

Examining The Effects of Entrepreneurial Mindset, Digital Marketing Innovation and Networking on SME Performance

Akmal Abdullah¹, Askar Taliang², Bahtiar Efendi³, Mauli Kasmi¹, Andryanto Aman²

¹ Politeknik Pertanian Negeri Pangkajene Kepulauan, South Sulawesi, Indonesia

² Universitas Teknologi Akba Makassar, South Sulawesi, Indonesia

³ Universitas Sains Al Qur an, Central Java, Indonesia

akmalabdullah23@gmail.com (Corresponding author)

Abstract. This study investigated the effects of entrepreneurial mindset, digital marketing innovation, and networking on the performance of small and medium enterprises (SMEs) in Indonesia, with competitiveness as a moderating variable. A survey of 100 frozen food SMEs in Indonesia revealed entrepreneurial mindset, digital marketing innovation, and networking positively influence SME performance. The findings suggest SMEs should foster entrepreneurial thinking, digital marketing skills, and networking to bolster competitiveness and performance. This study contributes timely empirical evidence on key examining of SMEs success in Indonesia's under researched frozen food sector. For practice, it guides SMEs training and development initiatives to focus on cultivating entrepreneurial mindsets, digital innovation, and networking. Further research with broader samples and qualitative data could enrich understanding. Overall, generating insights through surveys enables SMEs to harness entrepreneurial orientation, innovation, and collaborations to build competitiveness and sustainability in a rapidly evolving industry.

Keywords: Entrepreneurial Mindset, Digital Marketing Innovation, Networking, SMEs Performance.

1. Introduction

Small and medium-sized enterprises (SMEs) are essential to a nation's economy because they provide numerous employment opportunities and counter the monopolistic tendencies of larger firms (Vidhyalakshmi & Kumar, 2016). The same is true for Indonesia. Numerous studies have demonstrated that small and medium-sized enterprises (SMEs) play a vital role in Indonesia's economic activity and have a substantial impact on the country's GDP and ability to absorb new jobs (Subagyo, 2013). According to 2016 statistical data (Tribun News, 2017), 99.99% of all business entities in Indonesia are classified as SMEs. The performance of SMEs in Indonesia has not been satisfactory. One reason is the family-based management structure. (Alimudin et al., 2019) Business management is still traditional and prioritizes family relationships over professional relationships. SMEs performance frequently encounters obstacles, such as the inability to flourish, expand, and evolve. The inability of micro, small, and medium-sized enterprises (SMEs) to remain competitive is particularly prevalent among large organizations (Subagyo et al., 2020).

Based on information from the Kementerian Koperasi Dan UKM (2021), there are 64,2 million SMEs as of right now, contributing 61.07% of the GDP, or 8,573.89 trillion rupiahs. Micro, small, and medium-sized enterprises (SMEs') economic contribution to Indonesia includes the ability to employ up to 60.4% of all capital and 97% of the labour force Unfortunately, the large number of micro, small, and medium-sized businesses in Indonesia cannot be isolated from the aforementioned issues. According to data from the Ministry of Cooperatives and SMEs, the current number of SMEs is 64,19 million, with a 61.97% contribution to the GDP comprising 8,573.89 trillion rupiah. The contribution of micro, small, and medium-sized enterprises (SMEs) to the Indonesian economy includes the ability to accommodate 97% of the total workforce and up to 60.4% of total investment.

An entrepreneurial mindset can inspire creativity and innovation. Being ready to face any business risk and having faith in your ability to run a company is among the first things you need to accomplish before starting a new venture. An entrepreneurial mindset will motivate SMEs students to consistently be imaginative, inventive, upbeat, and profit-oriented (Daspit et al., 2021). In business, it is important to focus on the marketing strategy employed. The changing times are making it easier for entrepreneurs to market their products, but they must maintain their creativity to attract attention.

The entrepreneur's mindset is a concept with numerous definitions and contradictions that centre on a person's characteristics, behaviours, attitudes, or beliefs. There is little theoretical support for the entrepreneur's mindset. For two reasons, these alternative explanations provide a comprehensive examination of the concept of an entrepreneurial mindset. Self-identification and self-labelling as entrepreneurs by individuals is the most important factor in fostering entrepreneurship. In addition to individual initiative, the success of an entrepreneur is the result of interaction between individuals and their social environment (Korte, 2018). An entrepreneur is someone willing to take chances when starting a new company, manage and grow it by using all of their skills in terms of acquiring raw materials and other resources, creating products with value-added that satisfy customers, and marketing goods in a way that maximizes benefits to customers, the company, society, and the local community. Digital marketing innovation is a form of digital marketing. This advertising is conducted online via social media (Lies, 2019; Pandey et al., 2020). In addition to marketing skills, entrepreneurs must also possess networking abilities.

According to the OECD (in Mejía-Trejo, 2019), innovation is the introduction of new or considerably improved products (goods or services), processes, new marketing tactics, or new organizational approaches in operational processes, workplace organizations, or external interactions. Innovation in marketing is defined as the implementation of novel marketing strategies that entail substantial changes in product design or packaging, product positioning or pricing. Digital marketing is an innovation constituted of various novel tools, including website design and construction, content planning, blogging, paying for advertising, social networking, emailing, creating videos, and generating

web analytics. Marketing innovation is the development of marketing techniques requiring substantial changes to product packaging, design, placement, promotion, and pricing strategies. Marketing innovation seeks to increase sales and market share, as well as develop new markets. Marketing innovation is characterized by the employment of novel marketing techniques that have never been used by the organization before. A product design that modifies only the product's appearance and not its attributes or functions is, in fact, a marketing innovation. Purwanti (2021) defines digital marketing as the use of digital technology to establish online channels that support E-Marketing operations (website, email, database, digital TV, and several other recent innovations including blogs, feeds, podcasts, and social networks). Innovation is characterized as an expansion of the E-Commerce school of action in product marketing, highlighting the significant differences between the marketing strategies of various product categories.

