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THE IMPACT OF SOCIAL MEDIA AND INNOVATION STRATEGY ON THE MARKETING PERFORMANCE OF SMALL AND MEDIUM SIZED ENTERPRISES (SMEs) In BEKASI CITY, INDONESIA

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Abstract

This investigation will look at how social media and new product development impact the marketing efficiency of micro, small, and medium-sized businesses in the Bekasi area. This study uses quantitative methods. The SMEs in the food sector in Bekasi City are the focus of this study. In this study, a questionnaire was employed as a method of data collecting. This research was conducted by incidental sampling technique with a sample size of 100 respondents. The analysis used in this research is descriptive analysis with a multiple linear regression model. The findings revealed that (1) limited use of social media has a positive and significant impact on SMEs' business performance, (2) limited innovation has a positive and significant impact on SMEs' performance, and (3) limited use of both social media and innovation simultaneously has a positive and significant impact on SMEs' marketing performance.

Keywords: Social Media, Innovation Strategy, Marketing Performance

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I. Introduction

The amount of interest in entrepreneurship in Indonesia is increasing, as shown by the rise in the number of Micro, Small, and Medium Sized Businesses (SMEs). But with the large number of SMEs, it has not been followed by good SMEs performance. This causes SMEs in Indonesia to still be unable to compete with other ASEAN countries. Even though the government has helped prepare a financing formula for the Small and Medium Enterprises sector with loan interest rates ranging from 12% - to 15% or lower than the people's business loan interest rate which reached 21% and by providing easy permits in establishing Micro, Small and Medium Enterprises (SMEs). As per Bank Indonesia's director of the SMEs

development division (BI), According to Yunita Official Sari (2018), SMEs make up 99.9% of all business units, or 57.89% of all units, and they significantly contribute to employment (96.9%), GDP (57.56%), and exports (15.68%), as well as employment and GDP.

The potential of information technology is one that can be used. The advancement of information technology has allowed people to stop worrying about time, place, and distance limitations. The internet was made possible by information technology, and it has many advantages that help SMEs sell their products more effectively. Also, the internet has the advantage of expanding SMEs' opportunities for business collaboration. One of the internet's rapidly evolving tools that can help with SME marketing is social media. People may connect easily and rapidly thanks to social media.

Twitter, Facebook, MySpace, YouTube, Instagram, Path, WhatsApp, Line, and other examples of developing social media. It is vital to perform an observational study due to the significance of knowledge on the advantages of social media for SMEs and how to use them. Innovation encompasses more than just innovation. Here, innovation refers to a creative process that produces novel items and substances that are helpful to humanity, go beyond simple innovations, and last for a long time. Innovation goes beyond just having a good concept. So, innovation combines vision to develop a sound idea with tenacity and commitment to uphold the idea through implementation.

Literature Review

Social Media

When understood linguistically, Sociable media is a tool or method of intercommunal communication. "Social networks" is another name for social media, which refers to online interactions and networks. As a result, blogs, social networks, wikis, forums, and other online spaces where people may readily engage, exchange, and produce material are referred to as social media by Wikipedia (Hoga Saragih, n.d.).

Widyaningrum (2016) defines social media as a collection of web-based programs that support the development and exchange of easily generalizable content in addition to being founded on the principles of Web 2.0. Online media that encourages social engagement can be summed up as social media. Web-based technology has been employed in social media to transform communication into interactive discussion. This is fantastic news for business growth because it can be applied to SMEs that are still expanding with relatively minor capital scale issues in order to cut promotional expenditures by employing social media. Companies can use marketing strategy as a tool to combat fierce business competition. Profit is the primary objective of a business and can serve as a barometer for whether that business is successful in reaching its objectives. Also, the effectiveness and efficiency with which the corporation conducts its business are crucial. The subject of efficiency concerns a marketing plan that is implemented with the proper calculations and considerations to prevent cost wasting in operations as well as in the promotion and advertising charges. The efficacy in question is the choice of the appropriate marketing strategy and by the market that the firm serves in order to meet the goals specified.

The potential of information technology is one that can be used. The advancement of information technology has allowed people to stop worrying about time, place, and distance limitations. The internet was made possible by information technology, and it has many advantages that help SMEs sell their products more effectively. Also, the internet has the advantage of expanding SMEs' opportunities for business collaboration. One of the internet technologies that is growing swiftly and can help with SME marketing is social media. Social media may rapidly and for free connect a large number of people.

In a journal written by (Ekasari, 2014), the indicators used in this study are:

1. Relationship, build personal relationships with consumers.
2. Communication, the intensity of interaction between producers and consumers.
3. Ease of access to information, how advertisements can convey information that attracts consumers' attention.

