

# The Effect of Social Media Marketing on MSMEs' Business Performance During the COVID-19 Pandemic

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## ABSTRACT

Currently, the use of social media marketing (SMM) to promote the company's product is necessary. The purpose of this study is to examine the effect of SMM on the business performance of Micro, Small, and Medium Enterprises (MSMEs) during the Covid-19 pandemic. By integrating the theory of TAM, UTAUT, and Diffusion of Innovation, this study tries to verify the hypothesis. The research setting is in the batik village in Surakarta, Indonesia. Batik sellers, owners, and managers who use SMM in their marketing activities were recruited as respondents. Data was collected using surveys through structured questionnaires. The purposive sampling method was employed to collect data. A total of 251 data were processed further using SmartPLS. The study shows that SMM has significantly impacted MSMEs performance in terms of increasing sales and market share, customer relations, and productivity during the Covid-19 pandemic. This is supported by the use of an application that is easy to operate. This study proves that SMM can demonstrate its benefits; it is easy to use; and is compatible with conventional marketing systems carried out by MSMEs. However, MSMEs and local governments must work together to support conditions that facilitate and cope with cost constraints.

Keywords: TAM, UTAUT, B2B, Batik.

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## 1. INTRODUCTION

According to the Indonesian Banking Development Institute (LPPI, 2015), Micro, Small, and Medium Enterprises (MSMEs) are businesses that have a maximum asset of 50 million IDR (equivalent to 3,300 USD) and a sales omzet of less than 300 million IDR (equivalent to 20,000 USD) per year. Based on report data from the Indonesian Ministry of Cooperatives and SMEs of The Republic of Indonesia (Kemenkopukm, 2020), in 2019, the number of MSMEs in Indonesia was recorded at 65,465,497 business units or 99.99% of the total business units. Of that number, 98.67% are micro-scale, 1.22% are small-scale, 0.10% are medium-scale, and 0.01% are large-scale. Regarding the number of business units, it can be concluded that MSMEs are the dominant support for the Indonesian economy.

In terms of employment (Kemenkopukm, 2020), MSMEs absorbed 96.92% of the total employment of all business units in Indonesia in 2019. In the same year, the contribution of MSMEs to GDP reached 57.24% of the total GDP at constant prices in Indonesia. In terms of their contribution to exports, MSMEs accounted for 15.65% of Indonesia's total exports in 2019. It should be noted that the growth of MSME export contributions in the 2018-2019 period reached 15.75%. From the data, it is interesting to

note that although the contribution of MSMEs to exports only reached 15.65%, they experienced a fairly high export growth of 15.75%.

However, as we all know, at the beginning of 2020, the entire world, including Indonesia, was shocked by the spread of COVID-19. It has had a significant impact on changes not only in terms of health but also in economic aspects, both domestically and globally. The MSMEs sector is affected. An online survey from the Indonesian Institute of Sciences (LIPI), showed that more than 94% of MSMEs experienced a decline in sales caused by the Covid-19 pandemic (Syarief, 2020).

MSMEs are the backbone of the Indonesian economy, therefore they must be empowered so that they can bounce back and turn the wheels of the economy. A survey conducted by SEA Insights shows that compared to before the pandemic, as many as 54% of SMEs are increasingly using social media to increase their sales (Lidwina, 2020; Alika, 2020). This is a good start for SMEs to welcome the new normal, changing strategies to increase sales (Lidwina, 2020). One of the promotions carried out in e-marketing is through SMM. SMM is a marketing strategy, technique, and process that uses platforms such as social media that are used as a means to promote a product or service, or other products more specifically (Kotler, Armstrong and Oprensnik, 2021).

Since the emergence of SMM in the era of the industrial revolution 4.0 in information and communication technology, the marketing world has changed drastically. SMM is an essential part of business operations (Sufian *et al.*, 2020). Some SMMs are used to boost the company's performance and develop its business, such as Facebook, Twitter, Pinterest, Instagram, Youtube, My Space, and others. Each platform has different functions to adjust its use in business objectives (Rahadi and Zaniat, 2016).

A study of SMEs conducted in India proved that factors such as perceived usage, perceived convenience, compatibility, and cost significantly affected SMM. Furthermore, SMM effect improving their business performance (Chatterjee and Kar, 2020). A previous study conducted by Sufian *et al.* (2020) on the factors that influence the use of SMM on online SMEs sales in Malacca, resulted in the findings that customer feedback, communication, content sharing, and customer relations affect online business sales performance. While the study conducted by Wu *et al.* (2020) regarding the influence of SMM strategy on the performance of fashion brands in Taiwan resulted in findings that innovation orientation and entrepreneurial orientation affect SMM strategy and subsequently SMM affects business performance. Past study conducted by Tumsifu *et al.* (2020) on the influence of social identity, PU and PEOU of SMM on fashion brand SMEs in Kenya. The study results show that PU and PEOU encourage SMEs to use SMM. Meanwhile, a study conducted by Garg *et al.* (2020) shows that Social Media Analytic Practices have an effect on Business Performance (BP).

