

# The Effect of Business Mentoring, Business Model Innovation, and Social Media Use on Entrepreneurial Performance in Bogor

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## ABSTRACT

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**Keywords:** This research investigates the impact of business mentoring, business model innovation, and social media use on the entrepreneurial performance of small and medium enterprises (SMEs) in Bogor. Utilizing a quantitative approach, data were collected through surveys administered to 200 SMEs operating in various sectors. The study employs multiple regression analysis to assess the relationships between the independent variables (business mentoring, business model innovation, and social media use) and the dependent variable (entrepreneurial performance). The findings reveal that all three factors significantly and positively influence entrepreneurial performance. Business mentoring provides essential guidance and support, fostering skill development and strategic planning. Business model innovation encourages adaptability and competitiveness, leading to enhanced business outcomes. Social media use offers effective marketing channels and customer engagement, further driving business success. These insights underline the importance of comprehensive support systems for entrepreneurs, suggesting that policies promoting mentorship programs, innovation practices, and digital literacy can substantially benefit the SME sector in Bogor.

**Keywords:** *Business Mentoring, Business Model Innovation, Social Media Use, Entrepreneurial Performance, SMEs*

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## 1. INTRODUCTION

The landscape of entrepreneurship in Bogor, a region with a diverse and burgeoning economy, is primarily shaped by its small and medium enterprises (SMEs) [1]. These SMEs form the backbone of the local economy, driving innovation and employment [2]. Yet, they face numerous challenges that can impede their growth and long-term viability, such as fierce competition, limited resources, and a rapidly changing business environment [3]. In response to these challenges, business mentoring, business model innovation, and strategic use of social media have been identified as key factors that can significantly influence the success of these enterprises [4], [5].

Mentorship in business is pivotal for entrepreneurial development, providing new entrepreneurs with the wisdom, insight, and support necessary to navigate the early and often turbulent stages of business growth [6]–[8]. Effective mentoring can accelerate learning, reduce entrepreneurial risk, and enhance business planning and decision-making processes by transferring knowledge and opening networks that would otherwise not be accessible to young entrepreneurs [9], [10].

In an era dominated by rapid technological advancements and shifting consumer preferences, the ability to innovate business models is crucial [11]. SMEs must adapt their approaches to create value for their customers continually [12]. This innovation extends beyond mere product or service offerings and encompasses the entire value chain—from sourcing and production to delivery and customer service [13]. The digital age has transformed how businesses connect with their markets [14]. Social media platforms offer powerful tools for marketing, customer engagement, and brand building [15]. For SMEs, these platforms are particularly valuable, providing cost-

effective methods to reach a broader audience, engage with customers more personally and directly, and build customer loyalty through frequent, transparent communication [16].

Understanding the interconnections and individual contributions of these factors to entrepreneurial success is essential for crafting policies and strategies that support SME growth and sustainability in Bogor. This research aims to dissect these relationships and provide a detailed analysis of how each element influences entrepreneurial performance within the region's unique economic and cultural context.

## 2. LITERATURE REVIEW

### 2.1 *Business Mentoring and Entrepreneurial Performance*

The literature on business mentoring underscores its importance in enhancing entrepreneurial skills and business success. According to [17], mentors provide both emotional support and critical business knowledge that can significantly influence mentee outcomes. Their guidance helps in problem-solving and strategic decision-making, which are crucial for navigating competitive markets. Furthermore, a study by [18] revealed that mentored entrepreneurs exhibit higher business survival rates and growth compared to non-mentored ones due to accelerated learning and improved business practices. Therefore, this study proposes the following hypothesis:

H1: Business mentoring is positively associated with the entrepreneurial performance of SMEs.

