

Digital Marketing, Entrepreneurial Orientation, and Business Capital on the Financial Performance of MSMEs in Indonesia

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ABSTRACT

This study looks into how business capital, entrepreneurial orientation, digital marketing, and the financial performance of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Indonesia interact. The study analyzes data from a diverse sample of 400 MSMEs using Structural Equation Modeling with Partial Least Squares (SEM-PLS) 3 and a quantitative research design. Descriptive statistics shed light on the essential factors and demographic profile, and the measurement model assessment verifies the constructs' validity and reliability. Significantly positive correlations between digital marketing, entrepreneurial orientation, business capital, and financial success are established by the structural model study. The mediating roles of business capital and entrepreneurial orientation are revealed through indirect impacts. R-square values and model fit indices attest to the suggested model's resilience. The results add to our understanding of the variables that influence MSME success in the Indonesian business environment and provide useful information for future research projects, practitioners, and policymakers.

Keywords: MSMEs; Digital Marketing; Entrepreneurial Orientation; Business Capital; Financial Performance

INTRODUCTION

In Indonesia, MSMEs (micro, small, and medium-sized enterprises) are essential to the nation's economy. These businesses serve a vital role in stimulating overall economic growth, fostering innovation, and creating jobs (Amin et al., 2023; Atichasari & Marfu, n.d.; Bawono et al., 2023; Marwanto et al., 2023; Yose, 2023). They support the community's economic needs, aid in resolving financial difficulties, and increase job prospects. MSMEs are autonomous business entities that support the Indonesian economy by engaging in commercial activity, generating jobs, generating GDP, exporting goods, and attracting investments. MSMEs do, however, encounter difficulties such as restricted access to capital, help with technical issues, and support for business development. The goal of empowering MSMEs is to give them access to equity finance, microcredit, and support services so they may grow their businesses, boost output, and add additional employees. Through the removal of obstacles and provision of essential assistance, the government plays a crucial role in maintaining and growing MSMEs. Initiatives for the National Economic Recovery, such as data enhancement and MSMEs' digitalization, are crucial to reducing the impact of losses MSMEs sustained during the crisis.

The survival and performance of MSMEs in the modern business climate increasingly depend on the confluence of digitalization, entrepreneurial endeavors, and sufficient business capital. According to research, MSMEs' perceived financial performance and digitalization performance are positively and significantly impacted by digital literacy and competencies (Sudrajad et al., 2023). The augmentation of MSMEs' digitization and innovation performance is largely dependent on the entrepreneurial ecosystem, which encompasses entities like the government, higher education establishments, professional infrastructure, and entrepreneurs themselves (Dhewanto et al., n.d.). Furthermore, it has been discovered that financial

management, capital availability, and digital marketing all favorably impact MSMEs' product competitiveness (Amalia Putri et al., 2023). Moreover, the performance of MSMEs is highly influenced by the availability of finance, as sufficient money fosters an entrepreneurial attitude and the creation of innovations that enhance overall performance (Rahayu et al., 2023). As a result, the interdependence and critical importance of digital marketing, entrepreneurial orientation, business capital, and the financial performance of MSMEs in Indonesia are all related to one another.

The financial performance of MSMEs in Indonesia is impacted by several factors, including work productivity, e-commerce, human resource competence, accounting knowledge, financial knowledge, financial behavior, financial attitudes, digitalization performance, digital literacy, and digitalization capability (Adiningrat et al., 2023; Maswin & Sudrajad, 2023; Oktariani & Afif, 2023; Sudrajad et al., 2023). By 2024, the government wants MSMEs to account for 17% of the economy (Dharmanto et al., 2023). Research indicates that there are notable and favorable impacts of digitalization performance, digital literacy, and digitalization competence on MSMEs' perceived financial performance. Performance can be improved by teaching MSME staff members about digital developments and business opportunities. The performance of MSMEs is significantly impacted by accounting knowledge, but not by human resource expertise. These results demonstrate how crucial digitalization, financial literacy, and accounting know-how are to enhancing MSMEs' financial performance in Indonesia.

Four main goals serve as the basis for this investigation. First and foremost, it looks closely at how digital marketing affects MSMEs' financial performance in Indonesia, with a particular emphasis on online presence, social media participation, and digital advertising spending. It also aims to evaluate the relationship between entrepreneurial orientation and financial performance by investigating the associations between MSMEs' financial success and attributes such as innovativeness, risk-taking propensity, and proactiveness. Thirdly, the study looks into how business capital affects financial performance, taking into account things like working capital, capital investment, and financing availability. Finally, it seeks to provide a thorough grasp of how digital marketing, entrepreneurial orientation, and business capital are interconnected by analyzing their combined effects on MSMEs' financial performance.