According to (Karami & Tang, 2019) The aforementioned conditions are essential for the formation of partnerships with appropriate partners that contribute to the success of a business. The process of launching and developing a new business is a social one that requires entrepreneurs to utilize their networks and connections to mobilize and deploy resources to capitalize on opportunities (Ebbbers, 2014).

Due to limitations and lack of experience accessing international markets, network advantage has been recognized as a crucial factor in the expansion of SMEs (Galkina & Chetty, 2015). (Fang et al., 2014) define "social networking capability" as the capacity of business owners to utilize the resources available within the context of extant social networks. This concept is consistent with academic analyses of how entrepreneurs develop and utilize the resources contained in network interactions (Hallen & Eisenhardt, 2012). Entrepreneurs can use their relationships with local community leaders and social peers to access and integrate multiple data and knowledge through social networking to achieve specific objectives as part of their entrepreneurial networking competency. Networking is defined by Zacca et al. (2015) as the company's ability to initiate, construct, and exploit internal and external inter-organizational links. Network capability is the potential of a company to form relationships with other businesses and the benefits of these relationships (Balboni et al., 2014; Papastamatelou et al., 2016).

The company's competitiveness must be improved by focusing on the three variables described above. Companies that can make discoveries that are distinct from those of their competitors and have something that their rivals lack will be able to increase their competitiveness (Distanont & Khongmalai, 2020). According to Syapsan (2019) research, marketing strategy has a positive effect on economic development and competitiveness. Therefore, the superior a company's marketing strategy, the greater its economic growth and competitiveness against other companies. Karami & Tang (2019) reported that in New Zealand, the mediation of network and experiential learning supported entrepreneurial orientation in multinational corporations. In addition, research by Hakim et al. (2022) indicates that in Kendari Indonesia, digital marketing activity and capability have a positive impact on marketing performance.

Business performance is a reflection of an organization's current activities and internal and external factors in achieving objectives over time. In the context of business performance, this phrase refers to a variety of metrics, such as expected historical expenses based on efficiency, managerial responsibility, and other factors. Consequently, "Business performance" encompasses all of an organization's actions or activities during a given period that contribute to the firm's achievement of its stated objectives, goals, vision, and mission (Eikelenboom & De Jong, 2019). According to Suhardi (2014), an individual's aptitude, motivation, enthusiasm, and expectations toward a person, a group, and a company have a substantial effect on performance. Performance bolsters the efficacy of maximizing the use of existing resources to attain desired results. Specifically, performance is tied to the output of an individual, group, or organization.

Competitiveness is anything that a company performs exceptionally well in comparison to its competitors. When a company can do something that its competitors cannot or has something that its competitors desire (David, 2011). A business can achieve a greater degree of competitive advantage over its competitors if it can offer prices that are less expensive than those of its competitors while maintaining the same level of product value or quality (Rangkuti, 2015). In an industrial setting, the company's aspiration to increase its efficacy to outperform its competitors is unquestionably necessary to gain a competitive advantage. Many companies begin their technical implementation strategy by maximizing their functional departments. Creating a competitive advantage begins with the formulation of business development procedures that the company will use, followed by an analysis of the company's goals and the policies implemented to achieve those goals.

This research addresses the gap in the literature on how to integrate multiple perspectives to advance understanding of the drivers of SMEs performance, an area that has been little explored in the Indonesian context. For practice, this research provides timely evidence to guide SMEs training and development in building entrepreneurial orientation, digital marketing capabilities, and networks that are essential for small business survival. This study aims to analyze the influence of the entrepreneur mindset, digital marketing innovation, and networking on the performance of small and medium-sized enterprises (SMEs) with competitiveness as a moderating variable to determine the excellent performance of SMEs to be superior to competitors.

2. Literature Review

2.1. Entrepreneurial Mindset

Entrepreneurship is more than a profession; it is a way of thinking and acting that aids individuals in achieving success. This involves a specific viewpoint and set of attitudes that empowers people to direct their futures positively and make a valuable contribution to society. As our world is in a state of continuous and rapid change, entrepreneurial skills are highly sought-after. Entrepreneurial individuals typically possess a self-motivated and independent mindset, which is centered on innovation, creativity, risk-taking and proactivity, while embracing change and uncertainty. They possess adept problem-solving abilities alongside a propensity to learn and adapt to new situations (Ganbat et al., 2023).

According to (Schoeniger, Herndon, Houle, & Weber, 2021) methods and processes that enable entrepreneurs to recognize, evaluate, and actualize opportunities, as well as explain the underlying subtle causes - both within individuals and situations - that drive entrepreneurial behaviour. This concept is referred to as Entrepreneurial Mindset Theory (EMT).

Prior to 2022, several studies showed that most SMEs in Indonesia still faced challenges in adopting and developing an entrepreneurial mindset. Some findings highlighted that most SMEs owners tend to face constraints in terms of innovation, market understanding, risk management, and lack of access to capital and technology. Initiatives have been undertaken to improve the entrepreneurial mindset among SMEs in Indonesia. For example, training and mentoring programmes, the launch of digital platforms to expand market reach, and better access to capital through various financial institutions. That these conditions may change over time, depending on economic developments, government policies, and other factors that affect the SMEs ecosystem in Indonesia.

