

Entrepreneurial Orientation and MSME's Tourism Performance: The Mediating Role of Social Media Capability

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Abstract

This study explores the mediating role of social media capability on entrepreneurial orientation (EO) and MSME's tourism performance in DKI Jakarta Province, Indonesia (MP). MSMEs contribute largely to Indonesia's economy. However, these enterprises often struggle with limited resources leading to weaker performance. The research problem centers on identifying factors that can enhance the MP, mainly through EO and SMC. The objective is to investigate both EO's direct impact on MP and SMC's mediating role. Quantitative research was used, utilizing a survey-based method with data collected from 300 MSME owners and managers in the tourism sector. Structural Equation Modeling (SEM) was used to examine the relationships between EO, SMC and MP. The results reveal a favorable positive relationship between EO and MP, with a path coefficient (β) of 0.425 and a p-value of 0.000. It underscores the importance of EO in intensifying the MP. It also found that EO significantly affects SMC, with a path coefficient (β) of 0.353 and a p-value of 0.000. This suggests that MSMEs with a strong EO are expected to enhance SMC. SMC was also found to have a positive and favorable effect on MP, with a path coefficient (β) of 0.179 and a p-value of 0.001. This suggests that SMC is crucial for improving MP. It also confirmed the mediating role of SMC in the relationship between EO and MP, with an indirect path coefficient (β) of 0.063 and a p-value of 0.006. It proposed that EO directly enhanced MP through SMC. However, the study is narrowed by its focal point on a specific geographic area and sector, which may impact the relevancy of the results. Forthcoming study could address these limitations by exploring different contexts. This study contributes to broaden the literature on the mediating role of SMC in the EO- MP in DKI Jakarta, Indonesia.

Keywords: Entrepreneurial Orientation, Social Media Capability, MSME's Tourism Performance

1. Introduction

MSMEs are widely recognized as the driving force for many economies, including Indonesia's, due to their significant contributions to employment creation and Gross Domestic Product (GDP) [1], [2], [3], [4], [5]. MSMEs play a critical role in job creation, reckoning for a considerable portion of the labor [1], [3] and their contribution to Indonesia's GDP is noteworthy [6]. According to a press release from Coordinating Ministry of Economic Affairs Republic of Indonesia, MSMEs contribute approximately 61% or IDR 9,580 trillion to GDP. Moreover, MSMEs are responsible for absorbing about 97% of the total workforce, with 65.5 million MSMEs operating across the country, representing 99% of all business units [7]. In the context of DKI Jakarta Province, there were about 59,017 MSMEs operating in 2020, with micro-enterprises making up the largest group, accounting for 46,084 businesses (78.09 percent) [8]. However, the COVID-19 significantly affected the hospitality sector, particularly impacting businesses in accommodation, food and beverage, and transportation. These sectors experienced the most severe declines, with accommodation, food, and beverage businesses suffering a -22.02% drop in the second trimester of 2020, and transportation sector seeing a decline of 30.84 percent [9]. Consequently, these businesses' performance deteriorated sharply during the pandemic, highlighting the vulnerability of MSMEs.

MSMEs are often characterized by weaker performance than larger enterprises [5], [10]. This is primarily due to their limited economies of scale, restricted resources [5]. To enhance their performance, MSMEs have to identify and

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leverage factors that can prompt improvement. One such factor is the adoption of entrepreneurial orientation (EO) [11], [12], [13]. Extensive literature has demonstrated a favorable and eloquent correlation between EO and business performance [14], [15], [16], [17], [18], [19], [20], [21]. This suggests that EO is a crucial determinant of MSMEs' success in the tourism industry. However, as noted by [12] although the topic of on how entrepreneurship effect business performance has increased the immersion of scholars, it has not yet received sufficient attention in the context of MSMEs. Furthermore, [22], points out that while entrepreneurship is crucial for economic development, research on the entrepreneurship is uncertain. Given these observations, examining the relationship between EO and MP in DKI Jakarta Province, Indonesia is essential. Such an investigation could provide valuable insights into how entrepreneurial practices can be leveraged to enhance MSMEs performance in the tourism sector, addressing the gaps identified in the existing literature and offering practical solutions for enhancing their competitiveness.

Research by [23] emphasizes the importance of considering mediating variable in the correlation between EO and performance, suggesting that these variables can significantly influence the strength and direction of this relationship. Similarly, [24] argues that while the study of EO is well-established, it would benefit from including additional mediating variable, such as dynamic capabilities to understand and maximize its impact on performance fully. This underscores the necessity of identifying potential mediating factors that could enhance the link between EO and MP, ultimately leading to improved business outcomes [14]. In this context [5] highlights the essential of digital platform in the success of EO. It indicates that firms with a potent EO uses social media as a key platform, leveraging it to gain an early-carrier edge and enhance performance. Risk-taker businessmen, in particular, are inclined to employ social network platforms to uplift their business outcomes, making social network a likely mediating in the relationship between EO and MP. Further supporting this view [26], [34] notes that social media is becoming prominent e-commerce platform, which have become integral to modern business strategies. Moreover, [27], [34] reveals that online social networks have rapidly emerged as a robust phenomenon on the internet, with firms increasingly leveraging them as marketing tools. Social network is being employed by small firms to elevate their products and services, as highlighted by [28]. This growing reliance on social media for business promotion suggests it could significantly mediate how EO influences MSME performance in the tourism sector. Thus, the goals of this research are to explore in what why SMC mediates the relationship between EO, as well as MP, providing new insights into how MSMEs can optimize their use of digital tools to improve their competitive edge.

