



Strategic Entrepreneurship Mediating the Impact of, Financial Literacy and Use of Social Media on MSMEs' Entrepreneurial Orientation in Indonesia

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Article Info	Abstract
<p>Keyword: Financial Literacy, Use of Social Media, Entrepreneurial Orientation, MSMEs, Strategic Entrepreneurship</p> <p>Received: 07-10-2024 Revised: 17-10-2024 Accepted: 11-12-2024 Published: 15-01-2025</p> <p>JEL ClassificationCode: G40, G41, L26</p> <p>Corresponding author: reny.boseke@binus.ac.id</p> <p>DOI: 10.24123/jeb.v6i1.6919</p>	<p>Purpose: This research aims to determine the influence of financial literacy and social media on entrepreneurial orientation among MSME actors in Indonesia, with strategic entrepreneurship as a mediator.</p> <p>Method: The research employs a quantitative approach, utilizing data collection through questionnaires. Purposive Sampling was used to select the sample, and the analysis was conducted using Descriptive Analysis and Structural Equation Modelling (SEM) methods).</p> <p>Result: The development of strategic entrepreneurship skills as a critical mechanism in harnessing the potential benefits of financial literacy and social media use for enhancing entrepreneurial orientation. This mediation suggests that financial knowledge and strategic use of digital platforms are not merely additive but synergistically enhance entrepreneurial capacities through effective strategic actions. This finding underscores the importance of integrating strategic entrepreneurship training and support into financial education and social media usage strategies for MSME actors, to foster a more dynamic and innovative entrepreneurial ecosystem in Indonesia.</p>

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are vital in driving economic growth in every country worldwide, including developing countries like Indonesia (Dar & Mishra, 2020). The role of MSMEs is crucial to Indonesia's economic development, as their contributions are evident in the increase in the number of businesses, job creation, and a 57-60% boost in Gross Domestic Product (GDP), employing around 97% of the national workforce (Putra, 2016). Despite being a key driver of economic growth in Indonesia, MSMEs face challenges in various sectors, which are common challenges encountered by MSMEs across industries. According to a study by the Asian Development Bank (2019), the common challenges MSMEs face include limited access to capital, lack of knowledge in business management, insufficient innovation, and low technology adoption. Also, MSMEs need help adapting to policy changes, which often need to be more consistent over time. Government policies that frequently change make it difficult for MSMEs to plan effectively for the long term (Indonesian Institute of Sciences, 2018).

The COVID-19 pandemic shook Indonesia's economy, and MSMEs, the backbone of the nation's economy, faced difficulties meeting their banking obligations (Kementerian keuangan, 2022). However, the Indonesian government did not remain idle. Through the People's Business Credit (KUR), the government supported MSMEs to enhance access to financing and promote economic growth. This program is part of the economic recovery effort, particularly following the COVID-19 pandemic, which has significantly impacted MSMEs' revenues. KUR offers low-interest loans aimed at helping MSMEs scale up and expand their markets, both locally and globally. In 2022, the KUR distribution target was IDR 373.17 trillion, while in 2023, the target was IDR 297 trillion, with a significant focus on the production sector, such as agriculture (ekon.go.id, 2023). This assistance was enthusiastically welcomed by MSME actors, who registered their businesses on the OSS (Online Single Submission) platform, a website launched by the government for business licensing in Indonesia. As of now, 8.71 million MSME units have been registered, with the following distribution across locations:



Sumber: Kementerian Koperasi dan UKM (diolah oleh CNBC, 2023)

Figure 1.
MSME Distribution

West Java ranks first, and Central Java and East Java in third place. Although MSMEs (Micro, Small, and Medium Enterprises) are one of the driving forces of the Indonesian economy, there are several challenges that the government and MSME actors must address. A survey conducted by Bank Indonesia revealed that financial literacy among MSMEs needs to be higher, with only about 36% of MSME actors understanding financial literacy. In contrast, 60%-70% of MSME actors lack financial literacy, particularly in banking institutions (Putu et al., 2022). Financial literacy is managing finances effectively to achieve future well-being (Chen & Volpe, 1998). Understanding financial literacy is something that MSME actors should not only know but also apply. Research by Ramzan et al. (2021) found that SMEs that apply higher levels of financial knowledge in their entrepreneurial activities are more likely to succeed in business. Therefore, strategic efforts are needed to improve MSME performance and sustainability. One method is to

enhance MSME actors' knowledge of financial aspects, allowing for more effective management and accountability, similar to practices commonly employed by larger companies. Various studies confirm that a company's ability to recognize and access financial resources positively impacts its growth rate (Krisdayani, 2022).

On the other hand, MSMEs in Indonesia are also experiencing rapid growth, driving businesses to adopt strategic steps to remain competitive. Such rapid growth is only possible with adequate information dissemination. MSME actors have widely used social media platforms like Instagram, Facebook, YouTube, and TikTok to generate business ideas and expand their operations. The willingness of MSME actors to grow is also evident in the increasing variety of products they offer. MSME actors often gain ideas and innovations for developing their businesses by utilizing social media to observe trending products. Social media is a platform for communication, sharing, and collaboration in exchanging information between users (Kahar et al., 2012). When used within companies, social media transforms corporate activities to develop business potential (Anggriani, 2019).

The use of social media in business has rapidly evolved. Research indicates that companies need to enhance their relational social-commerce capabilities to meet the dynamic customer expectations in the digital age (Marlot et al., 2022). By leveraging social media to manage customer relationships, firms can gain a competitive edge that boosts business performance (Almazrouei et al., 2020). Companies capitalizing on the latest social media technologies often outperform their rivals and report benefits such as lower costs and increased efficiency (Tajudeen et al., 2016). This impacts improvements in operations, marketing, and the satisfaction of customers, employees, partners, and suppliers (Cao et al., 2018).