2.2. Digital Marketing Innovation

Innovation in digital marketing is a crucial factor in a company's success (Jung & Shegai, 2023). In today's digital age, promotion via the Internet (digital marketing) is no longer a novel concept. Particularly now that nearly everyone uses social media. Digital marketing is not only intended to reach a larger potential market but also to increase product awareness. We utilised social media customer engagement rates as a substitute for digital marketing innovation since a high social media customer engagement rate is a significant criterion for determining digital marketing innovation.

Some findings also show that SMEs are starting to realise the importance of leveraging digital technology to understand consumer behaviour and adjust their marketing strategies based on the data and analysis obtained. In addition, there is an increasing awareness of the importance of building a strong and consistent brand image in the digital world. Several initiatives have also been undertaken by the government and related institutions to provide training and assistance to SMEs in utilising digital marketing innovations. In addition, a number of startups and technology companies have also provided solutions and services that can assist SMEs in improving their digital presence. While the adoption of digital marketing has increased, there are still several challenges faced by SMEs in Indonesia, such as limited access to technology, lack of skills, and constraints related to digital infrastructure in some regions.

2.3. Networking

Networking is a firm's capacity to initiate, develop, and leverage relationships internal and external to the organization. Companies can develop, manage, and exploit relationships, according to (Zacca et al., 2015a). Businesses that can establish quality relationships will be successful (Farida & Nuryakin, 2021). The ability to build networks can assist in identifying other competencies within an organisation (Vesalainen & Hakala, 2014). The capabilities of a company's network are also a source of competitive advantage. A company with a secure business network has a greater concern for the environment.

Several studies show that most SMEs in Indonesia still face challenges in developing networking. Some SMEs face obstacles in building and expanding strong business networks, both on a local and international scale. Such challenges may include limited access to information, resources, and skills needed to network with other businesses. Nonetheless, several initiatives have been undertaken to improve the networking of SMEs in Indonesia. For example, there are training programmes and business expo events specifically designed to help SMEs expand their networks and secure new opportunities. In addition, technological developments have also enabled online platforms that facilitate collaboration between SMEs and other business players. The government and relevant organisations have also launched programmes aimed at improving the networking capabilities of SMEs, including the provision of access to information, training, and support in developing the social and communication skills needed to build sustainable business relationships. It is important to note that this situation may change over time, especially with further technological developments and policy support from the government. For up-to-date information, it is recommended to refer directly to the latest available publications and research. The method used is the Survey method conducted using a structured questionnaire designed to evaluate the entrepreneurial mindset, digital marketing, and networking carried out by SMEs. The sampling technique used was stratified sampling where the population of SMEs in Indonesia was divided into categories based on the food and beverage sector. Next, from each category, a number of SMEs were randomly selected to be sampled. For example, from each frozen food sector, 100 SMEs were randomly selected.

2.4. SMEs Performance

Marketing performance is a concept used to evaluate the effectiveness of a business's strategy. The company's strategy is always designed to generate results, both in terms of marketing and finances. Marketing performance is a concept used to measure a product's market performance (Rosita et al., 2023).

The Marketing Performance variable is measured using four indicators developed for this study that apply to service businesses. Profit, customer growth, product quality, and consumer satisfaction are the indicators of the Marketing Performance variable (Abdullah, 2017). Marketing performance is derived from the index of success in achieving predetermined marketing goals for an operating year (Ferdinand, 2002).

Networking is a firm's capacity to initiate, develop, and leverage relationships internal and external to the organization. Companies can develop, manage, and exploit relationships, according to (Zacca et

al., 2015a). Businesses that can establish quality relationships will be successful (Farida & Nuryakin, 2021). The ability to build networks can assist in identifying other competencies within an organisation (Vesalainen & Hakala, 2014). The capabilities of a company's network are also a source of competitive advantage. A company with a secure business network has a greater concern for the environment.

3. Research Methods

This study employs quantitative techniques. Quantitative research is a research method based on positivism that examines a population or sample set to test a hypothesis. Quantitative studies are conducted to evaluate established hypotheses. This procedure employs the numbers derived from questionnaire-based measurements of the study variables. In this study, researchers surveyed 100 small and medium-sized enterprises (SMEs) in Indonesia that produce frozen foods. The respondents of this study are focused on the leaders of frozen food SMEs who are business owners or managers, where one small business will be represented by one respondent. This study will describe the perceptions of small and medium enterprise leaders regarding entrepreneurial mindset, digital marketing innovation and networking. SMEs leaders are chosen as respondents because they are considered to be the most aware of the organisational policies implemented by SMEs to face existing competition.

This study is a survey research conducted with a rigorous and scientifically tested strategy involving frozen food SMEs in Indonesia as a representative sample. The sampling technique used was stratified sampling in which the population of SMEs in Indonesia was divided into categories based on the food and beverage sector. Furthermore, from each category, 100 frozen food SMEs were randomly selected to be sampled.

In multivariate research (including those using multivariate regression analysis) according to (Hair et al., 2010) the sample size is determined as 5-10 times the number of research indicators. The sample size determined above is in accordance with the sample size limit and meets the requirements of a normally distributed sample in statistical testing.

Furthermore, to collect in-depth answers to the research questions a questionnaire was used in this study. The questionnaire was distributed in electronic format through Google forms sent to SMEs owners. Google Forms was used to distribute the online survey to the respondents. Respondents were encouraged to complete the survey due to its accessibility and ease of use.

This study's analysis approaches the Structural Equation Model (SEM) using intelligent PLS (Ghozali, 2018). Validity and reliability tests are conducted to ensure that the employed measurements are valid and reliable.

