

# Performance of Small and Medium Enterprises: Intervening Model of Entrepreneurial Motivation

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**Abstract-** The development of literature on the performance of small and medium enterprises and entrepreneurship is very important not only for researchers but also for managers and small and medium entrepreneurs. The purpose of this study is to determine the extent of the role of the outgoing environment and the use of social media marketing on the performance of small and medium enterprises in Pangkep Regency either directly or indirectly as a moderation effect of the entrepreneurial orientation variable. This research is a quantitative study using data from the distribution of questionnaires and qualitative data derived from interviews with government parties related to small businesses and mediumperempuan in Pangkep Regency. Quantative data is processed using *SmartPLS software*. The results of the study found that the family environment and the use of *social media marketing* can increase entrepreneurial orientation and the performance of Small and Medium Enterprises in the city of Pangkep Regency

**Index Terms-** Family Environment, Utilization of *social media marketing*, Business Performance, Entrepreneurial Orientation

## I. INTRODUCTION

The role of small and medium-sized enterprises is generally related to the fields of trade and processing industries such as: food stalls, small shops (compounding), food processing and handicraft industries, because these businesses can be done at home. Although initially small and medium-sized enterprises were carried out as side jobs to help increase household income, they could become the main source of household income if done seriously (Priminingtyas, 2010). Performance Small and medium-sized businesses can refer to personal success in achieving business goals i.e. from the four perspectives of finance, customer, process, as well as learning and growth

The development of literature on the performance of small and medium enterprises and entrepreneurship is very important not only for researchers but also for managers and small and medium entrepreneurs. The process of how companies seize opportunities to grow or gain profitability is critical for managers and as a basis for small and medium-sized businesses to overcome hurdles over renewal (Samir, 2011).

An entrepreneur or owner of a small and medium-sized business can achieve success by thinking about and doing 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 the next stage that is essentially (Sumantri et al., 2013).

Small and medium-sized enterprises in Indonesia need an innovation in both technological and non-technological fields that can facilitate them in the process of buying and selling their products or services. Nowadays, technological developments are growing rapidly. This rapid technological development is expected to be able to help the running of the economy in Indonesia. Small and medium-sized businesses is the backbone of the Indonesian economy requires the introduction of technology and the application of technology in the fields of trade and business (Linawati et al., 2018).

The right strategy is needed to be able to optimize the performance of small and medium-sized enterprises and win market competition because behind the success of these small and medium enterprises, it turns out that there are still many obstacles experienced, so that small and medium enterprises are still unable to bring Indonesia out of the prolonged economic crisis (Sari & Hanoum, 2012). Furthermore, business *performance* refers to the level of achievement or achievement of the company in a certain period of time (Sumantri et al., 2013; Suci, 2009), while according to Moeherton in the research of Sumantri et al (2013) mentioned that the notion of performance or performance is a description of the level of achievement of the implementation of a program activities or policies in realizing the goals, objectives, vision, and mission of the organization as outlined through the strategic planning of an organization.

Business performance can be seen from the level of sales, profit rate, return on capital, turn over rate and market share it achieved (Munizu, 2010).

In the research of it was stated that small and medium enterprises have a considerable role and potential in building the national and sectoral economy. But the reality is that small and medium-sized businesses have not been able to develop their potential and role optimally. Strategies for optimizing the role of the family environment and the use of *social media marketing* can be used to improve the performance of small and medium enterprises.

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).

The rapid development of technology is expected to be able to help the running of the economy in Indonesia. Small business is the backbone of the Indonesian economy requiring the introduction of technology and the application of technology in the fields of trade and business (Linawati et al., 2018). Improving the performance of small and medium enterprises is inseparable from the role of the family environment and the use of *social media marketing*.

Related to entrepreneurial activities, the family plays a role as one of the driving factors for a person to become an entrepreneur. The family environment has an influence on the entrepreneurial profession which can be seen in terms of the work of parents, from parents who work alone and have their own business, then his son tends to be an entrepreneur anyway. Basically, someone who grew up in a family that works as an entrepreneur, tends to make their child or other family members follow in their footsteps to develop their career as entrepreneurial (Citradewi, 2012).

Previous research conducted by Tommy Prasetyo, where the deka relatives of respondents who had had a business were mostly dominated by the biological father of the respondent who indicates that an entrepreneurial spirit can be formed from the family environment. In addition, close relatives / families who have had a business can be a place to hone respondents' ability to learn entrepreneurship before entering themselves as entrepreneurs. This is reinforced by empirical facts such as parents who have a business always encourage their children to help participate in selling and developing the business of parents so that The role of the family environment greatly affects business performance.

