

The Effect of Organizational Readiness, Business Environment and Social Media on Adoption of E-Commerce and the SMEs Performance at Sungai Penuh City

Anita Citra Yeni¹, Yasri Yasri²

Universitas Negeri Padang, Padang, Indonesia

Email: anitacitrayeni7@gmail.com

ABSTRACT

The purpose of this research is to analyze the effect of organizational readiness toward e-commerce adoption, the influence of the business environment toward e-commerce adoption, the effect of e-commerce adoption to the SMEs performance, the influence of organizational readiness to the SMEs performance, the influence of the business environment on the SMEs performance and the influence of social media to the SMEs performance at Sungai Penuh City.

These research is causal research. The population of this research is the leader or owner of SMEs in Sungai Penuh City. This research uses purposive sampling technique with 152 respondents. Data collection using structured questionnaire. The analysis technique used is SEM and uses SmartPLS analysis.

This study found that organizational readiness had a positively and significantly effect to the e-commerce adoption, the business environment had a positively and significantly impact to the e-commerce adoption, e-commerce adoption had a positively and significant impact to the SMEs performance, organizational readiness had a positively and significantly impact on the SMEs performance, the business environment had negative and insignificant impact to the SMEs performance, social media had a positive but not significant effect on the SMEs performance in Sungai Penuh City.

Keywords: *Organizational Readiness, Business Environment, Social Media, Adoption of E-commerce, SMEs Performance*

1. INTRODUCTION

Small Medium Enterprises (SMEs) in developing countries like Indonesia have a strategic role in Indonesia's economic growth, especially in the current era of globalization. The potential of SMEs has the role of increasing export opportunities through superior products based on local resources, sources of community income, meeting the needs of domestic goods and services, job creation, as well as an increase in added value which has an impact on reducing poverty and economic growth (Cooperatives and

SMEs, 2015). Based on the strategic plan of the Ministry of Cooperatives and SMEs in 2015-2019, SMEs empowerment efforts are focused on handling two strategic issues, namely business growth and competitiveness. Tambunan (2012) states that although the size of SMEs competitiveness is very diverse, identification of SMEs competitiveness needs to include three characteristics, namely potential, process, and performance.

Besides SMEs having a strategic role for the country's economic growth, SMEs also experience various kinds of problems and

obstacles, such as capital problems (both initial capital, operational capital and capital for long-term investment needs), difficulties in marketing products, as well as limited human resources (Hendriani, 2012). In addition, Fatoki (2014) also explained that the problems faced by SMEs were not only externally such as expensive distribution costs, financial constraints and crime rates, but also internal sources such as planning, organizing and monitoring. These weaknesses hamper the improvement of SMEs performance and the weakening of SMEs competitiveness (Lantu, Triady, Utami, & Ghazali, 2016).

The performance of SMEs in general is quite varied from year to year, the contribution of SMEs to GDP experienced a slight downward trend from 61.41% in 2015 to 60.00% in 2017. The contribution of SMEs in the value of non-oil and gas exports also declined from 15.73% in 2015 to 14.17% in 2017. The SMEs performance is relating to efficiency, growth and profit. Efficiency consists from several finance measurement as return on investment and acquisition of equity. Growth is relating to increasing sale, employee or market share. Profits include return on sale and net profit margin (Li, Huang & Tsai, 2009). The rapid development of the times becomes a proof that the technological progress that is not owned by humans is unstoppable. Existing technology makes it easier for humans to do all activities of daily life. In the digital age, it is necessary to use digital technology for the continuity of its business, so that businesses are required to be able to adapt in the use of technology in marketing activities such as adopting e-commerce. Love and Irani (2011) suggest that e-commerce helps SMEs to know the benefits of operations, which is to help improve overall performance.

Either the element that affect SMEs to adopt e-commerce that is the Organizational Context and the environmental context. This organizational context referring to the characteristics and readiness from the company the which may impact the technology adoption e-commerce. And Environmental Context, which

refers to the external business environment such as pressure from customers / suppliers, pressure from competitors and external support that affect e-commerce adoption (Rahayu & John, 2015). Organizational ability as IT capabilities, strategy flexibility, and the ability to build trust are crucial for excellent organizational performance in e-commerce (Saini and Johnson, 2015). In addition, the use of social media is something new and has great potential in developing countries in Asia. Companies are trying to find ways to build stronger customer relationships in competitive markets, making effective use of social media can improve company performance through customer engagement and the value created from customer interactions (Trainor, 2014).

Based on the background explanation of the problem that occurred above, the authors are interested in raising this issue to be made into a study, entitled *The Effect of Organizational Readiness, Business Environment and Social Media on the E-commerce Adoption and SMEs Performance in Sungai Penuh City*.

2. LITERATURE REVIEW

2.1. SME Performance

SME performance is relating to efficiency, growth, and profit. Efficiency consists from several finance measurement as return on investment and return on equity. Growth relating to increasing sale, employee or market share. Profits include return on sale and net profit margins (Li, Huang, & Tsai, 2009). The performance of SMEs according to Li, Huang, & Tsai (2019) can be measured by 3 dimension namely: Efficiency, Growth, Profit.