Compared to conventional marketing methods, the use of SMM is more efficient. In addition to its much lower cost, SMM can effectively reach the target market and has a wide reach. However, it should be noted that the use of SMM must be tailored to the needs and resources needed to manage the content. Another advantage is a large number of social media users in Indonesia, which is increasing every year. In 2022, there are 191.4 million active users of social media. This number increased by 12.6% from the previous year (Riyanto, 2021). The number of active users is a potential market for entrepreneurs, including MSME entrepreneurs.

A survey conducted by Bank Indonesia in 2020 stated that e-commerce led to an increase in sales of up to 18%. This is proof that the use of online platforms is very supportive of business ventures. Unfortunately, only 13% of MSMEs are connected to the online marketplace (Catriana, 2021), there are still many MSMEs that sell their products rely on physical stores, direct sales, and resellers. Therefore, this study was conducted to

find out what factors influence MSME entrepreneurs to be willing to use SMM and their impact on MSME performance. In more detail, this study tries to analyze the effect of PEU, PEOU, COM, Facilitating conditions (FCO), and Cost (COST) on the use of SMM. In addition, this study also examines the effect of using SMM on MSMEs BP.

The study was carried out at the center of the batik industry in Surakarta, one of Indonesia's well-known batik manufactures. The object of study was specifically selected explicitly for batik products; because batik is local wisdom, one of Indonesia's products of pride and mainstay. As a result of the Covid-19 pandemic, 90% of the MSMEs batik industry activities in Laweyan village had to be reduced or even stopped (Irani, 2020). In addition, due to the Covid-19 pandemic, the number of visitors has decreased, so the demand is decline, resulting in a decrease in production. This caused batik production houses having to stop their activities, causing a lot of workers to be laid off, except for home industry, because production was carried out by family members (Trisnaningtyas, 2020).

This study is essential because MSMEs are the backbone of the Indonesian economy. This batik industry absorbs two hundred thousand workers (Jelita, 2021). If MSMEs, especially the batik industry, collapse, there will be many unemployed workers, creating problems in society. Many MSMEs have not used SMM in their marketing activities. In the digital era and pandemic situation like this, it is a must for MSMEs as marketers to use online marketing in serving buyers, especially SMM because social media reaches a broader audience and costs are relatively lower than other online marketing.

This study was conducted during a global crisis, the Covid-19 pandemic. Even though the pandemic is likely to end soon, it is still relevant because this study provides valuable insights for companies to respond to a similar crisis in the future.

## 2. THEORITICAL BACKGROUND

This study integrates the TAM theory developed by Davis (1989), the UTAUT1 and UTAUT2 theory and the diffusion of innovation theory to study and understand user behavior of an information technology system. According to TAM theory, there are 2 factors that influence a person's use of technology, namely PU and PEOU. PU is the level of one's belief that the use of technology will improve performance. PEOU is the perception of users who think that using a technology is easy (Venkatesh & Davis, 2000; Alomau & Ellyawati, 2021).

Besides TAM, this study uses facilitating conditions (FCO), compatibility (COM), and cost (Cos) variables adopt from the UTAUT1 and UTAUT2 theories. According to UTAUT1 theory, variables influence consumer behavior are performance expectancy, effort expectancy, social influence, and facilitating conditions (Venkatesh, Thong and Xu, 2012). FCO are available resources and support that can affect the behavior of technology users (Yuwono and Ellyawati, 2022).

The diffusion of innovation theory explains how new ideas and technologies can be absorbed into a society (Schiffman and Wisenblit, 2019). The so-called innovation includes products, processes, or methods first developed by the company or adopted by other companies. Based on this argument, innovation is considered new to the market if the company is the first to introduce the innovation in its market (Bhardwaj, 2021). This study borrows the compatibility variable from the diffusion of innovation theory to predict the behavior of SMEs in using SMM. COM is also one adopted from UTAUT 2 theory ((Yuwono and Ellyawati, 2022)

### Hypothesis Development

Perceived usefulness (PEU) is a measure in which users (MSMEs) have confidence that the use of technology (SMM) will help users to improve overall business performance (Davis, 1989). Previous research has shown that perceived usefulness (PEU) has a significant relationship with the intention to use new technology (Wu *et al.*, 2011; Alomau & Ellyawati, 2021). A study by Wu *et al.* (2011) on mobile healthcare found that the ease of using health care applications encourages patients to adopt these applications. Likewise, a study conducted by Alomau & Ellyawati (2021) found that the ease of operating games makes players interested in adopting these games. In addition, research on the use of new technology conducted by Kim & Chiu (2019) explains that PEU positively effect on the use of new technology, namely smartphones. Research conducted by Tumsifu *et al.* (2020) regarding the use of SMM fashion in Kenya found that PEU had a positive and significant effect on SMM. Other research conducted on social media users in China proves that PEO has a positive effect on usage satisfaction and continuance intention (Sun *et al.*, 2014).

