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Factors that Influence Social Media Marketing Activity and the Effect on Business Performance of The SMEs in Bandung

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ABSTRACT

The extensive use of social media has prompted research on factors influencing its adoption for marketing among SMEs in Bandung and its impact on business performance. Social media has become pervasive and significantly shapes marketing strategies in the digital era. This study investigates factors influencing social media adoption and its effect on business performance. Key variables include perceived usefulness, ease of use, compatibility, cost, social media for marketing, and business performance. Quantitative data selected from 100 SMEs in Bandung. Data were collected via a survey and analyzed using SEM-PLS constructed by 26 questionaire items. A theoretical model has been created by combining elements from TAM and UTAUT2, with certain adaptations, to examine how this impact relates to business performance. Findings reveal that perceived usefulness, ease of use, compatibility, and cost positively influence SMEs' adoption of social media for marketing activities. The study also demonstrates that using social media for marketing positively impacts business performance. Ultimately, promoting sincerity in raising awareness about the benefits of SMM to Indonesian SMEs can encourage its adoption for their overall advantage.

Keywords: Perceived Usefulness, Ease of Use, Compatibility, Social Media Marketing, Business Performance

INTRODUCTION

Small and Medium Enterprises (SMEs) make a considerable impact on the economy and are crucial for the nation's progress and growth (Permana, 2017; Panjaitan et al., 2021). Across Asia, SMEs account for about 98% of businesses and employ around 66% of the workforce, highlighting their economic importance (Cahyono et al., 2022). As social media marketing gains popularity, it becomes a key factor in enhancing business performance (Abideen et al., 2022). The growing number of internet users and the rise of digital intelligence in Indonesia offer marketers new opportunities to promote products and influence consumer behavior (Sari & Widodo, 2022). Social media acts as a bridge between SMEs and potential consumers, but its effectiveness depends on the proper management and execution of marketing strategies (Redjeki & Affandi, 2021) (Hosseini et al., 2019). Adopting social media for marketing purposes is driven by various factors, such as business expansion and e-commerce adoption (Dwivedi et al., 2019). For Indonesian businesses, perceived usefulness and ease of use are key factors influencing their decision to embrace social media marketing (Ghazanfar et al., 2018). The compatibility between social media content and brand image is crucial for generating purchase intention and increasing brand loyalty (Yuanfang et al., 2015; BİLGİN, 2018).

Social media plays a crucial role for SMEs, enabling business growth and facilitating consumer discovery of new products and services (Dahnil et al., 2014; Dženopoljac et al., 2016). It acts as a bridge connecting SMEs with potential customers and fosters a sense of community (Abd Rahman et al., 2017). Leveraging social media

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effectively can significantly enhance productivity and increase business revenue (Tripopsakul, 2018). By embracing technology and utilizing social media platforms, SMEs can streamline operations, improve efficiency, and enhance overall business processes (Dwivedi et al., 2021). However, adopting new technology and marketing strategies incurs additional costs for SMEs, potentially impacting adoption rates, especially for small businesses with limited resources (Chatterjee & Kumar Kar, 2020; Patma et al., 2021). Understanding each platform's operations and allocating funds for implementation and maintenance are key considerations for successful utilization of social media for marketing by SMEs. Embracing social media for marketing with a positive attitude can positively impact business performance in Indonesia and other countries.

SMM is a modern approach to promoting products or services through digital platforms (Hafez, 2022). Social media marketing also provides other activities such as interactiveness, informativeness, word- of-moth, personalization, trendyness to achieve the goals to be achieved (Marhantara & Widodo, 2022). The role of the internet today goes beyond being a mere source of information, as it also holds significant potential as a marketing medium (Widodo & Solehudin, 2021). This media can effectively spread information about a product or service, helping to increase brand awareness and sales (Wielki, 2020). Social media platforms constitute a further area of digital media that has only recently begun to be seen in terms of the materials that they provide for immersive interaction (Bateman, 2021). The willingness to make a purchase has been positively influenced by the implementation of SMM strategies (Widodo & Bagus Prasetyo, 2022). Business performance can only be improved if customers' needs are met with a sustainable offering (Ni & Sun, 2019). Business growth can either be a steady increase in overall performance, including output, sales volume, profits, and asset growth, or it can be a rapid enhancement of overall performance (Esmaeel et al., 2018).

