

The Effect of Entrepreneur Orientation, Technology Capability and Marketing Capability on Family Business Performance in Padang City Using Social Media as Moderating Variables

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ABSTRACT

This study aims to analyse the effect of entrepreneurial orientation, technology capability, marketing capability on the performance of family businesses and moderated by the use of social media. This research is a causative research using PLS (Partial Least Square) analysis technique. The population in this study were all family business actors in the city of Padang, with a sample size of 200 respondents. The results showed that there was a significant and positive influence between entrepreneurial orientation on business performance, technology capability on business performance, marketing capability on business performance. Then the social media variable shows that it does not have a significant effect in moderating the relationship between entrepreneurial orientation on business performance, and technology capabilities on business performance. The results also reveal that social media variables have a significant and positive influence in moderating the influence of marketing capabilities on business performance.

Keywords: *Entrepreneur orientation, Technology capability, Marketing capability, Social media, Business performance.*

1. INTRODUCTION

The family business is one of the drivers of modern economic life and is considered an engine of economic growth and employment. [1] Family businesses continue to face challenges to changes in today's business world, such as the market and product standards that must be met for consumers around the world, fast, time-consuming transactions and good business cooperation. Such family businesses are often neglected, making it very difficult for them to enter a larger market share. In dealing with these problems, a good knowledge of marketing and its application in the family business is needed. It is important to identify the extent to which the marketing concept can play a role. Such as the application of market orientation, marketing capabilities, social media and others that can support the growth of family businesses. The existence of a family business has proven capable of being a driving force and an important factor driving economic growth in West Sumatra. Economic growth in the city of Padang cannot be separated from the role of the efforts made by its

residents. The development of MSMEs provides opportunities for the development of family businesses in the city of Padang, which currently needs to be recognized and supported by the government in order to be able to develop and be recognized both nationally and internationally. Some of the problems faced by family businesses today are the low understanding of entrepreneurship in family business actors in making innovations in product innovation, lack of technological capabilities that reduce the achievement of the expected quality assurance so that it hinders company performance and reduces competitiveness, then the lack of network for marketing products so that business actors cannot properly maximize market share, the last is limited capital or inadequate financial access, which makes it difficult for family businesses to develop to a larger scale.

[2] The use of social media in companies is an effective way to improve marketing strategies. This explains the importance of SM in marketing and many research results show the positive influence of SM on companies. Business performance is an achievement

obtained from the overall marketing activities of a company. In addition, MC can also be considered as a design that is used to measure the extent to which a company's market reaches a product. [3] business performance is what is used to assess the effect of a company's strategy. Then [3] also said that good business performance is recognized in three main measurements, namely: the company's sales value, the company's sales growth, and the company's market share. [4] explains that sales growth will depend on the number of customers whose average consumption level is fixed. The development of the number of micro and small businesses, especially in packaged food family businesses, from year to year has not been accompanied by an increase in the performance of family businesses in Padang City. This explains that the development of micro and small businesses is not optimal, because only a handful of micro and small businesses, especially packaged food, are increasing every year and even none at all, therefore the EO must be further improved in order to grow an entrepreneurial spirit so as to be able to create innovations from these packaged foods. A preliminary study conducted by [5] reveals a link between EO, domestic market competition, and technological and MC in improving FP. SMEs that score high in EO are more likely to have a strong level of ability. Based on the background of this problem, the researchers focused on examining how the influence of EO, technology capabilities, MC on the performance of family businesses with the use of SM as a moderating variable. This research is very important because it provides an understanding of the level of EO, technology capabilities, family business MC in the city of Padang and the use of SM so that it can affect the increase in FP.

1.1. Business Performance

According to [6], company performance is a reflection of a company during a certain period of time based on operational activities in optimizing its resources. Company performance is an important part of the company [7] Company performance is a general construct (factor) used to measure the effect of a company policy or decision. Policies or decisions are always directed to produce good performance, one of which is financial performance.

[8] state that company performance is an act achieved by a person or group of people in a company according to their respective responsibilities in an effort to achieve the direction of the company according to the rules, and does not violate the law, and does not contradict ethical attitudes and moral. Based on several definitions of company performance, the authors conclude that company performance is an achievement produced by a company that can be seen in a certain period through financial performance, company growth,

company market performance and the development of human resources in the company. [9] state that business performance can be measured by 3 indicators, namely: 1) Efficiency, 2) Growth, 3) Advantage.

