

Entrepreneurial Orientation and Business Performance: The Mediating Role of Social Media Adoption

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ABSTRACT

The objective of this research is to find out how owners of fashion clothing companies in Bandung's Pasar Baru Trade Center use social media and how the spirit of entrepreneurship impacts company results. This research has conducted quantitative research, and questionnaires sent to 100 of the MSME's actors in Pasar Baru Trade Center Bandung as a sample for this research. PLS is used to analyze the relationships between variables in the research model. Results of the study reveal that having an entrepreneurial spirit greatly and positively impacts both a company's performance and its use of social media. Besides, social media usage has a significant positive effect on firm performance. The link between entrepreneurial orientation and business performance is significantly mediated using social media. This research emphasizes the importance of having an entrepreneurial spirit, that is forward-thinking, creative, and risk-taking, as well as using social media effectively to enhance a company's competitiveness and performance.

Keywords: *Entrepreneurial Orientation, Social Media Adoption, Business Performance, Fashion, MSMEs*

INTRODUCTION

In the era of globalization and the industrial revolution, the dynamics of the business world show increasingly intense, rapid, and unpredictable competition, where business actors are required to be able to adapt to market changes, technological innovations, as well as rising consumer demands for product quality and differentiation, especially in the fashion industry, which is one of the largest creative sectors in the world and a significant contributor to the national economy. In Indonesia, the fashion industry holds a crucial position because it not only supports the growth of the creative economy but also significantly contributes to job creation. Data from the Ministry of Trade (2021) confirms that the fashion sector is a leading subsector of the creative economy, contributing 18.01% to the total Gross Domestic Product (GDP) of the national creative economy.

West Java Province, with a GRDP of IDR 602.07 trillion and a 5.68% economic growth in the second quarter of 2022, is a major center for the creative industry where this sector's role becomes even more significant (BPS, 2022). Bandung's Pasar Baru Trade Center, with thousands of vendors selling cheap clothes with various designs that attract both local and foreign markets, has evolved into a major fashion spot of West Java. However, even with such a huge potential, the Pasar Baru businesses still face some basic problems such as limited capacity to increase sales volume, fluctuation of turnover even with changing market trends, reluctance to take risks in pricing and new product strategies, and poor marketing and customer communication through digital channels, especially social media.

One major element that links the effect of entrepreneurial orientation on SME success is social media adoption. Entrepreneurial orientation encourages enterprises to innovate and take the lead which leads to quick social media adoption resulting in huge organizational performance improvement (Fan et al., 2021). Qalati et al. (2022) mentioned that besides being a communication tool, social media is the strategic means that aligns entrepreneurial orientation with business performance in developing countries.

Even though entrepreneurial orientation, which encompasses risk-taking, innovation, and proactiveness—has been shown to be a crucial component in enhancing business performance, this condition suggests that their business competitiveness has not been strongly developed (Utama, 2018; Rofiq, Kharisma, & Irawanto, 2020). Additionally, risk-taking behavior is positively correlated with entrepreneurial intention, which eventually affects the sustainability of businesses, according to research by Mawardi and Sujarwoto (2021).

The fashion industry's large potential in Pasar Baru and its current situation differ greatly since the business owners have not effectively combined their entrepreneurial orientation with digital marketing methods, hence there is a gap. Therefore, the study of the Impact of Entrepreneurial Orientation on Business Performance through Social Media Adoption is a very good topic. The problem statement is briefly presented below: (1) What is the relationship between entrepreneurial orientation, business performance, and social media adoption of fashion apparel entrepreneurs in Pasar Baru Trade Center, Bandung City? (2) What is the extent of the impact of entrepreneurial orientation on business performance? (3) What is the extent of the impact of social media adoption on business performance? (4) What is the extent of the impact of entrepreneurial orientation on social media adoption? and (5) What is the complete impact of entrepreneurial orientation on business performance as mediated by social media adoption?