Previous Studies

This research was previously successfully conducted in India with the title "Why do small and medium enterprises use social media for marketing and what is the impact: Empirical insights from India" and it is very likely that it would be different if this research was conducted in Indonesia. Previous studies have examined the impact of facilitating conditions on the utilization of SMM. The findings indicate that facilitating conditions do not provide sufficient support, and the primary issue lies in the cost factor. This is interesting to study because compatibility is also a significant factor in adoption when creating appealing marketing strategies (Chatterjee & Kumar Kar, 2020).

The research was conducted in Bandung because Bandung is an area that has a large number of SMEs in Indonesia. The number of SMEs in Bandung is recorded at 343,938 until 2021 (Dinas Koperasi dan Usaha Kecil, 2021). However, there are still very many SMEs in Bandung who are still unable to maximize online marketing (Iman, 2021). Factors that cause the use of digital marketing to be less than optimal, including social media for marketing, are interesting things to study. The influence of social media adoption on the business performance of SMEs in Bandung might vary depending on how well SMEs carry out their social media for marketing strategies. The factors that could influencing SME owners' decision to use SMM are exciting things to study because they might be influence the decisions of other SME owners to strengthen aspects that still need to be improved. The study will assess the impact of social media for marketing on key performance indicators to provide insights into the challenges and benefits of using social media for marketing by SMEs in Bandung and can inform strategies for SMEs looking to enhance their marketing efforts through social media.

Theoretical Background

The feasibility of SMEs in Indonesia adopting SMM technologies, as well as the key factors that facilitate or hinder their adoption, is a crucial question that needs to be addressed. The

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adoption of SMM by SMEs becomes a significant topic of discussion. When examining theoretical models related to accepting new technology, the Technology Acceptance Model (TAM) emerges as a highly influential and widely accepted model. TAM's independent variables, Perceived Usefulness (PEU) and Perceived Ease of Use (PEOU), play a crucial role in individuals' technology acceptance (de Graaf et al., 2019).

TAM's popularity stems from its specificity to information technology, simplicity, and ability to predict technology adoption across diverse populations (Choe & Noh, 2018). Supported by validated measurement scales, TAM is a robust model known for its high explanatory power in technology acceptance (Yousafzai et al., 2007). However, when considering social media marketing (SMM) adoption in SMEs, it is crucial to incorporate other technological and financial factors. To address this, adoption models such as TAM (PEU and PEOU) and UTAUT2 (COS) have been employed, identifying additional variables as important predictors of SMM (Venkatesh et al., 2012; Shi et al., 2019).

In the context of SMEs, if employees perceive that SMM technology aligns with their previous experience and practices, they are more inclined to adopt it (Hsu et al., 2007). Compatibility (COM) plays a significant role in motivating SMEs to adopt SMM and improve their business health (Morrish et al., 2011). Thus, compatibility holds significant importance as a belief parameter for SMM adoption in SMEs (Venkatesh et al., 2012).

In an emerging economy like Indonesia, users are consistently mindful of the cost implications of their actions (Dwivedi & Williams, 2015). If the use of SMM is not cost-effective compared to traditional practices, SMEs may hesitate to adopt it (Chong & Chan, 2012). However, studies indicate that SMEs can communicate with their valued customers at a relatively lower cost by using SMM (Shi et al., 2019). Perceived usefulness, perceived ease of use, compatibility, and cost are important factors that can positively or negatively impact SMEs in adopting SMM (Venkatesh et al., 2012). It is worth noting that the adoption of SMM by SMEs has a positive impact on the improvement of their business (Shi et al., 2019).

Hypothesis and Conceptual Model

According to the literature studies, it seems that the utilization of social media marketing (SMM) can have an influence on small and medium-sized enterprises (SMEs) in terms of their business. It is also evident from the literature review that there are certain significant factors that can serve as motivators for SMEs to adopt SMM.

Perceived usefulness refers to the extent to which someone believes that using a specific system can enhance their job performance and accomplishments (Tyas, 2017). Perceived usefulness has a positive relation with the ultimate use of the new technology (Kim & Chiu, 2019). The benefits of using information technology improve the work performance of people who use it (Zaki & Arrizky, 2019). In the context of social media marketing, perceived usefulness relates to how the target audience sees the benefits of using social media in promoting products or services.