1.2. Business Performance

[10] say that SM is social media that is useful for consumers to be based on information in the form of writings, paintings, sayings and videos between people and people and companies and companies. [11] describes SM as an effective virtual space for obtaining and updating information. The influence of the use of SM greatly facilitates customers in knowing various information and as an online learning medium for consumers [12]. The definition of SM was also expressed by [13], where SM is a media-based communication network that makes people who use it have time to communicate and present themselves, either directly or indirectly, with people. [14] says that SM is an expression that describes the types of technology used to bring people together to work together, in terms of sharing information, and meeting through network-based information messages. [15] suggest SM as a communication tool that supports companies in achieving their goals such as: marketing, advertising, brand recognition, user service, human resources and problem solving. Based on several definitions of SM, the authors conclude that SM is an application-based communication media whose purpose is to connect a company with consumers, as a promotional media and customer service in supporting the performance of a family business. [16] stated that the use of SM can be categorized into 3 sub-constructions, namely: 1) the use of SM in marketing, 2) the use of SM in relationships and services. 3) the use of SM on accessibility for information.

H4: The use of social media moderates the relationship between entrepreneur orientations on performance

H5: The use of social media moderates the relationship between technology capabilities on performance

H6: The use of social media moderates the relationship between marketing capabilities on performance

1.3. Entrepreneurial Orientation

EO plays an important role in improving business performance. in the journal [17] reveal that EO becomes an acceptable meaning to explain business performance. [18], reveals that EO is a plan to increase the influence of companies to get more effects in similar markets. EO aims at the development, implementation and making of a provision that aims at new input and has three entrepreneur perspectives, namely always making update, acting more actively and risk taking. This is confirmed [19] stated that the higher the EO in a

company, the higher the company's ability to market its products to direct the company's performance for the better. Based on several definitions of EO, the authors conclude that EO is a strategy that companies use through innovation, proactivity and courage in taking risks that are able to improve performance in a company, so that companies are able to compete in a competitive market. [20] introduced three indicators of entrepreneurship, namely: 1) Proactive, 2) Courage to take risks. 3) innovative.

H1: Entrepreneurial orientation has a significant and positive effect on performance

1.4. Technology Capability

Technological developments almost all organizational activities currently have been entered by the application and replacement of human labour with machine power in a company in information technology. Understanding of information technology can vary even though each meaning has the same meaning. [21] the development of technology will greatly help companies to produce more precise information and allow for decision making in a relatively short time [22]. Technological sophistication basically reflects the amount or diversity of information technology used by small businesses. Technological sophistication basically reflects the amount or variety of information technology used by small businesses. Information Technology processes can provide services that support administration and assist in decision making. Benefits of Technology, here are some of the benefits of technology: 1) Helping and facilitating human activities. 2) Can be used by various groups. 3) Easy to operate. 4) Relieve very heavy work. 5) Can increase employment. This strategic aspect is increasing the knowledge of companies - and partners that can make it easier for them to innovate, improve their technology capabilities and efficiency to achieve producing products or services. [23], Technology capability specifically describes an important potential source of competitive advantage and superior performance in competitive markets. Technological capabilities in particular represent an important potential source of competitive advantage and superior performance in competitive markets. Technology capabilities play a role in spurring companies to improve their capabilities and knowledge and develop competencies, so that they have superior performance According to [24], indicators of technological capacity can be measured by: 1) The ability of technology with competitors. 2) The company's ability in product innovation.

H2: Technology capability has a significant and positive effect on performance

1.5. Marketing Capability

MC, with the organization has a fairly close relationship. Every family business must have good MC to generate profits for the family business and improve the performance of the family business. To achieve good marketing capabilities and organizational performance, a family business must have a competitive advantage to produce high performance for the family business. [25] MC include the company's ability to deal with marketing problems and performance. MC occur through the integration of company knowledge of the market and employee skills. Product (service) capability relates to offering a product / service but also comes with the benefits and value of services such as: 1) Price capability is related to the company to carry out a pricing strategy, namely survival, maximizing profits, maximizing sales, prestige or prestige, return on investment debt (ROI). 2) Place capability relates to the place to provide services to consumers. 3) Promotion Capability relates to activities to identify consumers, achieve promotional goals, develop messages conveyed and choose the communication mix. 4) Capability People function as service providers that affect the quality of services provided. 5) Process Capability relates to service marketing activities related to the quality of services provided, especially in terms of service delivery systems. 6) Physical Evidence Capability relates to activities to carry out pre-transaction service activities, during transactions and after transactions. [26]. Marketing capability is a knowledge, skills, and resources owned by the company in marketing activities that can create competitive advantage. According to [24] marketing capability can be measured by four indicators, namely: 1) Satisfaction of customers and competitors. 2) Effectiveness of marketing programs. 3) New product success. 4) Submission of value (price).

