The Role of Government Policy on the Influence of Digital Marketing Through Social Media on the Performance of Micro, Small and Medium Enterprises (MSMEs) in Indonesia

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ABSTRACT: The research objective ware to examine the role of government policy on the influence of digital marketing through social media on MSMEs in Indonesia. This type of research is quantitative, with an explanatory approach. The research ware conducted on 500 MSME actors or owners in Indonesia who used digital marketing through social media channels (Instagram, Facebook and Twitter) as their marketing tools. Data collection through a questionnaire in the form of a google form which is distributed online. The questionnaire was processed and transformed into an interval scale using the Method of Successive (MSI), then analyzed using the SEM (Structural Equation Modeling) model through the AMOS software. The results showed that perceived ease of use had a positive effect on attitudes towards using social media. Perceived usefulness of using social media has a positive effect on attitudes towards using social media. The attitude of using social media has a positive effect on the use of social media. The use of social media has a positive effect on the performance of MSMEs. That is, the higher the use of social media, the higher the performance of MSMEs. Government policies have a positive effect on the performance of MSMEs. That is, the higher the government policy, the higher the performance of MSMEs. Government policies moderate the influence of social media use and MSME performance. That is, government policies strengthen the influence of social media use and the performance of MSMEs.

KEYWORDS: Government Policy, Digital Marketing, Social Media, MSMEs Performance

1. INTRODUCTION

Promotion in practice in the current digital era must follow developments, so that it can keep pace with consumer needs and desires. Ease of access and content competition are the keys to marketing in the digital era. Therefore, digitalization in the marketing sector, especially using social media, is believed to be able to influence the performance of MSMEs. Scholars have proven the influence of social media on the performance of MSMEs(Hendrawan et al., 2019; Marbun & Simanjuntak, 2021; Rahman et al., 2016). They tested the use of social media by MSMEs and have brought opportunities for MSMEs to gain business benefits by using social media. Chatterjee and Kumar(2020)gaining the use of MSME social media contributes to the growth of MSME businesses in developing countries. Saleh and Said(2019)proves the positive impact of digital marketing in increasing MSME businesses through effective advertising on social media.

Several studies have explored MSMEs' use of social media by investigating motivations for engaging in these activities, for example the Technology Acceptance Model (TAM)(Beier & Wagner, 2016; Kalu et al., 2017; Pentina et al., 2012; Ritz et al., 2019), Unified Theory of Acceptance and Use of Technology 2 (UTAUT2)(Chatterjee & Kumar, 2020)and factor analysis(Dlodlo & Dhurup, 2013; Dlodlo & Mafini, 2014). Another study shows that the lack of competence of MSMEs, low level of awareness, and organizational readiness are research themes for the adoption of online channels in the MSME sector(Centobelli et al., 2016). Several researches related to TAM on business performance show inconsistencies in the results of hypothesis verification, such as(Buli, 2017; Dadzie et al., 2021; Fan et al., 2021; Ibarra-Cisneros et al., 2021; Mamun, 2018; Mantok et al., 2019; Masa'deh et al., 2018; Oly Ndubisi & Agarwal, 2014; Wang, 2020)found that the use of information technology has an effect on business performance. As well as(Abebe, 2014; Parveen et al., 2016; Troise et al., 2022)Getting digital marketing through e-commerce and social media has an impact on business performance. In contrast to Reken et al.(2020)did not find the impact of digital marketing via websites and email on business performance. Itani et al.(2017)did not find a relationship between attitudes towards social media usefulness

and social media use. However, Lacka and Chong(2016)emphasized that marketers' perceptions of the usefulness of social media sites drive their adoption and use.

Although few studies have examined the relationship between usesocial media(TAM) on the company's business performance, the existence of inconsistent results opens up criticism for the author to develop theories and strengthen the weaknesses in previous research, as well as complement the digital marketing literature which continues to develop. The author adds government policy as a moderating variable because it is believed that government policies such as strengthening, training, facilitating marketing technology can strengthen the influence of digital marketing through social media on improving MSME business performance. Suriyanti and Binangkit(2019)mentions policies that include efforts to increase business capacity and performance, and increase business climate support. The government has an obligation to help solve MSME problems, such as market access, capital and technology. People's businesses that receive attention from the government are mandated by law, including business credit assistance with low interest, ease of business permit requirements from government institutions, training and others.