H1: PEU effect positively on the use of SMM

PEOU adopted from the Technological Acceptance Model (TAM) written by Davis (1989). If the technology or system is perceived as uncomplicated for users and can be used easily, then users will not doubt to use of the technology or system (Venkatesh, Thong and Xu, 2012). PEOU of using technology can be associated with one effort to use a new system or technology (Duffett, 2015). If an innovation is easier to use, then someone will tend to be motivated to use the technology (Chatterjee and Kar, 2020). The results of research conducted by Tumsifu *et al.* (2020) stated that PEOU affected SMM fashion use by MSMEs, where the most widely used SMM was Facebook, followed by Instagram. Another study conducted in India; proved that PEOU positively effect on the use of SMM by MSMEs (Chatterjee and Kar, 2020). Other studies reinforce this theory that PEOU positively and significantly influences the intention to use sport wearable devices in Korea (Kim & Chiu, 2019).

H2: PEOU effect positively on the use of SMM

COM is associated with the degree to which an innovative technology (SMM) is perceived as consistent with existing values, past experiences, and recipients' needs (Rogers, 2003). Compatibility can be defined as the extent to which innovative technology can be used according to company conditions (Chatterjee and Kar, 2020). A study conducted in South Korea Yoon & Oh (2016) revealed that the level of conformity between existing and new technology products in evaluating service users is significantly effective, so companies want to use SMM. SMEs will consider adopting this technology if the technology can be adapted to work application systems (Brown and Rocha, 2020).

Research conducted by Derham *et al.* (2011) regarding the use of SMM for MSMEs is the most appropriate concept; it can reach a wider range of potential customers, target the right target and help improve the business performance of MSMEs. Chatterjee & Kar (2020) state that the compatibility between old and new technologies must be favorable and conducive for SMEs. The government plays a role in supporting MSME top management to be motivated to use SMM.

H3: COM effect positively on the use of SMM

Facilitating Condition (FCO) is the extent to which a person put trust in a suitable technical infrastructure and has support from top management to use the new system (Venkatesh, Thong and Xu, 2012). It is further said that FCO is a company facility and support available to all employees and free to use. FCO are individual perceptions of the availability of

technology or organizational resources to create a system that can remove obstacles (Isiyaku, Ayub and AbdulKadir, 2018).

The empirical study conducted by Chatterjee & Kar (2020) on MSMEs in India state that FCO significantly affect SMM innovative technology adoption behavior. The study also found that if employees are trained to use social media, the company has low-cost internet facilities, and the system does not change from time to time. MSMEs do not hesitate to adopt SMM because the environment is conducive.

H4: FCO effect positively on the use of SMM

The cost referred to in this study is the savings that can be achieved by adopting SMM. Cost is evaluated by the difference between the benefit and costs of using the SMM (Chatterjee and Kar, 2020). The importance of using the fund for a company to produce maximum output, so in adopting technology, a company needs to consider costs as well as possible (Chong and Chan, 2012). The use of technology requires a lot of money, making MSME actors feel based on the benefits they will get from using it (Wang *et al.*, 2020). Previous studies on the adoption of smart-watch conducted in South Korea; found that the high cost of using smart-watch has a negative effect on intention to use smart-watch (Kim & Shin, 2015).

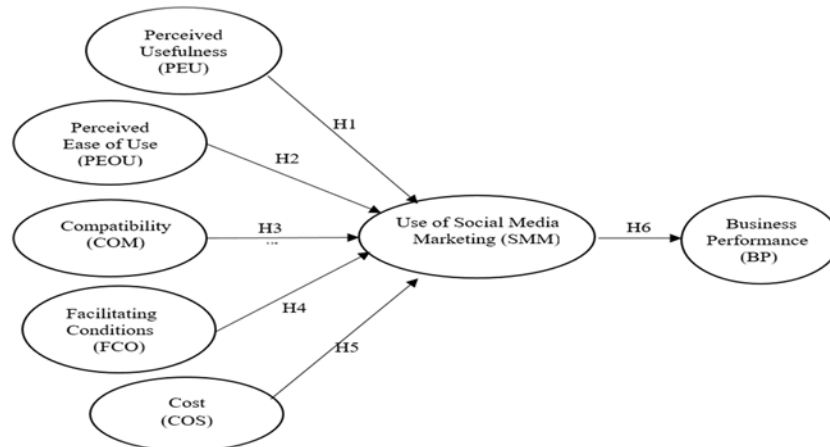
MSMEs certainly will not use SMM; if the new system is costly. The use of social media should be a cost-effective technology. Previous studies have found that SMM provides space for MSMEs to communicate with their consumers at a low cost and allows MSMEs to develop (Zhang *et al.*, 2019). If so, there is a possibility that the company will use SMM. However, MSMEs often have limited funds, so even though they are generally said to have low costs, MSMEs still cannot afford to pay (Chatterjee and Kar, 2020).

