

The Importance of Entrepreneurial Orientation, Social Media Adoption and E-commerce on MSME Business Performance During the Covid-19 Outbreak: An Empirical Study in Indonesia

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ABSTRACT

The COVID-19 pandemic significantly impacted the health, economy, social sectors, and micro, small, and medium-sized enterprises (M.S.M.E.s) worldwide, including Indonesia. This paper examines the use of social media and e-commerce with an entrepreneurial orientation to enhance the business performance of M.S.M.E.s. The study is expected to serve as a model for improving the quality of M.S.M.E.s in Jambi Province, Indonesia. The research employs quantitative and qualitative approaches. In-depth interviews, focus group discussions (F.G.D.s), and observation were qualitative methods. Meanwhile, the quantitative method uses the partial least squares method (P.L.S.). The findings and discussions concluded that social media adoption positively affected the performance and entrepreneurial orientation of M.S.M.E.s during the COVID-19 pandemic. Similarly, e-commerce positively affected the performance and entrepreneurial orientation of M.S.M.E.s during the pandemic. Entrepreneurialism and social media adoption had a significant impact on the performance of M.S.M.E.s during COVID-19, and due to its entrepreneurial orientation, e-commerce influenced the performance of M.S.M.E. businesses during this period.

Keywords: Micro, Small, Medium Enterprises; M.S.M.E.s Business Performance; Social Media Adoption; E-Commerce; Entrepreneurial Orientation; COVID-19

INTRODUCTION

The world is currently suffering from the effects of a new, more contagious strain of coronavirus disease (COVID-19), which is expected to be more lethal. The World Health Organization (WHO) declared this virus a global pandemic on March 11, 2020, and has since coordinated efforts to manage the virus's impact and spread (WHO, 2020). The magnitude of the effect is unprecedented, and research indicates that the world will likely take a decade or more to recover socially and economically (U.N., 2020). The G20 countries pledged \$5 trillion to defend the global economy (G20, 2020). This pandemic, which began in China, created several new challenges for the public health sector. The world has seen the emergence of new infectious viruses over the past two decades, including Influenza A virus subtype H1N1, H.I.V., SARS-CoV1, Influenza A virus subtype H5N, MERS-CoV, and Ebola. Epidemiologically, the rapid spread of COVID-19 demonstrated our inability to deal with pandemic situations.

Indonesia is expected to suffer longer than other, less densely populated countries due to its large population (A.D.B., 2020). During COVID-19's severe outbreak in China, Indonesia

reported no infection cases from December 2019 to February 2020. President Joko Widodo reported the first confirmed two cases of COVID-19 infection in the country on March 2, 2020. As of May 31, 2020, the National COVID-19 Prevention Task Force reported a total of 26,473 infected individuals, including 17,552 in intensive care, 7,308 recovered, and 1,613 deaths. Meanwhile, similar reports by provinces, particularly Jambi Province, indicated that 97 people had been exposed to the virus; 15 recovered, and there were no fatalities. Moreover, Haneberg (2021) reported that The COVID-19 pandemic had created a precarious situation for small and medium-sized enterprises (S.M.E.s), as authorities have imposed restrictions on business activity to contain the virus. As a result, S.M.E. managers must navigate their businesses through a crisis under challenging conditions.

These circumstances have wreaked havoc on the health, economic, and social sectors. As a result, the Indonesian government has urged everyone to use nose masks, maintain social distance, and wash their hands with soap and running water. The purpose of this appeal is to halt the virus's local spread. Economically, the COVID-19 epidemic disrupted various industries, resulting in in-home workers, reduced income, and solemn obligations to third parties. Several business sectors shifted from traditional to digital marketing, utilizing social media and e-commerce to market their products and services.

Small and medium-sized enterprises (S.M.E.s) play an essential role in the economic growth of emerging countries. S.M.E.s, on the other hand, have struggled to maintain their performance in a highly competitive environment.

The internet's penetration affects business performance. Web 2.0 enabled the transformation of internet capabilities into a social environment where individuals interact. The growth of social media has created a virtual space for accessing reliable information. The adoption of this medium enables users to communicate and create content without being physically present (2017). Almost all businesses leverage social media to increase consumer interaction with these institutions.

The way businesses are conducted changed as a result of social media. It promotes open communication, which assists organizations in understanding customer needs and motivates organizations to respond to customer needs proactively and efficiently. Another critical aspect of social media is that it encourages innovation by monitoring customer communications, feedback, and opinions. Similarly, businesses that use social media are willing to take risks and invest in new products and services to satisfy customers, get better feedback, and improve brand image. Furthermore, previous researchers have investigated the impact of culture or entrepreneurial orientations on various aspects of technology and organizational performance.

Numerous studies have examined the use of social media in business and discovered many benefits. Gazal et al., define social networking sites as electronic marketplaces where businesses and consumers interact. According to Bilbao-Osorio et al., social media enables M.S.M.E.s to reach markets outside their geographic region without physically being present. This is an appealing measure because it can be used regardless of geographic location, time, or distance. Instead of traditional management tools, M.S.M.E.s benefit from business management tools such as social media.

Social media adoption is also a business strategy for improving M.S.M.E. performance and competitiveness. M.S.M.E.s must also adapt e-commerce as a means of implementing their business strategies. E-Commerce is rapidly establishing itself as a critical technological medium for serving customers, expanding businesses, responding to competitive pressures, and lowering

operational costs. Regardless of the significant growth in global e-commerce, there are still substantial differences between M.S.M.E.s and established businesses.

