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# **International Journal of Business Economics and Management**

## **Aims and Scope**

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International Journal of Business, Economics and Management (IJBEM) is a peer-reviewed journal which publishes original research papers. It focuses to publish empirical (testing theories, extending theories or building theories), academic, theoretical and review research articles that add to the practice in business, economics and management. It provides a platform in which different standards for business, economics and management can be offered and discussed. The objective of this journal is to bring together study fellows and experts from industry to teach the latest topics of importance and build long lasting group effort. The journal welcomes submission from scholars and experts for possible publication from all over the world.

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## Resilience of Micro, Small and Medium Enterprises (MSMEs) Through the COVID-19 Pandemic

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### ABSTRACT

The MSME support movement in Indonesia is welcomed by business people, especially young entrepreneurs or the home industry, which continues to grow rapidly and independently. At the beginning of 2020, the COVID-19 outbreak that occurred globally in almost all parts of the world, including in Indonesia, triggered negative sentiment towards various lines of business, especially the MSME business. The negative impact due to COVID-19 has hampered the growth of the MSME business where the movement of MSME businesses that require showrooms or promotions is hindered. In reorganizing the weakening economic conditions of MSMEs or the COVID recession, it is necessary to manage the business cycle in a Management Business Cycle, considering that the business environment is very dynamic so that the business cycle must always be evaluated and improved so that the business can survive and develop. The concept of the OODA loop is the concept of iterative analysis to determine the decision of a problem. OODA stands for Observe, Orient, Decide and Act. The term circle or loop because in this concept all processes are repeated until the decisions taken are effective and able to have a significant impact in dealing with problems. The OODA principle is quite applicable to be applied in various sectors, starting from the business world, sports, and government. There are also five strategies used to prevent or save MSMEs that exist in the current pandemic conditions, namely learning about digital marketing, strengthening human resources by instilling learning about the era of globalization and technology, creative innovations to attract consumers, improving services to consumers more efficiently. detail and ensure the cleanliness and safety of products as well as government policies towards MSMEs/assistance from the government.

**Keywords**---COVID-19 pandemic, OODA loop, resilience MSMEs, strategy MSMEs

### Introduction

The MSME support movement in Indonesia is welcomed by business people, especially for young entrepreneurs or the home industry, which continues to grow rapidly and independently. At the beginning of 2020, the COVID-19 outbreak that occurred globally in almost all parts of the world, including in Indonesia, had triggered negative sentiment towards various lines of business, especially the MSME business. The negative impact due to COVID-19 has hampered the growth of the MSME business where the movement of MSME businesses that require showrooms or promotions is hindered. The challenge for MSMEs that is currently happening is the competition that must be faced by producing a variety of innovations and services to be able to continue to survive in the local market, and also be able to compete in the international market.

The development of MSME businesses that are digitally based and so easily accessible has spurred many economic movements in various remote areas. The challenges of MSMEs in the midst of a massive digital economy that is rapidly increasing, require MSMEs to be literate in information technology because MSME actors who use internet services or have websites are still not many and familiar so that MSME products or services that are marketed sometimes cannot reach markets outside the region and

remote areas. And they have not been able to compete with other big businesses that already have a market place and are easy to get customers because they are known through unlimited internet services and can go international. The slow growth and development of MSMEs will have an impact on the low economic growth of the people, causing a decrease in people's purchasing power and a decrease in production for the people's economy, which in turn causes the community to be unable to meet their basic needs. The COVID-19 pandemic has had a significant impact on all aspects of people's lives, even more so for business actors of Cooperatives and Micro, Small, and Medium Enterprises whose economic cycle is highly dependent on the traffic of goods, services, and people, who are currently experiencing a period of limited movement. This results in decreased productivity of all elements in the MSME ecosystem and affects the welfare of MSME actors. In dealing with this emergency situation, the Ministry of Cooperatives and SMEs of the Republic of Indonesia seeks to handle it in the form of policies, regulations, programs, and facilitation, with the aim of maintaining the sustainability of MSMEs and their actors during this crisis (Fitriyani et al., 2020; Marlinah, 2020; Sudarmo, 2021; Dewi & Mahendrawathi, 2019).

The Indonesian government through the Ministry of Cooperatives and Small and Medium Enterprises supports the use of an electronic trading system or e-commerce. This is a solution for cooperatives and Micro, Small and Medium Enterprises (MSMEs) in marketing their products in the midst of the COVID-19 pandemic, which is gradually changing, namely switching from offline to online. The government's recommendation to stay at home economy will be an economic trend in the future. When the economic situation slumps due to the Corona Virus, business people must be really observant in making decisions. The right strategy is needed for SMEs. One way that can be done is to make neat company books. All financial transactions, both income, expenditure, and other transactions must be properly documented. This type of small business is indeed very strong and resilient to even the economic crisis. Therefore, we need to develop it, in this case the government, which is the most important, is responsible and has a big role in the development of small and medium enterprises in Indonesia. One of them is the government needs to create a conducive business climate in the form of tax relief, ease of licensing and others. In addition, partnership development and training, and coaching for entrepreneurs need to be carried out (Narto & Hm, 2020; Masniadi et al., 2020; Soetjipto, 2020).

The empowerment of MSMEs is an integral part of national development to realize a democratic, just and prosperous Indonesian society. In the context of growing a conducive business environment for MSMEs, a series of macro policies, sectoral policies and regional development policies are complementary, aligned and synergistic in order to empower MSMEs. The policy for developing a conducive business environment for MSMEs does not exist in an agency. For this reason, advocacy, persuasion and coordination with other agencies are needed to foster a conducive business climate for MSMEs. The concept of the OODA loop is the concept of iterative analysis to determine the decision of a problem. OODA stands for Observe, Orient, Decide, and Act. The term circle or loop is because in this concept all processes are repeated until the decisions taken are effective and able to have a significant impact in dealing with problems (Richards, 2020). OODA theory is described by Richards (2020), in a decision cycle (OODA Loops). This cycle consists of four interrelated processes and runs continuously.

### Research Methods

The concept of OODA loop is the concept of iterative analysis to determine the decision of a problem. OODA stands for Observe, Orient, Decide, and Act. The term circle or loop is because in this concept all processes are repeated until the decisions taken are effective and able to have a significant impact in dealing with problems (Richards, 2020). OODA theory is described by Richards (2020), in a decision cycle (OODA Loops). This cycle consists of four interrelated processes and runs continuously.

## **Results and Discussion**

MSME strategy to survive in the COVID-19 pandemic masa

The OODA loop strategy is to observe (observe), identify (to orient), make decisions (decide), and carry out activities again (to act). In the case of a pandemic business crisis, business actors must collect as much information as possible regarding consumer behavior in the new normal situation due to social restrictions, information on opportunities and what competitors are doing. Business actors also need to identify the constraints and problems experienced by their internal business. Shofiana (2020), conducted research on the implementation of a Virtual Team-based affiliate program in MSMEs as an effort to improve the economy during the COVID-19 pandemic. The result of this research is to implement a strategy, namely affiliate. Affiliate marketing is a marketing strategy where an affiliate introduces or promotes their products and services through gadgets. This way also reduces unemployment during the pandemic because as an affiliate, you will only receive a salary/commission based on the number of products that can be sold to consumers. This strategy makes it easier for MSME actors when social distancing is enforced.

Hardilawati (2020), the result of her research is that not all MSMEs feel a decrease in sales turnover and have to close their businesses. There are MSMEs that are stable and experience an increase in sales turnover because they make adjustments in terms of products and carry out several marketing strategies to survive. There are several things that can be done by MSMEs including choosing to open a new product line or updating their marketing system, because a business that is able to survive is a business that is responsive to changes in their environment. There are several things that can be done by MSMEs, such as utilizing sales through e-Commerce, improving service quality, digital marketing, and customer relationship marketing. In this way, MSMEs can maximize their sales and by following existing protocols during this pandemic.

Fahriyah & Yoseph (2020), on the research use of e-marketing on the sustainability of MSMEs in the city of Pekalongan in the midst of the COVID-19 pandemic, the results of the research are that through the role of technology, business activities and the distribution of goods can still be done. This is done with the aim that MSME businesses do not just stop and the distribution of goods will continue to run. There is a new norm for business people when facing the COVID-19 pandemic which requires business actors to be technology literate. This will also apply after COVID-19 which requires MSME actors to recover even to adapt to the new normal that requires contact with technology.

MSME HR efforts to provide good service

In addition to marketing, MSME actors must strengthen in the field of Human Resource management. In this case, business actors are required to be able to adapt to this condition, one of which is by learning about the use of existing technology, making it easier for MSMEs to diversify products with technology and improve the quality of product services to consumers. In reorganizing the weakening economic conditions of MSMEs or the COVID recession, it is necessary to manage the business cycle in a Management Business Cycle, considering that the business environment is very dynamic, so the business cycle must always be evaluated and improved so that the business can survive and develop in ways, namely (1) Creating change as an opportunity to achieve success; (2) Seeing differences between people or phenomena as opportunities rather than difficulties; (3) Experimenting to seek renewal towards business growth; (4) Become an expert for your own business; (5) Be a servant to others and have a humble nature. Managing the business cycle through the process of planning, organizing, using organizational resources and planning and organizing must pay attention to the business cycle in 4 (four) periods, namely: (1) peak cycle (prosperity); (2) Recession (downturn); (3) Trench (most severe

depression); (4) Recovery (expansion) which can describe the classification of business types with business fields or business opportunities after COVID-19 and take appropriate actions according to the type of business.

The government's role in helping MSMEs facing the impact of COVID-19

In facing the economic and business challenges due to the COVID-19 pandemic, various types of approaches are needed, including a macro approach through government policies. The government should consider approximately three important actions, namely as follows. First, the government should announce current and progressive economic and business support measures that are more focused on recovery. Timing and speed are very important. Withdrawing economic and business support measures too soon can lead to massive failures for companies and weaken competition, but on the other hand, prolonged economic and business support can result in distortion, reduce incentives to adapt and innovate and trap unproductive resources (Markovic et al., 2021; Bai et al., 2021; Silvander & Angelin, 2019).

Second, the government must ensure that the flow of enterprises in and out is carried out in a gradual manner and in a manner that supports inclusive recovery (ie without further burdening those most affected by the crisis, such as youth, women and migrants). There are opportunities to improve the status of insolvency, facilitate closure of unproductive businesses and proper business restructuring and increase the ability of entrepreneurs to start new businesses after failure. Because bankruptcy can escalate dramatically, policy reforms must be able to limit the negative effects and reduce personal costs for honest failed entrepreneurs. All of this requires developing criteria to assess which MSMEs should receive support during recovery and transition to new business models. Applying traditional criteria to identify viable businesses such as balance sheet data or credit history may not work effectively.

For example, leveraging the development of Fintech and digital tools for more effective credit risk assessment, service delivery and comprehensive monitoring can help overcome the limitations of traditional approaches to business financing in times of unprecedented uncertainty. So far the government has not utilized non-debt financing instruments should be used more to address the more diverse needs of the MSME population and strengthen their capital structure (eg equity, Mezzanine financing, leasing or accounts receivable tax). Third, government support must reach entrepreneurs and MSMEs who can increase economic and community resilience in the post-COVID era. Innovative startups, entrepreneurship and new business capital should be promoted. At the same time, traditional MSMEs that are largely disappearing and micro-enterprises struggling to benefit from the digital transition must accelerate digitalization and technology adoption, organizational change and skills upgrading. Out of the crisis, MSMEs must emerge digitally better equipped and with a strengthened workforce capability. Few policy initiatives aim to increase the long-term resilience of established businesses and the growth potential of MSMEs. For example Korea and Ireland have acted to help small businesses adopt new work processes, accelerate digitization and find new markets. Such structural support measures, together with smart requirements, should be included in the next phase of the policy response (Shafi et al., 2020; Achi et al., 2022; Alonso et al., 2022; Antoni, 2021).

Resilience strategy management analysis

Observation (observation) is the first step of a process to identify or form a thinking orientation, then find several alternative solutions as material for decision making that will be used as the basis for action. Furthermore, several alternative actions that have been carried out will encourage the business environment to provide feedback or reactions that become a new picture for MSMEs. This feedback usually appears implicitly, so business actors or MSMEs must pay close attention and business actors



must have sharp observations to capture the message. Observation activities must be carried out continuously on various existing sources of information to ensure that any changes that occur around MSMEs can be responded to appropriately and quickly.

