

THE EFFECT OF ONLINE PRESENCE AND SERVICE QUALITY ON BUSINESS PERFORMANCE OF TOURISM MSMEs

Suhartono Chandra^{1*}, Haris Maupa², Sarwo Edy Handoyo³

¹Faculty of Economics and Business, Universitas Tarumanagara, Jakarta, Indonesia

Email: suhartonochandra@fe.untar.ac.id

² Faculty of Economics and Business, Universitas Hasanuddin, Makassar, Indonesia

Email: harismaupa@gmail.com

³ Faculty of Economics and Business, Universitas Tarumanagara, Jakarta, Indonesia

Email: sarwoh@fe.untar.ac.id

*Corresponding Author

Masuk : 19-12-2023, revisi: 29-12-2023, diterima untuk diterbitkan : 11-03-2024

ABSTRAK

Usaha mikro, kecil, dan menengah (UMKM) memainkan peran penting dan substansial dalam lanskap perekonomian suatu negara. Dalam konteks Indonesia, UMKM menyumbang 60,5 persen terhadap produk domestik bruto (PDB) nasional. Para peneliti telah melakukan banyak sekali kajian terhadap UMKM, khususnya dengan fokus pada kinerja bisnis UMKM. Namun demikian, masih sedikit penelitian mengenai kinerja bisnis UMKM yang berada di kawasan pariwisata yang memiliki posisi unik di sektor pariwisata. Daya tarik suatu destinasi pariwisata memerlukan kehadiran UMKM untuk mendukung terciptanya pengalaman berkesan bagi wisatawan melalui fasilitas, akses, dan atraksi. Di sisi lain, pasar UMKM mengandalkan strategi pemasaran destinasi yang berpotensi meningkatkan kunjungan wisatawan. Tujuan utama dari penelitian ini adalah untuk mengatasi kesenjangan penelitian dengan melakukan analisis model yang mengeksplorasi pengaruh *online presence* dan kualitas layanan terhadap kinerja bisnis UMKM di kawasan pariwisata. Kami mengumpulkan data primer dengan menyebarkan kuesioner melalui platform *google forms*. Kami menggunakan *stratified random sampling* sebagai teknik pengambilan sampel dalam penelitian ini. Data yang dikumpulkan dari sampel 192 pemilik UMKM di Pulau Lombok menggunakan model persamaan struktural. Analisis ini kami lakukan dengan menggunakan *SmartPLS 3*. Hasil penelitian menunjukkan bahwa *online presence* dan kualitas layanan berpengaruh positif dan signifikan terhadap kinerja bisnis UMKM pariwisata di Pulau Lombok.

Kata Kunci: *Tourism, MSMEs, online presence, service quality, business performance*

ABSTRACT

Micro, small, and medium enterprises (MSMEs) play a significant and substantial part in the economic landscape of nations. In the context of Indonesia, MSMEs contributed 60.5 percent of the nation's gross domestic product (GDP). Researchers have conducted extensive studies on MSMEs, specifically focusing on MSMEs' business performance. Nevertheless, there is a paucity of studies regarding the business performance of MSMEs situated in tourism regions, which have a unique position in the tourism sector. The attractiveness of a tourism destination requires the presence of MSMEs to support the creation of memorable experiences for tourists through amenities, access, and attractions. On the other hand, the MSMEs' market relies on destination marketing strategies, which have the potential to enhance tourist arrivals. The primary aim of this study is to address a research gap by conducting an analysis of a model that explores the impact of online presence and service quality on the business performance of MSMEs in the tourism region. We collected primary data by administering a questionnaire through the Google Forms platform. We utilized stratified random sampling as the sample technique in this investigation. We analyzed the data collected from a sample of 192 owners of MSMEs on Lombok Island using structural equation modeling. We conducted this analysis using SmartPLS 3 software. The study's results suggest that online presence and service quality have a positive and significant effect on the business performance of tourism MSMEs on Lombok Island.

