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Entrepreneurship and Market Orientation as Determinants of MSMEs Performance in West Sumatra with Social Media as a Moderating Variable

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in supporting economic growth, improving community welfare, and creating employment opportunities. However, the COVID-19 pandemic significantly disrupted MSME performance, requiring business actors to strengthen entrepreneurial orientation, market orientation, and the use of digital tools such as social media. This study aims to analyze the effect of entrepreneurial orientation and market orientation on MSME performance in West Sumatra and to examine the moderating role of social media. This study uses a quantitative approach with survey data collected from 115 MSME owners across four cities in West Sumatra. The data were analyzed using Structural Equation Modeling based on Partial Least Squares (SEM-PLS). The results show that entrepreneurial orientation has a positive and significant effect on MSME performance ($\beta = 0.299$; $p = 0.003$), and market orientation also has a positive and significant effect ($\beta = 0.282$; $p = 0.000$). However, social media does not significantly moderate the relationship between entrepreneurial orientation and performance ($\beta = 0.121$; $p = 0.473$), nor between market orientation and performance ($\beta = 0.203$; $p = 0.209$). These findings indicate that entrepreneurial and market orientations are key drivers of MSME performance, while social media has not been optimally utilized as a strategic tool to enhance business outcomes.

INTRODUCTION

The existence of MSMEs contributes to the realization of sustainable development programs, particularly in terms of economic growth, improved community well-being, the preservation of local wisdom, and environmental conservation. The primary contributions of MSMEs are reflected in increases in gross domestic product (GDP), the creation of new job opportunities, income growth, and the generation of new income (Juanda et al., 2023). The percentage contribution of MSMEs was 58.05% of GDP at current prices in 2018, then increased to 59.08% in 2019 (Firdausya et al., 2023). Small and medium enterprises (MSMEs) have the potential to become a pillar of the national economy, having already grown significantly before the COVID-19 pandemic. In 2018, the number of MSMEs was 57.9 million, but in 2019, it increased to 67.4 million (Mayasari, 2023).

The number of SMEs has increased in every region in Indonesia, such as in West Sumatra, where the SME sector is the most prominent in driving the regional economy (Yuzaria, 2021). The economy of the people in West Sumatra is still driven by businesses such as crackers and their variants, embroidery and needlework, cakes and snacks, tofu and tempeh, furniture, printing, and other businesses. Although these commodities are leading commodities in the region, the government is helping to develop SME businesses. However, the types of businesses engaged in by SME players are mostly in the home industry, which is labor-intensive and uses low technology compared to manufacturing industries such as clothing and material processing.

The COVID-19 pandemic has halted the growth of SMEs, forcing them to do business with various limitations compared to before the pandemic (Nenengsih & Muslim, 2024). Restrictions on community activities disrupted sales stability. In such circumstances, SMEs had to take entrepreneurial steps, such as changing and refocusing innovation resources to find actionable insights, making the right choices for goods production or service delivery processes, and adjusting their business models to meet the needs of new customers and employees (Winarsih, 2024).

SME players need an entrepreneurial orientation to face increasingly competitive competition, especially during the transition from the COVID-19 pandemic (Tiswarni, 2023). Superior and sustainable business players can grow and succeed thanks to their entrepreneurial orientation. Business players, especially entrepreneurial SMEs, have the ability to seize market and creative opportunities. SMEs need the courage to continue innovating, such as trying new products or supporting new ideas that keep up with the times (Marlina & Nurhayati, 2020). When it comes to market orientation, SMEs themselves are often unclear (Setyawati, H. A. (2013). SME entrepreneurs are often tempted by existing businesses, which creates uncertainty about the market orientation they will pursue when running their businesses.

Market oriented parties will seek information to meet current and future customer needs quickly and accurately. Business performance is measured not only by financial gains, but also by non-financial achievements such as customer satisfaction, loyalty, and business sustainability (Umar, 2022). Therefore, market orientation must be used by SMEs as a tool to collect, disseminate, and apply information to meet customer needs and to find out how competitors use information. A business culture known as market orientation enables companies to create value

for customers and trigger innovation in every business action (Na, Y. K., Kang, S., & Jeong, H. Y, 2019).

Previous studies have shown that entrepreneurial orientation has a positive effect on SME performance (Ananta Yudiarso, et al., 2019). Similarly, market orientation has been shown to improve business performance (Ekaterina Protcko & Dornberger, 2014). However, most of these studies have not considered the role of digital technology, particularly the use of social media, as a factor that can strengthen the relationship between entrepreneurial orientation and market orientation on MSME performance.