Financial literacy and social media's role have become essential in unlocking the potential and advancing Micro, Small, and Medium Enterprises (MSMEs). Financial literacy is key to efficient financial management and a factor that shapes entrepreneurial attitudes and orientation. Additionally, using social media has opened new opportunities for marketing and customer interaction, which could significantly impact the development of MSMEs. Therefore, analyzing the influence of financial literacy and social media utilization on the entrepreneurial orientation of MSME actors in Indonesia, with strategic entrepreneurship as a mediator, becomes necessary to understand the dynamics and determine factors in developing the MSME sector in Indonesia. Moreover, having the right business strategy is crucial to the ever-changing market dynamics in the modern entrepreneurial era (Kuratko & Audretsch, 2009). In this context, strategic entrepreneurship offers a holistic approach that integrates entrepreneurial and strategic aspects to achieve competitive advantage.

This research is expected to provide a deeper understanding of the factors influencing the development of MSMEs, particularly the influence of financial literacy and social media on the entrepreneurial orientation of Indonesian MSMEs, with Strategic Entrepreneurship as a mediator. It is also expected to serve as a foundation for the government in designing more targeted policies to improve financial literacy and leverage social media to promote economic welfare and strengthen the business ecosystem in Indonesia.

Financial literacy (the level of understanding and habits of business owners in using and reviewing financial statements) about the Success of Small Businesses (measured through the financial condition of small businesses, including financial ratio analysis and the business's ability to avoid financial difficulties) has research findings indicating a significant relationship between entrepreneurs' performance and their financial knowledge (Dahmen & Rodríguez, 2014). Good financial understanding enables individuals and businesses to make optimal decisions, comprehend financial products and services, and effectively manage and communicate about their financial conditions (Sharif & Naghavi, 2020). Financial literacy facilitates a better understanding of company financial reports, which can aid in tracking and impacting an organization's bottom line. This directly contributes to better decision-making and more effective negotiations and can strengthen an

individual's financial leadership capacity within an organization, according to Harvard Business School Online (2020). The study conducted by Tambun and Nurwanti (2023) shows that intellectual intelligence cannot moderate individual behavior's influence on women's financial literacy capacity. However, it can moderate the influence of modern living environments and financial well-being on women's financial literacy capacity. High intellectual intelligence, if well utilized, can improve individual behavior, ultimately affecting women's financial literacy. In the digital world, digital financial inclusion has had a transformational impact on SMEs in Indonesia, enhancing access to financial services through technological innovations like fintech. These services are crucial, mainly when traditional economic activities might be restricted, such as during the COVID-19 pandemic. The adoption of digital financial tools by SMEs facilitates greater financial inclusion, addressing challenges related to financial literacy by enabling access to sophisticated financial products and services, which in turn support business expansion and resilience (Deni et al., 2022; OJK, 2019). Globally, Digital Financial Inclusion is a major driver for enhancing innovation among SMEs. This is evident in how digital finance leverages technologies such as cloud computing and big data to transform the financial landscape, offering SMEs better access to credit and financial products previously challenging to reach due to geographical and infrastructural constraints (Gu et al., 2023). Digital financial inclusion in Indonesia and its comparison with other emerging or developed markets provides an interesting perspective on how technology can support SME growth and global innovation. In Indonesia, digital wallets and fintech platforms have been significant in providing financial access to populations previously unreachable by traditional financial services (World Economic Forum, 2024). Globally, for example, in Southeast Asia, similar phenomena are observed with companies like Grab and GoTo that have transformed how consumers access financial services through a broad digital ecosystem, from e-commerce to food delivery and top-ups for prepaid SIM cards. This illustrates how fintech enhances financial inclusion and facilitates economic growth by providing more affordable and accessible financial services to a broader sector of the population (Macquarie, 2022).

On the other hand, in developed countries with universal financial access, such as in some European and North American countries, digital financial inclusion may focus more on refining and integrating financial services with advanced technologies to improve efficiency and offer new products. However, the main goal remains to enhance access to financial services for all. From an economic perspective, adopting digital payments in Indonesia has shown the potential to increase the country's real GDP by 5 percent, demonstrating how crucial digital financial inclusion is for economic growth (International Monetary Fund, 2021). Based on the discussion above, the hypothesis in this research is:

- H1: Financial Literacy significantly affects Entrepreneurial Orientation among MSME actors in Indonesia.
- H2: Financial Literacy significantly affects Strategic Entrepreneurship among MSME actors in Indonesia.

Research by Kaplan & Haenlein (2014) and Tajudeen et al. (2016) shows that social media can increase customer engagement and expand market reach. Combining social media with strong innovation capabilities within a company can significantly improve MSME performance. This suggests that social media can be helpful for MSMEs, mainly as part of a broader approach that includes innovation drivers (Fan et al., 2021). Previous research by Barlatier and Mention (2020) indicates that social media significantly aids in disseminating and developing innovative ideas in business. Focusing on companies in Kuwait, research by Alhaimer (2021) investigated the impact of social media on innovation and performance in the food sector. The findings show that social media enriches the interaction process between businesses and their stakeholders, supporting innovation and performance improvement. Based on the above description, the hypotheses in this study are:

H3: Social Media Usage significantly affects Entrepreneurial Orientation among MSME actors in Indonesia.

H4: Social Media Usage significantly affects Strategic Entrepreneurship among MSME actors in Indonesia.

Strategic entrepreneurship can enhance market diversity by introducing new product variations, creating new market niches, and fostering novel forms of competition. (Kantur, 2016). The positive influence of Entrepreneurial Orientation on competitive advantage and performance shows that companies with strong Entrepreneurial Orientation can better leverage their entrepreneurship for strategic advantage. Competitive advantage also serves as an intermediary between Entrepreneurial Orientation and company performance, indicating that the benefits of Entrepreneurial Orientation are obtained through improving competitive positioning (Kiyabo & Isaga, 2019). Entrepreneurial orientation significantly and positively affects innovation performance in MSMEs in Colombia (Danielle et al., 2023). Research by Felisia et al. (2023) found that social media adoption can help SMEs discover innovative ideas and enhance creative productivity. Strategic entrepreneurship enables companies to effectively harness Entrepreneurial Orientation with strategic objectives and market conditions, thereby improving performance in international markets (Covin & Miller, 2014). The main findings by Connelly et al. (2011) show that strategic entrepreneurship significantly enhances the impact of Entrepreneurial Orientation on company outcomes by mediating and moderating various strategic actions and environmental interactions. Based on the above description, the hypothesis in this study is:

H5: Entrepreneurial Orientation has a significant effect on Strategic Entrepreneurship.