We believe that government policy has a significant role in strengthening the influence between social media use and MSME performance. The use of social media in digital marketing can provide attractive solutions for business people, especially among MSMEs. However, not much previous research has investigated and proven the impact of social media use on MSME performance through government policies. Therefore, the author believes that this research can contribute to formulating policies and programs related to MSMEs, especially digital marketing in Indonesia. This research focuses on MSMEs in the food, beverage, food ingredients and crafts group, because this group is the type of business that is mostly sold through social media.
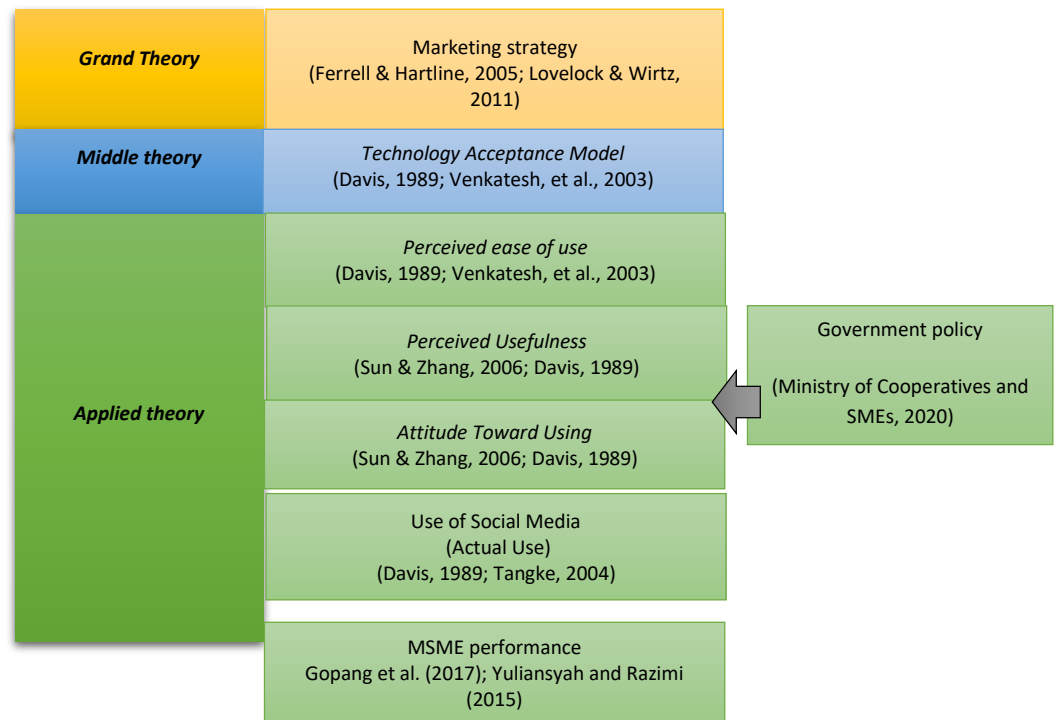
2. LITERATURE REVIEW

Technology Acceptance Model(TAM) (Davis, 1989; Venkatesh, et al., 2003), this model describes the use of digital marketing. The author explains this model and its relationship for MSME owners and managers who implement social media. Technology Acceptance Model (TAM), describes the use of social media. The author explains this model and its relationship for owners and managers of MSMEs who implement social media (Davis, 1989; Venkatesh, et al., 2003). To explore the motivation of MSME owners or managers to use social media, the author applies a model that is an antecedent to social media. There are quite a lot of theories discussing technology adoption. Davis (1989) with the Technology Acceptance Model (TAM) theory explains that perceived ease and perceived usefulness cause someone to want to use the technology, including social media. Other theories such as the Theory of Planned Behavior (TPB) explain a person's intention to do something, it is seen from norms (perceived social pressure) and a person's perception of the resources they have, abilities, knowledge and sense of control (Venkatesh, MG Morris, & Davis, 2003). Innovation Diffusion Theory (IDT) new ideas or those that are considered new, are communicated to social groups through certain channels within a certain time span (Rogers, 1983), it consists of relative advantage, compatibility, complexity, trialability and observability. From this adoption theory, the author only uses the TAM theory used in this research, so that the adoption of social media technology is seen from its usefulness, convenience, intention and actual use (Davis, 1989).