Social network serves as a vital tool for small firms, enabling them to grasp numerous target customers at a relatively inexpensive [28], [29], [30], and helping them to overcome limitations in resources [31]. As noted by, [32] social platform is crucial for small firms to enhance their marketing capabilities. These firms often face constraints in financial and managerial resources, which hinder their ability to invest in marketing activities to the same extent as larger companies. Consequently, social communication emerges as an essential platform for small firms, offering them a cost-effective means to develop their marketing strategies and expand their reach. Social networking effects on MSME performance was well-documented in previous studies, which have shown that social media usage can significantly refine the performance of MSMEs [14], [30], [31]. Despite the increasing recognition of social media's importance, there remains a lack of research exploring its effects on MSME performance [29], [30], [31], [33], [34]. This gap in the literature underscores the need for further investigation into how social media influences the success of MSMEs, particularly in resource-constrained environments. Understanding these dynamics is essential for small firms leveraging digital tools to improve their market position and overall performance.

While earlier studies on social media have been conducted, they often did not explore the mediating role of social site or how social network impact various aspects of firm capabilities and performance [30]. Recognizing this gap, the present research pursues to bridge the missing link by examining the correlation between EO and MP through social media. To achieve this objective, we focused on MSMEs operating in the tourism sector within DKI Jakarta Province, Indonesia. By examining this specific framework, the goal of this research is to furnish new wisdoms into how MSMEs in the tourism industry are leveraging social media networks to intensify their capabilities and improve business performance. This research not only provides understanding of the portrayal of social site in MSMEs but also offers valuable knowledge on how these businesses are adapting their strategies and operations to thrive in the competitive landscape of Indonesia's tourism sector.

2. Literature Review

2.1. Resource-Based View (RBV)

RBV is a concept on how a firm attains competitive advantage by employing its internal resources. This viewpoint argues that a firm's unique, valuable and inimitable and substitutability resource are critical for sustaining long-term success. RBV has evolved to include the notion that these attributes of resources are central to a firm's competitive positioning [35], [36], [37]. Within this framework, the role of social media capabilities is increasingly recognized as a momentous contributor to firm performance, especially in the digital age. Media platform capabilities, as described by RBV, are rare and valuable resource that enhance a firm's competence to engage with purchasers, improve brand visibility, as well as foster meaningful relationships in the digital marketplace [38], [39].

By leveraging social media analytics, firms can proceed critical wisdoms into buyer attitudes and market movements, and consequently informs their strategic decision-making processes [40], [41]. Additionally, social media capabilities enable firms, particularly SMEs, to enhance customer involvement and engagement, which are vital for innovation and brand development [42]. This capability allows SMEs to compete more effectively against larger competitors by providing a cost-effective means of reaching and interacting with customers [28], [29], [30]. Moreover, the dynamic capabilities perspective within RBV highlights the importance of adaptability in leveraging social media strategies. Firms that maintain a solid social media presence can quickly react to market alters and consumer feedback, thereby enhancing their resilience in a rapidly evolving business environment [43], [44]. This adaptability is crucial in today's marketplace, where the ability to respond to shifting consumer preferences and technological advancements is vital to success. Consequently, SMC, when viewed through the lens of RBV, arises as a potent tool for driving firm performance in the tourism sector and beyond.

2.2. Tourism MSME's Performance

Tourism MSMEs performance is pivotal for economic development [45]. The Resource-Based View (RBV) framework offers a valuable lens to understand how tourism MSMEs' unique, inimitable and substitutability resources contribute to their performance and sustainability in competitive markets. Central to this understanding is the role of digital transformation strategies. Many MSMEs encounter significant barriers to digital transformation, which can impede their ability to compete effectively in the tourism industry [46]. However, the improvement of business performance is likely to be gained by those that successfully leverage social platforms for marketing, as they can attract more tourists and deliver superior services [47]. Performance in tourism MSMEs can be categorized into financial and non-financial metrics. Financial performance is typically quantified in monetary terms, while non-financial performance encompasses aspects such as brand prominence, consumer delight, firm performance and innovation [48]. However, research indicates that the financial performance of MSMEs is often poorly recorded and maintained, and even when documented, it may not be thoroughly audited [49]. Moreover, performance in MSMEs is frequently measured based on the owner's perception, with a focus on indicators such as rising sales, profit, and assets [49]. This subjective approach highlights the prominence of considering both financial and non-financial dimensions when assessing the overall performance of tourism MSMEs.

