

The Effect of Entrepreneurial Orientation on MSMEs Development: The Mediating Role of The Utilization of Credit Facilities and Digital Marketing

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Abstract—The synergy of various components, both government and non-government institutions, policy makers, financial institution, MSMEs Actors, and other stakeholders is necessary to strive for the development of MSMEs. This research aims to examine the effect of entrepreneurial orientation and the utilization of credit facilities and digital marketing on the development of MSMEs Jakpreneur Senen District. Additionally, the mediating effects of the utilization of credit facilities and digital marketing on the relationship between entrepreneurial orientation and the development of MSMEs are also explored in this study. This research adopts a quantitative approach. The data source is primary data obtained through the distribution of questionnaires to 275 MSMEs actors in Jakpreneur, Senen District, in the food and beverage sector. Data is analyzed using Structural Equation Model (SEM) based on PLS. The research findings indicate that a significant and positive direct effect of entrepreneurial orientation on the development of Jakpreneur MSMEs in the Senen District. This is evidenced by the value of t-count 1,970 greater than t-table 1,96. The variable of credit facilities utilization has a significant and positive direct effect on the development of MSMEs Jakpreneur Senen District with t-count 3,732 greater than t-table 1,96. The variable of digital marketing utilization has a significant and positive direct effect on the development of MSMEs Jakpreneur Senen District with t-count 2,862 greater than t-table 1,96. Furthermore, there is a significant positive direct effect of entrepreneurial orientation on the utilization of credit facilities with t-count 6,720 greater than t-table. And there is a significant positive direct effect of entrepreneurial orientation on the utilization of digital marketing with t-count 5,919 greater than t-table. The study revealed an indirect effect of entrepreneurial orientation on the development of MSMEs through the mediation of credit facilities utilization. This is evidenced by the value of t-count 3,050 greater than t-table 1,96. And there is an indirect effect of entrepreneurial orientation on the development of MSMEs through the mediation of digital marketing utilization with the t value of t-count 2,365 greater than t-table.

Keywords: Entrepreneurial Orientation; Credit Facilities; Digital Marketing; MSMEs Development

1. INTRODUCTION

The Micro, Small, and Medium Enterprises (MSMEs) sector serves as a pillar in the context of the people's economy. Across various parts of the world, MSMEs contribute to the creation of job opportunities, a source of income, increased innovation and competitiveness, and open possibilities for enhancing skills (Kaberia & Muathe, 2020). The government believes that MSMEs are business units that play a crucial role in advancing and strengthening the economy (Albalushi & Naqshbandi, 2022). The number of MSMEs worldwide reaches 90%, making a direct contribution to employing approximately 50% to 60% of the total global workforce (Elhassan, 2019). Globally, Micro, Small, and Medium Enterprises (MSMEs) play a central role in economic growth with their contribution to the Gross Domestic Product (GDP).

According to data from the ASEAN Investment Report, in the Philippine economy in 2021, MSMEs contributed 58% to the GDP. In Vietnam and Singapore, the contribution was 45%. In Indonesia, MSMEs provided a significant 60.3% contribution to the GDP and were able to absorb 97% of the total workforce (ASEAN Secretariat, 2022). This workforce absorption proportion is the largest in the ASEAN region. Meanwhile, in neighboring countries, the proportion of workforce absorption by MSMEs ranges from 45% to 85% (ASEAN Secretariat, 2022). Therefore, it can be said that MSMEs have significant potential and contributions. The development of MSMEs will contribute to accelerating poverty alleviation, strengthening the grassroots economy, ultimately enhancing economic growth. However, according to Sutrisno et al. (2022) and Tambunan (2021), there are still MSMEs, especially micro and small enterprises, that have not developed due to various challenges in their development.

The contribution of Indonesian MSMEs to national exports is still low, at only 14.4%, trailing behind neighboring countries such as Myanmar at 23.7% and Singapore at 38% (ASEAN Secretariat, 2022). According to Finance Minister Sri Mulyani, the low performance of MSMEs exports is attributed to the challenges in penetrating export markets. also states that there are common issues continually faced by MSMEs in various countries, including limited working and investment capital, a scarcity of skilled labor, procurement of raw materials and distribution challenges, and marketing difficulties. Given the crucial role of MSMEs, it is not surprising that the government is making efforts to address the challenges faced by MSMEs in their development.

In 2022, Java Island remains the economic center of Indonesia. DKI Jakarta is the province contributing the highest Gross Regional Domestic Product (GRDP) according to business sectors, reaching Rp 3.186,46 trillion (BPS, 2023). Based on the 2016 Economic Census (SE2016), there were a total of 1.214,420 businesses in DKI Jakarta, with 98.78% of them falling under the Micro, Small, and Medium Enterprises (MSMEs) sector. However, the SE2016 report, as seen in figure 1 indicates that MSMEs, particularly Micro and Small Enterprises, still face challenges such as competitors,

capital, and marketing. To improve future conditions, the government is promoting the development of MSMEs in DKI Jakarta through the Jakpreneur program. This program facilitates MSMEs through training, mentoring, marketing support, licensing assistance, capital provision, and financial reporting (Panjaitan et al., 2022).

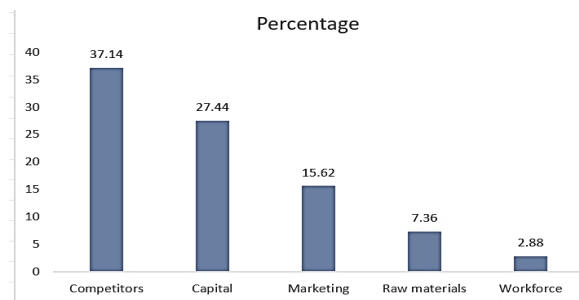


Figure 1. Main Challenges of MSMEs in DKI Jakarta

Table 1. The Development of Jakpreneur MSMEs in Central Jakarta

No	Region	Applicants			
		2019	2020	2021	2022
1	Cempaka Putih	1.469	1.885	1.568	1.086
2	Gambir	1.078	1.809	1.622	1.008
3	Johar Baru	2.259	2.474	3.359	1.160
4	Kemayoran	2.224	2.737	3.596	1.417
5	Menteng	1.229	1.941	2.060	1.004
6	Sawah Besar	1.113	2.215	2.294	1.146
7	Senen	1.912	1.927	2.864	1.171
8	Tanah Abang	1.331	2.670	3.060	1.307
	Total	12.615	17.658	20.423	9.299

Based on data from PPKUKM Department Jakarta, Central Jakarta emerged as the region with the highest increase in registrations for Jakpreneur Program in 2021, with the Senen District contributing the most significant increase at 48%, as shown in table 1 above. This signifies the high enthusiasm and expectations of MSMEs actors to receive guidance from the government to foster the growth of their businesses over time. However, in their journey, MSMEs actors in Jakpreneur Senen Sub-district still face challenges. According to the researcher's survey, it was found that there are still primary obstacles, including limited capital, inefficient product marketing activities, and raw material pricing. 58% of MSMEs actors stated that the marketing assistance facilitated by the Jakpreneur program, namely bazaars, is still held in locations that are not strategically positioned and fail to reach a broad consumer base.

