

ABSTRACT

The development of digital technology has opened up great opportunities for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia to develop marketing strategies, but only about 27 million of the 65.5 million MSMEs have operated online, leaving around 38.5 million MSMEs who have not taken advantage of this digital opportunity. The inability to adapt to digital marketing hinders the growth and competitiveness of MSMEs in an increasingly competitive market. Previous research that used technology, organization, and environment (TOE) frameworks but lacked consideration of other relevant theories such as the Technology Acceptance Model (TAM) and Diffusion of Innovation (DOI). Thus, this study aims to further explore the theory of TAM and DOI as well as the TOE approach in Indonesian MSMEs, highlighting the importance of technological, organizational, and environmental factors. These factors, now recognized as the main drivers in the adoption of technological innovation, greatly influence the motivation of MSMEs to compete and innovate in the wider market.

This study aims to identify and analyze various factors that affect MSMEs' decisions in adopting digital marketing. The focus of this study is to answer questions about the impact of factors such as perceived usefulness, perceived ease of use, perceived compatibility, perceived employee capability, top management support, perceived adoption cost, entrepreneurial orientation, competitive intensity, and customer pressure on digital marketing adoption to improve MSMEs performance with social influence variables as moderation. The scope of this research is limited to MSMEs that are actively using digital marketing in various regions in Indonesia.

The theories that are the basis of this study include the Technology Acceptance Model (TAM) and the TOE (Technology-Organization-Environment) theory which are used as a framework to analyze variables related to technology adoption. The research sample included 420 respondents consisting of owners, managers, and teams involved in MSMEs that have implemented digital marketing. This study used Confirmatory Factor Analysis (CFA). The statistical analysis tools used are Structural Equation Modeling (SEM) and Partial Least Squares (PLS) through SmartPLS 4.0 to test the relationship between variables.

The results of the study revealed that perceived compatibility, top management support, competitive intensity and customer pressure had a positive and significant effect on digital marketing adoption. In addition, social influence serves as a moderator that significantly strengthens the relationship between competitive intensity and digital marketing adoption. And digital marketing adoption has a positive and significant effect on MSMEs performance. This study emphasizes the importance of perceived compatibility, top management support, competitive intensity, customer pressure and social influence in the successful adoption of digital marketing which has a positive impact on the performance of MSMEs.

It is recommended for MSMEs to increase their understanding of the benefits of digital marketing, the implementation of better communication strategies with customers, the development of a wider business social network, as well as access to the necessary resources. For the government, it is important to provide training programs, access to affordable digital marketing tools, and improve internet infrastructure. Meanwhile, for academics, it is advisable to conduct further research on the factors influencing the adoption of digital marketing, as well as examine the long-term impact and best practices in different countries. This research aims to provide deeper insights into supporting the growth and sustainability of MSME businesses in the digital era.

Keywords: Technology Acceptance Model (TAM), Technology-Organization-Environment (TOE), Social Influence, Digital Marketing Adoption, MSMEs Performance.