H1. The higher the perception of PEU by SME, the higher the adoption of SMM by SMEs.

Perceived ease of use refers to how easily consumers feel when using a specific technology (Stocchi et al., 2019). Perceived ease of use refers to consumers' evaluation of how simple and user-friendly they expect the technology they are about to adopt (Keni, 2020). By the theories, perceived ease of use in social media marketing refers to how easily a user can navigate and utilize a platform for marketing. A high level of ease leads to satisfaction and continued usage, while a low level leads to frustration and decreased usage. Effective marketing depends on users finding the platform easy to use with accessible features and tools to achieve their goals.

H2. The higher the perception of PEOU by SME, the higher the adoption of SMM by SMEs.

The level of compatibility between the current and new technological products is seen as an

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important factor for users when evaluating a service (Yoon & Cho, 2016). It is necessary to have a certain level of process and task alignment within the organization to ensure that employees can easily adopt and utilize SMM without feeling restricted by their prior knowledge of the technology (Chatterjee & Kumar Kar, 2020). A high compatibility factor makes it easier for an organization or individual to adopt and integrate social media marketing into their existing marketing strategies. Business needs to consider the compatibility factor when adopting social media marketing and to ensure that it aligns with their overall marketing goals and objectives.

H3. The higher the COM factor, the higher the adoption of SMM by SMEs.

Cost in commodity production is based on actual expenditures, while worth and value are determined by owner and customer opinions (Olajide et al., 2016). Previous research also indicates a causal relationship between cost and technology adoption (K. J. Kim & Shin, 2015). Cost and social media marketing are interrelated as the cost of a social media marketing campaign can vary based on various factors such as the platform being used, target audience, type of content, and desired level of engagement.

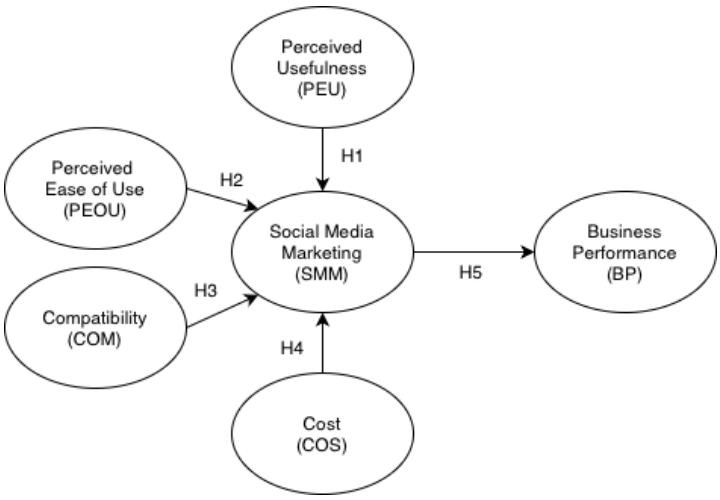
H4. The higher the COS, the lower the adoption of SMM by SMEs.

Social media marketing (SMM) is a new dimension of digital marketing (Hafez, 2022). It saves time for B2B buyers and influences their buying behavior (Müller et al., 2018). The impact of SMM on business performance is extensive, encompassing increased brand awareness, enhanced customer engagement and loyalty, and boosted sales and revenue. Effective SMM leads to improved brand recognition, customer relationships, and overall business performance.

H5. The higher the SMM usage, the higher the BP that could be achieved by SMEs in Bandung.