Innovation

According to (Entrepreneurship, n.d.) Innovation has a broader meaning than invention. Innovation is a creative process that creates new objects and substances that are useful for humans, but are broader than just inventions and have a long period. According to (Sri Wahyuni¹, Ari Pradhanawati², 2007) argues that innovation is a process that transforms opportunities into products. Innovation goes beyond just having a good concept. So, innovation combines vision to develop a sound idea with tenacity and commitment to uphold the idea through implementation.

Another quality that every entrepreneur or businessperson needs to have is innovation. An entrepreneur who can demonstrate his ability to invent new products in order to expand his business is considered inventive. An innovative businessperson can be identified by his capacity to put any original idea into practice. This demonstrates that applying original concepts to create opportunities is what is meant by innovation. Because of the support of innovative capabilities consisting of ideas, new goods, and others, good innovation will aid management in attaining improved performance so that business continuity and sustainability will also continue to run according to company goals. According to (Septian Wahyudi, 2019), there are three different types of innovation: product innovation, which entails generating revenue, process innovation, which offers a way to preserve and improve quality while reducing costs, and market innovation, which broadens the target market mix and selects the best market to take into account. served by the business.

Innovation Dimension

1. Product innovation:
 - a. product variety
 - b. product form variations
 - c. Product size/weight/packaging variations
 - d. product price variations
2. Market innovation:
 - a. new store addition
 - b. market segment expansion

Marketing Performance

Ferdinand (2000, p.23) explain that a factor used to gauge the effectiveness of the company's strategy is marketing performance. The company's strategy is constantly focused on generating strong marketing and financial results.. Pelham (1997) said in his research, he proposed that there was a strong correlation between market orientation and business performance, sales growth, and profit growth. Three marketing performance metrics were relative profit growth, firm effectiveness, and sales growth.

According to Song and Parry (1997:3), the marketing performance variable is made up of three indicators, namely sales growth, customer growth, and sales volume. A company's whole marketing process activities are measured by its marketing performance. Therefore, it is possible to think of marketing performance as a concept for gauging the potential of a company's product to perform well on the market.

Research Methodology

This study employs a quantitative methodology. The focus of research that takes a quantitative approach is on the statistical processing of numerical data or numbers (Azwar, 2011). This study is a part of the quantitative research using the SPSS for Windows²¹ program. The impact and impact of the variables under consideration will be explained by this study. Because the data will be utilized to examine the relationship between variables expressed in numbers, a quantitative method is applied..

By performing observations and surveys with relevant parties, the research gathers as much information and data as possible using the quantitative approach in this method. Survey research is typically restricted to studies where data is gathered from a representative sample of the population. After processing²² data and information that has been collected, the researcher makes conclusions and recommendations. The purpos²⁷ of this study is to ascertain the relationship between the variables under consideration, specifically the impact of social media use and innovation on marketing performance.

Solutions and Discussion

Respondents in this study were culinary SMEs in South Bekasi District by taking data as many as 100 business actors who became the population in the study. Data was obtained by giving questionnaires to SMEs actors to get answers according to the views of each business owner.

Respondent Identification Table Based on Social Media Used

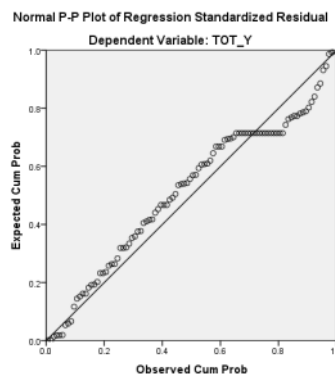
Social Media	Total	Presents
Instagram	82	82%
WhatsApp	10	10%
Blog	34	5%
Tik Tok	3	3%
Total	100	100%

Source: Primary Data (Data Processed by Author From Questionnaire), 2021

According to the images and tables above, Whatsapp and Instagram are the most popular and often used social media platforms, with 82 (82%) and 10 (10%) users, respectively.

Test of Normality

To verify whether the frequency distribution of scores on each variable was normally distributed or not, the normality test was run. The normal probability plot can be used to determine if the data is normally distributed or whether it cannot be calculated using a trustworthy approach. It can be said that the data adheres to the common assumptions if it spreads and forms a straight line.



Picture Source: SPSS Data Processing Version 26, 2021, P-Plot Normality Test

The data distributed around the diagonal line in the normality tester shown in the findings of Figure above, indicating that the regression model satisfies the requirement for normality. It can be said that the normalcy assumption was satisfied by the investigated data.