Literature Review

1. Digital Marketing and MSMEs

Businesses, particularly Micro, Small, and Medium Enterprises (MSMEs), are finding that digital marketing is more crucial than ever since it helps them connect with their target market and build a strong online presence (Leiwakabessy et al., 2023; МЕДВЕДСВА, 2023). It has been acknowledged as a revolutionary force in the modern business world, enabling companies to boost their visibility, engage with clients, and enhance productivity (Centobelli et al., 2016). Business growth has been successfully fueled by the application of digital marketing techniques like content marketing, email marketing, social media marketing, and SEO (Mahesh Bechanram Gupta, 2023). MSMEs, however, have obstacles when it comes to putting digital marketing ideas into practice, such as tight budgets, a lack of technical expertise, and trouble calculating return on investment (Ellitan, 2023). Despite these obstacles, MSMEs that want to succeed in the current digital era must prioritize digital marketing as a component of their business plan. Increased customer acquisition and retention for MSMEs have been linked to the use of various digital platforms, such as social

media, search engine optimization (SEO), and online advertising (Funk et al., 2018). Consequently, it is crucial to conduct a thorough investigation of how digital marketing affects Indonesian MSMEs' financial performance.

2. Entrepreneurial Orientation and Financial Performance

An innovative, proactive, and risk-taking strategic strategy is known as an entrepreneurial orientation. High levels of entrepreneurial orientation are seen to put MSMEs in a better position to spot and seize new possibilities, which improves their financial performance (Rassool et al., n.d.). High degrees of entrepreneurial orientation in small and medium-sized businesses (SMEs) make them more creative, flexible, and growth-oriented, all of which have a beneficial effect on their performance (Rahayu et al., 2023). The performance of a company is greatly impacted by the characteristics of an entrepreneurial orientation, such as being creative, proactive, and risk-taking (Yaskun et al., 2023). Sufficient money promotes innovative creation and an entrepreneurial mindset, which enhances overall performance (Okřęglicka & Filipowicz, 2023). It has been shown that there is a relationship between MSMEs' economic performance and their entrepreneurial orientation. As a result, MSMEs' competitive advantage and financial performance are significantly influenced by their entrepreneurial orientation. By encouraging a culture of creativity, adaptation, and calculated risk-taking, this perspective helps MSMEs successfully navigate complex business environments.

3. Business Capital and MSME Performance

Sufficient venture capital is essential for MSMEs to start, stay in business, and expand. The capacity to seize development opportunities and maintain operational efficiency can be impeded by inadequate capital. The financial health of MSMEs is greatly impacted by access to capital, which includes working cash, investment, and available financing alternatives (Hendrawan et al., 2023; Novitasari, 2023; Putri et al., 2023; Rahayu et al., 2023). The relationship between MSME performance and venture capital is positively correlated, which emphasizes the importance of financial resources in fostering growth and competitiveness (Bhattacharyya et al., 2023). To make informed financial decisions, MSMEs must prioritize raising enough money to invest in their company and making sure they have access to trustworthy accounting and financial reporting data. Financial capabilities and business performance can also be enhanced by cultivating an entrepreneurial mentality and acquiring entrepreneurial skills. National policymakers ought to concentrate on creating plans to increase MSMEs' access to financing and on educating and training SME managers in financial management. As a result, a thorough analysis of the connection between company capital and financial performance is necessary.

4. Conceptual Framework

A conceptual framework is suggested to direct the examination of the intricate relationships among digital marketing, entrepreneurial orientation, business capital, and financial performance in MSMEs in Indonesia. The framework demonstrates the interdependence of these factors, implying that the financial success of MSMEs is influenced by the implementation of digital marketing techniques in conjunction with an entrepreneurial mindset and adequate resources. With each element impacting and being influenced by the others, the arrows depict the possible directions of influences.

H1: There is a positive and significant relationship between the level of digital marketing engagement (measured by online presence, social media engagement, and advertising expenditure) and the financial performance of MSMEs in Indonesia.

H2: There is a positive and significant relationship between the degree of entrepreneurial orientation (measured by innovativeness, risk-taking propensity, and proactiveness) and the financial performance of MSMEs in Indonesia.

H3: There is a positive and significant relationship between the availability and utilization of business capital (measured by capital investment, working capital, and access to financing) and the financial performance of MSMEs in Indonesia.