2.3. Entrepreneurial Orientation (EO)

EO is a process of making strategy, encompassing measurements as proactive, innovative, risk-taking, competitive aggressive, and autonomy [50]. Other scholar, however, suggests those three dimensions of EO as innovative, proactive, and risk-taking enable firms to navigate competitive landscapes and capitalize on developing opportunities [51]. Research consistently shows that MSMEs with a potent EO are better furnished to adjust to market changes, enhance patron engagement, as well as achieve superior performance outcomes [52].

The correlation between EO and MSME performance is multifaceted. For example, EO positively influences innovation performance and enhancing competitive advantages [53]. While, another scholar suggests that marketing aptitude and its resources as mediation and moderation effect linking EO to improved performance, suggesting that MSMEs that prioritize EO are more likely to drive growth and performance through these constructs [54]. Moreover, integrating EO with customer relationship management (CRM) strategies has enhanced MSME competitiveness [55].

Whereas, [56] suggest that connection and marketing proficiency show as superb mediators in the association between EO and firm performance.

2.3. Social Media Capability

Social media is a powerful internet platform which allows the acquisition of a massive information concerning products and services, serving as a new form of one-to-one and one-to-many communication [57]. Facebook is notably the most well-known platform for reaching new consumers [58]. Twitter, My Space, Google, Flickr, YouTube, LinkedIn or Pinterest are also included as some other examples of social media platform [59]. In Indonesia, social media usage is particularly pervasive, with internet users spending a mediocre of 3 hours and 26 minutes per day on these platforms, 99% of whom access them via cell phones [60]. This widespread use of social media in Indonesia also reflects broader cultural practices, such as on how Indonesian Muslims use social media platforms to articulate their religiousness [61].

SMC has emerged as a critical resource for MSMEs, especially in enhancing their marketing strategies and overall business performance. By integrating social media into their business operations, MSMEs can leverage these digital platforms for communication, and brand promotion, which are essential for competing in today's market [62]. Research suggests that social media networking significantly enhances the capacity of the enterprises to share knowledge, thereby contributing directly to their growth and innovation [63]. This corresponds with the RBV, which posits that unique capabilities, such as compelling social media use, can lead to sustained competitive advantages [64]. Moreover, the favorable effect of social media on MSME performance is properly documented. As noted by [65] the utilization of social media site improves SMEs performance. MSMEs that actively engage with customers on social media platforms can receive their feedback from customers, and retain their consumer [66]. This direct interaction builds customer loyalty, which is particularly important as it is acknowledged as a threat in fierce markets because of rising cyberspace entrance rate [67].

3. Method

3.1. Research Design and Data Collection

This research adopts a quantitative design, particularly suited for investigating the relation between variables and systematically assessing the presented hypotheses. it utilized close-ended questionnaires to gather data, allowing for the standardized assortment of responses from a large sample size. A survey-based approach was employed to collect data from respondents and they allow for collecting comprehensive and easy to quantify data, enabling the researcher to draw reliable conclusions about the relationships between EO, SMC, and MP. The data gathered was conducted utilizing a non-probability poll notorious as purposive sampling. This technique was chosen to assure the respondents were relevant to the research objectives. Specifically, the study focused on individuals who met the criteria based on the government definitions of MSMEs in Indonesia [68]. The purposive sampling method was targeting respondents namely, owners or managers of MSMEs in the tourism industry.

A total of 300 valid questionnaires were obtained and analyzed. These questionnaires were completed by both owners and managers of MSMEs operating in the DKI Jakarta Province, Indonesia. The focus on this specific region and sector ensures that the findings are contextually relevant and reflect the special threats and opportunities confronted by MSMEs in the Indonesian tourism industry. Using purposive sampling allowed the study to specifically target respondents likely to have the necessary experience and knowledge to provide informed responses regarding the constructs of interest—EO, SMC, and MP. By focusing on individuals directly involved in the management of their businesses, the study was able to gather accurate data that reflects real-world practices in the tourism sector. The close-ended questionnaires were designed to be straightforward, minimizing the likelihood of respondent error and ensuring consistency in the data collected. Respondents were inquired to rate various aspects of EO, social media usage, and business performance using a Likert scale. This approach facilitated the efficient collection of quantitative data and ensured that the data could be readily analyzed to test the study's hypotheses. Study by [69] further say that in terms of the sample size, it should be at least 5 to 20 items to attain a power of 0.8 with an alpha of 0.05, and because of this research has 60 items, thus it accounted for 300. Furthermore, the analysis of the data employs SEM PLS 3 software to test both the conceptual framework, as well as hypotheses.

3.2. Research Model and Hypothesis Development

Previous study has shown varying results regarding the association among EO and performance. To illustrate, [70] entrepreneurial experience can strengthen the effect of both entrepreneurial as well as market orientations on a company's performance. Similarly, [71] revealed that EO within religious congregations is positively associated with organizational performance, suggesting that these entrepreneurial traits can contribute to success in various organizational contexts. However, contrasting evidence from [5] indicates that EO may not directly impact firm performance, highlighting this relationship's complexity and potential context-dependency. Despite these mixed findings, numerous literatures sustain the positive impacts of EO on performance across different industries and contexts. Studies such as [14], [16], [17], [18], [19], [21] consistently suggest that EO—characterized by innovation, proactiveness, and risk-taking—can lead to improved business outcomes. From this extensive evidence, the proposes hypothesis is:

H1: Entrepreneurial orientation will increase the MSME's tourism performance.