2.2. E-Commerce Adoption

Laudon & Laudon (2014) defines e-commerce as the use of the internet and the Web in conducting digital business and e-commerce transactions capable of facilitating commercial

transactions between organizations and between organizations and individuals. Love and Irani (2004) suggest that e-commerce helps SMEs know the benefits of operations, which is to help improve overall performance. According to Cristobal-fransi, Montegut-salla, Ferrer-rosell, & Daries (2019) e-commerce adoption can be measured by 3 indicators, namely: Online payment, transaction security and interaction with servers.

2.3. Organizational Readiness

Organizational Readiness is how the perceived benefits, resources and governance from the organization. To consider e-commerce adoption, SMEs owners or managers need to be convinced that the benefits of e-commerce adoption are relevant to the current business environment and these benefits can outweigh the costs and risk (Kim & Pae, 2007). According to Kurnia, Jyoty, Rahim, & Basil (2015) said that organizational readiness can be measured using 2 dimension, namely: Perceived benefits, resources and organizational governance.

2.4. Business Environment

According to Glueck and Jauch in Wispandono's research (2010) that: Business environment includes factors outside the company that can cause opportunities or threats for the company. Aspects of the business environment are external influences, such as pressure from consumers / suppliers, competitors and other external support that affect e-commerce adoption. Kurnia, Jyoty, Rahim, & Basil (2015) measure the business environment with 5 indicators: Industry, Government, Customer, Supplier, Market pressure or changes in the external environment.

2.5. Social Media

Kaplan and Haenlein (2010) define social media as an application created based on the ideology of Web 2.0 technology that establishes

interaction between users, and the exchange of content between consumers and producers. Social media has the potential to help SMEs in marketing their products (Stelzner, 2012). according to Parveen, Ismawati, & Sulaiman (2016) social media can be measured using indicators: Social media for marketing, social media for customer relations and services and social media for information accessibility.

2.6. Relationship Between Variables

2.6.1. The Effects of Organizational Readiness and E-Commerce Adoption

In their research, Nelson and Shaw (2013), Chwelos et al. (2000), Grandon and Pearson (2013) say that organizational readiness is a determinant factor of the E-commerce Adoption. Organizational readiness measures whether a company has sufficient IT experience and financial resources to adopt (Chwelos et al., 2000). Organizational ability as IT capabilities, strategy flexibility, and the ability to build trust are crucial to excellent organizational performance on e-commerce (Saini and Johnson, 2015).

From the explanation above, formulated the following hypothesis:

H1: Organizational readiness had a positive and significant impact on adoption of e-commerce.

2.6.2. Effects Business Environment and E-Commerce Adoption

Based on the results of research from Rahayu and Day (2015) found that the environmental context does not have an influence on e-commerce adoption, while the results of research from Ningtyas et al (2015) stated that external / environmental impulses outside the company have a positive effect on e-commerce adoption. Environmental aspects are external influences, such as pressure from consumers / suppliers, competitors and other external supports that influence e-commerce adoption. The higher pressure from business

partners will allow companies to adopt e-commerce with the aim of maintaining their competitive position (Duan, Deng & Corbitt, 2012).

From the explanation above, formulated the following hypothesis:

H2: The business environment had a positive and significant impact on adoption of e-commerce.

2.6.3. The Effects of Adoption of E-Commerce and SMEs Performance

Developing e-commerce ability, SMEs can increase global visibility and attract new customers (Abebe, 2014). From the results of Kraemer et al (2012) Adoption of B2B and B2C encourages increased performance related to trade. The adoption of B2B leads to better coordination and a reduction in costs, while the adoption of B2C will result in increased efficiency and sales. Overall, B2B adoption has more fundamental influence on company performance, because B2B adoption gives an increase in a wider range (market and sales position, coordination and efficiency) while the influence of B2C adoption is more limited to sales and competitive position and efficiency. Fatmariansi's research (2011) shows that the higher the adoption of Open Source ecommerce information technology in SMEs, the higher the performance of SMEs.

From the explanation above, formulated the following hypothesis:

H3: E-commerce adoption had a positive and significant impact to the SMEs performance

2.6.4. Effect Organizational Readiness and SMEs Performance

The ability of an organization plays an important role in the successful implementation of customer relationship management (Raman and Rauseo, 2016). These organizational ability as IT ability, strategy flexibility, and the ability to build trust are crucial to excellent organizational performance on e-commerce (Saini and Johnson,

2015). Based on research conducted by Herzallah & Muriati (2015), where the results of this study found that there is a positively relationship between organizational perspectives in terms of organizational readiness for adoption of e-commerce and its impact on SMEs performance. This means that if the organization already has readiness to have the ability of resources that support the adoption of e-commerce, it will have a good impact on improving organizational or SMEs performance.

