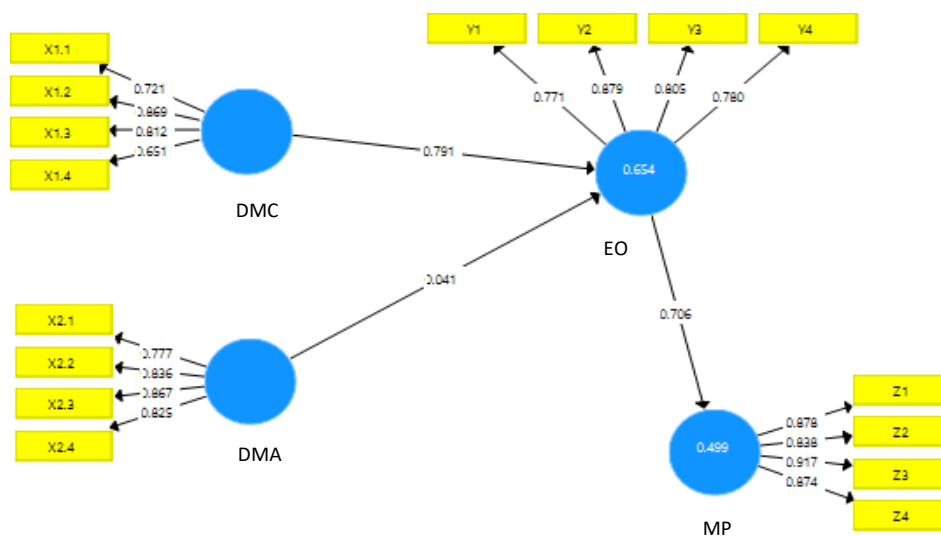
Figure 4. Smart PLS Program Output, 2023

Table 1. Outer Loading

	Digital Marketing Capabilities (DMC)	Digital Marketing Assets (DMA)	Entrepreneurial Orientation (EO)	Marketing Performance (MP)
DMC1	0.721			
DMC2	0.848			
DMC3	0.812			
DMC4	0.441			
DMA1		0.777		
DMA2		0.834		
DMA3		0.847		
DMA4		0.824		
EO1			0.771	
EO2			0.878	
EO3			0.804	
EO4			0.780	
MP1				0.878
MP2				0.838
MP3				0.817
MP4				0.874

Source: SmartPLS 3.0 Processed Results, 2023

An additional technique to assess discriminant validity is to calculate the average

variance extracted (AVE) value squared. A decent model should have a recommended value

of 0.4 or higher. The indicator block's composite reliability test, which gauges the construct,

comes next. It is considered that the build is trustworthy if the composite reliability value is

more than 0.40. In addition, it can be observed by examining the construct's or latent

variable's reliability, which is determined by examining the indicator block's Cronbach's alpha

value. It is considered that the construct is dependable if the Cronbach's alpha value is greater

than 0.7. Table 3 displays a table of loading values for the research variable constructs that

result from running the Smart PLS program. This table helps to illustrate the value of the

construct results of each variable, namely Social Media Marketing Marketing Capabilities,

Social Media Marketing Marketing Assets, and Marketing Performance with each variable

and indicator:

Table 2. Construct Reliability, Validity and Average Variance Extracted (AVE)

Variabel	Cronbach's alpha	Composite Reliability	Average Variance Extracted (AVE)
Social Media Marketing Capabilities Marketing	0.844	0,884	0,484
	0.774	0,840	0,488
Social Media Marketing Assets	0,800	0,830	0,770

Source: SmartPLS 3.0 Processed Results, 2024

Table 3 demonstrates that each variable—Social Media Marketing Capability, Social

Media Marketing Marketing Assets, Entrepreneurial Orientation, and Marketing

Performance—has an Average Variance Extracted (AVE) value more than 0.40, indicating the

reliability of each construct. Consequently, each variable has a high degree of discriminant

validity.

Table 3 illustrates that each variable's composite reliability value has a construct value

greater than 0.40. It is clear from these data that every variable satisfies the composite reliability

requirement, indicating a high degree of reliability for every variable. Additionally, each

variable's Cronbach's alpha in the table displays a construct value greater than 0.70, indicating

that all of the study's variables have high reliability values and have met the Cronbach's alpha value standards. As a result, the study's indicators have a high degree of discriminant validity when it comes to creating the relevant variables.

The following is the R Square value based on the outcomes of data processing using the SmartPLS 3.0 program:

Table 3. Coefficient of Determination (R2)

	R Square
Marketing Performance	0.488
Entrepreneurial Orientation	0.444

Source: Smart PLS 3.0 Output, 2024

The value of the Entrepreneurial Orientation variable is 0.444 based on the R Square value. This figure indicates that the percentage value of purchasing decisions is 44.4%. This indicates that the variables of social media marketing assets and capability have a 44.4% influence on entrepreneurial orientation, while other variables not covered in this study account for the remaining 34.4%. In the meantime, the Marketing Performance variable's R Square value is 0.488. These findings provide an explanation for the 48.8% percentage value of marketing performance. Accordingly, the characteristics that affect consumer satisfaction the most—48.8%—are social media marketing capability, social media marketing marketing assets, and entrepreneurial orientation; the remaining 40.1% are influenced by variables that were not examined in this study.

Conclusion

Red Corner is a restaurant that sets itself apart from the competition in the culinary industry by offering the first molecular gastronomy menu in Indonesia. The study of coEOing based on the fundamentals of chemistry, physics, or biology is known as molecular gastronomy (This, 2006:1). In this instance, Molecular Gastronomy conducts a variety of tests that are integrated into coEOing techniques.

Red Corner has sixteen different food menus with a wide selection of cuisines. The menu features items including gaming consoles, sweet martabak, mixed ice, hot iced tea, lipstick, chicken frogs, cassava chips, cigarettes, soap, paper and pencils, bees, snail racing, and cilus.

Based on the results of customer reviews, it is possible to draw the conclusion from this research that Red Corner is in a favorable location and has a strong brand image, which could help the restaurant grow more successfully in the future. Red Corner does, however, have significant drawbacks, including prices that are high for some market segments, an online ordering requirement for consumers, and an overreliance on coEOs within the restaurant.

Nonetheless, Red Corner has the chance to grow. because there aren't many fine dining establishments with a comparable molecular gastronomy or original concept. Nonetheless, it is inevitable that there would be fierce competition between Red Corner and other upscale dining establishments to develop distinctiveness and competitive advantages. Apart from that, Red Corner is also at risk from the limited supply of raw materials. In addition, customers may become skeptical about the Red Corner Restaurant's food safety and health due to a lack of information and education about the subject.

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