The TAM model (Itani, et al., 2017; Jelinek, et al., 2006; Lacka & Chong, 2016), proposes that individuals' perceptions of ease of use and usefulness are determinants of intention to adopt technology and actual adoption behavior (Davis, 1989 ; Venkatesh, et al., 2003). The principle underlying TAM is that the easier a technology is to use, the more useful it is for users (Venkatesh & Davis, 2000). Examples of marketing-related topics that apply TAM are social media adoption (Veldman, et al., 2015); mobile CRM technology (Rodriguez & Trainor, 2016), sales force automation tools (Homburg, et al., 2009), and e-commerce (Ashraf, et al., 2014). Ease of use and usefulness of technology are also related to, for example, post-use evaluations (Kim & Forsythe, 2008), revisit intentions (Reynolds & Ruiz, 2013), and attitudes (Klein, 2003; Kulviwat, et al., 2014). TAM does not appear to have been studied previously in relation to the motivations and expected outcomes of digital marketing by MSME owners. The model for the level of acceptance of TAM use is determined by five constructs, namely, perceived ease of use (PEU), perceived usefulness (PU), attitude toward use (ATU), behavioral intention to use (BIU), and actual use (AU). However, in this research, based on research literature and consultation with academic and professional experts, the technology acceptance model was revised according to the conditions of the objects and subjects of the research area. The behavioral intention to use variable is removed and the influence of attitude toward using directly affects actual use.

Grand theory because this theory is the basis for the birth of other theories at various levels. Grand theories are also called macro because these theories are at the macro level, talking about structure and not talking about micro phenomena.(Skinner, 1985).The theoretical basis in this research can be seen as follows.

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Grand Theory	Marketing strategy (Ferrell & Hartline, 2005; Lovelock & Wirtz, 2011)
Middle theory	*Technology Acceptance Model* (Davis, 1989; Venkatesh, et al., 2003)
Applied theory	*Perceived ease of use* (Davis, 1989; Venkatesh, et al., 2003)
	Perceived Usefulness (Sun & Zhang, 2006; Davis, 1989)
	Attitude Toward Using (Sun & Zhang, 2006; Davis, 1989)
	Use of Social Media (Actual Use) (Davis, 1989; Tangke, 2004)
	MSME performance Gopang et al. (2017); Yuliansyah and Razimi (2015)

Government policy
(Ministry of Cooperatives and SMEs, 2020)

Figure 1. Theoretical Foundations of Research

RESEARCH MODEL AND HYPOTHESIS

The following figure shows the research model. This model is taken from Davis's (1989) technology acceptance model. In this research model, apart from the two core characteristics of the technology acceptance model, we include variables that are thought to moderate the relationship between actual use and MSME performance. This moderating variable is government policy. MSME groups can have different performance, different levels of effectiveness and efficiency, different from physical resources such as the use of technology.
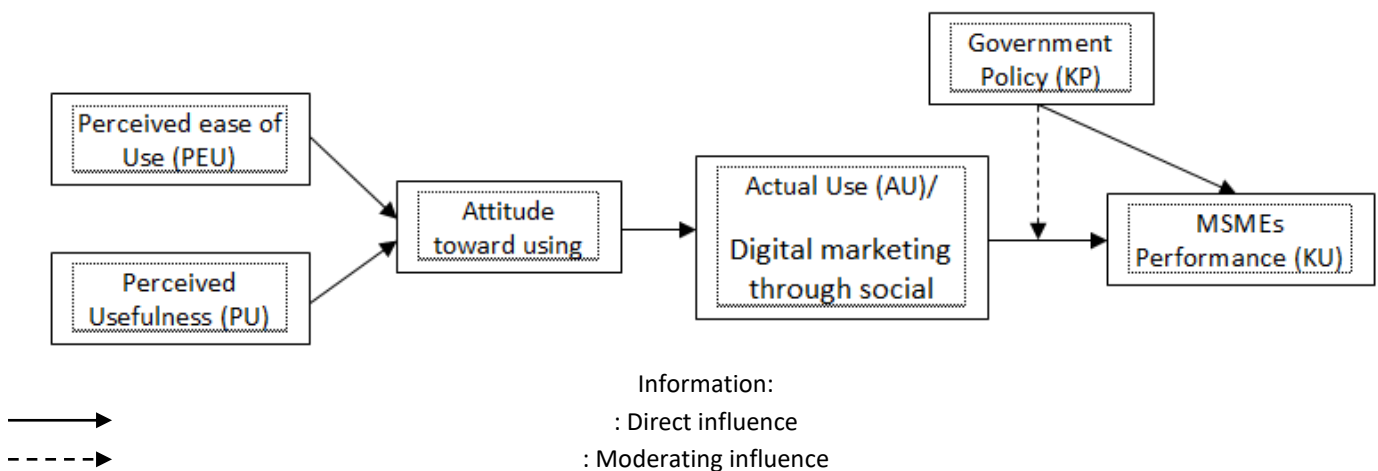
Information:
: Direct influence
: Moderating influence
Figure 2. Analysis Framework

