FACTORS AFFECTING FINANCIAL AND NON-FINANCIAL PERFORMANCE OF MSMEs THROUGH THE USE OF SOCIAL MEDIA

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Abstract: The use of social media for MSMEs is needed so that MSMEs can compete and survive, especially during a pandemic. The purpose of this study was to analyze the influence of trust factors, cost-effectiveness, compatibility, and top management support on the financial and non-financial performance of South Tangerang MSMEs. Data was collected through an online questionnaire using Google Docs. Research variables were measured using a Likert scale. Data processed using descriptive analysis and top two boxes and bottom two boxes. The data that has been processed then analyzed using the Structural Equation Model (SEM). The results of the study found that there were 2 variables that influenced financial and non-financial performance. The compatibility variable has a positive and significant effect on the financial and non-financial performance of MSMEs. Social media can adapt to the needs and business practices of MSMEs which have proven to be a consideration for small business actors in their use. The top management support variable has a positive and significant effect on the non-financial performance of MSMEs. The existence of support from top management for the use of social media in MSMEs affects non-financial performance such as helping relationships with customers and supporting service activities. Based on the test, it found empirical evidence of the effect of compatibility on the financial and non-financial performance of MSMEs and the effect of top management support on the non-financial performance of MSMEs.

Keywords: COVID-19, financial performance, MSMEs, non-financial performance, social media

Abstrak: Penggunaan media sosial bagi UMKM sangat diperlukan agar UMKM mampu bersaing dan bertahan terutama di masa pandemi. Tujuan penelitian ini adalah menganalisis pengaruh faktor kepercayaan, efektivitas biaya, kompatibilitas dan dukungan manajemen puncak terhadap kinerja keuangan dan non-keuangan UMKM Tangerang Selatan. Data dikumpulkan melalui kuesioner online menggunakan Google Docs. Variabel penelitian diukur menggunakan skala Likert. Data diolah menggunakan analisis deskriptif serta top two boxes dan bottom two boxes. Data yang sudah diolah kemudian dianalisis menggunakan Structural Equation Model (SEM). Hasil penelitian menemukan terdapat 2 variabel yang berpengaruh terhadap kinerja keuangan dan non-keuangan. Variabel kompatibilitas berpengaruh positif dan signifikan terhadap kinerja keuangan dan non keuangan UMKM. Media sosial dapat menyesuaikan dengan kebutuhan dan praktek bisnis UMKM terbukti menjadi pertimbangan pelaku bisnis kecil dalam penggunaannya. Variabel dukungan manajemen puncak berpengaruh positif dan signifikan terhadap kinerja non keuangan UMKM. Adanya dukungan dari manajemen puncak terhadap penggunaan media sosial pada UMKM mempengaruhi kinerja non keuangan seperti membantu hubungan dengan pelanggan dan mendukung aktivitas pelayanan. Berdasarkan pengujian ditemukan bukti empiris pengaruh kompatibilitas terhadap kinerja keuangan dan non-keuangan UMKM serta pengaruh dukungan manajemen puncak terhadap kinerja non-keuangan UMKM.

Kata kunci: COVID-19, kinerja keuangan, kinerja non-keuangan, media sosial, UMKM

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INTRODUCTION

The development of the internet in Indonesia has increased significantly. The growth of internet users in Indonesia tends to increase over a long period of time. According to a survey conducted by the Indonesian Internet Service Providers Association (APJII) in 2019, the penetration of internet users in Indonesia increases every year. Internet users in Indonesia continue to increase. In 2018 reached 171.17 million people or equivalent to 64.8% of the total population of Indonesia. The number of internet users in 2018 increased by 10.12% compared to 2017, where in 2017 the number of internet users was 143.26 million people or 56.68% of the total population (APJII, 2019). The growth of internet users that continues to increase opens opportunities for businesspeople, one of which is MSMEs.

In cyberspace, MSMEs have considerable potential. MSME actors make social media their mainstay promotion media supported by a company website/blog that can display a complete company profile. Social media is a medium that can provide detailed and arguably instant feedback, as well as valuable marketing intelligence (Wifalin, 2016). Social media also allows business actors to communicate with fellow producers, customers and/or potential customers. Social media gives identity to the brand or brands being marketed and helps in spreading the message in a more relaxed and communicative way. This is of course interesting in the midst of the government's incessant push for entrepreneurship and encouraging the growth of MSMEs. Business actors are starting to get an important tool in developing their business by utilizing social media as a promotional tool for free. In fact, it is not uncommon for business actors to only have social media but still exist in the competition (Siswanto, 2013).

The popularity of social media encourages the creation of a new paradigm called social commerce, namely buying, and selling using social media. Social media offers benefits for MSMEs to increase marketing and sales, expand market share, and assist business decision making (Priambada, 2015). As a step in overcoming these problems, MSME actors have begun to adopt social media to support their performance so that increased sales can be achieved. Therefore, it is important to investigate the factors that influence the motivation to use social media by MSMEs.

