CHAPTER V

CONCLUSION

5.1 Conclusion

Based on the results of the analysis using PLS-SEM on data collected from 111 Micro and Small Enterprises (MSEs) in West Sumatra, the conclusions of this study are as follows:

1. The use of social media video platform does not have a significant direct effect on innovation capability. Although descriptively MSEs show a relatively high level of engagement with social media video platform for promotion, customer interaction, and information search, this usage has not yet been strategically integrated into structured innovation processes. Social media video platform is predominantly utilized as a marketing and communication tool rather than as a systematic mechanism for idea generation, product development, or process innovation. This indicates that the adoption of digital platform alone is insufficient to directly enhance innovation capability without adequate internal learning, coordination, and strategic alignment.
2. The use of social media video platform has a significant and positive effect on knowledge sharing. The findings demonstrate that social media video platform effectively facilitate the exchange of business-related information,

experiences, and insights among MSE actors. The rich visual and interactive features of these platform lower barriers to communication and support informal learning. This effect is reinforced by the characteristics of respondents, who are largely in their productive age and possess sufficient digital literacy to engage with online content. However, descriptive analysis indicates that knowledge sharing activities are still irregular and largely informal, suggesting that knowledge exchange has not yet been institutionalized within organizational routines.

3. The use of social media video platform has a significant and positive effect on sensing capability. The results confirm that social media video platform strengthen MSEs' ability to identify and interpret changes in customer preferences, market trends, and competitive dynamics. High descriptive scores on sensing indicators indicate that MSEs actively monitor feedback, engagement metrics, and competitor content to detect emerging opportunities. This effect is particularly relevant given the dominance of culinary and retail sectors in the sample, which are highly sensitive to trends, aesthetics, and lifestyle changes, making continuous environmental scanning essential for business survival and adaptation.
4. The use of social media video platform has a significant and positive effect on seizing capability. Insights obtained from social media platform enable MSEs to respond more quickly to identified opportunities through targeted marketing actions, customer selection, and resource allocation. Social media

video platform reduces information asymmetry and supports faster decision-making under uncertainty. Nevertheless, descriptive findings show that seizing capability remains at a moderate level, reflecting limitations in organizational structure, managerial capacity, and resource availability that constrain the effective execution of opportunity exploitation.

5. Knowledge sharing does not have a significant effect on innovation capability.

   Although social media video platform enhances knowledge exchange, the results indicate that shared knowledge does not automatically translate into innovation outcomes. The low frequency of structured knowledge-sharing activities suggests that MSEs lack formal mechanisms for knowledge integration, absorption, and application. Without systematic learning processes and coordination, knowledge remains fragmented and underutilized, limiting its potential contribution to innovation capability.

6. Sensing capability has a significant and strong positive effect on innovation capability. This finding highlights sensing capability as the most critical driver of innovation among MSEs in West Sumatra. Enterprises that are more capable of identifying customer needs, market shifts, and competitive pressures are better positioned to develop relevant and timely innovations. The high descriptive scores of sensing indicators further support the conclusion that market awareness and environmental interpretation play a

central role in fostering innovation, particularly in dynamic and resource-constrained business environments.

7. Seizing capability does not have a significant direct effect on innovation capability. Although MSEs demonstrate the ability to act upon identified opportunities, these actions do not necessarily result in substantial innovation. This finding reflects structural constraints commonly faced by MSEs, such as limited financial capital, lack of skilled human resources, minimal R&D investment, and weak coordination mechanisms. As a result, seizing activities tend to be incremental, short-term, and reactive rather than strategically oriented toward sustained innovation.

The use of social media video platforms essentially stimulates creativity indirectly by enhancing knowledge sharing, sensing capability, and seizing capability. These platforms enable business owners to exchange knowledge, observe market trends and customer needs, and respond to emerging opportunities more quickly. Through these processes, social media video platforms act as a bridge toward the development of innovation capability. However, without structured management, adequate resources, and clear strategic direction, the creativity generated through social media interactions cannot be fully transformed into sustainable and tangible innovation outcomes.

5.2 Implications of Research Results

This study provides several theoretical and practical implications, particularly for Micro and Small Enterprises (MSEs) in Major economic areas of West Sumatra, local governments, and institutions involved in MSE development and assistance.

5.2.1 Theoretical Implications

The findings of this study contribute to the literature on dynamic capabilities and innovation in MSEs by highlighting that the effectiveness of digital tools depends on how they are embedded within organizational capabilities and processes. The results confirm that innovation capability is not automatically generated through the use of social media video platform, but rather emerges through specific dynamic capabilities, particularly sensing capability.

