

How to Improve the Performance of Micro Small and Medium Enterprises (MSMEs) in the Covid-19 Pandemic Era

Ina Ratnasari ¹⁾, Anggi Pasca Arnu ²⁾, Hannie ³⁾

Universitas Singaperbangsa Karawang

Email: ina.ratnasari@fe.unsika.ac.id

Abstract

The era of the Covid-19 pandemic has made many industrial sectors experience a decrease in marketing. Entrepreneurs must find ways to keep their business survive and improve the company's performance continues to remain profitable. Digital marketing activities are one of the strategies for Micro Small Medium Enterprises (MSMEs) to be able to maintain their current business. One form of digital marketing is through social media marketing. However, what should not be missed is how MSMEs continue to improve their entrepreneurial abilities so that they can innovate and continue to be consumers' choices. This study discusses the application of social media marketing and entrepreneurial orientation to the business performance of MSMEs. This study used 200 samples of MSMEs located in West Java and Jakarta. The analytical tool used is Partial Least Square (PLS). The results of this study found that there was an influence of Social Media Marketing and Entrepreneurial Orientation on MSMEs' business performance, either partially or simultaneously.

Keywords: Social Media Marketing, Entrepreneurial Orientation, MSMEs, Digital Marketing

Introduction

The Covid-19 outbreak and the implementation of the large-scale social restrictions (PSBB) have limit people in Indonesia to leave their homes, even to buy necessities. The implementation of large-scale social restrictions carried out by the government in Indonesia has caused companies, agencies, schools, etc. to implement Work From Home (WFH) and make people spend a lot of time at home and is one of the causes of increasing internet use. This is an opportunity for entrepreneurs, both large and micro small and medium enterprises (MSMEs) to survive and even increase their sales by doing digital marketing. Abdul Arif (2020) stated that since the last 5 years, the use of social media in marketing products has been widely practiced and the trend has continued to increase in the last 2 years. Research conducted by L.T.T. Tran (2020) stated that people's fear during the Covid-19 pandemic has increased people's interest in shopping online.

Data were taken from Temasek and Bain, e-Conomy SEA (2020) states that Southeast Asia (SEA) continues to fight the pandemic due to report cases breaking 800K case in mid-October. In the early year, countries experienced varying degrees of lockdown, disrupting business and daily life at every level. In Indonesia, as of December, the number of patients has continued to increase, even in East Java, which is in the red zone of the Covid-19 outbreak.

Internet usage in Southeast Asia (SEA) continues to grow, with 40 million new users this year (400 million YTD vs 360 million in 2019). But the region in Southeast Asia remains in the throes of Covid-19, and the economic impact is still open. However, the Covid-19 outbreak has brought about a permanent and massive surge in digital adoption, with more than 1 in 3 digital service consumers (36% of the total) still new to the service, of which 90% intend to continue their new service. Southeast Asians spend an average of an hour more a day on the Internet during the Covid-19 lockdown, and it's easy to see why. The Internet sector provides access to essential goods, healthcare, education, entertainment, and helps businesses "keep going". With 8 out of 10 Southeast Asians are viewing technology as helpful during the pandemic, it has become an indispensable part of people's daily life. The adoption and use of e-Commerce, Online Media, and Food Delivery have soared this year, while Online Transportation and Travel are experiencing significant challenges.

Digital marketing capabilities are currently growing rapidly. We cannot ignore the strategic importance of resources and digital marketing capabilities in this challenging digital environment (More Chinakidzwa, Maxwell Phiri, 2018). Because if we ignore it, the business cannot compete in today's modern market. Digital marketing should be used properly and as effectively as possible.

Internet users in Indonesia have increased by 25.4 million people, then social media users in Indonesia have increased by 10 million people, an increase from the previous year. Jamal (2020) said that despite the pandemic, internet penetration was not very significant. He said that the pandemic only changed people's behavior patterns in accessing the virtual world, which was previously done in offices, now moving to residential areas. Behavior only changes from office to home, as well as learning from home, the traffic increase is around 20-25%. Even so, the use of the internet and social media, especially in Indonesia, has increased from the previous year.

Temasek and Bain released a report entitled e-Conomy SEA (2020) showing that every country in Asia has a different increase every year. The fastest increase was taken by Indonesia and Vietnam, in Indonesia from 2019 to 2020 it increased by 11% and it is estimated that by 2025 will increase by 23%, while the lowest is in Singapore. This is a shred of evidence that Indonesia is indeed experiencing a high internet economy, viewed from the way activities and consumption in Indonesia cannot be separated from ordering goods to food or ordering transportation services using the internet.

Products and services offered by online sellers have provided economic benefits and have a positive influence on the sustainability of consumption in the era of the Covid-19 pandemic. According to Hootsuite We Are Social (2020), 90% of internet users aged 16-64 years visit online retail stores, and 88% make online purchases of products. Furthermore, social media users in Indonesia have reached 160 million people. This shows that digital marketing in Indonesia has enormous potential for the sustainability of both large-scale entrepreneurs and micro small and medium-sized enterprises (MSMEs). Social media enables companies to connect with their customers, improve awareness of their brands, influence consumer's attitudes, receive feedback, help to improve current products and services, and

increase sales (Algharabat et al., 2018; Kapoor et al., 2018; Kaur et al., 2018; Lal et al., 2020). In its application, Social Media Marketing has big challenges and risks. Then according to Ismagilova (2017) and Javornik (2020) nowadays, consumer complaints can be instantly communicated to millions of people (negative electronic word-of-mouth) which can have negative consequences for the business concerns. The risk is comparable to the benefits when successfully implementing a social media marketing strategy.