This study examines the direct impact of SMM adoption and its effect on business performance with a more focused scope to determine the potential for more specific knowledge regarding the involvement of supporting factors in the adoption of SMM among SMEs in Bandung. After considering all of these discussions, the conceptual model is visually represented in **Fig. 1.**

Fig. 1. Conceptual Model



Source: Modified from Chatterjee & Kumar Kar, 2020

METHOD

Based on the conceptual model **(Fig. 1),** it is apparent that the number of independent variables exceeds the number of dependent variables. Therefore, in order to validate the conceptual model and test the hypotheses, it is

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necessary to employ Partial Least Squares (PLS) - Structural Equation Modeling (SEM). To achieve this goal, it is preferable to conduct a survey-based empirical validation. Feedback will be collected from eligible respondents using a suitable questionnaire, and the responses will be quantified and appropriately coded. Based on the conceptual model (Fig. 1), it is apparent that the number of independent variables exceeds the number of dependent variables. Therefore, in order to validate the conceptual model and test the hypotheses, it is necessary to employ Partial Least Squares (PLS) - Structural Equation Modeling (SEM). To achieve this goal, it is preferable to conduct a survey-based empirical validation. Feedback will be collected from eligible respondents using a suitable questionnaire, and the responses will be quantified and appropriately coded.

In this study, we utilized question items that were developed by Chatterjee & Kumar Kar (2020) in their research.. The questionnaire items were derived from constructs they had validated within an organizational context. We chose to employ their instrument due to its high relevance to the focus of our investigation. Referencing the source journal allowed us to build upon their previous work and ensure the validity and reliability of the question items used in our research.. The pilot test serves as a rehearsal for the actual survey and should involve a sample size ranging from 50 to 100 (Alalwan et al., 2017). The questionnaire comprises statements in the form of close-ended questions, utilizing a 5-point Likert Scale (Strongly disagree = 1, Disagree = 2, Slightly agree = 3, Agree = 4, and Strongly agree = 5). This scale was employed to collect relevant responses for analysis following appropriate quantification of the feedback received.

Validation of the hypothesis and conceptual model using the PLS-SEM analysis technique have already conducted. Item responses should range between 1:4 (Deb & Lomo-David, 2014). Since there are 26 items, it is preferable for the responses to fall between 104. Taking these factors into account, we included 100 entrepreneurs from the cities of Bandung in Indonesia. The selection of these entrepreneurs was done randomly in several areas. The survey was conducted over a period of 3 weeks between April and June 2023. **Table. 1.** shows the demographic profile of the entrepreneurs, while **Table. 2.** provides sector distribution and investment details. The distribution indicated that 56% of the entrepreneurs were male, with a majority (47%) coming from the management discipline and having an bachelor education level (67%). Approximately 46% of the entrepreneurs were from the trade sector, and 54% invested between IDR 10 million and IDR 100 million.

Table. 1. Demographic Profile

Category		Number	Percentage
Gender	Male	56	56%
	Female	44	44%
Discipline	Management	47	47%
	Science	20	20%
	Social	33	33%
Education	Diploma	21	21%
	Bachelor	67	67%
	Master	13	13%

Source: Data Pocessing, 2023

Table. 2. Sector and Investment Details.

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Sector	No	Percentage	Investment	No	Percentage
Manufacture	24	24%	<IDR 10 million	34	34%
Service	30	30%	IDR 10 million - 100 million	54	54%
Trade	46	46%	>IDR 100 million	12	12%

Source: Data Pocessing, 2023

Validity and Realibility Test

A set of 26 items has been prepared corresponding to the 6 constructs, and it is necessary to confirm the reliability of item identification in the questionnaire. To achieve this, we estimate the Loading Factor (LF) of each item with respect to its respective construct (Fornell & Larcker, 1981). If the loading factor of each item surpasses the lowest acceptable value of 0.707 (Borosso et al., 2010), it confirms that the each indicator suitable to be used. The estimated values for these parameters are presented in **Table. 3.** The results demonstrate that the lowest CR and AVE values for each construct exceed their respective lowest acceptable values of 0.6 for CR (Urbach & Ahlemann, 2010) and 0.5 for AVE (Hair et al., 2010), confirming the validity and reliability of construct identification. To examine whether the identified constructs are affected by multicollinearity, we need to determine the Variance Inflation Factor (VIF) for each construct (James et al., 2021). The acceptable range for VIF values is between 3.3 and 5 (Kock & Lynn, 2012). The VIF values for all constructs have been estimated, and it is evident that they fall within the acceptable range.

