

# Social Media Engagement, Organizational Agility and Digitalization Strategic Plan to Improve SMEs' Performance

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**Abstract**—Sustainability in the post pandemic era is very challenging. Every business entity including small medium enterprises (SMEs) needs a more valuable strategy to adapt to dramatic changes, such as strengthening digitization to improve SME performance. The industrial revolution 4.0 confirms digitalization as a strategic plan for SMEs in realizing a digital-based work culture. Digital skills are one of the skills to maximize the use of information and communication technology (ICT) in business. As an illustration, using social media to build brand reputation, promote and interact with customers. We also believe that digitalization can make SMEs more agile, as they are more adaptive to all changes and pressures from the external environment. This article aims to describe and analyze models for improving the performance of SMEs through agility, social media, and digitalization-based strategic planning. Data were collected from 239 SMEs in creative industry. The data were analyzed using SmartPLS analysis. The results showed that digital skills can increase the use of ICT, social media engagement, and organizational agility in SMEs. This article provides practical insights for SMEs to be more sustainable and competitive in the future.

**Index Terms**—Digital skill, ICT utilization, media engagement, organizational agility, small medium enterprises (SMEs) performance.

## I. INTRODUCTION

DIGITALIZATION during the postpandemic period provides opportunities as well as challenges for business environment [1]. During the postpandemic period, people face physical distancing and lockdown regulation. The regulation disrupts the operational cash flow, limits financial access and physical engagement with customers. Thus, it results a decline in business performance [2]. This phenomenon demands small medium enterprises (SMEs) to change their business strategies

so that they are able to adapt with the dynamic change of postpandemic.

SMEs contribute to increase the people's welfare [3]. Therefore, it requires attention in order to gain SMEs' the competitive advantages and sustainability through strategic managerial capabilities according to postpandemic conditions [4]. Managerial abilities that are strategically able to manage/ drive integration between the roles of digital technology and human resource skills become a work culture in order to be able to adapt to the uncertainties of the business environment to maintain and achieve performance sustainability [5]. One of the ways to improve SMEs' performance is by digital skill building for human resources [6]. Therefore, gigantic strategies are needed to face the industrial revolution 4.0 and postpandemic era. One of the strategies is digitalization [7]. The digitalization dimension for Small business consists of digital strategy and organization, digital process and governance, digital technology, and digital people and skills [8]. There were only few researches related to the impact of strategic plan for SMEs' performance. It has been stated that strategic plan is needed to achieve engagement goals and innovation optimization so that the organizational performance is improved [9]. However, this article only discussed the theoretical strategic planning concept. Thus, empirical studies are still needed, especially on the impact of practical strategic planning for improving organizational performance. Meanwhile, a study on several companies in China show that digital transformation strategy has an effect on improving financial performance [9]. Unfortunately, this article does not indicate the effect of digital strategy in achieving organizational performance of small and medium enterprises. For future research advancement, an empirical study is needed regarding the role of an integrated strategic plan in managing existing digital skills in organizational work culture to achieve SMEs Performance. Furthermore, research on several SMEs in Europe shows that planning and strategy are the determinants in achieving performance improvement [10]. Nevertheless, these studies have not explained on how to build a digital-based work culture to maintain business performance sustainability during the postpandemic period. Organizational learning that is able to manage digital tools in the process of business digitization is proven to be able to achieve organizational performance improvement [11].

Based on the gaps on existing research, the purpose of this study is to describe and analyze a model for improving SMEs'

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performance through agility, social media and strategic planning based on digitalization. Agility is considered as a critical basis for today's modern organizations and it is needed for their survival [12]. Organizational agility is the ability of organizations to react quickly and effectively in changing environments to improve performance [13], [14]. Business environment in digital era is very dynamic, thus being adaptive to changes is crucial. The digital economy changes the way of business [15]. An organization requires skill management strategies to ensure their existence. It helps companies to survive and have a sustainable competitive advantage. The biggest challenge of SMEs during digitalization is digital skill management and appropriate strategies to deal with dynamic changes so that SMEs performance can be improved. The dimensions of digitization based on the small business digital maturity index consist of four dimensions, covering digital strategy and organization, digital processes and governance, digital technology and digital skills and people [8]. Digital strategy and organization consists of; how do companies approach digitization? What is their digitization strategy? Is the organization ready to execute? Digital Process and Governance includes what is the level of automation, standardization, and process transformation? Meanwhile, digital technology leads to: How mature is the company in utilizing the main digital technology to increase its competitiveness? Then digital people and skills consist of strategic capabilities for the organization of existing skills into the right skills and abilities to seek out, and retain the right talent, and whether it is leveraging other sources.