H5: COS savings effect positively on the use of SMM

SMM is a platform for consumers to communicate with other customers or companies. SMM results in a higher response and customer engagement level than conventional marketing methods focusing on the relationship between the company and the customer only (Wang & Kim, 2017). Social media is also a means for consumers to share text, image, audio, and video information with each other, companies, and vice versa (Kotler and Keller, 2016). The use of SMM platform is very appropriate for MSMEs; this is because MSMEs have limited resources such as technical knowledge, funds, and so on (Rana *et al.*, 2019). The same was expressed in the Durham study; SMM is a low-cost technology with almost no barriers to participation because it does not require high skills (Derham, Cragg and Morrish, 2011).

Companies are willing to use a new marketing innovation strategy if it can significantly improve the old method or system, resulting in the efficiency of existing resources to meet demand and create better consumer value (Wang *et al.*, 2020). SMM can also increase a company's trust and brand loyalty, making it easier for consumers to obtain product information (Puspaningrum, 2020). A company's use of SMM can make it easy for companies to build brands and increase their business activities (Sullivan & Koh, 2019). Thus, SMM can help MSMEs to boost BP.

H6: SMM effect positively on MSME BP

**Figure 1.** Proposed Research Model

### 3. METHODOLOGY

The batik industry is used as the research object in this study because batik is an icon of the ancestral heritage of the Indonesian nation, which must be preserved and promoted throughout the world. The research setting is MSMEs because MSMEs are the backbone of the Indonesian economy, which absorbs many workers.

The sampling technique used in this study is the purposive sampling method. Data collection uses offline and online survey designs. The criteria for selecting respondents are batik MSMEs who have adopted SMM in their business during the Covid-19 pandemic. The samples used in this study are batik sellers, owners/ producers, and managers who are domiciled in the city of Surakarta. The questionnaire was measured using a 5-point Likert Scale with a scale from strongly disagree (score 1) to strongly agree (score 5). The questionnaire was adapted from previous research conducted by Chatterjee & Kar (2020) with various changes to suit the needs.

Before being distributed to all respondents, a face and content validity were carried out. After the research instrument was declared fit, a pilot test was conducted to test the validity and reliability of the research instruments using SPSS. A total of 30 questionnaires were distributed to MSMEs owner and managers. Validity and reliability tests stated that all research instruments were valid and reliable. Finally, the questionnaire was distributed to all target respondents. We employed SmartPLS to process data.

### 4. RESULT

#### 4.1 Respondent Profile.

Questionnaires were distributed to 291 respondents, but only 251 met the criteria. Of these, it is known that the majority of respondents were women (62.2%), aged between 41 years and 55 years (48.2%), with high school education (60.6%). Based on business location, most batik stores are located in the Klewer market (47.4%), and most have been running the business for more than four years (50.2%). Based on business scale, the majority of respondents in this study are micro-scale entrepreneurs (78.1%) with an annual sales turnover of up to 300 million Rupiah. Their main occupations are mostly batik entrepreneurs (90%) who have employees of 2 to 5 staff (60.6%).

#### 4.2 Measurement Model Evaluation (outer model)

Hair *et al.* (2017) stated that Structural Equation Modeling (SEM) is a combination of two solid statistical approaches, namely exploratory factor analysis and structural path analysis, which allows the assessment of the measurement model (outer model test) and structural model (inner model test) simultaneously. The outer model test is a measurement test of the research instrument consisting of validity and reliability tests. The validity test is the level of accuracy between the data that occurs in the object of research and the data reported by the researcher (Sugiyono, 2019). The research instruments are stated as valid when they meet convergent and discriminant validity values.

#### 4.2.1 Convergent validity

According to Hair *et al.* (2014a), research instruments have met convergent validity when the research instruments that measure the same construct are highly correlated. An indicator is declared to meet convergent validity when the loading factor for each indicator that measured one construct, is more than 0.7 and the Average Variance Extracted (AVE) is at least 0.5 (Hair *et al.*, 2017). However, for research in the early stages of developing a measurement scale, a loading factor value of 0.5 to 0.6 is considered sufficient (Abdillah and Hartono, 2015).