Every business has its risks. Risk is a threat to the business activity in achieving its goals. Entrepreneurial Orientation is demonstrated by the extent to which management tends to take business-related risks to favor changes and innovation, to obtain a competitive advantage for the business (Andendorff, 2004). The risk taken, ignored, and prevented is one of the business strategies implemented by risk management. Entrepreneurial Orientation is a strategic form of an organization or company that is closely related to policies and real work or basic practices to develop entrepreneurial actions to create competitive advantage (Martens, Machado, Martens, Pires, & Rodrigues, 2017). Entrepreneurship Orientation refers to the strategy-making process that provides the organization with the basis for entrepreneurial decisions and actions (Mileva & Dh, 2018). Entrepreneurial Orientation is associated with the methods, practices, and decision-making styles that managers use to act entrepreneurially (Juan C. Real, José L. Roldán, Antonio Leal, 2012). Meanwhile, Lumpkin and Dess (Wardoyo, 2015) stated that companies which have a strong Entrepreneurial Orientation will be more willing to take risks, and not just stick to past strategies. In a dynamic environment, entrepreneurial orientation is very important for the survival of the company.

According to experts, a business can run well if there is an Entrepreneurial Orientation. Entrepreneurial Orientation is an important aspect for the sustainability of the company that affects the company's performance. A high entrepreneurial orientation hones the company's ability to be able to see business opportunities that are not seen by competitors and makes it a competitive advantage in a highly competitive business world (Wiklund & Shepherd, 2005). Entrepreneurial Orientation can also be translated as a mechanism that can be used by MSMEs to help face business challenges such as limited access to financial capital and a very competitive business environment as well as new business opportunities that are very rarely encountered. A study conducted by Hanifah (2011) states that the cause of the weak performance and productivity of MSMEs is strongly suspected because of the weak entrepreneurial character and the not yet optimal managerial role in managing businesses in a rapidly changing business environment.

Conant (1994): Wiklund (1999), states that higher entrepreneurial orientation can increase the company's ability to market its products towards better business performance. Therefore, companies that are more innovative, proactive, and dare to take risks tend to be able to have better business performance. The relationship between elements in the firm's environment, influencing the propensity to innovate, verifies that innovation leads to a stronger competitive advantage when the macro-environmental elements of the firm's activities are well articulated in the form of a system instead of each (Sivam, Dieguez, Ferreira, & Silva, 2019). Risk-taking yields various outcomes, which require further

investigation to pursue a better understanding of the conditions under which corporate involvement increases, and can reduce risk (Pratono, 2018).

The idea of Entrepreneurial Orientation (EO) can be expressed to capture the entrepreneurial behavior of companies through innovation, proactiveness, and risk-taking. Although entrepreneurial orientation can be conceptualized in different ways, we will apply what considers entrepreneurial orientation to be multidimensional integrating innovation, proactiveness, and risk-taking at a high level (Perlines, Garcia, & Araque, 2016). This approach makes it possible to analyze the direct effect of entrepreneurial orientation (EO) on firm performance (FP), as well as the indirect effect of innovation, proactiveness, and risk assumptions on individual firm performance.

Social Media Marketing and Entrepreneurial Orientation both have contexts that can affect business. Disclosure of relevant information by companies through social media platforms shortens the distance between companies and their customers in the market, which may impact company performance to a certain extent (Zu, Diao, & Meng, 2019). This short distance means that by using digital marketing, consumers can know the products they want to sell by saving time, distance, or costs which will create a positive relationship with the impact of the business.

Entrepreneurial Orientation and company performance are context-specific. Consequently, the context in which the firm is embedded is expected to act as a contingency dimension moderating the influence of entrepreneurial orientation on firm performance. In this study, the authors want to know whether social media marketing and entrepreneurial orientation influence the business impact on MSMEs in West Java and Jakarta.

Literature Review

1. Digital Marketing

Digital marketing according to Heidrick & Struggles (2009) is digital development through a website, mobile phone, and game device, offering new access to advertising that is not heralded and has a lot of influence.

Ridwan Sanjaya & Josua Tarigan (2009) define digital marketing as a marketing activity including branding that uses various web-based media such as blogs, websites, e-mail, AdWords, and social networks. This shows that digital marketing is not only about internet marketing.

Digital marketing is also defined as marketing activities that use internet-based media (Wardhana, 2012). The internet is a powerful tool for business. Roger (Rahardjo, 2011) reveals the characteristics of the internet are as follows:

- 1) Interactivity, communication will be more accurate, effective, and satisfying if communication is interactively established with the ability of technological devices to facilitate communication between individuals as if face to face.
- 2) Demassification, messages can be exchanged for a large number of participants involved.

- 3) Asynchronous, communication technology has the ability to send and receive messages as desired.

Darmawan (2012) Marketing as an organizational function and a set of processes for the creation, communication, and delivery of value to customers and managing customer relationships that provide benefits to the organization and stakeholders who have close relationships with the organization (George E. Belch & Michael A. Belch). According to Stoner, Freeman & Gilbert, Jr. (Tjiptono, 2010) viewed from two different perspectives, the concept of strategy can be defined as:

- 1) From the perspective of what the organization wants to do (intense to do). Strategy can be an attempt to determine, achieve organizational goals, and implement its mission.
- 2) From the perspective of what the organization ends up doing (eventually do). Strategy is the response of the organization or the response of the organization over time to its environment.

Corey (Tjiptono, 2010) said that there are five elements in a marketing strategy consisting of market selection, product planning, pricing, distribution systems, and marketing communications.