Keywords: *Tourism, MSMEs, online presence, service quality, business performance.*

1. INTRODUCTION

Background

The study of business performance, particularly in the context of micro, small, and medium enterprises (MSMEs), has garnered significant interest. It is reasonable to expect this, as MSMEs

have a significant and influential impact on a nation's economic structure (Gill *et al.*, 2012; Islam *et al.*, 2020; Litheko, 2021; Joensuu-Salo *et al.*, 2023; D.P. Tran *et al.*, 2023). The Ministry of Cooperatives and SMEs disclosed that Indonesian MSMEs accounted for 60.5 percent of the country's gross domestic product (GDP). Microenterprises accounted for 99.6 percent of the total 64,199,606 MSMEs (Figure 1). Enhancing the performance of MSMEs, particularly microbusinesses, will result in a more substantial economic impact. The authors of this article employ MSMEs criteria derived from the most recent regulations, specifically Indonesian Government Regulation No. 7 of 2021, which pertains to the facilitation, protection, and empowerment of cooperatives and micro, small, and medium enterprises (PP UMKM). This regulation was promulgated by the government alongside 48 other implementing regulations under Law No. 11 of 2020, commonly known as the Job Creation Law, on February 16, 2021. The regulation determines the MSMEs eligibility requirements based on the business's yearly revenue and capital, excluding any land or structures associated with the business's physical location.



Figure 1. Overview of Indonesian MSMEs

Source: Website of the Ministry of Cooperatives and SMEs

Extensive study has been conducted on the determinants of MSMEs business performance, as evidenced by the studies conducted by Yacob *et al.* (2021), Setyaningrum *et al.* (2021), Ulum *et al.* (2023), Rahadjeng *et al.* (2023), Supriyati *et al.* (2023), Le (2023), and Al-Hanakta *et al.* (2023). Nevertheless, there is a dearth of research about the business performance of MSMEs in tourism locations, which hold a distinctive position within the tourism sector. The allure of a tourism destination hinges on the presence of MSMEs that contribute to the development of unforgettable experiences for travelers by enhancing accessibility, providing necessary amenities, and offering appealing attractions. The responsibility for ensuring the availability of crucial infrastructure lies with both national and regional administrations. Nevertheless, MSMEs in the tourism industry offer convenient access to tourist destinations, ranging from the provision of rental services for land transportation to reaching regions that are not reachable by vehicles. To cater to travelers interested in seeing the picturesque Bromo area, there are abundant jeeps with drivers and horses with guides at their disposal. Tourism MSMEs have a substantial impact on many amenities, including lodging, dining establishments, entertainment venues, handicrafts, and more. Similarly, in terms of attractions. However, the success of tourism MSMEs is greatly dependent on effective destination marketing tactics, as these techniques have the ability to attract more tourists. As tourist visits increase, the market for MSMEs in the tourism sector expands, providing them with a larger chance to enhance their business performance.

The business environment has been significantly transformed by the digital era, which commenced with the advent of the Internet and the swift advancement of information and communication technology. Marketing has undergone a more comprehensive evolution since the advent of digital marketing. The advent of the digital era has facilitated the emergence of novel business models, exemplified by companies like Amazon (Nielsen, 2023). Gojek, Tokopedia, and Traveloka are among the Indonesian enterprises that have adopted innovative business models. Social media platforms, including Facebook, Instagram, and TikTok, have become more prevalent as a result of the digital age. The communication landscape has been transformed by new media (Abed *et al.*, 2015). Considering the significant impact of social media on value creation, profit generation, and competitiveness, the adoption of social media is a crucial concern for MSMEs (Amegbe *et al.*, 2023). Numerous online rating and review sites, like Tripadvisor—which is also abbreviated as TA—and Google Business Profile (GBP) have emerged as a result of the digital era and have the potential to impact consumers' purchasing intentions (Mariani *et al.*, 2020). GBP, TA, and social media have similar characteristics. These three platforms can help MSMEs have an affordable online presence, so in this study, what the authors mean by online presence is GBP, TA, and social media. The notion of service quality is one that is time-tested but remains relevant today due to its critical importance to a business. Customer satisfaction is mostly influenced by the quality of service provided (Teeroovengadum, 2022). The study conducted by Girish *et al.* (2016) on hotels in Qatar demonstrates that customers who exhibit a degree of satisfaction with the quality of service they receive that beyond the average have a correspondingly higher impact on business performance. Consumer behavior has been altered by the advent of the digital era. Chaffey *et al.* (2019) found that in the digital age, people actively seek information online if it is relevant to their needs. Engagement with brands, goods, and companies is generated through content, search, and social media. MSMEs must utilize digital technology in order to build their enterprises, since it is crucial for their success. The digital era offers equitable prospects for businesses of all sizes, including both MSMEs and huge entrepreneurs. The aim of this study is to address the ignorance of the variables influencing MSMEs' business performance in the tourism sector.