From the explanation above, formulated the following hypothesis:

H4: Organizational readiness had a positive and significant impact to the SMEs performance

2.6.5. Effects Business Environment and SME Performance

Based on research conducted by Herzallah & Muriati (2015), where the results of his research found that there is a positive relationship between the environment and e-commerce adoption and its impact on the performance of SMEs. Changes in the environment that cause uncertainty in the business environment, are thought to affect the strategic plan that has been formulated and subsequently affect performance. There are many factors that affect company performance including external business environment factors such as government policy, legal and political power, technology, resources, competitors, customer tastes and company management.

From the explanation above, formulated the following hypothesis:

H5: The business environment has a positive and significant effect on the SMEs performance

2.6.6. The Effects of Social Media and SME Performance

Based on the results of Tajvidi & Azhdar's research (2017) states that social media has a positive and significant influence on company performance. Social media can encourage SMEs

to improve their performance (Trainor, Andzulis, Rapp & Agnihotri, 2014). Social media applications provide an ideal combination of media capabilities for communication (Cao et al., 2012). Therefore, using social media applications as a communication channel can be increase the SMEs performance on several ways (Barashi, 2012; Wamba & Carter, 2014). From the

explanation above, formulated the following hypothesis:

H6: Social Media has a positive and significant effect on the SMEs performance

The theoretical framework is a temporary conclusion from a theoretical review that reflects the relationship between the variables studied. This is a demand to solve problems in research and formulate hypotheses.

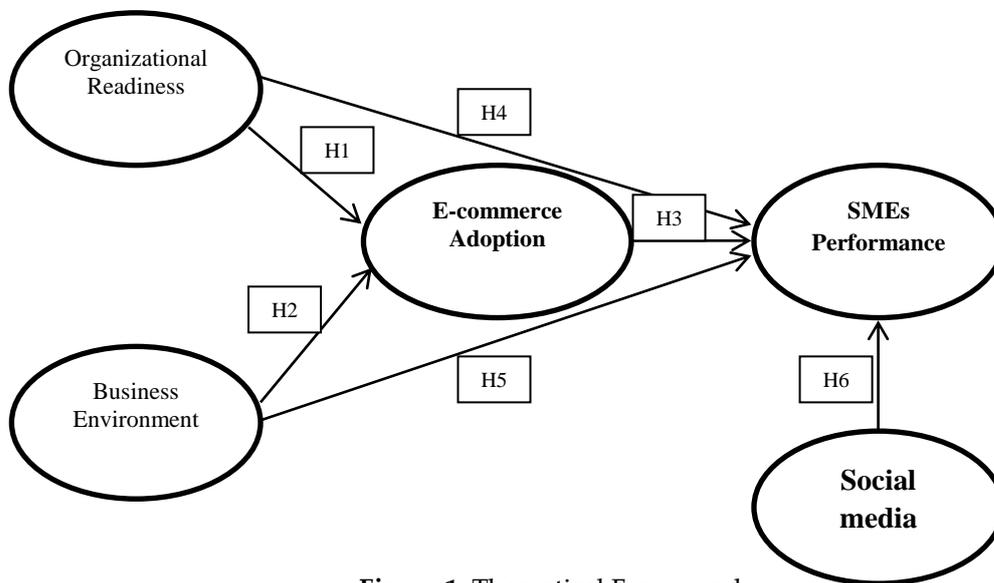


Figure 1. Theoretical Framework

3. METHODS

The scope of this study is aimed at analyzing the influence of exogenous variables, namely Organizational Readiness, Business Environment, Social Media, and endogenous variables, namely E-Commerce Adoption and Performance in Sungai Penuh City. Data analysis was performed using the Partial Least Square (PLS).

3.1. Population and Sample

The population of this study is the leaders or owners of SMEs in Sungai Penuh City, amounting to 4,810 SMEs in 2018. The sampling technique in this study was purposive sampling. So in this study, the sample is the leaders or

owners of SMEs in Sungai Penuh City with a total of 152 respondents.

Data collection techniques used in this study using a questionnaire, data collection by providing or distributing a list of questions and statements about the readiness of the organization, business environment, social media, adoption of e-commerce and SMEs performance by taking care of permits in the Department of Cooperatives and SMEs in Sungai Penuh city to get the initial data and then continue to come and contact and ask the availability of leaders or SME owners to fill out or answer questions and questionnaire statements distributed.

3.2. Operational Definition

3.2.1. SMEs Performance

The SMEs performance is the result from achievements of SMEs that have a strong relationship with the strategic objectives of SMEs, customer satisfaction and economic contribution. SMEs Performance is measured using indicators of efficiency, growth and profit.

3.2.2. E-Commerce Adoption

This e-commerce adoption evaluates how safe it is to carry out commercial activities on the website. E-commerce adoption is measured by security when making online payments, security when making online transactions, and interactions with servers.

3.2.3. Organizational Readiness

Organizational Readiness is about evaluating the level of readiness of SME organizations that are formed to achieve common goals effectively. Organizational readiness is measured by the perceived benefits of SME organizations and the resources and governance of SME organizations

3.2.4. Business Environment

The business environment refers to the external business environment which includes factors outside of SMEs that can pose opportunities or threats for SMEs. The measurement of this business environment variable is the presence of industry, government, customers, suppliers, and market pressure or changes in the external environment of SMEs

3.2.5. Social Media

Social media is an application that is able to connect consumers with companies, as a promotional media and customer service in supporting the performance of SMEs. Social

media variables are measured by the use of social media for marketing and the use of social media for customer relations and service.