The results of the convergent validity test on each item show the loading factor value falls between 0.691 to 0.921 (see Table 1). This indicates that more than 69% variance of the indicator can be explained. Furthermore, it can be seen that all research variables have AVE values between 0.537 and 0.817 (more than 0.5). It means that 53.7% or more variance of the indicators can be explained. This indicate that the indicators on the research variables can represent the variables to be observed in the study (Ghozali and Latan, 2015; Hair *et al.*, 2014a).

#### 4.2.2 Discriminant validity

Discriminant validity is carried out to ensure that each construct of a research model is empirically different from other constructs (Hair *et al.*, 2014b). The discriminant validity test was assessed based on the cross-loading value with the construct. Another way to assess discriminant validity is to compare the root AVE value of each construct with the correlation between the construct and other constructs in the model. The rule of thumb states that the AVE root value of each construct must be greater than the correlation among constructs and other constructs in the model. The study results show that the cross-loading factor of each indicator owned by each observed variable has a value greater than 0.7; this value is greater than the correlation value of other construct indicators. Thus it can be stated that all constructs in the model have high discriminant validity.

#### 4.2.3 Composite Reliability

The reliability test is used to determine the internal consistency of the measuring instrument used in the study and how far the measuring instrument is free from an error from time to time (Abdillah and Hartono, 2015). To evaluate internal consistency of reliability construct Cronbach's Alpha and Composite Reliability (CR) were used to evaluate the internal consistency of a reliability construct (Hussain *et al.*, 2018). According to (Hair *et al.*, 2017), the latent variable is considered reliable if the composite reliability value and Cronbach's alpha value are greater than 0.7. This shows that the items have a relatively high internal reliability consistency.

Based on statistical test result, stated that Cronbach Alpha values fall between 0.783 and 0.946, and Composite Reliability fall between 0.852 and 0.957 (more than 0.7). Thus it can be concluded that all research constructs in the model are declared reliable or have a high level of consistency.

Table 1. Outer Model

	Variable/ item	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
<b>Perceived Usefulness (PEU)</b>					
PEU1	Social media is useful for business, especially during Covid-19 pandemic situations	0.778			
PEU2	Social media is a valuable tool for marketing especially during the Covid-19 pandemic situation	0.776			
PEU3	Social media enhances the productivity of the business especially during the Covid 19 pandemic	0.698	0.783	0.852	0.537
PEU4	Social media helps better query management	0.715			
PEU5	Social media helps more customer satisfaction, especially during the Covid 19 pandemic	0.691			
<b>Perceived Ease of Use (PEOU)</b>					
PEOU1	Overall, it is easy to learn social media marketing	0.786			
PEOU2	It is easy to identify new customers using social media, especially during the Covid-19 pandemic	0.794			
PEOU3	It is easy to identify customer demand using social media, especially during the Covid-19 pandemic	0.710	0.810	0.868	0.569
PEOU4	Information retrieval about a customer is easy using social media, especially during the Covid-19 pandemic	0.721			
PEOU5	Advertising products and services on social media platforms are easy	0.757			
<b>Compatibility (COM)</b>					
COM1	our enterprise is compatible for using social media for different purposes	0.771			
COM2	I use social media regularly for business purposes	0.836			
COM3	My organization provides me support for getting training on social media	0.788	0.796	0.866	0.618
COM4	Our business is compatible using social media for marketing purpose	0.746			
<b>Facilitating Condition (FCO)</b>					
FCO1	We have adequate infrastructure for using social media	0.843			
FCO2	Our enterprise promotes social media for business	0.877	0.946	0.957	0.787
FCO3	Our organization invest adequately for social media marketing	0.874			



FCO4	We have enough trained manpower dealing with social media marketing	0.900			
FCO5	All our employees are provided training to use social media marketing	0.919			
FCO6	We have inhouse training facility to learn about different aspects of social media	0.909			
<b>Cost (COS)</b>					
COS1	My cost of dealing with customer enquiries has been reduced using SMM, especially during the Covid-19 pandemic	0.886			
COS2	Cost of identifying new customer has been reduced through use of SMM, especially during the Covid-19 pandemic	0.921			
COS3	Customer awareness and training cost have been diminished by use of SMM, especially during the Covid-19 pandemic	0.906	0.925	0.947	0.817
COS4	The overall advertising and promotion cost have gone down using SMM, especially during the Covid-19 pandemic	0.901			
<b>Social Media Marketing (SMM)</b>					
SMM1	For advertising my products and services social media marketing is helpful, especially during the Covid-19 pandemic	0.825			
SMM2	Because my competitors are using social media for marketing, I should use it, especially during the Covid-19 pandemic	0.848	0.785	0.874	0.699
SMM3	Usage of social media marketing technique is good for my business, especially during the Covid-19 pandemic	0.835			
<b>Impact on Business (IOB)</b>					
IOB1	My business performance has been increased using social media platform, especially during the Covid-19 pandemic	0.833			
IOB2	My sales are above average compared to others using social media platform, especially during the Covid-19 pandemic	0.783	0.836	0.884	0.604
IOB3	My customers feel more connected with my business after using social media, especially during the Covid-19 pandemic	0.748			
IOB4	My efficiency to identify the customers' need has been	0.755			