First, convergent validity assesses the correlation between item/component scores and construct scores as measured by the standard loading factor, which determines the strength of the correlation between each measured item and its construct. Individual reflex measurements are considered elevated if they exceed 0.70 and are correlated. It is important to maintain an objective perspective in scientific research. Second, discriminant validity is a model of measurement with a reflection index that is assessed by considering the magnitude and structure of the cross-loading. To determine discriminant validity, the extracted average squared variance (AVE) is compared, and a tool is considered valid if its AVE is greater than 0.50. Composite reliability is a measure of the structure that can be evaluated in terms of the coefficient of the latent variable. If the measurement produces a score above 0.70, then the structure's reliability is deemed high. Cronbach's Alpha is a reliability measurement specifically designed to enhance composite results' reliability. If the alpha value exceeds 0.70, a variable can be considered reliable.

The dependent construct R-square is used to analyze the effect of a specific independent variable on a dependent latent variable, revealing the effect's magnitude.

The Structural Model, also known as Inner Model Analysis, is a technique used to predict causal relationships between model variables. The hypotheses were reviewed as part of the Smart PLS testing's inner model analysis. The t-statistic and likelihood ratio were used to assess the hypotheses. The direction of the effect relationship between variables can be determined by using the results of t-statistics, which were tested using a statistical value of 1.96 for alpha 5%. Additionally, the beta score can also determine the direction of the effect relationship. The hypothesis can be either accepted or rejected depending on the following criteria. The following are the criteria for accepting or rejecting the hypothesis:

$H_a = t\text{-statistic} > 1.96$ with a score of $p\text{-values} < 0.05$

$H_0 = t\text{-statistic} < 1.96$ with a score of $p\text{-values} > 0.05$

Small and medium-sized enterprises (SMEs) are essential to a nation's economy because they provide numerous employment opportunities and counter the monopolistic tendencies of larger firms (Vidhyalakshmi & Kumar, 2016). The same is true for Indonesia. Numerous studies have demonstrated that small and medium-sized enterprises (SMEs) play a vital role in Indonesia's economic activity and have a substantial impact on the country's GDP and ability to absorb new jobs (Subagyo, 2013). According to 2016 statistical data (Tribun News, 2017), 99.99% of all business entities in Indonesia are classified as SMEs. The performance of SMEs in Indonesia has not been satisfactory. One reason is the family-based management structure. (Alimudin et al., 2019) Business management remains conventional and prioritises familial connections over professional ones. SMEs performance frequently encounters obstacles, such as the inability to flourish, expand, and evolve. The inability of micro, small, and medium-sized enterprises (SMEs) to remain competitive is particularly prevalent among large organizations (Subagyo et al., 2020).

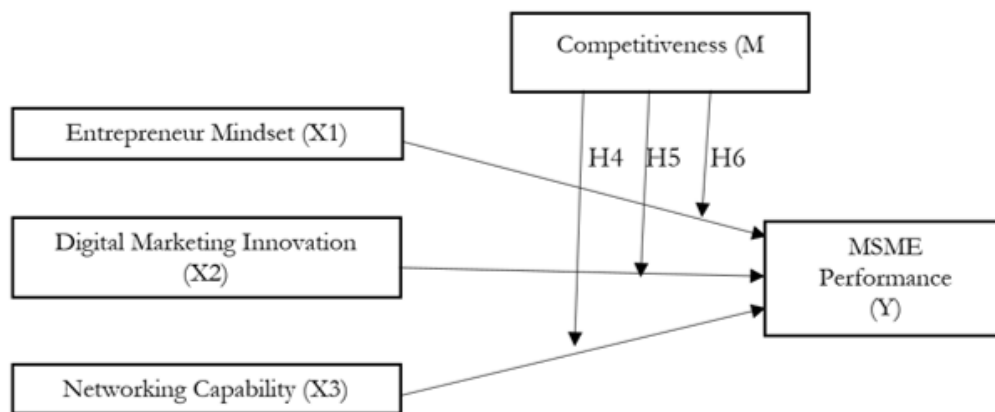


Fig. 1: Research Conceptual Framework

4. Results

The results of the survey are presented in this section. Specifically, the respondent profile, demographic sample, hypothesis testing results and research findings.

4.1. Respondents Profile

Demographic profile of research participants includes characteristics such as gender, age, province of origin, monthly income of small and medium-sized enterprises (SMEs), and business duration. The majority of respondents were male (72%) while women only accounted for 28% of the total respondents. The 35-44 age group accounted for the majority with 47% of the total respondents, followed by the 45-54 age group (27%), 25-34 years (16%), and 55-64 years (10%). As a side note, various provinces in Indonesia were represented in this survey, with DKI Jakarta being the largest (13%). More than three-quarters of respondents (74%) have a monthly business income of more than IDR 5,000,000, while 26%

earn less than this amount. In terms of business duration, most respondents (55%) have been running their businesses for 1-5 years, while 32% have been in business for 6-10 years, and only a small proportion (13%) have businesses running for 11-15 years. This data helps in understanding the demographics of the respondents in the context of this study.

