

The Influence of Digital Marketing, Market Sensing Ability, and Entrepreneurial Competence on Increasing The Income of SME in Polewali Mandar Regency, Indonesia

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ABSTRACT

This study aims to analyze the influence of Digital Marketing, the ability to sense the market, and entrepreneurial competence, both individually (partially) and simultaneously, on the income increase in Micro, Small, and Medium Enterprises (SME) in Polewali Mandar Regency. This research uses a survey approach on SME in Polewali Mandar Regency from September to December 2024. The population in this study includes 31 small entrepreneurs in the Polman Regency area. The sampling technique used the Simple Random Sampling method, and the data analysis was carried out using multiple regression analysis. The study results revealed that Digital Marketing, market sensing ability, and entrepreneurial competence, both partially and simultaneously, positively and significantly influence increasing MSME sales in Polewali Mandar Regency. The research subjects include MSME owners who run marketing and sales through digital platforms like marketplaces, social media, and WhatsApp. Each MSME involved shows an increase in online sales turnover, so it can be concluded that MSME owners have good business performance in managing their business operations.

Keywords: Digital Marketing, Market Sensing, Entrepreneurial Competence, Income Increase.

I. Introduction

Economic stability is important to balance economic development, social justice, progress, and ecological sustainability in an inclusive society and economy like Indonesia and other countries. This transformation needs to be politically designed and has strong roots in society. Factors such as industrial policy, the education system, fair taxation, and economic inequality are key elements in this process. Micro, Small, and Medium Enterprises (SME) are the main drivers of the Indonesian economy. Based on data from the Central Statistics Agency (BPS), the number of SME in Indonesia reaches around 64 million units, which covers 99.9% of all businesses in the country. The Covid-19 pandemic has significantly impacted the MSME sector, such as a decrease in demand that caused many businesses to go out of business. The Minister of Cooperatives and SMEs stated that this pandemic has encouraged MSME actors to transform into digital platforms. As many as 24.9% of the total SME, or around 15.9 million units, have been connected to the digital ecosystem. This

number has increased dramatically compared to before the pandemic, when only around 8 million SME were using digital platforms.

Adapting to the "new normal" is an important step in adjusting to carrying out economic activities. If previously economic activities were mainly carried out face-to-face, now lifestyles have changed by adopting the concept of "minimal contact economy" or less contact economy. To realize Digipreneurship, MSME actors need to understand the concept of digital marketing. This is because an effective marketing strategy requires the proper advertising support to build product branding and be better known by the wider community. Digital marketing includes various marketing efforts through internet-connected devices by utilizing digital strategies and media to maintain communication with consumers through online channels. Examples of digital media include websites, blogs, social media (Instagram, WhatsApp, Line), interactive videos (YouTube), podcasts, and digital advertising.

SME can also use e-commerce and marketplaces as a means of promotion to expand their market reach. With digital marketing, buyers can access complete product information and make transactions anytime and anywhere, while sellers can monitor consumer needs without time or geographical limits. The transformation of SME into part of the digital ecosystem is crucial to support sustainable economic development. As consumer behavior shifts towards online shopping, business digitalization must be implemented immediately. This process includes using social media as a marketing tool, implementing a non-cash payment system, and efficiently managing MSME operations (Huda, 2021). These steps will strengthen the competitiveness of SME in an increasingly competitive digital economy. In addition, SME have a significant role in creating new jobs and reducing unemployment in Indonesia. SME also provide relatively easy opportunities to start a business because they do not require special requirements such as an educational background, high skills, or relatively large capital (Dani, 2013). However, creativity and innovation remain the key to the success of SME, especially in the era of globalization and rapid market dynamics.

Amid the challenges of globalization and a free market economy, companies must have a competitive advantage. Yuliana (2009) stated that competitive competition occurs when several companies try to seize a strategic market position. In this context, Entrepreneurial Competence and Market Sensing Ability are crucial to support business competitiveness. Entrepreneurial competence involves hard work, collaboration, innovation, passion for learning, and a desire to grow. Man and Lau (2005) group entrepreneurial competencies into two aspects: (1) elements related to an individual's background, such as traits, personalities, attitudes, and social roles; (2) elements that can be learned through theory and practice, such as skills, experience, and knowledge. Thus, further studies are needed to understand how entrepreneurial competencies can increase competitive advantage in a business.