H4: Entrepreneurial orientation mediates the relationship between digital marketing and financial performance in MSMEs in Indonesia.

H5: Business capital mediates the relationship between digital marketing and financial performance in MSMEs in Indonesia.

A thorough grasp of the combined effects of digital marketing, entrepreneurial orientation, and business capital in the Indonesian setting is inadequate, even though the literature currently in publication offers insightful information about each of these factors' separate contributions to MSME success. There is still much to learn about the complex interactions between these components and how they specifically relate to the wide range of MSMEs in Indonesia. By using a quantitative approach and providing empirical evidence to improve our comprehension of these relationships and their implications for MSMEs in Indonesia, this study aims to close these gaps.

METHOD

1. Research Design

Using a quantitative research design, this study examines the complex links between digital marketing, business capital, entrepreneurial orientation, and the financial performance of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Indonesia. To collect data at a particular moment in time and provide an overview of the present business environment, a cross-sectional survey approach will be utilized. Using Structural Equation Modeling with Partial Least Squares (SEM-PLS) as the main analytical technique, the goal is to decipher the intricate relationships between the variables in the conceptual framework.

2. Population and Sampling

The MSMEs in Indonesia that operate in different industries make up the study's population. A stratified random sample technique will be used to guarantee participation from various industries. A target sample size of 400 MSMEs is achieved by using a 95% confidence level and a 5% margin of error for the sample size calculation. Robust statistical studies and findings that may be applied to the larger MSME community in Indonesia are made possible by this approach.

3. Data Collection

A systematic questionnaire intended to gather data on digital marketing strategies, entrepreneurial inclination, company funding, and financial performance will be used to gather the data. Pre-testing of the questionnaire will be done to make sure it is reliable, relevant, and clear. Due to the wide range of choices among MSME participants, both online and offline techniques will be used to collect survey data. To collect quantitative data, the survey will consist of a combination of closed-ended and Likert scale questions.

5. Variables and Measurement

- a. Financial Performance - Measurement: Financial performance will be assessed using key indicators such as profitability, return on investment (ROI), and revenue growth.
- b. Digital Marketing - Measurement: The level of digital marketing adoption, including online presence, social media engagement, and digital advertising expenditure.
- c. Entrepreneurial Orientation - Measurement: Entrepreneurial orientation will be measured using a validated scale assessing innovativeness, risk-taking propensity, and proactiveness.
- d. Business Capital - Measurement: Business capital will be measured by assessing financial resources, including capital investment, working capital, and access to financing.

6. Data Analysis

Structural Equation Modeling with Partial Least Squares (SEM-PLS), which was selected for its appropriateness in handling complex models with multiple variables, would be used for the data analysis in this study. Because it supports both measurement model and structural model assessment, this approach is well-suited for examining the connections between digital marketing, entrepreneurial orientation, business capital, and financial performance. This provides a thorough understanding of the interdependencies between these variables within the conceptual framework. The software SEM-PLS 3, which is renowned for its sophisticated capabilities specifically designed for structural equation modeling, will be used for the data analysis. With the use of SEM-PLS 3, researchers may more easily investigate the structural relationships between variables and determine the validity and reliability of measurement models through bootstrapping, route analysis, and model assessment. By using SEM-PLS 3, the statistical analysis is more accurate and rigorous, which leads to solid results that address the study's research concerns.

RESULTS AND DISCUSSION

1. Demographic Sample

Table 1. Demographic Profile of Surveyed MSMEs

Characteristic	Frequency (n=400)	Percentage (%)
Industry Distribution		
- Manufacturing	120	30%
- Services	180	45%
- Retail	100	25%
Company Size		
- Micro	200	50%
- Small	150	37.5%
- Medium	50	12.5%
Years in Operation		
- 1-5 years	180	45%
- 6-10 years	120	30%
- 11-15 years	60	15%
- 16+ years	40	10%

The inclusion of a diverse range of industries, firm sizes, and operational periods in this study enhances the generalizability of the results. In terms of industry distribution, the services sector accounts for 45% of the sample of MSMEs in Indonesia that were surveyed, with manufacturing companies coming in second at

30% and retail establishments at 25%. When it comes to business size, small businesses account for 37.5% of the total, medium-sized businesses for 12.5%, and microenterprises for 50% of the total. In terms of operational duration, 45% of the sample's MSMEs have been surveyed and have been in operation for one to five years. The remaining 30% of the sample have been in operation for six to ten years, followed by MSMEs that have been in operation for eleven to fifteen years at 15%, and 10% have been in operation for sixteen years or longer. This demographic variety offers a thorough knowledge of Indonesia's MSME environment.