- 1) Market Selection, namely serving a predetermined market. In the market, selection can be done from market segmentation and then the company's services to the selected market and the most likely. The decision is based on:
 - a. Introduction to product functions and technology classifications that can be given protection and which be the advantages.
 - b. Limited internal resources prompt the need for a narrower focus.
 - c. Responding to opportunities and challenges requires cumulative experience based on trial and error.
 - d. Access to scarce resources or protected markets with special abilities.
- 2) Product Planning. Able to make a plan structure in creating a product. Includes product line building, specifics sold, and individual offering designs for each section.
- 3) Pricing, which is to determine the price that becomes the benchmark for the quantitative value of a product to consumers.
- 4) Distribution System, namely the achievement of final consumers who buy and use products through wholesale and retail trade channels.
- 5) Marketing Communication (Promotion), includes advertising, sales promotion, personal selling, direct marketing, public relations.

Thus it can be concluded that digital marketing is all efforts to increase sales including product and service promotion, branding, and fostering relationships with customers by marketing a product and service through internet media to achieve goals.

2. Social Media Marketing

Chaffey (2013) defines digital marketing as the use of technology to assist marketing activities aimed at increasing consumer knowledge by adapting to their needs.

The dimensions of Social Media Marketing in this study use the type of dimensions based on research namely Perceived Usefulness (PEU), Perceived Ease Of Use (PEOU), Compatibility (COM), Facilitating Conditions (FCO), and Cost (COS) with the following explanation :

1) Perceived Usefulness (PEU)

Perceived usefulness (PEU) according to Davis (Surachman 2013) is a person's belief that using a technology system will improve performance. Currently, a person's performance can be improved not only by the individual's abilities but also by using technology that is currently very advanced and developing. The usefulness of Perceived usefulness (PEU) is how much someone believes that by using technology, a person's performance can be improved. This means if someone believes the system is useful, then they will use it. And also has a goal to make work easier, can increase productivity, can increase effectiveness, and can develop performance.

2) Perceived Ease Of Use (PEOU)

Perceived ease of use (PEOU) according to Dewi et al (2013) is a belief in the extent to which a system will reduce its efforts to act. This refers to how easy the system can be run by individuals, whether the system has content that is easy to understand, the extent to which the system can be learned, and seen in the overall ease that is felt by using the system. Perceived ease of use (PEOU) aims to make it easier to learn social media, do the desired job easily, improve user skills easily, and can be used and operated easily.

3) Compatibility (COM)

Compatibility (COM) is the extent to which the level of compatibility and suitability exists in a system. Compatibility (COM) aims to reach potential consumers appropriately and improve the health of an organization's business.

4) Facilitating Conditions (FCO)

Facilitating conditions (FCO) are conditions that facilitate the extent to which people have labels indicating that the proper technical infrastructure and management support is in place for the system to be used. Facilitating conditions (FCO) have the goal of providing employee training on the use of social media and can provide facilities in the form of the internet at a low cost.

5) Cost (COS)

Cost (COS) here means the extent to which the intersection between benefits and sacrifices is considered to assess costs. Social media on the other hand should have the benefit of reducing costs. Cost (COS) can aim to reduce technology costs, reduce barriers to

participation, and reduce low IT skills. Several studies have shown that the use of digital marketing, especially social media, affects business performance. Kennedy Onyango (2016) shows a strong relationship between digital marketing and business performance. It is noted that digital marketing significantly increases revenue, increases market share, and increases profitability. Sheshadri Chatterjee & Arpan Kumar Kar (2020) show that perceived usefulness, perceived ease of use, and compatibility have a positive effect on MSMEs' business performance.

3. Entrepreneurial Orientation

According to Salehi et al (2013), Entrepreneurial Orientation is the process of making strategies for entrepreneurial actions and decisions. It can also be defined as behaviors and characteristics such as decision-making and practices, which lead companies to new entries.

Entrepreneurial Orientation is a strategic form/posture of an organization or company that is closely related to policies and real work/basic practices to develop entrepreneurial actions to create competitive advantage. (Martens, Machado, Martens, Pires, & Rodrigues, 2017)

Most studies have a dominant tendency to use three dimensions of entrepreneurial orientation, namely innovation, proactiveness, and risk-taking (Covin, Jeffrey & Slevin, Dennis, 1989) (Gupta, 2019).

1) Innovation

Innovation is one of the main keys to doing business in a global market where companies do not compete for the lowest price to attract consumers but are seen through their level of innovation (Gerschewski, Lindsay, & Rose, 2016).

2) Proactiveness

Tautila & Down (2012) argue that people who have a proactive attitude will prefer to make decisions independently rather than following in the footsteps of others in dealing with a situation. A proactive company means having foresight or perspective (Li & O'Connor, 2017).

3) Risk-taking

Risk-taking includes the courage to accept risk in terms of making the right decisions and profitable investments, even though everything you do does not necessarily get the desired results. This concept also includes the ability to control and evaluate risk (Franco & Haase, 2013).

Research by Sang M. Lee & Seongbae Lim (2009) shows that Entrepreneurial Orientation has a major impact or positive influence on the company or business performance. Galbreath et al (2020) show that Entrepreneurial Orientation has a positive influence on company/business performance.