Problem formulation

Google business profile (GBP) and business performance

There are many elements of digital marketing (Mehralian *et al.*, 2022; Dodson, 2016; Kingsnorth, 2019). However, the majority of tourism MSMEs, especially microbusinesses, face limited resource constraints, such as a lack of financial resources (Piercy, 2010), so they need to choose affordable digital marketing tools according to their conditions. One alternative is to utilize an online rating and review platform, such as GBP. GBP is a platform that provides free space for every business owner to register their complete business profile along with photos or short videos. GBP is an update of Google My Business, which adds Google Maps and Google Search so that when a user searches for certain keywords related to a particular business, GBP will display the complete business profile of that business, including a map to the location of the business. Interested users can immediately switch to the Google Maps application to go to the business location. Apart from that, GBP will also proactively send notifications to consumers asking them to provide ratings and reviews of their experience as consumers of the business. In other words, GBP helps promote businesses listed on the platform. The more reviews there are, the more recent the reviews, and the higher the rating, the greater the chance of the business attracting consumers. GBP is not only useful for attracting domestic tourist consumers because the reach of Google Maps and Google Search is global, so it can also attract global tourist consumers. GBP, as an online rating and review platform, can influence the intention to purchase. Thus, we propose the first hypothesis, namely:

H₁: Google Business Profile influences business performance positively and significantly.

Tripadvisor (TA) and business performance

TA is a prominent international internet site for rating and reviewing. As per the authoritative Tripadvisor website (2023), tourists worldwide utilize TA sites and apps to gather information on accommodations, attractions, and dining options, relying on recommendations from previous visitors. TA is accessible in 43 different marketplaces and supports 22 different languages. TA shares similarities with GBP. One benefit of TA is its ability to present pricing comparisons, such as the costs of rooms in different hotels and other similar options. Unlike the GBP, TA specifically encourages commercial entities to proactively solicit ratings and evaluations from consumers. The TA platform serves as a means for MSMEs to advertise their enterprises and expand their customer base, particularly among international tourists. We propose the second hypothesis, which is:

H₂: Tripadvisor influences business performance positively and significantly.

Social media and business performance

Social media serves as an additional digital marketing platform via which businesses can engage with consumers (Appel *et al.*, 2020). Social media serves as a mechanism for promoting and establishing business reputations (Fan *et al.*, 2021). The utilization of social media is cost-effective, user-friendly, and diminishes obstacles to consumer engagement (Abed *et al.*, 2015). Amegbe *et al.* (2023) discovered that the utilization of social media by SMEs has a beneficial and noteworthy impact on both financial and non-financial performance. Thus, the authors propose a third hypothesis, namely:

H₃: Social media influences business performance positively and significantly.

Service quality and business performance

Service quality pertains to the degree to which a business meets or surpasses consumer expectations (Kankam, 2023). The level of service quality has a direct correlation with the level of consumer satisfaction. The primary catalyst for loyalty is the sustained satisfaction of consumers over an extended period of time, which in turn has a substantial impact on competitive advantage (Shrestha, 2011; Canalejo *et al.*, 2018). Attaining a competitive advantage will lead to financially lucrative business performance. The two primary conceptualizations of service quality are Gronroos' concepts and the views proposed by Parasuraman, Valerie Zeithaml, and Leonard Berry. Gronroos categorized service quality characteristics as functional quality and technical quality, while Parasuraman *et al.* categorize them as responsiveness, assurance, real empathy, and reliability (Prakash *et al.* 2012). This study uses the concepts proposed by Parasuraman *et al.* Responsiveness is related to how a business has a desire to help and respond quickly to consumer needs, never feeling too busy to serve consumers. Assurance is related to a business's ability to build and maintain consumer trust. Tangible is related to how a business pays serious attention to the quality of products, packaging, or equipment and the physical appearance of equipment used in fulfilling a service. A business's ability to provide attentive, individualized service and understand consumers' specific needs is related to empathy. A business's reliability is related to its ability to provide services and ensure that the products (goods or services) purchased by consumers are in accordance with what was promised. So, the authors propose a fourth hypothesis, namely:

H4: Service quality influences business performance positively and significantly.