Strategic planning based on digitalization in this study focuses on a strategic plan that strengthens the digital-based work culture. Digital based work culture requires a strategy that is compatible with the workplace. There are some characteristics of strategies that can strengthen the digital-based work culture, such as strategy that foster a culture to support digital technology, treat the leaders, employees or staff like customers, and encourage open innovation [16]. Skills in the field of digital technology are the main determining factors for optimizing the utilization of digital technology. Digital skills in SMEs encourage technology and innovation capabilities to develop new products or services through the use of ICT [6]. Social media usage as an outcome of improving digital skills is useful for fostering customer engagement in organizations, as a marketing and brand reputation booster. SMEs with adequate digital skills provide competence in the use of digital tools for e-commerce, for instance social media usage [17]. Furthermore, SMEs that have digital skills can utilize social networks, blogs and tools for virtual marketing or collaboration. This utilization contributes to achieve organizational agility [18]. Some of the digital skills needed for the sustainability of the small business performance in the postpandemic era, such as skills to handle ICT, skills of web design, digital marketing, creating links, skill of internet usage, management skills to handle social media, etc., [19]. From some of the literature it emphasizes that the ability to organize digitalization processes and digital skills have the potential to make a positive contribution to performance improvement. Furthermore, this article will test a digital strategic planning based work culture model to manage digital skills so

that SMEs performance can be achieved. Moreover, through the right of strategic planning to cultivate the right digital skills into work-culture, it is expected that SMEs will be able to maintain the implementation of digitalization in achieving performance sustainability. Hence, this article aims to examine the role of digital strategic planning for SMEs performance improvement.

## II. LITERATURE REVIEW

Digital skills include a variety of high-level professional abilities that enable an organization to improve ICT utilization. Skills and competencies which are considered as part of the digital skills repertoire have been expanded to include strategic management skills, operational management skills, soft skills, and other skills related to specific technical and practical skills. The participation of SMEs in digital skills training is substantially limited by time, schedule, cost and content. Hence, digital skills are the skills and abilities that enable business to utilize ICT which can ensure more efficient and effective performance as the new ways of business [20].

### A. Digital Skill and Digital Strategic Plan

Digital skills are related to the skills and abilities that enable businesses to utilize ICT. The term "digital skills" describes a variety of high-level professional abilities which are not limited to technical skills. It also includes broader organizational competencies, such as market and domain knowledge, both strategic and operational management skills and "soft" management skills. As the economic drivers, SMEs are encouraged to acquire digital skills in order to enhance entrepreneurship, innovation, and job creation and promote competitiveness in a global context. Digital skills and ICT utilization encourage an individual to improve their personal skills and innovation. Digital skills in SMEs can result innovation to develop new products or services through ICT utilization [7]. Furthermore, improving digital skills in the work environment can also improve the ICT utilization in practical work transformation.

H1: There is a significant relationship between digital skill and ICT utilization.

The creation of digital skills in a work culture will result a strategy to improve the capabilities of all parties involved in SMEs both internally and externally through the use of social media. Social media can be used for marketing purposes, branding and customer engagement. SMEs skills in digital technology utilization, such as digital marketing, involve platforms or content related to social media [21]. However, social media also has the potential to have a negative impact, for example privacy risk, fake information, misinformation can decrease trust, creativity, innovation, and commitment among external and internal customers [22]. This strategy related to digital engagement is able to build social media marketing capability to connect, engage, coordinate and collaborate with both internal and external customers [23]. Hence, in order to get many benefit sides of engage in social media, it needs high digital skill.

H2: There is a significant relationship between digital skill and social media engagement.

Digital skills can be achieved by reconfiguring internal or external resource processes, through available competencies or skills [24]. It will affect the growth of organizational agility. Skills in utilizing digital technology will increase organizational agility. Furthermore, it also captures the new market opportunities, and develops new product or services [25]. Determinant factors of Organizational Agility are knowledge application process [13], intellectual capital, organizational memory; knowledge application [26]. Organizational Memory not only enhances the application of gained knowledge, but also allows the spreading of rumors, gossip, and appropriate of false beliefs (counter knowledge; knowledge application provides bad references which will lead a degradation of organizational agility). Digital technology competencies can result innovation to enhance organizational agility [27].

H3: There is a significant relationship between digital skill and organizational agility.