Based on the model above, the research hypothesis is determined as follows:

H1. The perceived ease of social media has a positive effect on attitudes towards using social media.

H2. Perceived usefulness of using social media has a positive effect on attitudes towards using social media.

H3. Attitudes towards using have a positive effect on attitudes towards using social media.

H4. The use of social media has a positive effect on the performance of MSMEs.

H5. Government policies influence the performance of MSMEs.

H6. Government policies moderate the influence of social media use and MSME performance.

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3. METHODOLOGY

In accordance with the research objective of analyzing the role of government policy on the influence of digital marketing via social media on the performance of MSMEs in Indonesia, the research population is all actors or owners of MSMEs who are in Indonesia and use digital marketing. Based on data(BPS, 2021; KemenkopUKM, 2022), it is known that the number of MSMEs that use digital marketing in Indonesia is 1,715,587.52 MSMEs. Due to the high population size, the sample was determined purposively MSME considerations as sample units are: MSMEs that operate in the food, beverage and craft sectors, MSMEs that use social media channels (Intagram, Facebook and Twitter) and 14 provinces that use digital marketing above 25 percent (Data taken from BPS Indonesia 2022).

The sample for this research was 500 actors or owners of MSMEs. Data collection was carried out using a Likert scale questionnaire. At the questionnaire distribution stage, the author used an online survey with the aim of getting a high questionnaire take-up rate. This research questionnaire is a closed type of questionnaire where answer choices are provided. The distribution of the questionnaire was carried out using a snowball sampling technique, the researcher first accessed the researcher's social media Instagram, Facebook and Twitter. Next, on social media, type search keywords with hashtags, for example #umkmjakarta #umkmlampung and so on. After the MSMEs met the purposive criteria, the researcher sent a questionnaire link via direct message (DM) to the sample MSMEs. And so on until the sample quota per region is met. Apart from that, the author opens a post that is currently viral on social media Instagram, Facebook and Twitter, usually in the comments on this post many MSMEs are marketing their products, here the author will send a DM to accounts that meet the criteria as samples.

The results obtained from questionnaire answers using a Likert scale are ordinal data, so that the data can be analyzed statistically, the data must be converted into interval data. The method that the author uses to transform ordinal data to intervals is the Method of Successive (MSI) using the help of Additional Instruments (Add-Ins) in Microsoft Excel. The results of this data transformation will later become data material for processing and analyzing the role of government policy on the influence of digital marketing via social media on the performance of MSMEs in Indonesia. To confirm the construct validity of the questionnaire, confirmatory factor analysis (CFA) is used for the results to verify the validity of the questionnaire. This research uses Cronbach's Alpha to determine the reliability of the questionnaire. The results of confirmatory factor analysis and variable reliability are shown in Table 1.

RESULTS OF CONFIRMATORY FACTOR ANALYSIS AND RELIABILITY TESTS

From the results of instrument testing using Confirmatory Factor Analysis (CFA). Valid results were obtained with the criteria used for the validity test being loading factor ≥ 0.50, Standard Loading Factor (SLF) 0.5 and for reliability Construct Reliability (CR) 0.70 & Average Variance Extracted (AVE) 0.50.

Table 1. Results of Confirmatory Factor Analysis (CFA) instrument testing.