3.3. Design Research

3.3.1. Descriptive Analysis

This analysis is intended to describe the characteristics each study variable, the way of presenting the data into a frequency distribution table calculate the concentration and dispersion values and interpret them.

3.3.2. Data Analysis with Partial Least Square (PLS)

Data analysis was performed using the Partial Least Square (PLS) method . PLS is a method of analysis that is not based on many assumptions. For example, the data must be normally distributed, not necessarily large because in this study the sample was limited to 95 respondents. SEM PLS modeling there are two models namely the outer model and the inner model .

3.3.3. Measurement model (outer model)

The measurement model is used to test the construct validity and instrument reliability.

- a. Convergent validity - Convergent validity is the value of the latent loading factor with its indicators: the loading factor is the path coefficient that connects the latent variable with the indicator. The validity of convergence is evaluated in three stages, namely: indicator validity: seen from the value of the loading factor and t-statistic, if the value of the loading factor is between 0,5 – 0,6 then is said to be sufficient, where as if the value of the loading factor is $\geq 0,7$ then it is said to be high (Ghozali, 2014). Construct reliability: judging from the value of composite reliability output, the criterion is said to be reliable is $\geq 0,7$ and value AVE

(Average Variance Extracted) expected value is $\geq 0,5$.

b. Discriminant Validity

The validity of the discriminant value of discriminant validity at this stage is useful fatherly know whether the construct has adequate discrimination. The assessment is proposed in two ways, namely by looking at the value of cross loading and fornellacker criterion. The cross loading value of the indicator variable against the latent variable must be greater than the value of the other variables (Ghozali, 2014).

c. Reliability Construct (Reliability Construct)

d. Composite reliability, composite reliability is a stage that is used to test the reliability of indicators of one variable. One indicator can

meet the reliable requirements if it has a composite value of reliability > 0.6 . Reliability testing with the composite reliability method can also be strengthened using Cronbach's alpha values. A variable is said to be reliable if it has a Cronbach's alpha value > 0.7 (Ghozali, 2014).

3.3.4. Inner Model

Inner Models are be used test hypotheses. Before the hypothesis is tested, it must be seen and determined the model test (goodness of fit) in the study. The inner model in PLS is evaluated using R^2 (R-square) for the dependent construct.