The next variable that can affect the business performance of small businesses is the use of *social media marketing*. Although the business is social-based, many social entrepreneurship activist communities have used new media, be it to educate the public or promote their products. They realize that in the digital age the use of social media such as Facebook, Instagram and others is very helpful for their business (Nahan & Kristinae, 2019). Free trade competition and globalization, market share needs to be expanded by small and medium-sized enterprises. When the market share is wide, then the creation of core competencies becomes a key strategy to win the competition.

Small and medium enterprises must be able to follow changing trends by utilizing information technology / online media to encourage business activities while increasing competitiveness through: (1) Improving Product Quality and Marketing Access; (2) Skills Development and Business Services; (3) Entrepreneurship Development; (4) Ease, Certainty, and Business Protection; (5) Expansion of Access to Financing; In addition to being a challenge for the business world, on the other hand, it is also a very large opportunity and potential for improving the economy and business of women small and medium enterprises (Nahan & Kristinae, 2019).

Social media marketing can be viewed as a new field and new business practice involved with marketing goods, services, information, and ideas through online social media . However, there is also confusion between a discipline called social marketing and social media marketing. Many references on the internet misinterpret social media marketing as social marketing (Dahnil et al., 2014). In the future, the potential use of social media marketing will grow, especially since the trend of online shopping also continues to increase and can be accessed from anywhere in small and medium businesses (Nahan & Kristinae, 2019). The use of *social media marketing* is very useful for improving the performance of small and medium-sized businesses due to *the low costs* used in running a business. This is reinforced by empirical facts such as business actors using social media in selling their products through *the market place facebook, instagram* and *whatsa p p*. Businesses use live streaming services through Facebook and Instagram to sell their products.

In the competitive landscape of the AEC, the entrepreneurial orientation of Small and Medium Enterprises becomes very important. According to (Thaha et al., 2022)that the increasing dynamics of the environment and the intensification of competition, companies are challenged to improve entrepreneurial orientation in order to compete and survive, because entrepreneurial orientation is related to better company performance. The entrepreneurial orientation associated with the performance of small and medium-sized industries was researched by Palalic, R & Busatlic,S (2015) and found that the dimensions of entrepreneurial orientation have a significant relationship with the performance and growth of small business businesses in Bosnia Herzegovina. Kumalaningrum (2012) found that entrepreneurial orientation has a positive and significant effect on the performance (profitability) of Small and Medium Enterprises. On the contrary, the results of Reswanda's research (2012) which shows that entrepreneurial orientation has not had a significant impact on the performance of small and medium enterprises. This is reinforced by empirical facts such as the willingness to be independent and the desire to innovate as well as the tendency to be aggressive towards competitors and always look for business opportunities.

## II. RESEARCH METHODS

This research is a mixed study that combines quantitative data using data from the distribution of questionnaires and qualitative data derived from interviews with government parties related to small and medium-sized enterprises in Pangkep Regency. Quantative data is processed using SmartPLS software while qualitative data is processed using atlas.ti software.

The research was carried out for approximately 3 months in November 2022 so that the research implementation will be carried out around November to January 2023 with research carried out in Pangkep Regency.

The population of this study is the total number of small and medium-sized enterprises in Makasar City totaling 9,958 businesses. The sample according to Sugiyono (2010:116) is part of the number and characteristics possessed by the population. Determination of the number of samples that are considered representative, namely using the Slovin formula with a standard error of 5% as follows (Siregar, 2012):

$$n = \frac{N}{1+Ne^2}$$

Where:

n = Number of samples

N = Total population

e = Error rate

Then it can be calculated:

$$n = \frac{N}{1+Ne^2}$$

$$n = \frac{9,958}{1+(9,958 \times 0,01)^2}$$

$$n = \frac{175}{(1+99,58)}$$

$$n = \frac{9,958}{100,58}$$

n = 99.006 rounded to 99 respondents.

Data collection is carried out in various *settings*, namely:

1. Documentation. The documentation needed is a variety of documents that show or describe important data and information related to research.
2. Questionnaire. Providing questionnaires to the respondents (sample). This questionnaire is compiled in the form of written questions given to respondents. The reasons for using the questionnaire method are as follows:
  - a. The subject's interplay to the statement submitted to the respondent is expected to be in accordance with the researcher's intentions.
  - b. In answering respondents' questions, they can be more free, because they are not influenced by the mental attitude of the relationship between respondents and researchers.
  - c. The collected data can be easily analyzed, each answer will be given a scale of values according to the answer choice.
  - d. Interview, Is a conversation between two or more people and takes place between the source and the interviewer. The purpose of an interview is to get the right information from a reliable source.

### III. RESEARCH RESULT

Now it is the time to articulate the research work with ideas gathered in above steps by adopting any of below suitable approaches:

The results of the study consist of an overview of the object of study, validity test, reliability test, description of respondents' responses, and hypothesis test and coefficient of determination.