Based on previous studies, there are several factors that are believed to be antecedents in the use of social media for MSMEs. These factors are trust (Hamdani, 2018; Deelmann, 2018), cost effectiveness (Chong and Chan, 2012; Constantinides et al. 2010; Fischer and Reuber, 2011), compatibility (Ainin et al. 2015; Wang et al. 2016) and top management support (Hwang et al. 2012; Matikiti et al. 2018). These research investigate the factors that influence the motivation of MSMEs in adopting and using social media with the overall performance outcome variables of MSMEs. So that it is not yet detailed and detailed in describing the impact of the benefits of using social media in aspects of financial and non-financial performance.

According to Chai et al (2014), trust is defined as users' beliefs about the reliability, credibility and accuracy of information obtained from social media. Social media is an advantage for building trust between customers and companies in a way that has never been seen with traditional media. Trust is very important to build a long term relationship (Pudjihardjo, 2015). Trust is one of the foundations of business. Trust is the belief that a person will find what he wants in others, and not what he fears. There are three factors that shape one's trust in others, namely ability, benevolence, and integrity (Munandar and Chadafi, 2016). After the advent of new technology, according to Newman (2013) customers have looked at social media or other search engines to get information about the company.

Chong & Chan (2012) research results showed that cost-effectiveness is an important variable in determining the adoption of a new technology. From the SEM analysis result, the cost is found to have significant and positive relationships with all three RFID (Radio Frequency Identification) diffusion stages. During the diffusion of RFID, cost will become an important issue as organization moves further into the diffusion stages. Managerial implications were suggested for the relationships between the TOE variables and diffusion stages, organizations should pay attention to the issues related to cost, security, complexity, and technological knowledge during the implementation of RFID. careful planning is needed to reduce issues related to integrating RFID to the organization's operations.

El-Gohary (2012) conducted a study to investigate the different factors affecting the adoption of E-Marketing by UK small business enterprises. He attempted to explain E-Marketing adoption by extending TAM

model to include some internal (e.g., entrepreneur skills, compatibility, ease of use and type of products) and external factors (e.g., market trends). The findings showed that compatibility has positive impact on E-marketing adoption by UK small businesses. The results reinforce the importance of environmental factors on E-Marketing adoption and add to the extremely limited number of empirical studies that has been conducted to investigate E-Marketing adoption in developing countries.

Matikiti et al. (2018) showed that top management support can influence web 2.0 adoption and affect e-commerce adoption attitudes, influence e-commerce adoption and internet technology. Further analysis regression showed that managerial support and pressure from competitors were the two most prominent contributions to attitude towards social media marketing adoption. Matikiti et al. (2012) showed that technological competence, managerial support, level of star gradng and alliances were essential atribute in contributing to internet marketing usage in the hospitality sector. It is suggested that management facilitate the training of employees, especially those responsible for the marketing of products and services, so that they will be able to acquire the skills required in performing social media marketing.

Performance in the organization is the answer to the success or failure of the organizational goals that have been set. Performance is a description of the level of achievement of the implementation of an activity/ program/policy in realizing the goals, objectives, mission, and vision of the organization contained in the strategic planning of an organization. Financial performance is the determination of certain measures that can measure the success of an organization in generating profits. Meanwhile, non-financial performance is performance (success) which is assessed not based on numerical measures in units of money value.

These studies investigate the factors that influence the motivation of MSMEs in the adoption and use of social media with the overall performance variable of MSMEs. So that it has not been in detail and in detail in describing the impact of the benefits of using social media in aspects of financial and non-financial performance. Based on the explanation above, the use of social media can be a consideration for MSME actors in knowing the factors that can affect financial and non-financial performance and can be considered for MSME actors to formulate marketing strategies so that they affect business development.

Based on the explanation above, the use of social media can be a consideration for MSME actors in knowing the factors that can affect financial and non-financial performance and can be considered for MSME actors to formulate marketing strategies so as to influence business development. This research raises a topic that has not been discussed in previous studies, namely exploratory studies that invest in financial and non-financial performance. The purpose of this study was to analyze the influence of trust factors, cost-effectiveness, compatibility, and top management support on the financial and non-financial performance of South Tangerang MSMEs.

METHODS

This research took place in the South Tangerang area, Banten. This research activity was carried out from December 2020 to May 2022. The approach used in this research is a quantitative approach with a survey method. A quantitative approach is taken to analyze the factors that influence the use of social media on financial performance and non-financial performance. SMEs The type of survey used is a cross-sectional survey, which is only carried out at certain times.

The data used in this study includes primary and secondary data. Primary data is data obtained from the results of filling out questionnaires given to respondents and in-depth interviews. The primary data in this study were related to demographic characteristics, the influence of trust, cost-effectiveness, compatibility, and top management support on financial performance and non-financial performance MSMEs South Tangerang City. Furthermore, secondary data was obtained from the Ministry of Cooperatives and SMEs, the Central Bureau of Statistics, books, journals, and relevant literature as supporting data for the theoretical basis in strengthening the proposed hypothesis.