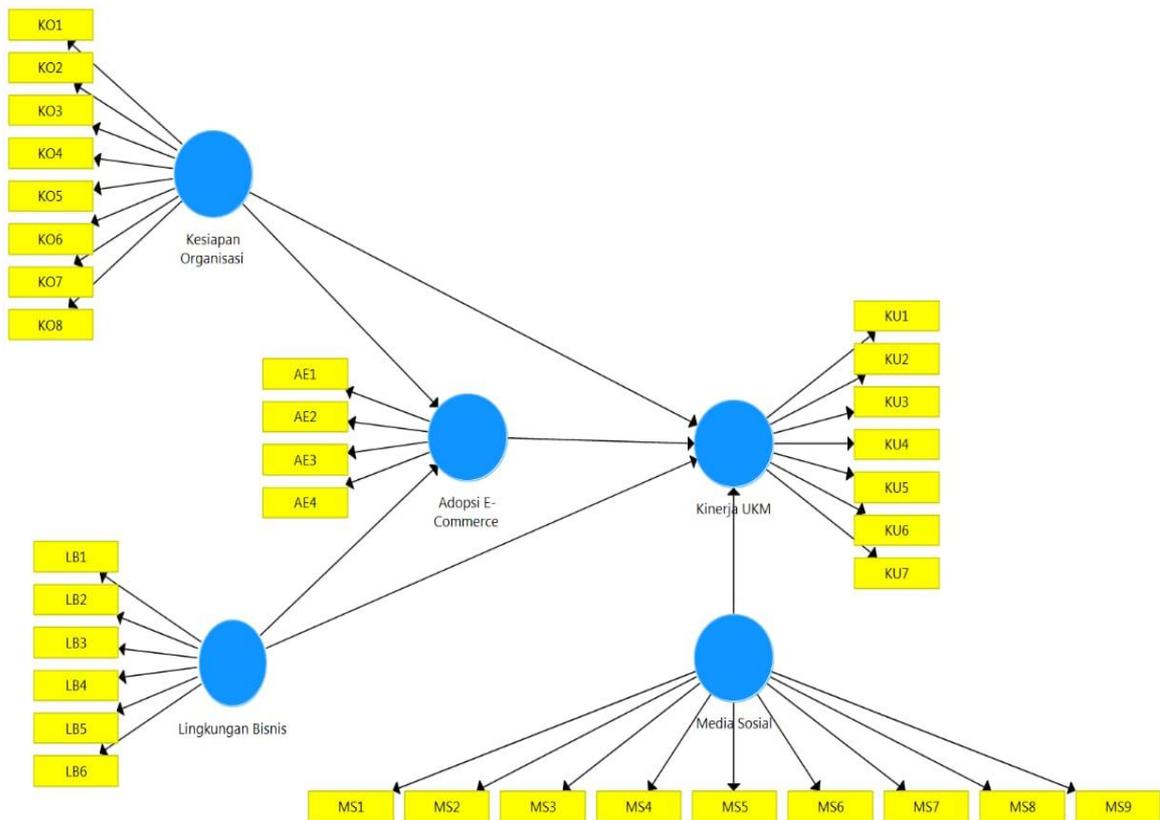


Figure 2. Variable Relationship Model

4. RESULTS AND DISCUSSION

4.1. Result

The following description of the characteristics of respondents to be described includes: gender, age, level of education, when the business was established, number of employees owned, and monthly sales turnover.

Table 1. Characteristics of Respondents

Respondents	Frequency	Percent (%)
Gender		
Male	45	29.6
Female	107	70.4
Old		
<25 Years	15	9.9
25-40Years	61	40.1
40-50Years	44	28.9
> 50 Years	32	21.1
Education		
Elementary school	18	11.8
Middle School	18	11.8
High school	64	42.1
Diploma	11	7.2
Bachelor	36	23.7
Postgraduate	5	3.3
Others	0	0
When was the business established		
3 Years	11	7.2
3-5 Years	56	36.8
5-10 Years	53	34.9
>10 Years	32	21.1
Number of Employees Held		
1-4 People	58	38.2
4-10 People	58	38.2
10-15 People	24	15.8
>15 People	12	7.9
Monthly Sales Turnover		
< 3 Million	3	2.0
3-8 Million	52	34.2
8-15 Million	61	40.1
>15 Million	36	23.7

Descriptive results show that the majority of the owners or leaders of SMEs in Sungai Penuh are women as many as 107 people or 70.4%, the age of the owners or leaders of SMEs at most between the ages of 25-40 years is 61 or as much as 40.1%, the level the most education is high school equivalent, which is 64 people or around 42.1%. For SMEs identity data based on when the business was established, it was mostly established around 3-5 years, namely 56 respondents or around 36.8%. The largest number of employees owned by SMEs is around 1-4 and 4-10 employees with 58 respondents or around 38.2%, and monthly sales turnover owned by SMEs is around 8-15 Million per Month with 61 respondents or around 40.1%.

The results of the hypothesis using PLS SEM are shown in the following order:

1. Model Conceptualization: The conceptualization model describes the exogenous, endogenous, mediated latent variables and their indicators. This study consists of three exogenous latent variables, namely: Organizational Readiness, Business Environment, and Social Media. Endogenous latent variables are SMEs performance and mediation variables are E-Commerce Adoption.
2. Convergent validity and Composite Reliability

Table 2: Composite Reliability Analysis Results

Variable	Composite Reliability	Cronbach's Alpha	AVE (Average Variance Extracted)	Information
SMEs Performance	0,890	0,851	0,573	Reliabel
E-Commerce Adoption	0,887	0,829	0,662	Reliabel
Organizational Readiness	0,911	0,888	0,562	Reliabel
Business environment	0,846	0,772	0,524	Reliabel
Social media	0,949	0,939	0,674	Reliabel

Based on table 2 above, it can be seen that the value of AVE (Average Variance Extracted) of all variables > 0.5, thus the results indicate that the convergent validity measurement model can be said to be valid. And it can also be seen from the Composite Reliability value above 0.6 and Cronbach's Alpha value above 0.7, thus these results indicate that each research variable meets the criteria so that it can be concluded that the overall variable is said to be reliable.

In table 3 above this research can be seen that R² E-Commerce Adoption is 0.447 which means that the organization readiness and business environment explains the E-Commerce Adoption variable of 44.7% and the remaining 55.3% is explained by other constructs outside this study. R² SMEs performance of 0.584 means that the organization readiness, business environment, social media and e-commerce

adoption explains the SMEs performance by 58.4% and the remaining 41.6% is explained by

other constructs outside this study.

Table 3. The results of the analysis of R-Square

	R Square	Adjusted R Square
E-Commerce Adoption	0,477	0,470
SMEs Performance	0,584	0,573

4.2. Hypothesis test

Hypothesis testing is done to see and know the direct effect, indirect effect and the total effect between variables. This test is carried out by operating bootstrapping on the SmartPls 3.0

program so that the relationship between exogenous variables and endogenous variables is obtained. Hypothesis testing is done by looking at the p-value generated by the Inner model.

