

## Research Article

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# Entrepreneurship and Digital Orientation in Enhancing SME Performance Mediated by Marketing Capabilities

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Received: August 18, 2024; Accepted: August 27, 2024; Online: August 31, 2024 | DOI: <https://doi.org/10.47353/ijema.v2i3.195>

**Abstract:** *Research on entrepreneurial and digital orientation in improving the performance of MSMEs has been carried out a lot, but there are still few variables in marketing capabilities used as mediation. This study's objective is to examine and explain the influence of entrepreneurial and digital orientation in improving the performance of MSMEs mediated by marketing capabilities. Quantitative research methodology is applied. The study's population is 14,128 food MSMEs in Sukabumi City, while the sample is taken using raosoft.com sample size calculator with a distribution rate of 50%, and the criteria are to have a business capital of Rp.1,000,000-15,000,000 and a business duration of 3-6 years or more, so that as many as 96 business actors were obtained as a sample. A Google Form is used to distribute questionnaires as part of the data collection technique SEM PLS is the analytical method employed. The results of the study explained that there was a significant influence shown by the value of the determination coefficient, the influence on the performance of MSMEs was 70.3% while the influence on marketing capcapability was 41.1%. This research's contribution is to offer an overview to business actors and DISKUMINDAG in making appropriate policies, as well as to help future researchers who will conduct similar research.*

**Keywords:** *Entrepreneurial Orientation, Digital Orientation, Marketing Capability, SMEs Performance.*

## Introduction

Covid-19 damaged the global economy in 2020. The virus, called Covid-19, has had negative effects on the economy as well as the health sector. Economics is one of the important components of human life. If a person has economic resources, they can have the opportunity to meet their necessities including clothing, food, housing, and other things. Indonesia's economy has declined, especially in the business sector, macro (large companies) and micro (MSMEs). As a result of the Covid-19 pandemic, demand, income, and economic growth have all decreased of micro enterprises (MSMEs) in various sectors (Takeda et al., 2022).

Many MSMEs have faced a significant decline in sales due to mobility restrictions, temporary closures of shops and places of business, and a decline in consumer purchasing power. As a result, many have been forced to reduce production, close some businesses, or even go out of business. The Covid-19 epidemic has resulted in a decline in demand, income, and economic growth including supply chain disruptions, declining demand, and difficulty obtaining capital and resources. This condition has threatened business continuity and raised concerns about an increase in the unemployment rate (Shafi et al., 2020). Sales of MSMEs have decreased as a result of the pandemic, and nearly all MSMEs in Indonesia. Only 3.6% of MSMEs said they had increased sales, while 36.7% said there were no sales at all and the rest had decreased (Takeda et al., 2022).

Every business must consider this fact, as it requires them to look for alternatives in selling, marketing their goods or services. One way is to use digital marketing strategies and open an online store in the market. Indonesia's e-commerce market continues to grow every year, even more so during the pandemic (Srimulyani et al., 2023). Where this situation has honed the way people shop and do business

has been changed through the development of the internet and digital technology. The increasing number of consumers and businesses using marketplace platforms in recent years is one of the prominent phenomena. Online shopping is increasingly popular, especially after the Covid-19 pandemic hit. People are switching to more convenient and secure online shopping channels due to social restrictions, lockdowns, and concerns about the spread of the Covid-19 virus. This was then followed by more business actors, especially MSMEs, who joined and took advantage of online market platforms to expand their customer reach (Lwin et al., 2024).