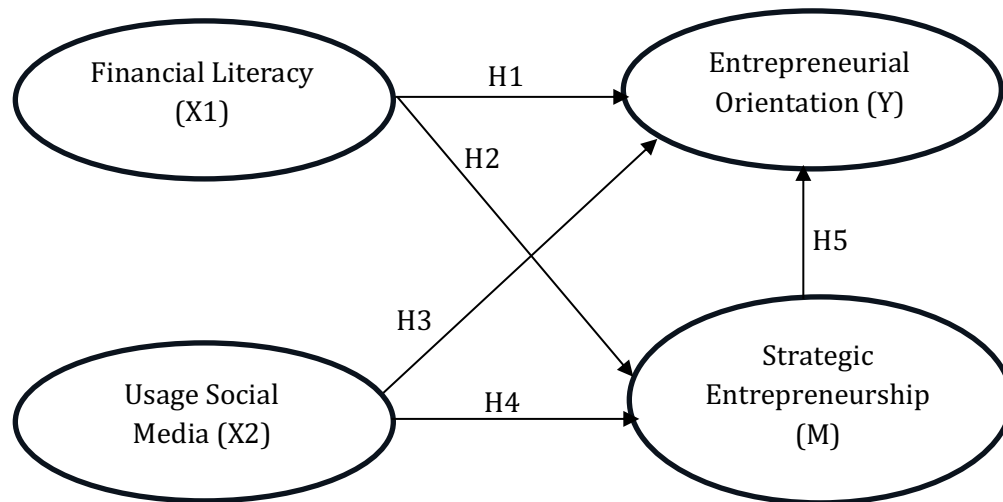


Figure 2.
Research Model

RESEARCH METHODS

This study adopts a quantitative approach and is limited by the independent variables of Financial Literacy (X1), Social Media Usage (X2), Strategic Entrepreneurship (X3), and the dependent variable of Entrepreneurial Orientation (Y) (See figure 2). The subjects of this study are MSMEs (Micro, Small, and Medium Enterprises) in Indonesia, with Strategic Entrepreneurship serving as the mediating variable. The sample criteria include businesses that have been operating for at least one year, respondents who are active social media users, and respondents from various industries such as trade, services, agriculture, and more. The study uses MSMEs across

Indonesia as the sample, with a purposive sampling technique applied to 200 respondents. Data collection was conducted using primary data collection methods, obtaining responses directly from the participants through Google Forms questionnaires. The assessment scale used in this research is a Likert scale, ranging from 1 ("strongly disagree") to 5 ("strongly agree"). This scale does not assume equal distances between each response category.

The sampling process was carried out in two stages, starting with a pretest. The pretest involved 30 respondents, followed by the entire testing phase with all 200 respondents. The initial test with 30 samples was used to determine whether the questionnaire could reliably measure the variables under investigation. The data from the 30 respondents were analyzed to assess the validity of the indicators, and those that did not meet the criteria were removed. The testing with 197 respondents was used to analyze or test the hypotheses to determine if they aligned with the results obtained. Data processing was conducted using SEM (Structural Equation Modelling) with the Smart PLS 4.0 software. The SEM analysis using Smart PLS 4.0 consists of three stages: outer model analysis, inner model analysis, and hypothesis testing (Hair et al., 2021).

RESULTS & DISCUSSION

This study involved 200 respondents, but only 197 qualified for further analysis. Three respondents were excluded because two were not active social media users, and one had less than one year of experience as an MSME operator. Of the 197 qualifying respondents, the majority (64%) were women, highlighting women's important role in MSMEs, as this sector provides more opportunities for them. The respondents were predominantly 25-30 (46.7%), indicating a demographic more adaptable to new technologies and business trends. Most businesses were in the trade sector (121 respondents), which is attractive due to its low startup costs and quick capital turnover, particularly in retail and e-commerce.

Table 1.
Convergent Validity

Variabel	Item	Loading Factor	AVE	Information
Financial Literay	FL1	0,812	0,690	Valid
	FL2	0,787		Valid
	FL3	0,775		Valid
	FL4	0,873		Valid
	FL5	0,872		Valid
	FL6	0,847		Valid
	FL7	0,825		Valid
	FL8	0,822		Valid
	FL9	0,833		Valid
	FL10	0,842		Valid
	FL11	0,842		Valid
Usage Social Media	USM1	0,797	0,777	Valid
	USM2	0,895		Valid
	USM3	0,891		Valid
	USM4	0,919		Valid
	USM5	0,900		Valid
Entrepreneurial Orientation	EO1	0,862	0,752	Valid
	EO2	0,856		Valid
	EO3	0,884		Valid
Entrepreneurial Strategy	ES1	0,756	0,695	Valid
	ES 2	0,880		Valid
	ES 3	0,844		Valid
	ES 4	0,848		Valid

Convergent validity indicates how accurately the questions in our survey measure what we intend to know. For example, in the context of SMEs, if we want to measure the effectiveness of a financial literacy program, convergent validity would assess how well each question captures the actual financial knowledge of the SME owners. When testing for convergent validity, it can be evaluated based on the Average Variance Extracted (AVE) and outer Loading, which state that if $AVE > 0.5$ and External Loading must be > 0.7 (Hair et al., 2021). In convergent testing, it can be observed that the loading factor values are more significant than 0.70, and the AVE for each variable is more significant than 0.5. Overall, these values indicate that the instruments used in the study can be considered valid and capable of accurately measuring the desired concepts. The test results can be seen in Table 1.