According to [72], EO is a concept in entrepreneurship study and has been embraced by other management fields. Similarly, [73] suggest that the terminology of EO is a keystone of the literature on entrepreneurship. EO is primarily composed of three key elements: innovation, risk-taking, and proactiveness [51]. This suggests that firm with a strong EO is likely to behave innovatively, take risks and proactive to defeat rivals. Moreover, according to [74] in an ambivalent and dynamic environment, entrepreneurial orientation effects performance particularly when combining with strong business and social networks. This suggests that these factors are particularly necessary for the entrepreneurial orientation and performance. From these wisdoms, the proposes hypothesis is:

H2: Entrepreneurial orientation enhance social media capability

Various researches have established a relation among social networking utilization and performance, as noted by [14], [26], [30], [31]. Another scholar [75] discovered a favorable connection between utilization of social site and firm's performance. This suggests that the utilization of social platform helps firm over declining in marketing expense, and at the same time reaching substantial potential customer, which enhances performance. Similarly, [59] demonstrated that employing social media, together with market orientation, has a favorable impact on performance. However, not all research supports this positive relationship. [33] argue that adopting social media does not necessarily translate into improved performance for MSMEs. They also note that while the substantial potential of social media, there has been limited focus on its connection to performance. These differing perspectives propose that while social media can be useful for enhancing business performance, its effectiveness may vary depending on each firm's context and specific conditions. Given these mixed findings, the proposes hypothesis is:

H3: Social Media Capability will increase MSMEs tourism Performance

Research by [76] suggests that the utilization of social networks alone may not effect performance unless there is a foundation of trust within social networks. This implies that social media effects on performance is going to happen if only there is a trust on this social platform. Similarly, [5] argues that while EO can enhance social media and managerial connections, it does not directly influence firm performance; instead, its impact is mediated by other factors, such as social media capabilities. This accentuates the prominence of mediating variables in understanding the full extent of EO's effects. Moreover, [77] emphasizes the significance of entrepreneurial marketing for MSME performance, noting that social networking is an crucial element, particularly in contexts like Pakistan. This underscores the vital point of social media to strengthen the effect of entrepreneurial activities on performance. Additionally, [78] indicates that innovation is a critical link between global EO and innovation performance, with online media as a bridge that connects global business strategies to open innovation. This means that internet community is notable for driving the business success. Given these insights, the study proposes the following hypothesis:

H4: Entrepreneurial orientation affects MSME's Tourism performance through social media capability.

Figure 1 demonstrates the research model framework, exemplifying the hypothesized correlation between EO, SMC, and MP.

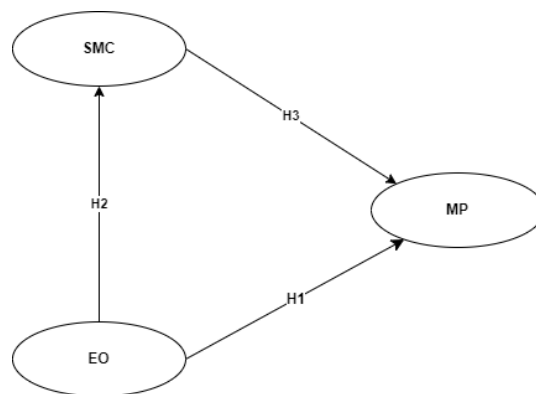


Figure 1. Research Model Framework

3.3. Data Analysis

The combination of statistical techniques was utilized as to analyze the data to analyze the suggested hypotheses and evaluate the relationships between EO, SMC, and MP. The analysis was performed in several stages to both assure the reliability and validity of the constructs and to assess the direct along with indirect effects within the research framework. Initially, descriptive statistics were utilized to summarize cohort profiles of the respondents, encompassing gender, age, educational background, earning levels and the number of workers. This provided an overview of the sample profile, which was owners and managers of MSMEs in the tourism sector within DKI Jakarta Province, Indonesia. Reliability analysis was then administered by employing Cronbach's alpha and Composite Reliability (CR) to evaluate the internal consistency of the constructs. It was reliable if the Cronbach's alpha and CR values greater than the threshold of 0.70, indicating that the items within each construct consistently quantified the same underlying concept. The Average Variance Extracted (AVE) was also computed to estimate convergent validity, with values above 0.50 contemplated satisfactory, indicating that the constructs were well represented by their indicators. The primary analytical technique employed in this study was SEM. SEM was chosen for its ability to simultaneously estimate multiple relationships enclosed by the research framework, involving direct, indirect along with mediating effects.