MSMEs actor cannot solely rely on government assistance to achieve the development of their businesses; instead, it requires effort from the MSMEs actors themselves and collaboration with non-governmental institutions, organizations (incubators), financial institutions, and others (Mulyaningsih & Darwin, 2021). Business development is a method or process of improving current and future work by expanding business scope and enhancing the quantity and quality of products through mobilizing body, mind, and energy to achieve goals (Safitri & Maryanti, 2022). When managing a business, an entrepreneurial orientation is essential for success and business development (Zhai et al., 2018). Entrepreneurial orientation is a concept that refers to the process of strategy formulation and decision-making based on entrepreneurial actions (Lumpkin & Dess, 1996). According to Frese and Gielnik (2014) cited in Fatima & Bilal (2020) from a psychological perspective, entrepreneurial orientation can be seen as entrepreneurial characteristics and actions.

MSMEs actor with a high entrepreneurial orientation tend to make decisions or take actions based on courage in wisely taking risk, being proactive in seizing opportunities, anticipating business competition, and being innovative, which will lead them to achieve superior entrepreneurial outcomes (Alarjani et al., 2020; Santhi & Affandi, 2020; Sedyowidodo, 2022). This research will examine the effect of entrepreneurial orientation on MSMEs development and introduce the potential mediating roles of credit facilities utilization and digital marketing utilization in connecting entrepreneurial orientation with MSMEs development. However, the knowledge or information available in the literature still has limitations in explaining the role of such mediation.

This research adopts the action regulation theory, which posits that entrepreneurial psychology and the level of business outcome are linked through action characteristics, such as accessing crucial resource like technology and finance (Fatima & Bilal, 2019; Zacher & Frese, 2018). It also incorporates the Resource-Based View theory, emphasizing that a company with rare, difficult-to-imitate, and non-substitutable resources will have the opportunity to take unique strategic actions and possess a competitive advantage, enabling it to outperform competitors (Barney, 1991).

The use of credit facilities can serve as an alternative to overcome the constraint of limited business capital. The government has introduced credit programs such as People's Business Credit (KUR), Ultra Micro Credit (UMI), Small Investment (KIK), and Permanent Working Capital Credit (KMKP), which can be a secondary source of capital for

MSMEs (Arifin et al., 2021). MSMEs actors with a high entrepreneurial orientation are generally more willing to take on significant debt or utilize credit facilities (Lumpkin & Dess, 1996). MSMEs actors can use credit to expand their businesses, thereby increasing income and fostering business growth (Dhungana & Ranabhat, 2022; Mahajan, 2021). Several previous studies, such as those conducted by Bature et al. (2020), Fatima & Bilal (2020), dan Khan et al. (2021) have investigated the positive effect of access to finance and debt access on the performance of MSMEs development. However, this study differs as it specifically focuses on the effect of credit facilities utilization on MSMEs development.

This research also postulates that there is an effect of digital marketing utilization. The utilization of digital marketing can be an alternative to overcome marketing constraints, as digital marketing continues to be a popular strategy for promoting products and brands (Santos et al., 2022). MSMEs actors with entrepreneurial orientation are more likely to take risks by employing innovative digital marketing strategies and exploring various digital marketing channels (Krisnanto et al., 2023). The success of digital marketing, with the right media selection, can drive the distribution of products and services, reaching target markets across diverse demographics, locations, and times, thereby boosting sales volume and profits (Diansyah & Hermawan, 2022; Sagita et al., 2022)

A study by Wahyuningrum & Yuhertiana (2023) found that marketplaces have an impact on MSMEs development, considering marketplace as one of the digital marketing platforms. However, according to Basri et al. (2023) it was found that digital marketing does not have an impact on sales volume. According to Muharam (2019), increased sales volume are an indicator of business development. Based on the statements that have been presented, this research aims to address the main issue: whether there is an effect of entrepreneurial orientation on the development of MSMEs. Additionally, the study will explore the impact of entrepreneurial orientation on the development of Jakpreneur MSMEs in Senen Sub-district through the utilization of credit facilities and digital marketing. In other words, this research aims to uncover the relationship between entrepreneurial orientation, the use of credit facilities, digital marketing utilization, and MSMEs development.

2. RESEARCH METHODS

2.1 Literature Review and Hypothesis

2.1.1 Resource-Based View Theory

The resource-Based View (RBV) theory is primarily grounded in the principle that having resources that are rare, difficult to imitate, and non-substitutable is a key factor in achieving sustainable competitive advantage (Barney, 1991). Companies can leverage various resources, both tangible and intangible. Tangible resources are concrete assets like technology and finance, while intangible resources encompass non-physical assets such as knowledge or human capital. According to Bature et al. (2020), entrepreneurial orientation can be an intangible resource, and access to debt financing can be a tangible resource. In this study, the utilization of credit facilities and digital marketing can be components of tangible resources within the RBV theory.

2.1.2 Action Regulation Theory

The action regulation theory is focused on behavior regulation directed toward goals (Zacher & Frese, 2018). This theory explains how individuals regulate their behavior through cognitive processes, such as developing goals, planning, and processing feedback, or in other words, it focuses on the relationship between cognitive processes, behavior, the objective environment, and objective outcomes (Zacher & Frese, 2018). According to Fatima & Bilal (2019) entrepreneurial orientation is one of the cognitive or affective psychological variables that plays a role in achieving business success. In the action regulation theory, entrepreneurial psychology and the level of business outcomes are linked through action characteristics, such as accessing crucial resources like technology and finance (Fatima & Bilal, 2019; Zacher & Frese, 2018). The characteristics of business actors will only contribute to the success of the business if they take the right actions.

2.1.3 MSMEs Development

MSMEs are independent productive business units managed by individuals or corporate entities various economic sectors that meet the criteria of MSMEs (Purba et al., 2021). The development of MSMEs is a method or process of improving current and future work by expanding business scope, enhancing the quantity and quality of production through mobilizing the mind, energy, and body to achieve goals (Safitri & Maryanti, 2022). In this research, indicators of MSMEs development include increased production, improved product quality, an increase in the number of customers, market area expansion, and increased income.