Table. 3. Results of Measurement Model

Variable	Indicator	Loading Factor	AVE	CR
Perceived of Usefulness (PEU)	PEU1	0.83	0.675 (Valid)	0.881 (Reliable)
	PEU2	0.809		
	PEU3	0.819		
	PEU4	0.858		
	PEU5	0.791		
Perceived Ease of Use (PEOU)	PEOU1	0.711	0.604 (Valid)	0.839 (Reliable)
	PEOU2	0.827		
	PEOU3	0.784		
	PEOU4	0.817		
	PEOU5	0.739		
Compatibility (COM)	COM1	0.721	0.546 (Valid)	0.726 (Reliable)
	COM2	0.712		
	COM3	0.78		
	COM4	0.741		
Cost (COS)	COS1	0.726	0.579 (Valid)	0.76 (Reliable)
	COS2	0.759		
	COS3	0.805		
	COS4	0.751		
Social media for marketing (SMM)	SMM1	0.891	0.808 (Valid)	0.881 (Reliable)
	SMM2	0.907		
	SMM3	0.898		
Business Performance (BP)	BP1	0.796	0.6 (Valid)	0.834 (Reliable)
	BP2	0.796		

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BP3	0.756
BP4	0.762
BP5	0.761

Source: Data Pocessing, 2023

When the items related to a particular construct discovered strongly explain that construct, but only weakly interpret other constructs, the presence of discriminant validity can be confirmed (Fornell & Larcker, 1981). To establish discriminant validity we need to ensure that the loadings are consistently higher than the cross-loadings (Gefen & Straub, 2005). After estimating the cross-loadings, we have determined that the loadings indeed surpass the corresponding cross-loadings, discriminant validity confirmed. These results can be found in **Table. 4**. Loading factor from group of indicators that owned by one of variable lower than loading factor from indicators owned that own variable.

Table. 4. Discriminant Validity Test

	BP	COM	COS	PEOU	PEU	SMM
BP	0.774					
COM	0.51	0.739				
COS	0.565	0.656	0.761			
PEOU	0.353	0.404	0.185	0.777		
PEU	0.607	0.196	0.531	0.321	0.822	
SMM	0.6	0.605	0.691	0.747	0.756	0.899

Source: Data Pocessing, 2023

Good of Fit Test

Goodness of Fit (GoF) is a criterion used to evaluate how well a model aligns with observed data. It measures the accuracy of the model in explaining and predicting the phenomenon under investigation. A high GoF indicates a strong fit, while a low GoF suggests a poor fit between the model and the data. Evaluating GoF is crucial for ensuring the validity and reliability of the model's findings.

Table. 5. Model Fit Result

	Criteria	Saturated Model	Level of Fitness
SRMR	<0,08	0.076	Fit
Chi-Square	<3 x DF	618.778	Fit
NFI	>0,90	0.67	Weak

Source: Data Pocessing, 2023

SRMR (Standardized Root Mean Square Residual) measures the discrepancy between observed and model-implied covariance matrices in hypothesis testing. Values for the SRMR as high as 0.08 are deemed acceptable (Hu and Bentler, 1999). In the test results, it is shown that the SRMR value is 0.076, indicating that the model fits the criteria as it is below 0.08. The chi-square test is a statistical method used to assess the relationship between categorical variables. This research model requires a degrees of freedom (DF) of 350 due to the 26 indicators. The Chi-Square value of 618.778, smaller than three times the degrees of freedom, confirms a good fit for the model. However, the NFI value of 0.670 falls below the recommended threshold of 0.90 (Bentler and Bonett, 1980), indicating a relatively weak level of fitness. Nonetheless, considering the overall data, the model is still considered fit.