Performance is identified into two types, namely financial performance and strategic performance. These types of performance can be represented by competitive aspects (performance dimensions); profitability, growth, market value, customer satisfaction, environmental performance, and social performance [28]. The World Bank study of 20.000 businesses in 50 developing countries proves that ICT utilization in a company can accelerate the sales growth, productivity and employee growth. Mathews [29] supported this approach and stated that there is some empirical evidence that small enterprises with ICT can increase profitability and place the companies to a better position. The strategic performance dimension can be considered as having an indirect effect in the relationship of ICT on SMEs performance. Several empirical studies confirm the positive effect of ICT on companies' performance in terms of productivity, profitability, market value, and market share. The findings emphasized that for best performance, it is important to align ICT investments with internal capabilities and organizational processes.

### B. Digital Strategic Plan and SMEs Performance

ICT is an important tool for business process. It helps SMEs to achieve competitive advantage even in dynamic environments. ICT has been widely recognized as an invaluable tool in modern management because of its critical role in facilitating management decisions. One of the research findings indicates that the ability of ICT to provide a competitive advantage for SMEs lies in its use, more than having the tools, applications, or functions [30]. Hence, it can be concluded that ICT utilization is a utility that combines the use of network hardware, software, and media in order to collect, store, process, transmit, and present information [31].

ICT utilization is measured by using several items which include the extent to the use of hardware, software and marketing systems in connecting the overseas customers. It also includes indicators of web 2.0 technology, and network software [31]. Several other research also mapped the indicators of ICT utilization consist of; cost savings, collaborations with new partners,

maintain collaboration within the firms, handle external communication with the firm's stakeholders, establish relationships with other organizations, handle business transactions and strategic planning [32]. In conclusion, the ICT utilization enables cost savings, maintain collaboration with existing business partners, handle external communication with the firm's stakeholders, and handle business transactions. ICT is important tool for business processes which can help SMEs to achieve competitive advantage, even in dynamic environments [33]. ICT can also contribute significantly to SMEs, while effective ICT utilization can have a positive impact on SMEs performance [34].

H4: There is a significant relationship between ICT utilization and SMEs performance.

In the current digital economics, the use of social media gives understanding to the information management in the context of social networks, marketing performance improvement, and effectiveness and efficiency of management decisions [35]. Social media is useful as customer bonding [36]. The use of social media also provides information to few board categories of stakeholders (for example, media, public, donors) which are part of the struggle for companies for dialogic employment of social media [37]. Therefore, in order to succeed the bonding between customers and stakeholders, SMEs must be able to involve themselves and contribute in utilizing social media to access relevant information as much as possible so that they can achieve organizational performance.

The active role of SMEs in engaging with social media has a positive effect on improving their staff agility [24]. The ability to engage with customers through social media fosters trust and loyalty to build corporate agility [38]. This engagement ability also empowers all company members to be more proactive and better performed [39]. Research by Cai *et al.*[40] show that the growth of agility can be achieved through the use of social media, which results in psychological mindfulness, availability, and safety. These help the companies to be more proactive, adaptive and resilient. Furthermore, the results of Butler and Surace [41] indicate that social media systematic utilization is a driver for business agility in form of learning skills. It contributes to recognize market potential, customers and competitors also collaborate with competitors and customers in co-creation in order to build value added. However, we also have to pay attention to the dark side of the impact of social media on SMEs, such as fake online reviews, the many requests on social media to salespeople, the dissemination of misinformation, negative e-WOM, privacy issues, trust, not everyone can get the same information, even if someone delivers the same message to them [42]. Privacy risks, privacy controls, and collaborative norms significantly impact consumer trust; peer consumer interactions and collaborative norms are positively related to relationship commitment; relationship commitment and trust positively affect the co-creation of consumer values and values in the context of social commerce [22]. Through social media engagement, SMEs can facilitate two-way communication while employees engage in exchange of ideas.

H5: There is a significant relationship between social media engagement and SMEs performance.



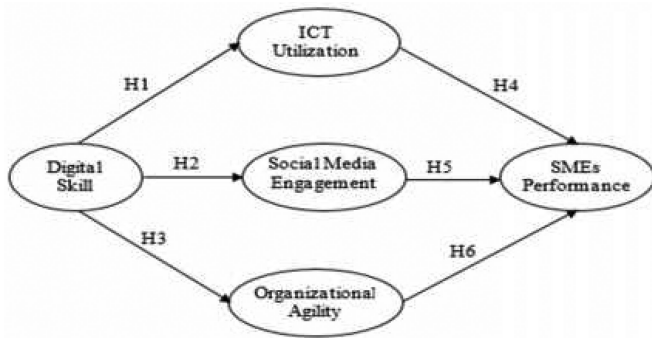


Fig. 1. The empirical model in this research can be seen in Fig. 1.

