

THE ROLE OF SOCIAL MEDIA MEDIATION OF LEADERSHIP ON THE ORGANIZATIONAL PERFORMANCE OF SMEs

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Abstract

The current era of digitalization, SME's are required to adapt quickly according to technological developments and increasingly complex consumer needs. The role of the leader can create a comfortable environment that can encourage increased employee performance to be something that contributes to increasing national income in micro, small and large companies. One way to adapt and develop a business that is currently popular is to use social media-based content marketing. The main objective of this research is to find out the role of social media as mediating the influence of leadership on the SME'S performance organization. This study uses a literature and field research design with a quantitative causal approach. Collecting data in the field using a questionnaire measured by several questions related to social media, leadership and organizational performance. For data analysis using PLS method and data collection technique using proportionate stratified random sampling.

Keywords: Social Media, Leadership, Organizational Performance, SME's

Introduction

Based on information from the Ministry of Cooperatives Small Medium Enterprises, in 2014 there were 57.9 million units, while in 2019 there were 67.4 million business units. However, there are certainly many challenges in maintaining competitiveness. In the economic pyramid, the existence of SMEs is at the middle level (medium of the pyramid) to the bottom (bottom of the pyramid) so that the number of SMEs groups is greater than the business groups at the top level pyramid.

Restrictions on community activities have caused the number of tourist visits to various tourist destinations to decline so that this situation has affected sales stability which ultimately disrupted the performance of SMEs.

The role of the leader can create a comfortable environment and encourage increased employee performance, one of the factors is the happiness felt by employees when carrying out work in the organization (Mappaming, 2020). Ferguson (2016), In line with the development of information technology, social media has become an important part of content marketing. This is in line with Hegyes et al., (2018) emphasizing the role of social media in the development of the gastronomic industry. Social media has been proven to have a positive influence on the financial performance of restaurant businesses (Fernández Miguélez, 2020). In line with Kristiawan & Keni (2020), social media triggers the formation of purchase intentions through Electronic Word of Mouth. Therefore, the purpose of research is the role of social media as mediating the influence of leadership on the organizational performance of SMEs.

Literature Review

SMEs is a business that only has a small market scope, a small workforce, and is managed solely by the business owner (Simmons, Armstrong & Durkin, 2008). According to the World Bank, MSME is a business that meets two of the three criteria, namely employee strength, asset size or annual sales (Das, 2017).

Leadership

Lebares CC, (2018) someone in carrying out the role of a leader can generalize between leader behavior and the concept of leadership. This can be divided into three theories, namely (1) trait theory, which is a theory in relation to typical characteristics that can influence success in leadership; (2) the actor's personality theory, a theory that refers to the behavioral patterns of a leader's personality; (3) situational leadership theory, where a leader can understand the behavior of himself and his subordinates, before applying his leadership style (Hu YY, 2016).

Social Media

The Uses and Gratifications Theory is the basic theory for measuring the intensity of social media use in society. In this study focused on using social media in everyday life. The Uses and Gratifications Theory was first developed in the 1940s during research on the use of radio media by the public (Li et al., 2015). This U&G approach focuses on identifying the psychological needs of individuals who are motivated to use certain media (Li et al., 2015). This explains the reason someone uses certain media to satisfy their various

needs, so it can be interpreted that according to the U&G approach, someone uses a media according to their needs.

Organizational Employee

Performance is a measure in the organization of achievement to realize the vision, mission, goals and objectives of the organization. According to Zhao (2018) performance is the implementation of activities to realize organizational goals in accordance with the strategic planning within the organization. The success of organizational performance is measured based on predetermined criteria, without goals and performance targets it cannot be measured. According to Pawirosumarto (2017), performance is an assessment and evaluation of an activity that has been carried out by the organization. The criteria for evaluating the performance of an organization are based on the formulation of the strategy (strategic planning) of an organization.

Hypothesis

The hypothesis of this research is as follows:

- H1 : Leadership positively impact organizational employee
- H2 : Leadership positively impact social media
- H3 : Social media positively impact organizational employee
- H4 : Social media mediation of leadership to SMEs organizational employee

Methods

The population of this research is Small Medium Enterprises (SMEs) in Jambi Province. Determining the sample size of 150 respondents, according to Hair (2010). The data analysis tool uses Partial Least Square (PLS) using Smartpls software.

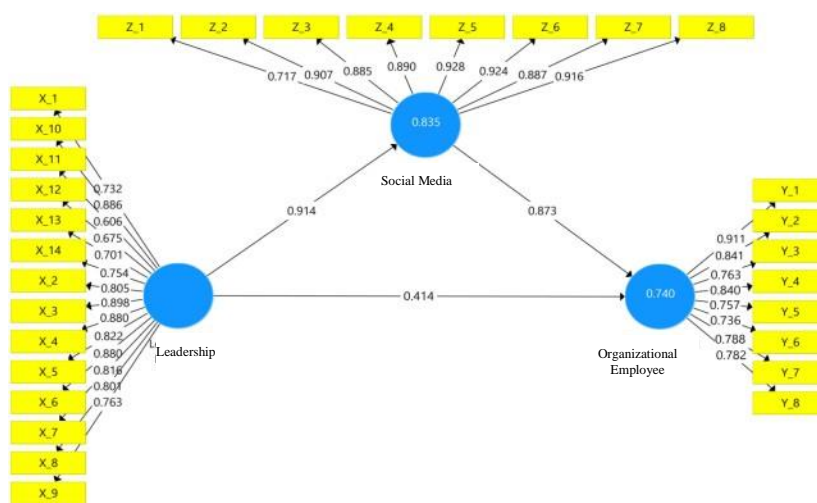
Result and Discussion

The variables used are (1) Leadership (X); Social media (Z); Organizational Performance (Y). The results of the Cronbach's alpha score and composite reliability are more than 0.7, indicating the accuracy of the data and the data is reliable. The results of the Average Variance Extracted (AVE) score are more than 0.5, indicating that the variable meets validity, which can be seen in the following table:

Table 1. Result

	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Leadership	0.944	0.970	0.876	0.766
Media Social	0,956	0.966	0.866	0.796
Organization Employee	0,864	0.966	0.789	0.788

Based on the results of outer loading, the measurement model can be described as follows:



Conclusion

Based on the test results in table 1, leadership has a positive effect on social media, this is indicated by a P value smaller than 0.05, which is equal to 0.004 and a statistical T value. This influence relationship can be interpreted that the better the leadership of the leader in an organization, the better the performance of the SMEs organization will be. Social media has an important influence in improving organizational

performance, especially in SMEs organizations. The result of testing the influence of leadership behavior on social media is that there is a positive influence, this is indicated by a P value smaller than 0.05, which is 0.000 and a statistical T value of 21,909. The better the leadership behavior, the better the performance of the SMEs organization. The influence of leadership behavior on the organizational performance of SMEs also shows a positive influence, it can be interpreted that the better the leadership behavior in an organization, the better the organizational performance of SMEs will be.

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