4.2. Outer Model Design

Each variable's indicator is as follows: Entrepreneurial Attitude, Digital Marketing Innovation, and Networking. Effect Performance in the outer model is reflective, so the direction of the arrow in the measurement model is from variable to indicator. The design of an exterior model using smartPLS software is depicted in Figure 2:

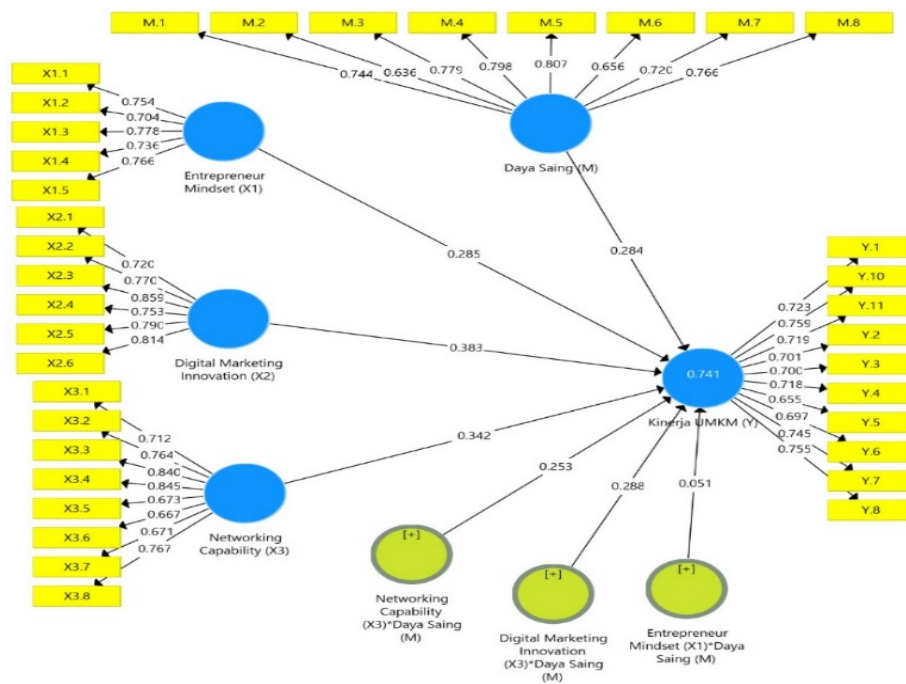


Fig. 1: Outer Model Analysis

4.3. Evaluation Model

4.3.1. Validity Test

To determine the validity of a questionnaire, validity tests are used. In this study, we assess validity using convergent validity and AVE. Convergent validity is employed to evaluate the measurement model with indicator reflections, based on the correlation between PLS-calculated item or component scores. When the correlation with the observed structure exceeds 0.70, the size of the individual reflection is considered significant. According to Chin in Ghozali & Hengky (2015), a loading value between 0.5 and 0.6 is sufficient for research in the early stages of scale development.

Table 1. Average Variant Extracted (AVE) and Outer Loading Value

Variable	Outer Loading	AVE	Description
Entrepreneur Mindset (X1)	X1.1	0.754	Valid
	X1.2	0.704	Valid
	X1.3	0.778	Valid
	X1.4	0.736	Valid
	X1.5	0.766	Valid

Digital Marketing Innovation (X2)	X2.1	0.720	0.617	Valid
	X2.2	0.770		Valid
	X2.3	0.859		Valid
	X2.4	0.753		Valid
	X2.5	0.790		Valid
	X2.6	0.814		Valid
Networking (X3)	X3.1	0.712	0.556	Valid
	X3.2	0.764		Valid
	X3.3	0.840		Valid
	X3.4	0.845		Valid
	X3.5	0.673		Valid
	X3.6	0.667		Valid
	X3.7	0.671		Valid
	X3.8	0.767		Valid
SMEs Performance (Y)	Y.1	0.723	0.515	Valid
	Y.2	0.701		Valid
	Y.3	0.700		Valid
	Y.4	0.718		Valid
	Y.5	0.655		Valid
	Y.6	0.697		Valid
	Y.7	0.745		Valid
	Y.8	0.755		Valid
	Y.10	0.759		Valid
	Y.11	0.719		Valid
	Competitiveness (M)	M.1		0.744
M.2		0.636	Valid	
M.3		0.779	Valid	
M.4		0.798	Valid	
M.5		0.807	Valid	
M.6		0.656	Valid	
M.7		0.720	Valid	
M.8		0.766	Valid	
Entrepreneur Mindset (X1) * Competitiveness (M)	X1*M	1.599	1.000	Valid
Digital Marketing Innovation (X2) * Competitiveness (M)	X2*M	1.376	1.000	Valid
Networking (X3) * Competitiveness (M)	X3*M	1.507	1.000	Valid

Depending on the outcomes of the instrument's validity test, every indicator in this study is valid and can be utilized.

4.3.2. Reliability Test

This study employs the Cronbach Alpha test and the Composite Reliability test to assess reliability. Cronbach Alpha is a measure of minimum reliability. If the Cronbach alpha is greater than 0.70, the data are considered credible. Composite reliability evaluates a variable's genuine value of reliability. If the data's composite reliability score exceeds 0.70, it is deemed to be extremely trustworthy.

Table 2. Value of Composite Reliability and Cronbach's Alpha

	Cronbach's Alpha	Composite Reliability
Competitiveness (M)	0.881	0.906
Digital Marketing Innovation (X2)	0.875	0.906
Digital Marketing Innovation (X2)*Competitiveness (M)	1.000	1.000
Entrepreneur Mindset (X1)	0.805	0.864
Entrepreneur Mindset (X1)* Competitiveness (M)	1.000	1.000
SMEs Performance (Y)	0.896	0.914
Networking (X3)	0.886	0.909
Networking (X3)* Competitiveness (M)	1.000	1.000

The findings of the tests indicate that all of the instruments can be considered reliable, as evidenced by a Cronbach Alpha score and Composite reliability of more than 0.7.