Affordable and straightforward connectivity has increased the number of internet users in Indonesia. According to the '*We Are Social report*,' internet users have increased annually and increased by 17% between January 2017 and January 2018. Most Indonesians are becoming aware of the significance of the internet, which is used for communication, information retrieval, entertainment, and online business processing.

According to Idea, 48% of internet users searched for online products in 2018, 46% visited online stores, and 41% made online purchases. Roughly a third (34%) made purchases using a personal computer, whereas 33% used a mobile phone. This also explains M.S.M.E.s' potential for e-commerce adoption, as only 41% of internet users purchase products online. According to data from the Jambi Province Cooperative and M.S.M.E.S. Office, Jambi Province had 81,959 MSMEs, and the city had 13,723 businesses, accounting for the majority of M.S.M.E.s. These are classified according to capital assets, with micro denoting businesses between IDR 0 and 50 million, small is defined as businesses from IDR 50 to 500 million, and medium refers to businesses with a value of IDR 500 million to 10 billion.

According to the findings of a previous study, 40 M.S.M.E.s actively used e-commerce in their trading activities. The business groups are composed of 34 small businesses (85%) and six medium-sized businesses (15%). This explains why trading activities (e-commerce) are underutilized in Jambi's M.S.M.E.s. As a result, this aspect requires special attention, given the low perception of most S.M.E. owners regarding the adoption of e-commerce and social media for business promotion.

Additionally, Shah & Ahmad (2019) reported that entrepreneurial orientation has a significant impact on the business performance of M.S.M.E.s. During the COVID-19 epidemic, an empirical study was conducted to determine the extent to which social media and e-commerce affect the performance of M.S.M.E. sustainable businesses with entrepreneurial orientation to obtain an accurate description of their benefits in the Jambi Province, Indonesia.

LITERATURE REVIEW

According to Kietzmann et al., there are numerous definitions of social media due to how different people understand and use it. This study employs Kaplan & Haenlein's definition due to its simplicity and readability. According to Kaplan & Haenlein, social media is a collection of Internet-based applications built on the ideological and fundamental principles of Web 2.0 technology, which enables the creation and exchange of User-generated Content. When used correctly, social media can help organizations grow. These include relationships with trading partners, information sharing, and communication and logistics management throughout the supply chain. Numerous studies have been conducted on the adoption of social media and its impact on the performance of M.S.M.E.s in developing and developed countries. Thus, it is critical to recognize that generalizing previous studies in this context is problematic for a country's progress and development.

Social media can have a significant impact on organizations in areas such as improving a brand's reputation; increasing value, relationships, and brand equity (Kim & Ko, 2012); digital advertising and promotion; customer service issues; mining innovative ideas; and building customer relations. More specifically, social media assists organizations in improving customer relations and services (Parveen et al., 2016). Social media is a low-cost option. The use of social media in organizations lowers the cost of marketing and customer service activities (Parveen et

al., 2016). Furthermore, organizations can learn more about the market, competitors, and, most importantly, their customers and their needs through social media. This improves the organizations' information accessibility (Parveen et al., 2016). Although social media provides numerous benefits to organizations, there have been very few studies investigating the impact of social media on these areas of organizational performance. When organizations use social media effectively for marketing, customer relations, and information search, it is likely to have a positive impact on the organization, particularly in terms of cost savings (marketing and customer service), improved customer relations, and improved information accessibility.

Furthermore, to investigate the impact of social media adoption on organizational performance and entrepreneurial orientation using the system of value chain theory. Parveen et al.,(2016) reported that social media usage has a very strong positive impact on organizational performance in cost reduction, improved customer relations, and increased information accessibility.

Durkin et al., (2013) discussed two critical perspectives on the theoretical model and small business use of social media. The first is business development, which focuses on increasing sales, referrals, e-commerce, and relationship depth. According to Kim et al. (2008), this perspective combines the concepts of profitability, loyalty, and commitment with an emphasis on acquiring new customers, increasing sales, and providing after-sales services. Businesses leverage social media to drive indirect or direct sales. Social commerce encourages consumer interaction via social media (Hajli, 2013, 2014), making businesses more appealing to a broader audience. The second angle is reputation management (Durkin et al.,2013), which is concerned with brand perception, price comparison, and online public relations. Businesses typically gain visibility by providing customer support focused on brand integration and customer engagement. There are numerous advantages to visibility, including co-creation with customers, including designing new products to meet their needs (Hensel & Deis, 2010).

Kalakota & Whinston (1997), e-commerce adoption is a business to consumer (B2C) perspective that entails acquiring and sharing information and purchasing and selling products and services via computer networks. Preliminary research indicates a link between adoption and non-adoption decisions. Additionally, several studies have examined various internal and external factors affecting e-commerce adoption in M.S.M.E.s (Grandon & Pearson, 2004; Saffu et al., 2008). According to Pearson & Gardon (2004), organizational readiness, external pressure, and perceived ease of use significantly impact e-commerce adoption. Raymond et al. (2005) examined the assimilation of e-business activities into manufacturing M.S.M.E.s. They reported that most of the benefits and capabilities gained due to this adoption fall under the categories of communication, transactional, information business intelligence, and collaborative functions. Moreover, Hajli & Sims (2014) reported that by proposing and testing an e-commerce pre-adoption model, this study contributes to the theoretical foundation of I.S. and e-commerce adoption studies. The use of e-commerce S.M.E.s has received little attention. Although S.M.E.s play a critical role in all economies, this is the case. The findings show a link between organizational readiness and e-commerce adoption. It also demonstrates a positive relationship between e-commerce awareness and adoption.