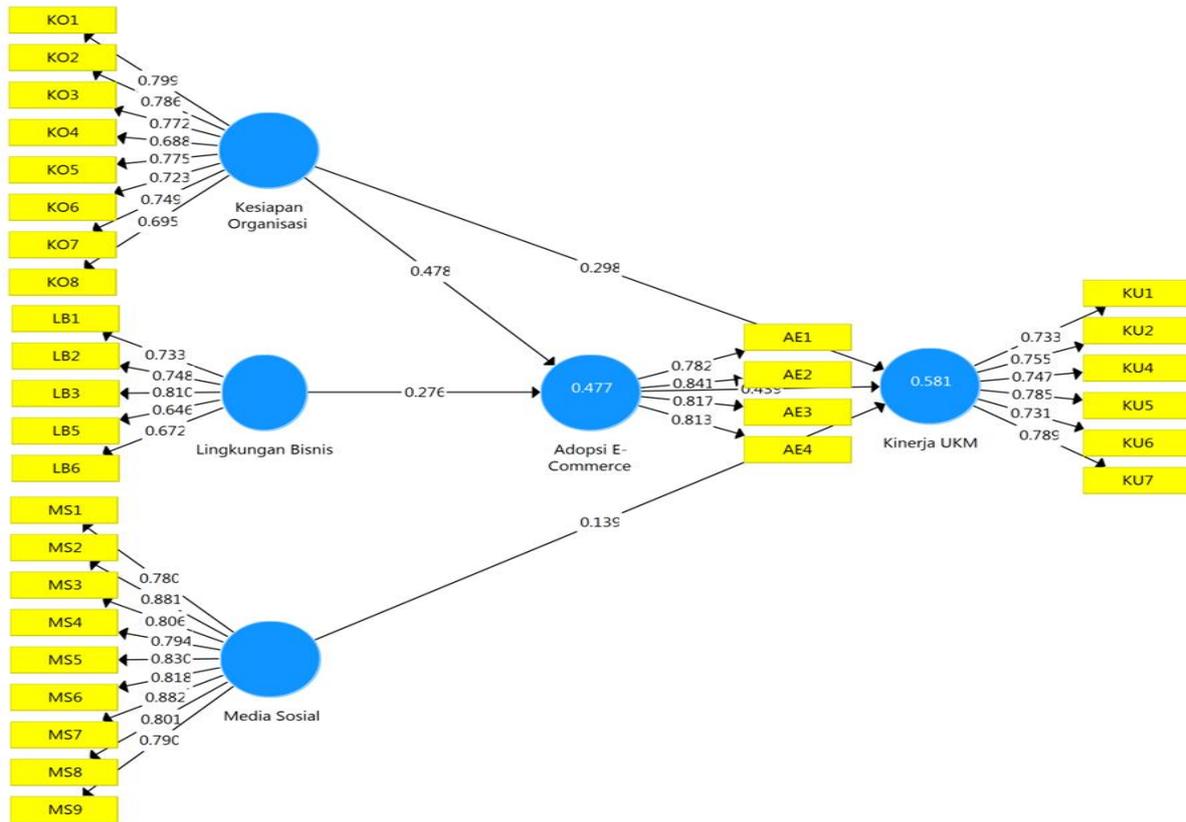


Figure 3. Results

The test results show the direct effect of organizational readiness on e-commerce adoption has path coefficient 0.478 and p-value $0,000 < 0,05$, so the relationship is significantly. Thus organizational readiness has a significant

effect on adoption of e-commerce. The meaning that first hypothesis of this study is **supported**. Hypothesis testing two shows the path coefficient of 0.274 and p-value of $0,003 < 0,05$, so the relationship is significantly. Thus the

business environment had significant effect toward adoption of e-commerce. This means that the second hypothesis of this study is **supported**. The third hypothesis testing shows a path coefficient of 0.455 and p-value of 0.000 <0.05, so the relationship is significantly. Thus the adoption of e-commerce has a significant effect on the performance of SMEs. This means that the third hypothesis of this study is **supported**. Testing hypotheses 4 and 5 is related to testing the role of e-commerce adoption as a mediating variable. The results show that the organization's readiness for the SMEs performance has path coefficient 0.327 and p-value 0.002 <0.05, so the

relationship is significantly. Thus it means that the fourth hypothesis in this study is **supported**. The fifth hypothesis testing has path coefficient of -0.077 and p-value 0.340 >0.05, thus the business environment has not significantly impact to the SMEs performance, the meaning that fifth hypothesis in this study **not supported**. And for testing the sixth hypothesis, testing the direct influence of social media on SME performance, the path coefficient is 0.162 and the p-value is 0.075 > 0.05, the meaning is social media had not significantly impact to the performance of SMEs. This means that the sixth hypothesis in this research is **unsupported**.

Table 4. Results of the Internal Model Analysis

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistik (O/STDEV)	P-Values
Organizational Readiness ->E-Commerce Adoption	0,478	0,472	0,104	4,614	0,000
Business Environment ->E-Commerce Adoption	0,274	0,285	0,092	2,975	0,003
Adoption of E-Commerce -> SMEs Performance	0,455	0,444	0,119	3,817	0,000
Organizational Readiness -> SMEs Performance	0,327	0,338	0,107	3,045	0,002
Business Environment -> SMEs Performance	-0,077	-0,074	0,081	0,954	0,340
Social Media -> SMEs Performance	0,162	0,159	0,091	1,786	0,075

4.3. Discussion

The research shows that organizational readiness and the business environment have positively and significantly impact toward adoption of e-commerce. This means that the higher organizational awareness about the perceived benefits of e-commerce adoption and the availability of resources and organizational governance, the e-commerce adoption will also increase. This is in line with Rahayu & John's (2015) research which explains that organizational readiness is related to the

readiness of technology as a determinant factor the effect SMEs to adoption of e-commerce. Technology readiness referring to what extent technology infrastructure, relevant systems and technical skill on business can support adoption of e-commerce. Environmental factors referring to external impacts as pressure from customer, suppliers, competitors pressure and other external affecting adoption of e-commerce.

