

## The Effect of Using Social Media Marketing and Market Orientation on the Performance of Culinary MSMEs in Makassar

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**Abstract.** The goal of this study was to ascertain the impact of market orientation and social media marketing on the efficiency of the culinary MSMEs in Makassar. 40 respondents make up the entire sample in this causal study design. The non-probability sampling approach is used in the sampling procedure. Using the Smart PLS 3.0 application, data is processed. The findings of this study suggest that the performance of culinary MSMEs in Makassar is significantly influenced by the usage of social media marketing and market orientation.

**Keywords:** Social Media Marketing, Market Orientation. MSMEs Performance

### BACKGROUND

The business world today must make strategic decisions in order to compete with other firms, particularly Micro, Small and Medium Enterprises, due to the rapid development of Indonesia's economy and the passage of time (MSMEs). This is due to the unstable business climate faced by MSMEs. MSMEs play a significant role in Indonesia's economic growth in terms of both business and job generation

MSMEs working in the food and beverage industry are expanding quickly right now and have the biggest potential to increase national income in the economy. Because food is a fundamental human necessity, the culinary industry will always be in demand. Snacks, regular foods, and beverages are included in the culinary industry sector category

Currently, information technology innovations are widely employed for business development from both firms and individuals, where information technology based on social networks is frequently used. Young people are already using social media to express themselves, which presents a huge opportunity for businesses to use it as a tool for advertising and promotion. The numerous companies trying to sell various things via social media marketing are evidence of this (Wijaya, 2011).

According to data from the Central Statistics Agency (2017), Micro, Small and Medium Enterprises (MSMEs) can grow to 59 million units and are able to contribute to The national GDP (Gross Domestic Product), which is 60.34%. MSMEs are the engine powering the Indonesian economy, both regionally and nationally. Making Micro, Small, and Medium-Sized Enterprises a solution for generating many jobs

An entrepreneur or owner of a small and medium-sized business can achieve success by thinking about and working on new things or old things in new ways. Having a great idea is not enough, turning an idea into a tangible product, service, or business venture is an essential next stage (Sumantri et al., 2013).

According to Goh et al. (2013), businesses have recently adopted the newest information and communication technology developments around social media marketing to reach a sizable pool of potential partners and customers as well as to boost competitive advantage. This is done to manage their flow and supply chain relationships well

Market Orientation has a direct impact on business performance, as demonstrated by Keh et al. in 2007. According to Kraus (2013), Market Orientation significantly improves the overall company performance of the service industry. Market Orientation and performance have been shown by Smart and Conant (1994) to have a substantial impact on the retail industry.

## **THEORETICAL REVIEW**

**Social Media Marketing.** The usage of social media marketing is described by Hsu (2012) as a location where many customers congregate, a customer's knowledge warehouse that serves to spread information to develop a market presence. A Paridon and Carraher opinion (2009) An efficient way to conduct marketing campaigns is through social media. As a result of this justification, it is clear that social media marketing is a

cutting-edge strategy used by businesses to connect with potential clients, spread information more easily, get a competitive advantage, and uphold positive relationships with a variety of stakeholders.

**Market Orientation** Was Defined By Narver And Slater (1990) As Actions That Involved gathering and analyzing market information, coordinating efforts, and producing value for the benefit of customers. Actually, this is not dissimilar from the conceptualization of Kohli and Jaworski (1990). Day (1994) defined market orientation as skill in comprehending, fulfilling, stressing market analysis capabilities, and connecting consumers as the key to better predict and respond to changing market demands faster than rivals. Market orientation is defined by Hunt and Morgan (1995) as (1) methodically obtaining data about present and potential clients as well as rivals. (2) thorough information analysis with a focus on market understanding. (3) The methodical use of this information to identify, comprehend, design, choose, carry out, and modify plans

**Business Performance** According to Moullin (2007), is a gauge of a company's management skills and the value it provides to stakeholders and clients. According to the aforementioned viewpoint, performance is a gauge of an individual's or an organization's success and is demonstrated by a rise in the number and quality of work results.