Indicator	CR	AVE
PEU	0.938	0.716
PU	0.954	0.778
ATU	0.919	0.790
AU	0.885	0.568
KP	0.904	0.545
MY	0.910	0.636

4. RESEARCH RESULTS AND DISCUSSION

Results

The first stage in evaluating the hypothesis using SEM is assessing the measurement model between latent variables and manifest variables. However, beforehand, reliability and construct validity testing was carried out. Based on Table 1, the CR value for all constructs is above 0.70, exceeding the recommended value. Thus, the construct possessed by each variable has good reliability. Checking the AVE value is the next step in determining whether the findings are reliable. Next, the normality test was carried out using the CR (Critical Ratio) skewness value criterion of ± 2.58 in the assessment of normality with a significance level of 0.01. Data can be said to be normally distributed if the critical skewness ratio value is ±2.58. The test results show that the data normality test is not normally distributed where there are critical ratio (cr) values outside the limit of ±2.58, namely KU3-KU6, AU1-AU5, ATU1-ATU3, PU1-PU6 and PEU1-PEU6. The rest of the data is declared normal because it is between -2.58 to 2.58.

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Given the abnormal data, the researchers used the Bootstrap technique. Bootstrapping has the assumption that the original sample will produce subsequent multiple additions. So, bootstrapping is a resampling technique where the sample is assumed to be the population, then a portion is taken at random to become the sample. If after bootstrapping the results are not significantly different from the original data, then it can be stated that the data is feasible (Ghozali, 2017). After testing using Bootstrap, the chi-square value of 382.501 shows the cluster value in the center because there are several values above and below 101.933 which are comparable. The data above has normal results in the distribution of chi-square values.

Figure 3. Bootstrapping

The following explains the goodness of fit test of 7 latent variables. The overall Goodness of Fit test results can be concluded that the feasibility of the SEM model for the perceived ease of use variable does not meet the acceptance requirements. Therefore, the model was modified using modification indices

Table2. Model fit test results.

Variable	Goodness of Fit	Cut-off Value	Model Results	Information	Modification Indices	Information
Perceived ease of use	Probability levels	p < 0.05	0,000	Good	0.001	Good
	RMSEA	< 0.08	0.149	Not good	0.073	Good
	IFI	>0.9	0.952	Good	0.992	Good
	TLI	>0.9	0.919	Good	0.981	Good
	NFI	>0.9	0.947	Good	0.990	Good
	AGFI	>0.9	0.826	Not good	0.948	Good
Perceived usefulness	Probability levels	p < 0.05	0,000	Good	0,000	Good
	RMSEA	< 0.08	0.186	Not good	0.079	Good
	IFI	>0.9	0.944	Good	0.993	Good
	TLI	>0.9	0.906	Good	0.983	Good
	NFI	>0.9	0.941	Good	0.991	Good
	AGFI	>0.9	0.762	Not good	0.944	Good
Attitude toward using	Probability levels	p < 0.05	0,000	Good		
	RMSEA	< 0.08	0.010	Good		
	IFI	>0.9	1,000	Good		
	TLI	>0.9	1,000	Good		
	NFI	>0.9	1,000	Good		
	AGFI	>0.9	1,000	Good		
Actual use	Probability levels	p < 0.05	0,000	Good	0.002	Good
	RMSEA	< 0.08	0.166	Not good	0.076	Good
	IFI	>0.9	0.917	Good	0.990	Good
	TLI	>0.9	0.861	Not good	0.970	Good
	NFI	>0.9	0.912	Good	0.987	Good

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Variable	Goodness of Fit	Cut-off Value	Model Results	Information	Modification Indices	Information
	AGFI	>0.9	0.802	Not good	0.949	Good
government policy	Probability levels	p < 0.05	0,000	Good	0.048	Good
	RMSEA	< 0.08	0.137	Not good	0.070	Good
	IFI	>0.9	0.912	Good	0.983	Good
	TLI	>0.9	0.877	Not good	0.968	Good
	NFI	>0.9	0.904	Good	0.976	Good
	AGFI	>0.9	0.814	Not good	0.940	Good
MSME performance	Probability levels	p < 0.05	0,000	Good	0.013	Good
	RMSEA	< 0.08	0.089	Not good	0.054	Good
	IFI	>0.9	0.982	Good	0.984	Good
	TLI	>0.9	0.971	Good	0.989	Good
	NFI	>0.9	0.978	Good	0.990	Good
	AGFI	>0.9	0.931	Good	0.967	Good

Hypothesis testing is carried out through path coefficient significance testing with a t test at alpha 5% or using a critical t value of 1.96 as the cut off value. Hypothesis testing basically tests the significance of the path coefficient or beta coefficient, with a test. If the resulting p value > 5% or CR > 1.96 means the research hypothesis (alternative) is supported.