Based on existing data and phenomena, the author formulates a research problem with the question of whether Digital Marketing, Market Sense Ability, and Entrepreneurial Competence have an influence both individually (partially) and jointly (simultaneously) on increasing income in Micro, Small, and Medium Enterprises in Polewali Mandar Regency. This study aims to analyze the impact of digital marketing, market-sensing ability, and entrepreneurial competence on increasing income in micro, small, and medium enterprises in Polewali Mandar Regency. The benefits of this research are: (1) contributing to academics in the development of Digital Sociology theory, and (2) the results of this research are expected to be considered in policies related to the application of Digital Sociology, improving Market Sensing Ability, and Entrepreneurial Competencies that can support competitive advantage.

II. Literature Review

2.1. Digital Marketing

Digital Marketing can also be called the efforts made in marketing using internet-connected devices with various strategies and digital media, which in turn can communicate with potential consumers through Online communication channels (Chakti, 2019). Consumers will look for information about products and services through the internet, both websites and social media, because it is considered more practical than

coming directly to product/service providers. Consumers will now check products/services on digital platforms before deciding to buy or use the desired service. Here is the importance of digital marketing: companies that have not applied digital marketing will lose to companies that have provided information and catalogs of their companies on the Internet. This online information will make it easier for consumers without having to come to the place of the product/service provider. If consumers are interested, they can transact online or contact the product/service provider directly. Digital Marketing is now part of society. People who previously did not know about digital marketing have now started to be interested in the field. An era where a person will be questioned if he or she does not have a social media account. This is an opportunity that can be used by marketers and companies to penetrate the Digital Marketing market, especially in Indonesia, which has enormous potential.

2.2. Entrepreneurial Competencies

Knight (2000) explained that Entrepreneurial Competency is related to the search for opportunities, the courage to take risks, and the decision to act from the organization's or company's leaders. So that Entrepreneurial Orientation becomes the driving force and determinant of a company's strategy. Zimmerman and Scarborough (2008) state that entrepreneurial success will be achieved if we think and do something new or old in a new way. Market Sensing Ability and proactive entrepreneurial behavior improve marketing performance for companies operating in a dynamic environment (Foltean, 2007).

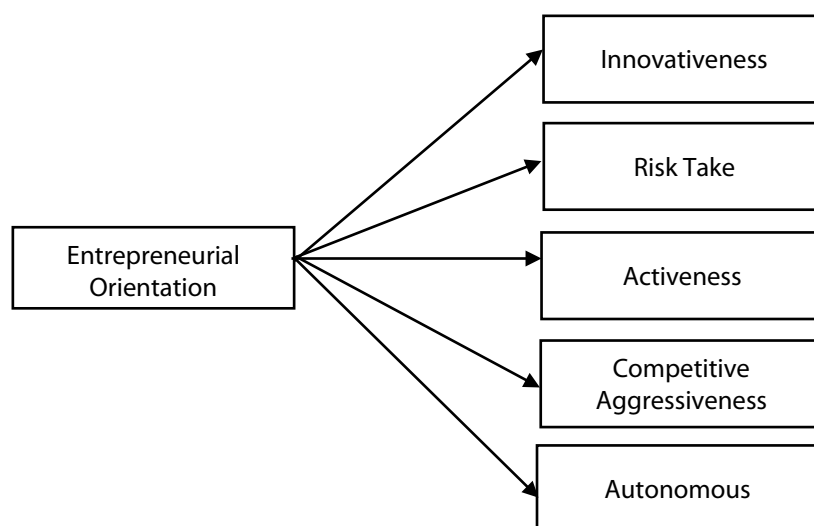


Figure 1. Market Sensing Indicators

Source: Lumkin and Dess (1996) in Cynthia and Tawas (2014)

2.3. Market Sensing Ability

According to Lankinen, M. Rokman, and Pekka (2008), the performance of companies in the market is distinguished by their ability to perceive events and trends in their market faster than their competitors. Companies can anticipate more accurately how to respond to actions designed to retain or attract customers, improve distribution channel relationships, or thwart their competitors (Jaworski, Kohli, and Sahay, 2000). Day (1994) defines this ability as sensing or sensing the market.