Johnstan & Wright and Kim et al. (2008), e-commerce adoption increases internal business efficiency for M.S.M.E.s with a significant supply chain. However, one of the primary disadvantages of M.S.M.E.s is their small resource base and comparative weakness to larger competitors. As a result, businesses face enormous challenges in identifying and growing a more extensive customer base while competing globally. Accordingly, e-commerce capabilities for

M.S.M.E.s are realized through increased global visibility and the acquisition of new customer bases across geographic boundaries. As a result, it serves existing customers more efficiently and conveniently, as they can access e-commerce from anywhere and at any time (Beck et al., 2005). Additionally, M.S.M.E.s better understand their current and prospective customers (Auger, 2005).

Miller first proposed '*entrepreneurial orientation*,' and Covin & Slevin later adjusted it. 'Entrepreneurial orientation refers to managerial characteristics associated with risk-taking, innovation, and proactivity. Additionally, the phrase describes the firm's interest in identifying and exploiting new opportunities arising from the macroenvironment's dynamics and scope. Additionally, previous research indicates that it is slightly related to market orientation. They contended that, while 'market orientation' places a premium on customer and competitor intelligence, '*entrepreneurial orientation*' is primarily motivated by markets that have not capitalized on opportunities. According to Covin & Slevin, the construct '*entrepreneurial orientation*' encompasses three distinct components: 1) innovation, 2) proactivity, and 3) risk-taking.

'Entrepreneurial innovation' refers to the willingness to support experimentation and creativity in developing new products (services), such as technological leadership, novelty, and the use of research and development to create new processes (Lumpkin & Dess, 2001). Entrepreneurs' risk-taking behavior on the internet has been extensively studied, and it has been linked to their desire to take quantifiable business risks. '*Proactivity*' is a way of looking at opportunities by introducing new products (services) into the marketplace and anticipating future demands to influence and shape the ecosystem (Lumpkin, G T& Dess, 2001). Numerous cross-sectional, longitudinal, and cross-country studies have extensively validated this construct.

The majority of previous research has focused on entrepreneurial orientation and organizational performance. Rauch et al. (2009) discovered a generally positive and moderately significant correlation between entrepreneurial orientation and organizational performance across measures of both growth and profitability in a meta-analysis of 51 studies. Similarly, most studies on entrepreneurial orientation in Malaysia are concerned with determining the impact of entrepreneurial orientation on firm performance. Poon et al., (2006) discovered a positive relationship between entrepreneurial orientation and firm performance. According to Zain & Hassan (2007), entrepreneurial orientation positively impacts firm growth. Entrepreneurial orientation has also been found to positively affect firm performance by Zainol & Wan Daud (2011).

While previous research examined the relationship between entrepreneurial orientation and firm performance in-depth, Lechner et al., (2005) asserted that social networking is essential for developing entrepreneurial capabilities because it improves learning and relationships with other existing firms. Entrepreneurs differ in terms of the size and type of social network they can rely on to supplement their expertise and knowledge and how they use and develop this network. Social media helps improve the social network, which may increase the likelihood of success in various ways at various stages of the business's development. As a result, this research aims to look into the impact of social media on the entrepreneurial orientation of the organization.

According to a previous study on entrepreneurial orientation, corporate entrepreneurship entails more significant risks than non-entrepreneurial firms and a constant search for new business opportunities. According to Miller & Friesen, corporate entrepreneurship focuses on new product innovation, characterized by a willingness to take calculated risks with product-market strategies.

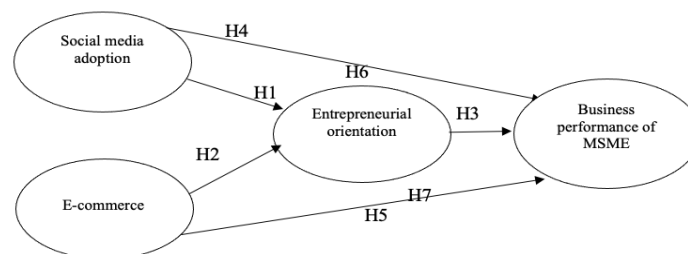
According to Wheelen & Hunger, business performance is measured by sales, market share, and profitability. Meanwhile, Best stated that the output executes similar business activities, such as revenue growth and profitability. According to Hubbard & Beamish, these indicators are derived from a company's marketing and financial performance. As a result, business performance metrics, such as marketing, are measured in market growth, sales, and market share. Similarly, financial performance is quantified using the following metrics:

1. Return on investment R.O.I.,
2. Revenue mix,
3. Asset utilization (as measured by asset turnover)
4. Significant cost savings.

The balanced scorecard method was used to analyze the performance of M.S.M.E. businesses in this study. This procedure was used because the scorecard is a collection of integrated benchmarks derived from the corporate strategy implemented across the organization. According to Kaplan & Norton (1996), the success of business units is determined by four factors: internal business processes, financial performance, customer satisfaction, and learning and growth.