**Figure 4. Structural Test Path Coefficient Model**

The use of social media (AU) has a positive effect on the performance of MSMEs (KU), with a path coefficient value of 0.831 and is significant with CR (6.770) > 1.96 and p (0.000) < 0.05, which means the previous hypothesis states that the use of social media has an effect. positive with acceptable MSME performance (H4 accepted). This means that the higher the use of social media, the higher the performance of MSMEs. It is known that government policy (KP) has a positive effect on the performance of MSMEs (KU), with a path coefficient value of 0.275 and significant with CR (5.766) > 1.96 and p (0.000) < 0.05, which means the previous hypothesis states that government policy has a positive effect with acceptable MSME performance (H5 accepted). This means that the higher the government policy, the higher the performance of MSMEs will be.

Perceived usefulness of using social media (PU) has a positive effect on attitudes towards using social media (ATU), with a path coefficient value of 0.713 and significant with CR (16.524) > 1.96 and p (0.000) < 0.05, which means the previous hypothesis stated The perceived usefulness of using social media has a positive effect on attitudes towards using social media which is acceptable (H2 is accepted). This means that the higher the perceived usefulness of using social media, the higher the attitude towards using social media. It is known that attitudes toward using social media (ATU) have a positive effect on social media use (AU), with a path coefficient value of 0.477 and is significant with CR (8.565) > 1.96 and p (0.000) < 0.05, which means the previous hypothesis states that attitudes use has a positive effect on attitudes towards social media use is acceptable (H3 is accepted). This means that the higher the social media attitude, the higher the use of social media.

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The use of social media (AU) has a positive effect on the performance of MSMEs (KU), with a path coefficient value of 0.831 and is significant with CR (6.770) > 1.96 and p (0.000) < 0.05, which means the previous hypothesis states that the use of social media has an effect. positive with acceptable MSME performance (H4 accepted). This means that the higher the use of social media, the higher the performance of MSMEs. It is known that government policy (KP) has a positive effect on the performance of MSMEs (KU), with a path coefficient value of 0.275 and significant with CR (5.766) > 1.96 and p (0.000) < 0.05, which means the previous hypothesis states that government policy has a positive effect with acceptable MSME performance (H5 accepted). This means that the higher the government policy, the higher the performance of MSMEs will be.

Table. 3 Path Coefficient Analysis in Structural Models

			Estimate	S.E	CR	P
ATU	<---	PU	,713	,043	16,524	***
ATU	<---	PEU	,286	,033	8,794	***
AU	<---	ATU	,477	,056	8,565	***
MY	<---	AU	,831	,123	6,770	***
MY	<---	KP	,275	,048	5,766	***

Information: ***$p< 0.001$, **$p< 0.01$, AU= Actual use; PEU= Perceived ease of use; ATU= Attitude toward using KU= MSME performance, KP= Government policy

After testing the influence of exogenous and endogenous variables, the next analysis is testing moderation, namely testing whether government policy (KP) significantly moderates the influence of social media use (AU) on the performance of MSMEs (KU). AMOS SEM moderation testing was carried out using the Ping method. Ping(1996) states that a single indicator should be used as an indicator of a moderating variable. This single indicator is the product of the exogenous latent variable indicator and the moderator variable indicator.Based on these calculations, the λ interaction value is 62.995 and the θq value is 378.562. This value is used to determine the parameter value of the interaction loading value and determine the error variance of the interaction variable. The following are the estimation results that have been included in the government policy moderation model on the influence of digital marketing via social media on the performance of MSMEs.
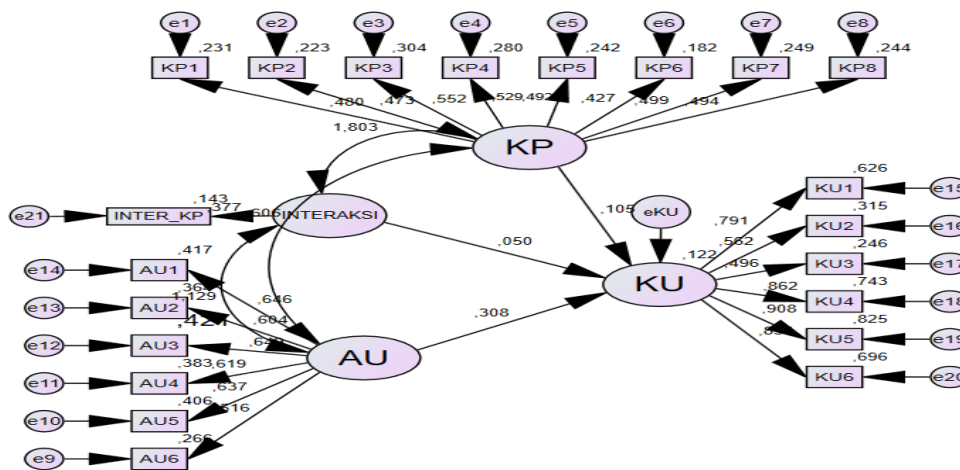
Figure 5. Government Policy Moderation Model