The sampling technique in this research is purposive sampling. The sample requirements set in this study are MSME owners or managers and have used social media but have not been effective in their use. The number of samples obtained in this study was 150 respondents. The data collection technique in this study

used an online questionnaire via Google Docs. The questionnaire provided contains structured questions that are limited by screening questions to ensure that the respondent's criteria are in accordance with the research requirements. This study was conducted through an online survey. The time needed for distributing the questionnaires was three months via internet and social media. The data were collected from March to May 2021.

Data processing and analysis were carried out consisting of descriptive analysis, top two boxes and bottom two boxes, and Structural Equation Model (SEM). Descriptive analysis was used to obtain an overview of the frequency distribution of the characteristics of the respondents grouped by name of business entity, name of owner/manager, domicile, age of business, form of business, type of business, start of using social media, and so on. The data obtained were sorted and grouped and then presented in the form of tables, graphs or diagrams and presented using Microsoft Excel and SPSS software. Analysis of the distribution of respondents using the top two boxes and bottom two boxes. Respondents who choose to answer 3 (quite agree) are assumed to be neutral answers. Answers using a Likert scale with a value of 4 (agree) and 5 (strongly agree) are grouped into agree and are included in the top two boxes category. Answers that use a Likert scale with a value of 1 (strongly disagree) and 2 (disagree) are grouped into disagree and are included in the bottom two boxes category. Structural Equation Model (SEM) is a statistical model that can be used to explain the relationship between several variables. The formation of the SEM model based on the conceptual framework in this study was processed using SMART-PLS software. Operational definitions of variables and indicators in Table 1.

Effects of Trust on Financial Performance

Trust is considered an essential element in the relationship among business actors and a critical factor in firms' (and industries) competitiveness. Trust is broadly acknowledged as a trigger to create a business network for enterprises. In this context, trust represents an attitude of organizational cooperation amon business partners (Olah et al. 2019). In the context of MSMEs, organizations post a lot of information about organizations, products, services, and other promotional activities and obtain information from social media and gain knowledge from them (Truline, 2021). Based on the explanation above, it can be concluded that trust was influential for financial performance. H1: Trust has a significant influence on financial performance.

Effect of Trust on Non-financial Performance

The trust factor is a key factor. Customer trust in companies or online stores is needed, because when transacting between buyers and sellers using the internet network, which means they are not face to face in transactions. Many researchers argue about trust as a condition in online business. This happens because consumers are hesitant to buy unless they trust the seller. The success of an online business is built on a trusted transaction process where businesspeople must create an atmosphere that is able to make candidates consumers feel comfortable and confident to make transactions by online (Hamdani, 2018). According to Scaffer (2013), the good customer relations that social media accommodates are also an important factor in the success of a small business. Experts in organizations can share their ideas, opinions and knowledge based on their customers' requests via social media. H2: Trust has a significant influence on non-financial performance.

Table 1. Operational definitions of variables and indicators

Latent variable	Operational definitions	Code
Trust	Respondents' trust in social media as a marketing and communication medium	KP1-KP7
Cost-effectiveness	The extent to which social media can provide features for promotion at a low cost	EB1-EB5
Compatibility	The degree of suitability of social media to the needs, values, and practices of the respondents	KT1-KT5
Top management support	Activities that affect, direct, and maintain human behavior shown by the respondent	TM1-TM6
Financial performance	Respondent's achievement as measured in terms of financial	KK1-KK4
Non-financial performance	Performance that shows the growth of respondents apart from the financial side	KN1-KN3

Effect of Cost-effectiveness on Financial Performance

Cost efficiency is considered as one of the benefits of the most important thing about marketing using social media for MSMEs (Rugova and Prenaj, 2016). This is because the use of social media is free and easy, so it can provide businesses with a relatively fast and low-cost method of connecting with customers (Fischer and Reuber, 2011). Compared to large companies, MSMEs do not have high financial strength to use marketing strategies that require high costs like large companies do, so this benefit is very important for SMEs and startups, especially in developing countries, because it can help them create marketing presence and promoting their brand, while saving a lot of money and time. Researchers in this field revealed that the relationship between financial performance was greatly moderated by cost effectiveness. For example, Lina and Permatasari (2020) conducted research on performance of SMEs after adopting social media is good both in financial and non-financial aspects. This study found that the cost-effective variable had a positive effect on the use of social media. As a result, it can lead to increased both financial and non-financial performance. H3: Cost-effectiveness has a significant influence on financial performance.

Effect of Cost-effectiveness on Non-Financial Performance

Cost effectiveness is the degree to which a person believes that using a particular system will be free of cost (El-Gohary, 2012). Social media is a simple and low-cost solution for reaching potential customers, listening to customers' voices, and creating an extensive business network (Constantinides et al. 2010). Research conducted by Purwantini and Anisa (2018) mentioned that cost effectiveness with interactivity and trust was identified as a factor that motivates the usage of social media. Social media usage has a strong positive impact on the non-financial performance of SMEs in terms of costumer service, internal operations, and marketing. H4: Cost-effectiveness has a significant influence on non-financial performance.