4.4. Discussion (R-Square & Hypotheses Test)

4.4.1. R-Square Test

The determination of the coefficient (R-squared) assesses the influence of the other factors on the endogenous variable. The R-Squared value has been determined as outlined in the table 3 using the Smart PLS tool for data analysis.

Table 3. R-Square Value

	R Square	R Square Adjusted
SMEs Performance (Y)	0.741	0.721

As shown in the test results, SMEs performance has an r-square score of 0.741, which signifies that 74.1% of SME performance is influenced by competitiveness, digital marketing innovation, entrepreneur mindset, and networking, while the rest is controlled by different factors that are not discussed in this study.

4.4.2. Hypothesis Test

Table 4. Value of Relationship Between Variables (direct and indirect effects)

	Original Sample (O)	T Statistics (O/STDEV)	P Values	Result
Competitiveness (M) -> SMEs Performance (Y)	0.284	2.726	0.007	Significant Positive
Digital Marketing Innovation (X2) -> SMEs Performance (Y)	0.383	2.528	0.012	Significant Positive

Digital Marketing Innovation (X2)* Competitiveness (M) -> SMEs Performance (Y)	0.288	2.277	0.005	Significant Positive
Entrepreneur Mindset (X1) -> SMEs Performance (Y)	0.285	2.932	0.039	Significant Positive
Entrepreneur Mindset (X1)* Competitiveness (M) -> SMEs Performance (Y)	0.051	0.379	0.705	Positive Not Significant
Networking(X3)->SMEs Performance (Y)	0.342	2.610	0.026	Significant Positive
Networking(X3)* Competitiveness (M) -> SMEs Performance (Y)	0.253	2.199	0.035	Significant Positive

This paper aims to examine the impact of the entrepreneurial mindset, digital marketing innovation, and networking on the performance of SMEs, with competitiveness functioning as a moderating variable, to determine the level of performance required for SMEs to remain competitive.

The first finding indicates that the entrepreneurial mindset hypothesis on SMEs performance is supported by a statistically significant positive correlation between the entrepreneurial mindset variable and SMEs performance. The more entrepreneurial a person's mindset, the better the performance of SMEs. The entrepreneurial mindset refers to a mental state that guides individuals towards entrepreneurial activities and outcomes. Holistic correlation analysis establishes a significant correlation between the entrepreneurial mindset and SMEs performance (Asenge & Agwa, 2018). (Suvittawat, 2019) Enthusiasm for opportunities has a positive correlation with the viability of small to medium-sized enterprises (SMEs) and is a crucial factor for success in entrepreneurial activities and processes. Abdul et al. (2014) Entrepreneurial orientation exerts a noteworthy positive impact on business performance. This has been achieved by scrutinising various factors including innovation, risk-taking, proactive decision-making, and associated practices and methods. Entrepreneurial orientation is pivotal for achieving business success, as long as the manager/owner exhibits greater innovation, accepts risks and proactively seeks out information.

The second discovery is associated with Digital Marketing Innovation. There is a significant positive relationship between digital marketing innovation variables and the performance of small and medium-sized enterprises. The greater the innovation's digital marketing, the greater the SME's performance. Innovation is the key to a productive industrial enterprise. With innovation, our business becomes more competitive, and customers will view our business from the perspective of innovation, not reputation. Innovations that are adequately and effectively managed will result in superior performance. Each business can innovate based on the nature of its operations. The use of social media to market products is also a form of innovation, and if small and medium-sized enterprises (SMEs) can utilize social media effectively, it will affect their sales performance (Saunila, 2019).

The third finding demonstrates a considerable positive association between networking capability and SMEs performance. The greater SMEs' networking capability, the greater their performance. According to studies conducted by Bengesi & Le Roux (2014) and Sylvia et al. (2015), there exists a correlation between networking capability and performance.

The fourth result indicates that competitiveness is incapable of mitigating the impact of an entrepreneurial mindset on the performance of SMEs. Therefore, it can be stated that competitiveness has failed to moderate the entrepreneur mindset variable. The entrepreneurial mindset has not been able to improve the performance of small and medium-sized enterprises (SMEs) despite a competitive

environment. Nonetheless, Hussain et al. (2015) state that small and medium-sized enterprises (SMEs) must adopt an entrepreneurial orientation mindset to increase competitiveness to be superior and sustainably competitive; this improves the performance of the business.

The fifth result indicates that competitiveness can mitigate the impact of digital marketing innovation on the performance of SMEs. Thus, it can be stated that competitiveness can moderate the variable of digital marketing innovation. Efforts to improve the efficacy of SMEs so that they can outperform their rivals can increase the digital marketing innovation of SMEs. Increasing competitiveness through marketing innovation in response to trends. (Quaye & Mensah, 2019) state that internet and social media marketing must be accompanied by imaginative marketing designs.

The sixth result demonstrates that competitiveness moderated the impact of networking on the performance of SMEs. Thus, competitiveness can be said to modulate the networking variable. When small and medium-sized enterprises (SMEs) can aspire to high levels of competitiveness, this can have an impact on their networking capacity. If small and medium-sized enterprises (SMEs) have strong network, it will increase their competitiveness, which will impact their performance. One of the pillars of the success of micro, small, and medium-sized enterprises (SMEs) is planning and constructing outstanding and long-lasting competitiveness. (Petzold et al., 2019) Core competencies are a set of capabilities that have been established by the organization and include quality, innovation, and customer service. (Resmi et al., 2021) Support for the performance of micro, small, and medium enterprises can result in increased competitiveness.