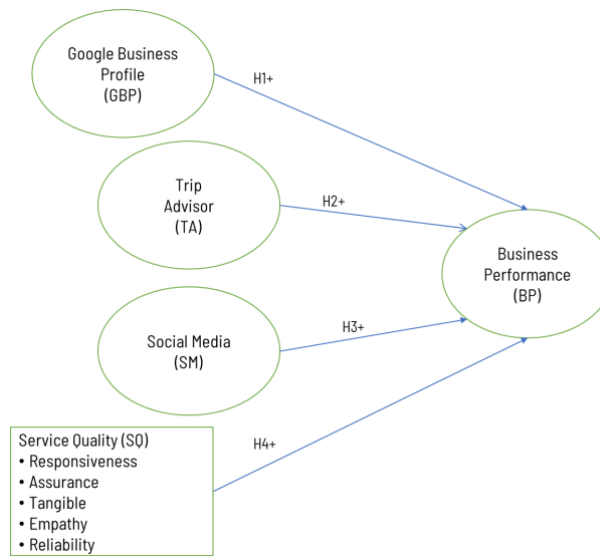


Figure 2. Conceptual Framework

2. RESEARCH METHODS

Study instrument

The data for this study was gathered through a questionnaire administered via a Google Form. Each variable of business performance (BP), GBP, and TA comprises four indicators, and social media (SM) consists of three variables. The service quality dimension consists of three items for responsiveness, two items for assurance, one item for tangible, three items for empathy, and one item for reliability, totaling ten items. The total number of items is twenty-five, as shown in Table 1. We assessed the constructs using a 5-point Likert-type scale. Where 1 represents a strongly disagree and 5 represents a strongly agree.

Tabel 1. Definition of concept

Concept	Definition	Indicator
Google Business Profile (GBP)	Online review platform that promotes businesses registered with GBP and encourages consumers to provide ratings and reviews of the products or services they enjoy.	GBP1, GBP2, GBP3; GBP4.
Tripadvisor (TA)	Online review platform that helps tourists plan their trips and provides rating and review features to consumers regarding their experiences.	TA1, TA2, TA3, TA4.
Social media (SM)	Other types of digital marketing channels that businesses can use to communicate with consumers, promote their products and/or services, and build their business reputation.	SM1, SM2, SM3.
Service quality (SQ)	How well a business meets or exceeds consumer expectations through good service. Service quality is a dimension consisting of five constructs, namely responsiveness (RS), assurance (A), tangible (T), empathy (E), and reliability (RL).	RS1, RS2, RS3, A1, A2, T1, E1, E2, E3, RL1.
Business performance (BP)	Business performance (BP) is the result of any business activity that should be done by the owner and is usually reflected in the amount of revenue, profit, or wealth it generates for the owner of the MSMEs.	BP1, BP2, BP3, BP4.

Sampling and data collection

The research subjects were the owners of tourism MSMEs on the island of Lombok, namely Mataram City, North Lombok Regency, East Lombok Regency, Central Lombok Regency, and West Lombok Regency. MSMEs eligible as respondents are those that have already registered on the GBP and/or TA platforms. We use stratified random sampling, stratifying from city or regency to district (Figure 3). We distribute the Google Form link to MSMEs communities in Mataram City and all four regencies to ensure that every MSMEs has an equal opportunity to become a respondent. We conducted the data collection in November 2023.

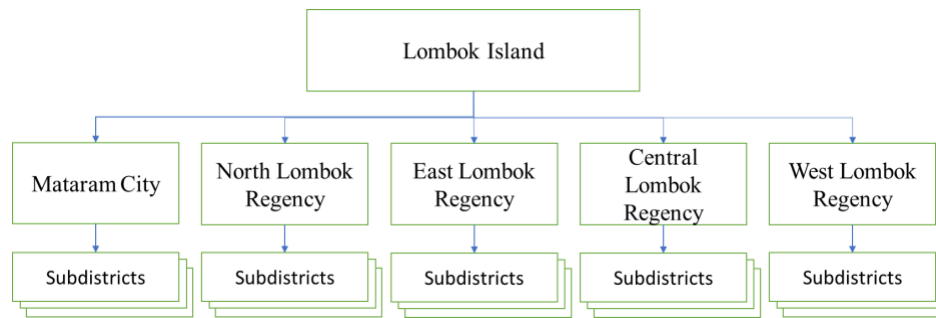


Figure 3. Sampling level

Data Analysis

The current work evaluated the model using a structural model that used a two-stage technique, as Anderson *et al.* (1988) suggested. Initially, the measuring model was scrutinized within this particular context. Following this procedure, the structural model underwent examination. Prior to initiating the analysis, we established a data screening procedure. We analyzed the data using the SmartPLS 3 software.