Effect of Compatibility on Financial Performance

Compatibility is defined as the suitability of the innovation with the existing system in the organizational environment (Rogers, 2003). Social media offers features that bring together consumer preferences and market needs. When social media is in accordance with what is believed and helps MSMEs in carrying out their daily lives such as facilitating promotional needs and increasing sales, MSMEs can use social media. This wasn't there before in traditional marketing. In a study conducted by Ghobakhloo et al. (2011), stated that compatibility had a significant positive effect on EC (electronic commerce) adoption in SMEs. H5: Compatibility has a significant influence on financial performance.

Effect of Compatibility on Non-Financial Performance

Compatibility is defined as the degree to which an innovation matches the values, practices, and needs of potential adopters (Chong and Chan, 2012). Businesspeople can find target consumers effectively and efficiently through the integrity of activities on social media into business operations that are in line with company values (Derham et al. 2011). Research conducted by Ainin et al. (2015) in the SMEs considered that compatibility affects Facebook usage among SMEs. It was also found that Facebook usage positively impacts the non-financial performance of SMEs in terms of cost reduction on marketing and customer service, improved customer relations and improved information accessibility. H6: Compatibility has a significant influence on non-financial performance.

Effect of Top Management Support on Financial Performance

Several studies show that top management support is the most important factor in determining the successful use of e-commerce. In a study conducted by Del Aguila and Padilla (2006), top management support was to be the most important in the innovation processes. The organizations have outsourced the consulting function in internet-related areas. For these firms, external support was fundamental to their process of internet technology adoption. The empirical study of Cooper and Molla (2014) found that top management support as an essential factor in steering the organization toward the strategic importance of Green IT and realizing business value from Green IT adoption. H7: Top management support has a significant influence on financial performance.

Effect of Top Management Support on Financial Performance

The role of managers in the use of performance measurement systems (PMS) has been recognized by many studies (Chan, 2004; Kennerly et al. 2002; Tung et al. 2011) found that top management support was influential in the successful implementation amd on-going usage of the new PMS. In a study conducted by (Tung, Baird, & Schoch, 2011), was found that top management support to be associated with the performance related outcomes. The finding highlights the importance of continued involvement and support from top management. Top management is therefore encouraged to personally commit to the PMS and ensure that enough time and resources are dedicated on an on-going basis to properly develop and manage the existing PMS. H8: Top management support has a significant influence on non-financial performance.

The existence of the Covid-19 pandemic that has occurred throughout the world has had an impact on all sectors including MSMEs. One of the MSMEs affected by the pandemic is the MSMEs in South Tangerang City. There was a significant decline in sales because of the Covid pandemic. But on the other hand, there is an opportunity that has arisen so that MSMEs are able to compete in this pandemic era, namely by marketing through social media. There are several factors from previous research that influence the use of social media in MSMEs. These factors can be identified to look for the financial performance and non-financial performance of MSMEs. Figure 2 is a framework chart that has been explained.
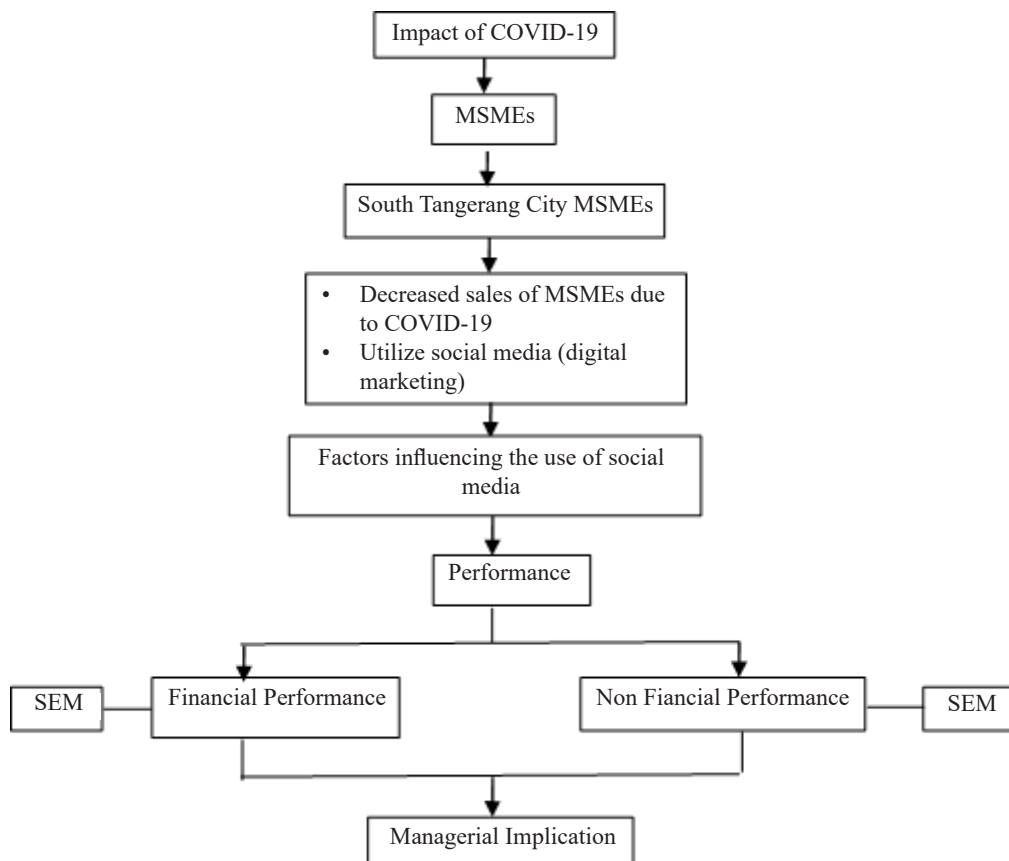