Although MSMEs in West Sumatra play an important role in supporting the regional economy, most businesses still face various limitations such as low technology adoption, lack of market orientation, and suboptimal use of social media to support marketing activities. These conditions have led to suboptimal business performance, especially during the post-pandemic transition period. Therefore, this study attempts to examine the effect of entrepreneurial orientation on the performance of small and medium enterprises, as well as the effect of market orientation on the performance of small and medium enterprises. Furthermore, it tests the relationship between social media as a moderating variable in relation to entrepreneurial orientation on the performance of small and medium enterprises and the relationship between social media as a moderating variable in relation to market orientation on the performance of small and medium enterprises.

CONCEPTUAL FRAMEWORK

Entrepreneurial Orientation

Entrepreneurial orientation is a corporate (business) attitude that can be used as a strategic resource with the potential to generate a competitive advantage in the industry. The potential in entrepreneurial orientation can be used as a driver or pioneer for the company's ability to innovate and has an impact on business performance (Poudel et al., 2012). The key to increasing profitability for a business can come from entrepreneurial orientation. SMEs that use or improve their entrepreneurial orientation will have better performance when compared to those that do not (Taylor, 2013). Entrepreneurial orientation is a process through which organizations go through in forming strategies by making companies (organizations) take actions and decisions based on entrepreneurship (Lumpkin & Dess, 1996; Wiklund & Shepherd, 2003; in Rauch et. al., 2004). Meanwhile, according to Porter (2008) in Sinarsari (2013) entrepreneurial orientation can be interpreted as a strategy (strategic benefit) of a company in business competition in the same market. Furthermore, MatchabaHove & Vambe (2014) explained that the ability to adopt an entrepreneurial orientation in business can be identified from three dimensions: the company's ability to innovate, take risks, and act proactively in response to change. Then, Lumpkin & Dess (1996) added two aspects (dimensions) to refine the opinions of previous experts: competitive aggressiveness and business autonomy.

Market Orientation

Market orientation can be a reflection of a company in creating customer satisfaction by paying attention to customer needs and desires and becoming a principle in organizing within the company (Baker and Sinkula, 2008). Market orientation is very valuable, rare, non-

exchangeable and also cannot be imitated perfectly by others, which is one of the capabilities of each company's internal and potential resources that can create a company's competitive advantage (Zhou et al., 2008). According to Narver & Slater (1990) market orientation is a culture in an organization that is effective and efficient in creating the actions needed to produce the best value for customers and company performance that is able to excel in business competition. Market orientation can be defined as an action that identifies and understands customer needs that are superior to its competitors (Shehu, 2014). Furthermore, according to Narver and Slater (1990), the application of market orientation in a company takes the form of actions starting from focusing on customer desires (customer orientation), understanding competitors (competitor orientation), and integrating it into all lines of the company to create superior value for customers (interfunctional coordination).

Social Media

In line with the development of information technology, social media has become an important part as a means of promotion, marketplace, payment and delivery to consumers. The use of social media can offer opportunities to maximize the benefits of a company's information technology resources, network capabilities, knowledge/information sharing between companies and consumers. Social media is a link between the public/consumers and companies based on text, images, sound, video information (Philip 2016). According to Adebayo (2016), social media can be a potential that can help companies at various stages of business development by improving social networks.

SME Performance

The difficulty in determining a single measure capable of explaining SME performance has led researchers to often use a subjective approach in empirical research that focuses on the perceptions of SME owners regarding performance. Operational performance dimensions are currently considered appropriate for measuring performance (Bayraktar et al., 2009), namely: optimization of production processes, especially in reducing waiting times, accuracy in experience, efficiency in resource use, operational efficiency, efficiency in inventory levels, and more accurate and economical financing. Furthermore, according to Merrilees et al. (2010), business performance in SMEs can be measured based on marketing and financial performance achievements. Therefore, to anticipate the unavailability of objective company performance data in a study, it is possible to use subjective performance measures based on the perceptions of SME owners.

RESEARCH METHOD

This study employed quantitative research, this approach is based on the positivist paradigm and is used to study specific populations or samples. It detailed each variable, symptom, or condition using data collected from a questionnaire. It is hoped that the data and information gathered using this technique can be used to explain the phenomenon (Justan & Aziz, 2024). The sampling method is usually done randomly, data is collected using research instruments, and the aim of the research is to test a predetermined hypothesis (Rachmawati,

2007). Compared to other districts/cities in West Sumatra, four cities were selected because they have the most SMEs from various industries (Nenengsih & Muslim, 2024). This study used purposive sampling, which is a method of non-probability sampling. Respondents were selected from micro, small, and medium enterprises (MSMEs) in West Sumatra that had been operating for at least one year and were well known in the community (Chaves & González, 2013).