3. RESULTS AND DISCUSSIONS

Description of research subjects

The majority of respondents' commercial establishments were located in Mataram City and Central Lombok Regency, with an equal proportion of twenty-nine percent each. The female respondents constitute 69.8% of the total. The duration of the respondents' business varied, with a significant majority (62.5 percent) having been in business for 1–5 years. The comprehensive data is displayed in Table 2.

Table 2. Description of research subjects

Respondent's location	f	%	Gender	f	%	Business duration	f	%
Mataram City	52	27.1	Female	134	69.8	Less than 1 year	10	5.2
North Lombok Regency	18	9.4	Male	58	30.2	1 – 5 years	120	62.5
East Lombok Regency	37	19.3				6 – 10 years	45	23.5
Central Lombok Regency	64	33.3				11 – 15 years	15	7.8
West Lombok Regency	21	10.9				16 – 20 years	1	0.5
						21 – 25 years	0	0
						26 – 30 years	1	0.5

Analysis and results

The first analysis of the measurement model showed that five indicators—GBP2, SM1, E1, E2, and RS2—had low factor loadings, which means they were not strongly linked to the measured construct. Consequently, the measurement model was reassessed subsequent to the removal of these indicators from the model. The final result is shown in Table 3.

Table 3. Loading factor analysis results

Indicator	Business Performance	Google Business Profile	Social Media	Tripadvisor	Service Quality
BP1	0.763				
BP2	0.662				
BP3	0.823				
BP4	0.689				
GBP1		0.867			
GBP3		0.916			
GBP4		0.884			
SM2			0.893		
SM3			0.916		
TA1				0.917	
TA2				0.923	
TA3				0.927	
TA4				0.900	
A1					0.922
A2					0.916
E3					0.872
RL1					0.845
RS1					0.868
RS3					0.895
T1					0.866

Discriminant validity is carried out to assess whether a construct has no correlation with other constructs. In assessing discriminant validity in this study, we applied the cross-loadings criterion (Hair *et al.* 2011) and the heterotrait-monotrait ratio of correlations/HTMT (Henseler *et al.* 2015). In the cross-loadings criterion, an indicator is said to be valid if it has the largest cross-loading value on the variable it forms compared to other variables. In the HTMT criterion, a construct is said to have high convergent consistency and be distinguishable from other constructs if the HTMT value between them is less than 0.9. The results of the discriminant validity analysis with the two criteria above gave good results (see Table 4). Thus, construct validity has been fulfilled.

Table 4. Discriminant validity

Cross-loadings criterion						HTMT criterion					
Indicator	BP	GBP	SM	TA	SQ	Variable	BP	GBP	SM	TA	SQ
BP1	0.763	0.570	0.471	0.440	0.331	BP	-	-	-	-	-
BP2	0.662	0.331	0.316	0.724	0.160						
BP3	0.823	0.531	0.586	0.391	0.502						
BP4	0.689	0.456	0.601	0.262	0.730						
GBP1	0.559	0.867	0.448	0.413	0.426	GBP	0.814	-			
GBP3	0.600	0.916	0.499	0.430	0.534						
GBP4	0.561	0.884	0.440	0.406	0.523						
SM2	0.578	0.443	0.893	0.253	0.602	SM	0.897	0.631	-		
SM3	0.648	0.496	0.916	0.359	0.485						
TA1	0.543	0.405	0.282	0.917	0.211	TA	0.754	0.519	0.341	-	
TA2	0.551	0.423	0.314	0.923	0.293						
TA3	0.562	0.474	0.337	0.927	0.306						
TA4	0.553	0.414	0.319	0.900	0.245						
A1	0.558	0.525	0.528	0.257	0.922	SQ	0.706	0.612	0.597	0.304	-
A2	0.523	0.521	0.529	0.240	0.916						
E3	0.483	0.529	0.485	0.239	0.872						
RL1	0.503	0.448	0.503	0.258	0.845						
RS1	0.526	0.481	0.527	0.249	0.868						
RS3	0.502	0.476	0.487	0.255	0.895						
T1	0.605	0.465	0.615	0.279	0.866						