The increasing use of this market has given rise to new dynamics in the business environment. Both customers and businesses have been interested in joining the marketplace platform because of its convenience, reach, and features. However, for business actors, more people joining also presents challenges for them because of increasingly fierce sales competition. In today's competition, every business must understand market conditions to be able to deliver the products and services expected by customers. Because there is competition in the online market, it shows that there are goals that must be achieved. In the context of MSMEs, entrepreneurial orientation and digital orientation are very important because MSMEs are often considered the backbone of the economy in many countries. Entrepreneurial orientation and digital orientation can help MSMEs grow, compete, and survive in an increasingly competitive market (Sultoni et al., 2022). Entrepreneurial orientation involves attitudes and behaviors that emphasize innovation, creativity, and measurable risk-taking. Entrepreneurial small and medium-sized businesses (MSMEs) typically have a proactive mindset, seek new opportunities, and create excellence through product, process, or business model innovation. They dare to take measurable risks to face challenges and create added value for their customers. Meanwhile, digital orientation in MSMEs focuses on the use of digital technology in operations, marketing, and customer interactions. Digitally oriented MSMEs use a variety of digital tools and platforms, such as websites, social media, e-commerce, and data analytics to increase efficiency, optimize thinking, and increase customer engagement. Digital orientation allows MSMEs to reach a wider market and increase competitiveness (Manjunath et al., 2024).

Marketing capabilities play an important role in connecting digital in MSMEs, as well as an entrepreneurial focus. By having strong marketing capabilities, MSMEs can effectively communicate the value of their products or services to customers. Good marketing skills involve a deep understanding of customers, the development of appropriate marketing strategies, and the use of effective communication tools and channels in improving strong relationships with customers. In improving the performance of MSMEs, good marketing skills can help in several ways. First, MSMEs can create goods and services that are market-fit by developing a deeper grasp of the requirements and preferences of their customers. Second, effective marketing capabilities allow MSMEs to build strong brands and differentiate themselves from their competitors in a competitive market. Third, effective marketing capabilities allow MSMEs to reach a wide range of customers and develop products or services that are in line with the market (Masrianto et al., 2022).

The performance of MSMEs is a key factor in determining business success and continuity. The performance of MSMEs can be measured through various indicators, such as sales growth, productivity, profits, market share, operational efficiency, innovation, and customer and employee satisfaction (Merín-Rodríguez et al., 2024). Improving the performance of MSMEs benefits business owners, society and the economy as a whole. However, MSMEs often face various problems to operate properly. Limited resources, fierce competition, changing consumer trends, and changing regulations are some of the common problems faced by MSMEs. As a result, MSME owners must have useful strategies in place to address these issues

and improve their business performance. The internal factors of MSMEs also play an important role in determining their performance. Factors such as good management, sound decision-making skills, operational excellence, effective marketing, and adaptation to a changing business environment are some examples of important MSME internal factors (Khan et al., 2024).

The issue is that a lot of MSME players still find it difficult to access the market, which makes them hesitant to move to digital platforms. Only 13% of culinary MSMEs operate online, and the remaining 87% have not. MSME actors are still faced with several challenges, including: (1) digital literacy, where sellers must comprehend new internet features in order to use them appropriately; (2) from the operational side, namely the facilities needed for the production and storage of goods in larger sizes in order to maintain product quality. And also many MSMEs do not realize that entrepreneurial orientation, such as innovation, proactivity, and risk-taking, is essential to the prosperity of MSMEs. MSMEs that have a strong entrepreneurial orientation tend to be better able to adapt to market changes and produce better performance (Prabowo et al., 2020). As well as good marketing capabilities, such as market segmentation, target setting, and marketing strategy development, are key for MSMEs to improve performance and be competitive. However, many MSMEs still face obstacles in developing effective marketing capabilities (Masrianto et al., 2022).

Research on entrepreneurial orientation and digital orientation to MSME performance has been carried out a lot, but there are differences between researchers. Research Hatta (2015) explained that entrepreneurial orientation has no bearing on MSMEs' success. Meanwhile, research from Sutrisno (2023) stated that entrepreneurial orientation has a positive effect on the performance of MSMEs. Research results from Sultoni et al., (2022) outlined how MSMEs' performance is positively impacted by a digital focus. The novelty of this research lies in the variable of marketing capability. From the description above and the existence of research gaps and novelty, the research aims to analyze and explain entrepreneurial and digital orientation in improving the performance of MSMEs mediated by marketing capabilities. This research's contribution is to offer an overview to business actors and DISKUMINDAG in making appropriate policies, as well as to help future researchers who will conduct similar research.