2.1.4 Entrepreneurial Orientation

Entrepreneurial orientation is a process, practice, and decision-making activity grounded in entrepreneurial actions directed towards new entry (Lumpkin & Dess, 1996). According to Octasylya et al. (2022) entrepreneurial orientation is the process through which business actors develop entrepreneurial strategies to maintain a vision, achieve goals, and create competitive advantages, ultimately leading to performance development (Octasylya et al., 2022). The indicators of

entrepreneurial orientation in this research refer to Miller (1983) viewpoints, namely being proactive, innovative, and risk-taking.

2.1.5 Credit Facilities Utilization

Based on Law No. 11 pf 1998 concerning banking, Article 1 point 11 defines credit as “the provision of money or bills equivalent to it, based on an agreement or loan agreement between the bank and another party that obliges the borrower to repay the debt after a certain period with interest”. Credit is one of the financing sources that businesses can use to meet their operational needs (Ayem & Wahidah, 2021). According to the Oxford English Dictionary, the word 'utilization' can be interpreted as the act or manner of making use of or applying something effectively for any purpose, especially for beneficial or productive goals (oed.com). In this study, the utilization of credit facilities refers to the action of using or taking advantage of loan services provided by financial institutions to meet operational needs, with the obligation to repay the debt with interest after a specified period, measured by indicators such as the accuracy of the loan amount, the appropriateness of usage, and the appropriateness of the credit burden.

2.1.6 Digital Marketing Utilization

The American Association (AMA) defines marketing as a series of processes to create, communicate, and offer valuable goods and services to customers while managing customer relationships. The concept of marketing has evolved into the realm of digital marketing. Digital marketing can be understood as the marketing activities of a product or brand utilizing the internet and digital media (Rumangkit & Hadi, 2023). Digital marketing encompasses social media marketing, e-commerce, and marketplaces designed to integrate seamlessly with websites, facilitating prospective consumers in ordering products (Rachmawati et al., 2023). The indicators for the usage of digital marketing in this study refer to Omar et al. (2020), including the goals of employing digital marketing, enhancing product reputation through digital marketing, and the benefits derived from utilizing digital marketing.

2.1.7 Entrepreneurial Orientation and MSMEs Development

Entrepreneurial orientation emphasizes a business person’s willingness to behave inoovatively, take a proactive stance in identifying opportunities, and daringly take risks (Krisnanto et al., 2023). Someone who courageously takes risks by investing significant capital in innovating products or services and proactively meeting consumer demands will create new demand, attracting more consumers, and enhancing profitability (Lagdamen & Tan, 2022; Muharam, 2019; Purnomo et al., 2019). Previous research has revealed that entrepreneurial orientation plays a role in effecting MSMEs development (Alarjani et al., 2020; Muharam, 2019; Santoso et al., 2020).

H1: There is a positive effect of entrepreneurial orientation on the development of Jakpreneur MSMEs in Senen District.

2.1.8 The Utilization of Credit Facilities and MSMEs Development

Capital is one of the crucial factors in running a business. Sufficient capital availability, coupled with high demand, can lead to increased business volume (Sutrisno et al., 2022). Effective management of capital utilization, specifically the prudent utilization of credit facilities in this study, will effect the sustainability of production processes, increased sales, and business development (Prawira & Dewi, 2019; Ratnawati, 2020; Sutrisno et al., 2022). Several previous studies have revealed the impact of credit facilities utilization on business expansion and development (Dhungana & Chapagain, 2021; Dhungana & Ranabhat, 2022; Mahajan, 2021).

H2: There is a positive effect of the utilization of credit facilities on the development of Jakpreneur MSMEs in Senen District.

2.1.9 The Utilization of Digital Marketing and MSMEs Development

The everyday utilization of digital marketing is based on the use of digital media to facilitate the provision of product-related information to potential customers, allowing them to conduct in-depth research that, in turn, enhances customer awareness, ultimately impacting sales (Diansyah & Hermawan, 2022; Nafiuddin & Hamdan, 2020; Rachmawati et al., 2023). The precision in the use of digital marketing will have a positive effect on product distribution to the target market or will expand its reach (Diansyah & Hermawan, 2022). Research conducted by Cicillia & Kuswoyo (2023) yielded results indicating that digital marketing has positive effects on the development of MSMEs.

H3: There is a positive effect of the utilization of digital marketing on the development of Jakpreneur MSMEs in Senen District

2.1.10 Entrepreneurial Orientation and Credit Facilities Utilization

Credit is a crucial source of funding for MSMEs to meet operational needs, enabling entrepreneurs to address financing requirements and enhance future revenue (Hamdana et al., 2021). As stated by Lumpkin & Dess (1996) entrepreneurial orientation encompasses strategic actions such as being proactive and taking risks that play a role in a company's operations. Taking risks can be illustrated in terms of daring to borrow debt or engage in significant transactions (Lumpkin & Dess, 1996). MSME entrepreneurs with an entrepreneurial orientation are likely to be willing to take risks to access and utilize credit facilities to meet business operations.

H4: There is a positive effect of entrepreneurial orientation on credit facilities utilization.

2.1.11 Entrepreneurial Orientation and Digital Marketing Utilization

Entrepreneurial orientation plays a supporting role in adopting new technologies, enabling adaptation to market dynamics, and embracing risks (Lumpkin & Dess, 1996). Entrepreneurs with a high level of entrepreneurial orientation need to be proactive and innovative in utilizing social media platforms to promote their products or services and build relationships with customers (Fang et al., 2022). Research conducted by Krisnanto et al. (2023) indicates that entrepreneurial orientation has positive effects on digital marketing.

H5: There is a positive effect of entrepreneurial orientation on digital marketing utilization.

2.1.12 Entrepreneurial Orientation and MSMEs Development with Mediation of Credit Facilities Utilization

Credit is a crucial source of funding for MSMEs to meet their needs (Hamdana et al., 2021). The level of entrepreneurial orientation implementation will enhance access to debt financing (credit), where MSMEs entrepreneurs will take steps or actions to ensure that their business funding is adequate, ultimately improving business performance (Fatima & Bilal, 2020).

H6: There is a positive effect of entrepreneurial orientation on MSMEs development with mediation by credit facilities utilization

2.1.13 Entrepreneurial Orientation and MSMEs Development with Mediation of Digital Marketing Utilization

Business practitioners who focus on combining entrepreneurial orientation with effective digital marketing strategies are expected to enhance marketing performance (Krisnanto et al., 2023). Digital marketing plays a crucial role in improving competitiveness and business growth, as through digital marketing usage, entrepreneurs can target customer segments, expand market reach, build customer relationships, ultimately leading to increased sales (Krisnanto et al., 2023; Rizvanović et al., 2023).