Orientation is an ongoing process (not a picture that is immediately concluded). Orientation is done by using analysis and synthesis of the results of observations that have been made previously and by looking at what is happening at this time. Orientation will produce a set of strategies, plans, and appropriate actions and provide the best solution to the conditions that occur. This step is the main and priority activity because information it will turn into an understanding to make an assessment of the situation and the various possibilities in it. Decision is referred to as the preparation of initial assumptions or conclusions which are a continuation of the previous stage (Orient). In this phase the process of stages in decision making is an explicit step, which can be used as a critical step and a continuation that is built from the orientation results. After obtaining a clear view or description of the problems that occur in the environment, the identification of problems or an inventory of problems as an alternative solution is carried out, then MSME actors must be able to immediately determine a decision about what steps to take immediately (Lin et al., 2022; Vásquez et al., 2021; Esubalew & Raghurama 2020). The action stage is the real step that has the most influence because a predetermined decision will have an influence on a new situation that will arise. In this stage there is often a different condition between expectations and reality as well as new facts that are sometimes unpredictable. So, MSME business actors need to immediately take steps to reorient the new situation and facts in order to immediately evaluate and review and take tactical decisions and act appropriately over and over again. This is a natural cycle of the OODA method. The four steps must be carried out sequentially because all stages are a cycle, the act step is not the last step. This error can also occur so that MSME business actors need to re-observe steps. And so on until a strategic decision is obtained and is more accurate and in accordance with the aim of maintaining the continuity of the SME business being occupied. In repeating the cycle, SME managers must pay attention to the time aspect because every decision has an impact on other related work patterns, such as competitors or new regulations that are less supportive, so it should not be too late and take too long to make a decision.

### **Conclusion**

The COVID-19 pandemic that occurred in Indonesia did have an impact on the Indonesian economy, especially for MSMEs. Restrictions Social restrictions that are implemented to prevent the spread also make conventional business actors or MSMEs have to adapt to the circumstances that occur. There are also five strategies used to prevent or save MSMEs that exist in the current pandemic conditions, namely learning about digital marketing, strengthening human resources by instilling learning about the era of globalization and technology, creative innovations to attract consumers, improving services to consumers more efficiently. detail and ensure the cleanliness and safety of products as well as government policies towards MSMEs/assistance from the government.

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# **A Determinant of the Effectiveness of Performance-Based Budgeting Implementation and Budget Absorption in Regional Government of Bengkulu Province**

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## **ABSTRACT**

This study aimed to find out the effect of understanding, training, external pressure and organizational commitment on the effectiveness of performance-based budgeting implementation and budget absorption in the Regional Government of Bengkulu Province. This study was based on the importance of information on performance-based budgeting and budget absorption. The samples taken were from 17 Regional Apparatus Organizations in the Regional Government of Bengkulu Province with a questionnaire that could be researched totalling 90 respondents. The technique of collecting data was using quantitative data by distributing questionnaires and giving them to each respondent with the criteria of having an interest in compiling, using and reporting budget realization or executing the budget from the Regional Government. Hypothesis testing used Smart PLS 3.3. The results of hypothesis testing showed that understanding and training had a significant effect on the effectiveness of performance-based budgeting implementation and had a positive effect on budget absorption. Meanwhile, the external pressure variable had a significant influence on the budget absorption variable but had a negative effect on the effectiveness of performance-based budgeting implementation. In the organizational commitment and effectiveness of performance-based budgeting implementation variables, it had a negative or no significant effect on budget absorption.

**Keywords**---effectiveness, performance-based, budgeting implementation, budget absorption, regional government

## **Introduction**

Public sector organizations have a very important role in implementing public services. As a state representative, public sector organizations act as the front line of public services. Thus, as an inseparable part, the fulfilment of optimal aspects of public services must continue to be carried out by the state, including the regional government. Therefore, innovative policies in the service aspect are an important prerequisite for creating quality public services. This is also to answer the demands of the dynamics of society that are increasingly developing and become a challenge for public sector organizations in carrying out policy innovations and can provide satisfaction to the public. In fact, reforms in the public sector budgeting method, namely the performance-based budgeting approach, have been applied to



Indonesian government agencies, regulated in Law No. 17 of 2003 concerning state finances and implemented in stages starting from the 2005 fiscal year. However, the implementation of performance-based budgeting made by Regional Apparatus Organizations in Indonesia has not been effectively implemented. This condition can be seen in the many misunderstandings in the performance-based budgeting process, especially when determining the performance indicators included in the Budget Work Plan (Hafiez & Made, 2018).

A public sector budget is the financial planning of the estimated expenditure and revenues expected to occur in the future by looking at data obtained from the past as a reference for budgeting. The public sector budget must be able to meet criteria, including reflecting changing priorities, needs, community desires and determining revenue and expenditure of government departments or regional governments (Sarwenda Biduri, 2018). A budget is a tool for planning and monitoring profit operations in a profit organization where the level of formality of a budget depends on the organization's size. In order to carry out the tasks above, of course, a careful plan is needed. Therefore, from this description, it can be seen that management can only understand the importance of good planning and supervision by carefully studying, analyzing, and carefully considering the possibilities, alternatives, and consequences. The budget can be interpreted as a package of statements concerning the estimated revenues and expenditures in one or several future periods. The budget always includes data on revenues and expenses that have occurred in the past (Chong & Mahama, 2014; Cherry et al., 2008).

Performance-Based Budgeting (PBB) is a budgeting method for management to relate each cost contained in activities to the benefits generated. These benefits are described in a set of objectives as outlined in the performance targets for each work unit. As stated in Accountability through the budget includes budget planning to budget reporting. The form of budget reform to improve the budgeting process is performance-based budgeting implementation. Effectiveness is the relationship between output and goals or can also be a measure of how far the level of output, policies and procedures of the organization. Effectiveness is also related to the degree of success of an operation in the public sector, so activity is said to be effective if the activity has a major influence on the ability to provide public services, a predetermined target (Benii, 2016).

Establishing a Performance-Based Budgeting aims to improve the previous budgeting system, namely the Traditional Budgeting. Traditional Budgeting only pays attention to administration and measures success which is required to realize how much the nominal amount is in accordance with the previous planning. Performance-Based Budgeting prioritizes inputs and outputs and the benefits to be obtained and adjustments to the vision and mission in budget planning (Liwaul et al., 2017). According to Juliani et al. (2014) an unabsorbed budget will eliminate the benefits of spending. If the benefits of spending are lost, then the development plan and public services to the community will not be optimal. Not optimal budget absorption can occur due to budget overlaps and errors in budgeting. In addition, there are also several supporting studies, one of them is a study conducted by Rindani (2014), who analyzes the regional budget absorption in Ulungan Regency. Her study showed that the factors that affect the budget absorption are the implementation of the budget and the ability of budgeting contractors; organization commitment; internal control and supervision; procurement HR competence; financial management HR competency, and regulation.

A study on the implementation of performance-based budgeting has been widely carried out. Still, the previous study has only revealed how performance-based budgeting is implemented and how important it is that based budgeting must be carried out (Ika & Sentot, 2013). This study is to find out whether performance-based budgeting affects employees' performance at the Regional Financial and Asset Management Agency. The study conducted by Hartanto et al. (2018) about performance-based budgeting implementation found that generally, budget managers at the Regional Office of the National

Land Agency in West Nusa Tenggara have understood performancebased budgeting but so far have not implemented it well. Regarding organizational commitment, Putri & Noor (2020), found that if the organizational commitment is higher, the organizational ability in the performance-based budgeting management process will be more effective and states that the stronger the organizational commitment, the implementation of performance-based budgeting will increase. Strong organizational commitment will influence individuals (government officials) to try to achieve organizational goals, think positively and try to do good for the organization. Meanwhile, the study by Fitri et al. (2013), mentioned that the commitment variable of all organizational components does not have a significant influence and is not always a determining factor for the success of the performance-based budgeting implementation. In addition, Bagus et al. (2014) also stated that the effect of organizational commitment on the implementation of performance-based budgeting is positive and significant.

A study conducted by Bagus et al. (2014), revealed that the implementation of performance-based budgeting positively affects the quality of absorption of the Regional Budget Revenues and Expenditures of Banda Aceh City. They found that when regional governments implement performance-based budgeting practices by actually using Budget Implementation Documents and Cash Budgets as a control tool in institutional operations, it can lead to the achievement of targeted budget absorption. This finding is consistent with the findings by Handoko & Ngumar (2014), who stated that budget realization at the Revenue Service of Surabaya City had become more efficient and effective thanks to the implementation of a performance-based budgeting system (Mauro et al., 2021; Zamfirescu & Zamfirescu, 2013).

According to Mardiasmo (2018), the performance-based budgeting cycle includes the preparation, ratification, implementation, and reporting and evaluation stages. This budget cycle is different from that described in the manual for implementing performance-based budgeting, consisting of eight stages. The different stages are the preparation stage and ratification stage. The preparation stage estimates expenses based on the estimated available income, the organization's vision, mission, and goals for the next year. The ratification stage is a stage that involves a fairly complicated political process. Executive leaders must have managerial skills and adequate political skills, salesmanship, and coalition building. This is important because, at this stage, the executive leadership must have the ability to answer and provide rational arguments for all questions and objections from the legislative (Lidia, 2014; Mabert et al., 2003).

This study also develops previous studies related to the relationship between performance-based budgeting and budget absorption Juliani et al. (2014); Maisarah (2014); Handoko & Ngumar (2014), and collaborates with the study Sofyani & Rusdi (2013), by adding the organizational commitment variable in it. The location of Bengkulu Province is chosen because of the large number of Regional Government Offices that achieved performance accountability achievements with type "A" as many as 17 Regional Apparatus Organizations of Bengkulu (Regional Government Regulation of Bengkulu No. 8 of 2016). By choosing the Regional Government Offices with the predicate of "very good" as the object of study, it is hoped that the results of this study can be input for information by other agencies or offices to improve the quality of performance-based budgeting implementation and efforts to realize better budgets in the future (Rodrigues et al., 2020; Pérez et al., 2016).

## **Research Methods**

### **Type of study**

The type of data used in this study was primary data using a questionnaire.

### Technique of Data Analysis

The quantitative analysis technique was intended to describe the relationship and effect between the dependent variable on the independent variable by using statistical calculations. In this study, the Smart PLS 3.3 program tool was used.

### Place and Time of the Study

The location of the data management research was in 17" type A" Regional Apparatus Organizations in the Regional Government of Bengkulu Province for 1 month, from 15 September to 15 October 2020.

### Method of Collecting Data

This data collection technique provided a list of questions or written statements for respondents to answer. This study used a survey method, where the data used for the study was obtained by distributing questionnaires to 17 Regional Apparatus Organization at the Regional Government of Bengkulu Province level who became direct respondents. The reason was that the locations in question were places that the researcher could reach or were still around Bengkulu City. The researcher distributed 100 questionnaires; 90 of the 100 questionnaires were returned completely and can be investigated. The following are the results of descriptive analysis obtained from respondents' answers to the statements given by the researcher.

Table 1  
Distribution and returns of questionnaires

No	Description	Total
1	Complete Questionnaire	90
2	Non-Returning Questionnaire	5
3	Unfilled Questionnaire	3
4	Incomplete Questionnaire	2
Total		100

Data source: primary data, processed in 2020

The characteristics of the respondents are presented in Table 2 below:

Table 2  
Characteristics of Respondents

No	Sex	Total	Percentage (%)
	Male	51	56.7 %
	Female	39	43.3 %
	Total	90	100 %
No	Usia	Total	Percentage (%)
	25-29	1	1.1 %
	30-34	5	5.6%
	35-39	27	30.0%
	40-44	29	32.2%
	45-49	17	18.9%
	50-54	10	11.1%
	55-60	1	1.1%
	Total	90	100%
No	Education	Total	Percentage (%)
	D3 (Diploma)	3	3.3%
	S1 (Bachelor)	73	81.1%
	S2 (Master)	13	14.4%
	S3 (Doctorate)	1	1.1%
	Total	90	100%
No	Group/Rank	Total	Percentage (%)
	Group 1	0	0%
1.	Group 2	2	2.2%
2.	Group 3	67	74.4%
3.	Group 4	21	23.3%
	Total	90	100 %
No	Position	Total	Percentage (%)
1.	Program and Activity Plans Analysis	2	2.2 %
2.	Information System Analysis	1	1.1%
3.	Planning Information System Analysis	1	1.1%
4.	Young Planning Functional	1	1.1%
5.	General Functional	1	1.1%
6.	Functional Position	1	1.1%
7.	Head of Finance Sub-division	2	2.2%
8.	Head of Planning, Evaluation and Reporting Sub-division	10	11.1%
9.	Head of General and Equipment Sub-division	4	4.4%
10.	Executor/Implementer	1	1.1%
11.	Executor/Implementer at the	1	1.1%

12.	Cooperative Service Manager of Facilities and Infrastructure Data	1	1.1%
13.	Manager of Planning Materials	1	1.1%
14.	Manager of Environmental	1	1.1%
15.	Youth Self-Sufficiency Movement	1	1.1%
16.	Adjustment of Facilities and Infrastructure Integrity Plan	1	1.1%
17.	Recruitment	1	1.1%
18.	Librarian	1	1.1%
19.	Secretary	1	1.1%
20.	Staff	5	5.6%
21.	Staff of Financial	9	10.0%
22.	Staff of Planning, Evaluation and Reporting	19	21.1%
23.	Staff of Planning Sub-division	18	20 %
24.	Staff of General and Equipment	1	1.1%
25.	Total	90	100.0%

Data source: primary data, processed in 2020

## Results and Discussion

### Conceptual Framework

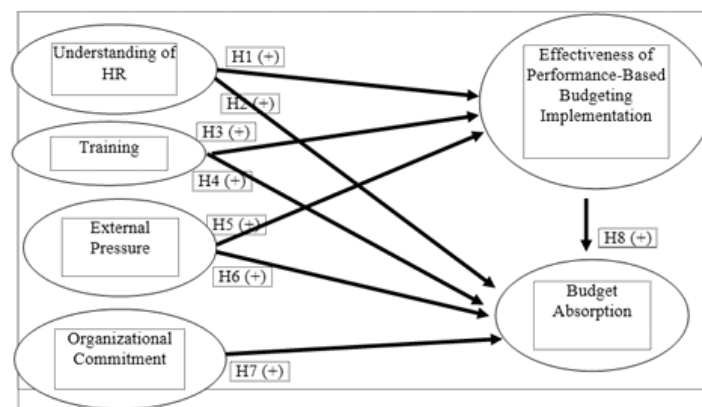


Figure 1. Research Concept Framework

### Definition of Understanding of HR, Training, External Pressure and Development in Performance-Based Budgeting Understanding

The existence of an understanding of the system and good budget management from government employees makes employees understand the budget work plan prepared based on a priority scale and performance indicators. Thus, this impacts termin-based budget absorption, and budget absorption can be absorbed properly according to the budget targets set, and budget absorption can be well controlled (Hafiez & Made, 2018). The understanding instrument in this study is measured by 8 question items developed by Madjid & Ashari (2013), with a Likert scale of 1 to 5.