This study was conducted in West Sumatra, and the population consisted of all SME actors engaged in the region's leading industries, including crackers and similar products, embroidery, snacks/cakes, tofu/tempeh production, furniture, printing, and others, with a total of 61,331 units. From the 19 districts/cities in West Sumatra, four cities were selected that had the highest number of SMEs from various industrial sectors among the other districts/cities. The sampling technique used was nonprobability with a purposive sampling method. The samples in this study were entrepreneurs who owned leading sector SMEs in West Sumatra that had been operating for more than one year. In this case, the number of samples taken from each regency/city was based on the needs and considering the number of SMEs owned.

City-Wide Study

Table 1. City-Wide Study

No	City	Number of SMEs	Purposive Sampling
1.	Padang	2885	30
2.	Bukittingi	3227	35
3.	Padang Panjang	987	25
4.	Solok	1368	25
	Total	8467	115

To achieve the objectives of this study, Structural Equation Modeling (SEM) was used with the PLS application. The analysis method in this study was SEM because it can analyze independent variables and moderating variables partially and simultaneously. The SEM method is more valid and is used to provide complete information about the relationships between constructs and indicators as well as the relationships between constructs that are hypothesized simultaneously. In this study, SEM analysis uses the PLS application because this study uses constructs with reflective indicators, or indicators that originate from constructs to indicators. This method is considered more valid and provides comprehensive information about the relationship between constructs and indicators, as well as the hypothesized relationship between constructs (Dedi, 2023). Because this study uses constructs with reflective indicators or indicators pointing towards constructs, SEM analysis was performed using the PLS application (Muflih & Juliana, 2021). Structural Equation Modeling (SEM) is a type of multivariate analysis that can look at more complex relationships between variables. This study used SEM for data processing (Nurhalizah et al., 2023). This approach allows for a more comprehensive and systematic explanation of the causal relationship between exogenous and endogenous variables (Fernanda et al., 2022).

Table 2. Description of Research Variables

No	Variable	Definition	Indicator	Measurement
1.	Entrepreneurship Orientation	It is one of the processes of business strategy formation that enables companies to take entrepreneurial actions and decisions. (Lumpkin & Dess, 1996).	1. Innovators from other businesses 2. Promoting innovative new products 3. Taking action to anticipate the market 4. Seeking new opportunities in response to market changes 5. Striving to position oneself amid all changes 6. Gambling as part of business strategy 7. Business strategy by seizing opportunities	Likert scale
2.	Market Orientation	Corporate culture/behavior that identifies and understands customer needs in order to provide greater customer satisfaction than competitors. (Shehu, 2014).	1. Willingness to understand customers 2. Willingness to monitor competitors 3. Seeking information about market conditions	Likert scale
3.	Use of Social Media	Media that serves as a link between the public/consumers and companies based on text, images, sound, and video information. (Philip 2016).	1. Using social media to promote products 2.Evaluating marketing performance with feedback from social media 3.Finding new customers through social media	Likert scale

			4. Using social media to explain products 5. Using social media to find competitors	
4.	SME Performance	Business performance in SMEs can be measured based on marketing and financial performance achievements. (Merrilees, 2010)	1. Sales growth 2. Revenue growth 3.Business productivity	Likert scale

RESULT AND DISCUSSION

Result of research questionnaires that were distributed to 115 respondents who are business owners or business decision makers in 4 cities in West Sumatra. This data is used as an overview of the distribution of respondents based on business type, length of business, gender of decision makers, and age of decision makers.

Table 3. The Characteristics Based on Business Type:

Percentage of Business Types	
Embroidery	8,69%
Cakes/Food	32,18%
Furniture	8,69%
Printing	27,83%
Cafe	5,23%
Snacks	2,6%
Others	14,78%
Total	100%

Source: Processed data (2025)

Based on the data in the table, it can be seen that the most common type of business among the respondents in this study is food or pastry businesses, followed by printing businesses. This indicates that the majority of MSME operators involved in the study operate in business sectors related to daily consumer products and production services that have relatively high demand among the public. The food or pastry business is one of the rapidly growing SME sectors because the products have a broad market and relatively high consumption rates. Additionally, this business is relatively easy to operate with modest capital and can be conducted on a household scale. Therefore, it is not surprising that many SME operators choose this type of business as their primary source of income.