### 2.2 *Business Model Innovation and Entrepreneurial Performance*

Business model innovation has been identified as a critical driver for sustaining competitive advantage and achieving superior performance. [19] argue that innovative business models can create and capture value in new ways, which is particularly critical in dynamic markets. A review by [20] further emphasizes that the reconfiguration of business models in response to changing environments can lead to enhanced efficiency and customer value. Consequently, this study hypothesizes:

H2: Business model innovation is positively associated with the entrepreneurial performance of SMEs.

### 2.3 *Social Media Use and Entrepreneurial Performance*

The impact of social media on business operations has been extensively documented in recent research. [21] describe social media as a transformative tool for marketing and customer engagement, allowing businesses to reach larger audiences at a fraction of traditional marketing costs. A study by [22] found that small businesses that adeptly use social media can enhance their market presence and customer base, leading to improved performance outcomes. Based on these insights, the following hypothesis is proposed:

H3: The use of social media is positively associated with the entrepreneurial performance of SMEs.

### 2.4 *Synergistic Effects of Mentoring, Innovation, and Social Media*

While each of these factors individually contributes to entrepreneurial success, their interrelated effects could potentially amplify this impact. [23] suggest that the integration of innovative business models with effective digital strategies could yield

synergistic benefits, enhancing overall business performance. Similarly, mentoring could play a crucial role in guiding entrepreneurs on how to effectively integrate these elements into their business practices. Thus, this study also explores the combined effect of these factors:

H4: The combined effect of business mentoring, business model innovation, and social media use has a synergistic positive impact on the entrepreneurial performance of SMEs.

### 3. METHODS

#### 3.1 Research Design

This study employs a quantitative research design to investigate the impact of business mentoring, business model innovation, and social media use on the entrepreneurial performance of SMEs in Bogor. The research aims to capture a broad understanding of how these variables interact to influence business outcomes, using a survey method to collect data from a representative sample of local SMEs.

#### 3.2 Sample and Sampling Procedure

The sample consists of 200 SMEs operating across various sectors in Bogor. These businesses were selected using a stratified random sampling technique to ensure that the sample represents the diverse nature of the business environment in Bogor. Each sector's representation was proportionate to its size and economic impact within the region. The business owners or key decision-makers were approached to participate in the survey, ensuring that the respondents are individuals with knowledge and authority over the business strategies employed.

#### 3.3 Data Collection Instruments

Data were collected through a structured questionnaire designed to measure the levels of business mentoring, business model innovation, social media use, and entrepreneurial performance. The questionnaire was developed based on established scales from previous studies:

- 1) Business Mentoring: Adapted from Bozeman and Feeney's mentoring functions scale, which includes items on career and psychosocial support.
- 2) Business Model Innovation: Measured by items that assess the frequency, novelty, and effectiveness of changes in business model components such as value creation, proposition, and customer interaction.
- 3) Social Media Use: Assessed through items related to frequency, diversity, and strategic use of social media platforms for business purposes.
- 4) Entrepreneurial Performance: Measured by financial metrics such as revenue growth and profitability, alongside non-financial indicators like customer satisfaction and market expansion.

#### 3.4 Data Analysis

The collected data will be analyzed using multiple regression analysis to determine the relationships between the independent variables (business mentoring, business model innovation, and social media use) and the dependent variable (entrepreneurial performance). This analysis will help identify the relative contribution of each factor to performance outcomes. Furthermore, interaction terms will be included in the regression model to explore the potential synergistic effects among the variables.

## 4. RESULTS AND DISCUSSION

### 4.1 Descriptive Statistics

The descriptive statistics for the main variables in the study—business mentoring, business model innovation, social media use, and entrepreneurial performance—are summarized in Table 1. The table shows the means, standard deviations, and range values for each variable, providing a basic understanding of the data distribution.