If described, the framework of thought in this study is as follows:

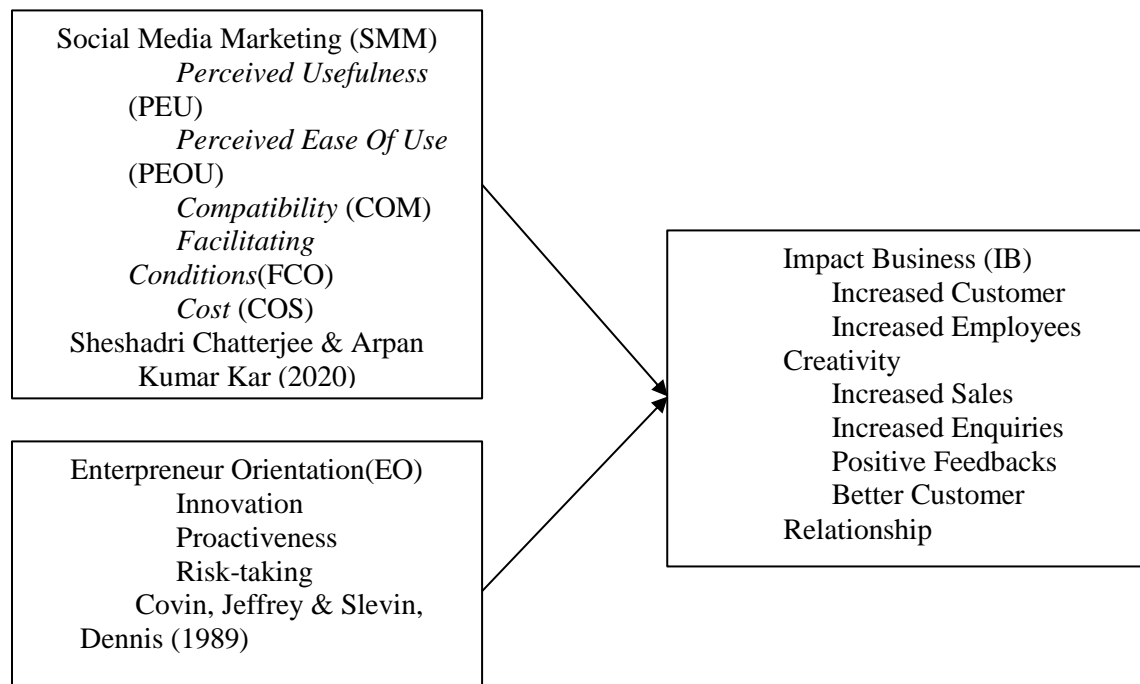


Figure 1.

Framework

The hypotheses in this study are:

H1: There is an influence between Social Media Marketing (SMM) and Impact Business (IB)

H2: There is an influence between Entrepreneurial Orientation (EO) and Impact Business (IB)

H3: There is a simultaneous influence between Social Media Marketing (SMM) and Entrepreneurial Orientation (EO) on Impact Business (IB)

Research Background

Similar to the research conducted by Sheshadri Chatterjee & Arpan Kumar Kar (2020) this research tries to identify what are the factors that can help SMEs in India in implementing Social Media Marketing (SMM) mechanisms. The research entitled "Why do small and medium enterprises use social media marketing and what is the impact: Empirical insights from India" has several findings. With the theoretical model that has been developed and then modified with other theories trying to examine this impact through the ability of the business to carry out its activities, sales, customer relations, finding what customers need and employee creativity. The first finding is that after adopting the SMM, MSMEs get ease of use and compatibility in business activities. The use of social media improves business performance along with customers who can be closer to MSMEs by making it easier for them to know more about products and services. However, it is different from the condition of the facilities which do not have a significant impact. This is due to the lack of supporting

infrastructure and the lack of technical ability to use social media, making them unable to take advantage of social media platforms to support business activities. In contrast to costs that have a significant effect but are negative because this study shows the costs required in business by using social media are lower than the traditional way.

Overall, the authors agree that social media marketing provides many benefits to businesses. However, this research only focuses on the use of social media, how the results are and what can help SMEs in adopting SMM. On the other hand, there are many risks faced by business people, especially in social media. An Entrepreneurial Orientation is needed in the form of a strategy to be able to see business opportunities that competitors cannot see which can be used as competitive advantages. Therefore, this study aims so that the audience can find out the influence of social media marketing and entrepreneurial orientation on the impact of business on MSMEs in West Java and Jakarta.

Methods

The research uses quantitative methods where the data in this study is analyzed using statistical tests and in the form of numbers. The method used to obtain data from direct respondents using the method used to dig up the data with the questionnaire method. Research with this quantitative method uses an associative or correlation approach that is causal. The goal is to find the influence of an independent variable on the dependent variable. What is meant by the dependent variable is the Entrepreneurial Orientation and Digital Marketing variable and what is meant by the independent variable is the business performance variable that will be tested partially and simultaneously. It will then be known how big the level of influence on each variable is. The instruments used are as follows:

Table 1.

Research Instrument

Variable	Sub Variable	Indicator
Entrepreneurial Orientation*)	Innovation	Product Innovation
		Process innovation
		Marketing innovation
		Organizational innovation
	Proactiveness	Proactive personality
		Personal initiative
		Role breadth self-efficacy
		Responsibility-taking
	Risk-taking	Ability to take risks
		Dare to compete
		Ability to reduce risk
		Minimize risk
		Preparation for business challenges
Sosial Media	Perceived Usefulness	Make work easier

Marketing**)		Beneficial
		Increase productivity
		Enhance effectiveness
		Develop job performance
	Perceived Ease Of Use	Available an easy way to learn social media
		Do the job easily
		Easy to upgrade user skills
		Easy to use or operate
	Compatibility	Reach potential customers appropriately
		Improve organizational business health
	Facilitating Condition	Provide employee training on the use of social media
		Low-cost internet facility
	Cost	Cost-effective technology
		Low barriers to participation
		Low level of IT skills
Impact On Business***)	Increased Customer	Increased customer
		Expanded market segmentation
	Increased Employees Creativity	Increased employee creativity
		Increased the ability to create new ideas
	Increased Sales	Increased Sales
		Turnover increased
	Increased Inquiries	Improved suggestions
		Increased criticism
	Positive Feedbacks	Positive feedbacks
		Testimonials
	Better Customer Relationship	Better customer relations