IO	increased using SMM, especially during the Covid-19 pandemic Creativity of my employees has been enhanced through use of SM, especially during the Covid-19 pandemic	0.764
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#### 4.3 Structural Model Evaluation (Inner Model)

The inner model, commonly called the structural model, is an analysis used in the Partial Least Square (PLS) method. The evaluation of the structural model is used to test the causal relationship between the observed variables and verify the study's hypotheses. Evaluation of the structural model can be done after testing of outer model stated valid and reliable. The test will be carried out by evaluating the R-Square and Goodness of Fit (GoF) values, as well as the predictive relevance ( $Q^2$ ), path Coefficient ( $\beta$ ) values, and t-statistical values (Hussain *et al.*, 2018).

##### 4.3.1 R-Square

Based on the data processing result, the value of coefficient determination ( $R^2$ ) on social media marketing is 0.501 (50.1%). It means that the ability of the independent variable to explain changes in the dependent variable (social media marketing) is 50.1% while other variables outside the model explain the remaining 49.9%. In the dependent variable of MSME business performance, the coefficient of determination is 0.393 (39.3%). This describes the independent variable's ability to explain changes in the dependent variable, namely MSME business performance is 39.3%, while other variables outside the model explain the remaining 60.7%.

##### 4.3.2 Predictive Relevance (Q-Square)

Predictive Relevance test measure how well the observed values that are generated by the model and its parameter estimates. Predictive relevance can be calculated using the blindfolding procedure. The magnitude of  $Q^2$  has a value with a range of  $0 < Q^2 < 1$ . The value of  $Q^2 > 0$  shows the model has predictive relevance; conversely if the value of  $Q^2 \leq 0$  shows the model lacks predictive relevance (Hair *et al.*, 2014b).

The result of the study shows a predictive relevance value is 0.332 for the dependent variable (SMM) and 0.226 for the dependent variable (MSME business performance). Based on the rule of thumb, the  $Q^2$  values in this study are greater than 0. Therefore, the model is considered capable of explaining the phenomenon of the dependent variable with an explanatory power of  $Q^2$ .

##### 4.3.3 Hypothesis test

Hypotheses were verified to determine how much influence the independent variable has on the dependent variable. By using a 95% level of confidence ( $\alpha=5\%$ ), then the hypothesis will be accepted if  $t\text{-statistics} > t\text{-table}$  (1.96) and  $p\text{-value} < 0.05$ , and otherwise, the hypothesis will be rejected.

Based on SmartPLS result, it can be seen that PEU has a positive and significant effect on SMM ( $\beta=+0.427$ ,  $t\text{-stat}=4.379$ ,  $p\text{-val}<0.05$ ). PEOU has a positive and significant effect on SMM ( $\beta=+0.315$ ,  $t\text{-stat}=2.707$ ,  $p\text{-val}<0.05$ ). COM has a negative and significant effect on SMM ( $\beta=-0.133$ ,  $t\text{-stat}=2.193$ ,  $p\text{-val}<0.05$ ). FCO did not affect SMM ( $\beta=-0.150$ ,  $t\text{-stat}=1.756$ ,  $p\text{-val}>0.05$ ). COST did not affect SMM ( $\beta=-0.159$ ,  $t\text{-stat}=1.770$ ,  $p\text{-val}>0.05$ ). Finally, SMM positively and significantly affect BP ( $\beta=+0.627$ ,  $t\text{-stat}=8.517$ ,  $p\text{-val}<0.05$ ). Thus the hypothesis H1, H2, H3, and H6 are supported, while H4 and H5 are not supported.