Based on previous research findings, this study enhances the quality and sustainability of the business performance of M.S.M.E.s located in Jambi Province, which was developed through the use of social media and e-commerce and mediated by entrepreneurial orientation. Only a few studies have been conducted on the model used in this study, and as a result, it possesses a high degree of originality.

This study developed a research model based on the variable constructs of social media and e-commerce adoption, entrepreneurial orientation, and M.S.M.E. business performance Figure 1.



**FIGURE 1
RESEARCH MODEL**

HYPOTHESIS

The following formula indicates the research model's hypotheses.

- H1: Adoption of social media has a beneficial effect on entrepreneurial orientation.*
- H2: E-commerce improves entrepreneurial orientation.*
- H3: Entrepreneurial orientation positively affects the performance of micro, small, and medium-sized enterprises.*
- H4: Adoption of social media has a positive effect on the performance of small and medium-sized businesses.*
- H5: E-commerce has a beneficial effect on the performance of M.S.M.E. businesses.*
- H6: Adoption of social media has a beneficial effect on the business performance of M.S.M.E.s due to their entrepreneurial orientation.*

H7: Through entrepreneurial orientation, e-commerce has a beneficial effect on the business performance of M.S.M.E.s.

RESEARCH METHODS

This study used questionnaires to collect data from a defined target population. The questionnaires were distributed electronically using the G-form platform. Quantitative data support the use of both closed and open questionnaire techniques. Additionally, qualitative approaches were used to bolster the data. This study was conducted in the Indonesian cities of Jambi, West Tanjung Jabung, and Sungaipenuh. The study included owners of M.S.M.E.s from various representative areas, including urban, suburban, and remote regions. The STROBE guidelines/checklist for cross-sectional studies were followed in this study.

The population of this study included owners of M.S.M.E.s from various locations throughout Jambi Province, including 500 MSME members of the Jambi Chapter Association of M.S.M.E.s. The study collected quantitative data using a questionnaire survey and purposive sampling to recruit M.S.M.E. respondents. Meanwhile, qualitative data were gathered through interviews with various stakeholders, including 15 M.S.M.E. owners, five local government officials, five suppliers, and ten customers. The population was defined as all members of the considered community and any well-defined category of assigned and generalized individuals, events, or things.

The researchers selected three districts in Jambi Province for the research sample, with each district receiving 50 entrepreneur respondents. The research sampled up to 150 MSMEs entrepreneurs. The study concentrated on specific statistical characteristics of the investigated population, such as gender, age, level of education, business field, monthly revenue, business experience, social media platforms owned by M.S.M.E. owners, the reasons why M.S.M.E. owners chose e-commerce to market their products or services, the amount of time spent on social media each day, and the extent to which M.S.M.E. used social media as a marketing tool and felt the most during the COVID-19 period.

The data collection instrument for this study was a five-section questionnaire. Section A contains questions about the respondents' characteristics, Section B contains questions about social media adoption, Section C contains questions about e-commerce, Section D has questions about entrepreneurial orientation. Section E includes questions about the performance of M.S.M.E. businesses. The B, C, D, and E sections included items based on authentic research in the current area of interest. The data were analyzed using a 5-point Likert-type scale ranging from strongly disagree (1) to agree (5) strongly.

The variables examined in this study were social media adoption, e-commerce, entrepreneurial orientation, and M.S.M.E. business performance. At first, it was assumed that the study's sole dependent variable would be M.S.M.E. business performance. Social media adoption, e-commerce, and entrepreneur orientation served as independent variables, with entrepreneur orientation as a mediating variable.

Kaplan & Norton provided the elements for the business performance variable (1996). This survey section is divided into four categories and contains fourteen items. There are four categories: *'Financial Perspective'* (4 items), *'Customer Perspective'* (4 items), *'Internal Business Perspective'* (3 items), and *'Growth and Learning Perspective'* (3 items).

The variables relating to social media adoption were adapted from Durkin et al., (2013) and Hensel & Deis (2010). This survey section is divided into two categories and contains nine items, *'Business Development and Sales'* (seven bullet points) and *'Reputation Management'*

(three items).

The e-commerce variable was derived from Kalakota & Whinston (1997). This survey section is divided into three sections and contains twenty-one items. The categories are 'E-commerce Benefits' (ten items), 'Technology Capability' (five items), and 'E-commerce Adoption Rate' (six items).

This survey section is divided into three categories and contains fifteen items. There are four categories: 'Proactive' (four items), 'Risk-Taking' (seven items), and 'Innovation' (four items). Lumpkin & Dess (2001) provided the entrepreneurial orientation variable elements.

A pilot study was conducted with 30 participants. The respondents to the pilot project were not included in the main survey. The researchers conducted the pilot study to ensure that all survey items were valid and reliable. A Smart P.L.S. was used to properly code the questionnaire data and calculate a reliability and validity score for each construct, specifically Cronbach's alpha, and AVE values. The reliability coefficients (r) for each section are as follows: social media adoption, $r=0.926$; e-commerce, $r=0.947$; entrepreneurial orientation, $r=0.941$; and MSME business performance in the COVID-19 period, $r=0.875$. Because all of the variables had a score greater than 0.70, they were all considered reliable. Meanwhile, all variables had an AVE greater than 0.5, indicating that they had been validated. We carefully examined the pilot project's weaknesses and took additional steps to improve the survey instrument before using it to collect data.