Discriminant validity is used in research to ensure that each understanding of the latent variables is distinct from the others (Lamere et al., 2021). Based on the tests conducted, all variables and items tested were valid, and none were excluded, as the cross-loading values for each indicator were more significant than 0.7. This indicates that each indicator has a strong relationship with the variable it measures, and no items need to be removed from the model. The test results can be seen in Table 2 as follows.

Table 2.
Discriminant Validity: Cross Loading

Indicator	Entrepreneurial Orientation	Entrepreneurial Strategy	Financial Literacy	Use Social Media
EO1	0,862	0,711	0,653	0,665
EO2	0,856	0,690	0,615	0,518
EO3	0,884	0,767	0,582	0,696
ES1	0,640	0,756	0,441	0,472
ES 2	0,711	0,880	0,713	0,759
ES 3	0,707	0,844	0,534	0,673
ES 4	0,721	0,848	0,673	0,635
FL1	0,571	0,595	0,812	0,603
FL2	0,615	0,613	0,842	0,561
FL3	0,597	0,603	0,842	0,575
FL4	0,585	0,537	0,787	0,542
FL5	0,612	0,617	0,775	0,653
FL6	0,636	0,668	0,873	0,606
FL7	0,573	0,597	0,872	0,575
FL8	0,605	0,628	0,847	0,632
FL9	0,591	0,571	0,825	0,557
FL10	0,505	0,519	0,822	0,499
FL11	0,579	0,585	0,833	0,510
USM1	0,632	0,658	0,522	0,797
USM2	0,578	0,612	0,617	0,895
USM3	0,672	0,696	0,579	0,891
USM4	0,632	0,677	0,637	0,919
USM5	0,673	0,739	0,690	0,900

Reliability testing is the process of measuring the consistency of a research instrument in producing data. This means that this test aims to ensure that the measuring tool (questionnaire, test, or scale) produces the same results when used in similar situations at different times. Certain conditions must be met in this test, including Cronbach's alpha and composite reliability values for

each indicator being more significant than 0.7. The test results are shown in Table 3. The Cronbach's alpha and Composite reliability values for each indicator are above 0.7, indicating that the items within each variable or factor have good internal consistency. The higher the value, the better the consistency, which means these indicators are correlated and related. Composite reliability, on the other hand, measures the overall reliability of the indicators for each construct. A value above 0.7 suggests the construct can be accurately measured by the indicators present and provides stable results when used at different times or situations.

Table 3.
Reliability Testing

Variabel	Composite Reliability	Cronbach's Alpha	Information
Financial Literacy	0,955	0,961	Reliable
Use Social Media	0,927	0,946	Reliable
Entrepreneurial Orientation	0,836	0,901	Reliable
Entrepreneurial Stratgy	0,853	0,901	Reliable

The coefficient of determination (R-Square test) is a statistical technique used in regression analysis to assess how well the regression model explains the variance in the dependent variable based on the independent variables. This study presents R-Square and Adjusted R-Square values for two variables. R-Square is a statistical measure that indicates the proportion of variance in the dependent variable that the independent variables in the model can explain. At the same time, Adjusted R-Square is a modified version of R-Square that accounts for the number of independent variables in the model. It calculates the R-Square with adjustments for the number of independent variables and sample size. The test results are shown in Table 4 as follows.

Table 4.
R-Square

Variabel	R-Square	R-Square Adjusted
Entrepreneurial Orientation	0,728	0,724
Entrepreneurial Stratgy	0,659	0,655

The R-Square value for Entrepreneurial Orientation is 0.728, which means that the model can explain 72.8% of the variance in the Entrepreneurial Orientation variable, indicating that the model has a strong predictive power. The Adjusted R-Square for Entrepreneurial Orientation is 0.724, which is very close to the R-Square value, suggesting that the number of independent variables used is optimal, and adding more variables would not significantly enhance the model's predictive power. The R-Square value for Entrepreneurial Strategy is 0.659, meaning that the model can explain 65.9% of the variance in Entrepreneurial Strategy, which also shows relatively strong predictive power. The Adjusted R-Square for Entrepreneurial Strategy is 0.655, slightly decreasing from the R-Square. This indicates that the model is stable and that the number of independent variables is appropriate for explaining the dependent variable. Overall, this suggests that the model used in the study effectively explains both Entrepreneurial Orientation and Entrepreneurial Strategy, with sufficient predictive strength for both.

Table 5.
Q-Square

Variabel Endogen	Q-Square
Entrepreneurial Orientation	0,907
Entrepreneurial Stratgy	

Q-Square or Predictive Relevance is a measure used in Partial Least Squares Structural Equation Modeling (PLS-SEM) to assess the predictive ability of the structural model. It evaluates how well the model can predict the dependent variables based on the independent variables. In PLS-SEM analysis, Q-Square is crucial to ensure that the model fits the data well and makes accurate predictions beyond the sample used in the study. The test results are displayed in Table 5. The Q-Square value of 0.907 for both variables indicates that the model has strong predictive power for Entrepreneurial Orientation and Entrepreneurial Strategy. This suggests that the model can reliably predict the behavior or outcomes of these two variables beyond the sample used in the research.

Table 6.
Research Hypothesis

Hypothesis	Path Coefficient	T Statistics	P Value
FL -> EO	0,190	2,852	0,004
FL -> ES	0,353	3,978	0,000
USM -> EO	0,138	2,048	0,041
USM -> ES	0,526	6,391	0,000
ES -> EO	0,591	7,891	0,000

The Path Coefficient and Significance of Direct Effects are crucial components in Structural Equation Modeling (SEM) analysis, including the Partial Least Squares (PLS-SEM) approach. The Path Coefficient indicates the extent of influence one factor has on another in our research. In studies about SMEs, for example, the path coefficient could show how much an increase in financial literacy affects the enhancement of entrepreneurial orientation in SMEs. Increased financial literacy tends to improve entrepreneurial orientation if the figure is optimistic. The Significance of Direct Effects assesses whether this influence is statistically significant. Both measures are vital in PLS-SEM for testing and interpreting causal relationships in the research model. The test results can be seen in Table 6.