This study aims to observe, collect, process, and obtain important data regarding entrepreneurial orientation, social media adoption, and business performance at Pasar Baru Trade Center Bandung. The goal is to assess the status of each variable and examine the direct and indirect influences between these variables on fashion entrepreneurs. Practically, this study aims to provide information, insights, and recommendations for business actors and MSMEs to increase competitiveness through entrepreneurial orientation and social media. Academically, this study aims to enrich the author's understanding and serve as a valuable reference for future researchers exploring the interaction between entrepreneurial orientation, business performance, and digital marketing strategies in various contexts.

LITERATURE REVIEW

Entrepreneurial Orientation

According to Utama, L (2018), entrepreneurial orientation is defined as the traits and values held by entrepreneurs, including perseverance, risk-taking, agility, and adaptability. Entrepreneurship can be considered the embodiment of entrepreneurial orientation. The procedures, methodologies, and actions involved in decision-making (entrepreneurial orientation) culminate in a new venture (entrepreneurship). Entrepreneurial orientation demonstrates a company's propensity to pursue innovative, risk-taking, and aggressive strategies to outperform the competition (Utama, 2018).

Entrepreneurial orientation encompasses the methods, practices and decision-making leading a business to introduce new products, services, innovations, markets, or even business models which are totally new to the environment (Covin et al. 2019).

According to Hartato & Handoyo (2021), entrepreneurship is the process of engaging an existing or new market through an existing or new product or service, and at the same time creating a new company.

Social Media Adoption

Social media adoption indicates the acceptance, implementation, and integration of social media into a company's operations, particularly in marketing, communications, and consumer contact. Social media platforms such as Instagram, Facebook, and TikTok have emerged as vital channels for MSMEs to increase market penetration, foster client relationships, and enhance brand visibility at a relatively low cost (Nasrullah, 2015). However, regarding to Zhang & Zhu (2021) Social media provides an adaptable capacity that allows companies to transform their EO into a competitive advantage and improved performance. According to Raeni Dwi Santy and Atika (2020), Instagram's visual skills draw in customers and boost interaction, making it a great digital marketing medium.

Ade Octavia et al. (2020) confirmed that social media use has a positive impact on MSME performance by enhancing promotions, fostering connections, and enabling business owners to quickly obtain consumer feedback. However, some business owners are still unable to fully utilize social media due to a lack of digital literacy (Patria, Nugraha, & Sari, 2023).

Business Performance

Morgan (2012) stated that business performance is determined by the company's ability to respond to a changing business environment, along with its strategy and resources. In line with Lubis, Anurogo, and Pamungkas (2018), performance is a criterion that needs to be acknowledged and validated by particular stakeholders in order to evaluate an institution's degree of success in line with the organization's or company's vision and to ascertain the positive and negative effects of an operational policy.

Depending on Handayani (2017), a number of internal and external factors, including entrepreneurial orientation, marketing strategy, and technology utilization, affect the performance of micro, small, and medium-sized businesses (MSMEs). According to research by Rofiq, Kharisma, and Irawanto (2020), strategic flexibility—which results from combining an entrepreneurial mindset with the use of digital technology—can enhance business success.

METHODOLOGY

This study used a quantitative approach that included verification and descriptive methods. A realistic and accurate image of the research variables—entrepreneurial orientation, social media adoption, and business performance—is methodically presented by the descriptive technique. On the other hand, the verification approach examines theories about the connections and influences among these variables using statistical inference.

All fashion clothing business owners in Bandung City's Pasar Baru Trade Center area made up the study population. Purposive sampling was the method used to pick respondents based on predefined criteria, namely business owners who have been running their companies for at least two years and who use social media, especially Instagram, as a promotional tool. With a 5% margin of error, the sample size was determined using the Slovin algorithm, yielding 100 responders.