Measurement model analysis was done initially, where Confirmatory Factor Analysis (CFA) was done as to validate the constructs. The factor loadings of the indicators were examined, and only those with loadings greater than 0.60 were retained, ensuring that the indicators had a strong relationship with their respective constructs. Fornell-Larcker criterion was used as to determine discriminant validity, which contrasts each construct's AVE's square root with the correlations between the constructs. A construct was considered to have discriminant validity if the square root of its AVE was above the correlation with any other construct in the model, indicating that the constructs were distinct and measuring different concepts. The structural model was then investigated to test the hypothesized relationships between EO, SMC, and MP. Path coefficients (β), T-statistics, and p-values were examined to determine the significance of each hypothesized relationship. The direct effects of EO on MP (H1), EO on SMC (H2), and SMC on MP (H3) were tested, and the results were interpreted based on the significance levels. Additionally, the mediating influence of SMC on the relation between EO along with MP was examined using the Sobel test. The indirect effect was calculated by multiplying the path coefficients of $EO \rightarrow SMC$ and $SMC \rightarrow MP$. The significance of this mediating impact was confirmed by a Sobel test statistic above the critical value of 1.96, indicating that SMC significantly mediated the relationship between EO and MP (H4).

4. Result and Discussion

4.1. Descriptive Statistics

The demographic profile of interviewees in this study is analyzed across various categories, including gender, age, educational background, type of work, number of employees, profit, and business size. Regarding gender, Male respondents amounting for 51.6%. This indicates a slight male dominance in the ownership or management of MSMEs in the tourism sector. Regarding age, the largest group of respondents fell within the 20-30 age range, comprising 49.6% of the total. This suggests that the tourism MSME sector is largely driven by younger entrepreneurs, who may be more adaptable to new technologies and market trends. When considering educational background, a significant %

of respondents, 46.3%, were high school graduates. This highlights the potential for targeted educational and training programs to further develop skills and competencies among MSME owners and employees. The type of work is predominantly centered around ownership of MSMEs in the tourism sector, with 79.3% of respondents identifying as owners. This high percentage underscores the entrepreneurial nature of the respondents and the importance of ownership in driving business success in this sector. For the number of employees, most respondents (75%) reported having between 1-4 employees. This reflects the small-scale nature of many tourism MSMEs, which typically operate with limited staff. Lastly, concerning profit, most respondents (59%) reported annual earnings of less than IDR 300 million. This finding emphasizes the modest profit levels common among tourism MSMEs, highlighting their potential challenges in scaling and increasing profitability. These descriptive statistics provide a comprehensive summary of the demographic profiles of the MSMEs surveyed, offering valuable wisdoms into the profiles of those operating in the tourism sector.

In this research, the Variance Inflation Factor (VIF) analysis was carried out to estimate the relation among the constructs used in the framework, as shown in [table 1](#). The VIF provides insight into how much each construct is associated with other predictors in the model. The analysis revealed that most constructs have VIF values below 3, such as MP1, MP6, and OK9. These values indicate that these constructs are well-aligned within the model, showing a balanced relationship with other variables. Constructs like MP4, KSM4, and OK2, which have VIF values between 3 and 5, indicate a moderate association level with other constructs in the model. This level is generally considered acceptable and poses no significant issues for the analysis. However, it is noteworthy that the constructs KSM2 and KSM3 have VIF values above 5, specifically 5.649 and 6.269. These values suggest that these constructs are more strongly related to other variables in the model, which could influence their overall contribution to the model's explanatory power.

Table 1. VIF Analysis Results

Constructs	VIF	Constructs	VIF
MP1	1.855	OK1	2.503
MP2	2.748	OK2	3.238
MP3	2.945	OK4	3.037
MP4	3.034	OK5	2.938
MP5	2.942	OK6	2.299
MP6	2.054	OK7	2.581
KSM1	2.453	OK9	2.032
KSM2	5.649	OK1	2.503
KSM3	6.269	OK2	3.238
KSM4	3.093		

4.2. Measurement Model Evaluation

It is conducted by adopting PLS-SEM as to make sure that the criterion for the measurement's quality consists of validity and reliability assessments, which composes of a cronbach's alpha, CR, convergent validity along with discriminant validity. Study by [\[69\]](#) states that outer loadings shall be 0.708 or above based on the measurement criteria to obtain a specific model. While, for internal consistency, Cronbach's alpha and CR of each constructs has to be higher than 0.70, stating that the internal reliability of construct is persistent [\[69\]](#). Moreover, the AVE should also above 0.50, showing that the convergent validity suits the threshold value [\[69\]](#). Then, in terms of discriminant validity, the square roots of the AVE are above the correlation of constructs and thus, discriminant validity is suit [\[69\]](#).