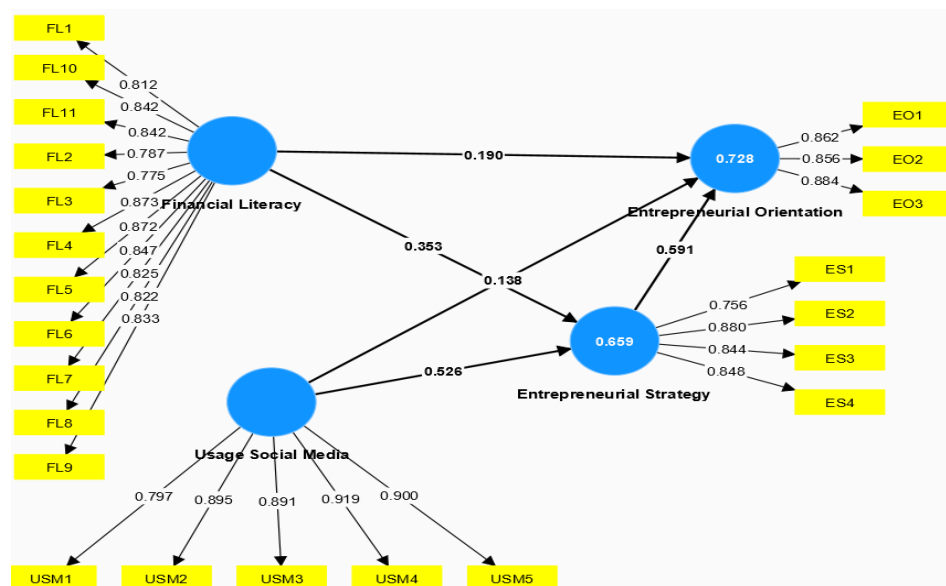


Figure 3.
Inner Model – PLS Output for SEM Model

As in figure 3 financial literacy significantly positively influences Entrepreneurial Orientation among SME actors in Indonesia, with a coefficient of 0.190 and significant at P-Values of 0.004 (Hypothesis 1 accepted). The P-value is a measure that assesses how strong the evidence is against the hypothesis we are testing. In this context, a P-value of 0.004 indicates a minimal likelihood (less than 1%) that the positive influence of financial literacy on entrepreneurial orientation is coincidental. In other words, financial literacy positively impacts the entrepreneurial orientation of SME actors in Indonesia. Thus, the hypothesis stating that financial literacy has a positive influence (H1) is accepted as accurate within the context of this study. This indicates that Financial Literacy significantly affects Entrepreneurial Orientation. The relationship between Financial Literacy has a strong effect on influencing Entrepreneurial Orientation, meaning that financial literacy is not just about managing money but also involves the ability to make financial decisions that support business growth, such as credit management, investment, and risk. SME owners who understand finance well can make better investment and resource management decisions, which ultimately enhances innovation and proactivity—two important factors in improving business success. There are interesting findings from literature that contradict or provide different perspectives regarding the influence of financial literacy on entrepreneurship, such as the study by Xiao et al., 2022, which states that while Financial Literacy generally has a positive impact on company performance, this effect is not always consistent across all sectors or types of business. For example, companies in the industry sector led by men tend to perform lower than those in the trade sector, indicating that sectoral factors also significantly influence the benefits of financial literacy.

Additionally, the results of this test also show that respondents agree that improving financial literacy can help them manage finances more effectively and make strategic decisions that support business growth and innovation. One of the trainings provided by the government for SMEs in Indonesia through the Ministry of Cooperatives and SMEs, the government has organized a series of trainings focusing on financial management, digital marketing, and business strategies. This training program has successfully increased SME entrepreneurs' understanding of effective financial management and marketing, thus helping business actors increase sales turnover. This research aligns with the study by Dahmen and Rodríguez (2014). Overall, their research shows that SME actors with sound financial literacy will make better business and financial decisions over time, enhance the ability of the business to survive in crises, and ultimately increase long-term sustainability.

Additionally, the research conducted by Sharif and Naghavi (2020) states that a sound financial understanding enables individuals and businesses to make optimal decisions, understand financial products and services, and manage and communicate about their financial conditions effectively. Beyond government-provided programs, the role of technology companies, fintech, and financial institutions in enhancing financial literacy also has a significant impact on SME actors, as we can see technology companies like Tokopedia, together with BI and OJK in 2022 launched a financial literacy module for SMEs to increase the financial literacy of the community, especially SME actors so that they can recover the national economy (Rizqyta, 2022). Furthermore, fintech expands access to financial services by providing platforms facilitating SMEs' digital transactions and financial management. In 2021, AFTECH, or the Indonesian Fintech Association, launched a Fintech Handbook for SMEs to assist SMEs in enhancing financial inclusion. As reported from the Govindsider website article by Azhar (2023), the level of financial inclusion of the community and SMEs increased from 81.4% during the pandemic to 85.1% in 2023, driven by increased economic activities of the community and SMEs using digital services. The government targets a financial inclusion rate of 90% by 2024 through various initiatives, including encouraging more SMEs to enter the financial technology (FinTech) industry, increasing community digital financial activities, and enhancing digital financial literacy.

Financial Literacy significantly influences Strategic Entrepreneurship among SME actors in Indonesia, with a coefficient of 0.353 and significant at P-Values of 0.000 (Hypothesis 2 accepted).