### HR Training

The revenue budget listed must be more objective with careful calculations. Regional apparatus must consider the participation of budget drafters in attending education and training in order to improve the quality of regional apparatus budget makers (Regional Government Agencies) because this will have an impact on increasing the quality of Regional Government Agencies budgets (Devie et al., 2017). The

training instrument in this study is measured by 2 question items developed by Sofyani & Rusdi (2013) with a Likert scale of 1 to 5.

#### External Pressure

The existence of external pressure in the form of coercive power, where the government sets regulations, prepares a performance-based budget based on a priority scale and performance indicators. This is also due to the demands of the Governor to maintain the predicate of the Special Region of Yogyakarta Province in the value of the development of accountability for the performance of the provincial government in Indonesia (Ulum & Sofyani, 2015). The external pressure instrument in this study is measured by 5 question items developed by Shalikhah (2014) with a Likert scale of 1 to 5 (Sternberg, 2014; Lihua et al., 2020).

#### Organizational Commitment

The commitment of all organizational components and the improvement of the administrative system has a positive and significant effect on the preparation of the performance-based Regional Budget Revenues and Expenditures in the Serdang Bergadai Regency. Simultaneously, the commitment of all organizational components and the improvement of the administrative system has a significant effect on the performance-based Regional Budget Revenues and Expenditures (Sofyan, 2014). Organization commitment means more than just formal membership because it includes an attitude of liking the organization and a willingness to put forth a high level of effort to achieve goals. This construction is measured using a questionnaire adopted from Wulandari (2013), with 9 statements measured based on the consistency of budgeting for each program and activity that is linked to acceptance of organizational goals, desire to work hard, desire to stay in the organization, affective commitment (Romario et al., 2019; Jati et al., 2020).

#### Effectiveness of Performance-Based Budgeting Implementation

The implementation of performance-based budgeting in Regional Government Agencies pays attention to performance indicators so that budgeting can be effective, efficient and economical, as well as the existence of a scale of priorities and performance indicators (Ashari, 2013). The performance-based budgeting instrument in this study is measured by 10 question items developed by Achyani & Cahya (2013), with a Likert scale of 1 to 5.

#### Budget Absorption

One of the obstacles to economic growth in the regions is the government budgets absorption so that the objectives of regional autonomy are also hampered. The budget absorption instrument (external pressure) in this study is measured by 6 question items developed by Juliani et al. (2014), with a Likert scale of 1 to 5.

### **The Results of Data Analysis Testing**

#### Composite Reliability Testing or Reliability Testing

Reliability testing is a tool to measure a questionnaire which is an indicator of a variable or construct.



Table 3  
The Results of Composite Reliability Testing and Cronbach Alpha Testing

Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
0.946	0.967	0.953	0.672
0.940	0.951	0.948	0.671
0.953	0.956	0.962	0.809
0.707	0.718	0.872	0.772
0.977	0.978	0.980	0.862
0.830	0.839	0.880	0.595

Data source: primary data, processed in 2020

The test results in Table 3 show that the results of composite reliability and Cronbach's alpha show a satisfactory value, namely the value of each variable is above the minimum value of 0.70. This shows the consistency and stability of the instrument used are high. In other words, all the constructs or variables of this study have become a fit measuring tool, and all the questions used to measure each construct have good reliability.

#### Discriminant Validity Testing

Discriminant validity can be assessed by comparing the square root of the Average Variance Extracted (AVE) for each construct with the correlation between the construct and other constructs in the model. The model has sufficient discriminant validity if the AVE root for each construct is greater than the correlation between the construct and other constructs in the model, as shown below:

Table 4  
Latent Variable Correlations

	EABK	KO	PA	PEL	PEM	TE
EABK	0.820					
KO	0.925	0.819				
PA	0.723	0.859	0.899			
PEL	0.401	0.459	0.323	0.879		
PEM	0.744	0.894	0.954	0.379	0.928	
TE	0.396	0.450	0.506	0.241	0.451	0.771

Data source: primary data, processed in 2020

The results of the discriminant validity of the AVE root of the variable construct of Effectiveness of Performance Based Budgeting Implementation is 0.820, which is higher than the correlation between the Effectiveness of Performance-Based Budgeting Implementation and other constructs in the model. The AVE root of the Organizational Commitment construct is 0.819, which is higher than the correlation between the Organizational Commitment construct and other constructs in the model. The AVE root of the Training construct is 0.879, which is higher than the correlation between the Training construct and other constructs in the model. The AVE root of the Comprehension construct is 0.928, which is higher than the correlation between Understanding and other constructs in the model. The AVE root of the Budget Absorption construct is 0.899, which is higher than the correlation between the Budget Absorption construct and other constructs in the model. The AVE root of the External Pressure construct is 0.711, which is higher than the correlation between the External Pressure construct and other constructs in the model.

#### Inner Model Testing

The inner model testing or structural model is carried out to see the relationship between variables,

significance value and R-square of the research model. The structural model is evaluated using R-square for the dependent variable, Stone-Geisser test for predictive relevance and t-test, as well as the significance of the coefficients of structural path parameters.

Table 5 R-Square			
	R-Square	Adjusted R-Square	
EABK	0.573	0.558	
PA	0.919	0.915	

Data source: primary data, processed in 2020

Based on the inner model results above, the inner model's R-square value is used to determine how much the independent variable can explain the dependent variable. It is known that the R-square is 0.573 for the effectiveness of performance-based budgeting implementation and 0.919 for budget absorption. It means that the effect of the independent variable on the dependent variable Y1 is 57%, the remaining 43% from other studies, while for the dependent variable Y2 is 92%. Hypothesis Testing The table below presents the estimated output for structural model testing:

Table 6  
Hypothesis Testing based on Path Coefficient

	Original Sample (O)	Sample Average (M)	Standard Deviation (STDEV)	T-Statistics ( O/STDEV )	P-Value
EABK -> PA	0.031	0.035	0.129	0.243	0.808
KO -> PA	0.000	-0.010	0.217	0.001	0.999
PEL -> EABK	0.133	0.140	0.060	2.241	0.027
PEL -> PA	-0.058	-0.056	0.028	2.047	0.044
PEM -> EABK	0.664	0.649	0.070	9.540	0.000
PEM -> PA	0.908	0.911	0.102	8.928	0.000
TE -> EABK	0.065	0.093	0.099	0.650	0.517
TE -> PA	0.098	0.098	0.033	2.959	0.004

Data source: primary data, processed in 2020

Testing the proposed hypothesis is done by testing the structural model (inner model) by looking at the R-square value, which is the goodness-fit test of the model. In addition, looking at the path coefficients show the parameter coefficients and the t-statistical significance value. The significance of the estimated parameters can provide information about the relationship between research variables. The limit for rejecting and accepting the proposed hypothesis above is 1.662 and  $p < 0.05$ . Based on the results of research related to the title, problems and research hypotheses, several things can be explained in the research as follows:

#### The Effect of Understanding on the Effectiveness of Performance-Based Budgeting Implementation and Budget Absorption

Based on the Path Coefficient results, the effect of understanding on the effectiveness of performance-based budgeting implementation is positive or significant. This means that understanding affects the effectiveness of performance-based budgeting. This study also supports the research results conducted by Sumantri (2013) and Madjid & Ashari (2013). The thing that makes the effect of understanding on the effectiveness of performance-based budgeting is the level of socialization and information provided by the Regional Government regarding the understanding of the effectiveness of performance-based budgeting to government employees by workshops and counselling in each service. Therefore, hypothesis H1 states that understanding has effect on the effectiveness of the performance-based budgeting implementation. The results of hypothesis testing H2 regarding the understanding of budget absorption show a positive influence on budget absorption; this is in line with research by (Madjid &

Ashari, 2013). The existence of an understanding of the system and good budget management from government employees makes employees understand the budget work plan prepared based on a priority scale and performance indicators. Thus, this impacts termin-based budget absorption, and budget absorption can be absorbed properly according to the budget targets that have been set, and budget absorption can be well controlled. Therefore, hypothesis H2 states that understanding has an effect and significant on budget absorption.

#### **The Effect of Training on the Effectiveness of Performance-Based Budgeting Implementation and Budget Absorption**

Based on the path coefficient hypothesis testing results, hypothesis H3 regarding the effect of training on the effectiveness of the performance-based budgeting implementation is positive and significant. This means that training affects the effectiveness of performance-based budgeting. This study supports the research results conducted by (Madjid & Ashari, 2013; Hafiez & Made, 2018). This is because the Regional Government's training for Regional Government Agencies employees of the Regional Government of Bengkulu Province is very good and is often held for service employees in the Regional Government of Bengkulu Province. This can be seen from the answers of respondents who answered the training variables given to them. Therefore, hypothesis H3 states that training has a positive and significant effect on the effectiveness of the performance-based budgeting implementation. The results of hypothesis H4 regarding the effect of training on budget absorption are positive and significant. This means that training affects budget absorption. This research also supports Madjid & Ashari (2013), research. This happens because training such as workshops is always included in financial management training related to budget absorption at the Regional Government Agencies of Regional Government of Bengkulu Province and both section heads and employees in related agencies. Therefore, hypothesis H4 states that training has an effect and significant on budget absorption.

#### **The Effect of External Pressure on the Effectiveness of Performance-Based Budgeting Implementation and Budget Absorption**

Based on the path coefficient hypothesis testing results, hypothesis H5 regarding the effect of external pressure on the effectiveness of the performance-based budgeting implementation is negative or not significant. This means that external pressure does not affect the effectiveness of performance-based budgeting implementation. This study is inconsistent with research conducted by Hafiez & Made (2018). This is due to the existence of external pressure in the form of coercive power, where the government sets regulations in Bengkulu Province, which make government employees not all comply with these regulations so that performance-based budgeting does not run effectively and cannot be prepared based on a priority scale and based on performance indicators. Therefore, hypothesis H5 states that external pressure has no effect and is not significant on performance-based budgeting implementation effectiveness. Meanwhile, hypothesis H6 regarding the effect of external pressure on budget absorption is positive and significant. It can be seen in the Path Coefficient table. This means that external pressure affects the absorption of the budget. This research is in line with research by Hafiez & Made (2018). This is because there is coercive power in policymakers, in this case, the Governor or Mayor of Bengkulu and also presidential regulations, namely in the 2014 Minister of Finance Regulation regarding the procedures for awarding and imposing sanctions on the implementation of the state ministry/institution budget that can affect employee performance for compliance with the rules set by superiors. Therefore, hypothesis H6 states that external pressure has a positive and significant effect on the effectiveness of budget absorption.

#### **The Effect of Organizational Commitment on Budget Absorption**

Based on the path coefficient hypothesis testing results, hypothesis H7 regarding the effect of



organizational commitment on budget absorption is negative or not significant. This study is inconsistent with Kadek et al. (2017) research. This is due to the lack of supervision carried out by Regional Apparatus Organizations leaders in implementing activities and budgets. The implementation of activities that are not in accordance with the plan illustrates the lack of organizational commitment, which ultimately affects the level of budget absorption. Moreover, the lack of awareness by employees in Regional Apparatus Organizations about organizational commitment makes budget absorption less well absorbed. Therefore, hypothesis H4 states that organizational commitment has no significant effect on budget absorption.

The effect of the effectiveness of performance-based budgeting implementation on budget absorption Based on the results, hypothesis H5 regarding the effectiveness of performance-based budgeting implementation on budget absorption is negative or not significant. This study is consistent with research by Hafiez & Made (2018). This is because the implementation of performance-based budgets in the Regional Apparatus Organizations of Bengkulu Province is not optimal. Performance-based budgets that focus on the link between funding (inputs) and expected results (outputs) are still not reflected in the preparation of planning and budgeting, so budgeting can be said to have not been effective or efficient. and economical.