The research supports research conducted by Mohamad & Ismail (2009) which examines the Adoption of Electronic Commerce in SMEs. The results of his research show that this study explains the differences in e-commerce adoption

in developed and developing countries, as a whole there is a positive influence on adoption of e-commerce to the SMEs performance. Adoption of e-commerce is influenced by several factors, one of which is the readiness of the organization and the environment. This means that organizational readiness and business environment factors had positively impact to SMEs performance through e-commerce adoption. This study also supports research conducted by Herzallah & Muriati (2015) which examines Organizational Information Ecology and E-Commerc Adoption that has an impact on SME Organizational Performance. The results of his research show that many factors influence the adoption of E-commerce applications such as organizational, environmental and technological factors. There is a positive relationship between the organization, the business environment and technology on e-commerce adoption, there is a positive relationship between the adoption of e-commerce on the SMEs performance, so indirectly there is a positively and significantly relationship between organizational readiness and the business environment on the SMEs performance through adoption of electronic commerce.

The study as well examines direct effect adoption of e-commerce to the SMEs performance, where the research results have positively and significantly impact. The meaning the higher the level adoption of e-commerce for SMEs, it can improve SMEs performance. This study is in line with the research of Abebe (2014), the results of his research indicate that e-commerce adoption has a positive and significantly effect on the SMEs performance. This study also examines the effect of organizational through the adoption of e-commerce on the SMEs performance, the results of his research have a significantly positive effect. In these research also explain direct effect of social media to the SMEs performance. The results of his research explain that social media had not significantly effect on the performance of SMEs. This means the use of social media in

SMEs does not have significant effect on increasing SMEs performance.

However, this study does not support research conducted by Tajvidi & Azhdar (2017) which examines the impact social media to company performance, research conducted using mail surveys on 384 hotel samples in the UK, data analysis using structural equation modeling methods. The results of his research show that social media has a positive and significant effect on hotel performance in the UK. The results of this study are also not in line with research conducted by Samat, Mohd, & Mohammad (2018) who examined the mediating effects of the adoption of social media marketing between competitive intelligence and SME performance, where the results of the study showed that Overall, this study provides evidence that supports that social media marketing mediates the adoption of the relationship between competitive intelligence and SME performance. Competitive intelligence is also found to significantly affect the performance of SMEs, meaning that the effect of social media mediation had a significant effect on the performance of SMEs in the East Coast Region of Malaysia

5. CONCLUSION

- a. The analysis shows that organizational readiness has a positive and significant effect on e-commerce adoption in SMEs in Sungai Penuh Town. the meaning is the higher awareness of the organization with the benefits of e-commerce adoption accompanied by adequate organizational resources, the adoption of e-commerce will also increase.
- b. The analysis showed that the business environment had a positive and significant effect on e-commerce adoption in SMEs in Sungai Penuh City. This means that the higher the demands of the business environment, the adoption of e-commerce will also increase.

- c. The analysis shows that e-commerce adoption had a positively and significantly impact too the SMEs performance. The meaning is the higher level of e-commerce adoption in SMEs, the SMEs performance will increase.
- d. The results of the analysis show that e-commerce adoption mediates the effect of the organization's readiness and had a positively and significantly impact to the SMEs performance in Sungai Penuh Town. This means that the higher level of awareness of organization to adopt e-commerce, it will indirectly have affect to increasing the SMEs performance.
- e. The analysis shows that adoption of electronic commerce mediates influence from the businesses environment negative not significantly influences the SMEs performance in Sungai Penuh City. This means that higher demands of the business environment to e-commerce adoption will indirectly affect the SMEs performance.
- f. The analysis shows that social media has a positive but not significant effect. This means that higher utilization of social media in SMEs does not significantly impact the SMEs performance.

ACKNOWLEDGMENT

The authors are grateful to:

1. Cooperative and UMKM Offices of Sungai Penuh City
2. The leaders or owners of SMEs in Sungai Penuh City
3. To my parents, my brother / sisters and my friends, who always support the author.