### **The connection between MSMEs' performance and the use of social media marketing.**

According to Li and Bernoff (2008), social usage is a resource that businesses may employ to improve their organizational capacity by facilitating rapid contact across various multimedia channels. Zarella (2010) argues that social media is the best medium for marketing due to its accessibility. Social media marketing is a strategic step in promoting product outcomes. According to Rodriguez et al. (2016), using social media within a business may boost income, sales, customer connections, and the company's reputation.

Ha1: The use of Social Media Marketing has a significant positive effect on the performance of Culinary MSMEs in Makassar

### **The Linkage of Market Orientation to MSMEs Performance**

According to Wiklund and Shepherd (2003), a business that adopts or uses market orientation will be more successful than one that does not. The degree of market orientation has a direct impact on firm performance, as demonstrated by Keh et al. in 2007. According to Kraus (2013), Market Orientation significantly improves the overall company performance of the service industry. Market orientation and performance, according to Smart and Conant (2014), are closely tied to the retail industry.

Ha2: Market orientation has a significant positive effect on performance MSMEs

The following is the model's stated hypothesis:

Ha1: Social media marketing has a positive impact on the performance of culinary MSMEs in Makassar

Ha2: Market orientation has a positive impact on the performance of culinary MSMEs in Makassar.

## **RESEARCH METHODS**

A framework or work schedule for conducting research that will serve as a direction for data collection and analysis is known as a research design. There are three different sorts of study designs: exploratory, descriptive, and causal studies (Sekaran and Bougie, 2016). This study used a causal research design, which is helpful for determining cause and effect, examining the link between two variables, or determining how one variable influences another. others (Supranto, 2012).

Because it is a scientific technique that sees reality as classifiable, measurable, and observable, and where the research data is in the form of statistics and analysis, a quantitative method with a cross-sectional approach was utilized in this study (Sugiyono, 2012). Data obtained using a cross-sectional approach can be used to answer research questions and can be viewed within a few days, weeks, or months (Sekaran and Bougie, 2010).

A questionnaire was used to collect data from the study's population of MSMEs in the food industry. In this study, a non-probability sampling strategy combined with a purposive sampling technique was employed to pick the sample. In this study, items were chosen for inclusion in the sample based on non-random criteria or using judgment (Suryani and Hendryadi, 2015, p. 210). Between and is the appropriate sample size.

The population in this study were culinary MSMES in the form of a questionnaire. The sample selection technique in this study used a non-probability sampling method with a purposive sampling technique. The selection of elements to become members of the sample in this study was based on non-random considerations or according to judgment (Suryani and Hendryadi, 2015, p. 210). The ideal sample size is between 30-500 respondents. If the sample is broken down into subsamples such as men or women, the minimum number of subsamples must be 30. In a multivariate study, the sample size must be several times larger (10 times) than the variable being will be analyzed. In this study, there are 3 research variables. So, the minimum sample size is 30 respondents. This researcher has respondents with the characteristics of culinary MSMES actors as many as 40 respondents.

The scale used in this study is the Likert scale. The Likert scale is a widely used scale that asks respondents to mark the degree of agreement or disagreement with each of a series of statements about the stimulus object (Malhotra, 2020).

## RESULTS AND DISCUSSION

### Research Results

The statistical test findings are listed below. Based on the test results, it may be determined whether or not all variables are appropriate or valid.