H7: There is a positive effect of entrepreneurial orientation of MSMEs development with mediation by digital marketing utilization

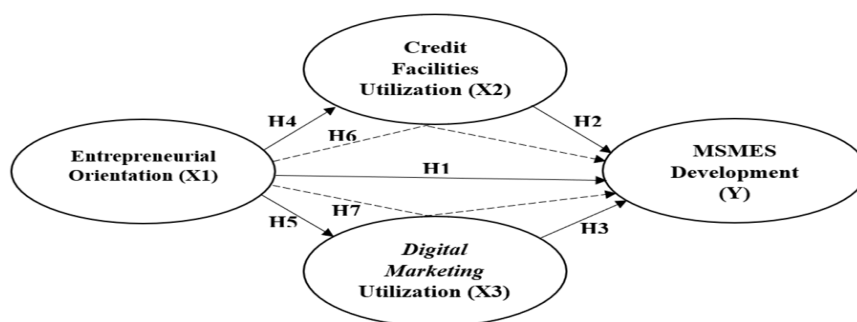


Figure 2. Theoretical Framework

2.2 Types of Research

The research approach employed is quantitative, utilizing a survey method. This method was chosen as it aligns with the research objectives, which aim to gather information through the distribution of questionnaires.

2.3 Data Collection Technique and Data Analysis

The population in this research comprises 1,251 MSMEs practitioners in the food and beverage sector affiliated with Jakpreneur in the Senen District. Based on the Isaac and Michael table with a 5% error rate, the sample size obtained is 275 MSMEs practitioners. The sampling techniques employed include purposive sampling. Purposive sampling is a sampling technique with specific criteria (Wahyu Purwanza et al., 2022). The criteria for this study include MSMEs practitioners who have been in business for a minimum of 3 years, operating in the food and beverage sector under Jakpreneur in the Senen District, utilizing digital marketing, and obtaining credit in the last 2 years. Data collection for this study involves the distribution of questionnaires through Google Forms and literature review. The questionnaire used is a closed-ended questionnaire with a five-category Likert scale and a five-point semantic scale. Data will be analyzed using descriptive and inferential statistical analysis through Structural Equation Model (SEM) analysis based on variance or Partial Least Squares (PLS).

3. RESULT AND DISCUSSION

3.1 Data Description

This research was conducted on 275 entrepreneurs in the food and beverage sector, specifically Jakpreneur in the Senen District. The following table illustrate the demographic information of the respondents who have completed the questionnaire, including gender, business tenure, and credit amount.

Table 2. Demographic Profile of Respondents Based on Gender

Gender	Total	Percentage
Male	81	29%
Female	194	71%
Total	275	100%

Based on the table 2, it can be observed that the majority of respondents in this study are female, comprising 71%. Meanwhile, the remaining 29% are male.

Table 3. Demographic Profile of Respondents Based on Business Tenure

Business Tenure	Total	Percentage
3 - 5 Years	164	60%
6 - 8 Years	93	34%
9 - 11 Years	14	5%
Above 11 Years	4	1%
Total	275	100%

Based on table 3, it can be seen that the majority of Jakpreneur entrepreneurs in the Senen District are newcomers to business, having been operating for 3-5 years, with a total of 164 individuals. However, there are also those who have been in business for more than 11 years, totaling 4 entrepreneurs.

Table 4. Demographic Profile of Respondents Based on Credit Amount

Credits	Total	Percentage
< Rp 10.000.000	92	33%
Rp 10.000.000 - Rp 30.000.000	103	37%
Rp 31.000.000 - Rp 50.000.000	64	23%
> Rp 50.000.000	16	6%
Total	275	100%

The majority of MSMEs entrepreneurs take and utilize credit in the range of Rp 10.000.000 – Rp 30.000.000, totalling 103 individuals. Another significant portion, comprising 92 individuals, only takes credit below Rp 10.000.000.

3.2 Results

The data analysis in this study proceeded through three stages: the measurement model (outer model), the structural model (inner model), and hypothesis testing

3.2.1 Measurement Model or Outer Model

Testing the measurement model produces analyses of validity and reliability. Validity is assessed using convergent validity and discriminant validity, while reliability is tested through composite reliability and Cronbach's alpha.