The very small P-value, 0.000, indicates that it is doubtful that these results occurred by chance. This means that increased financial literacy significantly enhances strategic entrepreneurship among SMEs. This demonstrates that Financial Literacy has a significant impact on Strategic Entrepreneurship. The relationship of financial literacy has a strong effect on strategic entrepreneurship, where high financial literacy enables SME owners to make more accurate investment decisions, manage risks effectively, and optimize resource allocation, which are crucial aspects of strategic entrepreneurship. The ability to interpret financial data and use this information for better planning and forecasting allows SMEs to design and implement more effective business strategies, supporting innovation and long-term growth. Research conducted by Hammer and Siegfried (2023) stresses the importance of a comprehensive approach to enhancing financial literacy by improving access to financial services and fostering an environment supportive of entrepreneurship. They also highlight the significance of long-term research to assess the sustained effects of technology-supported financial education, aiming to understand whether such interventions can effect lasting changes in individuals' financial knowledge and behaviors.

Moreover, the results of this test also show that respondents agree that, in turn, the success of training and education provided by the government and related parties has transformed financial literacy into a strategic action in business improvement. By enhancing financial literacy, SME actors can manage finances strategically, identify and capitalize on market opportunities, and enhance their competitiveness and sustainability in a competitive market. This shows that financial literacy is about managing money and using financial knowledge for strategic and innovative business growth. This research aligns with the findings of Burchi et al. (2021), who found a positive relationship between financial literacy and entrepreneurs' ability to access necessary financial resources, which is crucial for building and expanding economic potential. Similarly, research by Obi-Anike et al. (2023) found that financial literacy is very important for strategic decision-making and maintaining performance in the challenging and innovative financial environments in which entrepreneurs operate.

The use of Social Media has a significant positive influence on Entrepreneurial Orientation among SME actors in Indonesia, with a coefficient of 0.138 and significant at P-Values of 0.041 (Hypothesis 3 accepted). A P-value of 0.041 suggests a significant likelihood that this influence is not by chance. This means that the more SMEs use social media in their operations, the more their entrepreneurial orientation increases. A P-value below 0.05 like this is usually considered sufficient to indicate that the results are statistically significant, justifying the hypothesis that social media influences entrepreneurship. This demonstrates that the Use of Social Media significantly affects Entrepreneurial Orientation. The Relationship of Social Media Use strongly influences Entrepreneurial Orientation, which can be explained through several factors such as Information Access: Social media provides access to a wide and diverse array of information, enabling SMEs to gain new insights and stay current with market trends. This helps them to be more innovative and responsive to market changes. Marketing and Branding: Social media makes it easier for SMEs to promote their products and services to a broader market at relatively low costs. A strong online presence can increase brand awareness and open new business opportunities. Networking and Collaboration: Social media facilitates the formation of extensive business networks and collaborations between SMEs and other stakeholders, such as suppliers, customers, and competitors. These networks can be essential resources for growth and innovation. Cultural and Contextual Influence: In Indonesia, where social media penetration is very high, these platforms may be more effective in generating positive impacts on entrepreneurial orientation than regions with lower technology access. An important aspect discussed is the effectiveness of social media in identifying and exploiting entrepreneurial opportunities. Various studies show that although social media offers great potential for networking and information exchange, its effectiveness can vary greatly based on factors such as the entrepreneur's ability to leverage digital platforms for strategic advantage and specific entrepreneurial contexts (Secundo et al., 2021; Park et al., 2017). This implies that while the

general use of social media is beneficial, the impact on entrepreneurship may depend on more detailed factors such as industry, scale of operations, and entrepreneurs' digital literacy. Furthermore, the literature indicates that although the use of social media is common among entrepreneurs, academic understanding of its direct impact on entrepreneurial success and opportunity recognition remains fragmented and under-researched. This highlights a gap in empirical evidence, necessitating a more holistic and integrative research approach to understand better and articulate the conditions under which social media usage results in actual entrepreneurial success (Secundo et al., 2021). Additionally, the results of this test also show that respondents agree that active use of social media encourages the development of their business not only for promotion and interacting with customers but also for innovation. The government plays a crucial role in supporting SME innovation through social media, especially in efforts to facilitate market access, enhance business capacity, and promote the use of digital technology. Among these, the government collaborates with platforms like Facebook to hold online shopping festivals and digital classes, helping SMEs reach a wider market through social media. These programs are part of the government's efforts to enhance SMEs' resilience and digital capacity amid the pandemic. The government has also launched a digital technology adoption program to empower SMEs through enhanced technology adoption in the supply chain in several priority areas. This is part of a broader strategy to ensure SMEs can leverage digitalization to enhance sales and product quality. In addition to the government, the role of the private sector, such as FinTech and financial institutions, is also very influential. The private sector often collaborates with government and non-profit organizations in programs designed to enhance the competitiveness of SMEs. These include initiatives that support adopting new technologies, compliance with industry standards, and exporting SME products. Fintech and major financial institutions also invest in technology innovations for the SME sector. These may include the development of e-commerce platforms, supply chain solutions, and technologies that facilitate SMEs' connection with large suppliers and distributors. This research aligns with the findings of Troise et al. (2022), which highlight the importance of using social media in finding and building entrepreneurial opportunities. When social media is combined with strong innovation capabilities within a company, it can significantly enhance the performance of SMEs. This demonstrates that social media can be useful for SMEs, especially as part of a broader approach that includes innovation drivers (Fan et al., 2021).

The use of Social Media has a significant favorable influence on Strategic Entrepreneurship among SME actors in Indonesia, with a coefficient of 0.526 and significant at P-Values of 0.000 (Hypothesis 4 accepted). The very small P-value, 0.000, indicates that it is doubtful these results occurred by chance. This means that SMEs' use of social media is highly effective in enhancing their approach to strategic entrepreneurship, with a powerful and statistically significant impact. This demonstrates that the Use of Social Media significantly affects Strategic Entrepreneurship. The relationship of social media use has a strong effect on strategic entrepreneurship for several reasons: Social media enables SMEs to reach a broader market at lower costs than traditional methods. This analysis might include how digital marketing strategies and social media influence the growth and expansion of small businesses. Social media provides two-way communication between SMEs and consumers, allowing for direct feedback and quick improvements to services or products. Social media platforms continue to evolve, offering new tools and features that SMEs can utilize to innovate their operations and market strategies. Social media facilitates collaboration and networking among SMEs, investors, and other service providers, which may enhance their ability to adopt more effective business strategies. The literature review written by Olanrewaju et al., 2020 challenges the assumption that the use of social media universally positively affects strategic entrepreneurship. While the general use of social media is acknowledged to increase visibility and access to broader networks for entrepreneurs, research shows that its effectiveness can vary greatly depending on various factors, including Context and Sector. It has been found that the influence of social media is only sometimes consistent across all sectors or in all entrepreneurial contexts. For

example, social media use might be more effective in specific sectors that rely on high customer interaction or where branding and digital marketing are key to success.