To ascertain if the sample from the population is regularly distributed or not, a normality test is utilized. By examining the significant value of Kolmogorov Smirnov, the normalcy test was applied to gauge the size of the lilies. The following are the test requirements:

1. The data is regularly distributed if the value is significant (Asym sig 2 tailed > 0.05).
2. If the value is non-normally distributed (Asym Sig 2 tailed 0.05), the value is significant.

To determine if the sample from the distributed population is normal or not, the full results are shown in Table 4.9 as follows:

Table Test of Normality

One-Sample Kolmogorov-Smirnov Test		Unstandardized Residual
N		100
Normal Parameters ^b	Mean	.0000000
	Std. Deviation	3.2145661
Most Extreme Differences	Absolute	.066
	Positive	.038
	Negative	-.066
Test Statistic		.066
Asymp. Sig. (2-tailed)		.200 ^{c,d}
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		
d. This is a lower bound of the true significance.		

SPSS Data Processing Version 26, 2021 as a source

8

Based on the results of the Kolmogorov-Smirnov test, it can be seen that the residual data Asym. Sig. (2-tailed) of 0.200, because the sign for the variable is greater than 0.05, it can be concluded that the data population is normally distributed for Social Media Use Variables (X1), Innovation (X2), and Marketing Performance (Y) that have been tested using SPSS Version 26.

Multicollinearity Test

If a link between the independent variables has been found by the regression model, it will have passed the multicollinearity test. The multiple regression equation is also considered to be outstanding if there is neither a correlation nor multicollinearity between the independent variables.

To determine if a model is multicollinear, the Tolerance and Variance Inflation Factor (VIF) values are utilized. If the tolerance value is higher than 0.10 and the VIF is lower than 10, the model is not multicollinear. It is seen below.

Multicollinearity

Independent Variable	Calculation		Information
	Tolerance	VIF	
Use of Social Media	0,195	5.119	No Multicollinearity
Innovation strategy	0,195	5.199	No Multicollinearity

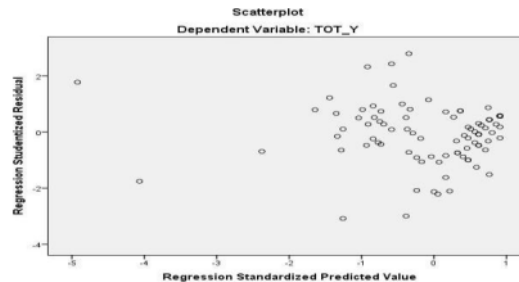
SPSS Data Processing Version 26, 2021 as a source

As can be seen in the table, no independent variable with a tolerance value of higher than 0.10 is included. In the meantime, the results of the independent variable's computation of the Variance Inflation

Factor (24) with a VIF value of less than 10 are shown. The use of social media (X1) and innovation (X2) is 0.195 and the VIF value is 5,119 based on the calculation results of the Tolerance and VIF values acquired by each variable, respectively. The test results indicate that the multiple regression model does not exhibit multicollinearity.

Test for Heteroscedasticity

The results of the Heteroscedasticity Test performed with SPSS version 26 are listed below.
Image of Heteroscedasticity Test



Source: SPSS Data Processing Version 26, 2021

The dots are scattered randomly without forming a pattern, as shown in the above figure, and they are evenly spaced above and below the number 0 on the Y-axis. This indicates that the multiple regression model does not have heteroscedasticity. In order to make it possible to anticipate consumer satisfaction using this regression model based on the factors that affect it, especially the usage of social media and innovation.

Analysis of multiple linear regression

The goal of linear regression analysis is to determine how one variable affects another. The dependent or dependent variable is the one that is impacted, whereas the independent or independent variable is the one that is affected. The following outcomes were attained based on the calculation of multiple linear regression analysis performed through statistical tests using the SPSS program:

Table for Multiple Linear Regression Analyses

Variable	Unstandardized Coefficients
(Constant)	2,256
<i>Penggunaan Media Sosial</i>	0,244
<i>Inovasi</i>	0,663

Source: SPSS Data Processing Version 26, 2021

Based on the results of the multiple linear regression processing shown in the table above, the following multiple linear regression equation is created:

$$Y = 2.256 + 0.244 X1 + 0.663 X2$$

The following explanation of each variable's coefficient is based on the regression equation above:

1. If the independent variable in the model is assumed to be equal to zero, then the Marketing Performance in this regression model will be equal to 2.256.

2. The Variable of Social Media Use (X1)
Social media use (X1) has a regression coefficient of 0.244. This means that for every increase in capital of 1, marketing performance will increase by 0.244. assuming there is no interaction.
3. Innovation Regression Coefficient (X2) The innovation regression coefficient (X2) has a value of 0.663. This means that for every increase in innovation of 1, marketing performance will increase by 0.663. assuming there is no usage of social media.