RESULT AND DISCUSSION

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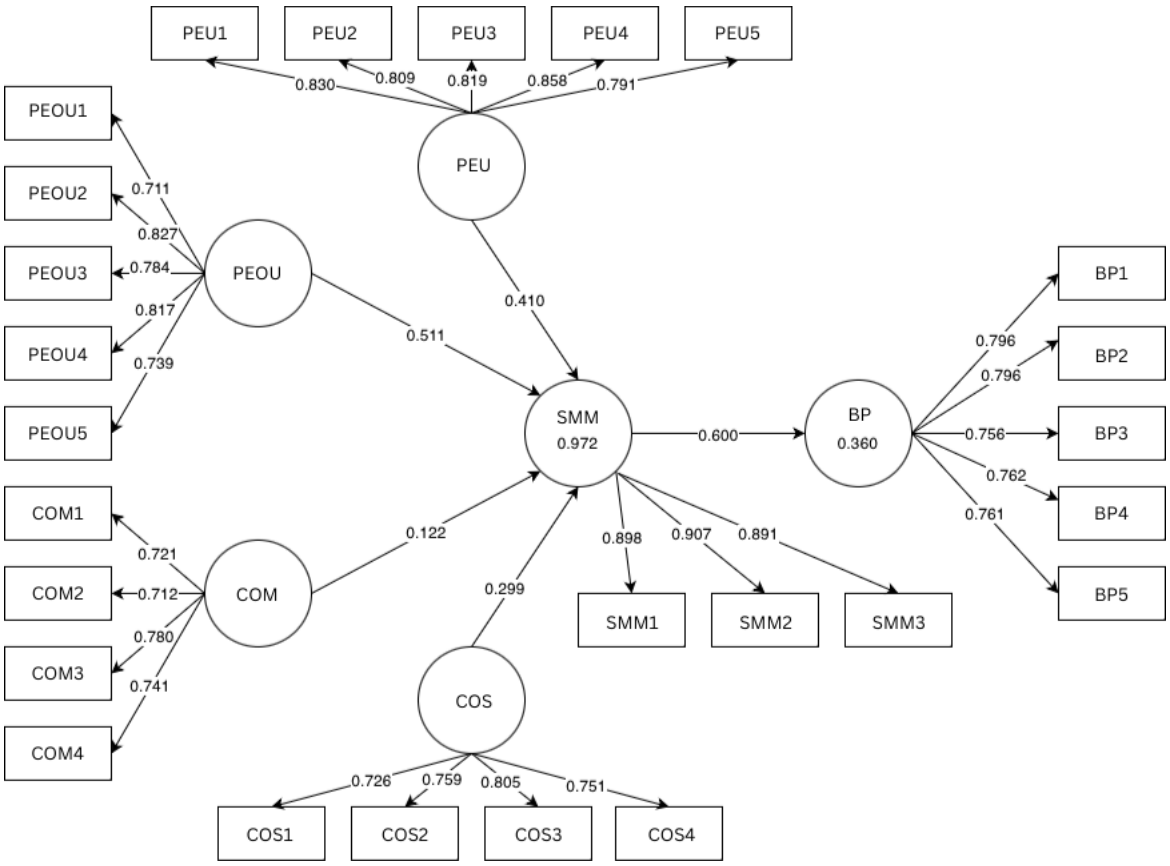
Based on **Fig. 2.** The calculation of coefficient of determination (R2) shows that Perceived Usefulness (PEU), Perceived Ease of Use (PEOU), Compatibility (COM), and Cost (COS) collectively account for 97,2% of the explanation and interpretation of Social media for marketing (SMM), as the R2 coefficient is 0.972. As the R2 coefficient is 0.36. This means that the model has a 36% capability to explain the relationship between Social media for marketing (SMM) and its impact on business.

In the study, several hypotheses were tested to determine the cause-effect relationships between variables. The path coefficients, p-values, and t-values were examined to make decisions about accepting or rejecting the hypotheses. The hypotheses were evaluated by comparing the calculated t-value to the critical t-value from the table at a one-tailed significance level of 0.025. If the calculated t-value exceeded the table t-value of 1.96, the hypotheses were considered accepted. The hypotheses are presented in **Table. 6.**

Fig. 2. Structural Model with Path Weight and Significance Level



Source: Data Pocessing, 2023

The T-test compares the means of two groups to determine if there is a significant difference. It calculates a T-value, which is then compared to a critical value at a predetermined significance level (usually 0.05). If the T-value exceeds the critical value, the null hypothesis is rejected, indicating a significant difference. The P-value represents the probability of obtaining the observed data assuming the null hypothesis is true. If the P-value is less than the significance level, the null hypothesis is rejected, providing evidence for the alternative hypothesis. The study uses a one-tailed test, focusing on a specific

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direction of effect to determine if the observed data falls higher or lower than the expected value.