A reliability test is conducted to assess the consistency of an instrument and its capacity to produce consistent findings for each measurement. Reliability testing can be conducted by employing Cronbach's alpha and composite reliability assessments. In order to assess a

construct's reliability, its composite reliability value needs to be 0.6 or higher; if the value is less than 0.6, the construct is deemed unreliable (Hair *et al.* 2011). The analysis results indicate that the Cronbach's alpha and composite reliability values for each construct are above a threshold of 0.6, as displayed in Table 5.

Structural model testing (inner model) includes checking determinant coefficients, effect size (f^2), predictive relevance (Q^2), path coefficient, and goodness of fit of the model. The coefficient of determination, as defined by Bougie *et al.* (2020), quantifies the extent to which the independent variable may explain the variability in the dependent variable. The coefficient of determination is categorized into three groups: R-Square is considered strong when it equals 0.75, moderate when it equals 0.50, and weak when it equals 0.25. The results of the analysis of the R-Square value in this research were 0.674, or it can be concluded that the coefficient of

Table 5. Reliability testing results

Variable	Cronbach's Alpha	Composite Reliability
Business Performance	0.716	0.825
Google Business Profile	0.867	0.919
Social Media	0.778	0.900
Trip Advisor	0.937	0.955
Service Quality	0.953	0.962

determination is in the moderate category. It can be concluded that the variance of the business performance variable can be explained by 67.4% of latent variables, namely Google Business Profile, social media, Tripadvisor, and service quality, and the other 32.6% is influenced by other factors not included in this research model. The effect size is utilized to quantify the magnitude of change in the coefficient of determination resulting from the removal of a specific component from the model (Hair *et al.*, 2014). The measurements yield data that categorize the effect size into three groups: a value of 0.02 is considered little, 0.15 is considered medium, and 0.35 is considered high. The results of the analysis show the effect size of each independent variable, which can be seen in Table 6. Q^2 is employed to evaluate the predictive relevance in structural models (Hair *et al.*, 2014). A model is considered to possess predictive relevance when the Q -square value exceeds 0 ($Q^2 > 0$), whereas it is deemed to lack predictive relevance when the Q -square value is below 0 ($Q^2 < 0$). From the examination results, the predictive relevance value is 0.356. The Q^2 value is greater than 0 ($Q^2 > 0$), so the model in this research has a predictive relevance value.

Table 6. Effect size (f^2)

Variable	Business Performance	Remark
Business Performance	0.000	-
Google Business Profile	0.206	Medium effect
Social Media	0.351	High effect
Trip Advisor	0.334	Medium effect
Service Quality	0.181	Medium effect

The path coefficient is employed to elucidate the association between variables. As stated by Hair *et al.* (2014), the path coefficient value might vary between +1 and -1. If the path coefficient findings approach +1, it indicates a strong positive correlation between the variables. Path coefficient scores that are close to -1 suggest a strong negative association between variables. The study results, obtained through bootstrapping, indicated that all independent variables had positive path coefficient values. Meanwhile p-value for all independent variables is less than 0.05. The findings indicate that Google Business Profile (GBP), Tripadvisor (TA),

social media (SM), and service quality (SQ) have a positive and significant impact on business performance, as shown in Table 7.

Goodness of Fit (GoF) is used to test and analyze the suitability of the entire structural model. According to Wetzels *et al.* (2009), GoF is defined as the root of the product of the average AVE and the average R-square. The results of the GoF calculation can be divided into three criteria, namely: small, if the resulting value is 0.1; medium, if the resulting value is 0.25; and large, if the resulting value is 0.36. GoF can be calculated with the formula below:

$$GoF = \sqrt{AVE \times R^2}$$

Table 7. Bootstrapping results

Variable	Path Coefficient		T-statistics		p-value		Decision
	Criterion	Result	Criterion	Result	Criterion	Result	
GBP → BP	> 0	0.206	> 1.96	4.239	< 0.05	0.000	Supported
SM → BP	> 0	0.351	> 1.96	6.192	< 0.05	0.000	Supported
TA → BP	> 0	0.334	> 1.96	7.850	< 0.05	0.000	Supported
SQ → BP	> 0	0.181	> 1.96	2.517	< 0.05	0.009	Supported

Average AVE = (0.543 + 0.790 + 0.818 + 0.840 + 0.781)/5 = 0.754, while average R² = 0.674. Then GoF = $\sqrt{(0.754 \times 0.674)} = 0.713$. GoF > 0.36. It means that the suitability of the model produced in this study is large.