The quantitative data analysis was performed using Smart P.L.S. version 3.0, with the varying parameters being M.S.M.E. business performance (Y), social media adoption, and e-commerce (X), and the objective factors being entrepreneurial orientation (Z). The researchers used thematic analysis to generate related themes from the interview for the qualitative data analysis.

RESULT AND DISCUSSION

A Brief of Overview of the Respondents

The respondents are classified according to their gender, age, most recent education, business field, monthly revenue, business experience, social media platforms owned by M.S.M.E. owners, use of E-commerce to market their products or services, daily time spent on social media in hours, and use of social media as a marketing tool. Finally, the M.S.M.E.s was asked about the most significant impact of COVID-19 on their business. The characteristics of the respondent are listed in Table 1.

| Characteristics | Criteria | Number | Percentage (%) |
|-----------------|----------|--------|----------------|
| Gender | Male | 86 | 57.33 |
| | Female | 64 | 42.67 |
| Total | | 150 | 100 |
| Age (Years) | 17–20 | 6 | 4 |
| | 21–30 | 37 | 24.67 |
| | 31–40 | 42 | 28 |
| | >40 | 65 | 43.33 |
| Total | | 150 | 100 |

| | | | |
|--|---|-----|-------|
| Educational Level | | | |
| | SD / equivalent | 3 | 2 |
| | Junior high school/equivalent | 4 | 2.67 |
| | Senior High School / equivalent | 40 | 26.67 |
| | Bachelor's degree | 44 | 29.33 |
| | Graduate | 51 | 34 |
| | Postgraduate | 8 | 5.33 |
| Total | | 150 | 100 |
| Business Field | Trade, hotel, and restaurant | 45 | 30 |
| | Private services | 22 | 14.67 |
| | Financial services, leasing, and company services | 11 | 7.33 |
| | Transport and communication | 15 | 10 |
| | Building | 12 | 8 |
| | Agriculture, livestock, forestry, and fisheries | 14 | 9.33 |
| | Mining and excavation | 8 | 5.33 |
| | Processing industry | 11 | 7.33 |
| | Electricity, gas, and clean water | 12 | 8 |
| Total | | 150 | 100 |
| Turn over per month (IDR) | < 10,000,000 | 13 | 8.67 |
| | 11,000,000–20,000,000 | 18 | 12 |
| | 21,000,000–30,000,000 | 21 | 14 |
| | 31,000,000–40,000,000 | 23 | 15.33 |
| | 41,000,000–50,000,000 | 42 | 28 |
| | > 50,000,000 | 33 | 22 |
| Total | | 150 | 100 |
| Business experience (Year) | 1–3 | 38 | 25.33 |
| | 4–6 | 41 | 27.33 |
| | 7–10 | 37 | 24.67 |
| | More than 10 | 34 | 22.67 |
| Total | | 150 | 100 |
| Social media owned by M.S.M.E. owners | Youtube | 24 | 16 |
| | Whatsapp | 35 | 23.33 |
| | Facebook | 38 | 25.33 |
| | Instagram | 28 | 18.67 |
| | Tiktok | 4 | 2.6 |
| | Liner | 8 | 5.33 |
| | Twitter | 11 | 7.33 |
| | Etc | 2 | 1.33 |
| Total | | 150 | 100 |
| M.S.M.E.s chose e-commerce in marketing products or services | Tokopedia | 27 | 18 |
| | Bukalapak | 29 | 19.33 |
| | Shopee | 36 | 24 |
| | Lazada | 17 | 11.33 |
| | Blibli | 21 | 14 |
| | JD | 9 | 6 |
| | Zalora | 11 | 7.33 |
| Total | | 150 | 100 |
| Length of time using social media per day (hours) | Less than 5 | 53 | 35.33 |
| | 6–10 | 61 | 40.67 |
| | 11–15 | 29 | 19.33 |

| | | | |
|--|--|-----|-------|
| | More than 16 | 7 | 4.67 |
| Total | | 150 | 100 |
| Use of social media as a marketing tool | At least | 8 | 5.33 |
| | A few | 16 | 10.67 |
| | Fair | 62 | 41.33 |
| | Very much | 64 | 42.67 |
| Total | | 150 | 100 |
| What was the most significant effect of the COVID-19 pandemic on the M.S.M.E.? | Decreased turnover of 30% during the COVID-19 pandemic | 25 | 16.67 |
| | Decreased turnover of 50% during the pandemic | 31 | 20.67 |
| | Delayed payment of M.S.M.E. loan installments to banks | 17 | 11.33 |
| | A decrease in production capacity by 50% during the COVID-19 pandemic | 28 | 18.67 |
| | There was a reduction in the workforce by 50% of the total number of workers employed in M.S.M.E.s | 28 | 18.67 |
| | Banks were no longer issuing out new loans to M.S.M.E.s compared to during the COVID-19 pandemic | 21 | 14 |
| | Total | | 150 |

Table 1 shows that approximately 57.33% of respondents are male, 43.33% are over 40 years old, and 27.33% have four to six years of business experience. Additionally, according to M.S.M.E. owners' social media profiles, 25.33% use Facebook daily, while 40.67% use it for approximately 6 to 10 hours. Over 42.67% of them marketed their businesses via social media platforms. In comparison, when respondents were asked if they felt the pandemic's impact, Please review to ensure the edits reflect your intention.