Meanwhile, printing businesses are also among the most common types of businesses operated by MSMEs. These businesses typically offer a variety of services, such as printing

invitations, brochures, banners, and other promotional materials that are in high demand among the general public and other businesses. In addition, social media also enables business owners to build closer relationships with customers through faster and more responsive communication. Through promotions, customer testimonials, and product information shared online, MSME owners can boost consumer trust and expand their marketing networks. Therefore, the use of social media has become a key strategy for MSME owners particularly in the food/bakery and printing industries to increase their customer base and grow their businesses.

Table 4. The Characteristics Based on Business Duration:

Percentage of Business Types	
>15 Years	18%
10-15 Years	11%
5-10 Years	30%
>1- <5 Years	41%
Total	100%

Source: Processed data (2025)

Based on the data in the table, it can be seen that the majority of respondents in this study have been in business for between more than one year and less than five years. This indicates that most of the MSME owners who participated in the survey are at a relatively developed stage of their business or are in the process of strengthening their operations. This business duration range also indicates that the majority of MSME owners have been operating their businesses both before and during the COVID-19 pandemic. The pandemic posed significant challenges for business owners, particularly regarding product marketing and distribution. Restrictions on public activities during that period led many business owners to experience a decline in sales due to reduced direct interaction with consumers.

In this situation, MSME operators are required to adapt to changing marketing trends that rely more heavily on digital technology, particularly the use of social media as a means of promoting and selling products. Social media has become an effective alternative for business operators to continue reaching consumers despite restrictions on in-person activities. Through social media platforms, business operators can introduce products, provide information to consumers, and communicate directly with customers. In addition, the use of social media also allows MSME owners to expand their market reach without incurring significant marketing costs. This is particularly important for businesses still in their growth phase, such as those that are one to five years old. By making optimal use of social media, MSME owners can increase product visibility, expand their customer base, and ensure business sustainability amid uncertain economic conditions.

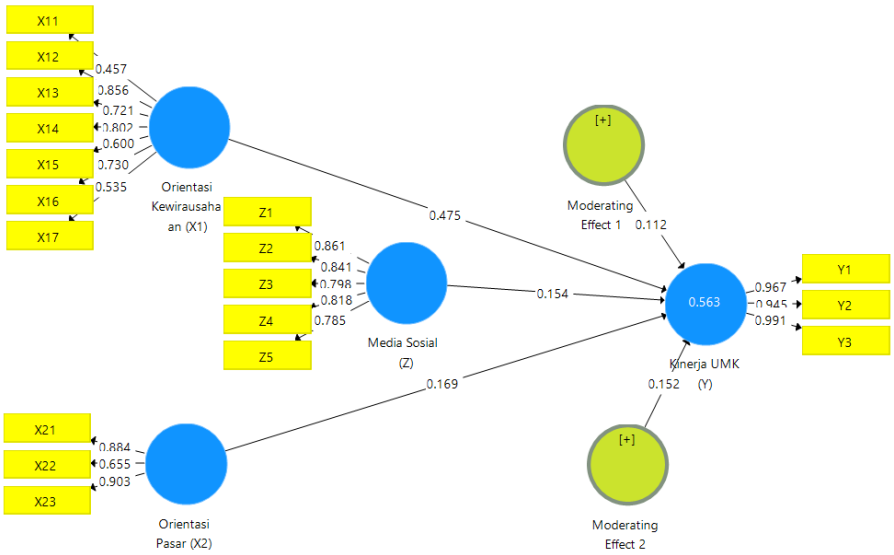
Thus, the characteristics of respondents whose businesses have been in operation for one to five years indicate that they are entrepreneurs who have weathered the pandemic and have been able to adapt to changes in the business environment, particularly by leveraging social media as a marketing and business development strategy.

Measurement Model Analysis (Outer Model)

Validity testing is an examination conducted to determine whether a measuring instrument is authentic or not. The measuring instruments referred to here are the questions in a questionnaire. A questionnaire is considered valid if each question in it is able to represent the concept to be measured. Therefore, the validity test aims to assess the extent to which the research instrument can measure the variables that should be measured. The validity of the instrument can be evaluated through the following indicators**.**

Convergent Validity

In a journal written by Wenda Wahyu Christianto and Mardi Astutik, states that the correlation between reflective indicator scores and latent variable scores is known as convergent validity. External load values or factor load values are used to evaluate convergent validity. If the external load value is greater than 0.5, convergent validity is considered positive. In this study, the use of a cutoff value of ≥ 0.50 was based on the consideration that the model used is still in the development stage, as well as to ensure that the indicators adequately represent the construct under study. Furthermore, the test results indicate that the AVE and construct reliability values met the criteria, so indicators with loadings above 0.50 should be retained. The external load values for each research variable indicator are listed below:



Source: Processed data (2025)