Source: *) Sheshadri Chatterjee & Arpan Kumar Kar (2020)

**) Covin, Jeffrey & Slevin, Dennis, (1989) in (Gupta, 2019)

***) Sheshadri Chatterjee & Arpan Kumar Kar (2020)

The population in this study is MSME entrepreneurs, especially in Jakarta and West Java Provinces. The samples taken were 200 MSME entrepreneurs who were taken randomly with certain criteria.

The analytical tool used is PLS (Partial Least Square) which is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test the structural model. The measurement model is used to test the validity and reliability, while the structural model is used to test causality (testing hypotheses with predictive models) Sarjito (2013). Testing the validity of the data in the PLS-SEM technique is carried out at the stages of testing the validity and reliability testing or commonly called the measurement model (Outer Model) with the help of SmartPLS 3.0 Software Testing the outer model is carried out to assess the validity and reliability of the model which is carried out by algorithm analysis.

The following is the model used in this study. Variable X_1 (SMM), X_2 (EO), and Y (IB) :

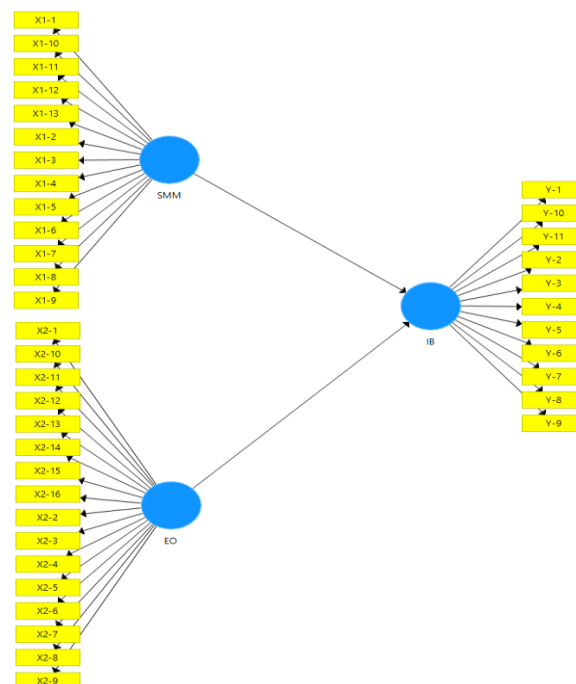


Figure 2

Research Analysis Model using PLS

Results

In research conducted by Chatterjee & Arpan Kumar Kar (2020) it is explained that there are many positive impacts from the implementation of social media marketing on business activities, such as making it easier for customers to get information about MSME products and services that can increase business. Several things were also found to motivate MSMEs in using SMM such as lower costs when compared to traditional businesses and reducing complexity. MSMEs have a great opportunity to improve better services and product effectiveness required by consumers. However, in order to create opportunities through the SMM, an entrepreneurial orientation is needed in making a series of these strategies. This is what is not discussed in the study. Therefore, the author wants to fill the existing gap by

examining the influence of social media marketing and entrepreneurial orientation on the business impact of West Java and Jakarta MSMEs.

Discussion

The measurement model testing carried out consisted of testing convergent validity (Outer Loading and AVE), discriminant validity (Cross Loading), and composite reliability (Cronbach's Alpha and Composite Reliability).

1. Convergent validity (Outer Loading & AVE)

a) Outer loading

The outer loading test is carried out based on the criteria proposed by Ghazali (2014), namely the outer loading value is > 0.7 . The following are the results of the outer loading test after deleting several indicators whose values are < 0.7 :

Table 2.

Outer Loading Test Results

Indicat or	X1- SMM	Indicat or	X2-EO	Indicat or	Y-IB
X1-2	0.713	X2-1	0.719	Y-1	0.830
X1-3	0.721	X2-3	0.839	Y-2	0.816
X1-5	0.712	X2-4	0.805	Y-3	0.890
X1-8	0.825	X2-5	0.813	Y-4	0.863
X1-9	0.754	X2-7	0.838	Y-5	0.882
X1-10	0.731	X2-8	0.775	Y-6	0.876
X1-12	0.755	X2-9	0.746	Y-7	0.862
X1-13	0.821	X2-10	0.796	Y-8	0.867
		X2-11	0.776	Y-9	0.868
		X2-13	0.731	Y-10	0.849
		X2-14	0.724	Y-11	0.828

Source: Data processing results

Based on these results, it can be seen that the test results all indicators have a value > 0.7 and are declared valid. The following is the research model used after testing the outer loading:

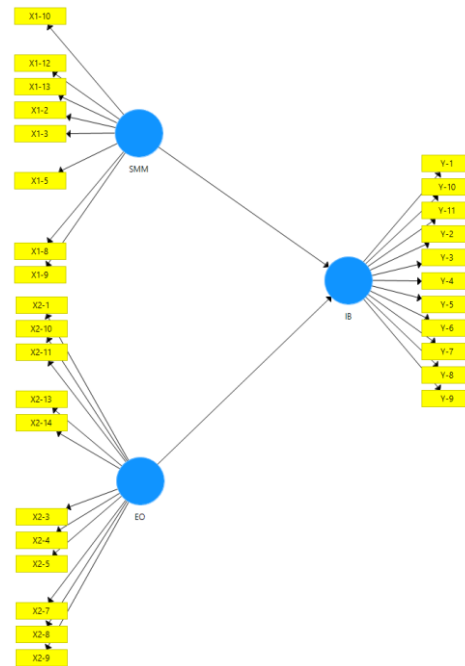


Figure 3.