Reliability and Validity Test

The validity and reliability of an instrument's items are critical in determining its efficacy and functionality. Validity entails that all of an instrument's scores are justifiable, meaningful, and effective in assisting the analyst in reaching valuable, comprehensive conclusions. Reliability refers to the coherence of scores, which is necessary for validity (Creswell & Creswell, 2017). Validity and reliability are inextricably linked; meaningless scores are incoherent, and vice versa. The reliability and validity tests for each construct variable are shown in Table 2.

| Variable Construct | Cronbach's Alpha | rho_A | Composite Reliability | Average Variance Extracted (AVE) |
|---|------------------|-------|-----------------------|----------------------------------|
| Social Media Adoption | 0.926 | 0.933 | 0.923 | 0.55 |
| E-commerce | 0.947 | 0.958 | 0.943 | 0.659 |
| Business Performance of MSME in COVID-19 Period | 0.875 | 0.8 | 0.787 | 0.628 |
| Entrepreneurial Orientation | 0.941 | 0.943 | 0.888 | 0.573 |

According to Table 2, the social media adoption, e-commerce, performance of M.S.M.E. businesses during the COVID-19 period, and entrepreneurial orientation variables were 0.926, 0.947, 0.875, and 0.941, respectively. These values demonstrate the accuracy and reliability of all variables, as all scores were greater than 0.7. At the same time, the social media adoption, e-commerce, M.S.M.E. business performance, and entrepreneurial orientation variables during the COVID-19 period were 0.923, 0.943, 0.787, and 0.888, respectively. The results indicate that the overall variable is reliable, as the scores are more significant than 0.7.

The variables for social media adoption, e-commerce, M.S.M.E. business performance during the COVID-19 period, and entrepreneurial orientation are 0.550, 0.659, 0.628, and 0.573, respectively. The results indicate that the overall variable is valid, as the scores exceeded 0.5. Additional statistical testing was conducted to determine the R square value's influence on the research model Table 3.

| Variable | R-Square | R-Square Adjusted |
|---|----------|-------------------|
| Business Performance of M.S.M.E. in COVID-19 Period | 0.7 | 0.691 |
| Entrepreneurial Orientation | 0.48 | 0.462 |

According to Table 3, the R square value of M.S.M.E. business performance during the pandemic was 0.700 when a criterion of 0.3 was used. This means that the adoption of social media and e-commerce had a 0.700% impact on the performance of M.S.M.E. businesses during the COVID-19 period.

Meanwhile, the R-square value for entrepreneurial orientation was 0.480 with a criterion of 0.3, indicating that social media and e-commerce adoption impacted entrepreneurial orientation of up to 0.480. The measurement results were described using Smart PLS 3.0, and the complete model was used Figure 2.

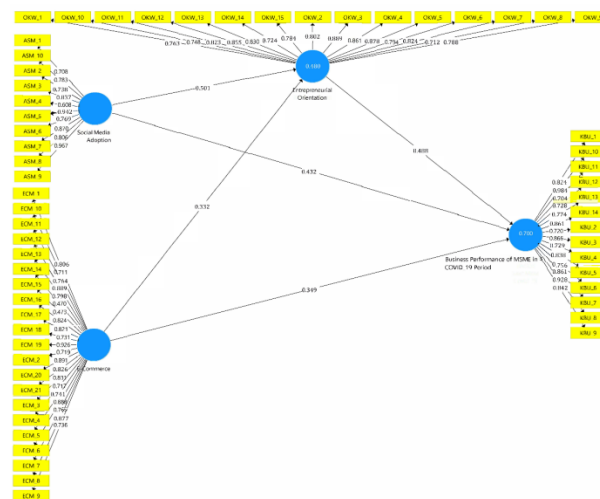


FIGURE 2
FULL MODEL

Entrepreneurial orientation contributes to the profitability of e-commerce. The purpose of this study was to examine the mediating effect of entrepreneurial orientation in Jambi Province, Indonesia, and the direct effect of social media adoption and e-commerce on the

sustainability of M.S.M.E.s. These findings substantiate previous research by demonstrating that e-commerce adoption indirectly affects these variables (Yoon & Uysal, 2005).

The research hypothesis was tested using the path coefficient value, as shown in Table 4, processed using the Smart P.L.S. version 3.0 application.

| Path | Original Sample (O) | Sample Mean (M) | Standard Deviation (S.T.D.E.V.) | t-Statistics (O/STDEV) | P-values | Result |
|--|---------------------|-----------------|---------------------------------|--------------------------|----------|----------|
| Social Media Adoption -> MSME Business Performance During the COVID-19 Period | 0.432 | 0.427 | 0.342 | 7.952 | 0 | Accepted |
| Adoption of Social Media -> Entrepreneurial Orientation | 0.501 | 0.524 | 0.456 | 8.733 | 0.008 | Accepted |
| E-Commerce -> MSME Business Performance During the COVID-19 Period | 0.349 | 0.337 | 0.392 | 8.137 | 0.004 | Accepted |
| E-Commerce -> Entrepreneurial Orientation | 0.332 | 0.314 | 0.627 | 7.907 | 0 | Accepted |
| Entrepreneurship Orientation -> MSME Business Performance During the COVID-19 Period | 0.488 | 0.493 | 0.522 | 10.853 | 0 | Accepted |
| Adoption of Social Media -> Entrepreneurship Orientation -> MSME Business Performance During the COVID-19 Period | 0.433 | 0.475 | 0.614 | 8.64 | 0 | Accepted |
| E-Commerce -> Entrepreneurship Orientation -> MSME Business Performance During the COVID-19 Period | 0.597 | 0.566 | 0.385 | 7.009 | 0.003 | Accepted |

T-values greater than 1.96 and P-values with a significance level of 0.05.