Based on the results of the outer loading analysis, it can be seen that most of the indicators in this study have factor loadings that meet the validity criteria. In the measurement model analysis using the Partial Least Squares (PLS) method, an indicator is considered valid if it has an outer loading value of ≥ 0.70; in some exploratory studies, a value above 0.50 is still acceptable. These values indicate that the indicators are capable of representing the constructs or latent variables being measured. However, the analysis results show that there is one indicator that does not meet the validity criteria, namely the "Innovator from other businesses (X1.1)" indicator in the entrepreneurial orientation variable. This indicator has an outer loading value of 0.463,

which is below the required minimum threshold. This indicates that the indicator is insufficient in explaining the entrepreneurial orientation variable in this study.

The low outer loading value for this indicator may be attributed to the fact that the majority of respondents' answers fell into the "disagree" (DS) and "strongly disagree" (SD) categories. This indicates that most of the MSME owners surveyed in this study do not view themselves as innovators or business pioneers who can serve as role models for other businesses. In other words, respondents do not yet view themselves as business actors who play the role of role models or drivers of innovation within their business environment.

This situation is understandable given that the majority of respondents are SME actors with relatively small-scale businesses that are still in the business development stage. At this stage, business actors tend to focus more on business sustainability and meeting market needs, rather than creating innovations that can serve as a benchmark for other business actors.

Based on these results, to improve the quality of the research model, indicator X1.1 needs to be removed from the measurement model. Removing invalid indicators is a common step in PLS-SEM analysis to ensure that each indicator used is truly capable of representing the construct being measured. After this indicator is removed, the analysis can proceed to test the validity and reliability of the overall research model. Thus, the measurement model evaluation process indicates that most of the indicators in this study have met the validity criteria, so the research model can proceed to the next stage of analysis after removing the invalid indicators.

Discriminant Validity

Discriminant validity can be determined by looking at the Average Variant Extracted (AVE) value, provided that the value for each indicator is >0.5 for a good model.

Table 5. Discriminant Validity

Variabel	Average Variance Extracted (AVE)
Entrepreneurship Orientation (X1)	0.545
Market Orientation (X2)	0.675
MSMEs Performance (Y)	0.937
Social Media (Z)	0.674

Source: Processed data (2025)

Based on the results of the data analysis shown in the table, it can be seen that all variables in this study have Average Variance Extracted (AVE) values above the required minimum threshold. In measurement model analysis using the Partial Least Squares (PLS) method, the AVE value is used to measure convergent validity, that is, the extent to which the indicators within a variable are able to explain the construct being measured. A variable is said to meet the criteria for convergent validity if it has an AVE value greater than 0.50. The results of the study indicate that the Entrepreneurial Orientation variable (X1) has an AVE value of 0.545, meaning that more than 54.5% of the variance in the indicators used explains the entrepreneurial orientation construct. This suggests that the indicators used for this variable have adequately represented the concept of entrepreneurial orientation in this study.

Furthermore, the Market Orientation variable (X2) obtained an AVE value of 0.675, indicating that the indicators used account for 67.5% of the variance in the market orientation construct. This value indicates a fairly strong level of validity, suggesting that the indicators used effectively capture the concept of market orientation within the context of this study on SMEs. For the SME Performance variable (Y), an AVE value of 0.937 was obtained, indicating that nearly all of the indicator variance explains the business performance construct. This very high AVE value indicates that the indicators used to measure SME performance possess excellent levels of consistency and validity.

Meanwhile, the Social Media variable (Z) yielded an AVE value of 0.674, indicating that approximately 67.4% of the indicator variance can explain the social media usage construct. This suggests that the indicators used have adequately represented the social media variable in this study.

Overall, the results of the analysis indicate that all variables in this study have an AVE value above 0.50; therefore, it can be concluded that the measurement model meets the criteria for convergent validity. With these criteria met, the indicators used in this study are deemed capable of adequately representing the variables under investigation, allowing the analysis to proceed to the structural equation modeling stage to test the relationships among the study variables.

Reliability Test

When a measuring instrument is used two or more times on the same phenomenon with the same measuring instrument, the instrument is said to be reliable if it produces the same results even after repeated measurements. This is called reliability.

Composite Reliability

The reliability level of an indicator on a variable is measured using composite reliability. Through this test, the consistency and reliability level of a construct can be determined more accurately. If the instrument is proven to be reliable, composite reliability can be said to be consistent, that is, if all composite reliability variables are greater than 0.6. The composite reliability values for each variable used in this study are shown here.