Outer Loading

b) Average Variance Extracted (AVE)

In the outer loading results, all indicators are declared valid and then the PLS-Algorithm Average Variance Extracted (AVE) test is carried out with criteria 0.5 (Sarwono, 2014). Average Variance Extracted (AVE) means that one latent variable can explain more than half of the variance of the indicator in the average. The following are the results of the AVE :

Table 3.

AVE Test Result

	Average Variance Extracted (AVE)
X1-SMM	0.571
X2-EO	0.608
Y-IB	0.736

Source: Data processing results

2. Discriminant Validity (Cross Loading & Fornell Larcker)

Discriminant Validity is an additional concept which means that two conceptually different concepts must show adequate differences.

a) Cross Loading

To find out the difference, it is done by comparing the loading value on the intended construct which must be greater than the loading value with other constructs or called cross-loading. If Cross Loading > Loading occurs, the model must be reconsidered. The following is the result of calculating Cross Loading in this study :

Table 4.

Cross Loading Test Result

	X1-SMM	X2-EO	Y-IB
X1-2	0.713	0.498	0.455
X1-3	0.721	0.574	0.476
X1-5	0.712	0.446	0.413
X1-8	0.825	0.474	0.477
X1-9	0.754	0.493	0.466
X1-10	0.731	0.526	0.462
X1-12	0.755	0.462	0.446
X1-13	0.821	0.532	0.543
X2-1	0.509	0.719	0.533
X2-3	0.498	0.839	0.628
X2-4	0.573	0.805	0.638
X2-5	0.615	0.813	0.604
X2-7	0.473	0.838	0.575
X2-8	0.550	0.775	0.569
X2-9	0.472	0.746	0.701
X2-10	0.496	0.796	0.592
X2-11	0.518	0.776	0.544
X2-13	0.497	0.731	0.590
X2-14	0.491	0.724	0.609
Y-1	0.494	0.614	0.830
Y-2	0.562	0.630	0.816
Y-3	0.554	0.719	0.890
Y-4	0.594	0.675	0.863
Y-5	0.592	0.716	0.882
Y-6	0.487	0.668	0.876
Y-7	0.497	0.657	0.862
Y-8	0.505	0.652	0.867
Y-9	0.545	0.667	0.868
Y-10	0.516	0.641	0.849
Y-11	0.503	0.640	0.828

Source: Data processing results

Based on table 4 which shows the results of Cross Loading, it can be seen that all indicators have a Loading > Cross Loading value so that the criteria are met and declared valid.

b) Fornell Larcker

Then the square root of AVE to the latent variable must be greater than the correlation to other latent variables or called Fornell Larcker criteria or $\sqrt{\text{AVE}}$ for the latent variable > Correlation to other variables. The following is the result of testing the Fornell Larcker criteria :

Table 5.

Fornell Larcker Test Result

	X1-SMM	X2-EO	Y-IB
X1-SMM	0.755		
X2-EO	0.664	0.779	
Y-IB	0.621	0.773	0.858

Source: Data processing results

3. Composite Reliability

Furthermore, after the validity test is carried out and all data are said to be valid, a reliability test is carried out with the conditions that must be met, namely Composite Reliability 0.600 and Cronbach's Alpha 0.600. The following are the results of testing the PLS Algorithm – reliability using the Smart-PLS software:

Table 6.

Composite Reliability Test Result

	Cronbach's Alpha	Composite Reliability
X1-SMM	0.892	0.914
X2-EO	0.935	0.944
Y-IB	0.964	0.968

Source: Data processing results

4. Structural Model

a) Hypothesis test

H1: There is an influence between Social Media Marketing (SMM) and Impact Business (IB)

Table 7.

Hypothesis Test 1: SMM influences IB

	Original Sample (O)	T Statistics	P Values
X1-SMM -> Y-IB	0.193	2.418	0.016
X2-EO -> Y-IB	0.644	9.248	0.000

Source: Data processing results

Based on table 7, it can be seen that the P-Value value is $0.016 < 0.05$, which means that H1 is accepted and there is an influence between SMM and IB. The T-Statistic value of $2.418 > 1.96$ means that the influence between the SMM and IB variables is significant. Furthermore, the original sample value is 0.193 which shows an effect of 19.3% in a positive direction.

H2: There is an influence between Entrepreneurial Orientation (EO) and Impact Business (IB)

Table 8.

Hypothesis Test 2: EO influences IB

	Original Sample (O)	T Statistics	P Values
X1-SMM -> Y-IB	0.193	2.418	0.016
X2-EO -> Y-IB	0.644	9.248	0.000

Source: Data processing results

Based on table 8, it can be seen that the P-Value value is $0.000 < 0.05$ which means that H2 is accepted and there is an influence between EO and IB. The T-Statistic value is $9.248 > 1.96$, which means that the influence between the EO and IB variables is significant. Furthermore, the original sample value is 0.644 which shows an effect of 64.4% in a positive direction.

H3: There is a simultaneous influence between SMM and EO on IB

Table 9.

Hypothesis Test 3: SMM and EO influence IB

	R Square
Y-IB	0.618

Source: Data processing results

Based on table 9, it can be seen that the R Square value of 0.618 means that the SMM and EO variables can explain the IB variable by 61.8%, and the remaining 38.2% is explained by other variables not examined in this study.