## Literature Review

### Entrepreneurship Orientation

In an organization, entrepreneurship orientation is a symptom of business that helps with the picture and management capability, thinking to change the business action to compete and achieve the goal of business profit. The trait of never giving up is known as entrepreneurial orientation and is adopted by the entrepreneur themselves, daring to take risks, speed and flexibility (Pozzo et al., 2023). According to Covin, Slevin and Wiklund in (Al-Momani et al., 2023) stated that an increased focus on entrepreneurship can enhance the company's ability to promote its goods and achieve superior economic outcomes. Entrepreneurial orientation is the level of courage of an entrepreneur to be the first in product innovation, take proactive and independent actions in running a business and dare to take risks (Al-Hakimi et al., 2021). From the information given above, it is clear that entrepreneurial orientation is an capability and characteristic possessed by an entrepreneur such as never giving up and having innovation and courage in taking risks in running a business. Entrepreneurial orientation can be expressed as an capability that exists in an entrepreneur that can be fundamental in getting opportunities for success. So that entrepreneurship requires an entrepreneurial spirit because to advance a business and face competition and improve business performance, an entrepreneurial orientation is needed (Prabowo et al., 2020).

## Digital Orientation

Digital orientation refers to the application of digital technology in a variety of contexts, such as in work, education, and social interaction. It also includes the use and efficiency of digital tools to increase productivity and the capability to connect with others (Manjunath et al., 2024). Digital orientation in business is an approach and effort to change business models, processes, and cultures to compete and excel in the digital age. This includes using utilizing digital technologies to add value for clients and increase competitiveness (Bendig et al., 2023). The belief and readiness of an organization or individual to take advantage of the potential of digital transformation is called digital orientation. Digital orientation includes the capability to transform processes, cultures, and business models in order to leverage digital technologies in the most effective way possible (Barba-Sánchez et al., 2024). In addition, One definition of digital orientation is the capability to think and act in accordance with the current digital era. This includes an understanding of technology trends, the capability to adapt to change, and a desire to continue learning and innovating (Tajeddini et al., 2024).

## Marketing Capability

Effective marketing capabilities are the capability of a person or organization to identify, attract, and retain customers. This includes a deep understanding of the market, marketing mix, positioning, segmentation, and communication strategies. The capacity to create a successful marketing program is defined as marketing capability. It has to do with marketing: analytics, creativity, decision-making, and execution (Tarihoran et al., 2023). Marketing capabilities are one of the important factors in helping companies improve their performance. It is an integrated process where a company uses its marketing, customer, supplier, and alliance knowledge to achieve superior performance. Not only does it help businesses in various aspects of marketing such as: brand awareness, word-of-mouth communication, and brand image, but it also helps in various other aspects (Masrianto et al., 2022).

## SMEs Performance

Performance is the outcome of how an organization assesses the work that is done by individuals or groups by carrying out activities that have been set by the organization's leaders, such as work results, work performance standards, and goals (Orden-Cruz et al., 2024). MSME performance is the outcome or assessment of the work done for the company by an individual or group of individuals divided into roles and tasks that are completed over a predetermined amount of time in compliance with corporate standards (Anjaningrum et al., 2024). Meanwhile, according to (Nuryanto et al., 2024), the performance of MSMEs is the level of success that has been achieved by MSME actors in running their businesses in accordance with the goals that have been set.

## Hypothesis Development

### Entrepreneurship Orientation to SMEs Performance

According to research by (Cuevas-Vargas et al., 2024) on MSMEs in Jelambar, the entrepreneurial orientation of MSMEs that are risk-takers, creative, and proactive might facilitate adaption. In other words, the strategic orientation formed in conditions affects the performance of MSMEs, so that these conditions affect the performance of MSMEs significantly. According to (Orden-Cruz et al., 2024), the level of entrepreneurial orientation affects MSMEs in the manufacturing sector to perform better and be proactive in market changes so that they can maintain their position in the market.