Meanwhile, the benefits could be more limited or challenging to measure in other sectors, such as those that may be more technical or heavy industry. Additionally, the test results also show that respondents agree that using social media helps in communication and marketing and serves as a vital tool for business innovation, opening up new opportunities, and expanding market reach. Haider et al. (2017) propose a theoretical framework or model that can be used when making decisions about using social media in business, planning the resources needed for social media management, and designing strategies to convert social media followers into customers who can generate profits. Companies achieve superior performance through "entrepreneurial" opportunity-seeking and profit-seeking activities associated with "strategic management." These findings are consistent with previous research investigated by Barlatier and Mention (2020), which shows that social media significantly assists in disseminating and developing innovative ideas in business. Similarly, Haug et al. (2024) research indicates that companies with a strong technology orientation tend to be more active in using social media in their product innovation processes.

Entrepreneurial orientation has a significant positive impact on Strategic Entrepreneurship, with a coefficient of 0.591 and significant at P-Values of 0.000 (Hypothesis 5 accepted). A P-value of 0.000 indicates that the likelihood of this influence occurring by chance is very small, almost non-existent. This means that a strong entrepreneurial orientation among SME actors contributes significantly to their ability to adopt a more strategic and planned entrepreneurial approach. It is accepted that entrepreneurial orientation positively influences strategic entrepreneurship. This shows that Entrepreneurial Orientation has a significant impact on Strategic Entrepreneurship. The relationship of Entrepreneurial Orientation has a strong effect on influencing Strategic Entrepreneurship. Entrepreneurial orientation typically includes components such as innovation, risk-taking, and proactivity.

On the other hand, strategic entrepreneurship involves applying practices and strategies to ensure long-term sustainability and business growth. The relationship between Entrepreneurial Orientation and Strategic Entrepreneurship is natural because proactive and innovative entrepreneurship tends to adopt strategic approaches in conducting business. Innovation in Entrepreneurial Orientation drives the development of new products or services, while proactivity involves anticipating and acting on market opportunities before competitors. These two aspects are core to Strategic Entrepreneurship, as they directly affect the company's ability to compete and grow. The risk-taking aspect of Entrepreneurial Orientation is also important in Strategic Entrepreneurship because strategic decisions often involve a certain level of risk. The courage to take calculated risks can enable companies to enter new markets or invest resources in innovative technologies. Overall, these results also indicate that strengthening entrepreneurial orientation can significantly enhance the ability to strategically undertake entrepreneurship, which is crucial for the long-term success of SMEs in a dynamic business environment. Theoretically, Entrepreneurial Orientation is defined as the methods, practices, and decision-making attitudes business actors use to undertake entrepreneurship (Harris & Ria, 2009; Rosenfeld & Foss, 2009; Farzana, 2016 in Marisa and Yuniarto, 2018). According to Dyduch (2019), the process and thought of strategic entrepreneurship are defined as strategic entrepreneurship. This type of entrepreneurship provides benefits and value to entrepreneurs and organizations so that they can act quickly to anticipate future circumstances. These findings align with previous research where competitive advantage also acts as a mediator between Entrepreneurial Orientation and firm performance, indicating that the benefits of Entrepreneurial Orientation are obtained through improved competitive positioning (Kiyabo & Isaga, 2020). Additionally, Soomro and Shah (2020) found that strategic entrepreneurship is important in mediating the relationship between entrepreneurial orientation and organizational performance.

Mediator testing is essential in statistical analysis to test whether the relationship between the independent and dependent variables is influenced by another variable, known as a mediator. The goal is to determine whether the mediator variable mediates or acts as an intermediary in the relationship between the independent and dependent variables. The testing involves regression analysis to examine the relationships between the independent variable and the mediator, as well as between the mediator and the dependent variable. The mediation test results are presented in Table 7.

Table 7.
Mediation Testing

Hypothesis	Path Coefficient	T Statistics	P Value
FL -> ES -> EO	0,208	3,608	0,000
USM -> ES -> EO	0,311	4,722	0,000