5. Conclusion

This study fulfils its aims to examine the impacts of entrepreneurial mindset, digital marketing innovation, and networking on Indonesian frozen food SMEs performance, with competitiveness as moderator. The findings demonstrate these factors significantly influence SMEs performance, while competitiveness only moderates the effects of innovation and networking. Entrepreneurial thinking, digital skills, and collaborations are indispensable capabilities for SMEs competitiveness and success. Theoretically, the research integrates multiple perspectives to advance the understanding of SMEs performance drivers, an underexplored area in the Indonesian context. For practice, it provides timely evidence to guide SMEs training and development to build entrepreneurial orientation, digital marketing, and networks essential for small business viability. However, limitations of the finding methodology and sample necessitate further investigation with broader qualitative data. Future research can be conducted to make valuable contributions to the entrepreneurship literature, particularly in the context of digital evolution, emerging technologies such as artificial intelligence (AI), blockchain can improve the operational efficiency, marketing, and business growth of SMEs. Overall, this study generates valuable insights for research and practice on leveraging entrepreneurial mindsets, innovation, and collaborations to sustain competitive performance in SMEs.

Acknowledgements

This research is supported by SMEs in Indonesia who have agreed to be partners in this research.

References

- Abdullah, A. (2017). Effect of Entrepreneurial Competency on Competitive Advantage and Marketing Performance in Micro, Small and Medium Enterprises of Seaweed Processing. *Russian Journal of Agricultural and Socio-Economic Sciences*, 11(November), 212–220.
- Alimudin, A., Falani, A. Z., Mudjanarko, S. W., & Limantara, A. D. (2019). Analisis Pengaruh Penerapan Perspektif Balanced Scorecard Terhadap Peningkatan Kinerja UMKM. *Ekonika J. Ekon.*

Univ. Kadiri, 4(1), 1.

Asenge, E., & Agwa, T. (2018). Entrepreneurial Competencies and Entrepreneurial Mindset as Determinants of Small and Medium Scale Enterprises Performance in Nigeria Global. *Journal of Management and Research*, 18(13).

Balboni, B., Bortoluzzi, G., & Vianelli, D. (2014). The Impact of Relational Capabilities on The Internationalization Process of Industrial Subcontractors. *Transformations in Business & Economics*, 13, 21–40.

Bengesi, K. M. K., & Le Roux, I. (2014). The Influence of Dimensions of Networking Capability in Small and Medium Enterprise Performance. *International Journal of Business and Social Science*, 5(2), 189–200.

Daspit, J. J., Fox, C. J., & Findley, S. K. (2021). Entrepreneurial mindset: an integrated definition, a review of current insights, and directions for future research. *Journal of Small Business Management*, 1–33.

David, F. R. (2011). *Strategic Management (Buku 1)* (12th ed.).

Distanont, A., & Khongmalai, O. (2020). *The role of innovation in creating a competitive advantage*. *Kasetsart Journal of Social Sciences*, 41(1), 15-21. 41(1), 15–21.

Ebbers, J. (2014). Networking behavior and contracting relationships among entrepreneurs in business incubators. *Entrepreneurship: Theory and Practice*, 38(5), 1159–1181.

Eikelenboom, M., & De Jong, G. (2019). The impact of dynamic capabilities on the sustainability performance of SMEs. *Journal of Cleaner Production*, 235, 1360–1370.

Fang, G., Ma, X., Ren, L., & Zhou, Q. (2014). Antecedents of Network Capability and Their Effects on Innovation Performance: An Empirical Test of Hi-tech Firms in China. *Creativity and Innovation Management*, 23(4), 436–452.

Farida, N., & Nuryakin. (2021). Network capability, relational capability and Indonesian manufacturing SME performance: An empirical analysis of the mediating role of product innovation. *Engineering Management in Production and Services*, 13(1), 41–52. <https://doi.org/10.2478/emj-2021-0003>

Ferdinand, A. (2002). Kualitas Strategi Pemasaran: Sebuah Studi Pendahuluan. *Jurnal Sains Pemasaran Indonesia*, 1(1), 107–119.

Galkina T & Chetty S. (2015). Effectuation and networking of internationalizing SMEs. *Management International Review*, 55(5), 647–676.

Ganbat, D., Zanabazar, A., & Chen, S.-H. (2023). The Correlation between Entrepreneurship Education, Entrepreneurial Mindset, and Entrepreneurial Intention among Undergraduate Students: The Mediating Function of Entrepreneurial Self-Efficacy. *International Journal of Entrepreneurship*, 27(5), 1–16.

Ghozali, I. (2018). Aplikasi Analisis Multivariate Dengan Program IBM SPSS 25 (Sembilan). In *Semarang, Universitas Diponegoro*.

Ghozali, I., & Hengky, L. (2015). *Konsep, Teknik, Aplikasi Menggunakan Smart PLS 3.0 Untuk Penelitian Empiris*. BP Undip.

Hair, J. F., Black, W. C., & Babin, B. J. (2010). *Multivariate Data Analysis: A Global Perspective* (7th ed.). Pearson Education.

Hakim, A., Madjid, R., Sukotjo, E., & Yusuf, Y. (2022). The Effect of Entrepreneurial Orientation on Digital Marketing Performance: A Case Study of Small Enterprises in Kendari City, Indonesia. *The*

Journal of Asian Finance, Economics and Business, 9(3), 295–302.

Hallen BL, & Eisenhardt, K. (2012). Catalyzing strategies and efficient tie formation: How entrepreneurial firms obtain investment ties. *Academy of Management Journal*, 55(1), 35–70.

Hussain, J., Ismail, K., & Akhtar, C. (2015). Linking Entrepreneurial Orientation with Organizational Performance of Small and Medium Sized Enterprises: A Conceptual Approach. *Asian Social Science*, 11(7).