Validity testing is an analysis of a measure that shows the levels of validity of a questionnaire. According to Siregar (2017) validity shows how far a test or operations measure what should be measured. In the product moment method, validity analysis (attachments) is performed on the instruments of all variables through the help of *SPSS 21*

The basis for decision making (Sugiyono, 2016) is:

1. If  $r_{hitung} \geq r_{tabel}$ ; then the statement is valid.
2. If  $r_{hitung} < r_{tabel}$ ; then the statement is invalid.

To be seen in the corrected-item  $r_{hitung}$  column of the total correlation in the correlation table (appendix).

The results of the validity analysis can be presented as follows:

Table 1. Validity Tests

Variable	Statement Items	$r_{hitung}$	$r_{tabel}$	Information
Family environment (X1)	1	0.697	0,30	Valid
	2	0.814	0,30	Valid
	3	0.860	0,30	Valid
	4	0.867	0,30	Valid
	5	0.790	0,30	Valid
	6	0.737	0,30	Valid
	1	0.697	0,30	Valid

Variable	Statement Items	$r_{hitung}$	$r_{tabel}$	Information
Utilization of <i>social media marketing</i> (X2)	2	0.726	0,30	Valid
	3	0.687	0,30	Valid
	4	0.792	0,30	Valid
	5	0.694	0,30	Valid
Entrepreneurial Orientation (Z)	1	0.849	0,30	Valid
	2	0.813	0,30	Valid
	3	0.848	0,30	Valid
	4	0.790	0,30	Valid
Business Performance (Y)	1	0.871	0,30	Valid
	2	0.848	0,30	Valid
	3	0.853	0,30	Valid
	4	0.725	0,30	Valid
	5	0.789	0,30	Valid

Source: *Data Processing (2023)*

From the results of the validity calculation, it can be seen that each question from each variable shows the value of  $r_{count} > r_{table} = 0.30$ . So that the results of the validity test of all questions from each variable are valid.

Reliability tests are intended to test the same instrument at different times and give the same results. A construct or variable is said to be reliable if it gives a *Cronbach Alpha* value of  $\geq 0.60$  (Sugiyono, 2016). Based on the results of processing using SPSS, Cronbach's Alpha for all variables that can be seen in the following table:

Table 2. Reability Tests

Variable	Cronbach's Alpha	Information
Family environment (X1)	0,928	reliable
Utilization of <i>social media marketing</i> (X2)	0,881	reliable
Entrepreneurial Orientation (Z)	0,920	reliable
Business Performance (Y)	0,928	reliable

Source: *Data Processing, 2023.*

Based on the table above, it can be seen that each variable between the variables Family Environment (X1), Utilization of *social media marketing* (X2), Entrepreneurial Orientation (Z), Business performance (Y) was obtained by the *Cronbach Alpha* value of  $\geq 0.60$ . Thus, the results of the reability test of the entire variable are reliable.

### Path Analysis

The research uses statistical analysis, namely path analysis (Path Analysis). This analysis is used to test the influence of intervening variables where regression analysis is used to assess causality relationships between variables (casual models). Path analysis is an extension of multiple linear regression analysis or path analysis is the use of regression analysis to assess causality relationships between predefined variables based on theory. A direct relationship occurs if one variable affects another without a third variable intervening the relationship between the two variables. An indirect relationship is if there is a third variable that mediates the relationship between these two variables (siregar,2012). Thus in the relationship model between these variables, there are independent variables which in this case are called exogenous (exogenous) variables, and dependent variables called endogenous (endogenous) variables. Through this path analysis, it will be possible to find which path is the most appropriate and shortest independent variable to the last dependent variable (Sugiyono, 2016).

#### a. Line I Model Regression

Table 3. Coefficients<sup>a</sup>

Type	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.279	.838		2.718	.008
FAMILY ENVIRONMENT	.398	.065	.638	6.095	.000

SOCIAL MEDIA MARKETING	.206	.087	.249	2.376	.019
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a. Dependent Variable: ORIENTATION. ENTREPRENEURSHIP

Based on Table 3 the path 1 regression model is as follows:

$$Z = 0.638 X1 + 0.249 X2 + 0.504$$

regression equation, shows that the family environment variable has a positive regression coefficient direction or is directly proportional to the entrepreneurial orientation while the use of *social media marketing* has a positive regression coefficient direction or directly proportional to the entrepreneurial orientation, this shows that the Environment variable the family will have a positive influence on entrepreneurial orientation and variables The use of *social media marketing* will have a positive influence on entrepreneurial orientation.