Table 2. Reliability Analysis and Convergent Validity

Constructs	Item	Factor Loading	Cronbach's Alpha	Composite Reliability (CR)	AVE
EO	EO1	0.719	0.880	0.904	0.573
	EO2	0.752			

Constructs	Item	Factor Loading	Cronbach's Alpha	Composite Reliability (CR)	AVE
	EO3	0.763	0.914	0.933	0.700
	EO4	0.801			
	EO5	0.761			
	EO6	0.772			
	EO7	0.726			
MP	MP1	0.764	0.931	0.951	0.830
	MP2	0.853			
	MP3	0.871			
	MP4	0.878			
	MP5	0.873			
	MP6	0.774			
SMC	SMC1	0.851	0.931	0.951	0.830
	SMC2	0.940			
	SMC3	0.950			
	SMC4	0.900			

The reliability and convergent validity analysis results further strengthen the robustness of the constructs used in this study. As exhibited in [table 2](#), all items met the minimum requirement for factor loadings, with each loading factor outpaced the threshold of 0.60. It displayed that the items strongly correlate with their respective constructs, affirming their validity. Additionally, the AVE values for all constructs are above 0.5, confirming that the constructs have attained convergent validity, meaning they are well-represented by their items. The reliability of the constructs is also well-supported by the Cronbach's alpha and CR values. For the EO construct, Cronbach's alpha is 0.880, with a CR of 0.904, and an AVE of 0.573. The MP construct shows a Cronbach's alpha of 0.914, CR of 0.933, and an AVE of 0.700. The SMC construct has a Cronbach's alpha of 0.931, CR of 0.951, and an AVE of 0.830. All these values exceed the upholder threshold of 0.7 for Cronbach's alpha and CR, indicating that the constructs are reliable and consistent in measuring the intended dimensions. Overall, the results confirm that the constructs employed in this research are both valid and reliable, providing a solid foundation for the subsequent analysis. This reinforces the credibility of the findings and supports the robustness of the model in assessing the relationships between EO, SMC, and MP.

Table 3. Discriminant Validity

Constructs	EO	MP	SMC
EO	0.757		
MP	0.488	0.837	
SMC	0.353	0.329	0.911

In addition, Fornell-Larcker criterion was utilized as to measure the reliability and convergent validity, discriminant validity. [Table 3](#) shown that each construct's square root of the AVE is above the relation values between that construct and the others. Specifically, the square root of the AVE for EO is 0.757, for MP is 0.837, and for SMC is 0.911. These values are above the respective inter-construct relationships (e.g., 0.488 between EO and MP, 0.353 between EO and SMC, and 0.329 between MP and SMC). This result confirms that the constructs are recognizable and each captures an uncommon aspect of the underlying model. The estimated model is therefore valid in discriminant validity, meeting the necessary criteria for distinguishing between the different constructs used in this study. This reinforces the overall integrity of the model, ensuring that the relationships between EO, SMC, and MP are accurately represented without significant overlap or redundancy among the constructs.

4.3. Hypothesis Testing Results

Table 4 from this empirical study summarizes the inner model results, revealing several key findings and their respective path coefficients (β), T statistics, and p-values.

Table 4. Inner Model Results (Summary)

Hypothesis	Path	Coefficient	T Statistics	P Values	Results
H1	EO \rightarrow MP	0.425	8.011	0.000	Supported
H2	EO \rightarrow SMC	0.353	7.141	0.000	Supported
H3	SMC \rightarrow MP	0.179	3.405	0.001	Supported
H4	EO \rightarrow SMC \rightarrow MP	0.063	2.749	0.006	Supported

First, the analysis demonstrates EO's favorable positive direct aftermath on MP, with a path coefficient of $\beta = 0.425$, $T = 8.011$, and $p\text{-value} = 0.000$, confirming that H1 is supported. This is corresponding with preceding studies, for instance those by [71], this indicated that EO positively influences organizational performance, even within religious congregations. While some studies, like [5], argued that EO may not directly affect firm performance, the majority of research, including [14], [16], [17], [18], [19], [21], consistently found a positive and favorable association between EO and performance.

The second finding confirms that EO significantly impacts SMC, with a path coefficient of $\beta = 0.353$, $T = 7.141$, and $p\text{-value} = 0.000$, thereby supporting Hypothesis H2. This result is compatible with research that highlight the relation between EO and social network [74]. Moreover, noted by [72], EO is a concept in entrepreneurship field and has been embraced by management discipline. EO is initially consisted of three key elements: innovation, risk taking, and proactiveness [51], [73]. This suggests that firm with a strong EO is likely to take part in innovative attitude, to take risks and proactive to weary rivals.

The third finding reveals that SMC significantly impacts MP, with a path coefficient of $\beta = 0.179$, $T = 3.405$, and $p\text{-value} = 0.001$, supporting Hypothesis H3. This is persistent with earlier studies, such as [14], [26], [30], [31], which suggest that the social media utilization improves business performance. Whereas, not all study supports this positive association. [33] argue that adopting social media does not necessarily translate into enhance performance for MSMEs. Moreover, [59] suggested that market orientation enhances business performance through social media. Similarly, Additionally, [75] there was no straightforward relation between social media use in a week and GPA score. Students identified that besides social media usage, time management is a component which attracts students 'studies unfavorably. While the potential of social media, there has been limited focus on its relation to performance [33]. These differing perspectives propose that while social media can be useful for enhancing business performance, its effectiveness may vary depending on each firm's context and specific conditions.