Market sensing can be defined as the process of acquiring knowledge about the market, which company owners use to obtain information that helps them make decisions. Market sensing is learning about the current market and the perspective of customers and competitors of the company. Market sensing allows companies to formulate, test, evaluate, update, and improve their market view (Anderson & Narus, 2007).

The literature shows many reasons that put forward market sensing capability related to the company's revenue growth rate and margin. From a revenue growth perspective, a strong market-sensing capability allows companies to identify market segments and what competitors offer in the market that may not yet meet customer desires (Slater & Narver, 2000). In the market segments that have been served or not been reached, it provides a target for companies to increase revenue by attracting new customers. Looking at the aspect of customer intelligence, market sensing should also provide insight for company leaders about the opportunities in the market to expand market share and utilize it to meet customer needs (Morgan, Anderson & Mittal, 2005).

2.4. Online Sales Turnover

Several businesspeople admit that online media can boost sales for their business. If you look at the pages of social networks, you will find many kinds of offers and advertisements that these businessmen raise. The goal is to pursue more profits. Nowadays, online media plays a significant role in a business's marketing process, which can then have an impact on increasing the number of sales, increasing the amount of turnover, and increasing profits. Although using the internet as its primary means, the role of online media is not limited to increasing the revenue or sales of online businesses. Those with an offline business can also take advantage of various social networking sites to support the marketing of their products. Promoting new products, discount programs, and other information from offline business owners is not tricky, so online media users are interested in 'glancing' and buying their products. Create articles, videos, and so on, to be uploaded through his account. This convenience makes the function of online media so closely associated with efforts to increase sales, both online and offline. Business owners need to pay attention to presenting interesting information or posts, for example, by highlighting articles with interesting images or videos containing customer testimonials, or choosing words that 'invite' consumers. In addition, the simplicity of the writing will also affect the response of potential consumers. Posts that use upbeat and light words will be easier for online media users who happen to see the ad to digest. With easy access to the internet, supported by a way of advertising that is not difficult at all, it is not surprising that today, many businesspeople choose online media as the central place to develop their business and increase the sales volume of their products.

2.5. Hypothesis

Based on the formulation of the problem that has been described, the hypotheses in this study are as follows;

1. Digital Marketing, Market Sensing Ability, and Entrepreneurial Competence have a positive and significant effect partially and simultaneously on the Increase in Income in Micro, Small, and Medium Enterprises (SME) in Polewali Mandar Regency.
2. The most dominant Digital Marketing variable affects the Increase in Revenue in Micro, Small, and Medium Enterprises (SME) in Polewali Mandar Regency.

III. Research Method

3.1. Research Approach

This approach uses survey research that takes samples from a single population and uses questionnaires as the primary data collection tool (Singarimbun, 2014). The survey in this study is a design used to investigate the influence of Digital Marketing variables, Market Sense Ability and Entrepreneurial Competence on Income Increase in Micro, Small and Medium Enterprises in Polewali Mandar Regency, so that with this research it will be possible to build a theory that can function, explain, predict and control symptoms.

3.2. Place and Time of Research

The research was carried out in the Polewali Mandar Regency. The research time was carried out from September 2024 to December 2024.

3.3. Population and Sample

The population used in this study is 31 small industrial entrepreneurs within Polman Regency. The Simple Random sampling technique determined the sample, it is said to be simple because the sampling of members from the population was carried out randomly without paying attention to the strata in that population (Sugiyono, 2011), where the population was used as a sample of 31 small industrial entrepreneurs in Polewali Mandar Regency.

3.4. Data Collection Techniques

The techniques used for data collection in this study are as follows:

- a. Interview
Direct interviews with parties directly involved in this study were conducted to obtain information about various matters related to the research.
- b. List of questions (Questionnaire)
The technique used by questionnaires is to collect data by giving and distributing a list of questions to respondents, hoping they can respond to the list of questions. The answer is then scored on a Likert scale.
- c. Documentation studies
Data collection techniques involve reviewing, reading, and studying various kinds of books, journals, and information from the internet related to research.