Perceived usefulness (PEU) has a positive effect on social media for marketing (SMM) (H1). PEU indicates that social media is valuable for business. When businesses perceive social media as useful, it positively affects their adoption of marketing strategies. This is supported by a significant relationship between PEU and SMM, with a path coefficient of 0.410, a p-value of 0.000, and a t-value of 14.875. A 10% increase in PEU intensity results in a 4.10% higher adoption level. This suggests that recognizing the usefulness of social media can lead to improved SMM outcomes.

Perceived ease of use (PEOU) influences social media for marketing (SMM) (H2). PEOU highlights the ease of learning and utilizing social media for marketing for tasks like customer identification, understanding demand, retrieving information, and advertising. When businesses find social media for marketing easy to use, it enhances their engagement and effectiveness in utilizing social media platforms. Supported by a significant path coefficient of 0.511, p-value of 0.000, and t-value of 12.184, PEOU positively influences SMM. A 10% increase in PEOU intensity makes learning and utilizing social media for marketing 5.11% easier, leading to a more streamlined and efficient marketing process, better customer identification, understanding of demand, and successful advertising on social media platforms.

Compatibility (COM) affects social media for marketing (SMM) (H3). The COM indicator reflects an organization's compatibility with social media, including its regular use, support for training, and overall alignment with social media for marketing purposes. This hypothesis suggests that when businesses are compatible with social media, it positively influences their adoption and effectiveness of social media for marketing strategies. The hypothesis is supported by a significant positive relationship between COM and SMM, with a path coefficient of 0.122, a p-value of 0.000, and a t-value of 4.328. Increasing COM intensity by 10% implies a 1.22% higher level of compatibility within the organization for utilizing social media for various purposes. This increased compatibility can enhance the effectiveness of social media for marketing strategies and lead to improved marketing outcomes.

Cost (COS) has an impact on social media for marketing (SMM) (H4). The COS indicator shows that businesses can reduce costs in various areas such as customer inquiries, customer awareness, and advertising through social media for marketing. This reduction in costs allows businesses to allocate resources more effectively and maximize the benefits of their marketing efforts. Supported by a significant positive relationship (path coefficient of 0.299, p-value of 0.000, t-value of 6.398), increasing the intensity of COS by 10% would result in a 2.99% further reduction in costs associated with social media for marketing. This enhanced cost-effectiveness can improve customer interactions, help identify new customers, and enhance advertising, leading to potential improvements in marketing performance.

Social media for marketing (SMM) influences business performance (BP) (H5). Effective social media for marketing (SMM) positively impacts business performance (BP) by increasing sales, enhancing customer connection, improving efficiency in identifying customer needs, and fostering employee creativity. This is supported by a path coefficient of 0.600, a p-value of 0.000, and a t-value of 8.129, indicating a significant positive relationship. A 10% increase in SMM intensity implies a 6% higher investment and focus on social media for marketing, leading to improved business performance, increased sales, stronger customer connections, better identification of customer needs, and enhanced employee creativity.

Each hypothesis is supported based on the statistical analysis, which shows significant positive relationships between the respective variables. The path coefficients, p-values, and t-values indicate strong evidence for accepting the hypotheses, demonstrating the impact and importance of perceived usefulness, perceived ease of use, compatibility, cost, and social media

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for marketing on various indicators and ultimately on business performance.

Table. 6. Hypothesis Results

Hypothesis	Cause-Effect Relationship	Path Coefficient	P-Value	T-Value	Decision
H1	PEU -> SMM	0.41	0	14.875	Supported
H2	PEOU -> SMM	0.511	0	12.184	Supported
H3	COM -> SMM	0.122	0	4.328	Supported
H4	COS -> SMM	0.299	0	6.398	Supported
H5	SMM -> BP	0.6	0	8.129	Supported

