

# Facts on Organizational Performance in Indonesia

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**Abstract**—The purpose of this research is to examine social media on employee performance with entrepreneurial orientation as a mediating variable. Structural Equation Model (SEM) method used in this study. Respondent in this research were management-level employees, namely general managers, managers, head departments, and officers from Inna Group Hotel which consist of 14 hotels in Indonesia. The total sample of this research is 220 people. The result showed that all variables are significant. Hotel leaders need to focus on social media to look for hotel industry trends, competitor information, and customer information. The entrepreneurial orientation of hotel managers needs to be improved so that managers are entrepreneurial. An entrepreneur will take decisions that are proactive, innovative, and risk-taking.

**Keywords**—social media usage, entrepreneurial orientation, organizational performance

## I. INTRODUCTION

Social media has changed the business environment. Currently companies are leveraging technology using platforms using social media for business matters, including customers, stakeholders, customer service, developing content, and engaging consumers in product development [1]. The benefits of social media for companies are to reducing lower costs and better efficiency [2].

Social media affects organizational performance in Malaysia including cost reduction, improve customer relations, and increase information accessibility. Social media also positively influences entrepreneurial orientation [3]. In general, performance is always associated with finance. Good organizational performance is usually only seen from the results of financial statements that show positive profits. But the performance results are considered inappropriate if only seen from one financial course [4].

In the electronics industry, the most important point is entrepreneurial orientation [5]. New businesses with entrepreneurial orientation such as innovation, behaviour, proactive, and impact on superior performance [6]. Several studies showed how the impact of entrepreneurial orientation on company performance [7].

## II. LITERATURE REVIEW

Social media is influenced by interactivity, cost-effectiveness, and compatibility were very important factors for the use of social media, there is a positive relationship [8].

H1: Social media usage has a positive effect on organizational performance.

Entrepreneurial orientation is influenced by social media [3]. Companies with high entrepreneurial orientation perform better and make greater use of the internet [9].

H2: Social media usage has a positive effect on entrepreneurial orientation.

The effect of entrepreneurial orientation on firm performance is more positive in new businesses that make cognitive, regulatory, and normative efforts than those who do not carry out this legitimacy [6,7].

H3: Entrepreneurial orientation has a positive effect on organizational performance.

Based on the theoretical basis and previous studies that have formed the first, second, and third hypotheses, the fourth hypothesis can be arranged as follows:

H4: Entrepreneurial Orientation mediates the effect of social media usage on organizational performance.

## III. METHODS

The research design used was a hypothesis testing. The population of this study is the management level employees of Inna Group Hotel consisting of General Managers, Managers, Head Departments, and Officers. Data collection was assisted by the Hotel Indonesia Natour Human Resources Department, which distributed online questionnaire links to HR units consisting of 14 units (14 hotels in Java, Bali, and Sumatra with 220 respondents using an online questionnaire. SEM methods used to analytical data.

All indicators have a value  $> 0.4$  indicating valid results and all dimensions have a value of  $> 0.7$  indicating reliable results [10].

TABLE I. RESULT OF VALIDITY AND RELIABILITY TEST

Variable	Dimension	Indicator	Factor Loading	Cronbach's Alpha
Organizational Performance	Cost Reduction	OPCR1	0.924	0.958
		OPCR2	0.959	
		OPCR3	0.962	
		OPCR4	0.929	
	Improved Customer Relations & Services	OPCRS1	0.898	0.900
		OPCRS2	0.932	
		OPCRS3	0.914	
	Enhanced Information Accessibility	OPIA1	0.934	0.921
		OPIA2	0.953	
OPIA3		0.903		
Social Media Usage	SMU for Marketing	SMM1	0.921	0.925
		SMM2	0.913	
		SMM3	0.869	
		SMM4	0.921	
	SMU for Customer service & relations	SMCRS1	0.887	0.923
		SMCRS2	0.910	
		SMCRS3	0.929	
		SMCRS4	0.888	
	SMU for Information Accessibility	SMIA1	0.928	0.917
		SMIA2	0.926	
		SMIA3	0.924	
	Entrepreneurial Orientation	Proactiveness	EOP1	0.862
EOP2			0.850	
EOP3			0.760	
Risk-Taking		EORT1	0.806	0.800
		EORT2	0.889	
		EORT3	0.846	
Innovativeness		EOI1	0.927	0.902
		EOI2	0.948	
		EOI3	0.880	