Figure 2. Conceptual framework

RESULTS

The results showed that 65.3% of the respondents lived in Pamulang District. The business age range of respondents in this study is dominated by the business age group of 1-5 years by 56%. The form of business of the respondents in this study was dominated by individual businesses by 94.6%. The type of culinary business dominates more than half of the respondent's business type group, which is 73.3%. The results showed that respondents with the initial use of social media before 2020 dominated almost half of the total respondents by 58%. As many as 48% of respondents use social media to increase marketing. Whatsapp social media is the type of social media used in business activities (82%) and the most used by respondents (57.3%). A description of the indicators for each variable is needed to make it easier to analyze quantitatively and to make it easier to draw conclusions. Variable indicator description presented in Table 2.

The results showed that as many as 90.7% of respondents stated that social media can be relied on for communication media with consumers (KP5). This indicates that MSMEs in South Tangerang City agree and believe that social media can be relied on as a medium of communication with consumers and help get references. However, the security of uploaded personal information and reliable social media information is considered still not enough to gain the trust of MSME actors, especially in South Tangerang City. A total of 91.3% of respondents stated that social media can help respondents to save time in marketing (EB2) on the platform. This indicates that MSME actors do not fully agree with the cost effectiveness of social media. This is because other costs are needed, such as using credit and internet quota for social media. In addition, there are still many who do not know and apply the use of social media in their marketing activities.

Social media helps MSME actors communicate with customers giving a fairly high impact (KT4) (86.7%). This indicates that South Tangerang City MSMEs agree and believe that social media can make it easier to communicate and receive input from customers. However, the use of social media is still considered to be incompatible with the business strategy and information technology owned by MSME actors in South Tangerang City. 91.3% of respondents said social media helped me reach new customers (TM4). In general, MSME actors agree that top management support for using social media can expand new customers and provide information about competitors.

Table 2. Description of variable indicators

Variable	Symbol	Statement	Percentage (%)		
			Don't agree	Neutral	Agree
Trust (7 indicators)	KP5	Social media is reliable for communication media with consumers	2.7	6.7	90.7
Cost Effectiveness (5 indicators)	EB2	Social media can help respondents to save time on marketing	1.3	7.3	91.3
Compatibility (5 indicators)	KT4	Social media helps MSME actors communicate with customers and has a high enough impact	2.0	11.3	86.7
Top Management Support (6 indicators)	TM4	Social media helps me reach new customers	1.3	7.3	91.3
Financial performance (4 indicators)	KK1	Social media increases sales transactions compared to before using social media	3.3	18.0	78.7
Non-financial performance (3 indicators)	KN1	Social media helps consumers to more easily find my business brand	2.7	10.0	87.3

However, A total of 78.7% of respondents stated that social media increased sales transactions compared to before using social media (KK1). This shows that South Tangerang City MSMEs do not agree that the use of social media can increase the number of customers compared to before using social media. This is because MSMEs in South Tangerang City have previously used conventional media in terms of marketing, so social media has less influence in terms of increasing the number of customers. As many as 87.3% of respondents stated that social media helps consumers to more easily find my business brand (KN1). This indicates that MSMEs in South Tangerang City agree and believe that social media can make their business brands better known and maintain good relationships with customers.

The approach to assessing the measurement model is to measure the construct reliability and variance extracted for each construct. The acceptable construct reliability (CR) value is 0.7 and the variance extracted (VE) value is 0.5 (Haryono, 2016). Table 3 explains the value of Cronbach's alpha, construct reliability (CR) and variance extracted (VE). Based on the results of the study, it was found that trust, cost effectiveness, compatibility, top management support, financial performance and non-financial performance met the reliable requirements with CR values of 0.7 and VE 0.5. These results indicate that each indicator variable after elimination has a valid conclusion to measure its latent construct. The financial literacy variable shows the VE value less than 0.5 but still has a construct reliability (CR) value equal to 0.7, so the convergent validity of the latent construct can still be considered quite adequate.