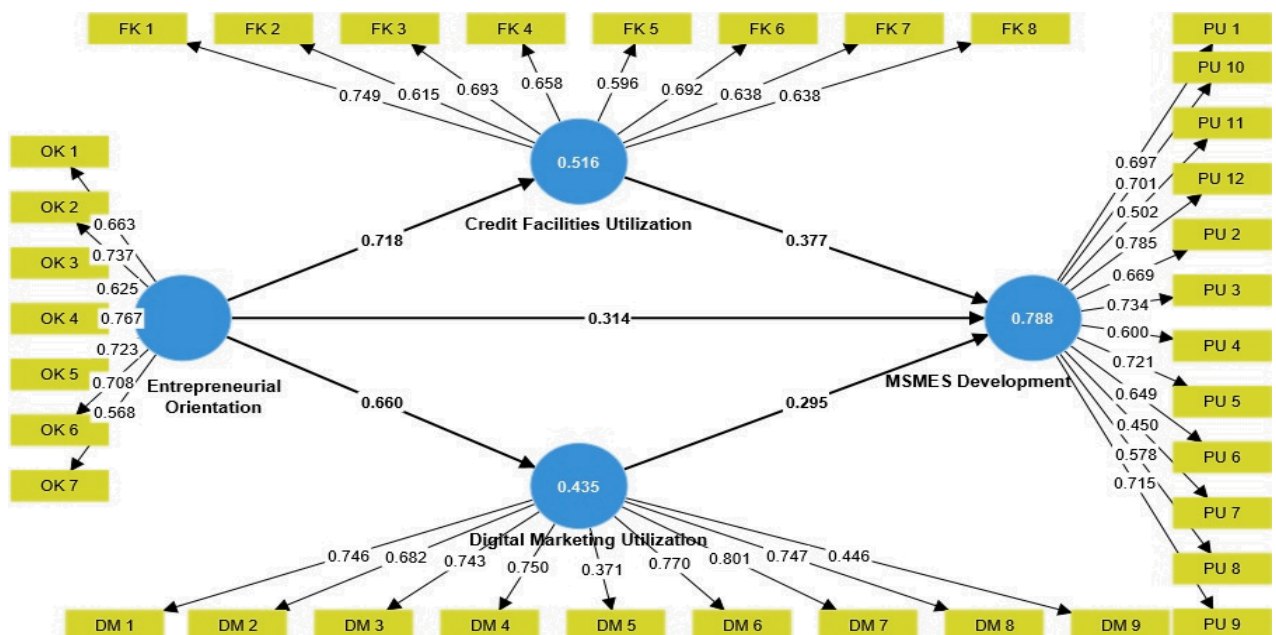


Figure 3. Outer Model

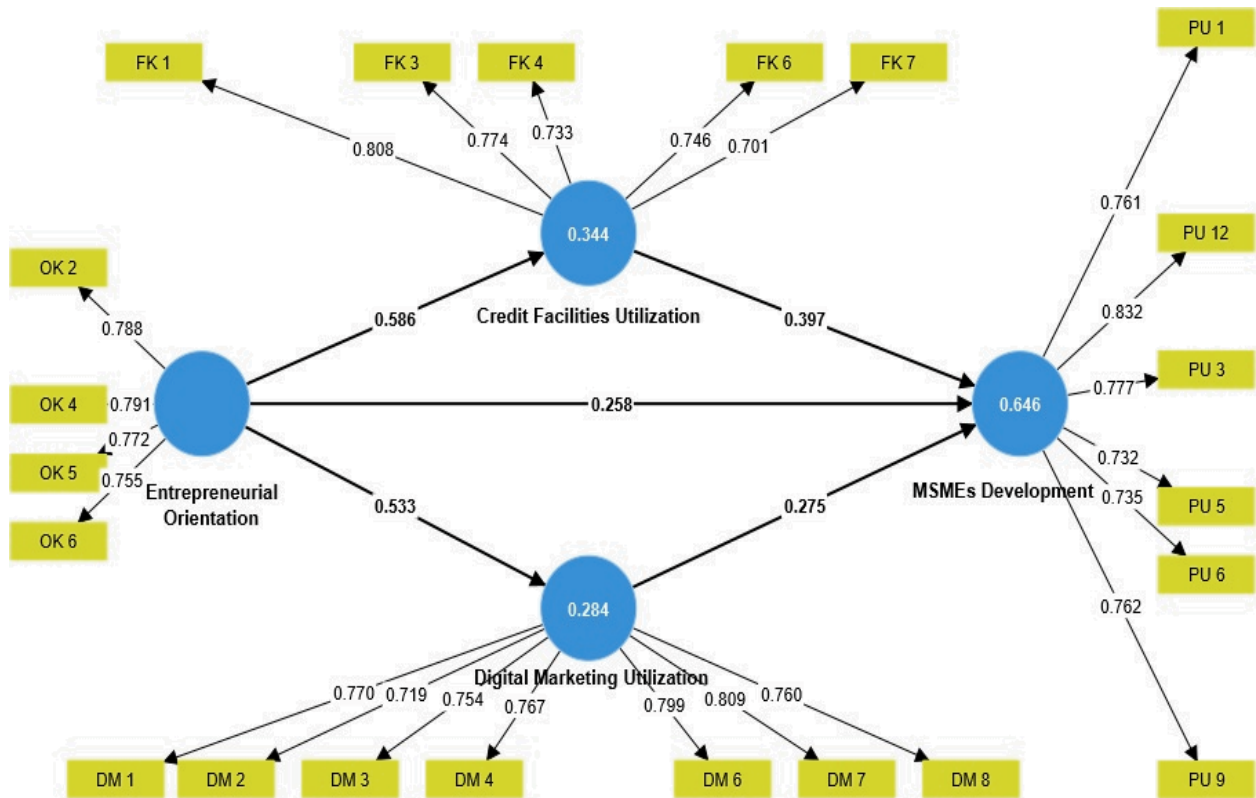


Figure 4. Outer Model (After Modification)

1. Convergent Validity Test

This test is conducted to assess the validity of each indicator in a variable. Convergent validity is achieved when the loading factor values are ≥ 0.70 , and the Average Variance Extracted (AVE) is ≥ 0.50 .

Table 5. Results of Outer Loading Analysis

Variable	Item	Outer Loading	Description
Entrepreneurial Orientation	OK 2	0,788	Valid
	OK 4	0,791	Valid
	OK 5	0,772	Valid
	OK 6	0,755	Valid
Utilization Of Credit Facilities	FK 1	0,808	Valid
	FK 3	0,774	Valid
	FK 4	0,733	Valid
	FK 6	0,746	Valid
	FK 7	0,701	Valid
Utilization Of Digital Marketing	DM 1	0,770	Valid
	DM 2	0,719	Valid
	DM 3	0,754	Valid
	DM 4	0,767	Valid
	DM 6	0,799	Valid
	DM 7	0,809	Valid
	DM 8	0,760	Valid
	MSMEs Development	PU 1	0,761
	PU 3	0,777	Valid
	PU 5	0,732	Valid
	PU 6	0,735	Valid
	PU 9	0,762	Valid
	PU 12	0,832	Valid

Based on the path coefficient output in figure 3, indicators with outer loading values below 0.7 will be removed from the subsequent research model. Therefore, in the next model diagram, indicators OK 1, OK 2, OK 7, FK 2, FK 5, FK 8, DM 5, DM 9, PU 2, PU 4, PU 7, PU 8, PU 11 will be deleted, as seen in figure 4. Based on the outer loading results in the table 5. above, it can be observed that all indicators for the variables of entrepreneurial orientation, credit

facilities utilization, digital marketing utilization, and MSMEs development have outer loading values ≥ 0.70 . Thus, they meet the convergent validity criteria.

Table 6. Results of Convergent Validity Examination with AVE Values

Variable	Variance Extracted (AVE)
Entrepreneurial Orientation	0.603
Utilization Of Credit Facilities	0.589
Utilization Of Digital Marketing	0.591
MSMEs Development	0.567

Based on the results in the table 6, it can be observed that the AVE values for all variables are greater than 0.50. Therefore, all indicators in the study meet the convergent validity criteria.

2. Discriminant Validity Test

This test is conducted by comparing the square root of the Average Variance Extracted (AVE) with the correlation values between constructs and the Heterotrait-Monotrait (HTMT) values.

Table 7. Comparison of the Square Root of AVE with Variable Correlation Values

	Entrepreneurial Orientation	MSMEs Development	Use Of Digital Marketing	Use Of Digital Marketing
Entrepreneurial Orientation	0,776			
MSMEs Development	0,637	0,767		
Utilization Of Digital Marketing	0,533	0,686	0,769	
Utilization Of Credit Facilities	0,586	0,738	0,689	0,753

Based on the data in the table 7, it is observed that the square root of AVE for the entrepreneurial orientation variable is 0.776, which is greater than the correlation values between other variables (0.637; 0.533). Similarly, the square root of AVE for the MSMEs development variable is 0.767, for digital marketing utilization is 0.769, and for credit facilities utilization is 0.753, all of which are greater than the correlation values between variables. Thus, the discriminant validity criteria have been met.