Table 2. Result of Hypothesis Testing

Hypohotesis	Path	Original value	t-statistic	p-value	Evaluation
H1	PEU → SMM	+0.427	4.302	0.000	Accepted
H2	PEOU → SMM	+0.350	2.707	0.007	Accepted
H3	COM → SMM	-0.133	2.193	0.029	Accepted
H4	FCO → SMM	-0.150	1.756	0.080	Rejected
H5	COST → SMM	-0.159	1.770	0.077	Rejected
H6	SMM → BP	+0.627	8.517	0.000	Accepted

#### 4.4 Discussion

##### 4.4.1 The influence of PEU on SMM

The results of the study show that PEU has a positive and significant effect on MMS (H1 isupported). Social media provides various added values, including as a marketing tool that can increase productivity so that it can provide business progress during the Covid-19 pandemic. Social media can also help in managing information better and can increase customer satisfaction. This study is in line with the study conducted by Chatterjee & Kar (2020). Past study with SMEs as the research object found that the greater the benefits of social media perceived by entrepreneurs, the greater the use of social media for marketing. Furthermore, it is said that PEU has an impact on BP, effectiveness, risk, and trust. This study is also inline with the study conducted by Tumsifu *et al.* (2020). The study of SMEs in Kenya, found that there is a tendency for entrepreneurs to use SMM because of the PEU and PEOU (Alduaij, 2019) also stated that a work environment with an integrated information system will be more effective because workers feel helped by using its features and functions optimally.

##### 4.4.2 The influence of PEOU on SMM

The study found that PEOU has a positive and significant effect on SMM (H2 supported). This can be interpreted that the easier social media technology is perceived, the more MSMEs use social media as a marketing tool. Some indicators of the ease of use of social media include easy to learn, easy to identify new consumers, and easy to identify consumer demand. Chatterjee & Kar (2020) research states that perceived ease of use affect SMM significantly because of the simplicity of technology and self-efficacy and the relationship between PEOU and PEU.

According to Tumsifu *et al.* (2020) PEOU is a different construction but has unity with PEU. Research conducted by Alduaij (2019) states that most respondents agree that social media is a means to connect sellers and buyers. In addition, SMM also shortens the distance between sellers and consumers, regardless of the location that is easily reached. Thus the users do not require much effort to get the items they want.

##### 4.4.3 The influence of COM on SMM

The results of this study indicate that compatibility has a significant positive effect on SMM (H3 supported). This can be interpreted that the more compatible technology is with daily practices and needs perceived by entrepreneurs, the more increasing the use of SMM for MSMEs, especially during the Covid-19 pandemic. Ainin *et al.* (2015) stated that compatibility is an important factor in adopting technology. Companies are most likely to consider adopting a new technology when the technology is compatible with the systems and resources they have. For example, the use of Facebook that is compatible with an internet connection and technology that makes it simple and easy to use.

##### 4.4.4 The influence of FCO on SMM

Study findings indicate that FCO has no significant effect on SMM (H4 not supported). This is because some MSMEs lack adequate infrastructure for SMM procurement. The limited means of promotion on social media and the lack of investment focused on social

media has resulted in the FCO having no effect on SMM. In addition, employees are not equipped with training to use SMM so that the existing resources do not have adequate abilities and skills to handle SMM.

The finding of this study is in line with a previous study conducted by Chatterjee & Kar (2020) which stated that facilitating conditions had no significant effect due to a lack of top management support for the use of SMM in SME business activities in India. This causes a lack of employee motivation in using SMM. Besides that, there are limited internet facilities, low bandwidth can also be an obstacle to using SMM. Moreover, some of these SMEs often operate from semi-urban locations with low telecommunication connectivity. In addition, there was resistance from some employees who refused and were reluctant to transfer their activities from the old system to the new system.

#### 4.4.5 The influence of COST on SMM

The results of hypothesis verification show that cost does not have a significant effect on MMS (H5 not supported). The use of SMM requires large costs, especially for paid advertising (Syaifullah *et al.*, 2021). In their marketing activities, MSMEs usually do not incur promotional costs, including the use of free social media, so that their target consumers are also very limited. Thus, the cost of using paid social media becomes very burdensome for MSMEs, because of some additional costs will arise related to the use of MMS, for example to improve the human resource capabilities through training, system maintenance and infrastructure development. Especially during a pandemic, income declines because consumers also tend to withhold purchases of less urgent items such as clothes, so that using SMM is of no benefit. It is different with the study conducted by Chatterjee & Kar (2020). The findings of their study suggest that COST is very effective and significant for SMEs to utilize SMM because the promotion cost through SMM is cheaper than the traditional promotion cost.