### **Conclusion**

This study aims to determine the effect of four independent variables, namely understanding, training, external pressure, and organizational commitment, on the dependent variable, namely the effectiveness of performance-based budgeting implementation and budget absorption. Based on the previous problem formulation, it can be concluded that: Understanding has a positive and significant effect on the effectiveness of performance-based budgeting implementation in the Regional Government of Bengkulu Province. Moreover, understanding also has a positive and significant effect on budget absorption in the Regional Government of Bengkulu Province. Training has a positive and significant effect on the effectiveness of performance-based budgeting implementation in the Regional Government of Bengkulu Province. Moreover, training also has a positive and significant effect on budget absorption in the Regional Government of Bengkulu Province. External pressure has a negative and insignificant effect on the effectiveness of the performance-based budgeting implementation in the Regional Government of Bengkulu Province. Moreover, also external pressure has a positive and significant effect on budget absorption in the Regional Government of Bengkulu Province. Organizational commitment has a negative and not significant effect on budget absorption in the Regional Government of Bengkulu Province. The effectiveness of the performance-based budgeting implementation has a negative and insignificant effect on budget absorption in the Regional Government of Bengkulu Province.

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# **The Social Capital and the Welfare of Community of Vegetable Farmers in Pemo Village, Kelimutu Sub-District, Ende Regency, East Nusa Tenggara Province, Eastern Indonesia**

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## **ABSTRACT**

This article is going to present a theme: The Relationship between Social Capital and the Welfare of the Community of vegetables as part of horticultural farming of the farmers in Pemo village, Kelimutu district, Ende Regency, East Nusa Tenggara Province, Eastern Indonesia. Then, it raises an issue related to the theme, namely the role of social capital in increasing the business of vegetable horticultural farmers in Pemo village. Beside that, it designed to describe the role of social capital to increase the the business of the vegetable horticultural farmers in Pemo village. To collect the data related the problem of the study, the researchers use the descriptive qualitative approach with completed by some method such as interview and observation. In term of collecting data, researchers also prefer to use a quantitative approach with the method of distributing questionnaires. In addition, This article presents the significance of the study. It is important for the vegetable horticultural farmers in Pemo village to know that the social capital is very urgent factor to increase their business of vegetables. The research finding shows that Social capital as a whole is an instrument to develop a vegetable horticultural business in Pemo Village, although it is not yet used as optimal as possible.

**Keywords**---social capital, welfare, community, horticulture, farmers

## **Introduction**

This article is intended to describe the theme: The Social Capital is related to improve the Welfare of the Horticultural Farmers in Pemo village. It puts attention to the single issue, is that the role of social capital which improves the motivation of horticultural farmers to run the business of the vegetable as part of horticulture aspect. In term of the vegetable horticultural business, the social capital is an important factor to be successful in running the business. Then, this article is specially designed to promote that how important the social capital to support the farmers in order to increase the progress of a business, particularly a business of vegetable as part of horticultural aspect in agriculture. The research shows that the social capital takes position as a very important factor to improve the business of the vegetable farmers in the Village. This is proved by the fact that all the farmers of vegetable in that location are very successful in that business. As a result, by this business their income has been increased rapidly. They do not find difficulties to fulfil their daily need, even the educational fee for their children.

## **Material and Method**

This article is based on the research entitled: social capital and the welfare of the vegetable farming

community in

Pemo Village, Kelimutu sub-district, Ende Regency. The research used a qualitative approach and of course used qualitative methods. These two things lead the researcher to collect the required informations. Furthermore, the location of the research was undertaken in the village so called Pemo which was located in the east of Ende town as the capital of Ende regency. As stated above, the qualitative method used to gain the informations is a way to describe the problems of the study. Basically, research aims to get the information analyzed to solve the problem. This is in line with what Uma sekaran as quoted by Sugiyono (2005), said that the purpose of research is directed to get information which can be used as a basis for analysis to solve problems that are studied systematically. Referring to this opinion, research on social capital and community welfare of vegetable Farmers in Pemo village is categorized as explanatory research. This kind of research, according to Sugiyono (2005), said that it is a study to explain the position of the studied variables and the relationship between one variable and another. Furthermore, Arikunto (2010) claimed that descriptive research is not intended to test certain hypothesis, but only describes what it is about variables and symptoms or circumstances and does not require administration or control of any treatment. So, this research is an explanatory descriptive research. In addition, this research only describes related to the role and benefits of social capital in horticultural farming.

On the other hand, methods that used to collect the data are interview, observation, document study, and questionnaires. The interview questions are designed unstructured and addressed to several parties, namely the village head of Pemo, community leaders, traditional leaders, head of famer group in pemo village. Then, the questionnaires are contributed to several respondents who were determined by purposive sampling from 150 farmer group members. Questions as stated in the questionnaires form include: (1) social capital is one of important and significant factors to improve the welfare of the vegetable farmers in Pemo village. This is measured by social capital indicators that can improve the welfare of the vegetable farmers in Pemo village, (2) the important benefits of social capital is to overcome the problem of poverty in the farming communities. After the data was collected, the research team processed the data by using conventional model proposed by (Woolcock & Narayan, 2000). This model assumes that social capital can be obtained both formally and non-formally. And also through interactions between cultures, religions, indigenous figures, and community leaders. Moreover, the structure of the model is the relationship of farmers' expenditure against all the potential to develop horticultural farmers' businesses, and will be tested in the form of multivariate analysis. The function of the model is as follows:

$$E=F(SC,HC, OC,Z).$$

It can be described as follows:

$$\text{LnEi} = \alpha + \beta\text{SCi} + \gamma\text{Hci} + \sigma\text{OCi} + \eta\text{Zi} + \mu_i$$

Note:

- Ei = farmer's expenditure (i) per member
- SCi = Farmer's assets to social capital
- Hci = Farmer's assets to human resources (human capital)
- OCi = Farmer's assets against other assets
- $\eta\text{Zi}$  = Characteristics of farmers
- $\alpha$  = Constanta
- $\alpha, \beta, \gamma, \sigma, \eta$  = The coefficient value of each parameter.
- $\mu_i$  = error

Furthermore, the elements of the model above are described as follows. The binding variable of this model is farmer spending. While the explanatory variables are the assets of farmers. Farmers' assets

including social capital, land ownership, education, and farmer 's characteristics are variable dummy. Moreover, one of the farmer's assets is social capital which includes: (1) social groups and institutions; (2) trust and solidarity; (3) joint action; (4) information and communication; (5) participation and cooperation; (6) empowerment, assistance carried out by related institutions such as BTNK and Flores University. Then, the data analysis was carried out quantitatively descriptive. The term of social capital is related to the vegetable business of farmers in Pemo village includes: trust, norms, and networks. In this study, the three dimensions of social capital are grouped into several types according to the roles, benefits, field conditions and horticulture business activities in Pemo village. The three dimensions of social capital play a role in business development directed at a common goal so that all relevant business actors can obtain optimal profits.

### **Results and Discussion**

As stated in the previous section, this article is intended to explore the social capital related to the welfare of the vegetable farming community in Pemo village. The term of social capital is a set of informal values or norms that are shared among members of an interrelated community group based on the values of trust, norms, and social networks. This is in line with the opinion expressed by (Fukuyama, 2002). He said that social capital is a capability that arises from trust in a society in general. However, the term social capital first appeared in the writings of Hanifan (1916), in the context of improving people's living conditions through community involvement, good values, and other social attributes in neighbors. In this work, the main characteristic of social capital emerges, namely that it brings internal and external benefits. On the other hand, welfare refers to the range of of government program that provide financial or other aid to individuals or groups who can not support themselves. The group of vegetable farmers in Pemo village lives very dependently on vegetable business. With the results of that effort they can use it to fulfil the needs of daily life, for example eating and drinking, treatment, education, and other needs. However, the results of the vegetable business are not enough to meet the needs of the whole family, so it has not been able to prosper the community. Next, it is presented the several points that found in the research, namely the social capital's role related to the vegetable business as part of horticulture in Pemo vilaage, social network and marketing system of production. These points will be described as follows.

#### **The Role of Social capital in term of the Vegetable efforts in Pemo Village**

The research has been conducted for several months in Pemo. The group of vegetable farming took participation actively in giving informations needed by team. After the informations had been analyzed, then, the team was very successful to draw some conclusions as the findings of the research. The results of the study showed that vegetable farmers in Pemo village have social capital that is not too strong so it does not give positive feedback to increase farmers' income. This is reflected in the data score range, the lowest is 40% and the highest is 50%. From the score indicates that there is a relationship between social capital and the level of income of vegetable farmers in Pemo village, but not too significant influence. This is because farmers themselves sell it in the market and there is no special place to sell the vegetable business. In addition, the use of communication media has not been optimal so that the market network is very limited. On the other hand, there is less coordination between members of farmers to overcome pest problems, such as monkeys that need daily care. Fact shows that the vegetable farmers in pemo villages are just waiting for consumers to come to the garden to buy vegetables, but the number is small. After all in the harvest season, there is overproduction so that not many people buy it. These facts can cause the income of farmers not to increase significantly (Vallejo et al., 2019; Adnani e al., 2018).

Facts as stated above indicate that how important the role social capital in order to improve the income of



the vegetable farmers. Firstly, trust is a key factor to improve the quantitative and qualitative of the products. For this reason, the rules should be set to maintain a vegetable garden. If any member goes to sell vegetables in the market, other members who guard the apes in the garden so that the apes have no chance to damage the vegetable plant. In addition, because of consumer confidence in the quality of vegetables so they directly come to the garden to buy vegetables and this benefits the vegetable farmers which they do not spend transportation funds to the market. In short, vegetable farmers must guarantee the quality of products so that customers continue to buy vegetables produced by the vegetable farming community in Pemo. It is recommended that vegetable farmers not only make transactions in the market, but also make transactions with customers by phone, WA Group, and online platforms, although very limited. Norm is one element of social capital that gives a role to improve the welfare of vegetable farmers. In fact, there is no provision in writing in the transaction of vegetable prices in the market. In addition, no weighing equipment is used. The seller gives bonuses to customers, when buying a lot of vegetables. Between the cultivators and the landowner both agreed to get 50% of the proceeds of the sale. It means that 50% is given landowner and 50% is for cultivators. It often occurs when the results of the effort are lacking, the cultivator does not benefit. Mutually agreed rules between members are those relating to working hours, types of plants planted, pest-keeping hours, and limitation of working area. Assistance from the Kelimutu National Park Hall (BTNK) was received by the group's chairman, then distributed to members. The aid are money, drugs, and spray tools (Fathy, 2019; Anggita, 2013).

In terms of network systems, farmers usually contact customers directly from the garden or in the market. This is very good and effective. In addition, relations have been built very well and strongly with related institutions, such as Kelimutu National Park (BTNK), Flores University as an educational institution in Ende Regency. The aid is money, materials, equipment, and assistance working with farmers. It is very contrary to the relationship between Mosalaki (traditional leader) and the regional government and villages are not good. This happens because there are customary bureaucratic procedures that are considered to hinder the activities of farmers. For example, if there are meetings in the village and customary house building activities, then planting activities, cleaning, pest care are forced to be ignored. It can be concluded, based on the description of social capital mentioned above, that the belief, norms, network system among fellow farmers, Kelimutu National Park Hall (BTNK), educational institutions are strong enough to increase the income of vegetable farmers so as to improve the welfare of vegetable farmers. While indigenous institutions (Mosalaki or traditional leaders) and local and village governments are less concerned about farmers' activities so that it cannot increase farmers' income. This shows that the two institutions did not take part in the welfare of the farming community (Grootaert, 1999; Fox, 1997).

#### Social networking and market access

Pemo is one of the villages located in Kelimutu subdistrict. This village is closely located to Lake Kelumtu as a tourist spot for national and international visitors. Its position can give benefit to the people who live there. Therefore, it has opened the road to the market in Moni. This area is the center of business activities. So that the people of Pemo village, especially vegetable farmers can go to the market to sell their agricultural products, do not find any difficulties. In the Moni market, Vegetable farmers from Pemo village have made transactions with their customers, although the amount is small. The agreement that made by vegetable farmers and customer is not written, but they consider to stick to the deal. On the other hand, the vegetable farmers have owned handphone (HP). They understand how to use it. Until now, HP is only used for ordinary communication. Actually HP can be used for many purposes such as making buying and selling transactions. In addition, farmers still make relationships with partners informally. This is in line with the results of research done by (Munandar, 2010). It shows that there is

close relationship between social capital that applies in the merchant community and the efforts of poverty management through its efforts in the informal sector. This is demonstrated by social capital, namely networking, trust, and norms and synergistic cooperation that regulates the activities of the merchant community (Pantoja, 2000; Kusumatantya, 2013).