**Hypothesis Testing**

**Hypothesis 1**

The calculation results obtained the calculated t value for the family environment variable was 6,095 and using the *significance level* (signification level) of 5% obtained t table of 1.661. Where t table is obtained from  $dk = n - k (99 - 4) = 95$  (Siregar, 2012) which means that the calculated t value is greater than t table which is  $6,095 > 1.661$ . While the sig value in tabell is 0.000 because the sig is smaller or less than 0.05, which indicates that the family environment has a positive and significant influence on entrepreneurial orientation. Thus it can be concluded that the hypothesis that states The family environment has a positive and significant influence on entrepreneurial orientation is accepted.

**Hypothesis 2**

The calculation results obtained the calculated t value for *the social media marketing* utilization variable was 2,376 and using the *significance level* (signification level) of 5% obtained t table of 1,661. Where t table is obtained from  $dk = n - k (99 - 4) = 95$  (Siregar, 2012) which means that the value of t count is greater than t of the table which is  $2,376 > 1.661$ . While the sig value in the table is 0.000 because the sig is smaller or less than 0.05, which shows that the use of *social media marketing* has a positive and significant influence on entrepreneurial orientation. Thus it can be concluded that the hypothesis that states The family environment has a positive and significant influence on entrepreneurial orientation is accepted.

**Coefficient Dof determination**

Table 4. Model Summary

Type	R	R Square	Adjusted Square	Std. Error of the Estimate
1	.864 <sup>a</sup>	.746	.741	1.329

a. Predictors: (Constant), SOCIAL\_MEDIA\_MARKETING, WORK\_ENVIRONMENT

Table 4 shows a determination test of the *R Square* value of 0.746, which means that the variables Family environment and *social media marketing* utilization can explain the entrepreneurial orientation variable of 74.6% and the remaining 25.4 % which is another variable that was not studied in this study. Meanwhile, the value of e1 can be searched by the formula  $e1 = \sqrt{1 - 0,746} = 0.504$ .

b. Model 2 Regression.

Table 5. Coefficients Line 2

Type	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	-.514	.645		-.798	.427
FAMILY_ENVIRONMENT	.297	.057	.370	5.217	.000
SOCIAL_MEDIA_MARKETING	.517	.066	.484	7.805	.000
ORIENTATION_ENTREPRENEURSHIP	.193	.076	.150	2.548	.012

a. Dependent Variable: PERFORMANCE

Based on Table 4.10 the model of the regression equation of path 2 is as follows:

$$Y = 0.370 X_1 + 0.484 X_2 + 0.150 Z + 0.288$$

Regression equation, shows that family environment variables, social media marketing utilization and entrepreneurial orientation have a positive regression coefficient direction or are directly proportional to business performance, this shows that family environment variables, social *media marketing* utilization, and Entrepreneurial orientation will provide a positive impact on business performance

**Hypothesis 3**

the result of the calculation obtained the calculated t value for the family environment variable was 5,217 and using the *significance level* (signification level) of 5% obtained t table of 1.661. Where t table is obtained from  $dk = n-k (99-4) = 95$  (Siregar, 2012) which means that the calculated t value is greater than the table t which is  $5,217 > 1.661$ . While the sig value in the table is 0.000 because the sig is smaller or less than 0.05, which shows that the family environment has a positive and significant influence on business performance. Thus, it can be concluded that the hypothesis that states the family environment has a positive and significant influence on business performance is accepted.

**Hypothesis 4**

The calculation results obtained a calculated t value for the social *media marketing* utilization variable of 7,805 and using the *significance level* (signification level) of 5% obtained t table of 1,661. Where t table is obtained from  $dk = n-k (99-4) = 95$  (Siregar, 2012) which means that the value of t count is greater than t of the table which is  $7,805 > 1.661$ . While the sig value in the table is 0.000 because the sig is smaller or less than 0.05, which shows that the use of *social media marketing* has a positive and significant influence on business performance. Thus, it can be concluded that the hypothesis that states the use of *social media marketing* has a positive and significant influence on business performance is accepted.

**Hypothesis 5**

The calculation results obtained the calculated t value for the entrepreneurial orientation variable was 2,548 and using the *significance level* (signification level) of 5% obtained t table of 1.661. Where t table is obtained from  $dk = n-k (99-4) = 95$  (Siregar, 2012) which means that the value of t count is greater than t of the table which is  $2,548 > 1.661$ . Meanwhile, the sig value in the table is 0.012 because the sig is smaller or less than 0.05, which shows that entrepreneurial orientation has a positive and significant influence on business performance. Thus, it can be concluded that the hypothesis that states entrepreneurial orientation has a positive and significant influence on business performance is accepted.