3.5. Research Instruments

The conclusion of the research in the form of answers to research problems is made based on the results of the data testing process, which includes: selection, data collection, and analysis. Therefore, the conclusions depend on the quality of the data analyzed and the instruments used to collect the research data. Two tools to measure data quality are validity tests and reality tests.

- a. Validity Test
According to Ancok and Singarimbun (2014), validity shows the extent to which a measuring instrument (instrument) measures what it wants to measure. This research questionnaire is formed from four theoretical concepts. The four concepts are SMEs' entrepreneurial competence, market sense, ability, and digital marketing. The instrument used in the research can be said to be valid or authentic if it can measure what is to be measured and can reveal data from the variables being studied regularly. If the significance of the correlation results is less than 5%, then the item is declared valid or *sahih* (Tiro & Sukarna, 2012).
- b. Validity Test
An instrument can be said to be reliable if the measuring instrument leads to consistency, where the level of reliability shows the extent to which the measuring instrument is reliable and consistent, so that the measurement results remain consistent if repeated measurements are made against the same symptoms, with the same measuring instrument. An instrument is reliable if it has a reliability coefficient of 0.60 or more (Tiro & Sukarna, 2012). Nasution (2014:77) explained that a measuring

device is reliable if the device, when measuring a symptom at different times, always shows the same results. So, reliable tools consistently give the exact size results.

c. Homogeneity Test

The homogeneity test is used to determine whether some population variants are the same. This test is a prerequisite for analyzing the independent sample t-test and ANOVA.

The linearity test aims to determine whether two variables have a significant linear relationship.

d. Normality Test

The normality test is used to find out whether the population of the data is normally distributed or not.

3.6. Data Analysis Techniques

Descriptive analysis describes digital marketing, market-sensing ability, entrepreneurial competence, and income increase in micro, small, and medium enterprises. In this analysis, the shape of the table and the mean value are used to clarify the description of the variable. Quantitative data analysis techniques were obtained from questionnaire results using multiple regression analysis. Multiple linear analysis was conducted to see the influence of independent variables (X), shown by SME Entrepreneurship Competence, Market Sensing Ability, and Digital Marketing, on dependent variables (Y), shown by Increase in Income in Micro, Small, and Medium Enterprises. Before conducting multiple regression testing, the regression test requirements must be met. The general form of the model to be used is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Description:

Y = MSME Income

a = constant

X1 = Digital Marketing

X2 = Market Sensing Ability

X3 = Entrepreneurial Competence

b1, b2, b3, = Coefficient of influence

e = Prediction Error

Then, to find out the influence of Digital Marketing (X1), Market Sensing Ability (X2), and Entrepreneurial Competency (X3), on related variables, namely Income Increase in Micro, Small, and Medium Enterprises (Y), partially, a t-test was carried out. Furthermore, to determine the influence of the independent variables, namely: Digital Marketing (X1), Market Sense Ability (X2), and Entrepreneurial Competency (X3), on the related variable, namely Income Increase (Y), together, the F test was carried out.

IV. Results and Discussion

4.1. Overview

Polewali Mandar Regency is one of the districts in West Sulawesi that borders other provinces, namely South Sulawesi. Astronomically, Polewali Mandar Regency is located between 3o4'7.83"-3o3 '3.79" South Latitude and 118o53'57.55-119o 29'33.31 East Longitude. The area of Polewali Regency is around 2,022.30 km² or 11.94 percent of the area of West Sulawesi. This study takes the object of Micro, Small, and Medium Enterprises (SME) located in Polewali Mandar Regency. The respondents used were Micro, Small, and Medium Enterprises (SME) that carried out sales and marketing using the Internet, with as many as 31 respondents. The questionnaire that the respondents have filled out is then processed into research data. The answers from the

respondents have a minimum value of 1 and a maximum value of 5 on each indicator. The first step is to conduct a measurement goodness test, which includes reliability and validity.