Organizational agility is the ability to respond to changes in their environment quickly and successfully [14]. Agility can be seen from various perspectives. In particular, strategic agility refers to the capacity to discover and seize new opportunities, portfolio agility refers to the capacity to transfer resources quickly and effectively between business areas, and operational agility refers to the capacity to exploit opportunities in existing business models [43]. Irrelevant information causes the application of knowledge to provide poor references, which is bad for organizational agility [26].

Research on several companies in Jordan, found that there is a relationship between organizational agility and organizational performance achievement [44]. The higher the agility level of the company, it will increase flexibility, make them to be more proactive and improve the performance of HR, IT, and innovation capabilities. Active organizational agility development to adapt to uncertainty and changes in the business environment, is useful for improving organizational performance [13].

H6: There is a significant relationship between organizational agility and SMEs performance.

### III. RESEARCH METHOD

#### A. Data Collection, Population and Sample

The samples used in this article were SMEs in Indonesia with high usage of digital technology such as using social media for promoting and building partnership with supplier, clients and customer. The high usage of digital technology in this article means the SMEs use at least mobile phones for running their business. This is because; mobile phone is a simple digital technology that supports the use of internet and social media (i.e., Facebook, Whatsapp, Instagram, etc.). These social media open access to information about various digital skills. The data collection were composing company data and collecting interest information (e.g., type of industry, number of employees and annual sales) into an ad hoc database specifically for this article (see Table I).

Data was obtained from distributing questionnaires to owner/leader/manager of 250 SMEs in creative industry, because they have a strategic position in decision making related to how to manage digital skill strategically. The questionnaire was submitted by research assistant who had been trained in

TABLE I  
DEMOGRAPHIC RESPONDENTS

Detail	Total	%
<b>Total Sample (239)</b>		
<b>Business Field</b>		
Food & Beverages	74	30.96
Craft	48	20.08
Fashion	69	28.87
Retailer	25	10.46
Service	23	9.62
<b>Total</b>	<b>239</b>	<b>100</b>
<b>Number of Employees</b>		
5 – 10	129	53.97
≥ 10 – 49	75	31.38
50 – 300	35	14.64
<b>Total</b>	<b>239</b>	<b>100</b>
<b>Annual Sales</b>		
≤ USD 100.000	135	56.49
USD 100.000 - USD 3.000.000	69	28.87
USD 3.000.000 - < USD 15.000.000	35	14.64
<b>Total</b>	<b>239</b>	<b>100</b>

advance. In order to meet the face validity for digital strategic plan, before doing survey, the items developed were validated through focus group discussion by experts. All surveys were translated from English to Indonesian and then retranslated into English by independent bilingual individuals to ensure equality of meaning [45].

Prior to conducting the survey, five SME owners conducted personal interviews and the questionnaire had to be validated by a number of academics. Interviews aim to improve the quality of items and correct word choice problems. Finally, after three months we obtained 239 out of 250 data which represented 95.60% response rate. The majority of respondents are middle level owners and managers.

Systematic measurement error and bias in estimation of the true relationship among theoretical constructs can be caused by the self-report questionnaire data with a cross-sectional research design, and common method variance from measurement method rather than the constructs of interest [46]. This problem is tested by Harman in one-factor test (through exploratory factor analysis) [47]. This test provides substantial amount of common method variance, such as a single factor from the factor analysis or the majority of the covariance among the variables of one general factor [48]. The existence of six distinctive factors with Eigen values greater than 1.0 is shown by the factor analysis (principal component analysis with varimax rotation) on the questionnaire items. These factors are 77.2% of the total variance. Moreover, the largest factor is 29.8% of the total variance. Common method variance does not merge the interpretation of the results in this article. It is because there are more than one factor and specific factor for the total majority variance.

In this article the data were collected by distributing questionnaire arranged in stages based on five points Likert Scale from strongly disagree to strongly agree.