**Coeffesient of Determination**

Table 6. Model Summary

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.958 <sup>a</sup>	.917	.914	.985

a. Predictors: (Constant), ORIENTATION. ENTREPRENEURSHIP, SOCIAL . MEDIA. MARKETING, FAMILY ENVIRONMENT

Tabel 6 shows a determination test of the *R Square* value of 0.917 which means that the family environment variable, the use of *social media marketing* and entrepreneurial orientation can explain the business performance variable of 91.7% and the remaining 8.3 % which is another variable that was not studied in this study. Meanwhile, the value of  $e^2$  can be searched by the formula  $e^2 = \sqrt{1 - 0,917} = 0.288$

Path analysis is an extension of multiple linear regression analysis or regression analysis used to measure causality relationships between variables.

**Hypothesis Test (Indirect Influence)**

Test Hypothesis indirect influence use account sobel Test Next be account sobel Test with use sobel Test calculator

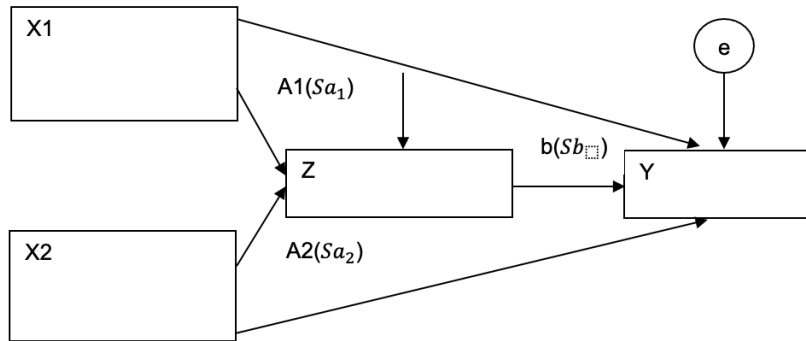


Figure 1. Sobel Test Calculation

Information

- $a_1$  : unstd. Coef X1 to Z
- $a_2$  : unstd. Coef X2 to Z
- $b$  : unstd. Coef Z to Y
- Sa1 : Std, Error X1 to Z
- Sa2 : Std, Error X2 to Z
- Sb1 : Std, Error Z to Y

**Hypothesis 6 (The Effect of the Family Environment on Business Performance through Entrepreneurial Orientation )**

A:  ?

B:  ?

SE<sub>A</sub>:  ?

SE<sub>B</sub>:  ?

**Calculate!**

**Sobel test statistic: 2.34573245**  
**One-tailed probability: 0.00949487**  
**Two-tailed probability: 0.01898973**

Figure 2. Sobel Test Calculator 1 Results  
 Source: Processed data of Sobel Test Calculator (<https://www.danielsoper.com>)

Based on figure 2, it is known the influence of the family environment on business performance through entrepreneurial orientation as an intervening variable with a statistical nilai of 2.34573245 which is greater than t-table 1.661. This means the Hypothesis is accepted. Which shows that the family environment has a positive and significant impact on business performance through entrepreneurial orientation.

**Hypothesis 7 (The Effect of Social Media Marketing Utilization on Performance through Entrepreneurial Orientation)**

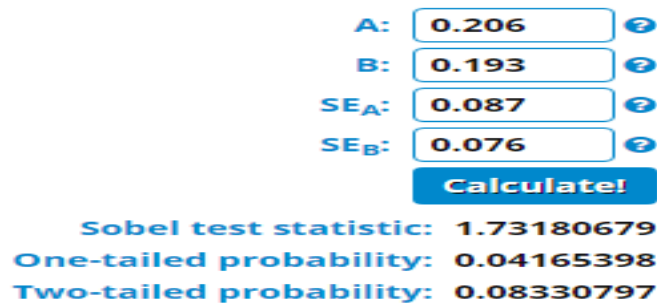


Figure 3. Sobel Test Calculator 2 Results

Source : Processed data of Sobel Test Calculator (<https://www.danielsoper.com>)

Based on figure above, it is known the effect of the use of *social media marketing* on business performance through entrepreneurial orientation as an intervening variable with shown a t-statistical value of 1.73180679 which is greater than t-table 1.661. This means the Hypothesis is accepted. Which shows that the use of *social media marketing* has a positive and significant impact on performance through entrepreneurial orientation.

#### IV. RESEARCH DISCUSSION

##### **The influence of the family environment on entrepreneurial orientation**

Based on the results of statistical tests for variables Family environment it is concluded that the family environment partially has a positive and significant influence on entrepreneurial orientation. This shows that if the family environment is better, the better the entrepreneurial orientation will be in small and medium-sized enterprises in Pangkep Regency. The results also showed respondents' responses about the family environment to entrepreneurial orientation which showed a high/good average respondent response although there were still those who showed doubtful and disapproving responses to the use of entrepreneurial orientation that is currently felt towards the family environment. Based on the results of interviews with several business actors who were met, they said that the family environment related to entrepreneurial orientation shows that the family environment in small and medium-sized enterprises in Pangkep Regency is quite good, but there needs to be full support from the family so that the entrepreneurial orientation is better.