5. Result

H1: There is an influence between Social Media Marketing (SMM) and Impact Business (IB)

There is a significant effect between SMM on IB by 19.3%, meaning that Social Media Marketing can improve MSMEs' business performance by 19.3%. Thus, any increase in the use of social media in promotion and sales efforts can increase MSMEs business performance by 19.3%. The greater the efforts of MSMEs in utilizing social media for promotional and sales activities, the higher their business performance. Therefore, it would be better if the government did not only provide business assistance, but it is necessary to seek training that can improve the skills of MSME entrepreneurs in using technology for marketing activities, especially social media. It is also important to provide social media literacy training so that they use it wisely and do not violate social media rules or ethics. Based on previous research conducted by Kennedy Onyango (2016), it was shown that there is a strong relationship between digital marketing and business performance. It is noted that digital marketing significantly increases revenue, increases market share, and increases profitability. Email marketing, digital displays, websites, and online advertising are the most common digital strategies used by cut flower exporting companies in Kenya. This is also following research conducted by Sheshadri Chatterjee & Arpan Kumar Kar (2020) showing that perceptions of usability, perceived ease of use, and compatibility has a positive effect on the impact of SMEs after being adopted by SMEs but the condition of facilities is not considered important for SMEs and costs have good results. Negative impact on MSMEs. This means that not all aspects of social media marketing can have a positive impact on SMEs. Marketing can be viewed as an exchange. The exchange pivots on mutual agreement, perception of value, and communication where each is radically changed for many buyers and suppliers during the Covid-19 events. The dominance of face-to-face interactions and exchanges is slowly being eroded by online exchanges being suddenly severely restricted by the government with online exchanges becoming dominant. The means of communication between buyers and suppliers immediately changed when the lockdown was imposed and travel was restricted. The era of digital marketing, which is dominated by social media, has deconstructed marketing activities, perhaps even after the pandemic era (post-pandemic), so it is hoped that MSME Entrepreneurs will continue to use social media as a means of conducting marketing and exchange activities.

H2: There is an influence between Entrepreneurial Orientation (EO) and Impact Business (IB)

There is a significant effect between EO and IB of 64.4%. meaning that EO can increase MSMEs business performance by 64.4%. Every effort from MSME entrepreneurs to

improve their orientation to entrepreneurship can increase their business performance by 64.4%. Innovation efforts, proactive actions, and the courage to take risks need to be increased in facing new business challenges, especially during the current pandemic. Many MSME entrepreneurs are currently on the verge of bankruptcy due to the sluggish economy and social restrictions. Based on previous research conducted by Azlin Shafinaz Arshada, Amran Raslib, Afiza Azura Arshadc, Zahariah Mohd Zainc (2013) showed that EO has a positive influence on Business Performance. From the correlation analysis, it was found that there was a moderate to small correlation between variables. This study also reveals that only four dimensions of EO Lumpkin and Dess (1996) affect business performance; innovation, proactiveness, risk-taking, and competitive aggressiveness while no correlation was found on autonomy in the context of technology-based SMEs in Malaysia. Meanwhile, in research conducted by Mohammad Azmi Azizi (2016), Entrepreneurial Orientation has a significant positive effect on performance and strategy learning abilities. These results indicate that any change in entrepreneurial orientation will have a positive impact on changes in strategy learning abilities. This means that MSMEs that can improve their performance and ability to learn strategies will have a positive impact or can give more to the Impact Business (IB).

H3: There is a simultaneous influence between SMM and EO on IB

There is an influence between SMM and EO on IB of 61.8%. This means that if social media marketing and entrepreneurial orientation are owned by MSME entrepreneurs, they will together increase business performance by 61.8%. Currently, all business people use social media to carry out promotional and sales activities. This has resulted in increased business competition on social media when almost everyone uses the same method. Innovation is needed in all forms. Product innovation can make consumers loyal because they are always presented with something new. Innovation is something that consumers always like and look forward to. In terms of production, producers must always find new ways to increase the amount of production and reduce production costs so that prices can be lower. In terms of promotion, producers can use influencers or endorsers, which are cheaper than using advertisements on television or organizing events. Marketers must also always be proactive by uploading more often their promotional efforts on social media. The courage to take risks is equally important because it will determine that we can motivate MSME entrepreneurs to move forward and dare to compete when the products offered in the market are more and more diverse. MSMEs are a good forum for the creation of productive jobs (Primatami & Hidayati, 2019). Because it can be done according to ability and has no limitations in innovating with its labor-intensive nature. MSMEs can also be done with little capital to start a business at the beginning of the business so that MSMEs can be carried out by people with lower middle incomes. Alasadi et al (2015) stated that entrepreneurship training can improve MSMEs' business performance. The higher their understanding of the meaning and the qualities that must be possessed if they want to become successful entrepreneurs, the higher their resilience to any situation and condition that occurs. The company is expected to create a strategy to improve and maintain performance by combining the application of an innovative entrepreneurial spirit to create competitive advantage and the use of technology, especially social media to support marketing activities.

Conclusion

Social Media Marketing and Entrepreneurial Orientation partially and simultaneously affect MSMEs business performance during the Covid-19 pandemic. Therefore, it is hoped that MSME entrepreneurs will continue to improve their ability to utilize technology, especially social media for promotional activities and product sales. However, what should not be forgotten is that the increase in the entrepreneurial orientation of MSME entrepreneurs must also be improved because the effect is greater than just using social media to support their business. The pandemic has taught consumers and producers to be smart in finding ways to meet their needs and maintain their survival. The use of technology becomes a solution that is easy and effective to use. By using the strategy of combining the strengthening of the entrepreneurial spirit and the use of social media, it is hoped that MSME entrepreneurs can survive and show positive performance improvements because the marketing trend after the pandemic is likely to still be dominated by online marketing. After all, it turns out to provide many benefits in terms of consumers.