4.2. Discussion of Research Results

a. The Influence of Digital Marketing on Increasing MSME Income

Digital Marketing has a significant effect on MSME Sales Turnover. Through hypothesis testing, Digital Marketing has been proven to significantly influence the Increase in MSME Sales Income in Polewali Mandar Regency. Digital marketing has become a strategic approach that Micro, Small, and Medium Enterprises (SME) use to increase revenue. Research in this field shows that digital marketing significantly influences the business performance of SME because of its ability to reach a broader range of consumers more efficiently and cost-effectively than traditional marketing.

b. The Influence of Market Sensing Ability on Increasing MSME Income

Market Sensing Ability has a significant effect on the Turnover of MSME Income. Through hypothesis testing, Market Sensing Ability has been proven to significantly influence the Increase in MSME Sales in Polewali Mandar Regency. The ability to sense the market significantly influences the Sales Turnover of SMEs in Central Traditional Market Traders of Polewali Mandar Regency. This indicates that the ability to sense the market significantly affects the sales turnover of SMEs. The higher the Ability to sense the Market, the higher the Sales Turnover of SMEs, and vice versa. Market sensing can be defined as the process of acquiring knowledge about the market, which company owners use to obtain information that helps them make decisions. Market sensing is learning about the current market and the perspective of customers and company competitors (Anderson & Narus, 2007). Companies need to understand their market and what consumers want, because without understanding the market, it will be tough to run a business efficiently in producing or serving according to consumer needs (Dentoni, English, Schwarz, 2014)

c. The Influence of Entrepreneurial Competence on Increasing MSME Income

Entrepreneurial competence is an important factor that affects the success of business actors in managing their business, especially in the context of SME that utilize digital platforms for online sales. Research in this field reveals that entrepreneurial competencies directly correlate with online sales turnover because they affect business strategy, adaptability to technology, and efficient operational management. Research by Wulandari (2021) on culinary SME shows that business actors with high entrepreneurial competence can increase turnover by up to 45% by adopting social media-based sales strategies such as Instagram and WhatsApp. The survey results by the Ministry of Cooperatives and SMEs (2022) show that 78% of SME with high entrepreneurial competence have managed to increase their average turnover by 30% through online sales compared to SME with low competence. Herlina et al (2020) found that SME in the fashion sector that implemented content marketing strategies based on entrepreneurial competencies experienced an increase in sales of up to 50% during a three-month promotional campaign on the Shopee platform. Entrepreneurial competence significantly influences the online sales turnover of SME because it determines the ability of business actors to utilize digital technology and manage sales strategies. MSME actors with high competence can better face the challenges of the online market, innovate, and create sustainable growth opportunities.

d. The Influence of Digital Marketing, Market Sensing Ability, and Entrepreneurial Competence on Increasing MSME Income in Polewali Mandar Regency

Because the F_{cal} value is 73.221, it means that independent/independent variables (X) which include Digital Marketing, Market Sensing Ability and Entrepreneurial Competence simultaneously affect the Increase in MSME Income in Polewali Mandar Regency can be said to be significant because the test shows that the results of $F_{cal} = 73.221$ are greater than $F_{table} = 2.95$ or it can be said that H_0 is rejected and H_a is accepted.

V. Conclusion

Based on the above research, it can be concluded that:

1. From the measurement results, it can be concluded that Digital Marketing, Market Sensing Ability, and Entrepreneurial Competence of each micro, small, and medium business owner in Polewali Mandar stated that they agree that they do Digital Marketing, understand Market Sensing Ability, and carry out Entrepreneurial Competencies.
2. There is an influence of Digital Marketing, Market Sensing Ability and Entrepreneurial Competence individually on the Increase in MSME Sales in Polewali Mandar Regency, with a tcal value of $10,638 > t \text{ table } 2,048$., with a tcal value of $3,664 > t \text{ table } 2,048$, and with a tcal value of $2,019 > t \text{ table } 2,048$
3. The F test or simultaneous testing results show that the Fcount is 73.221, greater than the F table = 2.95. The results of the analysis showed that the independent/independent variables (X) factors of Digital Marketing, Market Sensing Ability, and Entrepreneurial Competence simultaneously significantly affected the increase in MSME Sales in Polewali Mandar Regency by 78.2%. In comparison, the remaining 21.8% were influenced by other variables not included in this study.
4. The MSME owners who are the object of the research are Micro, Small, and Medium Business Owners who conduct marketing and sales through internet media, using Marketplace, Social Media, and WhatsApp.
5. Every MSME experiences an increase in Revenue through Online, so it can be said that MSME Owners have good business performance in carrying out their business activities.

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