The following methods were used to gather data: (1) a questionnaire with a 1–5 Likert scale to gauge respondents' responses to each variable's indicators; (2) field observations to comprehend the real circumstances of business actors at Pasar Baru Trade Center; and (3) a review of the literature to bolster the theoretical framework. PLS statistical software was used to evaluate the collected data. The phases of analysis were as follows: (1) descriptive analysis to characterize respondent profiles and variable conditions; (2) evaluation of instrument validation and reliability; (3) multiple linear regression analysis to ascertain the direct effect of entrepreneurial orientation on business performance; (4) path analysis to assess the indirect effect of entrepreneurial orientation on business performance through the use of social media adoption as a mediating variable; and (5) hypothesis testing at a significance level of five percent

DISCUSSION

Respondent Characteristics

One hundred respondents from fashion clothing companies at Bandung City's Pasar Baru Trade Center participated in this study. The following criteria were used to choose respondents: using social media as a promotional tool and operating a business for at least two years.

In accordance to the study's findings, 40% of entrepreneurs have been in company for two to five years, 35% for six to ten years, and another 25% for more than ten. Instagram accounts for 70% of all social media usage since it is thought to be better suited for promoting fashion items through visual content.

Despite TikTok's popularity, just 10% of respondents use it, whereas 20% use Facebook. Micro businesses make up the majority of responses (55%), followed by small businesses (30%) and larger businesses (15%) confirming that fashion MSMEs in Pasar Baru are dominated by micro-scale businesses.

Descriptive analysis of research variables

Table 2. Results of descriptive analysis of research variables

Characteristic	Category	Total	Percentage
Length of Business	2–5 years	40	40%
	6–10 years	35	35%
	>10 years	25	25%
Social media used	Instagram	70	70%
	Facebook	20	20%
	TikTok	10	10%
Business Scale	Micro	55	55%
	Small	30	30%
	Medium	15	15%

Due to the study's outcomes, the majority of entrepreneurs (40%) have 2-5 years of business experience, while 35% have 6-10 years and another 25% have more than ten years. In terms of social media usage, Instagram leads with 70% since it is thought to be better suited for promoting fashion products through visual material. Meanwhile, 20% of respondents use Facebook, while only 10% use TikTok, despite the fact that the network is gaining popularity. In terms of company scale, the majority of respondents (55%), followed by small (30%) and medium (15%), confirming that fashion MSMEs in Pasar Baru are predominantly micro-scale.

Descriptive Analysis of Research Variables

Table 2. Results of Descriptive Analysis of Research Variables

Variable	Average	Category
Entrepreneurial Orientation	4,02	High
Social Media Adoption	3,88	Quite High
Business Performance	3,95	High

The descriptive analysis results show that the entrepreneurial orientation variable has an average value of 4.02 (high category), indicating that most entrepreneurs are innovative, proactive, and willing to take risks. The social media adoption variable has an average value of 3.88 (quite high), indicating that social media utilization has been carried out but is not optimal, for example, less consistent in creating content or not optimizing paid promotion features.

The business performance variable received an average score of 3.95 (high), which indicates that in general respondents were able to maintain business stability, although there were still variations in achieving profits and sales growth.

Validity and Reliability Test

The r value we calculated for all questionnaire items in the research variables was higher than the table r (0.196), so they were all declared valid. Besides, Cronbach's Alpha values for each variable were greater than 0.7, (Entrepreneurial Orientation = 0.81; Social Media Adoption = 0.84; Business Performance = 0.79), so the instrument was reliable.

Multiple Linear Regression Analysis

Table 3. Multiple Linear Regression Test Results

Independent Variable	Coefficient (β)	Sig.
Entrepreneurial Orientation (X)	0,452	0,000
Social Media Adoption (Z)	0,327	0,001
$R^2 = 0,587$	$F = 45,62$	Sig = 0,000

Results of the regression indicate that entrepreneurial orientation is strongly and positively influencing business performance ($\beta=0.452$; $p<0.05$). This implies that innovation, proactivity, and the willingness to take risks are the crucial elements that determine the level of business performance. Besides that, social media adoption also significantly contributes positively ($\beta=0.327$; $p<0.05$) to business performance. The more social media use is optimized the greater the improvement in business performance is expected. An R^2 level of 0.587 signifies that 58.7% difference in business performance can be attributed to entrepreneurial orientation and social media adoption whereas the remaining 41.3% exterior factors amply contribute.