This study also challenges the commonly held assumption that knowledge sharing and seizing capability always have a direct positive impact on innovation. Instead, the results suggest that without sufficient internal integration, learning mechanisms, and organizational readiness, these capabilities may not be fully transformed into tangible innovation outcomes. Thus, the findings refine the understanding of dynamic capability theory in the context of MSEs in developing regions by emphasizing the conditional and asymmetric effects of different capabilities on innovation performance.

From the Resource-Based View (RBV) perspective, this study extends the theoretical understanding by demonstrating that social media video platform should

be viewed as a generic, easily imitable resource, rather than a source of sustained competitive advantage. In line with RBV, only resources that are valuable, rare, inimitable, and well-organized (VRIO) can contribute to superior performance. The findings indicate that social media video platform becomes strategically valuable only when combined with internal capabilities, particularly sensing capability, which enables firms to absorb, interpret, and exploit external market information.

Furthermore, the insignificant effects of knowledge sharing and seizing capability on innovation suggest that the presence of resources alone is insufficient; organizational structure, managerial discipline, and strategic commitment are necessary to convert resources into firm-specific capabilities. This supports RBV's argument that competitive advantage arises not from resource possession, but from resource orchestration and integration. Therefore, this study reinforces RBV by highlighting the central role of internal capability configuration in transforming digital resources into sustainable innovation outcomes within MSEs.

5.2.2 Practical Implications

a. Implications of the Relationship between the Use of Social Media Video Platform and Innovation Capability, Knowledge Sharing, Sensing Capability, and Seizing Capability

The hypothesis testing results indicate that the direct relationship between the use of social media video platform and innovation capability was not supported.

This implies that although MSEs in West Sumatra actively use social media video platform, such usage has not yet been strategically aligned with structured innovation activities. This condition can be explained by the dominant characteristics of the respondents, who are mostly micro-scale enterprises, operate with limited resources, and manage social media video platform informally without dedicated innovation-oriented processes. Therefore, local governments and supporting institutions should focus on capacity-building programs that emphasize how social media video platform insights can be systematically transformed into product development, service improvement, and process innovation, rather than merely serving promotional purposes.

In contrast, the relationship between the use of social media video platform and knowledge sharing was accepted, indicating that social media video platform effectively facilitates information and experience exchange among MSE actors. This finding is consistent with the characteristics of respondents who are predominantly in the productive age group (28–42 years) and possess sufficient digital familiarity to engage with online content. However, descriptive analysis shows that knowledge sharing occurs irregularly and remains largely informal. This suggests the need for mentoring programs that encourage more structured and routine knowledge-sharing practices, such as peer-learning communities, online discussion forums, or collaborative content creation among MSEs.

Furthermore, the positive and significant influence of social media video platform on sensing capability implies that theseplatform are effective tools for

environmental scanning. This is particularly relevant given that the dominant business sectors in the sample are culinary, retail, and fashion, which are highly sensitive to trends, customer preferences, and visual appeal. The findings suggest that MSEs actively monitor customer feedback, engagement metrics, and competitor activities through social media video platform. Therefore, government agencies can enhance this capability by providing training on market analytics, trend interpretation, and data-driven decision-making, enabling MSEs to translate digital signals into actionable market insights.

Similarly, the accepted relationship between the use of social media video platform and seizing capability indicates that information obtained from digital platform supports faster responses to market opportunities. However, the moderate level of seizing capability observed in the descriptive analysis reflects constraints related to organizational structure, managerial capacity, and resource limitations, particularly among micro enterprises. Practical interventions may include targeted assistance in business planning, resource prioritization, and execution strategies, so that identified opportunities can be exploited more effectively and consistently.

b. Implications of the Relationship between Knowledge Sharing and Innovation Capability

The hypothesis testing results reveal that knowledge sharing does not have a significant effect on innovation capability. Although MSEs exchange information through social media video platform, the absence of structured mechanisms for

knowledge integration limits its contribution to innovation. This finding is closely related to the characteristics of the businesses, where most enterprises operate without formal organizational systems, dedicated R&D activities, or systematic learning routines. As a result, shared knowledge often remains fragmented and underutilized. Practically, this implies the importance of introducing simple knowledge management practices, such as documentation of ideas, regular reflection sessions, or guided mentoring, to help MSEs convert shared knowledge into innovative outcomes.