Finally, the fourth finding demonstrates that SMC mediates the relationship between EO and MP, with an indirect path coefficient of $\beta = 0.063$, $T = 2.749$, and $p\text{-value} = 0.006$, thereby supporting Hypothesis H4. This is aligned with [76] that the utilization of social networks alone may not affect performance unless there is a foundation of trust within social networks. This suggests that social media affects performance if only there is a trust within social platform. Moreover, [77] emphasizes the significance of entrepreneurial marketing for MSME performance, noting that social platform is a crucial factor, especially in Pakistan. This underlines the meaningful of social network to enhance the influence of entrepreneurial activities on business performance. Moreover, [78] indicates that innovation is an essential link between global EO and innovation performance, with digital media as a connection that ties global business strategies to open innovation. This means that social networking is noteworthy for driving the business success. Figure 2 below visually represents the structural model, showing the relationships between EO, SMC, and MP.

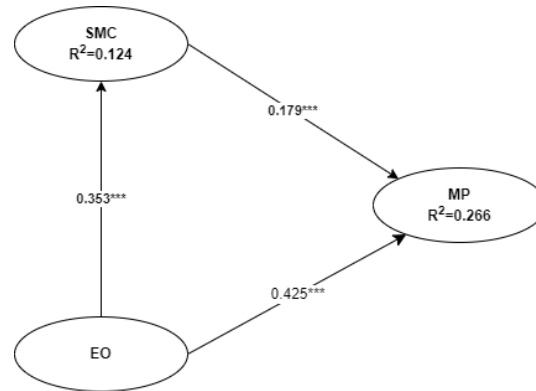


Figure 2. Structural Model Results

4.4. Testing for Mediating Effects

In this study, the Sobel analysis was employed to analyze the mediating impact of SMC in the association between EO along with MP, shown in [table 5](#).

Table 5. Mediation Testing Results

Construct	Relationship	t-value	Sobel Test
EO → SMC → MP	EO → SMC	0.353	3.06
	SMC → MP	0.179	

The Sobel test helps to determine whether the indirect impact of EO on MP throughout SMC is favorable, thereby confirming SMC as an intervening variable. Using the path coefficients from the model—where the coefficient for EO → SMC is 0.353 and for SMC → MP is 0.179—along with their respective standard errors, the Sobel test yielded a test statistic of approximately 3.06. This test statistic exceeds the crucial value of 1.96 (for a significance level of 0.05), revealing that the mediating impact of SMC is statistically favorable. This result confirms that SMC significantly mediates the correlation between EO and MP, enhancing the overall outturn of EO on MSME performance in the tourism area. In practical terms, this finding implies that while EO directly influences MP, its impact is further strengthened when MSMEs effectively leverage Social Media Capabilities. Therefore, for MSMEs in the tourism industry, developing robust social media strategies can significantly amplify the benefits of their entrepreneurial activities, leading to better overall business performance. This highlights the critical role of integrating digital tools like social media into the strategic operations of MSMEs, particularly in a customer-centric sector like tourism.

4.5. Interpretation of Findings

This study provides several critical insights into how EO, SMC, and MP interact to affect the success of MSMEs in the tourism area. The analysis demonstrated a favorable positive relationship between EO and MP, with a path coefficient (β) of 0.425 and a highly favorable p-value of 0.000. The present result underscores the importance of entrepreneurial behaviors in intensifying the MSMEs performance within the tourism sector. The significant positive affect of EO on performance suggests that these entrepreneurial qualities enable MSMEs to differentiate themselves from competitors, innovate their offerings, and effectively meet customer demands, ultimately leading to enhanced business outcomes. This result is compatible with prior study, revealing that EO is a critical determinant of firm success across various contexts. However, it also highlights EO's unique role in the tourism sector, where businesses must continuously innovate and adapt to maintain relevance and appeal to tourists. The positive association between EO and performance shows that MSMEs prioritizing entrepreneurial strategies are likely to be succussed, particularly in an industry heavily influenced by consumer preferences, market dynamics, economic fluctuations, as well as technological advancements.

The study also found that EO significantly influences SMC, with a path coefficient (β) of 0.353 and a p-value of 0.000. This suggests that MSMEs with a forceful EO are expected to evolve, as well as enhance their social platform

capabilities. The significant positive influence of EO on SMC indicates that entrepreneurial MSMEs are more proactive in leveraging social media tools to support their marketing strategies, as well as expand their reach. This finding is particularly relevant in the digital age, where social media has become indispensable to business operations, especially for MSMEs in the tourism sector. Effectively using social media can enhance a firm's visibility, create a loyal customer base, and facilitate direct communication with consumers. This proactive technique to digital engagement aligns with the broader entrepreneurial mindset of seeking new opportunities and staying ahead of the competition.

SMC was also found to have a positive and favorable effect on MP, with a path coefficient (β) of 0.179 and a p-value of 0.001. This result accentuates social media is crucial for improving business performance within the tourism sector. MSMEs that effectively utilize social media platforms are better positioned to engage with customers, increase brand visibility, and foster stronger relationships with their audience. The positive relationship between SMC and MP suggests that social media is not just a communication tool but a strategic asset that can drive business success by facilitating customer interaction, improving marketing effectiveness, and boosting sales and profitability. The prominence of social media in the tourism area shall not be exaggerated, as travelers increasingly rely on online platforms for information, recommendations, and booking decisions. MSMEs with strong social media capabilities can capitalize on these trends by creating compelling content, engaging with customers in real-time, and leveraging customer feedback to improve their offerings. This ability to connect directly with consumers and build a community around the brand is precious in the tourism sector, where personal experiences and word-of-mouth recommendations significantly influence purchasing decisions. Thus, the positive impact of SMC on MP underscores the need for MSMEs to invest in and prioritize their social media strategies as a key element of their overall business operations.