Table 6. Composite Reliability

Variabel	Composite Reliability
Entrepreneurship Orientation (X1)	0.875
Orientation Market (X2)	0.860
MSMEs Performance (Y)	0.978
Social Media (Z)	0.912

Source: Processed data (2025)

Based on the data analysis results shown in the table, it can be seen that all variables in this study have reliability values greater than 0.6. In measurement model analysis, reliability is typically measured using Cronbach's Alpha or Composite Reliability to determine the level of internal consistency of the indicators used to measure a construct or latent variable. Generally, a

variable is considered reliable if it has a reliability value above 0.60. This value indicates that the indicators used in the study have a good level of consistency in measuring the variable under investigation. In other words, each indicator used is capable of providing stable and consistent measurement results.

The fulfillment of these reliability criteria indicates that the research instrument used is sufficiently sound and suitable for further analysis. Thus, the measurement model in this study has met the reliability requirements, allowing the analysis to proceed to the next stage: structural equation modeling to examine the relationships among the research variables. Overall, these results indicate that the constructs under study exhibit a good level of consistency, meaning that the data obtained from respondents can be used to explain the relationships among the variables in this study with a sufficient level of confidence.

Cronbach Alpha

Cronbach's Alpha value is a lower limit measure used to assess the reliability level of a construct and reinforce composite reliability testing. In a journal written by Wenda Wahyu Christiyanto and Mardi Astutik, citing Solimun, it is explained that a variable can be considered reliable if it has a Cronbach's Alpha value greater than 0.7. The Cronbach's Alpha values for each variable in this study are presented as follows.

Table 7. Cronbach Alpha

Variabel	Cronbach's alpha
Entrepreneurship Orientation (X1)	0.826
Orientation Market (X2)	0.785
MSMEs Performance (Y)	0.966
Social Media (Z)	0.880

Source: Processed data (2025)

The Cronbach's alpha values for each variable are all greater than 0.7, as shown in the data in Table 4.8. Consequently, it can be concluded that each research variable has met the requirements to be considered reliable. Structural Model Analysis (Inner Model) and Model Quality (R-Square) were conducted to determine the extent of the influence of endogenous variables, namely the variables affected, on the results of the tests that had been carried out. Through this analysis, the ability of independent variables to explain dependent variables in the research model can be determined. The R-Square value criteria used as a reference for assessment are as follows: A model is categorized as strong (substantial) if it has an R^2 (Adjusted) value of 0.75. A model is categorized as moderate if it has an R^2 (Adjusted) value of 0.50. A model is categorized as weak if it has an R^2 (Adjusted) value of 0.25.

Table 8. R-Square

Variabel	R Square	R Square Adjusted
MSMe Performance	0.512	0.498

Source: Processed data (2025)

Based on the table above, the R-Square value in Table 4.9 is R-Square in the UMK Performance variable of 0.512. This result shows that the MSMEs Performance variable is influenced by Entrepreneurial Orientation and Market Orientation with a value of 51.2% or can be stated as a substantial (Moderate) model because it is < 0.75.

Hypothesis Testing

Path Coefficient

The influence of two different variables is indicated by positive path coefficient values, which show that the influence of each variable moves. The relationship is unidirectional, where an increase in one variable will be followed by an increase in the other variable. Conversely, if the value of one variable decreases, the value of the other variable also tends to decrease.

Table 9. Probability/significance value (P-Value)

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
Social Media (Z) -> MSMEs Performance (Y)	0.233	0.205	0.101	2.315	0.021
Entreperneur Orientation (X1) -> MSMEs Performance (Y)	0.299	0.32	0.099	3.013	0.003
Orientation Market (X2) -> MSMEs Performance (Y)	0.282	0.252	0.078	3.588	0

Source: Processed data (2025)

The impact of social media on MSME performance is confirmed by a path coefficient value of 0.233 (positive) and a P value of 0.021, suggesting that the influence of social media on MSME performance is not only positive but also statistically significant. Entrepreneurial Orientation on SME Performance was found to have a path coefficient value of 0.299 (positive) and a P value of 0.003, which means that the influence of Entrepreneurial Orientation on SME performance is positive and significant.

Moderated Regression Analysis

This method is applied to examine how the moderating variables can change the strength of the relationship between the independent variables and the dependent variables. Here are the criteria for testing:

If the P value is > 0.05, the result is not significant, which means that the moderator variable does not play a role in moderating the relationship between the exogenous and endogenous variables.

If the P value is < 0.05, then the result is significant, indicating that the moderator variable plays a role in moderating the relationship between the exogenous and endogenous variables, either by strengthening or weakening the relationship.