REFERENCES

- Abebe, M. (2014). Electronic commerce adoption , entrepreneurial orientation and small- and medium-sized enterprise (SME) performance. *Journal of Small Business and Enterprise Development*, 21(1), 100–116.
- Chwelos, Paul; Benbasat, Izak dan Dexter, Albert S. (2000), "Research Report: Empirical Test of an EDI Adoption Model",
- Cristobal-fransi, E., Montegut-salla, Y., Ferrer-rosell, B., & Daries, N. (2019). Rural cooperatives in the digital age : An analysis of the Internet presence and degree of maturity of agri-food cooperatives ' e-commerce. *Journal of Rural Studies*, (October), 1–12.
<https://doi.org/10.1016/j.jrurstud.2019.11.011>
- Duan, X, Deng,H., & Corbitt, (2012) *Evaluating the critical determinants for adopting e market in Australia small and medium sized enterprises*. *Management Research Review*, 35.
- Fatmariani. (2011). Pengaruh Adopsi Teknologi Informasi Open Source E-commerce Terhadap Kinerja UKM dengan Faktor-Faktor Technology Acceptance Model (TAM) Sebagai Moderating Variabel. *Jurnal Teknomatika* Vol. 1 No. 1 Palembang *STMIKPalComTech*.
- Ghozali, I. (2014). *Structural Equation Modeling Metode Alternatif dengan Partial Least Squares (PLS)*. Semarang: Universitas Diponegoro.
- Grandon, Elizabeth E. dan Pearson J. Michael (2013), "Perceived Strategic Value and Adoption of Electronic Commerce: An Empirical Study of Small and Medium Sized Businesses", Paper presented on The 36th Hawaii International Conference on System Sciences (HICSS'03).
- Hasibuan, Malayu S.P.. 2017. *Manajemen Sumber Daya Manusia*. Edisi Revisi. Jakarta: Bumi Aksara.
- Herzallah, F., & Muriati, M. (2015). Organization Information Ecology and E-Commerce Adoption : Effect on Organizational SMEs Performance. *Journal of Computer Science*, 11(3), 540–551.
<https://doi.org/10.3844/jcssp.2015.540.551>
- Kaplan, A. M., & Haenlein, M. (2010). Users of

- the world, unite! The challenges and opportunities of Social Media. *Business Horizons*, 53(1), 59–68. <https://doi.org/10.1016/j.bushor.2009.09.003>
- Kim, N., & Pae, J. H. (2007). Utilisation of new technologies: Organizational adaptation to business environments. *Journal of the Academy of Marketing Science*, 35, 259–269.
- Kraemer, Kenneth L.; Gibbs, Jennifer dan Dedrick, Jason (2012), "Impacts of Globalization on Ecommerce Adoption and Firm Performance: A Cross-Country Investigation", <http://www.crito.uci.edu>.
- Kurnia, S., Choudrie, J., Mahbubur, R., & Alzagool, B. (2015). E-commerce technology adoption: A Malaysian grocery SME retail sector study ☆. *Journal of Business Research*, xxx. <https://doi.org/10.1016/j.jbusres.2014.12.010>
- Laudon, K. C., & Laudon, J. P. (2014). *Management Information Systems: Managing the Digital Firms*. England: Person Education Limited.
- Lantu, D. C. et al. (2016) 'Pengembangan Model Peningkatan Daya Saing UMKM di Indonesia: Validasi Kuantitatif Model', *Jurnal Manajemen Teknologi*, 15(1), pp. 77–93. doi: 10.12695/jmt.2016.15.1.6.
- Li, Y., Huang, J., & Tsai, M. (2019). Entrepreneurial orientation and firm performance: The role of knowledge creation process. *Industrial Marketing Management*, 38(4), 440–449. <https://doi.org/10.1016/j.indmarman.2008.02.004>
- Nasrullah, R. (2015). *Media Sosial*. Bandung: PT Remaja Rosdakarya.
- Nelson, Matthew L. dan Shaw, Michael J. (2013), "The Adoption and Diffusion of Interorganizational System Standards and Process Innovations", http://www.si.umich.edu/misq-stds/proceedings/146_258-301.pdf
- Ningtyas, PK., Sunarko B, Jaryono. (2015), " AnalisisFaktor yang MempengaruhiAdopsi E Commerce danPengaruhnyaterhadapKinerja UMKM" *Jurnal Performance* Vol.21 No.1 , 1 Maret 2015
- Parveen, F., Ismawati, N., & Sulaiman, A. J. (2016). Social Media's Impact on organizational performance and enterpreneurial orientation in organizations. *Management Decision*, 54(9), 1–47.
- Rahayu, R., & Day, J. (2016). E-commerce adoption by SMEs in developing countries: evidence from Indonesia. *Eurasian Business Review*. <https://doi.org/10.1007/s40821-016-0044-6>
- Raman, P., Wittmann, C.M., and Rauseo, N.A. (2016), "The role of organizational capabilities in successful CRM implementation", *The Journal of Personal Selling and Sales Management*, Vol. 26 No. 1, pp. 39-54.
- Saini, A. and Johnson, J.L. (2015), " Organizational capabilities in e-commerce: an empirical investigation of e-brokerage service providers", *Journal of the Academy of Marketing Science*, Vol. 33 No. 3, pp. 360-375.
- Stelzner, M. (2012, April). How Marketers are Using Social Media to Grow Their Business.
- Tambunan, T. T. H. (2012). *Ukuran Daya Saing Koperasi dan UKM*. Badan Perencanaan Pembangunan Nasional. 2008
- Trainor, K. J. et al. (2014). "Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM." *Journal of Business Research*, 67(6), 1201–1208.