Eventually, this analysis confirmed the mediating role of SMC in the relationship between EO and MP, with an indirect path coefficient (β) of 0.063 and a p-value of 0.006. It proposes that while EO directly enhances MSME performance, its effect is amplified when firms develop strong social media capabilities. It means that the positive affect of EO on performance is partially mediated by usage of social media in the business. It indicates that social platform provides as a bridge that connects entrepreneurial behaviors with enhanced business outcomes, particularly in the tourism sector. This mediating effect highlights the synergistic relationship between EO and digital capabilities. MSMEs that combine a strong entrepreneurial mindset with effective social media strategies are more likely to achieve superior performance outcomes. The ability to innovate, take risks, and proactively engage with customers through social media enhances the overall impact of entrepreneurial activities, leading to better market positioning, increased customer loyalty, and improved financial performance. This finding reinforces the importance of integrating digital tools into the broader strategic framework of MSMEs, particularly in an industry as dynamic and customer-driven as tourism.

While this research offers valuable wisdom into the relationships between EO, SMC, and MP, several limitations should be acknowledged. Firstly, the study was done with a specific sample of MSMEs in the tourism sector, which may restraint the ineligibility of the results to other industries or regions. Forthcoming study could benefit from a bigger and more various sample to magnify the relevance of the results over different contexts. Secondly, the cross-sectional technique restricted the capability to draw conclusions about causality in the relationships. Longitudinal studies however that track the evolution of these relationships would determine a greater inclusive understanding of how EO, SMC, and MP interact over time. Thirdly, self-reported data may introduce biases like social desirability or inaccurate reporting. Although efforts were made to mitigate these biases, future research could incorporate more objective performance metrics to validate the findings. Additionally, the study focused specifically on SMC as a mediating between EO and MP. While this is an important aspect of digital capabilities, other factors such as digital literacy, technology adoption, and innovation practices could also significantly mediate these relationships. Future research could explore these additional variables to offer a more complete perspectives of the elements effecting MSME performance. Fourthly, the regional context in which the study was conducted may have influenced the findings. Therefore, the results may vary in different regional settings, and future research could explore these dynamics in a broader range of regional contexts.

5. Conclusion

This research provides critical wisdoms into the relationships between EO, SMC, as well as MP in the tourism sector in DKI Jakarta Province, Indonesia. The findings confirm that EO is important for enhancing MSMEs performance in

the tourism industry. This is particularly evident as EO directly influences MSME performance by fostering innovation, proactiveness, and risk-taking behaviors essential for navigating the competitive and dynamic environment of the tourism sector. Moreover, the study highlights the significant impact of SMC as both a direct benefactor to MSME performance and as a mediator in the relation between EO and MP. The results show that MSMEs with strong social media capabilities are better positioned to engage with customers, enhance brand visibility, and achieve superior performance outcomes. This underscores the weightiness of assimilating social media into the strategic operations of MSMEs, especially in an industry where customer engagement and digital presence are increasingly vital. The intervening role of SMC in the EO-MP relationship suggests that the benefits of entrepreneurial orientation are amplified when MSMEs effectively leverage social media. This finding highlights the synergistic relationship between entrepreneurial behaviors and digital capabilities. MSMEs can significantly enhance their market positioning, customer loyalty, and overall financial performance by combining a strong entrepreneurial mindset with robust social media strategies. However, this study also acknowledges several limitations, including the focus on a specific sample within the tourism sector, the cross-sectional design, and the conviction in self-reported data, which may affect the inevitability and certainty of the findings. Forthcoming study could address these limitations by expanding the sample size, exploring longitudinal data, and incorporating additional mediating variables such as digital literacy and technology adoption to present a more extensive apprehending of the factors effecting MSME performance in various contexts.

6. Declaration

6.1. Author Contributions

Conceptualization: R.P., P.S., A.A., and A.M.; Methodology: A.A.; Software: P.S.; Validation: R.P. and A.M.; Formal Analysis: R.P., P.S., A.A., and A.M.; Investigation: R.P.; Resources: A.M.; Data Curation: A.A.; Writing Original Draft Preparation: R.P., P.S., A.A., and A.M.; Writing Review and Editing: A.A., P.S., R.P., and A.M.; Visualization: P.S.; All authors have read and agreed to the published version of the manuscript.

6.2. Data Availability Statement

The data presented in this study are available on request from the corresponding author.

6.3. Funding

The authors received no financial support for the research, authorship, and/or publication of this article.

6.4. Institutional Review Board Statement

Not applicable.

6.5. Informed Consent Statement

Not applicable.

6.6. Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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