Path Analysis

Table 4. Path Analysis Results

Hubungan Antar Variabel	Path Coefficient	Sig.
Entrepreneurial Orientation $\rightarrow$ Business Performance	0,452	0,000
Entrepreneurial Orientation $\rightarrow$ Social Media Adoption	0,411	0,000
Social Media Adoption $\rightarrow$ Business Performance	0,327	0,001
Indirect Effect (X $\rightarrow$ Z $\rightarrow$ Y)	0,134	0,004

According to the results of the path analysis, the entrepreneurial approach can directly impact business performance ($\beta=0.452$), as well as indirectly by way of social media adoption (indirect effect=0.134; $p<0.05$). This reveals that an organization with a solid entrepreneurial orientation will encourage its members to be more willing to adopt new technologies such as social media, thereby leading to an improved performance of the business.

The findings in this paper line up perfectly with Miller's (1983) concept of entrepreneurial orientation that states innovation, proactivity, and risk-taking are the main dimensions of entrepreneurship. Besides, it agrees with Wales (2023) who argued that entrepreneurial orientation is not just a matter of a mere attitude; it is a continuous process that results in a competitive advantage. This is because it takes the form and changes according to the circumstances (Castillo-Villar et al. 2025). This finding seems to fit quite well with Utama (2018) and Rofiq, Kharisma, and Irawanto (2020) research, the method of entrepreneurship also influenced firm results greatly in their opinion.

Furthermore, social media adoption has also been found to enhance business performance, which is in line with the work of Raeni Dwi Santy and Atika (2020) and Ade Octavia et al. (2020) that showed social media utilization increases consumer engagement, market reach expansion, and MSME performance improvement. Furthermore, the results of the path analysis indicate that social media adoption acts as a mediator in the relationship between entrepreneurial orientation and business performance, which is in line with what Patria, Nugraha, and Sari (2023) found; they identified digital literacy and technology use as the main factors contributing to MSME growth.

Therefore, this paper through empirical evidence illustrates that business development strategies in the digital era require a combination of entrepreneurial traits and the deployment of digital technology to deliver sustainable business performance.

CONCLUSION

Based on the research results and discussion regarding the Influence of Entrepreneurial Orientation on Business Performance through Social Media Adoption among Fashion Business Owners at the Pasar Baru Trade Center in Bandung, several important conclusions can be drawn:

- 1) The entrepreneurial orientation of fashion business owners in Pasar Baru is relatively high, as evidenced by their innovative, proactive, and risk-taking attitudes.
- 2) Social media adoption is quite high, with most business owners utilizing Instagram as a promotional medium, although not yet fully optimized due to limited digital literacy.
- 3) The business performance of fashion business owners is high, as reflected in business stability, sales growth, and customer satisfaction. Although some respondents still face challenges in maintaining consistent turnover when market trends change.
- 4) Entrepreneurial orientation directly and positively influences business performance, meaning that greater levels of innovation, proactivity, and risk-taking lead to better business results.
- 5) Social media adoption exerts a positive and sizable influence on the performance of a business. This suggests that the use of social media can not only enhance interaction with customers but also broaden market coverage and enable businesses to be more competitive.
- 6) An example of this would be that the more an entrepreneur is inclined towards being entrepreneurial, the more likely they would be ready to use social media as a business strategy tool. It is a positive relationship between entrepreneurial orientation and social media adoption.
- 7) The adoption of social media acts as a mediating factor connecting entrepreneurial orientation with business performance. This means that entrepreneurs having a high level of entrepreneurial orientation and effectively using social media can lead to the combination of their business performance going up

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