Table 9. Moderating Variables

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics	P Values
Moderating Effect 1 -> MSMEs Performance (Y)	0.121	0.033	0.168	0.719	0.473
Moderating Effect 2 -> MSMEs Performance (Y)	0.203	0.186	0.161	1.257	0.209

Source: Processed data (2025)

Based on the table above, it can be concluded that, social media acts as a moderating variable in the relationship between entrepreneurial orientation and MSME performance, as indicated by a positive coefficient of 0.121. This indicates that the existence of social media tends to strengthen the relationship between entrepreneurial orientation and MSME performance. However, statistically, this effect is not significant, as seen from the p-value of 0.473. The moderating role of social media in the relationship between market orientation and MSME performance is indicated by a positive coefficient of 0.203. This result shows that social media has the potential to strengthen the influence of market orientation on MSME performance. However, statistically, this effect is not significant because the p-value is 0.209.

The Effect of Entrepreneurial Orientation on MSMEs Performance

In this study, the results of hypothesis testing indicate that entrepreneurial orientation has a positive and significant effect on the performance of SMEs in West Sumatra, with a path coefficient of 0.299, a t-statistic of 3.013 and a P-value of 0.003. These results suggest that the higher the level of entrepreneurial orientation among business owners, the better the business performance. Theoretically, entrepreneurial orientation reflects a company's ability to be innovative, proactive, and willing to take risks in the face of dynamic business environments. According to (G. T. Lumpkin and Gregory G. Dess, 2005) entrepreneurial orientation is a critical strategy that enables organizations to create new opportunities and enhance competitive advantage in dynamic markets.

The results of this study also reinforce the findings of previous research indicating that an entrepreneurial orientation plays a significant role in improving business performance. Research conducted by (Zhang Yong, 2012) indicates that business owners with high levels of innovation, risk-taking, and proactivity tend to achieve better business performance compared to those with lower levels of entrepreneurial orientation. Similarly, research by Jonathan P. Wales explains that entrepreneurial orientation enables companies to be more responsive to market changes and capable of creating product and service innovations that align with consumer needs.

Analytically, the results of this study indicate that SME entrepreneurs in West Sumatra who possess an entrepreneurial orientation tend to be more adaptable in responding to changes in the business environment, particularly following the pandemic. An innovative mindset enables entrepreneurs to develop new products or services that better align with market needs.

Additionally, a proactive attitude encourages entrepreneurs to more actively seek out market opportunities and build stronger relationships with customers. Meanwhile, a willingness to take risks enables business owners to try new business strategies, including the use of digital technologies such as social media in marketing activities.

These findings are consistent with the study conducted by Zhang (2012), which reported a strong and positive relationship between entrepreneurial orientation and SME performance. Entrepreneurial practices within SMEs contribute to the creation of new ventures and the expansion of customer bases, as entrepreneurs tend to embrace a broad and inclusive market orientation as part of their strategic approach. Moreover, organizations characterized by proactiveness, risk-taking behavior, and openness to innovation core dimensions of entrepreneurial orientation are better positioned to enhance their overall performance (Wales et al., 2013).

For this reason, entrepreneurs need to adapt to a competitive environment by innovating, which means starting to adopt new technologies or making maximum use of features available on social media. Entrepreneurs who are innovative can also have better products because, in the process, customers are actively involved in the development of new products. Being adaptive is a core component of organizational culture, resulting in organizations that want to use new technologies such as social media to achieve a first-mover advantage that will be related to social media performance. Risk-taking also needs to be considered by entrepreneurs; potential opportunities need to be utilized as best as possible, and in its application, it will prevent the perception of losing power within an organization. Entrepreneurs also need to adopt a proactive attitude, such as being willing to listen to and respond to comments or feedback from consumers about products and services on social media platforms. This feedback will become information that the organization will turn into effective customer responses, which will then increase social media performance.

Thus, an entrepreneurial mindset serves not only as a personal trait of business owners but also as a strategic factor that can enhance business competitiveness and sustainability. In the context of MSMEs in West Sumatra, an entrepreneurial mindset can help business owners be more responsive to market changes, enhance product innovation, and leverage digital technology to expand their marketing reach. Therefore, strengthening an entrepreneurial mindset is a key factor in improving the sustainable performance of MSMEs.

The Effect of Market Orientation on MSMEs Performance

The hypothesis testing results reveal that market orientation has a path coefficient of 0.282 with a p-value of 0.000, leading to the acceptance of the proposed hypothesis. This indicates that market orientation exerts a positive and statistically significant influence on the performance of SMEs in West Sumatra. In practical terms, SMEs that place greater emphasis on understanding and responding to market dynamics tend to achieve superior business outcomes.