Family environment variables are compiled by indicators consisting of the way parents educate, relations between family members, home atmosphere, family economic circumstances, parental understanding, cultural background. This is shown by parents always teaching business to children and the relationship between families supports each other in running a business. In addition, the atmosphere in the house is very comfortable and mutually supportive and the family's economic situation is quite decent and parents are very understanding of every business we want to run. It is also supported by the cultural background of the family is very supportive of doing business. While the variable of entrepreneurial orientation consists of the willingness to be independent, the desire to innovate, the tendency to be aggressive towards competitors, being proactive towards market opportunities. This is shown by always having the desire to be independent in running a business and in running a business business actors always make interesting innovations. In addition, in running a business, it tends to be aggressive towards competitors and always try to find information related to attractive market opportunities.

The results of this study are supported by the opinion expressed by Gray in Routamaa & Risman (2003) stating that people who have strong family support will be ready to face the abilities and resources needed in entrepreneurship. A person who has previously formed in a family environment that has a business will influence one's behavior to become an entrepreneur (Krueger, in Basu & Virick, 2007). These results were also strengthened by the research of Inayati, F. E. (2018)

##### **The influence of the use of *social media marketing* on entrepreneurial orientation**

Based on the results of the study, it shows that the better the use of *social media marketing*, it will increase entrepreneurial orientation in small and medium-sized enterprises in Pangkep Regency. The results of the study also showed respondents' responses about the use of social media marketing to entrepreneurial orientation which showed a high / good average respondent response even though there were still those who showed doubtful and disapproving responses to the entrepreneurial orientation that is currently felt towards the use of *social media marketing*. Based on the results of interviews with several small and medium enterprises who were met, they said that the use of social media marketing related to entrepreneurial orientation showed that the use of *social media marketing* in small and medium enterprises in the district Pangkep is good enough but needs to be improved again.

Variables in the use of *social media marketing* are compiled by indicators consisting of information, the existence of services, service responsiveness, processes, uses. This is shown by products that are sold through social media providing detailed and complete product information and in selling products always provide the best service. In selling products online, they are always responsive to every customer complaint and in selling products through social media through several processes and stages. While the variable of entrepreneurial orientation consists of the willingness to be independent, the desire to innovate, the tendency to be aggressive towards competitors, being proactive towards market opportunities. This is shown by always having the desire to be independent in running a



business and in running a business business actors always make interesting innovations. In addition, in running a business, it tends to be aggressive towards competitors and always try to find information related to attractive market opportunities.

The results of this study are supported by the opinion expressed by Downling, and Welpel (2005) in Farzana Parveen (2016), suggesting that social networks are needed to develop entrepreneurial skills, therefore increasing learning and relationships with other existing companies. Entrepreneurs differ according to the size and type of social network they can call to complement their skills and knowledge, and so on, and how to use it and develop the network. Social media helps to improve social networks that can increase the chances of success in several ways at different stages of business development. Therefore, this study aims to determine the impact of social media on the entrepreneurial orientation of organizations.

These results are also supported by the research of Marisa, Oktafalia, and Yustinus Yuniarto (2018) with the research title *The Influence of Social Media Use on Entrepreneurial Orientation (Case Study on Small and Medium Enterprises Culinary West Jakarta)*. Where the results of the study show that the use of *social media marketing* has a positive and significant effect on entrepreneurial orientation.

### **The influence of the family environment on business performance**

Based on the results of the study, it shows that the better the family environment will affect the performance of small and medium-sized enterprises in Makassar City. The results of the study also showed respondents' responses about the family environment to business performance which showed a high / good average respondent response even though there were still those who showed doubtful and disapproving responses to the family environment that is currently felt towards business performance. Based on the results of interviews with several small and medium-sized business actors who were met, they said that the family environment related to business performance shows that the family environment in small and medium-sized enterprises in Pangkep Regency is quite good but needs to be improved again.

Family environment variables are compiled by indicators consisting of the way parents educate, relations between family members, home atmosphere, family economic circumstances, parental understanding, cultural background. This is shown by parents always teaching business to children and the relationship between families supports each other in running a business. In addition, the atmosphere in the house is very comfortable and mutually supportive and the family's economic situation is quite decent and parents are very understanding of every business we want to run. It is also supported by the cultural background of the family is very supportive of doing business. Meanwhile, business performance variables consist of sales growth, capital growth, labor growth, market growth, profit growth. This is shown by the excellent product sales growth and capital growth tends to increase. In addition, the number of workers is increasing along with the increase in production and the number of markets in selling products is getting wider and the growth in the number of incomes is increasing.