H1 : Entrepreneurial Orientation Affects MSME Performance.

### **Digital Orientation to SMEs Performance**

Boucken and Barwinski (2020) found three impacts and advantages of digital orientation when applied to SMEs. According to Sourav Mondal (2023), the first is that SMEs can get good results from a digital-oriented-based strategy because they are committed to transforming all available tools, principles, and all-encompassing digital tactics. The second is that SMEs can become more competitive when dealing with large enterprises by implementing digital onboarding. The third is that digital onboarding can help them build new possible relationships. Empirical research showing that digital orientation impacts innovation products and processes, as well as the results of SMEs in North America support earlier findings about the connection between SMEs' digital orientation and performance.

H2: Digital Orientation Affects MSME Performance.

### **Entrepreneurial Orientation to Marketing Capability**

Entrepreneurial and entrepreneurial orientation possess disparities. As stated by Mehrabi (2019), the term "entrepreneurship" refers to any new venture that involves joining a market, either established or unestablished, introducing new or existing goods or services, or starting a business. According to Leo Marquardt (2024), entrepreneurship orientation is touted as a spearhead to realize sustainable and highly competitive company economic growth. According to Best (2009), It is believed that an entrepreneurial mindset might enhance a business's performance. Diego Monferrer (2021) explained that The term "entrepreneurial orientation" describes methods, procedures, and decision-making that lean toward novel inputs. It encompasses the four facets of entrepreneurship: innovation, proactivity, risk-taking courage, and autonomy. Marketing capabilities are directly impacted by the entrepreneurial orientation variable by 50%. The findings of this investigation are consistent with those of Siddiqui's (2023) studies show that having an entrepreneurial mindset improves one's ability to market.

H3: Entrepreneurial Orientation Affects Marketing Capability.

### **Digital Orientation to Marketing Capability**

Technology and digital infrastructure have a wide impact on society. Kuusisto (2017) found that organizational learning, digital innovation, organizational agility, the business ecosystem, and organizational structure have all changed as a result of digitalization. The term digital orientation describes "a company's commitment to the application of digital technology to deliver innovative products, services, and solutions". The concept of digital orientation is based on the idea of a technology-oriented company by Tajeddini (2024). Therefore, digitally oriented companies have the capability and willingness to purchase new digital technology and use them to the creation of new products. Businesses that are digitally oriented welcome digital activities and are more receptive to digital technologies. The implementation of novel digital technologies can enhance a company's marketing capabilities by facilitating the analysis of market data more effectively, identifying untapped market niches, and creating inventive promotional strategies. As a firm increases in size, the impact of digital onboarding on marketing capabilities can become even more significant because larger SMBs usually have more client categories to reach and more market data to examine.

H4 : Marketing Capability is significantly impacted by Digital Orientation.

## Marketing Capability for SMEs Performance

According to Wilden and Gudergan (2015), Companies that possess marketing capabilities are better able to sense and react to shifts in the market, including competitor actions and the rapid advancement and revolution of technology. This enables businesses to forecast and anticipate customer demand in addition to generating company value through the utilization of partner competencies and resources. claimed that there is a favorable correlation between marketing capabilities and market orientation and marketing performance. As stated by Zulbainarni's (2023) research that improve the connection between marketig capabilities and SME performance is benefical.

H5: MSME Performance is significantly impacted by marketing competence.

## Method

### Research Methods and Objects

Quantitative research methodology is employed which is known as a method of discovery and development of new technology with research data in the form of numbers and statistical analysis. The quantitative approach refers to the philosophy of positivism to conduct research on a specific population or sample (Hou et al., 2024). The quantitative approach in data collection uses instruments and statistical analysis. Meanwhile, the object of this research is entrepreneurship orientation (X1), digital orientation (X2), marketing capability (Z), and MSME performance (Y).