Source: Data Processing 2019

TABLE II. GOODNESS OF FIT

Types of Goodness of Fit	Goodness of Fit Measure	Level of Acceptance	Calculating Measure	Acceptable
Absolute Fit Measure	Chi-square	Small chi-square	436.854 (df =143)	Poor
	p-value	p-value ≥ 0.05	0.000	
	RMSEA	< 0.10	0.097	
Incremental Fit Measure	RMR		0.000	Good fit
	NFI		0.910	
	TLI		0.925	
	CFI	> 0.90 or close to 1	0.938	
	IFI		0.938	
	AGFI		0.770	
Parsimonious Fit Measure	PNFI		0.761	Acceptable Fit

Source: Data Processing 2019

Testing mediation variables obtained using the SOBEL test [11]:

$$\begin{aligned}
 Sab &= \sqrt{b^2 sa^2 + a^2 sb^2 + sa^2 sb^2} \\
 Sab &= \sqrt{(0.432^2)(0.048^2) + (0.921^2)(0.064^2) + (0.048^2)(0.064^2)} \\
 Sab &= \sqrt{(0.00042998169 + 0.00347439513 + 0.00000943718)} \\
 Sab &= \sqrt{0.003913814} \\
 Sab &= 0.06256048273 \\
 t &= \frac{ab}{sab} = \frac{(0.921)(0.432)}{0.06256048273} \\
 &= 6.35979747338
 \end{aligned}$$

Information:

- b: The value of the standardized estimate lane b
- a: The value of the standardized estimate lane a
- sa: Standard Error (SE) lane a
- sb: Standard Error (SE) path b

Based on the results it is showed that entrepreneurial orientation as a mediated variable with t-value 6.36 > t-table 1.96.

#### IV. RESULTS AND DISCUSSION

##### A. Results

TABLE III. HYPOTHESIS TEST RESULTS

Hypothesis	Coefficient	C.R	p-value
H1: Social media usage has a positive effect on organizational performance.	0.585	7.497	0.000*
H2: Social media usage has a positive effect on entrepreneurial orientation.	0.921	20.553	0.000*
H3: Entrepreneurial orientation has a positive effect on organizational performance.	0.432	5.783	0.000*
H4: Entrepreneurial Orientation mediates the effect of social media usage on organizational performance.	0.398	6.361	0.000*

\*Significance level 5%

##### B. Discussion

The first hypothesis showed that social media usage has a positive impact on organizational performance. For this reason, social media usage must be maintained [12]. Social media usage is used by hotels to: advertise products, promote products, marketing research, get references, customer feedback, customer advice about product/newly launched services, reach new customers, look for trends in the hotel industry, find information about competitors, and find information about customers [3,8].

The second hypothesis showed that the use of social media has a positive effect on entrepreneurial orientation. For this reason, social media usage must be maintained in order to improve entrepreneurial orientation [3,9].

The third hypothesis showed that entrepreneurial orientation significantly influences organizational performance. Entrepreneurial orientation at the hotel such as the hotel actively responds to the actions of competitors, ambitions to be the foremost among competitors, uses more resources than competitors in exploiting business opportunities, implements some risky programs to achieve sales growth, implements programs even at high costs, accepting uncertainty in every program that runs, trying new ideas, looking for new ways to implement the program, the first to do marketing for a new product/service [6,7].

The fourth hypothesis showed that the effect of social media usage on organizational performance through entrepreneurial orientation is positive and significant. This

shows that the more proactive, innovative and risk-taking respondents, the more influence the use of social media for marketing, customer relations and service, and the use of social media for access to information, on the performance.

#### V. CONCLUSION

All the results of this study support the proposed hypothesis, this is an indicator that the function of the tested variable has been achieved properly and is supported by the object of research. The weaknesses of this research are the number of respondents and methods. Further research is suggested to increase the number of respondents to more than a thousand and adopt a longitudinal approach method [3].

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