Table 8. Heterotrait-Monotrait (HTMT) Values

	Entrepreneurial Orientation	MSMEs Development	Utilization Of Digital Marketing	Utilization Of Digital Marketing
Entrepreneurial Orientation				
MSMEs Development	0,777			
Utilization Of Digital Marketing	0,638	0,785		
Utilization Of Credit Facilities	0,734	0,884	0,818	

The HTMT values for each pair of variables are all less than 0.90, indicating that the discriminant validity criterion with HTMT values is also satisfied.

3. Reliability Test

This test can be measured by examining the Composite Reliability (CR) and Cronbach's Alpha values, with a criterion of ≥ 0.70 indicating good indicator reliability.

Table 9. Results of Reliability Examination with Composite Reliability (CR) and Cronbach's Alpha Values

	Cronbach's Alpha	Composite Reliability	Description
Entrepreneurial Orientation	0,781	0,859	Reliable
MSMEs Development	0,860	0,895	Reliable
Utilization Of Digital Marketing	0,885	0,910	Reliable
Utilization Of Credit Facilities	0,809	0,867	Reliable

The Cronbach's Alpha values for variables in this study are above 0.7. Specifically, the entrepreneurial orientation variable is above 0.7. Meanwhile, credit facilities usage, digital marketing usage, and SME development variables are above 0.8. The CR values for entrepreneurial orientation, credit facilities usage, and SME development variables are above 0.8, while the digital marketing usage variable is above 0.9. In other words, all variables in the study have CR values above 0.7, indicating that the indicators measuring these variables are consistent and reliable.

3.2.2 Structural Model or Inner Model

Before conducting tests on the structural model, it is necessary to examine multicollinearity by looking at the Variance Inflation Factor (VIF) values. Testing the inner model will result in R Square (R^2), Effect Size (f^2), and Blindfolding (Q^2) values.

1. Multicollinearity

The model encounters multicollinearity issues if the VIF value is greater than 5.00. This indicates a strong correlation between two or more predictor variables.

Table 10. Results of Multicollinearity Examination with VIF Values

Item	VIF
OK 2	1,582
OK 4	1,579
OK 5	1,572
OK 6	1,459
FK 1	1,906
FK 3	1,692
FK 4	1,526
FK 6	1,651
FK 7	1,528
DM 1	2,040
DM 2	1,774
DM 3	1,805
DM 4	2,014
DM 6	2,024
DM 7	2,137
DM 8	1,941
PU 1	1,723
PU 3	1,779
PU 5	1,600
PU 6	1,667
PU 9	1,777
PU 12	2,194

Based on the data in the table above, it can be observed that all indicator variables have VIF values < 5.00 . Therefore, the model does not have multicollinearity issues, and further testing on the inner model can proceed.

2. R Square (R^2)

The R^2 value examines the extent of variation in the endogenous variable explained by other variables in the model or the magnitude of the influence. The reference values for R^2 , as per Hair et al. (2019), consider 0.25 as small/weak, 0.50 as moderate, and 0.75 as large/strong.

Table 11. R Square Values

Variable	R Square Adjusted
MSMEs Development	0,642
Utilization Of Digital Marketing	0,282
Utilization Of Credit Facilities	0,341

The table 11 indicates that the combined effect of entrepreneurial orientation, credit facilities utilization, and digital marketing on MSMEs development is 64.2%. Entrepreneurial orientation affects credit facilities utilization by 34.1% and affects digital marketing utilization by 28.2%.

3. Effect Size (f^2)

This value assesses the magnitude of the influence of exogenous variables on the endogenous variable when eliminating exogenous constructs. The f^2 values adhere to the criteria set by Hair et al. (2019).

Table 12. Square Values

	Entrepreneurial Orientation	MSMEs Development	Utilization Of Digital Marketing	Utilization Of Digital Marketing
Entrepreneurial Orientation		0,118	0,397	0,523
MSMEs Development				
Utilization Of Digital Marketing		0,107		

	Entrepreneurial Orientation	MSMEs Development	Utilization Of Digital Marketing	Utilization Of Digital Marketing
Utilization Of Credit Facilities		0,205		

Based on the data in the table 12, it can be concluded that the magnitude of the effect of entrepreneurial orientation on MSMEs development is 0.118 (small effect). The effect of credit facilities utilization on MSME development is 0.205 (moderate effect). The effect of digital marketing utilization on MSME development is 0.107 (small effect). The effect of entrepreneurial orientation on credit facilities utilization is 0.523 (large effect), and the effect on digital marketing utilization is 0.397 (large effect).

4. Blindfolding (Q²)

The Q² value indicates the predictive power of a model. A Q² value greater than zero demonstrates that the model has acceptable predictive accuracy.

Table 13. Blindfolding (Q²) Values

Variable	Q ² predict
MSMEs Development	0,390
Use Of Digital Marketing	0,257
Use Of Credit Facilities	0,307

The table 13 shows that the Q² values for credit facilities utilization, digital marketing utilization, and MSMEs development are above 0, indicating that the model has good or acceptable predictive relevance.

3.2.3 Hypothesis Testing

The results of hypothesis testing in this study are examined through t-statistic values and p-values obtained from the bootstrapping method. This research adopts a significance level of 5%, meaning that t-statistic > 1.96 and hypothesis significance is determined by a p-value ≤ 0.05.