The suitability test of the structural model was carried out after the overall suitability of the model was analyzed. The results of the model fit test are presented in Figure 3. The approach used to test the suitability of the structural model by determining the t-value of each latent variable must be greater than 1.96 so that the hypothesis can be accepted at a significance level of 0.05 (95%).

Table 3. Cronbach's Alpha, Construct Reliability (CR), Variance Extracted (VE) and R square

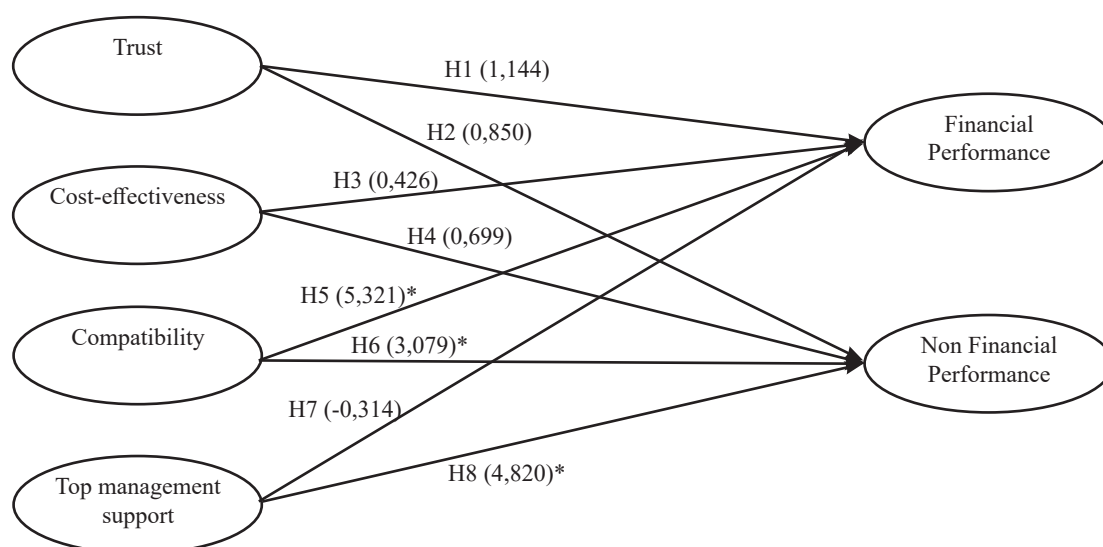| Latent Variable	Indicator Variables	Cronbach's Alpha	CR	VE	R Square
Trust	KP3, KP5 – KP7	0.86	0.91	0.71	
Cost Effectiveness	EB1 – EB5	0.92	0.94	0.76	
Compatibility	KT1 – KT5	0.91	0.93	0.74	
Top Management Support	TM1 – TM4, TM6	0.66	0.87	0.90	
Financial performance	KK1 – KK4	0.95	0.97	0.88	0.645
Non-Financial Performance	KN1 – KN3	0.86	0.91	0.79	0.783

Figure 3. SEM measurement model

Based on Figure 3, there are three hypotheses that have a t-value of less than 1.96 so that they are declared insignificant in the structural fit test of the model, namely H1, H6, and H7. Lines with one-way arrows indicate a hypothesized causal relationship. The insignificant relationship indicates that it cannot explain the relationship between the latent variables that are addressed by the arrows.

Indicator contribution is made for each variable. An indicator is said to be valid if it has a standardized loading factor value or a tolerable loading factor that is 0.5 and t-count is above 1.96. A more detailed explanation of the loading factor and t-count for each variable is presented in Table 4.

The hypothesis is accepted if the statistical significance value (t-value) is above the t-table value with a value (α 0.05; t-table 1.96). In full, the values of the significance test results can be seen in Table 5.

The trust variable does not have a significant effect on the financial performance variable. This is indicated by the result of the t-count value of 1.144. This value is less than 1.96 which means that there is no significant effect between variables. There are four indicators that make up the trust variable after elimination. One of the indicators that has the highest contribution that influences is the statement that social media helps me develop good customer relations (KP7) with a loading factor value of 0.90 and a t-count of 42.21. This means that social media is believed to have an influence on customer relationships but does not improve financial performance. Thus, the first hypothesis (H1) is not proven and rejected in this study. These results are different from research conducted by Olah et al. (2021) which states that trust has an effect on financial performance as a proxy for company performance. Trust in business partners works as hierarchical governance in support of co-operation in order to encourage business associates to reach anagrement to support manufacturing or outsourcing with firm.