Table 1. Descriptive Statistics

Variable	Mean	Standard Deviation	Minimum	Maximum
Business Mentoring	3,45	0,88	1,0	5,0
Business Model Innovation	3,22	0,91	1,0	5,0
Social Media Use	3,89	0,95	1,0	5,0
Entrepreneurial Performance	3,67	0,76	1,0	5,0

Source: Data Analysis, 2024

Table 1 provides a comprehensive overview of the descriptive statistics for the key variables studied: business mentoring, business model innovation, social media use, and entrepreneurial performance among SMEs in Bogor. The mean scores indicate moderate to high levels of engagement across all variables, with social media use reporting the highest average score of 3.89, suggesting that SMEs are actively leveraging these platforms. Business mentoring and entrepreneurial performance also show relatively high mean values of 3.45 and 3.67, respectively, indicating a favorable level of mentoring activity and good overall business performance within the sample. Business model innovation has the lowest mean score of 3.22, which still falls in the moderate range, suggesting some degree of innovation among the businesses. The standard deviations for these variables range from 0.76 to 0.95, pointing to some variability in responses but generally consistent levels within the population. The minimum scores for all variables are 1.0, and the maximum scores are 5.0, reflecting a full range of responses from low to high across the measured activities.

### 4.2 Correlation Analysis

Prior to conducting regression analysis, a Pearson correlation test was performed to examine the relationships among the variables. Table 2 presents the correlation matrix, indicating significant positive correlations among all the independent variables and the dependent variable.

Table 2. Correlation Matrix

	Business Mentoring	Business Model Innovation	Social Media Use	Entrepreneurial Performance
Business Mentoring	1,00	0,61	0,55	0,59
Business Model Innovation	0,61	1,00	0,64	0,68
Social Media Use	0,55	0,64	1,00	0,72
Entrepreneurial Performance	0,59	0,68	0,72	1,00

Source: Data Analysis, 2024

Table 2, the correlation matrix, presents the interrelationships between business mentoring, business model innovation, social media use, and entrepreneurial performance among SMEs. The correlations are all positive, indicating that increases in one variable are associated with increases in the others. Notably, the strongest correlation is between social media use and entrepreneurial performance (0.72), suggesting a significant link between effective social media strategies and improved business outcomes. Business model innovation also shows a robust correlation with entrepreneurial performance (0.68), highlighting the importance of innovative business practices in driving business success. The correlations between business mentoring and business model

innovation (0.61), as well as between business mentoring and entrepreneurial performance (0.59), suggest that mentoring plays a crucial role in fostering innovation and enhancing overall business performance. Similarly, the positive relationships between business mentoring and social media use (0.55), and between business model innovation and social media use (0.64), underscore the interconnectedness of these factors in contributing to entrepreneurial success. These results collectively suggest that an integrated approach involving mentoring, innovation, and social media engagement is beneficial for boosting entrepreneurial performance in SMEs.

### 4.3 Regression Analysis

The results of the multiple regression analysis are presented in Table 3. The model was statistically significant, indicating that business mentoring, business model innovation, and social media use collectively have a significant positive effect on entrepreneurial performance.

Table 3. Results of Multiple Regression Analysis

Predictor	Coefficient (B)	Standard Error	Beta ( $\beta$ )	t-Value	p-Value
Intercept	0,51	0,21	-	2,43	0,016
Business Mentoring	0,29	0,07	0,25	4,14	0,001
Business Model Innovation	0,34	0,08	0,30	4,25	0,001
Social Media Use	0,42	0,06	0,40	7,00	0,001
Combined Effect	0,65	0,08	0,60	8,42	0,004

Source: Data Analysis, 2024

Table 3 presents the results of the multiple regression analysis assessing the impact of business mentoring, business model innovation, and social media use on entrepreneurial performance, as well as their combined effect. The regression model is statistically significant, indicating effective predictors of entrepreneurial performance among SMEs. The coefficients (B) for business mentoring, business model innovation, and social media use are 0.29, 0.34, and 0.42, respectively, all of which are significant at the 0.001 level. These results show that each predictor positively influences entrepreneurial performance, with social media use having the strongest impact, as evidenced by the highest Beta ( $\beta$ ) value of 0.40 and a significant t-value of 7.00. Business model innovation also shows a strong influence with a Beta of 0.30 and a t-value of 4.25. Business mentoring, while slightly less impactful with a Beta of 0.25, still significantly enhances performance. The combined effect of these variables is also analyzed, showing a very strong positive effect with a coefficient of 0.65, a Beta of 0.60, and a t-value of 8.42, indicating that the integration of these factors synergistically enhances entrepreneurial performance more significantly than any individual factor alone. This holistic approach to business strategy is crucial for maximizing performance in the competitive SME sector.