### Data Collection Methods

Two categories of data were employed in this study: original data and secondary data. Primary data came from the responses that participants provided on surveys. This study's primary data were collected on a Likert scale from 1-5, which is a scale that asks respondents to show the level of strongly agreeing or strongly disagreeing with the statements in the questionnaire. Meanwhile, secondary data is obtained from books, journals, articles, previous research reports, and online sources relevant to the research topic (Purwanza et al., 2022).

### Population and Sample

The population in the study is 14,128 food MSMEs in Sukabumi City. While the sample was taken using the web raosoft.com sample size calculator with a distribution rate of 50%, a sample of 96 respondents was obtained.

### Data Analysis Techniques

Structural Equation Modeling Partial Least Square (SEM-PLS), a statistical methodology used to assess a model made up of linear relationships between variables that are typically variables that cannot be directly seen, was utilized for the data processing and presentation in this work. Two model evaluations are available: the outer model (Convergent Validity, Discriminate Validity, AVE Test, Construct Reliability, Multicollinearity Test, and fit model), and the inner model (Determination Coefficient (R<sup>2</sup>), Path Coefficient T-Statistic, with the help of SmartPLS 4.1.0.6 software.

## Results and Discussion

### Outer Loadings

The reliability of the indicator seeks to determine the reliability of the indicator used in the measurement of latent variables. The secret is to assess each indicator's outer loading findings. Outer loadings in SmartPLS is a table that contains a loading factor to show the magnitude of the relationship between the latent variable and the indicator. For something to be considered genuine, the loading factor needs to be more than 0.7 (Wirawan, 2019).

**Table 1. Outer Loadings Test**

	<b>Entrepreneurship Orientation</b>	<b>Digital Orientation</b>	<b>Marketing Capability</b>	<b>MSMEs Performance</b>
EO.1	0,935			
EO.2	0,870			
EO.3	0,965			
EO.4	0,940			
DO.1		0,921		
DO.2		0,862		
DO.3		0,911		
DO.4		0,919		
MC.1			0,839	
MC.2			0,832	
MC.3			0,815	
MC.4			0,894	
MP.1				0,932
MP.2				0,877
MP.3				0,887
MP.4				0,921

The loading factor value is more than 0.7 and has been deemed genuine in the information based on the results of table 1 above, indicating that the outer loading test is successful.

### Discriminant Validity – Cross Loading

The validity of discrimination based on the idea that each indication must have a strong correlation with its concept alone, seeks to ascertain whether a reflective indicator is, in fact, a good measure for its construct. To make sure that the construct's correlation with the measurement item is higher than that of the other constructs, the cross loading value of each construct is assessed. There is more than 0.7 predicted cross loading value.

**Table 2. Cross Loading Test**

	<b>Entrepreneurship Orientation</b>	<b>Digital Orientation</b>	<b>Marketing Capability</b>	<b>MSMEs Performance</b>
EO.1	<b>0,935</b>	0,552	0,586	0,686
EO.2	<b>0,870</b>	0,457	0,493	0,576

EO.3	<b>0,965</b>	0,532	0,520	0,668
EO.4	<b>0,940</b>	0,506	0,531	0,667
DO.1	0,495	<b>0,921</b>	0,478	0,654
DO.2	0,417	<b>0,862</b>	0,406	0,609
DO.3	0,502	<b>0,911</b>	0,530	0,703
DO.4	0,568	<b>0,919</b>	0,570	0,744
MC.1	0,380	0,375	<b>0,839</b>	0,483
MC.2	0,434	0,431	<b>0,832</b>	0,429
MC.3	0,505	0,561	<b>0,815</b>	0,636
MC.4	0,592	0,473	<b>0,894</b>	0,545
MP.1	0,621	0,710	0,563	<b>0,932</b>
MP.2	0,664	0,524	0,537	<b>0,877</b>
MP.3	0,678	0,704	0,538	<b>0,887</b>
MP.4	0,580	0,770	0,608	<b>0,921</b>

Based on the results from table 2 above, the value of the construction correlation has been fulfilled, which is greater than the measurement item with a value of  $>0.7$ , the value of the construction correlation can be seen in the table of the value of entrepreneurial orientation (KO 1-4), digital orientation (DO 1-4), marketing capability (MC 1-4) and MSME performance (MP 1-4). Thus, it may be said that the cross loading value has been met.