The following moderation test table shows the significance of interaction variables on MSME performance with CR (4.729) > 1.96 and p (0.000) < 0.05 which means the previous hypothesis stated government policy moderates the influence of social media use and MSME performance is acceptable (H6 Accepted).

Table 4. Significance of Government Policy Moderation

			Estimate	S.E	CR	P
MY	<---	AU	,484	,085	5,685	***
MY	<---	KP	,201	,087	2,308	,021
MY	<---	INTERACTION	,001	,000	4,792	***

Information: ***$p< 0.001$, **$p< 0.01$, AU= Actual use; KP= government policy; Interaction= AU-KP interaction.

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5. DISCUSSION RESULTS

As shown in the results of research hypothesis testing, Government policies play a significant role in moderating the influence of social media use and MSME performance. This means that government policy variables strengthen the influence between social media use and MSME performance. According to Krueger(1993), the government has recognized the important role of MSMEs as one of the main pillars of the national economy, which is expected to be able to spur national economic growth so that MSMEs need protection in the form of government policies relating to MSMEs from the production side and banking side. Government policy in general will play a role in the relationship between social media use and MSME performance.

Perceived ease of use has a positive effect on attitudes toward using social media. This means that the higher the perceived ease of social media, the higher the attitude towards using social media. These results support research (Bregashtian & Herdinata, 2021; Mulyani & Kurniadi, 2015; Oentario et al., 2017; Renny et al., 2013; Sidharta & Sidh, 2014; Widodo & Putri, 2017) which also found a positive influence and significant of the variable perceived ease of use on attitude toward use. TAM theory states that perceived ease of use is an important determining factor of the attitude toward using variable. This concept describes the ease of the system for its users which is related to being flexible, clear and understandable and easy to use overall, so that the perception of ease will have a positive impact on attitudes. In line with the opinion of Thompson et al. (1991) that the convenience of information technology is what information technology users expect to carry out tasks.

According to the author, perceived usefulness is the level to which MSMEs believe that using social media as a marketing tool will increase their ability to market and sell their products. The greater the benefits that MSMEs get from social media, the higher their attitude towards using social media as a marketing tool. Therefore, based on the results of this research, MSMEs must use digital marketing via social media in marketing their products because of the overall ease of the system for users in marketing activities. Perceived usefulness of using social media (perceived usefulness) has a positive effect on attitudes toward using social media. This means that the higher the perceived usefulness of using social media, the higher the attitude towards using social media. These results are in line with research (Adams et al., 1992; Gusni et al., 2020; Kanchanatanee et al., 2014; Mulyani & Kurniadi, 2015; Oentario et al., 2017; Renny et al., 2013; Widodo & Putri , 2017) which found that there was a positive and significant influence from the perceived usefulness variable on attitude toward using. Perceived usefulness is a factor that influences attitude toward use. In fact, perceived usefulness is an antecedent of attitude toward using. Where if the number of perceived usefulness of use is large, then the attitude toward usin will be higher (El-Gohary, 2010). These results also support the TAM theory put forward by Davis (1989), namely perceived usefulness where someone believes that using a certain system can reduce a person's effort in doing something. The intensity of use and interaction between the user and the system can indicate the level of ease of use. Thompson et al. (1991) also stated that an individual will use technology if that person knows the benefits and has a positive influence on its use.