2. Descriptive Statistics of Key Variables

The study evaluated important factors in financial performance, business capital, entrepreneurial orientation, and digital marketing. The descriptive statistics for these variables are shown in Table 2.

Table 2. Descriptive Statistics of Key Variables

Variable	Mean	Std. Dev.	Min	Max
Digital Marketing				
- Online Presence	4.23	0.87	1.00	5.00
- Social Media Engagement	3.98	0.92	1.00	5.00
- Advertising Expenditure	3.75	1.05	1.00	5.00
Entrepreneurial Orientation				
- Innovativeness	4.12	0.88	1.00	5.00
- Risk-taking Propensity	3.94	0.91	1.00	5.00
- Proactiveness	4.05	0.85	1.00	5.00
Business Capital				
- Capital Investment	3.78	0.96	1.00	5.00
- Working Capital	3.92	0.89	1.00	5.00
- Access to Financing	3.65	1.02	1.00	5.00
Financial Performance				
- Profitability	4.20	0.84	1.00	5.00
- Return on Investment	4.15	0.86	1.00	5.00
- Revenue Growth	4.08	0.88	1.00	5.00

The basis for more research is laid by these descriptive statistics, which provide insightful information on the range, central tendency, and variability of the important variables. With a mean score of 4.23 and a standard deviation of 0.87 in digital marketing, surveyed MSMEs in Indonesia show a rather solid online presence, albeit with substantial heterogeneity in online interaction. With a mean score of 3.98 and a standard deviation of 0.92 for social media involvement, it is considered moderate. In contrast, the mean score of 3.75 and a standard deviation of 1.05 for advertising expenditure indicate a moderate allocation of resources, indicating significant variability in spending levels. When it comes to entrepreneurial orientation, MSMEs exhibit a wide range of behaviors, including proactive behavior (mean score: 4.05, standard deviation: 0.85), high levels of innovativeness (mean score: 4.12, standard deviation: 0.88), and a moderate willingness to take risks (mean score: 3.94, standard deviation: 0.91). In terms of business capital, there is a considerable degree of variability in resource allocation and financial accessibility. Specifically, there are moderate challenges in accessing financing (mean score: 3.65, standard deviation: 1.02), along with moderate levels of investment in capital assets (mean score: 3.78, standard deviation: 0.96) and working capital management (mean score: 3.92, standard deviation: 0.89). Last but not least, MSMEs' financial performance demonstrates a range of performance metrics across businesses, with strong profitability (mean score: 4.20, standard deviation: 0.84), high returns on investment

(mean score: 4.15, standard deviation: 0.86), and robust revenue growth (mean score: 4.08, standard deviation: 0.88) among them.

3. Measurement Model Assessment

The measurement model's validity and reliability were thoroughly assessed by the application of Structural Equation Modeling with Partial Least Squares (SEM-PLS). 3. Convergent and discriminant validity were confirmed, and each construct's dependability was evaluated, as the main goals of the investigation.

4. Convergent Validity

Convergent validity was assessed through factor loadings, Average Variance Extracted (AVE), and composite reliability.

Table 3. Convergent Validity Results

Construct	Indicator	Factor Loading	VIF	AVE	Composite Reliability
Digital Marketing	Online Presence	0.836	2.210	0.726	0.914
	Social Media Engage.	0.785	1.560		
	Ad. Expenditure	0.714	1.183		
Entrepreneurial Orient.	Innovativeness	0.897	2.233	0.813	0.927
	Risk-taking Prop.	0.826	1.995		
	Proactiveness	0.864	2.637		
Business Capital	Capital Investment	0.758	1.496	0.656	0.884
	Working Capital	0.802	2.004		
	Access to Financing	0.695	1.1.1		
Financial Performance	Profitability	0.884	2.719	0.785	0.907
	Return on Invest.	0.856	2.163		
	Revenue Growth	0.824	1.990		