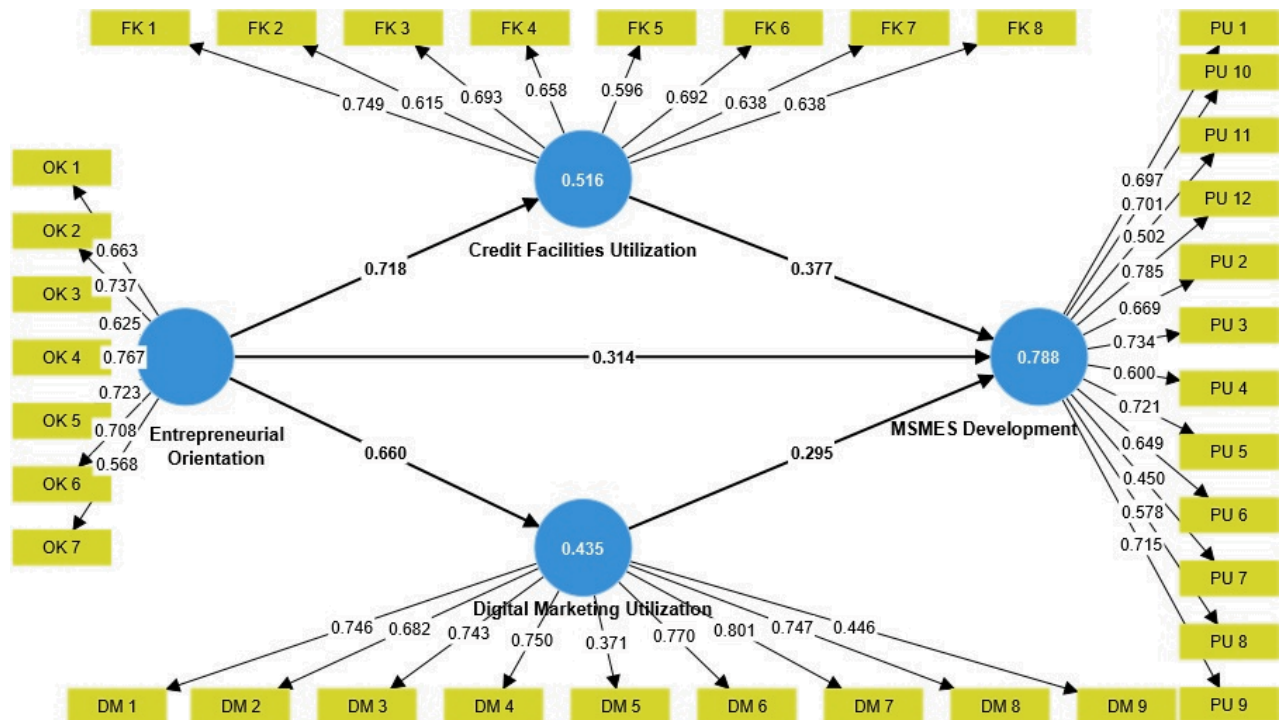


Figure 5. Path Coefficient

A. Direct Effects

Table 14. Path Coefficient

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Entrepreneurial Orientation -> MSMEs Development	0,258	0,250	0,131	1,970	0,049

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Entrepreneurial Orientation -> Credit Facilities Utilization	0,586	0,591	0,087	6,720	0,000
Entrepreneurial Orientation -> Digital Marketing Utilization	0,533	0,536	0,090	5,919	0,000
Credit Facilities Utilization -> MSMEs Development	0,397	0,397	0,106	3,732	0,000
Digital Marketing Utilization -> MSMEs Development	0,275	0,281	0,096	2,862	0,004

Based on the data in figure 5 and table 14, the results of hypothesis testing for direct effects can be summarized as follows:

1. The value obtained for the entrepreneurial orientation variable on MSMEs development shows a path coefficient of 0.258 with a t-statistic of $1.970 > 1.96$ and p-value of $0.049 < 0.05$. Therefore, H1 is accepted. This implies a positive and significant effect of entrepreneurial orientation on MSMEs development.
2. The value obtained for credit facilities utilization on MSMEs development shows a path coefficient of 0.397 with a t-statistic of $3.732 > 1.96$ and p-value of $0.000 < 0.05$. Hence, H2 is accepted. This indicates a positive and significant effect of credit facilities utilization on MSMEs development.
3. The value obtained for digital marketing utilization on MSMEs development shows a path coefficient of 0.275 with a t-statistic of $2.862 > 1.96$ and p-value of $0.004 < 0.05$. Consequently, H3 is accepted. This signifies a positive and significant effect of digital marketing utilization on MSMEs development.
4. The value obtained for entrepreneurial orientation on credit facilities utilization shows a path coefficient of 0.586 with a t-statistic of $6.720 > 1.96$ and p-value of $0.000 < 0.05$. Thus, H4 is accepted. This indicates a positive and significant effect of entrepreneurial orientation on credit facilities utilization.
5. The value obtained for entrepreneurial orientation on digital marketing utilization shows a path coefficient of 0.533 with a t-statistic of $5.919 > 1.96$ and p-value of $0.000 < 0.05$. Hence, H5 is accepted. This implies a positive and significant effect of entrepreneurial orientation on digital marketing utilization.

B. Indirect Effects

Table 15. Specific Indirect Effect Matrix

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
Entrepreneurial Orientation -> Credit Facilities Utilization -> MSMEs Development	0,233	0,236	0,076	3,050	0,002
Entrepreneurial Orientation -> Digital Marketing Utilization -> MSMEs Development	0,147	0,152	0,062	2,365	0,018

Based on the data in table 15, the results of hypothesis testing for indirect effects can be summarized as follows:

1. The value obtained for the entrepreneurial orientation variable on MSMEs development through credit facilities utilization shows a path coefficient of 0.233 with a t-statistic of $3.050 > 1.96$ and p-value of $0.002 < 0.05$. Therefore, H6 is accepted. This indicates a positive and significant influence of entrepreneurial orientation on MSMEs development with the mediation of credit facilities utilization.
2. The value obtained for the entrepreneurial orientation variable on MSMEs development through digital marketing utilization shows a path coefficient of 0.147 with a t-statistic of $2.365 > 1.96$ and p-value of $0.018 < 0.05$. Thus, H7 is accepted. This implies a positive and significant influence of entrepreneurial orientation on MSMEs development with the mediation of digital marketing utilization.

3.3 Results

3.3.1 The Effect of Entrepreneurial Orientation on The Development of MSMEs Jakpreneur Senen District

Based on the presented results, it is found that there is a significant positive effect of entrepreneurial orientation on the development of MSMEs Jakpreneur Senen District directly. This finding aligns with research conducted by Alarjani et al. (2020), Muharam (2019), Santos et al. (2020) which states that entrepreneurial orientation has a positive effect on business development. On the other hand, the findings of the current study tend to differ from the results of previous research (Nguyen et al., 2022). Theoretically, this finding supports the tenets of resource-based view (RBV) theory, which posits having resources that are rare, difficult to imitate, and non-substitutable is a key factor in achieving sustainable competitive advantage (Barney, 1991). In this study, entrepreneurial orientation is considered as an intangible resource that possesses these characteristics and has an impact on competitive advantage leading to business development.

Therefore, entrepreneurs in Jakpreneur Senen District need to consistently promote their products with contemporary strategies, build relationships with customers, and be willing to take credit. They should also actively launch new products each year, creating new demand that subsequently drives an increase in the number of consumers and profits (Lagdamen & Tan, 2022; Muharam, 2019; Purnomo et al., 2019)

3.3.2 The Effect of Credit Facilities Utilization on The Development of MSMEs Jakpreneur Senen District

Based on the presented results, it is found that there is a significant positive effect of credit facilities utilization on the development of MSMEs Jakpreneur Senen District directly. This finding is consistent with the results of research conducted by Dhungana & Ranabhat (2022) and Santiadin et al. (2023). Entrepreneurs in Jakpreneur, Senen District, have a positive perception of credit facilities utilization. They have used credit to purchase raw materials, conduct research for product development, and update equipment. The availability of capital, coupled with increased product demand, will impact on maximizing income (Sutrisno et al., 2022).