#### Implementation of customary norms

Norma is one of the important dimensions of social capital and plays a role in strengthening harmonious togetherness of a community. The community is built on the basis of social ties between its member. It consists of several communities such as the farmer community, Ojek community, fishermen's association, agricultural expert association, and so on. The quality of social bonds will be built when members interact with each other for a relatively long and deep time. Usually the social bond will be better if fellow members are always involved in joint activities in groups or organizations and activities that are temporary. Furthermore, with strong social ties can improve the welfare of members of the community. However, social capital plays a very important role to function and strengthen modern society. Referring to the statement, the term of customary norms are usually expressed through agricultural activities, such as land work, selected seed, planting, cleaning, and harvesting. According to Lio custom, before they do agricultural activities, especially traditional ceremonies are held. One of the agricultural ceremonies is the midges ceremony which in Lio's language is called *pire te'u*. In addition, there is also a traditional ceremony so called natural disasters or *joka ju*. This ceremony is held to avoid the natural disasters that can damage plants. When the harvest is complete, a traditional ceremony is performed called a harvest ceremony. With regard to agricultural activities, *mosalaki* (traditional leader) plays less of a role in the activity, unless a feeding ceremony is performed to ancestors. The ceremony is called *pati ka* (feeding abcestor). However, the ceremony is not connected to the agricultural activities, for example vegetable planting efforts. The traditional ceremony did not contribute to the improvement of vegetable farming business results in Pemo village. So the implementation of customary norms for the attachment of vegetable businesses in pemo village is not too important (Putra & Santosa, 2016; Putnam, 1993).

#### Mosalaki (traditional leaders) and Local Government

The land used for agriculture in Pemo village belongs to *Msalaki* or traditional leaders. The vegetable farmers in the region only use the land to grow vegetables. Reality shows that *Mosalaki* as an indigenous leader is less consistent with the revenue-sharing agreement on vegetable business in Pemo village. Sometimes *Mosalaki* acts authoritarian. It means that *Mosalaki* asked more distribution than agreed. As a result of the authoritarian action Vegetable farmers feel unfair because their work does not produce the balanced results. Likewise, the village government did not take the initiative to mobilize farmers to carry out joint activities on agricultural land. This causes the farmers leave the garden without permission. In line with that fact, the results of research done by Nurami et al. (2013), show that the relationship of social capital through community economic empowerment programs can help to increase the economic potential of the community by creating new business such as transportation services and employment by business actors to the surroundings community. This means that existing social capital can be synergized with better beliefs, values, and norms so as to create a conducive situation in the community's economic activities (Soulard et al., 2018; Silitonga & Muflikhati, 2018).

On the other hand, the leadership in Pemo village is owned by ten *mosalaki* or traditional leaders. It is known that the people in pemo village are not from one descendant, but come from different tribes. Therefore, the leadership in the village was chosen by each tribe. The people in Pemo village come from different ethnicities and form a community so called Pemo village community. The ten *mosalaki* or

traditional leaders acted as the main leader. it means that among them there is no higher position. They gather to choose a coordinator if there are activities that must be done by the whole community. Because the structure of customary institutions that are not clear can cause the non-implementation of customary activities specifically agricultural activities. The activity that is often carried out is the "joka Ju" ceremony. This term means the ceremony of rejecting disasters in agricultural business so that farmers can get abundant crops at the end of the growing season. The leader of the ceremony was chosen by ten indigenous leaders in Pemo village. However, his role is only at the time of the ceremony. On the other hand, the leadership structure and customary norms have not been agreed by the ten indigenous leaders. Thus, the social capital whose role in Pemo village has almost no effect on agricultural business, especially vegetable business in the village (Sudirah, 2015; Subejo, 2004).

#### Mapping of Land Rights And Management System

The results of the study showed that the rules of law that apply in each indigenous community are rules inherited by ancestors (Tahmasebi & Askaribezayeh, 2021; Asih et al., 2018). Customary rules that governs the natural resources are tailored to the abilities and wisdom of local indigenous people. In general, land rights are still regulated by indigenous figures until to day. The land management system is divided into two ways, namely land controlled by individuals and controlled with the community. The land owned by individual is land that is processed which is the result where the results of agricultural business belong to the farmer himself. Nevertheless, he had to carry out customary rituals. The right to customary land is vacant land that has not been cultivated by farmers where the land is divided into communities and the distribution system is regulated by indigenous leaders. The rules for the fair and even distribution of customary land are social capital that can support the success of vegetable businesses in Pemo village which have a very positive impact on the welfare of the village community (Widodo et al., 2019; Vogt & Johnson, 2015).

#### Land arrangement system

In the reality, system of how people in Pemo use the land that according to the rules as stated in the following.

1. Productive land is a fertile land that is used for agricultural business. The cultivated land is divided according to the ability of the members of the indigenous people. The land acquisition is based on land inherited by the ancestors. The area of land and business products on the land became the private property of farmers. While the property of arable land remains a joint property arranged by local customary figures
2. Land that is processed for two types of crops, namely food crops and horticulture.
3. Vacant land is still regulated by customary figures and at the time of processing for agricultural business indigenous figures consult to perform customary ceremonies.

#### Empirical Test Calculation Results

The calculation of the empirical test used is a model adapted to the equation function:  $LnE_i = \alpha + \beta SC_i + \gamma HC_i + \sigma OC_i + \eta Z_i + \mu_i$ . By using the ordinary least square (OLS) method and the number of observations (n), the regression results obtained from the model can explain the impact or relationship between social capital on the welfare of the vegetable farming community in Pemo village.

Table 1  
The results of the estimation of the dependent regression of the expenditure variable per capita

Model	B	Standar Error	T	Sig
Constant	165,372	44,350	2,616	0,003
SC	0,025	24,093	2,389	0,003
HC	0,144	15,930	2,144	0,031
OC	0,052	15,720	1,808	0,040
Z	-0,333	15,205	5,105	0,000
Number of Observat ion	150			
R-squared	0,622			
F-statistic	7,751			

Source: Data processing results, 2019

By using per capita expenditure data from households and independent variables consisting of social capital, education, land ownership, and farmer characteristics. The estimation results of the regression coefficients show the magnitude of the influence of each independent variable on farmers' expenditures. The regression coefficient is positive, adding to the probability of spending. Conversely a negative sign reduces the chances of spending. The estimation results in the form of structural equations can be written as follows.

$$\text{LnE} = 165,372 + 0,025\text{SC} + 0,144\text{HC} + 0,052\text{OC} - 0,333\text{Z}$$

(2,389)      (2,144)      (1,808)      (-5,10)

This presentation shows that the result of the F-count statistic is 7.751. The result of this F-count is greater than the F-table 1.04 and significant at 95%. The results of this F-count statistic indicate that the independent variables together have an influence on the dependent variable. To see the significance of the independent variable on the dependent variable, it can be seen through the t-count statistic. If t-count is greater than t-table, it means that the independent variable has an influence on the dependent variable. Based on the estimation obtained, the coefficient of the first independent variable, namely social capital has a t-count of, 2, 389, while the t-table with a significant level of 95% is 1, 423. So that t-count > t-table (Altieri, 2002; Wilson & Tisdell, 2001). This means that social capital has a significant effect on farmers' expenditures. The coefficient on the second independent variable, namely education, has a t-count value of 2.144, where the t-count is also greater than the t-table with a significant level of 95%. This means that education has a significant effect on farmers' expenditures. Likewise, the coefficients on the third and fourth variables, namely land ownership and farmer characteristics, have t-counts of 1.808 and -5.105, respectively, where the t-count obtained is also higher than the t-table. The '-' sign for the t-count coefficient of family characteristics only shows the opposite direction of the relationship. So that these two variables also have a significant effect on farmers' expenditures. To see the ability of the independent variables together in explaining variations in the level of expenditure in Pemo Village, R<sup>2</sup> is shown by 0.62. This means that as much as 62% of the level of expenditure can be explained by the independent variables in the equation, while the remaining 38% is explained by other variables outside the model (u) (Battacharyya et al., 2015; Gonçalves & Alpendurada, 2005).

### Discussion of Empirical Test Results

In the regression results, the SC coefficient value (social capital) on the level of farmer expenditure is 0.027 with a positive sign. The positive sign on this coefficient indicates that the higher the social capital in Pemo Village, the higher the farmer's expenditure. With a coefficient value of 0.025, it means that if

there is an increase in social capital by 10%, it will increase farmer spending by 0.25%. Even though the value is small, the increase in social capital that affects the welfare of farmers still needs to be developed so that it becomes a force to realize prosperity (Shea & Chesson, 2002; Elliott et al., 1999). The coefficient value obtained for the HC variable (education) is 0.144 with a positive sign. This shows that an increase in education by 10% will increase farmers' spending by 1.44%. This result is relevant to the theory that has been stated previously, that logically increasing education at least increases the standard of living of the community and farmers for mutual prosperity. The regression coefficient of the (land) variable obtained is 0.052, giving an interpretation that the effect of land ownership will provide opportunities for an increase in farmers' spending by 0.52%. With land ownership, whether used as a main livelihood or used for a side business, it will increase the welfare of the farmer. So that every additional ownership will have an impact on increasing welfare (Turnbull et al., 2005; Vanhonacker et al., 2008).

The coefficient value obtained for the Z variable (family characteristics) is 0.333 with a negative sign. This shows that an increase in the number of family members will reduce the level of farmer welfare by 3.33%. An undeniable consequence that the addition of family members (maximum 4 members) will be able to reduce the welfare of farmers. Currently in Pemo Village, the philosophy of many children is a lot of sustenance. However, increasing family members can reduce quality because any quality improvement such as education, facilities, requires a large enough cost. Therefore, the addition of family members needs to be considered carefully. The benefit of social capital is to develop the effectiveness of joint efforts to achieve common goals, while maintaining the results obtained from these joint efforts. In line with that, the World Bank states, governance is manner in which power is exercised in the management of a country's economic and social resources for development. The concept of governance emphasizes the proper use of power by optimizing social capital to manage resources in the development process, in order to generate prosperity. One way to improve welfare is to prevent poverty through poverty reduction. The concept of governance emerged along with the increasing awareness that the function and role government in realizing prosperity must work together with various related parties (Lomas, 1998; Hawe & Shiell, 2000).

### **Conclusion And Suggestions**

This part is intended to present the conclusion which based on the previous explanations and it also presents several recommendations to several parties related to vegetable business in Pemo village (Mardalis, 1995; Komalasari et al., 2020).

#### **Conclusion**

Based on the results of the analysis that has been carried out by the team which has been described in depth, the authors try to deduce what has been described in the previous section. Then, the conclusion is presented to draw the summary in order to help the readers to understand text easily. At this time, the author can conclude as a whole as follows.

1. Overall social capital plays a significant role in the development of horticultural crop farming in Pemo Village, although it is not yet optimal;
2. The application of customary norms in the agricultural business has not been optimal;
3. Lack of confidence in traditional leadership and government;
4. The cultural leadership structure and customary norms have not been clearly regulated based on the history of Pemo Village and the community system;
5. Farmer's social capital has a positive relationship with farmer's welfare and expenditure. This means that the higher the social capital of the farmer, the more prosperous the farmer and the higher the



expenditure; and 6. The higher the education of farmers, the higher the awareness to spend on the common good and the greater the land ownership, the greater the opportunities for prosperity and higher cost of mutual interest. On the other hand, the addition of family members has an impact on the lack of welfare of farmers.

#### Suggestions

It is very important for vegetable farmers in Pemo village to receive financial support and assistance, technical guidance from the agriculture office and capital owners. Therefore, through this paper, the author conveys several recommendations to these parties as follows.

1. Social capital in Pemo village needs to be continuously developed so that it becomes a strength in realizing the welfare of farmers.
2. The addition of family members needs to be considered because it affects the welfare of farmers.
3. Every land ownership needs to be developed with productive efforts so that income will be increased and farmers' welfare can be realized

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The authors have a responsibility for the conception and design of the study. The authors have approved the final article.

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# Identification of MSME Product and Service Marketing Strategies Using Social Networking in Indonesia

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## ABSTRACT

Marketing any business product is essential to do. In today's technological era, the most effective marketing is digital means, especially social networks, which are phenomenal in many circles. This study will try to identify the marketing strategy of MSME products through social networks. We searched electronically for data on literature sources, especially online marketing strategies. The data we found by searching digitally on much literature in the form of books, journal publications, and other sources. We analyzed the data with a phenomenological approach. Computational data analysis involves a comprehensive data coding system, in-depth evaluation, and interpretation to find comprehensive and valid answers. After discussing these findings, we conclude that social networks offer many marketing options through various social media platforms. MSME products can be promoted with very cheap or even free payment systems. The several strategies that we have summarized, among others, by creating a marketing blog, communicating merchandise, establishing relationships, and designing exciting content. Thus, this finding is beneficial for business, academics, and policymakers.