Source: Data Pocessing, 2023

Key Finding

Supported by empirical research, the hypotheses derived from the Technology Acceptance Model (TAM) by Davis (1989) are PEU→SMM (H1) and PEOU→SMM (H2). H1 indicates the simultaneous impact of performance, effectiveness, risks, and trust on SMM, while H2 encompasses the effects of these two beliefs on SMM. H3 states that COM has a positive and significant impact on SMM. Given the limited resources of Indonesian SMEs, the hypothesis H5 (COS→SMM) is supported, considering their cautious approach to costs associated with SMM. Previous studies (K. J. Kim & Shin, 2015) also support this linkage (H5). The effectiveness of SMM in improving the business health of SMEs is evidenced by supporting hypothesis H6, which is also supported by previous studies (Walsh & Lipinski, 2009) albeit in a slightly different context. In Indonesia, social media has been used by people from various social and economic backgrounds. Through social media, users can connect with a global network, share perspectives, and provide feedback to relevant stakeholders. SMM provides a mechanism to promote services, brands, or businesses by engaging with potential customers to enhance business growth (Kar, 2021). This benefits SMEs that cannot afford extensive advertising through traditional channels. With social media, SMEs can develop new products and services based on customer feedback obtained from social platforms. In the journey of digital transformation, the utilization of SMM by SMEs plays a crucial role (Kar et al., 2019).

Practical Implications

The research findings offer valuable guidance for practitioners and policymakers to effectively utilize social media for optimal business outcomes. The study focuses on motivating SMEs and creating a conducive environment for adopting social media marketing (SMM) to enhance their businesses. The results provide meaningful insights for practitioners and policymakers to update their policies accordingly. The study confirms that perceived ease of use (PEOU) significantly influences SMEs' adoption of SMM for business benefits. Policymakers should ensure that SME employees perceive SMM as beneficial and easy to use, while also lowering the costs associated with SMM. Compatibility (COM) positively influences SMM usage by SMEs, emphasizing the need for a supportive environment. Raising awareness among top management about the benefits of SMM will further encourage its adoption by SMEs.

Limitations

Our systematic development of the conceptual model and validation through PLS-SEM analysis have been quite effective. However, it is important to acknowledge the limitations of this research study. The sampling was limited to entrepreneurs in Bandung, Indonesia, without considering other cities, so the findings may not be generalizable. Future

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research should consider including SMEs from different cities to obtain more diverse results. The survey collected 100 usable responses over a relatively short period, which may introduce potential errors. To ensure greater accuracy, future studies should involve a larger sample size and a longer study duration. The current model explains 36% of the variance, and exploring additional boundary conditions could enhance the results, providing opportunities for future researchers. While the lack of consideration for effective moderators did not negatively impact the results given the model's explanatory power, it would be interesting to investigate other factors that could further enhance the outcomes. Furthermore, future research could explore the influence of cultural dispositions on adoption behavior among entrepreneurs from different locations within Indonesia, considering the country's diverse cultural landscape.

CONCLUSION

The easier the usage of social media marketing (SMM) is perceived by a company, the higher the level of SMM utilization in marketing activities. This will enhance the effectiveness of SMM in marketing. If a company has limited resources and aims to increase SMM activities, the priority for improvement should be on ease of use. Improving the perception of ease of use (PEOU) can be indicated by indicators with the strongest loading (PEOU2). Identifying new customer types becomes easier. Indicators that are weak or have the lowest loading (PEOU1) need to be enhanced for more effective SMM utilization. Training and spreading awareness about the usage and understanding of social media for marketing are required. This study highlights that the use of SMM by SMEs has recently increased significantly. SMM contributes to the growth of SMEs in Indonesia. The findings suggest that businesses perceiving social media as useful and easy to use, having compatibility with social media, experiencing cost reductions through social media for marketing, and effectively leveraging social media for marketing can positively impact their business performance. These relationships highlight the importance of these factors in enhancing marketing outcomes and overall business success. The use of social media by SMEs and potential customers has brought opportunities for both parties. SMEs can enhance their business, and potential customers can benefit by using SMM to get closer to their desired outcomes. SMEs can learn more about products and services, which strengthens the relationship between SMM and business growth. The lower complexity, lower costs, and effectiveness of social media usage have motivated SMEs to adopt SMM. SMEs have the opportunity to significantly improve and develop effective services and products to meet consumer needs. This can be easily done by SMEs based on customer feedback and suggestions available on social media platforms. This helps create a collaborative business environment for SMEs and ultimately contributes to the overall economic health of SMEs. In this context, the role of SMM for SMEs in Indonesia is crucial. Proper training for SME employees, effective motivation, and the honest willingness of top management in facilitating the necessary conditions will motivate SMEs to adopt SMM, leading to better business outcomes.

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