This result is also supported by the opinion expressed by Drennan, Kennedy & Renfrow in Siti Mahmudah (2017), that those who have experience in the family business have more perceptions of desirability (i.e. a strong desire to start a business) and a perception of feasibility (i.e. a person's self-confidence if he is able and will succeed in running a business). When a person has experience in entrepreneurship obtained from his family, he will know better what difficulties will be faced in entrepreneurship. In addition, the failure of parents in doing business and changing businesses has a positive effect on individual attitudes that lead to business success.

These results are also supported by Siti Mahmudah's research (2017) with the title *entrepreneurship education, family environment and social capital its influence on entrepreneurial interests and their impact on the entrepreneurial performance of students who are members of the stie ipwija entrepreneurship incubator*. Where the results of the analysis show that the family environment has a positive and significant effect on entrepreneurial performance.

### **The effect of the use of *social media marketing* on business performance**

Based on the results of research, it shows that the better the use of *social media marketing*, it will affect the performance of small and medium-sized enterprises in Makassar City. The results of the study also showed respondents' responses about the use of social media marketing to business performance which showed a high / good average respondent response even though there were still those who showed doubtful and disapproving responses to the use of *social media marketing* that is currently felt towards business performance. Based on the results of interviews with several small and medium enterprises who were met, they said that the use of social media marketing related to business performance shows that the use of *social media marketing* in small and medium-sized enterprises in the district Pangkep is good enough but needs to be improved again.

Variables in the use of *social media marketing* are compiled by indicators consisting of information, the existence of services, service responsiveness, processes, uses. This is shown by products that are sold through social media providing detailed and complete product information and in selling products always provide the best service. In selling products online, they are always responsive to every customer complaint and in selling products through social media through several processes and stages. Meanwhile, business performance variables consist of sales growth, capital growth, labor growth, market growth, profit growth. This is shown by the excellent product sales growth and capital growth tends to increase. In addition, the number of workers is increasing along with the increase in production and the number of markets in selling products is getting wider and the growth in the number of incomes is increasing.

These results are also supported by the opinion expressed by Vargo and Lusch (2008) showing that the use of social media to collect information from customers and encourage conversations with them leads to better management of customer-supplier interactions from the future and improves CRM capabilities, which in turn improves company performance.

These results are also supported by the research of Saputri, R. W. (2020). Where the results of the analysis show that social media has a significant effect on company performance.

### **The effect of entrepreneurial orientation on business performance**

Based on the results of the study, it shows that the better the entrepreneurial orientation, it will affect the performance of small and medium-sized enterprises in Makassar City. The results of the study also showed respondents' responses about entrepreneurial orientation to business performance which showed a high / good average respondent response although there were still those who showed doubtful and disapproving responses to the entrepreneurial orientation currently felt towards business performance. Based on the results of interviews with several small and medium enterprises who were met, they said that for entrepreneurial orientation related to business performance, it shows that entrepreneurial orientation in small and medium enterprises in Pangkep Regency is good enough but needs to be improved again.

Variables of entrepreneurial orientation are compiled indicators consisting of the willingness to be independent, the desire to innovate, the tendency to be aggressive towards competitors, being proactive towards market opportunities. This is shown by always having the desire to be independent in running a business and in running a business business actors always make interesting innovations. In addition, in running a business, it tends to be aggressive towards competitors and always try to find information related to attractive market opportunities. Meanwhile, business performance variables consist of indicators, namely sales growth, capital growth, labor growth, market growth, profit growth. This is shown by the excellent product sales growth and capital growth tends to increase. In addition, the number of workers is increasing along with the increase in production and the number of markets in selling products is getting wider and the growth in the number of incomes is increasing

This result is also supported by the opinion expressed by According to Hitt et al (2002) that increasing environmental dynamics and intensifying competition, companies are challenged to improve entrepreneurial orientation in order to compete and survive, because entrepreneurial orientation is related to better company performance.

These results are also supported by research by Kumalaningrum (2012) found that entrepreneurial orientation has a positive and significant effect on the performance (profitability) of Small and Medium Enterprises.

### **The influence of the family environment on business performance through entrepreneurial orientation**

Based on the results of research, it shows that the better the family environment, it will improve the performance of small and medium-sized enterprises in Pangkep Regency if it is through an entrepreneurial orientation. The results of the study also showed respondents' responses about the family environment to business performance through entrepreneurial orientation which showed a high / good average respondent response although there were still those who showed doubtful and disapproving responses to the family environment that is currently felt towards business performance through entrepreneurial orientation. Based on the results of interviews with several small and medium enterprises who were met, they said that the family environment related to business performance through entrepreneurial orientation shows that the family environment in small and medium-sized businesses in Pangkep Regency is quite good but needs to be improved again.