TABLE II  
DESCRIPTIVE STATISTICS

Variables	Mean	SD	DS	ICTU	SME	OA	SMEsP
DS	3.835	0.926	1				
ICTU	3.935	0.926	0.854	1			
SME	3.965	0.911	0.846	0.933	1		
OA	3.992	0.892	0.783	0.783	0.644	1	
SMEsP	3.956	0.857	0.850	0.821	0.709	0.771	1

Source: SmartPLS output

### B. Measurement

Digital skills are defined as skills and abilities that enable business to exploit opportunities provided by ICT which can ensure more efficient and effective performance, to explore new ways of business [20]. ICT utilization refers to the utilization that combines the use of network hardware, software, and media to gather, store, process, transmit, and present information [31].

Social media engagement is defined as the level of user involvement regarding the content presented by the platform in order to achieve competitive advantage. It is measured by two items which are engage to explore information, entertainment, socialization and incentive internally; engage to exploit information, entertainment, socialization and incentive externally.

Organizational agility is an organization's ability to handle changes through rapid response and decision making. There are 3 items for organizational agility measurement adopted by [49].

SMEs performance is the performance of SMEs and their relationship with the work environment with three measurements adopted from [50].

Variable details, indicator item statement for each variable and measurement scale are presented in the Appendix.

## IV. RESULT

### A. Demographic Respondents

Demographic data of respondents is given in Table I.

### B. Descriptive Statistics

The mean score lower than two is rated as low, two to four rated as moderate, and higher than four is rated as high perception of understanding in each variable [51]. The descriptive statistical values of this article is given in Table II.

The results indicate that majority of respondents have moderate level of understanding regarding the importance of digital skill to achieve SMEs' performance in their business. Likewise, the majority of respondents have a moderate level of understanding on ICT utilization to achieve SMEs' performance. Similarly, the social media engagement score shows that the majority of respondents have moderate level of understanding on social media engagement and organizational agility to achieve SMEs' performance. Moreover, it can be presumed that the majority of respondents have a moderate level of understanding on SMEs' performance in their organization. In other words, it needs SMEs strategic plan (ICT utilization, social media

TABLE III  
MEASUREMENT MODEL EVALUATION

Latent variable	Items	Convergent Validity		Internal Consistency Reliability		Discriminant Validity	VIF
		Loadings	AVE	Composite Reliability	Cronbach Alpha		
Digital Skill	DS1	0.781					1.623
	DS2	0.824	0.653	0.883	0.823	Yes	1.763
	DS3	0.835					1.873
	DS4	0.793					1.677
ICT Utilization	ICTU1	0.738	0.625	0.869	0.799	Yes	1.748
	ICTU2	0.846					1.988
	ICTU3	0.775					1.510
	ICTU4	0.755					1.554
Social Media Engagement	SME1	0.812	0.726	0.841	0.628	Yes	1.265
	SME2	0.891					1.265
Organizational Agility	OA1	0.812					1.371
	OA2	0.783	0.635	0.839	0.713	Yes	1.423
	OA3	0.795					1.392
	SMEP1	0.786					1.502
SMEs Performance	SMEP2	0.785	0.570	0.841	0.748	Yes	1.534
	SMEP3	0.79					1.366
	SMEP4	0.723					1.403

Source: SmartPLS output

engagement, and organizational agility) to strengthen the SMEs' performance.

### C. Statistical Analysis and Hypothesis Testing

The study used partial least squares (PLS) to analyze the research model. The software used in this article to help the analysis is SmartPLS [52]. A variance-based on PLS approach is preferable to covariance-based methods, since PLS imposes less restrictions on sample size and distribution. Although the measurement prediction and structural parameters happen simultaneously, the PLS model application typically occurs in two stages. The first step is to assess the measurement model using confirmatory factor analysis. It also estimates the reliability and validity of the theoretical constructs. Then, the second step is to estimate the structural model tests of the (path) associations among the hypotheses in this research model.

Common method variance bias is a crucial problem in research using questionnaire [53]. The data collection from single source or self-response tends to result in a degree of covariance among the questionnaire items [48]. In order to test the presence or absence of CMB between variables, it is determined by most reliable approach, namely full collinearity evaluation using SmartPLS [54]. If the VIF value of all indicators or variance is lower than 3.3 (see Table III), it means there is no CMB problem in the model.