This study examined the mediating effect of entrepreneurial orientation in Jambi Province, Indonesia, and the direct effect of social media adoption and e-commerce on the performance of M.S.M.E. businesses. These findings corroborate prior research by demonstrating that the adoption of e-commerce has an indirect effect on these variables (Yoon & Uysal, 2005). Entrepreneurial orientation is associated with social media adoption, e-commerce, and the performance of M.S.M.E.s. Additionally, businesspeople with a positive e-commerce experience and performance had a greater likelihood of experiencing and exhibiting long-term business performance.

These hypotheses are accepted in Table 4 because their values are close to 0.00 and below the 0.05 level of significance. All research hypotheses yielded results consistent with the initial assumptions. Social media adoption and e-commerce positively affect an entrepreneurial orientation, which has a positive effect on the performance of M.S.M.E. businesses during COVID-19.

Thus, entrepreneurial orientation was a mediator between social media adoption and M.S.M.E. business performance. Additionally, it acts as a bridge between e-commerce adoption and the performance of M.S.M.E. businesses. These findings contradict AlSharji et al., (2018) and Ahmad et al.'s (2019) research, which concluded that social media does not affect S.M.E. performance. According to both of them, these findings may assist managers, and decision-

makers in the S.M.E. sector keep up with social media research and enable them to benefit from social commerce as it becomes more prevalent. Meanwhile, Hajli (2013) stated that the model predicts forums, communities, ratings, reviews, and referrals and makes recommendations for electronics vendors to present new business plans. Additionally, the model demonstrates that trust is a persistent issue in e-commerce that must be addressed through social commerce construction.

Adoption of social media and e-commerce is typically an effective commercial tool, particularly for marketing and sales of globally diverse products and services, and can significantly benefit businesses by increasing efficiency, reducing inventory, increasing sales, and improving customer satisfaction. Rates of new market penetration and financial returns are increasing, and many businesses are implementing e-commerce.

This study aims to determine the significance of social media and e-commerce adoption and the relationship between entrepreneur orientation and business performance. According to Grandon et al., (2004), M.S.M.E. owners were hesitant to embrace e-commerce and instead relied on commercial and technological resources to conduct business. This study discovered that when business owners see the benefits of increased sales and reduced working hours, price is not a barrier to using and adopting e-commerce.

The continued growth of global e-commerce and development are directly related to Asian consumers' adoption of online shopping. Asian countries have a lower average adoption rate than Western countries. According to the current study, the adoption of social media and e-commerce by businesses could have a three-fold effect on consumers' participation in e-commerce: security, privacy concerns in online transactions, and trust in the dependability of online suppliers.

Indonesian policymakers and business leaders faced many challenges in March 2020, when countries began closing borders and shuttering industries to halt the spread of COVID-19. Public and private finances were put under strain due to the suspension of international travel, severe disruption of supply chains, and a decline in global demand. While the disruption had unquestionably negative economic, social, and health consequences, it also created opportunities for agile and innovative businesses capable of quickly responding to fluctuations in demand and widespread adoption of digital solutions.

Kim (2020) discussed the influence of COVID-19 on consumer behaviour, which has received little attention. Managers typically take a wait-and-see attitude toward COVID-19's effect on sales because they have no idea how many customers will return after the pandemic. Business owners must view the pandemic as a catalyst for structural change in consumption and the digital transformation of market sectors. Managers can reintroduce or even increase their trading through digital transformation. Meanwhile, Haneberg (2021) reported that the impact of COVID-19 results in both uncertainty and learning and that uncertainty results primarily in focus on affordable loss, whereas learning results in experimentation behavior.

The pandemic has put an organization's financial strength, governance standards, and adaptability to the test. While strong governance cannot eliminate all risks, it can significantly reduce them. Without delegated authority, checks and balances on those trusted authorities, and a matrix structure, everything could grind to a halt. Hierarchical organizations are often incapable of responding quickly enough: they frequently have a single dominant C.E.O. or family member who makes all significant decisions; managers and staff typically wait for direction before acting.

In light of this circumstance, coordination and collaboration between human resources,

corporate social responsibility, production, and purchasing divisions are required. This situation occurred without senior management intervention, but it functioned flawlessly throughout the organization. It has been established that authorities have been established. Additionally, the firm has re-adjusted the skills of employees who cannot complete tasks remotely to remain productive members of the team. Meanwhile, Dirgantari et al. emphasized that one of the recommendations for e-commerce businesses is to maintain system and information quality, as these are critical components of ensuring consumer happiness.

The successful corporate leaders of the future will ultimately be those who adhere to these values, which will enable Indonesia to progress toward becoming a more environmentally and economically sustainable country. Physical mass transportation assets will need to be scaled to maintain social distancing. The service sector will need to find a way to balance this with increased telecommuting practices to thrive. It is hoped that innovative solutions will overcome obstacles.