H3: Marketing capability has a significant and positive on performance

2. METHOD

This research is a type of survey research that uses a questionnaire in collecting data. In this research, describe the facts that occur clearly and see the influence of EO, technology capabilities and MC through the SM on the performance of family business at Padang City.

The population in a study needs to be determined with the aim that the research carried out actually gets the data as expected. [27] states that population is an area consisting of: an object or subject that has certain levels and characteristics determined by the person conducting the research to be studied and then conclusions drawn. The population in this research were all family business actors in the city of Padang. [27] explains that the population is an object or subject that

has certain levels and characteristics determined through research, then the research will be studied and conclusions drawn. The population in this study were all family business actors in the city of Padang.

The sample in this study was taken using a non-probability sampling technique, with a purpose sampling type. The type of data used in this study is primary data, where the data the authors get directly from business owners, with a sample size of 200 people. In this study, measurements were used using a 5-point Likert scale with anchors from strongly disagree (1) to strongly agree (5). The 5-point Likert scale is used because it is easy to respond to and takes less time to complete [27].

In this study, to test the conceptual framework according to the hypothesis, we used Smart PLS version 3 which was analysed in an open and sequential manner which provided clarity in the conceptual framework and results.

3. RESULTS AND DISCUSSION

Based on the results of the distribution of research questionnaires from 200 research respondents, with the purposive sampling method to the owners or leaders of the planned family businesses, and 200 questionnaires that were successfully returned with a rate of return (response rate) of 100%, the characteristics of the respondents were obtained as following:

Table 1. Sample characteristic

Variable	Frequency	Percentage (%)
Gender		
Male	40	20
Female	160	80
Age (years old)		
21-30	8	4
31-40	54	27
41-50	74	37
> 51	64	32

The characteristics of the gender sample in business owners / leaders show that decision making in business is dominated by women with a percentage of 80% compared to men with a percentage of 20%. This is in line with the types of businesses examined in packaged food and beverage products, which are mostly carried out by women. And the sample characteristics on the age of the owner / business leader show that the highest age level is found in the age range between 41-50 with a percentage of 37%, then it is filled with age more than 51 with a percentage of 32%, then followed by age with a range of 31 -40 with a percentage of 27%, and the lowest was filled with ages ranging from 21-30 with a percentage of 4%.

In testing the hypothesis, this research uses smart PLS based on primary data collected to obtain an immediate and moderating effect. Obtained a direct relationship between EO, technology capabilities and MC in reviewing business performance and SM as moderation. SmartPLS 3.0 is used in analyse structural equation models. Measurement of the algorithmic estimation model by explaining the variance of the dependent constructs. In the first step, the construction value is estimated. Then, the final outer loading estimate is also calculated using the path coefficient structural model, which produces the R2 value of the endogenous latent variable.

Table 2. Validity and reability

Latent variables	Cronbach's alpha	rho_A	Composite reliability	AVE
MC	0.731	0.732	0.832	0.553
Technology Capability	0.758	0.759	0.846	0.579
Family FP	0.857	0.858	0.897	0.635
EO	0.831	0.849	0.874	0.504
Use of SM	0.850	0.872	0.883	0.520

Table 2 displays the descriptive statistics of the observed respondents. Technological capabilities are considered highest average.

Score 3.73, then MC with an average score 3.70, then, business performance with an average score of 3.69, followed by EO and SM with the same average score of 3.64. Smart PLS displays three main results: external loading for model measurements, path coefficients for structural models, and R2 values for latency variables.

The assessment of the measurement model also involves the reliability of testing the composite for internal consistency, on the reliability of the individual indicators and the mean variance was extracted to check for convergency validity.

The first step focus on ensuring the construction steps are validity and reliability. Hypothesis testing involving structural relationships between constructs will be reliability of the measurement model that describes how the constructs meet the standards of validity and reliability. Cronbach's alpha show that the latency variable has a value greater than 0.7 demonstrates high reliability based on these relationships. To establish convergent validity, research this takes into account the mean variance extracted and outside loading. The result shows the standard outside load is greater than 0.459, that shows which level of society acceptable (see Appendix). AVE value is higher than 0.5 that shows the level of community acceptance. This value indicates that the construct explains that more than half the variance of the indicator.