The final model, which was derived from the data analysis pertaining to the modeling in this study, is visualized in Figure 4.

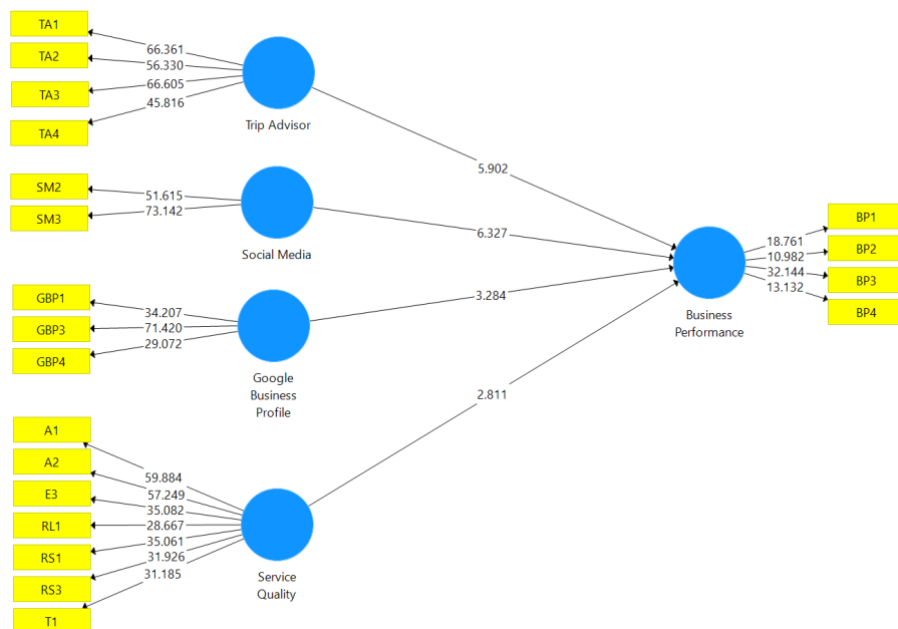


Figure 4. Final model

Discussion

The majority of respondents' businesses are located in Central Lombok Regency and Mataram City, with percentages of 33.3 percent and 27.1 percent, respectively. Central Lombok Regency can be said to have the most tourist attractions on Lombok Island. The Central Lombok Regency has a group of beaches that stretch around Kuta Lombok Beach. There, tourists can go diving, snorkeling, or surfing. Not only the beach, but tourists also have the option of doing mountain

tourism at the foot of Mount Rinjani or cultural tourism, including songket weaving craft centers, woven crafts, and pottery crafts. In terms of gender, our study found that the number of MSMEs actors is dominated by women. This is in line with the Sustainable Development Goal (SDG) of the United Nations, namely Goal 5: Gender Equality. Therefore, a study of the factors that influence the business performance of MSMEs, especially tourism MSMEs on Lombok Island, finds relevance.

Our study found that the factors that had an influence on MSMEs business performance were social media, Tripadvisor, GBP, and service quality. The social media influence is in line with the research results of Fan *et al.* (2021) on 423 respondents from SMEs, namely that there is a positive relationship between the use of social media by SMEs and SMEs' business performance. These findings are strengthened by research conducted by Syaifullah *et al.* (2021) on 254 MSMEs in the Surakarta residency area, which found that social media marketing has a positive effect on the performance of MSMEs. Adistia *et al.*'s study in 2022 on 155 MSMEs in Surabaya shows that social media marketing has a positive and significant influence on marketing performance, which is one aspect of business performance. Social media facilitates consumer interaction and increases trust and purchase intention (Hajli, 2014; Manzoor *et al.*, 2020; Rais *et al.*, 2023). The study by Splendiani *et al.* (2023) of 282 respondents from travel agents revealed that social media is strategically important for travel agents. Travel agents in tourism destinations are one of the MSMEs actors.