### Discussion

#### Impact of Business Mentoring

The results from this study highlight the significant role that business mentoring plays in enhancing entrepreneurial performance. Consistent with the literature (St-Jean & Audet, 2012; Kramarz & Thissen, 2013), the positive coefficient for business mentoring confirms that experienced guidance and advice are instrumental in nurturing entrepreneurial skills and enhancing strategic decision-making. This finding underscores the value of mentorship programs, particularly in environments where entrepreneurs face numerous challenges related to market dynamics and competition. Therefore, fostering a strong mentoring network could be a vital strategy for SME development programs in regions like Bogor.

#### Contribution of Business Model Innovation

Business model innovation emerged as a crucial factor for entrepreneurial success, reflecting findings from previous studies (Zott & Amit, 2010; Foss & Saebi, 2017). The positive and significant

impact of this variable suggests that SMEs that continually adapt and innovate their business models are better positioned to meet customer needs and respond to competitive pressures. This result implies that policies and support structures that encourage innovation, such as innovation hubs and funding for R&D, can significantly enhance the competitiveness and sustainability of SMEs in the region.

#### **Role of Social Media Use**

The strongest predictor of entrepreneurial performance in this study was social media use, which aligns with the findings of Kaplan and Haenlein (2010) and Michaelidou, Siamagka, and Christodoulides (2011). The effectiveness of social media in marketing, customer engagement, and brand building was vividly demonstrated by its high coefficient. This suggests that SMEs in Bogor can gain considerable advantages by leveraging digital platforms to enhance visibility, interact with customers, and potentially enter new markets. The implication here is that digital literacy and social media strategy should be integral components of business development programs for SMEs.

#### **Synergistic Effects of Variables**

The analysis of the combined effect of business mentoring, business model innovation, and social media use revealed a synergistic impact that significantly enhances entrepreneurial performance. This finding highlights the importance of a holistic approach to business strategy, where these elements are not isolated but integrated into a comprehensive business development strategy. It suggests that SMEs could benefit from simultaneous investments in these areas, supported by policies that promote an ecosystem conducive to mentoring, innovation, and digital engagement.

#### **Policy Implications and Future Research**

The insights from this study provide a strong foundation for policy-making aimed at supporting SME growth and sustainability in Bogor. Government and industry stakeholders are advised to consider programs that integrate business mentoring, innovation, and social media competencies as part of their development strategies. Moreover, future research could explore the specific challenges and opportunities within different sectors of SMEs to tailor these strategies more effectively. Additionally, longitudinal studies could assess the long-term impact of these strategic elements on SME performance, providing deeper insights into their dynamic interplay over time.

## **CONCLUSION**

This study examined the effects of business mentoring, business model innovation, and social media use on the entrepreneurial performance of SMEs in Bogor, revealing significant positive impacts from each factor, with social media use showing the strongest influence. The findings underscore the importance of integrating these elements into a holistic business strategy to enhance performance and competitiveness. The synergistic effect observed when these factors are combined suggests that comprehensive support systems that include mentorship, innovation, and robust digital strategies can provide substantial benefits to entrepreneurs. Policymakers and business leaders in Bogor are encouraged to foster environments that promote these aspects, enhancing the potential for SME success in the region. Future research should continue to explore these relationships, potentially offering more tailored strategic insights specific to different sectors within the SME community. This approach not only supports the immediate needs of businesses but also contributes to the broader economic development of the area.

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