**Table 1. Results of Average Variance Extracted (AVE) Analysis**

Variable	Average Variance Extracted (AVE)	Results
Social Media Use	0,634	Valid
Market Orientation	0,653	Valid
MSMES Performance	0,662	Valid

The results of Table 1 above indicate that the performance of MSMES, market orientation, and social media marketing have an AVE value of >0.5, with scores of 0.63 for market orientation, 0.64 for MSMES performance, and 0.64 for social media use (0.662)

**Table 2. Results of Validity Tests**

	Social Media Use	Market Orientation	MSMEs Performance
MS1	0,788		
MS2	0,788		
MS3	0,821		
MS4	0,814		
MS5	0.836		
MS7	0,795		
MS8	0,726		
OK1		0,849	
OK2		0,823	
OK4		0,797	
OK5		0,731	
OK6		0,835	
OK7		0,807	
KU1			0,800
KU2			0,817
KU3			0,820
KU4			0,816

Source: SmartPLS 3.0 Data Processing

Based on Table 2, it is clear that the variables MS1, MS2, MS3, MS4, MS5, MS7, MS8, OK1, OK2, OK4, OK5, OK6, OK7, KU1, KU2, KU3 and KU4 have high validity according to the results of the validity test of the variables using Social Media Marketing, Market Orientation and MSMEs performance which already have a loading factor value of  $>0.7$ . In order for all indicators in each variable to be valid or reflect the variable, indications with values of 0.7 are deleted.

**Table 3. Test Results for Reliability**

Variable	Cronbach's alpha	Composite Reability	Information
Social Media Use	0,924	0,903	Reliabel
Market Orientation	0,918	0,893	Reliabel
MSMEs Performance	0,887	0,830	Reliabel

Source: SmartPLS 3.0 Data Processing

Based on the reliability test table in table 3, which displays the test results for the three variables used, it is known that the Cronbach's alpha test results on each variable

get a result of more than 6 ( $> 0.6$ ), and also the composite reliability value gets a result of more than 0.7, which can be concluded that with the results of each variable meet the reliability analysis criteria (Hussein, 2005).

The research variables' data processing is continued at the structural model testing stage once the data have passed the outer model test in order to ascertain the contribution of the independent variables (X) to the dependent variables (Y). The coefficient of determination (R<sup>2</sup>), predictive relevance (Q<sup>2</sup>), and path coefficients are the structural model testing criteria that must be satisfied in this study.

The variety in how the independent factors affect the dependent variable is also evaluated using the R-square value (Ghozali, 2014). The examination of the coefficient of determination R<sup>2</sup> yielded a value of 0.744, indicating that the variables utilizing social media marketing and market orientation can explain 74.4% of the MSME performance variables, while up to 25.6% is explained by other variables not included in this study. The R-Square value acquired from the study's findings has a considerable impact.

The effect size (f<sup>2</sup>) test is the next one, with findings showing that the variable use of social media marketing on MSMEs performance is 0.194 and the variable market orientation is 0.205. According to Ghozali (2014), it can be inferred that the variable market orientation and the variable use of social media marketing have a strong relationship to the success of MSMEs.

The findings of the second test, predictive relevance (Q<sup>2</sup>), were 0.476, indicating that the construct variables under investigation had results that can be utilized to assess well constructed research models. The subsequent test is Goodness of Fit (GoF), and the outcome is 0.695, which, in accordance with Ghozali (2014), indicates that this study has a reasonably high research model fit.