### Construct Reliability and Validity

Construct reliability and validity is part of the reliability and validity test carried out in the outer model. The reliability test assesses how consistent the measuring tool is in measuring the construct. The tool used to assess this is a composite reliability value of  $>0.6$ , Cronbach's alpha  $>0.7$  is considered to have good reliability. And to assess the validity using an AVE value of  $>0.5$ , it means that good convergent validity has been met (Watu, 2021).

**Table 3. Construct Reliability and Validity**

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Marketing Capability	0,868	0,880	0,909	0,715
MSMEs Performance	0,926	0,929	0,947	0,818
Digital Orientation	0,925	0,933	0,947	0,816
Entrepreneurship Orientation	0,946	0,950	0,961	0,862



A good or valid cronbach's alpha value  $>0.7$ . The rho\_c value is said to be reliable  $>0.7$ . An AVE value of  $>0.5$  means that good convergent validity has been met. Based on the test results in table 3 above Cronbach's alpha values, rho\_c and AVE have been fulfilled and said to be valid.

### Inner VIF (Multicollinearity Test)

Collinearity is assessed using the Variance Inflation Factor (VIF). In statistics, multicollinearity is frequently observed. When two or more independent variables or exogenous constructs have a strong correlation, a phenomenon known as multicollinearity occurs that prevents the model from being predictive. If the VIF number is greater than 5, it suggests that there may be colliness between the constructs. Therefore, the value must be less than 5 (Tentama & ., 2018).

**Table 5. Inner VIF**

	VIF
Entrepreneurship Orientation - > MSME Performance	1,695
Digital Orientation -> MSME Performance	1,637
Entrepreneurship Orientation - > Marketing Capability	1,440
Digital Orientation -> Marketing Capability	1,440
Marketing Capability -> MSME Performance	1,698

Based on table 5 above, the results of the VIF value are  $<5$ , that the VIF value does not have a multicollinearity between variables X and Z that affects the variable Y, then it can be stated that the VIF value has been met.

### Test Model Fit

Standardized Root Mean Square Residual, or SRMR for short, is a fit model sizer. A fit model is indicated by an SRMR score less than 0.08, while an SRMR value between 0.08 to 0.10 is still considered acceptable.