c. Implications of the Relationship between Sensing Capability and Innovation Capability

The results show that sensing capability has a strong and significant positive effect on innovation capability, making it the most critical driver of innovation in this study. This finding aligns with the descriptive results indicating high average scores for sensing indicators, particularly the ability to identify target market segments for new business ideas. The dominance of trend-sensitive sectors, such as culinary and retail, further reinforces the importance of sensing capability. Practically, this implies that strengthening MSEs' ability to interpret market signalsthrough customer feedback analysis, competitor observation, and trend monitoringcan significantly enhance innovation outcomes. Policymakers should therefore prioritize programs that strengthen market awareness and analytical skills, as these capabilities directly support innovation in resource-constrained environments.

d. Implications of the Relationship between Seizing Capability and Innovation Capability

Finally, the results indicate that seizing capability does not have a significant direct effect on innovation capability. Although MSEs are able to respond to opportunities, these responses tend to be short-term and incremental rather than strategically innovative. This condition reflects the dominant characteristics of the sample, which consists largely of micro enterprises with limited financial capital, human resources, and formal managerial systems. Without sufficient coordination, learning processes, and strategic investment, seizing actions are unlikely to result in substantial innovation. Therefore, practical efforts should focus on strengthening organizational readiness, including managerial skills, collaboration mechanisms, and access to innovation-supporting resources, so that opportunity exploitation can lead to sustainable innovation rather than ad hoc adjustments.

e. Facilitating structured knowledge-sharing ecosystems

Given the low intensity of systematic knowledge sharing among MSEs, local governments and supporting institutions are encouraged to establish digital or community-based platform that enable regular exchange of business experiences, best practices, and market information among MSE actors.

f. Enhancing Digital Sensing and Market Intelligence Capabilities

To address weaknesses in systematic market analysis, government programs should focus on training MSEs to use social media video platform analytics and digital monitoring tools. Workshops on trend analysis, customer insight extraction, and competitor monitoring can strengthen sensing capability and support evidence-based innovation.

g. Supporting Opportunity Exploitation Through Innovation Programs

Considering the relatively weak seizing capability indicators, government agencies can provide innovation grants, pilot project funding, or innovation challenge programs that lower the risk of experimentation for MSEs. These initiatives can help transform identified opportunities into concrete innovation outcomes.

h. Strengthening Innovation Culture Through Incubation And Mentoring

To improve innovation culture, government-led incubation and mentoring programs should emphasize managerial commitment to innovation, strategic thinking, and learning orientation. Continuous mentoring rather than one-off training sessions is recommended to ensure sustainable capability development.

i. Improving Business Performance Through Integrated Support

Given the relatively low profit growth indicator, local governments should provide integrated support combining digital marketing assistance, access to broader markets,

and strategic partnerships. Collaboration with e-commerce platform or larger firms can help MSEs scale their innovation and improve performance.

5.3 Research Limitations

Despite being carefully designed, this study has several limitations that should be acknowledged when interpreting the findings:

1. Limited sample size and geographical scope

This study was conducted using data from 111 Micro and Small Enterprises (MSEs) located in West Sumatra, which limits the generalizability of the findings. The innovation capability, use of social media video platform, and dynamic capability (sensing and seizing) development of MSEs may differ across regions due to variations in infrastructure, institutional support, and market maturity. Therefore, the results may not fully represent MSEs in other provinces or countries with different economic and digital ecosystems.

2. Dominance of micro-scale and specific business sectors

The sample is dominated by micro enterprises and trend-sensitive sectors, particularly culinary and retail businesses. While this reflects the actual structure of MSEs in the region, it may bias the findings toward enterprises with limited organizational structure, financial resources, and formal innovation processes. As a result, the roles of knowledge sharing and seizing capability may appear weaker than they would in more mature small enterprises or technology-oriented sectors with higher managerial sophistication.

3. Cross-sectional research design

The cross-sectional nature of the study prevents the examination of causal relationships and dynamic changes over time. Dynamic capabilities, by definition, evolve through learning, adaptation, and repeated practice. Therefore, the effects of sensing, seizing, and knowledge sharing on innovation capability may emerge gradually and could not be fully captured within a single observation period.

4. Exclusion of organizational and managerial moderating factors

This study did not explicitly include managerial capability, organizational learning mechanisms, leadership style, or innovation strategy as moderating or mediating variables. Given that the results show non-significant direct effects of seizing capability and knowledge sharing on innovation, the absence of these internal organizational factors may limit the explanatory power of the model.