According to the author, perceived usefulness is the level to which MSMEs believe that using social media as a marketing tool will increase their ability to market and sell their products. The greater the benefits that MSMEs get from social media, the higher their attitude towards using social media as a marketing tool. Based on the results of this research, MSMEs must use digital marketing via social media to market their products because it has perceived benefits in carrying out promotional activities or business activities. The attitude towards using social media (attitude toward using) has a positive effect on the use of social media (actual use). This means that the higher the social media attitude, the higher the use of social media. These results support research (Kanchanatanee et al., 2014; Oentario et al., 2017; Sidharta & Sidh, 2014) which found a positive and significant influence from attitude variables on behavior using technology. These results are also in accordance with TAM theory, where attitude towards use can be called a connecting variable between the two main perception variables TAM and behavior variables using technology. When MSME players have tried social media as a marketing tool, the MSME players will respond to the advantages and disadvantages of social media as a marketing tool through their attitude. The responses given will take various forms, in research in the form of a happy attitude towards using social media, an attitude towards using social media, and an attitude of interest towards social media. Based on research results, MSME players have an interest and comfort in using social media, the use of social media is able to improve their marketing performance and psychologically encourage MSME players to accept the use of social media in their marketing and product sales activities.

The use of social media (actual use) has a positive effect on the performance of MSMEs. This means that the higher the use of social media, the higher the performance of MSMEs. These results are in line with research (Istianingsih & Defit, 2021; Nuseir & Aljumah, 2020; Olanrewaju et al., 2020; Yande & Suryanata, 2021; Yosep et al., 2021) that there is an influence of social media use on business performance. The use of social media has a significant influence on business performance (Aichner & Jacob, 2015). Furthermore, Rodriguez and Trainor (2016), claim that MSMEs can adopt social media to improve company performance. Social media use has become common in almost every type and size of business (Kannan & Li, 2017). The use of social media has a strong

impact on digital world organizations regarding handling customer inquiries, building and strengthening customer relationships, and mining innovative ideas (Solis, 2010). The use of social media by business people affects information accessibility, marketing information, and customer relationships (Ainin et al., 2015).

Based on the results of this research, MSME actors are active in using social media and utilizing the features on social media to improve their performance. In the comments feature, MSME players must be more interactive and respond quickly to comments given by consumers on social media, because this will leave a special impression on consumers or followers and can build closeness with consumers, especially if the reply to comments is delivered appropriately.

6. CONCLUSION

The research results show that government policy plays a role in strengthening the influence of digital marketing through social media on the performance of MSMEs in Indonesia. Perception of ease has a positive effect on attitudes towards using social media. This means that the higher the perceived ease of social media, the higher the attitude towards using social media. Perceived usefulness of using social media has a positive effect on attitudes towards using social media. This means that the higher the perceived usefulness of using social media, the higher the attitude towards using social media. Attitudes towards using social media have a positive effect on social media use. This means that the higher the social media attitude, the higher the use of social media. The use of social media has a positive effect on the performance of MSMEs. This means that the higher the use of social media, the higher the performance of MSMEs. Government policies have a positive effect on the performance of MSMEs. This means that the higher the government policy, the higher the performance of MSMEs will be. Government policies moderate the influence of social media use and MSME performance. This means that government policy strengthens the influence of social media use and the performance of MSMEs.

In general, this research contributes to the TAM literature where all tests support the TAM theory. Future research is encouraged to replicate the moderation model developed in this study, as applicable to other countries and regions for better generalization. Control variables such as age, education, experience relate the use of social media to MSME performance. Then the government, especially in the regions as a stabilizer, can provide support to MSMEs in their regions to foster a stable business climate by means of various capital assistance for MSME players. With capital assistance, MSMEs can have climate stability in their business.

7. STRATEGIC IMPLICATIONS

The research results show that government policy plays a role in strengthening the influence of digital marketing through social media on the performance of MSMEs in Indonesia, so that there are strategic implications from the results of this research. The government, especially in the regions, can provide support to MSMEs in their regions to foster a stable business climate by means of various capital assistance for MSME players. Without adequate capital assistance, every business will experience difficulties in the business development process in an effort to increase income. With the assistance of capital or funds, MSMEs can have climate stability in their business. Therefore, the Regional Government which has a role as a stabilizer must be able to provide various capital assistance to MSME players. Then the Government, especially in the regions, can become a facilitator in providing support to MSME actors in the form of training in the use of technology and training in displaying good advertisements, creating business opportunities through organizing events involving MSME actors, and facilitating business partnerships with large companies. In general, this research contributes to the TAM literature where all tests support the TAM theory. Future research is encouraged to replicate the moderation model developed in this study, as applicable to other countries and regions for better generalization. Control variables such as age, education, experience relate the use of social media to MSME performance.

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