Strong connections between the constructs under study are shown by the analysis. Online presence in digital marketing has a factor loading of 0.836, which shows a significant connection with the construct. This is further supported by an AVE value that is higher than the suggested threshold and a VIF value of 2.210, both of which confirm convergent validity and excellent internal consistency. In a similar vein, social media participation shows a strong correlation (factor loading: 0.785), albeit the lack of a VIF value calls for more explanation. Additionally, there is a significant correlation (factor loading: 0.714) between advertising spending and the digital marketing construct. The constructs of Entrepreneurial Orientation show robust correlations; innovativeness (factor loading: 0.897), risk-taking inclination (factor loading: 0.826), and proactiveness (factor loading: 0.864) all show significant relationships, and the VIF values are satisfactory, indicating the constructs' validity and reliability. Supplied by sufficient VIF values, business capital measures, such as working capital (factor loading: 0.802) and capital investment (factor loading: 0.758), show noteworthy correlations. Nevertheless, the evaluation of finance accessibility comes across a misprint in the VIF value. Strong connections with satisfactory VIF values are shown by the Financial Performance constructs of profitability (factor loading: 0.884), return on investment (factor loading: 0.856), and revenue growth (factor loading: 0.824). These results highlight the strength of the used analytical

framework by offering a thorough grasp of the interactions between the variables under study.

5. Discriminant Validity

Discriminant validity was examined by comparing the square root of AVE for each construct with the correlations between that construct and others.

Table 4. Discriminant Validity Results

	Digital Marketing	Entrepreneurial Orientation	Business Capital	Financial Performance
Digital Marketing	0.855			
Entrepreneurial Orient.	0.453	0.906		
Business Capital	0.327	0.293	0.802	
Financial Performance	0.503	0.425	0.394	0.888

The discriminant validity is confirmed as the square root of AVE for each construct exceeds the correlations between that construct and others.

6. Reliability

Reliability was assessed using composite reliability and Cronbach's alpha.

Table 5. Reliability Results

Construct	Composite Reliability	Cronbach's Alpha
Digital Marketing	0.915	0.895
Entrepreneurial Orient.	0.924	0.903
Business Capital	0.886	0.864
Financial Performance	0.906	0.874

The high composite reliability and Cronbach's alpha values indicate excellent internal consistency and reliability for all constructs.

7. Structural Model Analysis

The Structural Equation Modeling with Partial Least Squares (SEM-PLS) 3 analysis aimed to examine the structural relationships among digital marketing, entrepreneurial orientation, business capital, and financial performance in Indonesian Micro, Small, and Medium Enterprises (MSMEs). The path coefficients were estimated to understand the strength and direction of the relationships between the constructs. Table 6 presents the path coefficients along with their t-values and significance levels.

Table 6. Path Coefficients

Path	Coefficient	T-Value	p-Value	Result
Digital Marketing → Financial Performance	0.354	5.233	0.000	Supported
Entrepreneurial Orientation → Financial Performance	0.285	4.105	0.000	Supported
Business Capital → Financial Performance	0.244	3.603	0.001	Supported

The linkages proposed in the conceptual framework are supported by the statistical significance of all path coefficients in the structural model, with a p-value of less than 0.05. The direction and degree of relationships between the predictor variables—digital marketing, entrepreneurial orientation, and company capital—and the outcome variable—financial performance—are explained by these coefficients. A relatively strong positive link between digital marketing and financial performance (T-Value: 5.233, p-Value: 0.000) is indicated by the path coefficient of 0.354 for digital

marketing, confirming its important contribution to the financial success of MSMEs in Indonesia. Likewise, there is a clear indication of the significant influence of entrepreneurial orientation on financial performance (Path Coefficient: 0.285, T-Value: 4.105, p-Value: 0.000). Furthermore, business capital highlights the role it plays in improving the financial outcomes of MSMEs by showing a strong positive link with financial performance (Path Coefficient: 0.244, T-Value: 3.603, p-Value: 0.001). These results provide empirical evidence for the major roles that digital marketing, entrepreneurial orientation, and business capital play in influencing the financial performance of MSMEs in Indonesia. They also validate the predictions that were developed from the conceptual framework.

8. Model Fit Indices

The model fit indices provide an overall assessment of how well the proposed model fits the data. The GFI of 0.92 suggests a good fit, and the RMSEA of 0.07 indicates an acceptable fit, further supporting the adequacy of the structural model.

9. Indirect Effects

Indirect effects were examined to understand the mediating role of each variable in the relationships. Table 7 presents the indirect effects along with their t-values and significance levels.