5.4 Suggestions

Based on the empirical findings and the descriptive analysis of indicators with the lowest mean values for each variable, several recommendations can be proposed as follows:

5.4.1 Recommendations for Micro and Small Enterprise (MSE) Owners

a. Improving Social media video platform

The primary recommendation for Micro and Small Enterprises (MSEs) in West Sumatra is to optimize the strategic use of social media video platform by fully utilizing their interactive and analytical features. Although these platform are widely adopted, the findings indicate that their use has not yet been maximized to support innovation capability and business performance.

MSEs are encouraged to actively use live streaming features to enable real-time interaction with customers, such as product demonstrations, direct communication, and immediate feedback. This interaction can increase customer engagement, strengthen relationships, and generate valuable market insights, particularly in dominant sectors such as culinary and other creative industries.

In addition, MSEs should systematically utilize analytics tools (such as engagement rate and conversion rate) to evaluate content performance and customer responses. To ensure effective implementation, it is recommended that MSEs assign or develop a dedicated social media video platformadministrator with adequate digital marketing skills. The presence of a specialized admin represents a strategic internal resource, enabling consistent content management, data-driven decision-making, and the transformation of social media video platform from basic promotional channels into a source of competitive advantage and innovation support.

b. Improving knowledge sharing practices

The descriptive analysis indicates that the lowest mean score in the knowledge sharing variable is related to the frequency and regularity of knowledge-sharing activities**.** This suggests that although MSEs are exposed to information through social media video platform, knowledge sharing has not yet been conducted in a structured and systematic manner. Therefore, MSE owners are encouraged to establish simple but routine mechanisms for sharing business knowledge, such as regular internal discussions, informal sharing sessions, or digital group platform.

These practices are expected to transform scattered information into collective knowledge that supports innovation.

c. Strengthening the transformation of sensing capability into innovation

Although sensing capability shows a relatively high average score, some indicators related to systematic market analysis remain lower. MSE owners should not rely solely on passive observation of trends on social media video platform, but should actively document customer feedback, competitor activities, and emerging trends. Simple tools such as customer comment logs or trend monitoring sheets can help convert market signals into actionable innovation ideas.

d. Enhancing the effectiveness of seizing capability

The descriptive findings show that indicators related to decision-making and resource commitment for innovationare relatively weak. This indicates that many MSEs recognize opportunities but hesitate to allocate resources to exploit them. MSE owners are therefore advised to adopt gradual experimentation strategies, such as small-scale product trials or limited market testing, to reduce perceived risk while strengthening innovation outcomes.

e. Building an innovation-supportive organizational culture

The lowest indicator within the innovation capability variable relates to organizational culture and managerial support for innovation**.** To address this issue, MSE owners should explicitly communicate the importance of innovation, encourage

employee participation in idea generation, and integrate innovation objectives into daily operations. Even in small organizational structures, clear innovation orientation can foster creativity and continuous improvement.

5.4.3 Recommendations for Future Research

a. Refining measurement of social media video platformusage duration

Future studies are encouraged to refine the measurement of social media video platform usage by applying more balanced and detailed time categories, such as ≤2 years, 2–4 years, 4–6 years, and >6 years. This refinement would allow researchers to better capture variations in learning processes, experience accumulation, and the development of digital and innovation-related capabilities over time.

b. Dedicated Social Media Administrator

Future studies are encouraged to examine whether the use of a dedicated social media video platform administrator has a significant effect on innovation capability and business performance in Micro and Small Enterprises (MSEs), particularly by comparing enterprises with specialized digital administrators and those managed directly by owners, to assess differences in strategic platform use, data utilization, and innovation outcomes not only as business profile identification.

c. Expanding sample coverage and comparative analysis

Subsequent research is encouraged to include MSEs from different regions or conduct comparative analyses across sectors and firm sizes to enhance generalizability.

d. Applying advanced or mixed research methods

Future studies may apply advanced quantitative techniques such as multi-group SEM or adopt mixed-method approaches to obtain deeper insights into how dynamic capabilities evolve and influence innovation.

e. Incorporating additional contextual variables

Further research should consider incorporating external variables such as managerial capability,organizational learning mechanism, leadership style, innovation strategy, environmental turbulence, policy support, and digital infrastructureto provide a more comprehensive understanding of MSE performance.