Testing Hypotheses

T Uji test

This test demonstrates the extent to which one independent variable alone (partial) may explain a change in the dependent variable. Each independent variable that was employed in this study was partially tested using a test with a threshold of 0.05. The following serves as the basis for decision-making:

1. Using probability values to inform decisions
 - a. p is rejected if significance is less than 0.05, but H_a is accepted.
 - b. If the significance level exceeds 0.05, H_0 is accepted and H_a is denied.
2. The t-count number serves as the basis for decision-making.
 - a. If t count exceeds t table, H_0 is disregarded.
 - b. If H_a is acceptable, then t count t table.

With the SPSS application, the examiner is completed by processing the data. The following table shows the findings of the t-test (partial test):

Table of T-Test Results

Model	Coefficients		Standardized Coefficients	
	Unstandardized Coefficients		Beta	
		Std. Error		
(Constant)	.256	.867		.208
Social Media Used	.244	.112	.247	.183
Innovation Strategy	.663	.117	.643	.688

- a. Dependent Variable marketing performance

Source: Processing Data SPSS Version 26, 2021

The Social Media Usage variable (X1) has a t-count value of 2.183 > 1.660 (t table) with sig. 0.031 < 0.05, meaning the significance value is less than 0.05, as can be seen from the results of the table above. The use of social media (X1) has a substantial impact on marketing performance, so, either H_0 is turned down or H_a is approved (Y).

Then for the Innovation variable (X2), the t-count is $6.688 > 1,660$ (t table) with sig. $0.000 < 0.05$ or a smaller significance value of 0.05. Hence, either H_0 is rejected or H_a is approved, indicating that Innovation (X2) has a substantial impact on Marketing Performance (Y).

Test of Annova (F Test)

This test illustrates the extent to which one independent variable's individual (partial) impact on explaining a change in the dependent variable is used to examine the impact of each independent variable employed in this study. the following decision-making process is based on a t-test with a significance level of 5% :

1. Using probability value to inform decisions
 - a. the difference is less than 0.05, H_0 is rejected and H_a is approved.
 - b. If the significance level exceeds 0.05, H_0 is accepted and H_a is denied.
2. Making decisions based regarding the F-count value
 - a. H_0 is disregarded if F Count exceeds F Table.
 - b. H_a is recognized when F Count F Table.

The SPSS application is used to process data for testing. These are the outcomes of the F test (simultaneous test):

Table of F Test

ANOVA						
Model		Sum of Squares	f	Mean Square		sig.
	regression	2024.480		1012.240	52.021	.000 ^b
	residual	645.880	7	6.659		
	total	2670.360	9			
a. Dependent Variable: Marketing Performance Y						
b. Predictors: (Constant), Innovation Strategy X2, Used Media X1						

Source: Data Processing SPSS Version 26, 2021

According to the results of the table above, the computed F is $152.021 > 3.09$ (F table) with a significant value of Sig. $0.000 < 0.05$ or less than 0.05. The simultaneous use of social media (X1) and innovation (X2) has a major impact on marketing performance, Thus, H_a is approved and H_0 is refused (Y).

4.1.1 Coefficient of Determination Test (R²)

The adjusted coefficient of determination (R²) essentially measures the model's precision between 0 and 1. The potential of the dependent variables is significantly hampered if the Adjusted R² score is poor. The independent variables almost totally satisfy the requirements for forecasting the fluctuation of the dependent variable if the value is close to 1.

Table Coefficient of Determination Test (R²)

Model Summary				
Model		Square	Adjusted R Square	Std. Error of the Estimate
	871 ^a	758	.753	2.580
a. Predictors: (Constant), Inovation Strategy X2, Social Media Used X1				
b. Dependent Variable: Marketing Performance				

Source Processing Data by SPSS Version 26, 2021

Adapted R Square's value (R²) is 0.753 or 75.3%, as can be seen from the table above. This indicates that the independent variable, which is the use of social media and innovation, may account for 75.3% of the dependent variable. While the remaining 24.7% can be accounted for by factors other than social media use and innovation.

Conclusion

It is possible to draw the following conclusion from the outcomes of the discussion analysis carried out using multiple linear regression:

1. The effectiveness of marketing is significantly and partially impacted by social media use. This demonstrates how social media usage can enhance SME marketing performance. So, it is envisaged that SMEs will be able to benefit from using social media for business purposes.
2. Marketing Performance is significantly and partially impacted by innovation. This demonstrates how innovation can enhance the growth and understanding of SME Marketing Performance.
3. The marketing effectiveness of SMEs in Bekasi City is positively and significantly impacted by the usage of social media and innovation at the same time..

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