Despite the distinctions between Tripadvisor and GBP, both platforms may be classified as online consumer review platforms. Modern consumers are now in the habit of reading online reviews from other consumers before buying a product. These reviews have become a form of electronic word-of-mouth (eWOM) promotion and have a significant impact on consumer decision-making, from gathering information to evaluating options, making a purchase, and even after the purchase has been made (Filieri *et al.* 2018b; Figini *et al.* 2020). Van Lohuizen & Trujillo-Barrera (2019) and Mariani *et al.* (2021) argue that online reviews, also known as electronic word-of-mouth (eWOM), have a greater impact on purchasing decisions compared to traditional marketing methods like advertising or promotions. The influence of online reviews on the tourism industry is significant (You *et al.*, 2015; Yang *et al.*, 2018).

The volume or number of reviews and the valence or sentiment of reviews are the primary elements utilized to gauge electronic word-of-mouth (eWOM), as research has demonstrated their correlation with sales and their ability to alleviate consumer uncertainty. Volume is a metric that measures the level of market popularity and indicates the number of individuals who have utilized the product. This contributes to the reduction of consumer uncertainty and is commonly linked to a rise in sales. Valence is correlated with the sentiment expressed in online reviews and serves as an indicator of a product's reputation and anticipated level of quality. Valence indicators encompass metrics such as the mean score, the proportion of positive posts, and the percentage of one-star ratings. Consumer sentiment and rating scores have a significant impact on consumer preferences (Figini *et al.* 2020), and online businesses acknowledge the effectiveness of customer reviews in converting consumer visits into sales (Ludwig *et al.* 2013). Online reviews serve as the primary means for organizations to gather information and promptly receive feedback on service quality and consumer demand (van Lohuizen & Trujillo-Barrera, 2019). The impact of valence on sales in the tourism industry is far more significant than the impact of volume (Yang *et al.*, 2018). Therefore, it is evident that previous research findings corroborate the impact of Tripadvisor and GBP on business performance. To the best of the authors' knowledge, existing research primarily focuses on some online consumer review sites

such as Tripadvisor, Booking.com, Expedia, or Yelp, so perhaps the influence of GBP on tourism MSMEs business performance is novel in this study.

The results of the data analysis on the hypothesis that service quality influences business performance positively and significantly can be accepted. These findings support those of an empirical study by Nair & Choudhary (2016) of 243 hotel guests in Qatar and those of a study by Kankam, G. (2023) of 478 respondents from 10 restaurants in Accra, Ghana.

4. CONCLUSIONS AND RECOMMENDATIONS

Conclusions

This research examines the relationship between online presence, which in this case is represented by rating and review platforms such as Google Business Profile and Tripadvisor, as well as social media, which is also known as social presence and service quality, and MSMEs business performance. As far as the authors know, there have not been many studies on the role of online presence in relation to MSMEs business performance, especially microbusinesses. It is likely that this study will be the first, especially in exploring the role of Google Business Profile and Tripadvisor on the performance of MSMEs.

The theoretical implications of this study are to add new factors that influence MSMEs business performance, especially those in tourism areas. Policymakers in the tourism industry and groups locally, regionally, or nationally who care about the expansion of MSMEs can use the practical implications of the study's findings. Of course, for MSMEs players, they can improve the implementation of important factors that influence their business performance.

This study has several limitations. First, this research only covers the Lombok Island area so it cannot be generalized nationally. Second, this study only included two rating and review platforms, while there are so many similar platforms. Third, when collecting research data, the tourism sector was just starting to develop or had not yet reached the conditions it had before the COVID-19 pandemic, so there were several aspects that respondents could not feel the impact of, for example the number of consumers who provided ratings and/or reviews.

Recommendations

We propose the expansion of this research to encompass additional tourism sites. Furthermore, more study is required about the impact of additional rating and review platforms within the online presence category on the performance of MSMEs businesses.

Acknowledgement

We express our gratitude to the team responsible for evaluating this paper for their invaluable recommendations and contributions. They are unidentified individuals whose identities remain unknown. Therefore, we conveyed our admiration in this document.

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