The indirect influence of the Financial Literacy variable on Entrepreneurial Orientation through the mediating variable of Strategic Entrepreneurship yielded a coefficient of 0.208, significant at P-Values of $0.000 < 0.05$. The very low P-value, less than 0.05, indicates that it is doubtful that this influence occurred by chance. This suggests that improving financial literacy significantly affects entrepreneurial orientation through the mediation of strategic entrepreneurship. Financial literacy is crucial for entrepreneurs as it strengthens their ability to make accurate data-based decisions, manage risks, plan finances, make wise investment decisions, and negotiate more effectively. With these abilities, entrepreneurs can devise more potent business strategies, optimize resources, and enhance their chances for success in a competitive market. Strategic Entrepreneurship acts as a bridge where the capacity and knowledge gained from financial literacy are transformed into concrete actions that drive innovation and proactivity in entrepreneurship. In Indonesia, many SMEs need help accessing formal financial services, limiting their ability to grow and compete. Improved financial literacy helps SMEs leverage a broader range of financial products and services, including fintech, which significantly eases access to capital and other financial services (Winarsih et al., 2020). The impact of the COVID-19 pandemic has altered many economic aspects and accelerated the adoption of digital technologies, including e-commerce and fintech solutions. SMEs with better financial literacy can adjust their business models to take advantage of digital platforms and maintain their business sustainability during and after the pandemic. The role of fintech has become a crucial catalyst in changing how SMEs access financial services. The use of financial technology aids SMEs not only in managing finances but also in reaching new markets. The national financial inclusion target supports this initiative to reach 90% by 2024, underscoring the importance of financial literacy in SME business strategies (Nugraha et al., 2022). This research emphasizes the importance of financial literacy, market access, government policies, and innovation in determining the success of small and medium enterprises (SMEs). Improvements in these areas significantly affect SMEs' ability to grow and compete. The findings also suggest the need for targeted actions and effective strategic planning to support an SME sector that is not only resilient but also capable of making significant economic contributions to Indonesia (Suwaji & Harsono, 2024). Factors that strengthen this indirect relationship include a higher level of financial literacy among entrepreneurs, which can improve management and company performance. Effective financial education enables entrepreneurs to make better financial decisions, strengthening overall business performance (Culebro et al., 2024; Togun et al., 2023). Small and medium-sized businesses that successfully integrate digital technologies see business growth and improved financial health. Digital financial skills are essential for these businesses to manage their finances better, streamline cash flows, and secure necessary funding (Diptyana et al., 2022). This also shows that strategic entrepreneurship as a mediator significantly influences the impact of financial literacy on entrepreneurial orientation among SMEs in Indonesia. The findings of this study suggest that it is

important for SME actors in Indonesia to have good financial knowledge. However, it is also crucial for them to use that knowledge strategically to drive their Entrepreneurial Orientation. Through Strategic Entrepreneurship, SME actors with good financial literacy can make sound financial decisions and turn those decisions into practical entrepreneurial actions that directly affect the growth and development of their businesses.

The indirect effect of the Social Media Use variable on Entrepreneurial Orientation through the mediating variable of Strategic Entrepreneurship yielded a coefficient of 0.311, significant at P-Values of $0.000 < 0.05$. The very low P-value, less than 0.05, indicates that social media use significantly contributes to enhancing entrepreneurial orientation through improving strategic entrepreneurship. This shows that strategic entrepreneurship as a mediator significantly influences social media use and entrepreneurial orientation among SMEs in Indonesia. Social media can affect entrepreneurial orientation because it provides a platform for networking, access to market information, and marketing opportunities. Using social media strategically enables SMEs to be more proactive, innovative, and competitive in a broad market. Strategic Entrepreneurship serves as a link that converts the potential of social media into practical entrepreneurial actions. This includes using social media for growth strategies, product innovation, and enhancing customer engagement. SMEs that successfully integrate social media into their business strategies respond more to market trends and customer needs. Social media provides data and insights that can be used to make strategic decisions supporting entrepreneurial orientation, such as entering new markets or adapting business models. The findings of this study indicate that more than the use of social media alone is insufficient needed to drive entrepreneurial orientation directly. Strategic Entrepreneurship as a mediator plays a crucial role in maximizing the positive impact of social media use on entrepreneurial orientation. Therefore, SME actors who can use social media strategically and blend it with innovative entrepreneurial practices are more successful in enhancing their entrepreneurial orientation. This study aligns with previous research, such as Danielle et al. (2023), which found that Entrepreneurial orientation has a significant and positive impact on innovation performance among MSMEs in Colombia. Felisia et al. (2023) also discovered that social media adoption helps SMEs generate innovative ideas and improve creative productivity. Abu et al. (2021) demonstrated that innovation enhances the impact of Entrepreneurial Orientation on better performance in social media contexts.

CONCLUSION

Based on the study's conclusions, it is clear that Financial Literacy and Social Media Usage significantly influence the Entrepreneurial Orientation of MSMEs in Indonesia. The training programs organized by the government, mainly through the Ministry of Cooperatives and SMEs, have proven to be effective in enhancing MSME actors' understanding of financial literacy and business strategies. Financial literacy helps business owners make strategic decisions, improve fund management, and foster innovation and business growth. Furthermore, the collaboration between the government and the private sector in supporting MSME digitalization, primarily through the use of social media, has also shown positive results. Social media usage by MSMEs is not only for marketing purposes but also for innovation and market expansion. This has helped MSMEs strengthen their competitiveness in the digital era, aligning with the government's strategy to enhance financial literacy and social media usage among MSMEs.

Through Strategic Entrepreneurship, MSMEs in Indonesia can optimize their Financial Literacy and Social Media Usage to enhance their entrepreneurial orientation. Strategic Entrepreneurship bridges strong financial literacy and business innovation, helping MSMEs identify new market opportunities, expand networks, and sustain their competitiveness. Overall, Strategic Entrepreneurship provides a solid framework for MSMEs to grow and innovate, enabling them to

face business challenges with more mature strategies, improve entrepreneurial orientation, and strengthen their position in domestic and international markets.

This study also confirms that improvements in financial literacy significantly contribute to SMEs' growth and operational efficiency, with a projected increase in financial performance of 20-30% in the short term. Furthermore, financial literacy training initiatives support strategic decision-making that enhances innovation and revenue growth for SMEs by 15-25% in the medium to long term. Meanwhile, social media has increased SME market visibility, potentially increasing sales by 30-50%. Government support through programs like the People's Business Credit (Kredit Usaha Rakyat, KUR) also plays a crucial role in facilitating SME access to financing, which can further accelerate their economic growth significantly.

Enhanced financial literacy and strategic use of social media have been shown to reduce poverty by improving business efficiency and sustainability and expanding market access, contributing to income growth and job creation. Furthermore, these advances support women's economic empowerment, enabling them to compete more effectively in the market at lower costs. Continued and innovative initiatives by SMEs also support sustainable development, while better access to financial products enhances the potential for local and national economic growth. These initiatives underscore the importance of ongoing support for developing SMEs' strategic capabilities as a catalyst for achieving broader social and economic inclusion.

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