#### 4.4.6 The influence of SMM on BP

The result of the study shows that SMM has a significant positive effect on MSME performance. This indicate that the better the use of social media for MSMEs business activities, the MSMEs business performance will increase, such as sales, customer relations, productivity, and creativity. During the Covid-19 pandemic, all crowds and social and physical activities were limited to prevent the spread of the virus from spreading. This can have an impact on the decline in sales turnover of MSMEs, especially those who still tend to rely on selling offline. Therefore, one way to adapt to current changes in behavior is to change the way of selling from offline to online, and one of them is by using social media. The use of social media as a marketing tool is expected to restore people's purchasing power, thereby increasing sales turnover. The existence of social media can help improve the performance of MSME, including being able to advertise their products more widely, connect with customers, increase competitive advantage, and better marketing techniques for business development. Saravanakumar & Lakshmi (2012) stated that social media can be expected to impact business today. More and more big brands are using social media to promote their products and services, so they can show a strong presence in society and their products can be known more widely.

## 5. CONCLUSION

The use of social media to market products is a significant factor during the Covid-19 pandemic, given the reluctance of consumers to visit stores if there is no urgent need. This is likely to continue because it turns out that the pandemic has not ended. The results of this study found that the use of SMM proved to increase the added value and productivity

of MSMEs. In addition, the use of SMM can also strengthen relationships with customers with better communication, so that they are closer to their customers. In other words, SMM can improve customer relationship marketing. Moreover, MSME employees generally have relatively low levels of education. With the use of SMM, it can improve the skills of its employees.

This study proves that SMM can demonstrate its benefits; it is easy to use; and is compatible with conventional marketing systems carried out by MSMEs. To market their products better, using SMM is a must for MSMEs now and after the Covid-19 pandemic. Likewise, SMM must increasingly understand the needs of MSMEs and constantly update them on technological developments and their content needs. SMM operations must be user-friendly; generally, MSME employees have low education and need to be equipped with courses to support their work. The easier it is to operate the SMM, the more it will encourage MSMEs to use the SMM to promote their products. Compatibility shows the compatibility between conventional systems used so far with SMM. This means that the more compatible it is, the greater the tendency for MSMEs to use SMM.

However, this study found that FCO and COS did not support using SMM. This is more due to the high cost of paid SMM, which is very burdensome for MSMEs, where during the pandemic, MSMEs' income has fallen sharply. Most MSMEs need adequate infrastructure to support their business, promotional facilities that could be more optimal on social media, low investment related to SMM, and a need for more adequate resources to handle SMM. Cost is one of the obstacles for MSMEs in using SMM. The low income of MSMEs makes it difficult to use paid SMM and related expenses. Costs incurred as a result of using SMM that MSMEs must consider include: paying for advertising, fees for improving human resource capabilities through training and recruitment, costs for maintaining SMMS content, etc.

This study concludes that SMM is needed to improve MSMEs' performance. MSMEs not utilizing SMM must be socialized, educated, and encouraged to use it to increase their performance. Batik MSMEs can market their products through omnichannel marketing via both conventional and online marketing through SMM. If sales increase, then batik production will increase, absorbing more workers. Thus, it will reduce unemployment and will improve social welfare.

### 5.1. Managerial Implications

Only a few studies have examined the antecedents and consequences of SMM in the B2B context, especially with the research object on the batik industry at the MSME scale. This research is unique because it was carried out during the Covid-19 pandemic situation. It is estimated that consumer behavior during the pandemic will not change too much after the pandemic. One of the changes in consumer buying behavior due to this pandemic is the increment of online shopping. MSMEs must immediately seize these opportunities to increase their income. This study proves that SMM can increase work productivity. By using SMM, MSMEs can retain their market and even expand through social media with the omni channel marketing platform.

Studies prove the ease of operating SMM and its outstanding usability, causing SMM to be used more and more for MSMEs marketing activities. In addition, compatibility between conventional systems and SMM encourages increased use of SMM. SMM can also be a solution for communicating and selling products to consumers without consumers attending the store. Therefore, batik MSMEs need to execute, utilize and learn better social media immediately; and provide exciting content; so that SMM can generate maximum income, reach more consumers, and to get to know the shop and products' brand better.

Cost constraints can be overcome by collaborating with fellow batik MSMEs, cooperatives, and the local government. With cooperation, costly SMM procurement can

be shared with its members. The government can provide subsidies to MSMEs related to the procurement of SMM; in the form of subsidizing SMM costs, increasing the knowledge of MSME owners, and conducting technology suitability training to improve employee skills in utilizing SMM. If the sales of MSMEs increases, the demand for products will increase, then production will also increase. When production increases, employment opportunities will increase, government revenue (GDP) will increase, namely from the tax and retribution sector, and ultimately social welfare will also increase.

## 5.2 Limitations and Research Suggestions

This study only focuses on batik MSMEs that use SMM in Surakarta. Future research is expected to be able to use a more diverse research object, not only SMEs and batik products; so that the study can be generalized. The business performance of MSMEs is still limited to perceptions, so it is still biased; therefore, for further research; it is hoped that the performance variables of MSME businesses can be presented in the form of quantitative data so that they can measure actual business performance.

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