The current study demonstrated that entrepreneurial orientation had a moderating effect on M.S.M.E.s' performance during the COVID-19 outbreak, resulting in increased use of social media and e-commerce. These findings contradict Shah & Ahmad's (2019) conclusion that entrepreneurial orientation improves the performance of small and medium-sized businesses. Additionally, differentiation strategies obscured the relationship between entrepreneurial orientation and the performance of small businesses. Thus, a few characteristics of entrepreneurial orientation, proactiveness, and risk-taking propensity contributed significantly to inform performance. However, innovativeness, competitive aggression, autonomy, and competitive energy did not improve business performance significantly. The findings indicated that an entrepreneurial mindset in which owners aggressively manage new product innovation is necessary for sustainable M.S.M.E.s business execution.

Furthermore, Susanto, P. et al. (2023) reported that entrepreneurial orientation has a significant and positive effect on an S.M.E.'s performance. However, the outcomes are dependent on the role of social media and marketing capabilities. The empirical findings show that marketing capabilities significantly mediate the relationship between entrepreneurial orientation and S.M.E. performance. Moreover, social media adoption moderates the relationship between entrepreneurial orientation and S.M.E. performance and partially mediates the entrepreneurial orientation and performance of S.M.E.s.

This is consistent with Abebe's (2014) findings that e-commerce adoption improves the annual revenue growth rate of S.M.E.s. The effect is even more significant when the firm's management has a higher degree of entrepreneurial orientation. M.S.M.E. owners are more proactive, risk-taking, and innovative in these instances. These administrators can use various e-commerce technologies to increase their risk tolerance, pursue new business opportunities, develop cutting-edge products or services, and adapt to today's rapidly changing economic climate. On the other hand, Cao et al. (2018) reported that external pressures, internal readiness, expected benefits, strategic objectives, and perceived risks all influence organizational social media use, which in turn affects operational and marketing performance outcomes, as well as the level of satisfaction of internal and external constituents such as customers, employees, partners, and suppliers. The findings of this study indicate that the variables interact positively. Additionally, these findings aid in the analysis of preliminary studies.

The study developed a multi-perspective framework to examine various factors associated with S.M.E.s' intention to use social media. It will enable researchers to understand better the factors that influence S.M.E.s' adoption of social media in a developing country.

Additionally, it contributes by empirically validating the framework in Indonesia and small businesses. The majority of studies on social media adoption have focused on developed countries. However, there are significant distinctions between developed and developing countries, and research findings from developed countries should not be extrapolated to developing countries (Durkin et al., 2013). This study contributes to understanding the business use of social media by examining S.M.E.s in Southeast Asian countries. Finally, the study's findings indicated that S.M.E.s adopt social media technology in response to economic pressures. This is concerning, as it demonstrates that adoption does not align with the firm's strategy or consider the technology's likely impact on business performance. Adopting technology to "keep up with the Joneses" is risky. In summary, this study appears to be one of the few attempts to develop an empirical theory of social media technology adoption by S.M.E.s in Indonesia. The findings should address the general dearth of research on the Southeast Asian region and S.M.E.s.

CONCLUSION

This study aimed to determine the impact of social media and e-commerce on the performance of M.S.M.E.s during the COVID-19 outbreak. The study's findings on the actual benefits realized from social media use motivate owners of M.S.M.E.'s to provide initial and ongoing support for social media adoption organizations. The study's findings also revealed that using social media improves organizations' entrepreneurial orientation, allowing owners to understand the role of social media in creating an innovative culture, being proactive, and taking risks to make decisions. Social media adoption was classified into three sub-constructs based on the study's limitations: social media adoption for marketing, social media adoption for building customer relationships, and social media adoption for information search. However, social media can be used for other purposes not addressed in this study. Meanwhile, entrepreneurship orientation may act as a moderator of this correlation. Our current study was successful in establishing the critical role of social media adoption, e-commerce, and entrepreneur orientation in improving M.S.M.E. business performance during the COVID-19 period and in paving the way for future studies that wish to delve deeper into the fundamental components of social media adoption, e-commerce, and entrepreneur orientation.

The current study examined three of the province of Jambi's eleven significant districts, including the City of Jambi, West Tanjung Barat, and Sungaipenuh City; thus, the study's findings do not provide a comprehensive description of M.S.M.E.s in Indonesia. Due to the study's sample size limitations, it is recommended that future research conduct a similar study in additional countries and regions before drawing more broad conclusions.

The research, as mentioned above findings and conclusions resulted in the following recommendations. When formulating policies in the MSME-development sector for the government, it is possible to assert that social media and e-commerce have influenced sector performance during the COVID-19 period. Academically, these research findings contribute to the science of marketing strategy management, particularly in the marketing strategy of small and medium-sized businesses.

The researchers concluded that government engagement is critical for improving the performance of M.S.M.E. businesses during the COVID-19 outbreak in the context of policymaking by increasing the impact of social media and e-commerce adoption on the growth of these businesses. Second, due to their adoption of social media, e-commerce, and entrepreneurial mindsets, M.S.M.E. business owners identify and map new clients. Third,

academics and practitioners can apply the research findings to improve marketing strategy management, particularly small and medium-sized enterprises (S.M.E.s).

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