References

1. Abdul, A. (2020). Saat Wabah Covid-19, Social Media Marketing Jadi Pilihan Pemasaran Online. Ayosemarang.com: <https://www.ayosemarang.com/read/2020/04/27/56031/saat-wabah-covid-19-social-media-marketing-jadi-pilihan-pemasaran-online>
2. Afandi, P. (2018). Manajemen Sumber Daya Manusia (Teori, Konsep dan Indikator). Riau: Zanafa Publishing.
3. Agus, Hermawan. (2012). Komunikasi Pemasaran. Jakarta: Erlangga.
4. Alma, Buchari. (2018). Manajemen Pemasaran dan Pemasaran Jasa. Bandung : CV Alfabeta.
5. Ameena, Q. (2020). BLT untuk 1.028.000 UMKM di Jabar Segera Cair. [jurnal gaya.pikiran-rakyat.com: https://jurnal gaya.pikiran-rakyat.com/bizz/pr-80745297/blt-untuk-1028000-umkm-di-jabar-segera-cair](https://jurnal gaya.pikiran-rakyat.com/bizz/pr-80745297/blt-untuk-1028000-umkm-di-jabar-segera-cair)
6. Chatterjee, S., & Kar, A. K. (2020). Why do small and medium enterprises use social media marketing and what is the impact: Empirical insights from India. *International Journal of Information Management*, 53, 102103.
7. Covin, Jeffrey, G., & Slevin, Dennis, P. (1989). Strategic Management of Small Firms in Hostile and Benign Environments. *Strategic Management Journal*, 10(1), 75–87.
8. Daryanto. (2011). Penelitian Tindakan Kelas dan Penelitian Tindakan Sekolah. Yogyakarta: Gava Media.
9. Galbreath, J., Lucianetti, L., Thomas, B., Tisch, D. (2020). Entrepreneurial orientation and firm performance in Italian firms: The moderating role of competitive strategy. Emerald Publishing Limited. *International Journal of Entrepreneurial Behavior & Research*, Vol. 26 No. 4, pp. 629-646. <https://doi.org/10.1108/IJEBR-07-2019-0457>
10. Gupta. (2019). Entrepreneurial orientation: International, global and cross-cultural research. *International Small Business Journal: Researching Entrepreneurship*, 37(2), 95–104. <https://doi.org/10.1177/0266242618813423>

11. Haryanto,A.T.(2020). APJII Sebut Jumlah Pengguna Internet di Indonesia Naik Saat Pandemi. Detikinet.com: <https://inet.detik.com/telecommunication/d-5194182/apjii-sebut-jumlah-pengguna-internet-di-indonesia-naik-saat-pandemi>
12. Hasibuan, Malayu S.P. (2011). Manajemen : Dasar, Pengertian dan Masalah Edisi Revisi. Jakarta : PT. Bumi Aksara.
13. Jayani, D. H. (2019). Tren Pengguna E-Commerce Terus Tumbuh. Databoks.katadata.co.id:
14. <https://databoks.katadata.co.id/datapublish/2019/10/10/tren-pengguna-e-commerce-2017-2023>
15. Kotler, Philip dan Gary Amstrong. (2012). Prinsip-Prinsip Pemasaran Edisi 12. Jilid 1. Jakarta : Erlangga.
16. Kotler, Philip dan Gary Amstrong. (2013). Prinsip-Prinsip Pemasaran Edisi 12. Jakarta : Erlangga.
17. Kotler, Phillip dan Kevin Lane Keller. (2013). Manajemen Pemasaran Edisi 13. Jakarta : Erlangga.
18. Kuncoro, Mudrajad. (2010). Dasar-dasar Ekonomika Pembangunan. Yogyakarta: UPP STIM YKPN Yogyakarta.
19. Manullang. (2012). Dasar-Dasar Manajemen. Yogyakarta: Gajah Mada University Press.
20. Mileva, L., & Dh, ahmad fauzi. (2018). Pengaruh Social Media Marketing Terhadap Keputusan Pembelian (Survei Online pada Mahasiswa Sarjana Jurusan Ilmu Administrasi Bisnis Angkatan 2014 / 2015 Fakultas Ilmu Administrasi Universitas Brawijaya yang Membeli Starbucks. Jurnal Administrasi Bisnis (JAB), 58(1), 190–199.
21. Primatami, A., & Hidayati, N. (2019). Perkembangan Usaha Mikro Kecil (Umk) Di Provinsi Jawa Barat Tahun 2006 – 2016. Jurnal Pengembangan Wiraswasta, 21(3), 203. <https://doi.org/10.33370/jpw.v21i3.350>
22. Suprihanto, John. 2014. Manajemen. Yogyakarta: Gajah Mada University Press.
23. Yogesh Hole et al 2019 J. Phys.: Conf. Ser. 1362 012121
24. Zain, M., & Hassan, A. E. (2013). The Impact of Corporate Entrepreneurship on Company Growth in a Hostile Business Environment. 7th Global Conference on Business & Economics, 4(1), 82–90.
25. Zhang, J.Z. and G.F. Watson IV. (2020). Marketing ecosystem: An outside-in view for sustainable advantage. Industrial Marketing Management 88 (2020) p.287–304.