**Keywords**---identification, marketing, MSME products, social networks

## Introduction

What does it take to benefit from internet-based shopping? In general, today's culture uses mobile phones as a medium to carry out daily activities, including looking for daily needs by downloading applications from mobile phones (Darma & Noviana, 2020). The applications available on mobile phones are very diverse, depending on the needs of the area itself. Most individuals use online transportation applications, web-based shopping, and virtual entertainment. Instagram is one of the online entertainments that have a significant and significant impact on a business. Not so long ago, Instagram had 700 million clients, and consistently around 60 million photos were shared and could give 1.6 billion preferences. Instagram is the most famous application that helps share photos and recordings (Santos et al., 2022). Instagram web-based entertainment is known to have been around us. Without further ado, all walks of life can take advantage of this application the difference with informal exchange traders who do not use apps to find buyers only by the deal. Instagram has a distinct advantage for financial managers to fabricate and grow a business brand. According to the business consequences of the main time frame, it tends to be considered very significant, although still far from ordinary. MSMEs anticipate their small business turnover, such as production and other services with high turnover. Therefore, efforts to master strategies and methods of selling and marketing online technology must be understood and applied to the business driver (Eze et al., 2021). A marketing procedure is essentially an extensive, coordinated, and bound together arrangement in promoting labor and products a coordinated arrangement in advertising to get an ideal outcome (Berthon et al., 2012). indicated by Evans (2010), promoting procedure says that "Promoting procedure is showcasing rationale, and in light of that specialty, units are supposed to accomplish advertising objectives. The showcasing system comprises

settling on conclusions about showcasing costs from the organization. In light of the above understanding, it tends to be reasoned that the Marketing procedure is a progression of exercises that are coordinated to accomplish objectives and, with imaginative and inventive reasoning examples, to manage patterns that happen inside the organization and outside the organization, which will influence the interests and fate of the actual organization. One of the promoting systems that an organization often does is appropriating the showcasing itself, generally known as the advertising blend. The advertising blend itself is characterized as a technique completed by an organization that can incorporate deciding an end-all strategy and knowing and delivering palatable item benefits (show) in a specific market portion where the market section has been utilized as an objective market for items that have been sent off available to be purchased. Draw in customers to make buys (Sandoval-Almazan & Gil-Garcia, 2014).

Tiago & Veríssimo (2014), characterize web-based entertainment as collectively web-based applications that utilize the belief system and innovation of Web 2.0, where clients can make or trade data on the application. Facebook is probably the most famous web-based entertainment and has many clients in Indonesia. Twitter, Instagram, Youtube, and Blogs from there, the sky is the limit. Virtual entertainment permits clients to speak with many different clients: this enormous potential and unique chance for advertisers to be utilized as a specialized showcasing device. Web-based entertainment makes it simpler to divide data among clients. With extraordinary potential and has been generally utilized by enormous organizations, there will be questions that are the subject this review, particularly the antecedents and results of advertisers involving virtual entertainment as a specialized promoting device (Esubalew & Raghurama, 2020; Vásquez et al., 2021; Mandasari & Pratama, 2020). Online entertainment has a few distinctions from other advertising correspondence media, particularly Always on and everywhere. Web-based entertainment clients can get to it whenever and anyplace; because separated from being gotten to through a PC, it very well may be gotten to using a versatile/advanced mobile phone. This opens the door to advertisers to have the option to do showcasing correspondences whenever and anyplace (Akar & Topçu, 2011).

Chung & Austria (2010), expresses that web-based social media has started to be utilized in advertising, public interchanges, workplaces, or divisions that manage shoppers or partners. In business, virtual entertainment is likewise a divert that upholds correspondence in promoting stock rapidly and beneficially contrasted with selling straightforwardly to the market. The reconciliation of virtual entertainment with advertising is to help promote execution alongside the improvement of innovation and data. Web-based entertainment showcasing is an interaction that engages people and organizations to advance their sites, items, or administrations on the web and through social channels to speak with a lot bigger local area that is unimaginable through conventional promoting channels. Cited from the diary Shawky et al. (2019), virtual entertainment promotion is one of the advertising techniques utilized by money managers to be essential for an organization with individuals utilizing the web or on the web. Furthermore, as Zarella (2010), indicated, virtual entertainment promotion is a procedure of advertising exercises utilizing web-based entertainment destinations like Facebook, Twitter, Youtube, etc. Web-based entertainment is a powerful method for advancing labor and products through web advertising. The strategy is straightforward. However, it makes a remarkable difference. Likewise, virtual entertainment showcasing is an advertising method or strategy involving web-based entertainment to advance an item (connection to a web-based business site page) or help different items explicitly. Virtual entertainment showcasing is more about the turn of events and utilization of the web-based entertainment region as a method or spot to construct an objective market for online business (Shawky et al., 2019). In improving online entertainment promotion, finance managers should assemble gatherings or target markets with shared regard and consistently speak with the objective market. A few virtual entertainment advertisements are famous among the general population, for example, Facebook,

Twitter, Pinterest, Reddit, Youtube, Myspace, Digg, Google Plus, Linkedin, Instagram, and numerous others (Sam & Chatwin, 2015). Each virtual entertainment has different utilization systems, like Instagram, which can share photographs and recordings loaded up with joins, portrayals, labels, and hashtags. It is different from Facebook, which has various elements that can be utilized, like making Fanpages, Groups, Video Status, Link Status, Photo Status, and others. Site proprietors and online organizations should use virtual showcasing methods since web-based entertainment advertising procedures are more straightforward, modest, and productive. Virtual entertainment showcasing works by building a market region and online business site interfaces circulated to different web-based entertainment is essential. The connections an effect draws in numerous new guests who are intrigued and may become ordinary guests of the web-based business site (Reyes-Menendez et al., 2020). In this challenging time, different organizations are mushrooming because of the accessibility of supporting innovation. One of the purposes of innovation that individuals are beginning to do is involving virtual entertainment as a device to showcase their business through online entertainment promoting systems. Web-based Entertainment Marketing or Marketing on Social Media assumes a significant part in business improvement, particularly in this advanced time. The motivation behind not a couple of individuals utilizing online entertainment is that it is straightforward to utilize, and the expense is modest (Dumitriu et al., 2019). It is no big surprise that numerous money managers are beginning to fabricate promoting techniques via web-based entertainment. This procedure is essential to construct since money managers need to comprehend the attributes of web-based entertainment and their relationship to the business being addressed.

Computerized marketing can promote exercises, including marking, utilizing different online media (Saura, 2021). E-Marketing or advanced advertising is characterized as computerized innovation to accomplish showcasing objectives and endeavors to create or adjust the promoting idea itself, impart on a worldwide scale, and fundamentally impact how organizations work with clients (Ali et al, 2013). Advanced showcasing promotes utilizing the use of computerized innovation. One type of advanced showcasing utilizing electronic media or the web is web promoting (e-advertising). E-Marketing is a showcasing cycle that utilizes electronic correspondence innovation, particularly on the web. The computerized advertising technique can be significant in staying aware of advanced innovation improvements and creating plans to draw in buyers and direct them to electronic correspondence and routine correspondence (Adam et al., 2020). As indicated by Kumar et al. (2015), maintenance can be accomplished by expanding information about purchasers like profiles, conduct, values, and dedication levels, then, at that point, coordinating designated interchanges and online administrations as per the necessities of every person. Computerized promoting is an advertising movement including marking that utilizes different online media, for example, web journals, sites, email, Adwords, or informal communities. Automated exhibiting is achieved by drives in inventive upgrades with Web 2.0 joined with compact development, referred to in the book *Cracking Zone*. With adaptable advancement, each person has a web association and can get factual information in only one hand. The focal point of cutting-edge exhibiting is simplifying the association to reach clients by being accessible in the media with direct permission to clients.

This is a level approach. Both can show up when promoters and clients are on a comparative line, and purchaser steadfastness with organizations can be fulfilled because clients ought to be served on a level plane (Derham et al., 2011). They portray that cutting-edge displaying has the going with credits; 1) Efforts to increase business insight with subordinate development clients. 2) An electronic talk (instinctive development) permits information to clients (organizations, individuals) and the reverse way around. 3) Attempts to coordinate all business practices through the web for assessment, examination, and orchestrating purposes to find, attract and hold clients. 4) Attempts to extend the speed

increment of exchanging work and items (specific), information, and considerations through the web. High-level advancement has affected how individuals "talk," bestow, act, and choose. We are in touch with various advancements going from the web to phones. This exhibits that the electronic world has transformed into our existence. Next are thoughts, principles, or guidelines that need exceptional thought for sponsors in advancing, checking, and selling practices in the automated world (Pollák & Markovič, 2021). Clients at this point center around the substance acquainted by promoters all together with outline illogical contemplations that mean to influence customers' purchasing decisions (Febriyantor, 2016). This even philosophy is considered feasible for current monetary circumstances, where the spot of sponsors and purchasers is something almost identical. Both are practically the same to get information and exchange information with anyone, wherever, and in a comparative field. During this time, customers can get boundless information about what they need and pick various propositions from wherever to get things at the best expense. In this new wave time, publicists continuously need to think about advancing with a low spending plan and high-impact strategy. The power of this period enables sponsors not solely to get new clients, yet notwithstanding improve to hold old clients, especially anticipated ones. With Web 2.0, it is easier for people to convey their considerations through internet-based diversion. Various sponsors began to examine the universe of electronic diversion to attract and hold their clients, considering how the advancing media is helpful for associations with low monetary plans (Malesev & Cherry, 2021). However, the impact is incredibly high. Online diversion applications are open from messaging to casual correspondence objections that offer clients the to collaborate, interface and talk with each other. These applications are standard with the essential target of coming to (draw) locally. In the business setting, people's responsibility can provoke benefit creation. Wardhana (2015), found that best-in-class advancing strategies affect up to 78% of the high ground of MSEs in displaying their things. The usage of modernized displaying partakes in a couple of advantages. Results can be estimated, for instance, the number of web page guests and the number of shoppers who make online buys; seven missions can be customized; 8. Ready to connect with or arrive at purchasers since correspondence happens straightforwardly and in two bearings, business entertainers assemble connections and cultivate buyer trust. Then again, computerized showcasing likewise has shortcomings, including 1) Contenders handily imitating them; 2) Can be abused by reckless gatherings; 3) Notoriety is not great when there is an adverse reaction; 4. Not every person utilizes web/advanced innovation (Gregori et al., 2015). The internet marketing framework using online diversion is crucial because it can give data to MSME performers regarding the ways and stages in developing client networks involving virtual amusement in advancing their things to augment high ground for MSMEs themselves. Web usage has changed most of the thoughts of publicizing, which relied on the exhibiting mix involving thing, connection, spot, and headway. However, the continuous improvement is a development to the reason for advancing, to be explicit, the 4C technique containing client, cost, solace, and correspondence. Associations ought to consider the costs of enlarging benefits and including the web and making customers pleasing because buyers can buy things just from home. Associations must cultivate two-way correspondence to approach great relationships with clients (Ritz et al., 2019).

## **Method**

This research aims to identify marketing strategies for sick children services and products by maximizing social media networks in Indonesia (Abbott & McKinney, 2013). As we have seen together, marketing activities are essential in business activities. So this study tries to get extensive data to be studied in depth in order to get the strategy in question from several existing literature, including books on scientific reports in the form of communication journals and other sources that are closely related to the issue of marketing strategy for small business products by relying on media networks social (Kim et



al., 2017). After collecting the data, the next effort is to examine it to get a digest that can provide answers to the problem of the study of coding data to collect data carefully and interpret it to get a valid digest answer (Pich et al., 2011). Our search was carried out with a computer system on literature sources by typing keywords that matched the problem. This research report was conducted in a qualitative descriptive design following the previous qualitative research design sample. This study entirely relies on secondary data in the form of field findings from various expert points of view so that it can strengthen the findings of our study. These are the steps and implementation of the study, starting from the search formulation, data, and analysis, to reporting the findings (Turale, 2020).

### **Result and Discussion**

Based on our investigation, we can summarize the instructions for building a Marketing Strategy on Social Media is essential. Every virtual entertainment has qualities, essentially addressing the accompanying; crowd type, size, and what sort of happiness is addressed. For our variety of things to take care of flawlessly on informal communication destinations, we want to construct a promoting procedure first, including:

#### **Focus on one social media**

There is much virtual entertainment available today; however, do not let this stop us at a different stage. We suggest selecting one virtual entertainment stage that fits the objective market (Appel et al., 2020). This procedure makes us more centralized and helpful for organizations with a limited scope with limited assets. If we run it ourselves, we will most likely not be able to handle various virtual entertainment directly. An exciting method of running a promotion methodology through web-based entertainment is to target only one web-based entertainment to advertise a business. The most important benefit of marketing through social media is an increase in the number of sales of the product. Marketing through social media makes it easier for us to find consumers and provide interesting information for potential customers. Thus, potential customers will be interested in buying the promoted MSME products (Faulds & Mangold, 2014). The media in question include YouTube, WhatsApp, Facebook, Instagram, Twitter, Line, LinkedIn, and Tik-Tok.

#### **Fabricate credibility**

Building trust for a business via virtual entertainment is not generally so muddled as one would naturally suspect. We do not just have a lot of supporters or devotees; we have to interface the business with the ideal individuals. The progression to begin this showcasing system can be begun by building brand mindfulness. Try to outwardly portray the brand character, like planning the presence of sites, websites, and web-based entertainment to suit our kind of business. If we cannot do it without anyone else's help, we can ask proficient architects for help to configure sites and sites to make them alluring (Di Domenico et al., 2021).

#### **Zero in on target to build a relationship**

The most well-known botch that business visionaries who are simply beginning with a virtual entertainment showcasing make is focusing on everybody. This is the most significant misstep; why? Since we can pick individuals who are the concentration and can utilize our administrations or business, do not bother focusing on individuals who are not keen on the business since it will just waste energy—zero in on the shoppers we need to target. In online entertainment, it is vital to fabricate associations (Hackworth & Kunz, 2010). This methodology is not just for advertising yet additionally for building brand mindfulness. It is confident that on the off chance that we are dynamic in utilizing

interpersonal organizations, later we can speak with many individuals, both from outside the city or even globally. In augmenting the business with the goal that it can develop via online entertainment, then, at that point, add and extend the connections. Like that, we are bound to meet potential financial backers keen on the business.