### D. Measurement Model

The initial stage before test measurement model test is to estimate the model. Evaluation of measurement model is used to test internal consistency (Cronbach alpha and composite reliability); convergent validity (indicator reliability and AVE) and discriminant validity (Fornell-Larcker, Cross Loading, and HTMT). The value of AVE for all variables is higher than 0.5 (see Table III). The Cronbach alpha value which are from 0.40 to 0.60 more than 0.60 to 0.80; and more than 0.80 to 1.00

TABLE IV  
FORNELL–LARCKER CRITERION

	Digital Skill	ICT Utility	Organizational Agility	SMEs Performance	Social Media Engagement
Digital Skill	0.808				
ICT Utilization	0.553	0.790			
Organizational Agility	0.418	0.542	0.797		
SMEs' Performance	0.602	0.607	0.587	0.755	
Social Media Engagement	0.530	0.517	0.513	0.571	0.852

Source: SmartPLS output

TABLE V  
COEFFICIENT OF DETERMINATION

Variables	R Square	R Square Adjusted
ICT Utilization	0.306	0.303
Organizational Agility	0.175	0.171
SMEs Performance	0.508	0.501
Social Media Engagement	0.281	0.277

Source: SmartPLS output

have reliability level of quite reliable, reliable, and very reliable [55]. If the measurement model result shows the AVE less than 0.5 and the composite reliability is higher than 0.6, then the convergent of the construction is sufficient [56]. On the other hand, to test the discriminant validity, Fornell–Larcker used a matrix and HTMT (heterotrait-monotrait ratio of correlations) as suggested by [57]. In Fornell–Larcker matrix (see Table IV), the value of the square root of AVE (diagonal) is greater than all the values, and the value of HTMT (see Table III) is less than 1. Hence, it can be concluded that the discriminant validity of the measurement models was confirmed. The evaluation result of PLS models Algorithm run 1 indicates that the outer loading are more than 0.70. It means all indicators of all variable are valid, thus there is no indicators that need to be eliminated. The test results of the measurement model of Table III show that the model is valid and reliable.

Table IV gives, discriminated validity holds for the model, as the square root of the AVE for each construct is higher than the correlations among the variable construct.

### E. Structural Model

The coefficient of determination (see Table V) is used to measure the ability of exogenous constructs (digital skill) in explaining endogenous variables (ICT utilization, social media engagement, organizational agility and SMEs' performance). The expected  $R^2$  value criteria are between 0 and 1. The result of  $R^2$  value of all endogenous variables shows ability in predicting the model. The value of  $R^2$  0.75, 0.50, and 0.25. Henseler *et al.* [58] show that the ability of endogenous variables in predicting models is (strong, moderate, or weak).

The endogenous variables which are ICT utilization, social media engagement, and organizational agility have weak ability, whereas SMEs' performance have moderate ability (0.306, 0.281, and 0.175) in predicting the model. It can be presumed that exogenous variables (digital skill), have ability to predict with the rate of (30.6%, 28.1%, and 17.5%) on ICT utilization, social media engagement and organizational agility. Meanwhile the rest is influenced by other variables outside of this article. Furthermore, digital skill and digital strategic plan (ICT Utilization, social media engagement and organizational agility, have ability to predict 50.8% (moderate) on SMEs' Performance, and the rest is influenced by other variables outside of this article.

Although the coefficient determination values were weak and moderate, the results of hypothesis test showed that all hypotheses were supported (see Table VI). The path coefficient shows a significant relationship between digital skill and ICT utilization, social media engagement and organizational agility. Thus H1, H2, and H3 were supported. If SMEs have a high level of digital skills, it will give the higher level of digital plan in form of ICT utilization, social media engagement and organizational agility. The other result indicates ICT utilization has a strong, positive and significant effect on SMEs' performance. Therefore, H4 also admits empirical support from the data. Finally, the results of H5 and H6 established a moderate, positive and significant effect of social media engagement and organizational agility on SMEs' performance.

## V. DISCUSSION

### A. Digital Skill and Digital Strategic Plan

The research results prove that there is a positive and significant relationship between digital skills and digital strategic planning. Digital skills have a strong, positive, and significant impact on digital strategic plans. Digital skills affect the use of ICT, social media engagement, and organizational. This means that the implementation of a digital strategic plan can be built by increasing the level of digital skills of all UKM members, including the need for technology systems/tools/applications. Digital skills must also be well managed; various information must be filtered properly according to the needs of the organization so that it becomes useful knowledge for the organization.

The improvement in digital skills by all SMEs member contributes to the ability to take advantage of ICT, specifically use of social media for achieving marketing targets and organizational agility. SMEs that can improve the digital skills of their members (staff, manager, leader, and owner), give an increased in the experience related to ICT utilization. Moreover, it also fosters the commitment to increase the use of the ICT for continuous improvement. It will further provide personal skills

The SMEs digital strategic plan in form of social media engagement can be built through the presence of digital skills. If all members of SMEs have digital skills, there will grow the awareness to take advantage of social media as a digital technology capability outcome. One of the advantages is to engage with all parties involved in its business. Social media engagement, as one of the dimensions generated by digital skills, is proven to be able to result strategic engagement capabilities.