Table 4. Contribution of indicators to each variable

Variable	Indicator	Loading Factor	t-count	Information
Trust (KP)	KP7	0.83	42.21*	Valid
Cost Effectiveness (EB)	EB4	0.90	36.02*	Valid
Compatibility (KT)	KT2	0.90	43.29*	Valid
Top Management (TM) Support	TM1	0.85	30.05*	Valid
Financial Performance (KK)	KK4	0.96	100.83*	Valid
Non-Financial Performance (KN)	KN3	0.90	49,48*	Valid

Note: *Significance at t-count 1.96 ≥

Table 5. The results of the estimation of the direct effect on the SEM model

Influence between Variables	Path Coefficient	T-Value	Results
H1: Trust (KP) -> Financial Performance (KK)	0.132	1.144	Reject H1
H2: Trust (KP) -> Non-Financial Performance (KN)	0.090	0.850	Reject H2
H3: Cost effectiveness (EB) -> Financial Performance (KK)	0.046	0.426	Reject H3
H4: Cost Effectiveness (EB) -> Non-Financial Performance (KN)	0.075	0.699	Reject H4
H5: Compatibility (KT) -> Financial Performance (KK)	0.690	5,321*	Accept H5
H6: Compatibility (KT) -> Non-Financial Performance (KN)	0.351	3,079*	Accept H6
H7: Top Management Support (TM) -> Financial Performance (KK)	-0.039	0.314	Reject H7
H8: Top Management Support (TM) -> Non-Financial Performance (KN)	0.427	4,820*	Accept H8

Note: *Significance at t-count 1.96 ≥

The results of the influence test found that the value of the trust path coefficient on non-financial performance was 0.090 with a t-count value of 0.850 which means < 1.96. This can explain that the trust variable has an insignificant effect on non-financial performance. On the other hand, the path coefficient value shows a positive direction. This means that the more they have confidence in the respondents, they can improve the non-financial performance of the business. There are seven indicators that make up the confidence variable. The indicator that has the highest contribution to describe the trust variable is that social media statements help me develop good customer relationships (KP7) with a loading factor value of 0.90. This illustrates that respondents believe that social media has capable technology in developing good relationships with customers, but this is not enough to improve the non-financial performance of the respondents. Thus, the second hypothesis (H2) is not proven and rejected in this study. These results are different from research conducted by Windyasta (2021) which states that trust has a positive and significant effect on the use of e-commerce which affects the performance of MSMEs.

The results of the influence test found that the cost-effectiveness path coefficient on financial performance was 0.046 with a t-count value of 0.850 which means <1.96. This can explain that the variable cost effectiveness does not have a positive and significant effect on financial performance. Furthermore, the path coefficient value indicates a positive direction. This means that the more cost-effective social media is used, the more likely it is to improve business financial performance. There are five indicators that make up the cost-effectiveness variable. One of them has a strong contribution to describe the cost-effectiveness variable, namely the statement that social media helps the brand of my business products to be better known (EB4) with a loading factor value of 0.90 and a t-count of 36.02. This means that social media is believed to be able to help the brand owned by MSMEs to be better known by consumers but does not guarantee to improve the financial performance of MSMEs. Thus, the third hypothesis (H3) is not proven and rejected in this study. The findings of current studies were different with previous studies, which argued that cost-effectiveness is an important determinant of social media usage that has impact on organization performance (Akbar 2020). Where social media is considered cost-effective, there may be costs in terms of employing dedicated staff to continuously monitor, update, and respond to customer queries. Moreover, running a campaign on social media also incurs costs.

Cost effectiveness variable does not have a significant effect on non-financial performance variables. This is indicated by the result of the t-count value of 0.699 which has a value of less than 1.96. The path coefficient value on cost effectiveness on non-financial performance is 0.075 which means it has a positive direction. This means that if cost effectiveness increases, there will be no significant changes to non-financial performance in the use of social media as a determinant of respondents' non-financial performance. Statistically it was also found that the influence between these variables was not significant. Thus, the fourth hypothesis (H4) is not proven and rejected in this study. These finding was consistent with Qalati et al. (2021) which states that the association between the cumulative technological characteristics (include cost effectiveness) and SMEs business performance is found to be insignificant possibly because of poor technical knowledge, lack of funding, and lack of technological training. To improve overall performance, SMEs are requires to allocate more budget and provide trainings to staff, so that there can be effective implementation of SM.

The results of testing the effect of compatibility on financial performance found that the path coefficient value on the influence between these variables was 0.690 with a t-count value of 5.321 which means > 1.96. This can explain that the compatibility variable has a positive and significant effect on financial performance. Besides, the path coefficient value of the effect of compatibility on non-financial performance is 0.690 which has a positive direction. This means that the increasing compatibility of a social media with the business process or strategy that is undertaken, it can improve the financial performance of the business. There are five indicators that make up the compatibility variable. The KT2 indicator, namely social media is compatible with my business business processes, has a strong contribution to describe the compatibility variable with a loading factor value of 0.90 and a t-count of 43.29. This means that MSMEs feel they are compatible with social media in helping their business processes. Thus, the fifth hypothesis (H5) is proven and accepted in this study. The results of this study was consistent with previous research conducted by Lina and Permatasari (2020) which stated that

compatibility has a positive effect on the use of social media in the MSME marketing strategy which affects financial performance. Innovations in social media are in accordance with the values of MSMEs and help MSMEs in carrying out their daily activities, such as facilitating promotional needs and increasing sales. In addition, the use of social media is very easy and simple so that anyone can use it to seek information, entertainment and do business.