#### Counting time and money

Time is cash like this, we must be engaged and proficient in completing showcasing systems via online networking. Simple methods for keeping steady over the online entertainment objectives include; Outline our objectives, Write our objective, Make an arrangement to characterize methodology, goals, and strategies and Set cutoff times for reasonably feasible objectives. Assuming we feel that we are becoming derailed, look again at the arrangement we have made and return to the first arrangement (Dollwet, 2020).

#### Attractive conversation space and content

In addition to the fact that it assists with canning clients to get valuable data, online entertainment also assists us with having the option to discuss straightforwardly with clients. We can keep documentation of exceedingly practical exercises via online entertainment and attempt to fabricate content that welcomes remarks from supporters. A webbased entertainment advertising procedure should be compelling if it can adjust between arranged content and selfproduced content. Making the substance requires more exertion, yet on the off chance it tends to be gotten along nicely, we can expand traffic to the web-based entertainment. Ensure that each piece of content has an essential directive for perusers, so they will tap the follow button. The attributes of a fascinating substance are that it can address inquiries from its perusers, take care of issues, and give advantages to the people who read it (Scott, 2015).

#### Use good and attractive images

The utilization of sexy pictures will want rapidly draw the consideration of clients. Pictures can be utilized while making an outline of the business and who are the individuals behind it. Aside from that, we can likewise utilize it to teach clients and make data simple to process for clients. If we have done the means above routinely and have come by critical outcomes, right now is an ideal opportunity for us to utilize another virtual entertainment stage. Be it Facebook, Twitter, or even Instagram (Chang et al., 2015). We suggest that we use Instagram first for independent ventures. Next, we can utilize; 1) Facebook: If we sell different items. 2) LinkedIn: For clients in the labor force or chiefs and; 3) Twitter: To draw in light of a legitimate concern for the younger age. Assuming we have previously settled on a virtual entertainment that we will utilize, we can advance the substance between the online entertainment we have picked.

#### Developing a marketing strategy

Easy, is it? Building an advertising procedure via web-based entertainment is challenging; however, anybody can get it done if we realize the stunts well. By differentiating the web-based promotion, we will grow the span of the business beyond what we can envision (Soegoto & Utomo, 2019, November). Marketing system in long-range informal communication. Indonesia is one of the agricultural nations with the most clients of long-range informal communication locales. It is unquestionable that interpersonal interaction, particularly web-based entertainment, is anything but an untouchable subject in Indonesian culture. Along these lines, it is not expected that informal communities are now utilized as an option for each entrepreneur to showcase their items or present their business. Different organizations are being created in this refined time, and organizations are mushrooming because of the accessibility of



supporting innovation. One of the purposes of innovation is online entertainment promotion, which is a pattern (Constantinides, 2014). To be sure, virtual entertainment showcasing is vital for business advancement, particularly in this computerized period. The justification for why many individuals utilize online entertainment more is that it is straightforward to utilize and minimal expense is the explanation numerous financial specialists deal with their business through virtual entertainment advertising. Web client measurements that should be known in 2016 in Indonesia are 132.7 million web clients, and something like once per month, 79% of them are dynamic via online entertainment (Armstrong et al., 2016). It is genuinely astounding information, yet numerous online entertainment advertisers have surrendered due to them for the principal month or somewhere in the vicinity in light of current realities. Most surrender since they feel there is no good criticism that affects their business (Lo & Campos, 2018; Weber et al., 2006; Sharma et al., 2022; Sintani et al., 2021).

If we desire to do web-based entertainment advertising, we also need to design a procedure ahead of time. Right now, online entertainment showcasing is powerful to help promote techniques for a business or organization. Webbased entertainment is genuinely productive for showcasing, provided that virtual entertainment advertisers comprehend the attributes of online entertainment utilized corresponding to the business being addressed. Every online entertainment has qualities, basically addressing the accompanying; crowd type, size, and what sort of satisfaction is successfully addressed (Nobre & Silva, 2014). For the variety of things to attend to flawlessly on informal communication destinations through virtual entertainment advertising, we ought to initially fabricate a system that will be carried out while carrying on with work through online entertainment promotion. Virtual networking promotion Focus on One Social Media. There is a great deal of online entertainment accessible today. However, for advertising, do not utilize every social medium. Pick the right web-based entertainment as indicated by the objective market since there are a few contemplations about why we should zero in on one web-based entertainment. The issue of the assets we have is adequate and comprehended to run web-based entertainment showcasing. Assuming that we run it, we, in all probability, will not have the option to deal with numerous virtual entertainments on the double. So, a compelling method for running an advertising technique using online entertainment, above all else, centers around just a single web-based entertainment utilized for the promotion (Tiago & Veríssimo, 2014). These are online entertainment that we can use for business, including Facebook: Make sure to arrange geofocusing on; Instagram: Great for private companies; Twitter: Can help audit discussions on Twitter which will positively give a decent comprehension. Assuming we have previously settled on an online entertainment that we will utilize, we can advance the substance between the web-based entertainment we have picked. By enhancing our internet showcasing, we will grow the range of the business beyond what we could envision. Assuming we have decided on one online entertainment that we believe is viable as an item showcasing place. Now is the right time to construct item believability. The initial step that should be possible is to attempt to fabricate brand mindfulness. At this stage, we should make sense of the personality of the item we are selling. Both as far as items, item uses, and whom we offer the item (Castronovo & Huang, 2012).

#### Focus on target and relationship

The most widely recognized botch that business visionaries who are simply beginning with an online entertainment advertising make are focusing on everybody. This is the greatest mix-up; we can pick individuals who truly become the concentration. Do not bother focusing on individuals who are not inspired by the item since it will just make us squander energy—zero in on the buyers we need to target. In the realm of virtual entertainment, it is vital to fabricate associations. It is evident that on the off chance that we are dynamic in utilizing informal organizations, later we can speak with many great individuals who come from abroad and even globally. In amplifying the business to develop via online

entertainment, add and grow our connections. Like that, we are bound to meet potential financial backers keen on the business (Kijkasiwat et al., 2021; Gupta & Barua, 2016; Khurana et al., 2019).

#### Calculating time, money, and objective

As an entrepreneur, we realize time is cash. Assuming we intend to involve a procedure in virtual entertainment advertising to maintain our business most productively, consistently FOCUS on dealing with the business is quite possibly the main thing (Uitz, 2012). Simple methods for keeping steady over the online entertainment objectives include; Outline the objectives; Writing the objective; Make an arrangement to characterize procedure, targets, and strategies. Assuming we feel that we have become derailed while arriving at our objectives, we can take a gander at the plans we have made and return to the first arrangement. We can utilize Facebook Ads by setting the spending plan whenever we begin to create again. We can keep on keeping the financial plan, and the promotions are as yet working. Utilizing the web-based entertainment showcasing system is highly compelling with the progress of the web-based business that we will construct. Since from one perspective, online entertainment for business is viewed as extremely powerful. So, the thing would we say we are sitting tight for? Promptly carry on with work internet utilizing online entertainment by building the right system (Jobs & Gilfoil, 2014).

#### Augment social media marketing strategy

Many web-based entertainment clients give today's benefits to business entertainers. We can showcase our business items/benefits more proficiently, effectively, and inexpensively through the available virtual entertainment stages. As indicated by Hootsuite's examination report "Computerized Around the World 2019", out of 268.2 million Indonesians, it was uncovered that 150 million individuals had utilized web-based entertainment. Web-based entertainment clients in Indonesia are overwhelmed by recent college grads (Dwivedi et al., 2021). This information shows that showcasing exercises through web-based entertainment is among numerous business visionaries. Other than being functional, one more benefit of advertising via web-based entertainment is that item promoting can be sorted out effectively, so items/administrations are all the more immediately perceived/bought by arriving at expected customers as per targets. Obviously, in the computerized time, virtual entertainment promotion is utilized as a medium to make progress in expanding the web deals in different online businesses and disconnected deals. As a business person, along these lines, we should have the option to have a computerized advertising system and be great at picking the right web-based entertainment stage for our limited time stall (Heldman et al., 2013). To make our deals sell, Cermati.com surveys a down-to-earth and productive web-based entertainment showcasing procedure for us to attempt.

#### Make live video content

Live happy or live transmissions are becoming famous and perhaps the best advertising system and leaned toward by all online entertainment clients. For those who have never made live video content, right now is an ideal opportunity to begin attempting this strategy (Tuten & Solomon, 2017). The key is to put stock in ours, do not be modest; the substance we must make is pertinent to business. Begin straightforwardly; first, figure out what item we will use as a topic for live video content via virtual entertainment for the product. Then, at that point, make a sort of straightforward aide, for example, deciding how long the visit will require, whether there will be an item audit or some unpacking of the item, to other significant things that should be educated the supporters or expected clients. For amateurs with few business devotees, ensure we must be intellectually arranged. There is a compelling reason should be miserable if, by some stroke of good luck, a modest bunch of individuals is watching (He et al., 2013). Keep in mind, unwind, and decide while making limited-time content for live transmissions on

online entertainment. Do it continuously, or we can likewise work with others who have many devotees to make live video content.

#### **Influencer services and visual content**

In computerized showcasing, powerhouse promoting is undoubtedly not another technique. Forces to be reckoned with are well-known figures or figures with numerous devotees via online entertainment (Sammis et al., 2015). This causes them to impact locally significantly or on individuals who utilize web-based entertainment. These forces to be reckoned with can emerge out of different fields, ages, and different skills. To spread the word about deals, something else for some individuals, utilize the administrations of forces to be reckoned with to showcase experts. The utilization of visual substance via web-based entertainment is compelling in showcasing item/business brands. Make satisfied with visual data handily perceived and recalled by expected clients and clients. To investigate what sort of visual substance is preferred by shoppers. Ensure all the visual substance posted via web-based entertainment is an excellent quality to collaborate and increase the number of adherents (Femenia-Serra & Gretzel, 2020).

#### **Make personalized content**

Customize the content in a business/business web-based entertainment promoting system. This technique is powerful in drawing in potential clients when they see notices and advancements until they, at last, choose to purchase the item. Make a substance plan that has been customized to item research (Kee & Yazdanifard, 2015). Then, at that point, foster an advertising procedure by applying the idea of content personalization. Utilize the aftereffects of examination to boost substance as per the ongoing piece of the pie. To improve work and smooth out business showcasing exercises, exploit menial helpers. Many advertising devices can simplify us to sell and serve potential clients rapidly and proficiently. First, do an examination to track down the right and proper remote helper administrations to serve deals on web-based entertainment. Then do a survey as well, so we can see if the menial helper benefits that have been done have been compelling or not in serving different inquiries from likely clients (Ho et al., 2020).

Continue To make strategy improvements by doing internet marketing through web-based entertainment can be a possibility for those who need to increment marketing projections. We should initially figure out the essentials of selling via web-based entertainment. Keep working on methodology and attempt new things to track down promoting strategies that suit business. Gradually, when we have carried out all the advertising strategies via webbased entertainment, we offset it by working on the nature of items/benefits to accompany the most extreme benefit (Järvinen, & Taiminen, 2016).

#### **Conclusion**

They finally arrived after a series of studies of scientific research evidence to obtain answers to studies that aim to identify marketing strategies for small business products by relying on and using social media in Indonesia. By summarizing various sources and reviewing them with others, we have finally obtained scientific evidence that is a valid answer to this study. These findings include that when they were small, such as MSMEs, they had to market their products and services according to what we studied, and the use of social networking was high-speed. The reason is that the MSME movers can market or promote their products by focusing on social media. This is because social media has become the focus of many people, not only for friendship but also for finding the needs they want. Another reason is that social media is where people build a relationship, which they say is lost. People can be anywhere but are not connected to social media. So to be connected properly, of course, those who order promotions on social

media must be able to design their advertisements with lively and binding content with certain attractions and appeals. With such a strategy, it is believed that MSME drivers can market by developing their product marketing well. This virtual promotion can reach layers of potential consumers with a target market not limited to one marketing segment. So this reason is right where this MSME marketing strategy must have calculations. The targets to be achieved can be achieved by attracting as many buyers as possible, for example, by buying exciting video content and making it visually possible so that the content ordered is excellent and can reach the layers of prospective buyers so that the MKM drivers have no difficulty in getting their potential customers. This summarizes the results of identifying and identifying MSME product marketing strategies through social media networks in the country. we realize that this finding certainly has advantages and disadvantages, namely by giving and improvising strategies so that later we will be able to improve these findings so that the following presentation will be a handy thing.