TABLE VI  
PATH COEFFICIENT

Hypotheses	$\beta$	SD	t-value	$\rho$ -value	LLCI	ULCI	Test Result
H1: Digital Skill $\rightarrow$ ICT Utilization	0.543	0.043	12.818	0.000	0.430	0.657	Supported
H2: Digital Skill $\rightarrow$ Organizational Agility	0.418	0.060	6.951	0.000	0.458	0.641	Supported
H3: Digital Skill $\rightarrow$ Social Media Engagement	0.530	0.042	12.539	0.000	0.360	0.597	Supported
H4: ICT Utilization $\rightarrow$ SMEs' Performance	0.321	0.080	4.009	0.000	0.178	0.484	Supported
H5: Organizational Agility $\rightarrow$ SMEs' Performance	0.279	0.072	3.852	0.000	0.128	0.407	Supported
H6: Social Media Engagement $\rightarrow$ SMEs' Performance	0.262	0.066	3.963	0.000	0.137	0.395	Supported
SRMR = 0.07							

Source: SmartPLS output

The digital skills strategically drive their awareness to engage in learning and development through social media marketing. Furthermore, social media engagement has a positive impact on social media marketing capability which causes continuous improvement of engagement to innovate, connect, coordinate and collaborate with both internal and external customer [23].

The research indicates that talent based human resource management skills have a positive effect on cognitive engagement has been carried out [59], [60]. If SMEs have high digital skills, they will be more able to carry out the digital strategic plan by increasing social media engagement. It is similar with a research that considers digital skills have an influence on the engagement of organizational members in order to explore information, entertainment, socialization and incentive internally; engage to exploit information, entertainment, socialization and incentive externally [21].

The skill of using digital technology strengthens the level of agility in terms of learning and technology integration, agility in the product or services planning, and empowering decision making. The improved capability of digital technology is also proven to have an influence on the organizational competence of SMEs. SMEs with high digital skills will be agile to adapt to the dynamics of the business environment [24]. This research supports other research that states, the capability of using digital technology, such as social network, blogs, and tools for virtual marketing or collaboration can increase organizational agility [18].

### B. Digital Strategic Plan and SMEs' Performance

The implementation of digital-based strategic plan gives positive relationship to increase a moderate level of influence. Additionally, this research demonstrates that the digital strategic plan has relationship with the improved SMEs' performance.

The SMEs strategic plan in terms of ICT utilization helps to reduce production cost, encourages collaboration with partners, improves communication with several interested parties, and facilitates business transactions. ICT Utilization has been proven to be able to generate competitive advantage in form of productivity growth, quality, quantity, and profitability of SMEs. This finding is supported by the research which states that ICT capability contributes to enhance SMEs' performance [31].

Furthermore, digital strategic also influences the work culture of all parties involved with SMEs both internal and external customers. This strategy encourages internal and external customer engagement by using social media to maximize customer bonding, for instance, managing customer satisfaction, maintaining positive emotion, and mutual trust between companies-customers [36]. Thus SMEs must be able to involve themselves and contribute in utilizing social media to foster their performance.

Furthermore, organizational agility is considered as the work culture in strategic plan. The more SMEs can implement organizational agility, the more agile SMEs in managing internal and external resources. In terms of digital technology utilization, in order to support the agility and flexibility of business activity processes it can achieved through the agility of partnership with stakeholder interactions. Organizational agility is a key factor in achieving the performance of business organizations, including SMEs. The higher the level of company agility determines the ability to integrate all external and internal resources (financial, human resources, technology etc.). SMEs that have organizational agility are able to manage these resources to be more agile so that they can handle unpredictable change. This is realized by the integration of technology for the learning process, faster decision-making responses, and successful product or services planning. This is in accordance with the research result that explains; organizational agility affects marketing performance and competitive performance [61].

Therefore, SMEs need to build strong digital skills to foster digital strategic implementation in order to stay relevant in the emerging digital economy and maintain sustainability during postpandemic.