The compatibility variable has a significant effect on non-financial performance variables. This is indicated by the result of the t-count value of 3.079. The value is more than 1.96 which states that there is a significant influence between variables. Thus, the sixth hypothesis (H6) is accepted and proven. These results are in accordance with research conducted by Effendi et al. (2020) that compatibility affects social media awareness. During the COVID-19 pandemic, SME managers felt that using online applications was beneficial. Social media can quickly reach its consumers. Anyone with an internet connection can use social media. Social media has simple technology and is easily adopted by any organization making social media compatible with existing infrastructure. This research shows that social media applications are easy to use and not as complicated as using other digital marketing applications.

The top management support variable has a negative and insignificant effect on the financial performance variable. This is evidenced by the path coefficient of top management support for financial performance of -0.039 and the t-count value of 0.314. In addition, there is one indicator that has a strong contribution to describe the top management support variable with a loading factor value of 0.85 and a t-count of 30.05, namely, indicator TM1 (the business owner provides the necessary resources for marketing through social media). This means that social media is a necessary resource for marketing and has been provided by business owners but social media has not been able to improve financial performance. Thus, the seventh hypothesis (H7) is rejected and not proven. The path coefficient value of the influence between variables shows a negative value. This gives the finding that the influence of top management support on financial performance has the opposite direction. This means that the stronger the influence of top management support is considered to be able to reduce respondents' assessment of financial performance in using social media. This

result is different from previous research by Ma et al. (2021) which stated that top management team have positibe impact on financial performance. The results of this study indicate that managerial support does not affect the financial performance of MSMEs. A plausible reason for this result may be that there are other factors that can affect financial performance and so top management does not consider social media adoption to be an important strategy.

The results of the influence test found that the coefficient value of the path of top management support on non-financial performance was 0.427 with a t-count value of 4.820 which means > 1.96. This can prove that the top management support variable has a positive and significant effect on non-financial performance. This means that if the support from top management in the use of social media increases, it will directly improve the non-financial performance of the respondents. Thus, the eighth hypothesis (H8) is proven and accepted in this study. This result is in accordance with previous research conducted by Anwar and Shah (2020) who stated that top management support has an effect on the non-financial performance of UKM in Pakistan. The results of this study indicate that managerial support affects non-financial performance. This means that if top management supports the idea of adopting a new technology, the attitude of the whole organization towards adopting the new technology will be positive. Top managers of SMEs in emerging economies need to maintain a focus on entrepreneurial activities and formulate unique competitive strategies to attain higher performance.

Managerial Implication

Referring to the results of the research and discussion, there are several things that can be considered for MSME to do in an effort to improve financial and non-financial performance. First, regarding the cost-effectiveness variable, MSME actors must be more creative in creating new promotion strategies through social media, managing schedules to provide up-to-date product information to customers, being able to maintain and improve relationships with customers through good service. Second, with regard to the top management support variable, MSMEs do not only take advantage of the adoption of social media due to the COVID-19 pandemic, but MSMEs should optimize the application of social media by adding expertise, knowledge and deeper insight into the features

provided by social media so that they can maximize the use of social media in an effort to reach a wider range of customers, increase customer satisfaction, and improve service quality so as to increase business revenue. Third, related to the variable of trust, MSMEs should improve their communication with customers quickly and responsively through social media so that customers are satisfied with the services provided by MSMEs. Fourth, about compatibility variables, MSMEs can expand shop sites on other social media and increase their promotions not only through internet media, but also through print and electronic media so that more customers know about products from these MSMEs.

CONCLUSION AND RECOMMENDATIONS

Conclusion

The conclusion from the results of this study is that the research model with the variables trust, cost-effectiveness, compatibility, top management support, financial performance and non-financial performance states that this model is valid and reliable with the calculation results of the evaluation of the measurement model that meets the criteria of validity and reliability tests.

This study investigates the factors that motivate SMEs in using social media and their impact on financial and non-financial performance. Based on the test found empirical evidence of the effect of compatibility on the financial performance of MSMEs. Meanwhile, trust, cost-effectiveness, and top management support have no effect on the financial performance of MSMEs.

Furthermore, top management compatibility and support have an impact on the non-financial performance of MSMEs on the ease of finding brands, customer relationships, and customer service. This study did not find empirical evidence of the influence of trust and cost-effectiveness on the non-financial performance of MSMEs.

Recommendations

Future research is expected to broaden the sample and research objects in more diverse regions and types of industries to increase findings about the impact of social media use. Future research should be able to add

other variables or factors that have an influence on the variables of social media use and the influence of their use, and what variables can be generated using social media so that new and accurate results will be found. Furthermore, research must examine the readiness of MSMEs to adopt e-business more broadly, beyond social media.

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