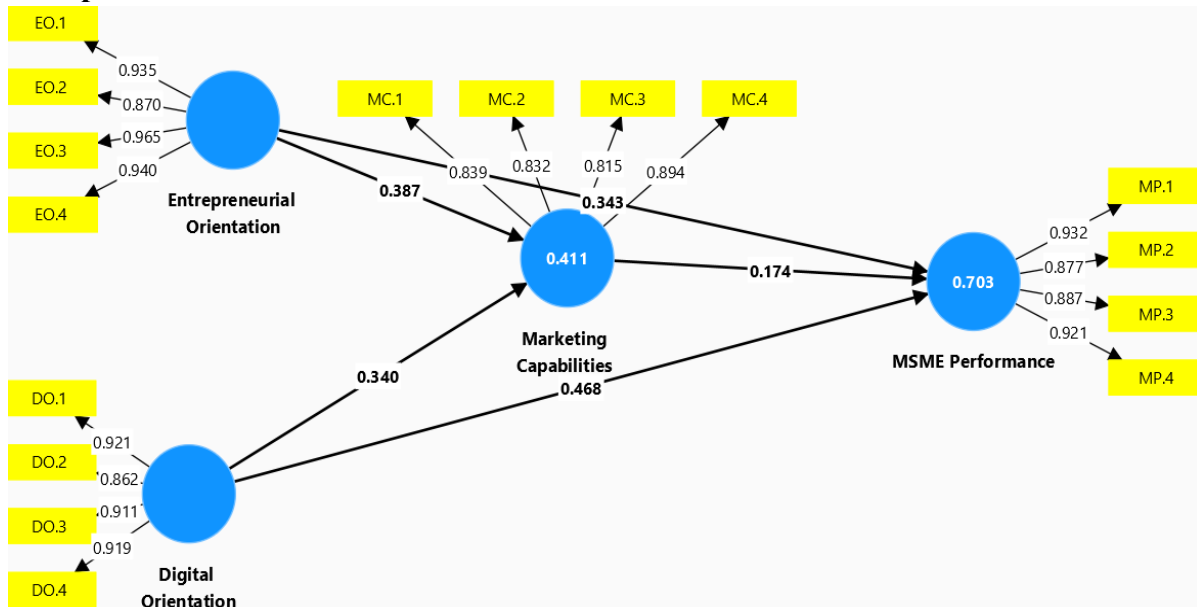
**Table 7. Model Fit**

	Fit Model Size	Saturated Model	Estimates Model
SRMR	$<0,08$	0,071	0,71

Table 7 above's data indicate that the SRMR value, which is  $0.071 < 0.08$ , has been fulfilled.

Inner Model

Relationship of Variable Influence



Picture 1. Path Coefficients

This study uses the bootstrap resampling method, then the measurement of path coefficients, path coefficients is also called the direct effect between constructs to assess the importance and strength of the connection and to investigate the theory of p value <0.05 and T value Statistics >1.96 (Ervina et al., 2023). Path coefficients and p-values, the results are presented as follows:

Table 8. Path Coefficients

			T Statistic	P Values	Information
Entrepreneurship Orientation	→	MSME Performance	3.500	0.000	Accepted
Digital Orientation	→	MSME Performance	5.320	0.000	Accepted
Entrepreneurship Orientation	→	Marketing Capability	3,086	0.002	Accepted
Digital Orientation	→	Marketing Capability	2,716	0.007	Accepted
Marketing Capability	→	MSME Performance	1,710	0.087	Rejected

The results of table 8 above explain:

- H1: Entrepreneurial orientation to MSME performance with a T value of 3,500 > 1.96 and a P Value of 0.000 < 0.05 means that the hypothesis is accepted, specifically, that the success of MSMEs is significantly impacted by an entrepreneurial approach.
- H2: Digital orientation to MSME performance with a T Statistics value of 3.086 > 1.96 and a P Value of 0.002 < 0.05 means that the hypothesis is accepted, namely that there is a significant influence of digital orientation on MSME performance.

3. H3: Entrepreneurial orientation to marketing capability T Statistics value  $5.320 > 1.96$  and P Value  $0.000 < 0.05$  means that the hypothesis is accepted, namely there is a significant influence of entrepreneurial orientation on marketing capability.
4. H4: Digital orientation to marketing capability T Statistics values of  $2.716 > 1.96$  and P Value  $0.007 < 0.05$  means that the hypothesis is accepted, namely that there is a significant influence of digital orientation on marketing capability.
5. H5: Marketing capability on the performance of MSMEs with a T Statistics value of  $1.710 > 1.96$  and P Value of  $0.087 < 0.05$  means that the hypothesis is rejected that there is no significant influence of marketing capability on the performance of MSMEs.

### R Square ( $R^2$ )

The R-Square value is used to determine the magnitude of the variance of the independent variable to the dependent variable whether it has a substantive influence. According to Chin (1998) in the (Yuliantini & Suryatiningsih, 2021), Chin gave the R<sup>2</sup> value criteria of 0.67 (strong), 0.33 (moderate) and 0.19 (weak).