## VI. CONCLUSION AND IMPLICATION

Research which examine the best way to plan and implement digital strategic plan in order to increase SMEs' performance is growing. This is due to the theoretical importance and practical relevance for SMEs. Among these factors, digital strategic plan and digital skills define as a way to establish a clear direction for SMEs in achieving performance and maintaining the sustainability through strengthening digital strategic plan [62]. This article shows that in digital and postpandemic era, digital



skills must also be possessed by all SMEs members, from staff to leaders, managers or owners. This is in attempt to strengthen the digital strategic plan consisting of ICT utilization, social media engagement and organizational agility. Moreover, it is also an effort to minimize the negative impact of being engaged with Social Media.

Furthermore, this article demonstrates the role of digital strategic plan to improve SMEs' performance. The digital strategic plan which consists of three dimensions, namely ICT utilization, social media engagement and organizational agility, is proven to be able to improve SMEs' performance. The implementation of the digital strategic plan into ICT utilization will help companies to reduce production cost, increase collaboration skills, improve communication with external stakeholders, and handle business transactions. Meanwhile, the implementation of the digital strategic plan in the field of social media engagement helps SMEs to engage in information exploration, entertainment, socialization and incentives both internally and externally. Further research requires a research focus on how the role of digital tools or applications can build virtual communities in order to manage information and knowledge (searching, capturing, storing, and filtering information). Organizations must also be able to filter verified information into information that can foster a conducive environment for all SME stakeholders to be involved in SMEs in order to foster SMEs performance. In addition, organizational agility as part of the strategic plan is also able to contribute to empowering decision making, integrating technology and the availability of learning, and making product planning successful.

The theoretical implication of this article supports the digital transformation theory, as observed in the previous study by [9]. The results of this article indicated that digital transformation strategy has an effect on optimizing innovation to improve organizational performance. A digital-based work culture provides the ability to increase ICT utilization, social media engagement, and organizational agility. Digital strategy is determined by improving the digital skills of organizational members. Additionally, the digital strategic plan can also play a role in determining the success of a performance.

The result of this article contributes to managerial implication for SMEs' performance. SMEs owners, leaders, staff and all involved stakeholders must strive to improve digital skills. This aims to support work culture in ICT utilization, social media engagement and organizational agility. The findings highlight the descriptive statistics, which the level of understanding in the importance of digital skills to build a digital strategic plan is moderate. This finding has managerial implication that SMEs need support to be able to improve understanding regarding the practical benefits of digital skills that has a goal to build a digital strategic plan. SMEs need socialization, training and mentoring in a strategic digital community to gain theoretical understanding and practical digital skills. The study on digital community provides a conducive work culture to implement a digital strategic plan into ICT Utilization, Social Media Engagement, and Organizational Agility practices so that SMEs can maintain sustainability through improved performance [63].

## VII. LIMITATION AND FUTURE RESEARCH

However, this article has several aspects of limitation. First, the research design of this article is cross-sectional, and the research design is inapplicable for ensuring that the causal relationships set out in the hypothesis; even the results are consistent with theoretical reasoning. Thus, further research could solve this issue by using a longitudinal design. Second, this article analyzed the model to strengthen digital strategic plan through digital skill; SMEs' performance improvement through digital strategic plan; and digital strategic plan which can influence SMEs performance.

The other weakness in this article is that this article only involved SMEs owner, leader or manager, thus it will be captivating if the future research involves employees or staffs of SMEs as respondents. Future research is also suggested to expand this research effort related to social media engagement which includes the intersection of verified and unverified information that affects SMEs' performance levels.

### APPENDIX QUESTIONNAIRE ITEMS

#### *Digital Skill*

- DS 1: We have strategic management skills related to ICT.
- DS 2: We have identifiable operational management skills.
- DS 3: We have identified soft skills.
- DS 4: We have identified business-related skills.

#### *ICT Utilization*

- ICTU 1: We use ICT to promote our products and attract customers.
- ICTU 2: We use ICT for cost savings.
- ICTU 3: We use ICT to maintain collaboration with corporate stakeholders.
- ICTU 4: We use ICT to handle business transactions.

#### *Social Media Engagement*

- SME 1: We have engagement to explore information, entertainment, outreach and incentives internally.
- SME 2: We have engagements to externally exploit information, entertainment, outreach and incentives.

#### *Organizational Agility*

- OA 1: We have the ability to empower resources in decision making.
- OA 2: We have the ability to integrate technology and the availability of learning.
- OA 3: We have the ability to precisely plan product succession.

#### *SMEs' Performance*

- P 1: We are able to achieve good productivity.
- P 2: We have good performance quality.
- P 3: We have achieved good performance quantity.
- P 4: We are able to achieve maximum profit.



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