

## **ABSTRACT**

This research aims to investigate the effect of online marketing capacity on SME (Small, and Medium Enterprises) performance, moderated by the hexa helix framework. The components of the hexa helix framework considered in this study include academia, businesses, government, communities, mass media, and tourists. The research was conducted on 468 producers of local souvenirs in Malang Regency, using a questionnaire instrument over a period of 1 year in 2022. The data was analyzed using the Partial Least Squares (PLS) technique processed with WarpPLS software. The findings of this research show a positive and significant influence given by online marketing capacity on SME performance, constituting a 14% contribution. The hexa helix moderation is proven to strengthen the influence of online marketing capacity on SME performance, resulting in an influence of 15%. Among all the components of the hexa helix framework, mass media and government have the most significant influence, while tourists have the least influence. The practical implication of this study suggests that it is important for the government to promote and support the involvement of other components within the hexa helix framework to strengthen their contribution to the growth and development of SMEs.

Key words: Hexa Helix, SME Performance, Online Marketing, Marketing Capacity