3.3.3 The Effect of Digital Marketing Utilization on The Development of MSMEs Jakpreneur Senen District

Based on the presented results, it is found that there is a significant positive effect of digital marketing utilization on the development of MSMEs Jakpreneur Senen District directly. This finding is in line with the results obtained by Cicillia & Kuswoyo (2023) and Wahyuningrum & Yuhertiana (2023). The use of digital marketing by entrepreneurs in Jakpreneur, Senen District, to introduce their business, market products, interact with customers, and convey product-related information will enhance product reputation and optimize their business reach and sales. On the other hand, the findings of the current research tend to differ from the results of the research conducted by Basri et al. (2023), who found that digital marketing has a positive but not significant effect on MSME sales volume.

3.3.4 The Effect of Entrepreneurial Orientation on Credit Facilities Utilization

Based on the presented results, it is found that there is a significant positive effect of entrepreneurial orientation on credit facilities utilization directly. This result is consistent with findings obtained by Bature et al. (2020) and Fatima & Bilal (2020). MSMEs entrepreneurs with high entrepreneurial orientation are motivated to seek external financial resources to facilitate entrepreneurial activities in their businesses (Bature et al., 2020). Entrepreneurs in Jakpreneur, Senen District, hold a positive perception that they actively take risks to obtain credit, successfully access the requested amount of funds, and utilize those funds for operational needs, such as periodic raw material purchases, conducting research for product development, and updating equipment.

3.3.5 The Effect of Entrepreneurial Orientation on Digital Marketing Utilization

Based on the presented results, it is found that there is a significant positive effect of entrepreneurial orientation on digital marketing utilization directly. This result aligns with findings obtained by Fang et al. (2022) and Krisnanto et al. (2023). MSMEs entrepreneurs with high entrepreneurial orientation tend to be proactive and innovative in utilizing digital media platforms to leverage innovative ideas, market products, and build relationships with customers (Fang et al., 2022). Entrepreneurs in Jakpreneur, Senen District, claim to actively use digital marketing, such as social media marketing and online marketplaces, to implement innovative ideas in promoting products, interacting with customers, and conveying various information.

3.3.6 The Effect of Entrepreneurial Orientation on The Development of MSMEs Jakpreneur Senen District with Credit Facilities Utilization Mediation

Based on the presented results, it is found that there is a significant positive effect of entrepreneurial orientation on MSMEs development with the mediation of credit facility utilization. Entrepreneurs in Jakpreneur, Senen District, are willing to take risks to access credit facilities and have used them to meet operational needs. MSME entrepreneurs acknowledge that by using credit facilities, they have experienced an increase in the number of customers, sales turnover, and profits in the last two years. In other words, MSME entrepreneurs have demonstrated a proactive and risk-taking mindset, enabling them to develop activities and ultimately improve their business performance (Bature et al., 2020; Fatima & Bilal, 2020). Theoretically, this finding supports the tenets of action regulation theory that Explaining the relationship between cognitive processes, behavior, objective environment, and objective outcomes (Zacher & Frese, 2018). This research highlights entrepreneurial orientation as a variable that is both cognitive and affective, as proposed by (Fatima & Bilal, 2019). In this research, cognitive processes are interpreted as the development of goals and planning, which, in this case, are entrepreneurial orientations. MSMEs entrepreneurs can achieve business development by accessing and utilizing credit facilities.

3.3.7 The Effect of Entrepreneurial Orientation on The Development of MSMEs Jakpreneur Senen District with Digital Marketing Utilization Mediation

Based on the presented results, it is found that there is a significant positive effect of entrepreneurial orientation on MSMEs development with the mediation of digital marketing utilization. This result aligns with the findings of Nguyen et al. (2022) and Octavia et al. (2020). According to Nguyen et al. (2022) and Krisnanto et al. (2023) MSMEs entrepreneurs can integrate or implement the construct of entrepreneurial orientation in using digital marketing to enhance

performance. The research results indicate that in terms of innovation, entrepreneurs in Jakpreneur, Senen District, have been actively using contemporary marketing strategies, specifically digital marketing, and implementing innovative ideas to promote their products. In terms of being proactive, entrepreneurs in Jakpreneur, Senen District, have utilized social media and online marketplaces to engage with customers, providing product information, responding to inquiries, and collecting feedback. Regarding risk-taking, it is manifested in the courage of MSME entrepreneurs in Jakpreneur, Senen District, to explore various digital marketing channels, such as social media marketing, online marketplaces, and food delivery applications on ride-sharing platforms, to market their products. The use of digital marketing makes their products known to a wider audience, thereby optimizing business reach and sales.

4. CONCLUSION

Based on the results and discussions presented, it can be concluded that the variables of entrepreneurial orientation, credit facilities utilization, and digital marketing utilization have a significant effect on the direct development of MSMEs Jakpreneur Senen District. Additionally, there is a significant positive effect of entrepreneurial orientation on MSMEs development with the mediation of the utilization of credit facilities and digital marketing. Furthermore, there is a significant positive effect of entrepreneurial orientation on the direct utilization of credit facilities and digital marketing. It is hoped that MSMEs entrepreneurs can strengthen their entrepreneurial mindset, actively seek market opportunity information, access financial resources, use digital marketing strategies, and access other necessary supporting resources to sustain their businesses. The government, policymakers, financial institutions or creditors, and other groups need to pay more attention to providing various facilities that support the acceleration of MSMEs development, such as providing easily accessible credit facilities or facilities with straightforward requirements and consultation services related to optimizing digital marketing. This research aims to examine the relationship between entrepreneurial orientation, credit facilities utilization, digital marketing utilization, and MSMEs development. However, still, the undertaken study is not devoid of all limitations. First, the results of this study only investigated entrepreneurs within the Jakpreneur MSMEs in the Senen District, particularly in the food and beverage sector, which constitutes the largest number of MSME entrepreneurs. Further research could explore entrepreneurs in the clothing or craft sectors with a broader research scope. Second, this research employed a quantitative approach, obtaining research results solely from the conducted tests. Subsequent researchers may consider incorporating both quantitative and qualitative approaches to gain a more in-depth understanding of how SME entrepreneurs pattern their utilization of credit facilities and digital marketing for business development. Third, this research solely explored three indicators of entrepreneurial orientation: proactiveness, innovativeness, and risk-taking, as referred to by (Miller, 1983). Future researchers may explore additional indicators such as autonomy and competitive aggressiveness (Lumpkin & Dess, 1996).

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