Jung, S. U., & Shegai, V. (2023). The Impact of Digital Marketing Innovation on Firm Performance: Mediation by Marketing Capability and Moderation by Firm Size. *Sustainability (Switzerland)*, 15(7). <https://doi.org/10.3390/su15075711>

Karami, M., & Tang, J. (2019). Entrepreneurial orientation and SME international performance: The mediating role of networking capability and experiential learning. *International Small Business Journal*, 37(2), 105–124.

Kementerian Koperasi dan UKM. (2021).

Korte, R. (2018). Identifying as an Entrepreneur: A Social Identity Perspective of the Entrepreneurial Mindset. *Advances in Engineering Education*, 7(1).

Lies, J. (2019). Marketing intelligence and big data: Digital marketing techniques on their way to becoming social engineering techniques in marketing. *International Journal of Interactive Multimedia & Artificial Intelligence*, 5(5).

Mejía-Trejo, J. (2019). How is related the digital marketing innovation and e-leadership in smes. *Towards a Gender Study. Revista de El Colegio de San Luis*, 9(20), 77–111.

News, T. (2017). *Persempit jarak pelaku UMKM dan makro kementerian koperasi dan UKM getol lakukan ini*.

Pandey, N., Nayal, P., & Rathore, A. S. (2020). Digital marketing for B2B organizations: structured literature review and future research directions. *Journal of Business & Industrial Marketing*.

Papastamatelou, J., Busch, R., Otken, B., Okan, E. Y., & Gassemi, K. (2016). Effects of Network Capabilities on Firm Performance Across Cultures. *International Journal of Management and Economics*, 49(1), 79–105. <https://doi.org/10.1515/ijme-2016-0005>

Petzold, S., Barbat, V., Pons, F., & Zins, M. (2019). Impact of responsive and proactive market orientation on SME performance: The moderating role of economic crisis perception. *Canadian Journal of Administrative Sciences*, 36(4), 459–472. <https://doi.org/https://doi.org/10.1002/cjas.1514>

Purwanti, Y. (2021). The Influence Of Digital Marketing & Innovation On The School Performance. *Turkish Journal of Computer and Mathematics Education (TURCOMAT)*, 12(7), 118–127.

Quaye, D., & Mensah, I. (2019). Marketing innovation and sustainable competitive advantage of manufacturing SMEs in Ghana. *Management Decision*.

Rangkuti, F. (2015). *Analisis SWOT Teknik Membedah Kasus Bisnis Cara Perhitungan Weight, Rating, dan OCAI*. Gramedia Pustaka Utama.

Resmi, S., Pahlevi, R. W., & Sayekti, F. (2021). The effect of financial and taxation literacy on competitive advantages and business performance: a case study in Indonesia. *The Journal of Asian Finance, Economics, and Business*, 8(2), 963–971.

Rosita, J., Ihalauw, J. J. O. I., Abdi, A. S., & Sirine, H. (2023). The Effect of Entrepreneurial Orientation and Social Media Adoption on Marketing Performance of Culinary Start-up Business. *Journal of System*

and Management Sciences, 13(3), 29–51. <https://doi.org/10.33168/JSMS.2023.0303>

Saunila, M. (2019). Innovation capability in SMEs: A systematic review of the literature. *Journal of Innovation*, 1–6.

Schoeniger, G., Herndon, R., Houle, N., & Weber, J. (2021). The Entrepreneurial Mindset Imperative. *The Entrepreneurial Learning Initiative*. <https://elimindset.com/wp-content/uploads/2021/03/The-Entrepreneurial-Mindset-Imperative.pdf>

Subagyo. (2013). *Analysis Effect of Character, Learning, and Competence of Wirasuhawan Competitive Unity and Performance of MSMEs in Kediri*. University of Merdeka Malang.

Subagyo, Kumar, V., & Ernestivita, G. (2020). Entrepreneurial parameters and performance of MSMEs in East Java province of Indonesia. *International Journal of Business Innovation and Research*, 23(2), 267–282.

Suhardi, T. (2014). *Entrepreneurship*. Unpad Press.

Suvittawat, A. (2019). Entrepreneurial Passion Domains of Small and Medium Enterprises(SMES): A case study of Lower North Eastern, Thailand. *International Journal of Entrepreneurship*, 23(1).

Syapsan, S. (2019). The effect of service quality, innovation towards competitive advantages and sustainable economic growth: Marketing mix strategy as mediating variable. *Benchmarking: An International Journal*, 26(4), 1336–1356.

Sylvia, C. T., Loice, M. C., & Charles, L. K. (2015). Moderating Effects of Networking Capabilities on Marketing Capabilities and Performance of Small Firms in Kenya. *Journal of Marketing and Consumer Research*, 15, 196–207.

Vesalainen, J., & Hakala, H. (2014). Strategic capability architecture: The role of network capability. *Industrial Marketing Management*, 43(6), 938–950. <https://doi.org/10.1016/j.indmarman.2014.05.008>

Vidhyalakshmi, R., & Kumar, V. (2016). Determinants of cloud computing adoption by SMEs. *International Journal of Business Information Systems*, 22(3), 375–395.

Zacca, R., Dayan, M., & Ahrens, T. (2015a). Impact of network capability on small business performance. *Management Decision*, 53(1), 2–23. <https://doi.org/10.1108/MD-11-2013-0587>

Zacca, R., Dayan, M., & Ahrens, T. (2015b). Impact of Network Capability on Small Business Performance. *Management Decision*, 53(1), 2–23. https://doi.org/http_dx.doi.org/10.1108/MD-11-2013-0587.