Table 7. Indirect Effects

Indirect Effect	Coefficient	T-Value	p-Value	Result
Digital Marketing → Financial Performance (via Entrepreneurial Orientation)	0.105	2.606	0.010	Supported
Digital Marketing → Financial Performance (via Business Capital)	0.094	2.304	0.025	Supported
Entrepreneurial Orientation → Financial Performance (via Business Capital)	0.083	2.105	0.040	Supported

Strong evidence for the proposed connections between digital marketing, entrepreneurial orientation, business capital, and financial performance in Indonesian MSMEs is produced by the structural model study. At $p < 0.05$, every indirect effect is statistically significant, highlighting the mediating function of firm capital and entrepreneurial orientation. Furthermore, the financial performance R-square value is 0.62, meaning that the combined effects of these factors account for 62% of the variance in financial success. The conceptual framework is supported by the significant path coefficients and positive model fit indices of these results. Overall, this analysis highlights the significance of digital marketing, entrepreneurial orientation, and business capital in influencing the financial results of MSMEs in Indonesia and advances our understanding of how these factors affect company success.

Discussion

The discussion chapter clarifies and contextualizes the findings of the empirical inquiry, highlighting the study's limitations, consequences, and overall contributions. This section explores the complex interrelationships between digital marketing, financial performance, company capital, and entrepreneurial orientation in Micro, Small, and Medium-Sized Enterprises (MSMEs) in Indonesia.

1. Digital Marketing's Impact

The strong positive path coefficient between digital marketing and financial performance highlights how important social media engagement, online presence, and advertising spending are to MSMEs' ability to succeed financially. The results support the worldwide trend of digital transformation and highlight how important it is for

MSMEs in Indonesia to adopt and maximize digital marketing techniques (Khair & Malhas, 2023; Phiri, 2020; Wahyono et al., 2023).

2. Entrepreneurial Orientation

The significance of encouraging an innovative, risk-taking, and proactive culture inside MSMEs is confirmed by the positive correlation found between financial success and entrepreneurial approach. Companies with an entrepreneurial mindset are more flexible and resilient, setting themselves up for better financial results (Febrian & Maulina, 2018; Supriandi, 2022).

3. Business Capital's Influence

The importance of having sufficient financial resources, making capital investments, and having access to finance for MSMEs is further supported by the positive correlation shown between business capital and financial performance. This research emphasizes how diverse corporate capital is and how crucial it is to maintaining and growing operations (Arini & Iskandar, 2022; Iskandar et al., 2020).

4. Mediating Role of Entrepreneurial Orientation and Business Capital

The study's findings suggest that the linkages between digital marketing and financial performance are mediated by both entrepreneurial orientation and company capital. This implies that digital marketing strategies have an impact on financial success even outside of their direct consequences because of how they ensure enough business capital and encourage an entrepreneurial spirit. The complex interplay between these constructs underscores their holistic nature and illustrates the interdependence of success criteria in the MSME ecosystem.

5. Practical Implications

a. Strategic Business Planning

According to the findings, MSMEs should carefully consider how to include digital marketing strategies in their business goals. Making strategic decisions should include both securing sufficient firm capital and fostering an entrepreneurial culture. MSMEs that make these kinds of investments stand to gain a competitive advantage in the ever-changing business world as well as better financial performance.

b. Policy Recommendations

These findings can be used by policymakers to create tailored policies that assist MSMEs in their efforts to undergo digital transformation. A more conducive atmosphere for the expansion of MSME can be created by initiatives that support digital literacy, boost entrepreneurial education, and make finance more accessible.

6. Limitations and Suggestions for Future Research

a. Cross-Sectional Nature

The study's cross-sectional design restricts the ability to demonstrate causal correlations. Longitudinal designs may be used in future studies to investigate the temporal dynamics of the links between digital marketing, financial performance, business capital, and entrepreneurial orientation.

b. Self-Reported Indicators

Response bias is possible since self-reported metrics are used. In future research, combining self-reported data with objective performance measurements may improve the findings' robustness.

CONCLUSION

To sum up, this study offers a significant understanding of the factors affecting MSMEs' financial success in Indonesia. The empirical results substantiate the critical

functions that digital marketing, an entrepreneurial mindset, and company capital play in determining these companies' financial performance. The study's credibility is reinforced by the robustness of the measurement and structural models, as demonstrated by strong path coefficients, mediation effects, and favorable fit indices. The results highlight the necessity for MSMEs to foster an entrepreneurial culture, gain enough access to capital, and make smart investments in digital marketing. Strategic decision-making and resource allocation are guided by these findings, which have practical relevance for MSME practitioners. Policymakers can also use these findings to develop focused efforts that support the development of an MSME-friendly environment. The study makes scholarly contributions as well by laying the groundwork for additional investigation into the complexities of MSME performance in various business environments.

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