**Table 4. Bootstrapping Results**

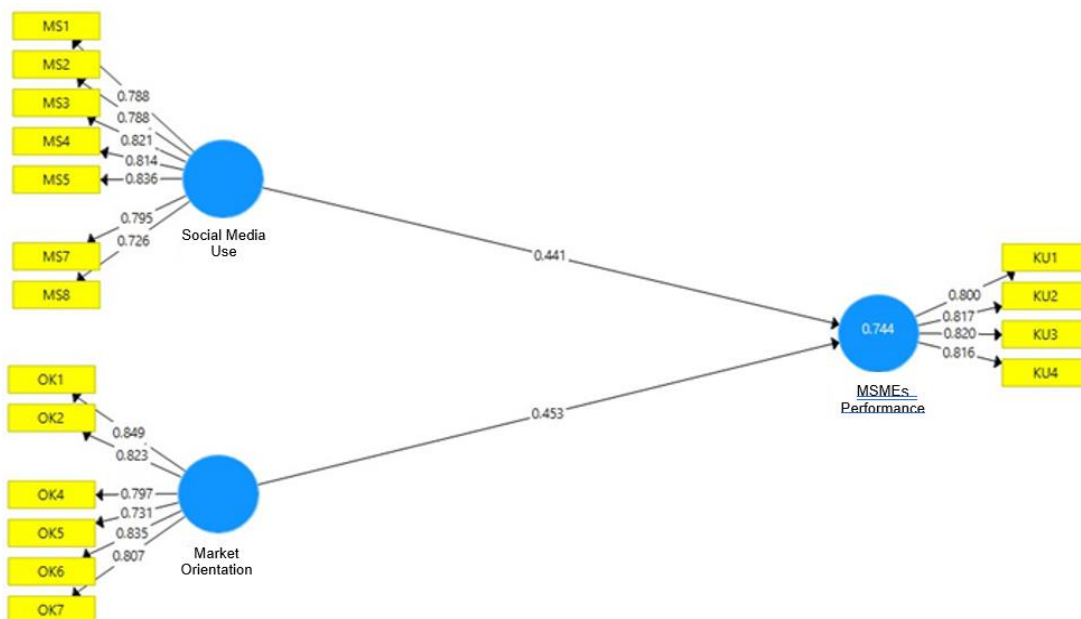
<b>Variable</b>	<b>Original Sample</b>	<b>T Statistics</b>	<b>P values</b>
Social Media Use to MSME <sub>s</sub> Performance	0,441	2,689	0,007
Market Orientation to MSME <sub>s</sub> Performance	0,453	2,722	0,007

Source: SmartPLS 3.0 Data Processing

According to Table 4 above, the hypothesis was neither rejected or deemed significant based on the results of the bootstrapping test of all variables with t-statistics values  $> 1.645$  and p-values 0.05.

- a. With a T statistic of 2.689 ( $> 1.645$ ) and a P value of 0.007 (0.05), the relationship between the use of social media marketing (X1) and the performance of MSMEs (Y) is significant. Additionally, the original sample value is positive, at 0.441, indicating that the relationship between the use of social media marketing (X1) and MSME performance (Y) is positive and significant.
- b. The direction of the association between market orientation (X2) and the performance of SMEs (Y), which is positive significant, is shown by the T statistic of 0.453 ( $> 1.645$ ) and the P value of 0.007 (0.05) for the relationship between market orientation (X2) and MSME performance (Y).

**Figure 1. Bootstrapping Results**



Source: SmartPLS 3.0 Data Processing

## Discussion

Social Media Marketing usage has significantly expanded, necessitating the ownership of technology-based communication tools by everyone. Social Media



Marketing must thus make it possible for users to directly transmit information if promotion and marketing are to be successful. This knowledge will assist creators in creating the most effective media that appeals to consumers and fulfills their needs, wants, and expectations.

Companies implement comparable tactics based on producer activities (rivals) to prevent trailing, communication challenges, and keeping customer pressure from what the competitors provide. This is also consistent with study by Parveen (2016) that found that market orientation can be greatly impacted by social media use. This study demonstrates that this is possible because so many individuals now utilize social media, including both actors and members of the general public, based on the findings of interviews and questionnaires that have been processed.

Naturally, MSMEs firms will be impacted by the rise in customer relations because it is simple and reasonably priced for MSMEs business owners to engage with clients on social media at any time.

Entrepreneurial Orientation is significantly impacted by variable social media use. Conclusion: Social media use significantly affects entrepreneurial inclination. These findings are consistent with earlier research that came to the same conclusions.

## **CONCLUSIONS AND SUGGESTIONS**

Based on the results of testing the data in this study, it is evident that the use of social media marketing has a favorable and significant impact on the performance of culinary MSMEs. This means that the use of social media marketing in MSMEs strongly supports and influences an MSMEs' performance, and market orientation also has a favorable and significant impact on the performance of culinary MSMEs because market orientation is used in a business

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