Family environment variables are compiled by indicators consisting of the way parents educate, relations between family members, home atmosphere, family economic circumstances, parental understanding, cultural background. This is shown by parents always teaching business to children and the relationship between families supports each other in running a business. In addition, the atmosphere in the house is very comfortable and mutually supportive and the family's economic situation is quite decent and parents are very understanding of every business we want to run. It is also supported by the cultural background of the family is very supportive of doing business. Meanwhile, business performance variables are compiled by indicators consisting of sales growth, capital growth, labor growth, market growth, profit growth. This is shown by the excellent product sales growth and capital growth tends to increase. In addition, the number of workers is increasing as production increases and the number of markets in selling products is getting wider and the growth in the amount of income is increasing. and for the variable entrepreneurial orientation is composed by indicators consisting of the willingness to be independent, the desire to innovate, the tendency to be aggressive towards competitors, being proactive towards market opportunities. This is shown by always having the desire to be independent in running a business and in running a business business actors always make interesting innovations. In addition, in running a business, it tends to be aggressive towards competitors and always tries to find information related to attractive market opportunities

This result is also supported by the opinion expressed by Drennan, Kennedy & Renfrow in Siti Mahmudah (2017), that those who have experience in the family business have more perceptions of desirability (i.e. a strong desire to start a business) and a perception of feasibility (i.e. a person's self-confidence if he is able and will succeed in running a business). When a person has experience in entrepreneurship obtained from his family, he will know better what difficulties will be faced in entrepreneurship. In addition, the failure of parents in doing business and changing businesses has a positive effect on individual attitudes that lead to business success. Another opinion expressed by Hitt et al (2002) that increasing environmental dynamics and intensifying competition, companies are challenged to improve entrepreneurial orientation in order to compete and survive, because entrepreneurial orientation is related to better company performance.

These results are also supported by the research of Siti Mahmudah (2017) and kumalaningrum research (2012).

### **5.7 The effect of the use of social media marketing on business performance through entrepreneurial orientation.**

Based on the results of the study, it shows that the better the use of *social media marketing*, it will affect the performance of small and medium-sized enterprises in Pangkep Regency if it is through an entrepreneurial orientation. The results of the study also showed respondents' responses about the use of social media marketing to business performance if through an entrepreneurial orientation which showed a high / good average respondent response even though there were still those who showed doubtful and disapproving responses to the use of *social media marketing* which is currently felt towards business performance through entrepreneurial orientation. Based on

the results of interviews with several small and medium enterprises who were met, they said that the use of social media marketing related to business performance through entrepreneurial orientation showed that the use of *social media marketing* in small and medium-sized enterprises in Pangkep Regency is good enough but needs to be improved again.

Variables in the use of *social media marketing* are compiled by indicators consisting of information, the existence of services, service responsiveness, processes, uses. This is shown by products that are sold through social media providing detailed and complete product information and in selling products always provide the best service. In selling products online, they are always responsive to every customer complaint and in selling products through social media through several processes and stages. Meanwhile, business performance variables are compiled by indicators consisting of sales growth, capital growth, labor growth, market growth, profit growth. This is shown by the excellent product sales growth and capital growth tends to increase. In addition, the number of workers is increasing as production increases and the number of markets in selling products is getting wider and the growth in the number of incomes is increasing. For variables entrepreneurial orientation is composed by indicators consisting of the willingness to be independent, the desire to innovate, the tendency to be aggressive towards competitors, being proactive towards market opportunities. This is shown by always having the desire to be independent in running a business and in running a business business actors always make interesting innovations. In addition, in running a business, it tends to be aggressive towards competitors and always tries to find information related to attractive market opportunities

These results are also supported by the opinion expressed by Vargo and Lusch (2008) showing that the use of social media to collect information from customers and encourage conversations with them leads to better management of customer-supplier interactions from the future and improves CRM capabilities, which in turn improves company performance. And strengthened by the opinion expressed by Reswanda (2012) that the use of effective social marketing will greatly help the performance of small and medium enterprises supported by a good entrepreneurial orientation. These results are also supported by the research of Saputri, R. W. (2020)

## V. CONCLUSION

Based on the results of the research and discussion, the conclusion of this study is when supportive family environment and optimizing the use of social media marketing can increase entrepreneurial orientation and create better SME performance in Pangkep Regency. Business actors need to improve a good family environment, especially the indicator of relations between family members which is the weakest indicator by strengthening relations between families to support each other in running a business. Business actors need to improve effective social media marketing, especially the Service Presence indicator which is the weakest indicator in selling products so that they always provide the best service. As for the better entrepreneurial orientation, especially the indicator of the desire to innovate, which is the weakest indicator, SME make interesting innovations in running my business.

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