Market orientation can be understood as a strategic approach that prioritizes the identification of customer needs through systematic market analysis, product innovation, and effective promotional activities (Kansal & Bansal, 2018). Empirical evidence suggests that MSMEs implementing a strong market-oriented strategy generally outperform those that do not adopt

such an approach (Sriayudha et al., 2020; Udriyah et al., 2019). In this regard, market orientation serves as a critical driver of organizational performance, functioning as a key determinant in shaping the success of micro, small, and medium-sized enterprises.

The results of the hypothesis testing on the effect of the market orientation variable on SME performance showed a path coefficient of 0.299 and a P-value of 0.000, which means that H2 is accepted. This indicates that the market orientation variable has a positive and significant effect on business performance among SMEs in West Sumatra. Market orientation refers to a business strategy focused on meeting customer needs and desires through market research, product development, and promotion (Kansal & Bansal, 2018). MSMEs that adopt market orientation strategies tend to perform better than those that do not (Sriayudha et al., 2020; Udriyah et al., 2019). Market orientation has a positive effect on business performance (Y. Li et al., 2008; Naidoo, 2010). It is a significant driver of company performance. Predictors—market orientation plays a crucial role in shaping the outcomes of micro, small, and medium-sized enterprises (Wójcik-Karpacz et al., 2021).

Social Media Moderates the Relationship Between Entrepreneurial Orientation and SME Performance

Regarding the moderating role of social media, the hypothesis testing results show a path coefficient of 0.121 with a p-value of 0.473. Although the coefficient is positive—indicating that social media tends to strengthen the relationship between entrepreneurial orientation and SME performance the effect is not statistically significant. This finding suggests that, in the context of SMEs in West Sumatra, social media utilization has not effectively enhanced the impact of entrepreneurial orientation on business performance, even in the post-COVID-19 period.

According to Kohli et al. (2015), social media platforms facilitate broader access to information and enable multidirectional communication, allowing consumers not only to receive brand messages but also to provide feedback to firms and interact with other users. Similarly, studies by Kim and Ko (2012) and Habibi et al. (2014) indicate that growing firms leverage social media to reinforce brand communication and gain deeper insights into customers, competitors, and market trends. However, the present findings imply that SME actors in West Sumatra have not yet optimized social media as a strategic tool to support entrepreneurial orientation in a way that significantly improves their business performance.

The hypothesis testing results indicate that the moderating effect of social media on the relationship between market orientation and SME performance yields a path coefficient of 0.203 with a p-value of 0.209. Although the coefficient is positive—suggesting that social media tends to enhance the influence of market orientation on business performance—the effect is not statistically significant. This implies that, in the context of SMEs in West Sumatra, the utilization of social media has not substantially strengthened the impact of market-oriented strategies on performance, even in the post-pandemic period.

In principle, social media offers a wide range of advantages for businesses. These benefits include financial gains, such as higher sales revenue, as well as non-financial outcomes, including stronger customer engagement and increased online visibility. Rugova and Prenaj (2016) argue

that social media is commonly employed to stimulate electronic word-of-mouth, conduct market analysis, support general marketing activities, generate ideas and develop new products, enhance customer service, manage public relations, facilitate internal communication, and build corporate reputation. Additionally, social media can contribute to the successful introduction of new products to the market.

Odoom et al. (2017) further emphasize that SMEs often operate with limited resources, which constrains their ability to compete in highly dynamic markets particularly in an era where information exchange is increasingly centered on digital and social platforms. Consequently, SMEs are compelled to adapt to social media as a strategic channel for maintaining communication and relationships with customers. Nevertheless, the findings of this study suggest that SME actors in West Sumatra have not yet maximized the strategic use of social media to reinforce market orientation in a manner that significantly translates into improved business performance.

CONCLUSION

The results of this study show that entrepreneurial orientation and market orientation have a positive and significant effect on SME performance in West Sumatra, meaning that the higher the ability of business actors to innovate, be proactive, take risks, and understand market needs, the better their business performance. However, social media is not proven to strengthen these relationships, indicating that its use by SMEs is still not optimal and mainly limited to simple promotional activities. This study contributes by confirming the importance of entrepreneurial and market orientation as key drivers of SME performance, while also showing that digital technology is not necessarily effective without strategic utilization. The limitations of this study include a relatively small sample size, limited variables, and a general measurement of social media usage. Therefore, future research is recommended to expand the sample, include additional variables such as digital capability and innovation, and further examine the effectiveness of social media use. Practically, SMEs are encouraged to enhance innovation, improve market understanding, and utilize social media more strategically to support business performance.

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