The second examines the assessment of the results of the structural model. Before analysis, it is important to identify on multicollinearity problems. In Table III it can be seen that the VIF of the construct value is below the limit of 5, that shows that collinearity between constructs is not a problem in the structural model. Therefore, painting 1 explains that the R2 value of family business performance is 0.452 which indicates that all the exogenous effects of the combined latent variables on the performance of family businesses. R2 value shows the moderate level of prediction accuracy.

Table 3. VIF multicollinearity

	FP
MC	2,303
Technology Capability	1,792
EO	1,800
Use of SM	1,921

Table 4 can be seen that the PLS-SEM bootstrap gives a sign that the value of to each construct is bigger from critical value, this shows that all coefficients are

Table 4. Path analysis

Hypothesis	O	M	STDEV	O / STDEV	P Values	Information
EO -> Family Business Performance	0.239	0.237	0.077	3,099	0.002	Received
Technology Capability -> Family Business Performance	0.136	0.127	0.067	2,038	0.043	Received
MC -> Family Business Performance	0.225	0.224	0.090	2,492	0.014	Received
EO -> Family Business Performance	-0.016	-0.017	0.077	0.214	0.831	Rejected
Technology Capability -> Family Business Performance	-0,110	-0.109	0.062	1,761	0.080	Rejected
MC -> Family Business Performance	0.174	0.170	0.084	2,078	0.039	Received

Table 4 the influence of EO on business performance as indicated by a positive value and (p-value <0.05, namely 0.002) this indicates that H1 is accepted. Then the effect of technology capability on business performance is indicated by a positive value and (p-value <0.05, namely 0.043) this indicates that H2 is accepted. Then the effect of MC on interest in family business performance is indicated by a positive value and (p-value <0.05, namely 0.014) this indicates that H3 is accepted. Then the influence of EO on family business performance is moderated by the use of SM which is indicated by a negative value and (p-value <0.05, namely 0.831) this indicates that H4 is rejected. Then the influence of technology capability on family business performance is moderated by the use of SM which is indicated by a negative value and (p-value <0.05, namely 0.080) this indicates that H5 is rejected.

significant on 5 percent rate. The PLS-SEM algorithm displays the hypothesized relationships Among construction. The path coefficient of +1 indicates a positive relationship strong (Figure 1). The result indicates that the coefficients vary from 0.136 to 0.239.

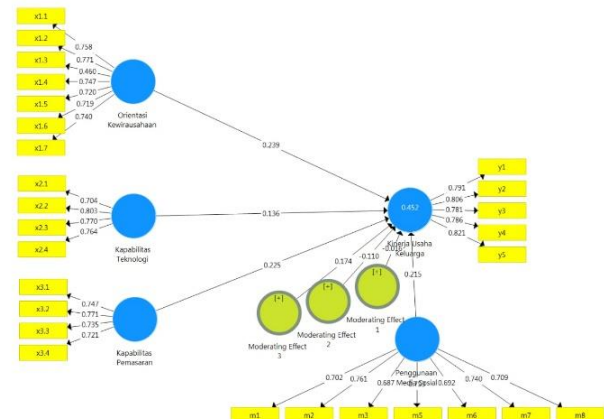


Figure 1. Path analysis

Then the influence of EO on the performance of family businesses is moderated by the use of SM which is indicated by a positive value and (p-value <0.05, namely 0.039) this indicates that H6 is accepted.

Based on the research results, there is a strong tendency in empirical studies that EO, technology capabilities and MC have a significant effect on the performance of family businesses. The exception to the EO and technology capability variables on the performance of family businesses is moderated by the use of social media which does not have a significant effect. It is different with the MC variable on the performance of family businesses which is moderated by significant influence of SM use. This research shows that respondents think that marketing ability through the use of SM is more able to improve the performance of family businesses.

4. CONCLUSION

Based on the results and discussion, it can be concluded that the use of social media has a negative moderating role in the relationship between entrepreneurial orientation, technology capabilities and family business performance. Meanwhile, the use of social media has a positive moderating effect on the relationship between marketing capabilities and family business performance.

This research can be used as a reference for family business ventures in understanding the importance of implementing the use of social media in business activities, this can be seen from the benefits and functions that can encourage the performance of the family business to remain competitive in today's business world, especially in marketing strategies. The findings of this study are also taken into consideration for future family business leaders or owners. Further researchers can identify the impact of social media use, by adding new variables that have not been discussed in this study and investigating objects that are different from previous studies. So that research on social media on performance continues to develop and is useful for business people.

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