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## **The Effect of Quality of Service, Promotion and Prices on Customer Satisfaction of Semen Baturaja**

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### **ABSTRACT**

This study means to decide the impact of administration quality, advancement, and cost on consumer loyalty of Semen Baturaja. The populace in this study were all building material shops in the Palembang with upwards of 535 structure shops in 2022. The example utilized in this study was 100 respondents who were customers of building shops in the Palembang region who bought Semen Baturaja in 2022 utilizing a straightforward irregular examining method. The numerous straight relapse investigation results show that help quality, advancement, and cost decidedly and fundamentally influence consumer loyalty at Semen Baturaja. Quality of service, apart from direct telephone calls and WhatsApps and Tokopedia, it is better if PT Semen Baturaja (Persero), Tbk also provides ordering services through more diverse e-commerce services. Promotion, PT Semen Baturaja (Persero), Tbk should not only give gifts to consumers who buy cement in large quantities but also give gifts to consumers who make small quantities even though the gifts given are not too expensive, such as gifts of tools. Construction support (plastic buckets, cement spoons, etc.). Price, with the high level of competition due to the large number of cement competitors who provide lower prices, it is recommended that an evaluation of price adjustments be carried out, supported by the provision of sales programs that can have a direct impact on consumers such as giving discounts and direct gifts in the form of coupons or shopping vouchers.

**Keywords**---customer satisfaction, price, promotion, service quality

### **Introduction**

The form of services provided by Semen Baturaja is a technical service program, such as a concrete compressive strength test, hammer test, aggregate analysis, and assistance in making job mix formulas for free, as well as assisting customers (batching plants) for trial mix activities at the plant location. As part of the service to consumers, the Company provides services to facilitate customers submitting complaints, suggestions, and criticisms via telephone, email, website, and social media. Customers can use these communication facilities to obtain information about the products and services offered and a means for customers to submit complaints about the products and services provided. As of December 31, 2020, the number of consumer complaints that entered the Company was 221, an increase of 78.23%

from the realization in 2019, which was 124 complaints. Incoming consumer complaints are well received, recorded, and immediately responded to by coordinating with the Technical Service Team to make visits and clarifications to customers who submit complaints (PT Semen Baturaja (Persero) Tbk, Annual Report, 2020).

Often consumers perceive the price set for a particular brand as a product feature. Through this knowledge, consumers compare the prices offered by other companies in the same product class. The more economical the price offered, the more satisfied consumers will buy the product/service and vice versa. For this reason, the price factor determines consumer satisfaction with goods/services. Moreover, with many competitors from cement producers, it will be a challenge for Semen Baturaja to be able to compete with price determination. The excess supply of domestic cement, so that the utilization of cement producers is only 54%, and the presence of new cement producers has also pushed for increasingly fierce price competition (PT Semen Baturaja (Persero) Tbk, Annual Report, 2020). From 2016 to 2019, cement sales in Indonesia increased but in 2020 decreased by 10.7% from the previous year, and cement growth increased again by 4.3% in 2020. According to the Indonesian Cement Association (ASI), cement consumption growth during 2021 almost occurred in all regions, with the largest increase in Java at 5.5%, followed by consumption in Sulawesi, which rose by 20%, respectively Kalimantan rose by 7.2%, and Maluku and Papua 4%. Meanwhile, consumption in Sumatra only rose 2.5%, and Nusa Tenggara rose 0.8% (www.bisnis.com, January 22, 2022). The COVID-19 pandemic poses multidimensional problems, from health, humanity, social, to economics. The government has taken various policy steps to overcome its spread, including limiting community mobility by enacting the Large-Scale Social Restrictions (PSBB) policy in 2020, which impacts decreasing cement sales. entering the third quarter of 2021, the Covid-19 pandemic was again turbulent due to a new variant, namely the Delta variant; the government responded with the Enforcement of Community Activity Restrictions policy, which had implications for a decrease in community mobility and economic activity (Shi et al., 2014; Özer et al., 2013; Kariman et al., 2022).

During the lockdown period, the Company's activities continued to run normally as usual because the cement industry is one of the critical sectors allowed to continue operating to support the community's needs. The Company continues to serve cement purchases and distribute cement to customers. Technical service assistance activities are also carried out by implementing strict health protocols. In addition, in 2021, the Company will begin to develop digital sales transactions through collaboration with the e-commerce platform Tokopedia and marketplace Build. Id. Semen Baturaja's position in 5 (five) market areas that have been determined from 2016-2021. Semen Baturaja's market share is highest in the province of South Sumatra. Furthermore, in the second position, the highest market share is in the Lampung area. In the last 2 (two) years, Semen Baturaja's market share in South Sumatra has successively decreased by 10% in 2020 and 1% in 2021. This indicates a decline in Semen Baturaja and, conversely, an increase in competitor cement sales in South Sumatra. Practical marketing activities can influence the decrease and increase in sales of a product by a company. Providing good service quality, appropriate promotional programs, and competitive prices can affect consumer satisfaction, impacting the sales performance of a product. This is shown from the findings regarding the differences in the effect of service quality, promotion, and price on customer satisfaction (Farooq et al., 2018; Orel & Kara, 2014; Bauer et al., 2006).

## **Literature Review**

### **Consumer Satisfaction**

Fulfillment is an individual's sensations of joy or disillusionment from looking at an item or

administration's apparent exhibition (or result) with assumptions (Kotler & Keller, 2021). A few things that can influence consumer loyalty should be visible from the size or aspects of consumer loyalty (Kotler & Keller, 2016), in particular: 1) stay steadfast, 2) purchase the items offered, 3) suggest items, 4) will pay more, 5) give input.

#### **Service quality**

Service quality is an opinion about what consumers feel about the overall service provided by the Company to consumers (Malik et al., 2012). According to Parasuraman, Zeithaml, and Berry in the book Tjiptono & Chandra (2019), there are five dimensions of service quality, namely: 1) tangible (physical evidence), 2) empathy (empathy), 3) reliability (reliability), 4) responsiveness (responsiveness), 5) assurance (guarantee).

#### **Promotion**

Advancement is a movement completed by organizations to impart the advantages of their items and to persuade purchasers to purchase. Advancement is a component of the showcasing blend that spotlights on endeavors to illuminate, convince, and help purchasers to remember the Company's brands and items (Tjiptono, 2015). Eight principal approaches to showcasing correspondence become the advancement aspect (Kotler & Keller, 2021), in particular; 1) publicizing through print media, 2) deals advancement, 3) occasions and encounters, 4) advertising and exposure, 5) web based promoting and online entertainment, 6) portable showcasing, 7) direct advertising and data sets, 8) individual selling.

#### **Price**

Cost is how much cash charged for an item or administration or the worth clients trade for the advantages of purchasing or utilizing an item or administration (Kotler & Armstrong, 2015). As per Kotler & Armstrong (2015), the value aspect can be estimated through a few pointers, to be specific: 1) cost moderateness, 2) cost reasonableness with item quality, 3) value seriousness, and 4) cost reasonableness with benefits.

### **Research Methods**

The populace in this study are building material shops in the Palembang region, with upwards of 535 structure shops in 2022. In view of the example estimation utilizing the recipe, the example in this study is 100.31, gathered together to 100 respondents who are buyers. A structure shop in the Palembang region bought Semen Baturaja in 2022. The examining method in this study utilized a basic irregular testing strategy. Respondents taken as tests were building shop buyers in the Palembang region who bought Semen Baturaja in 2022 and were educated by phone, WhatsApp, or direct visits by circulating polls by means of a google structure is fundamental.

### **Results and Discussion**

The effect of service quality on customer satisfaction of Semen Baturaja

In light of the t-test results with a relapse coefficient of 0.734 and an importance worth of 0.000, which is more modest than 0.05, it very well may be reasoned that the help quality variable to some extent significantly affects consumer loyalty. Administration quality decidedly influences consumer loyalty, demonstrating that the higher the client's evaluation of the help nature of Semen Baturaja, the higher the consumer loyalty of Semen Baturaja. The consequences of this study are in accordance with past exploration, including the consequences of examination from Ferdani et al., (2020); Sofyan et al. (2019);

Keloay et al. (2019), which showed that help quality affected consumer loyalty. In view of the aftereffects of respondents' appraisal of the pointers on the help quality variable, it is known that the respondents' impression of the assistance nature of Semen Baturaja are, on average, included in the "Good" category. Several service quality indicators score above average, such as treating customers in a friendly manner, serving customers attentively, being responsive in fulfilling requests/orders and being professional in customer service. Semen Baturaja must maintain this service quality indicator. In addition, there are still several service quality indicators that score below the average, such as the provision of easy-to-use ordering services and the speed of sales officers in handling customer complaints, where it can be said that, according to some respondents, these indicators are not good enough and should be improved further by Semen Baturaja. This should be a worry for the Company in light of the fact that the help quality variable decidedly and essentially influences consumer loyalty. On the off chance that the help quality improves, Semen Baturaja's consumer loyalty will increment as well as the other way around. Shoppers will repurchase and prescribe the item to other people whenever happy with its administrations. Hence, organizations need to begin contemplating the significance of more experienced client assistance since it is progressively understood that consumer loyalty is imperative to making due in business and winning the opposition (Fiazisyah & Purwidiani, 2018; Oh, 1999; De Oña et al., 2016).

#### The effect of promotion on Semen Baturaja's customer satisfaction

In view of the consequences of the t-test with a relapse coefficient of 0.462 and an importance worth of 0.003, which is more modest than 0.05, it tends to be presumed that the special factors upheld by the elements of deals advancement, occasions, and encounters, as well as individual deals to some extent significantly affect consumer loyalty. The advancement emphatically influences consumer loyalty, demonstrating that the higher the client's evaluation of the advancement variable of Semen Baturaja, the higher the consumer loyalty with Semen Baturaja will be. This study's outcomes line up with past examination, including the exploration by Ananditya & Hidayat (2017), which show that advancement meaningfully affects consumer loyalty.

Based on the respondents' assessment of the indicators on the promotion variable, it is known that the respondent's perception of the promotion of Semen Baturaja is, on average, included in the "Good" category. Several promotional indicators score above average, such as routinely conducting product socialization and providing updated information. Semen Baturaja should maintain activities like this. However, several promotional indicators still score below the average, such as sales promotions by giving direct gifts for purchases in a certain amount, direct visits to consumers, and routinely conducting customer gathering activities where it can be said. According to some respondents, these indicators have not good enough, so Semen Baturaja should routinely carry out this activity. This should be a worry of the Company on the grounds that the advancement variable affects consumer loyalty. The better the advancement program, the higher the degree of consumer loyalty of Semen Baturaja as well as the other way around. Furthermore, what should be focused on are exercises in keeping up with great associations with clients and direct visits to shoppers to make commitment with clients (González et al., 2007; Rita et al., 2019; Segoro, 2013; Putra & Yasa, 2021).

#### The effect of price on Semen Baturaja's customer satisfaction

In light of the consequences of the t-test with a relapse coefficient of 0.694 and an importance worth of 0.000, which is more modest than 0.05, it very well may be presumed that the cost variable upheld by the elements of cost moderateness, cost congruity with item quality, and seriousness to some degree has a positive and massive impact to consumer loyalty. Cost emphatically influences consumer loyalty,



demonstrating that the higher the client's evaluation of the value variable of Semen Baturaja, the higher the consumer loyalty of Semen Baturaja will be. The consequences of this study are in accordance with past examination, including research results from Maimunah (2019), which show the outcomes that cost affects consumer loyalty.

In view of the respondent's appraisal of the pointers on the cost variable, it is realized that the respondents' normal impression of the Baturaja Cement cost are in the "Upside" class. The cost pointer that gets the most noteworthy score is the cost of Semen Baturaja as per the nature of the item; this shows that the shopper's view of the nature of Semen Baturaja is very great, so a few respondents can acknowledge the cost. However, several price indicators need to be considered by the Company, such as the price indicator of Semen Baturaja, which is cheaper than other cement, and the indicator that the price difference between Semen Baturaja and other brands is not too significant because, according to some respondents the price of Semen Baturaja is relatively high compared to other brands of cement. The price difference is quite significant, so it is necessary to evaluate and adjust the price of Semen Baturaja. This affordability and price competitiveness need to be the Company's attention so that consumers do not switch to other brands. The Company needs to consider this condition in light of the fact that the cost variable emphatically and essentially influences consumer loyalty. In the event that the view of cost is improving, the degree of consumer loyalty of Semen Baturaja will likewise increment, as well as the other way around. Setting the right cost will affect expanding consumer loyalty for Semen Baturaja.

### **Conclusions**

Administration quality, advancement, and cost affect consumer loyalty of Semen Baturaja.

### **Suggestion**

For PT Semen Baturaja (Persero), Tbk

1. In terms of service quality, apart from direct telephone calls, WhatsApp and Tokopedia, it is better if PT Semen Baturaja (Persero) and Tbk also provide ordering services through more diverse e-commerce services such as Shopee, Blibli, or others. In addition, it is hoped that sales officers can be more responsive in handling customer complaints.
2. In the promotional variable, PT Semen Baturaja (Persero), Tbk should not only give gifts to consumers who buy cement in large quantities but also give gifts to consumers who make purchases in small quantities even though the gifts given are not too expensive, such as gifts of tools and equipment. Construction support tools (plastic buckets, cement spoons, etc.). In addition, activities that need to be considered are maintaining good relationships with customers, among others, by always maintaining communication with customers and regularly making direct visits to consumers.
3. On the price variable, with the high level of competition due to the large number of cement competitors who provide lower prices, it is recommended that an evaluation of price adjustments be carried out, which is supported by the provision of sales programs that can have a direct impact on consumers such as giving discounts and direct prizes in the form of coupons or vouchers shopping vouchers.

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