**Table 9. R-Square**

	<b>R-Square</b>	<b>Information</b>
Marketing Capability	0,411	Moderate
MSME Performance	0,703	Strong

Table 9 above indicates that the R Square value criterion for MSME (MP) performance is 0.703, or 70.3%. This indicates that the entrepreneurial orientation (KO) and digital orientation (DO) variables account for 70.3% of the influence on the MSME (KU) performance variable, with other variables accounting for the remaining 29.7%. These variables are not covered in this study. The entrepreneurial orientation (KO) and digital orientation (DO) variables have an influence on the marketing ability variable (MC) of 41.1%, according to the R Square value of 0.411, or 41.1%. The remaining 58.9% of the variable is influenced by other variables not covered in this study.

### The Effect of Entrepreneurial Orientation on MSME Performance

Entrepreneurial orientation has an influence and significance on the performance of MSMEs with a P Value of  $0.000 < 0.05$  and a T Statistics value of  $3,500 > 1.96$ . This result is in line with research conducted by Wilson Wijaya & Oey Hannes Widjaja (2023) which states that there is an influence of the Entrepreneurial Orientation variable on MSME Performance.

### The Effect of Digital Orientation on MSME Performance

Digital orientation has an influence and significance on the performance of MSMEs with a P Value of  $0.002 < 0.05$  and a T Statistics value of  $3.086 > 1.96$ . The results of this study are in line with research conducted by Sul-toni et al., (2022) which stated that there is an influence of the Digital Orientation variable on MSME Performance.

### **The Effect of Entrepreneurial Orientation on Marketing capability**

Entrepreneurial orientation has an influence and significant impact on marketing ability with a P Value of  $0.000 < 0.05$  and a T Statistics value of  $5.320 > 1.96$ . The results of this study are in line with research conducted by Hatta (2015) which states that there is an influence of the Entrepreneurial Orientation variable on Marketing capability.

### **The Effect of Digital Onboarding on Marketing Capability**

Digital orientation has an influence and significant impact on marketing ability with a P Value of  $0.007 < 0.05$  and a T Statistics value of  $2.716 > 1.96$ . The results of this study are in line with research conducted by Joensuu-Salo (2021) which states that there is an influence of the Digital Orientation variable on Marketing capability.

### **The Effect of Marketing Ability on MSME Performance**

Marketing ability had no effect and was not significant on the performance of MSMEs with a P Value of  $0.087 < 0.05$  and a T Statistics value of  $1.710 > 1.96$ . The results of this study are in line with research conducted by Sul-toni et al., (2022) which stated that there is an influence of the Marketing capability variable on the Performance of MSMEs.

## **Conclusion**

In light of the findings and conversations, it is possible to conclude that: 1) Entrepreneurial orientation has an influence and significance on the performance of MSMEs. This shows that the better and more appropriate the entrepreneurial orientation that business actors have, the MSMEs' performance will be better. 2) Digital orientation has an influence and is significant on the performance of MSMEs. This shows that the better and more appropriate the digital orientation that business actors have, the better the performance of MSMEs will be provided. 3) Entrepreneurial orientation has an influence and significance on marketing ability. This shows that the better and more appropriate the entrepreneurial orientation that business actors have, the better the marketing skills will be provided. 4) Digital orientation has an influence and significant impact on marketing capabilities. This shows that the better and more appropriate the digital orientation that business actors have, the better the marketing capabilities will be provided. 5) Marketing ability has an effect and is significant on the MSMEs' performance. This demonstrates that MSMEs will perform better the better and more accurately business actors are able to sell their products. Suggestions for MSME business actors can increase measurable risk-taking to try new ideas and increase the encouragement of innovative and proactive spirit in MSMEs, as well as utilize digital technology in business processes such as e-commerce, social media, and marketing automation, increase the digital use of MSMEs to expand market reach. MSME actors are also advised to increase their understanding of customer preference behavior and be able to build customer loyalty through marketing activities. The results of this research can contribute to business actors, DISKUMINDAG, and other related agencies in making policies and making appropriate rules.

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