

The role of relational and informational capabilities in mediating the effect of social media adoption on business performance in fashion industry

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ABSTRACT

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This study aims to explain the role of relational capability and informational capability in mediating the effect of social media adoption on business performance. The population of this study is the owners of the fashion sector SMEs in Bali. The sample size used was 114 businesses with a purposive sampling approach. The analytical technique used is Path Analysis using the SEM-PLS approach. The results show that the adoption of social media has a positive and significant effect on business performance. Social media adoption has a positive and significant effect on relational capability and social media adoption also has a positive and significant effect on informational capability. Furthermore, relational capability has a positive and significant effect on business performance and informational capability has a positive and significant effect on business performance. Relational capability and informational capability can significantly mediate the effect of social media adoption on business performance. Therefore, it is important for SME owners in the fashion sector in Bali to intensify the adoption of social media to build relational and informational capabilities in order to increase business performance.

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1. Introduction

The emergence of the Coronavirus 2019 (COVID-19) outbreak has spread throughout the world, reaching more than 210 countries in the world (Foddai, 2020). The COVID-19 outbreak was first detected in the Chinese city of Wuhan in December 2019 and was designated a COVID-19 pandemic by the World Health Organization (WHO) on March 11, 2020. COVID-19 is suspected to be spread through people who have been exposed to the Coronavirus. The Indonesian government is trying to make policies in dealing with the spread of the virus, namely starting from handling its spread and the impact it causes. The implementation of Large-Scale Social Restrictions (PSBB) and the implementation of Work From Home (WFH) for both private and government employees have an effect on the performance of Small and Medium Enterprises (SMEs). The SME industry in all sectors including the fashion sector is faced with the problem of declining sales turnover, declining number of customers, and declining operating profits (Cortez and Johnston, 2020). One way that has been adopted by SMEs in the fashion sector in accordance with existing external conditions, including the transformation of the conventional business era into the digital business era, is to adopt a social media strategy by utilizing various existing platforms such as marketing products through Instagram, Facebook, WhatsApp, Line, and their own made Website.

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The adoption of a social media strategy for SMEs turned out to have a positive impact, such as: the brand of the product offered became more known to the market, promotional costs could be saved more, in accordance with the behavior of the target market who was familiar with social media (Odoom et al., 2017). The adoption of this social media strategy turned out to be able to have a positive and significant impact on improving the business performance of SMEs (Kenly & Poston, 2016; Ahmad et al., 2018; Ahmad et al., 2019; Yasa et al., 2020), but there are still some another group of researchers who showed results that the use or adoption of social media was not able to improve business performance (Malthouse et al., 2013; Trainor et al., 2014; Bakri, 2017). Because there are still research results on the effect of social media adoption on business performance that are not aligned or there is a research gap, it is necessary to add a mediating variable. The mediating variable that is suitable to be added to the relationship between social media strategy adoption and business performance is the marketing capability variable. Marketing capability is used as a mediating variable for several reasons, namely: 1) the adoption of social media strategies by SMEs makes companies closer to consumers; the company is able to provide information about its products and business. This allows the company's marketing capabilities to increase in terms of improving customer relations and providing information to the market. 2). Marketing capabilities seen from the company's ability to build relationships with customers and provide information to customers can also ultimately increase sales turnover, number of customers, and profits achieved (Pham et al., 2017; Johnston et al., 2018; Mahmoud et al., 2020). Based on business issues in the fashion sector SMEs in Bali (decreased sales turnover) and the existence of a research gap from empirical studies, the motivations for this research were: 1) to examine existing business issues; 2) developing a model for adopting a social media strategy for SMEs in the fashion sector; developing previous research with implementation in the fashion sector SMEs in Bali, and 3) developing a model for the adoption of social media strategies with various platform options such as using existing Instagram, Facebook, Line, WhatsApp, and Twitter so as to improve marketing capabilities and business performance. Therefore, the main problem in this study is how the influence of social media strategy adoption on marketing capabilities and business performance improvement in fashion sector SMEs in Bali and how social media strategy models are suitable for fashion sector SMEs in Bali.

2. Literature review

2.1 Research concept framework

Every business must always strive to improve its business performance, including the fashion sector SMEs in Bali. Increasing business performance can be influenced by many factors, but in today's conditions, the most decisive factor in business performance is the adoption of the right business strategy. The right business strategy is of course in accordance with the development of the existing environment. At this time, changes in the external environment have caused companies including SMEs to change their business strategies including marketing / promotion strategies adopted in accordance with the development of internet-based digital technology, changes in market behavior that are very familiar with social media, and during this COVID-19 period, the government requires direct contact to be reduced. so that the market also changes its behavior to shop online. This is where the adoption of a social media strategy is very appropriate to be implemented to improve its performance (Ainin et al., 2015; Ahmad et al., 2018; Ahmad et al., 2019). Through the adoption of social media strategies, such as the use of Instagram, Facebook, Line, WhatsApp to market their products, SMEs in the fashion sector will be able to increase their ability to strengthen their business relationships with other companies and consumers (Wang & Kim, 2017; Hollebeek, 2019; Lavanya et al., 2021). Likewise, the adoption of social media can have an impact on increasing the company's informational capabilities (Mahmoud et al., 2020). This increase in marketing capability certainly has an impact on improving business performance. Based on the concept of a framework that explains the relationship between each variable, a conceptual framework model is developed as shown in Fig. 1.

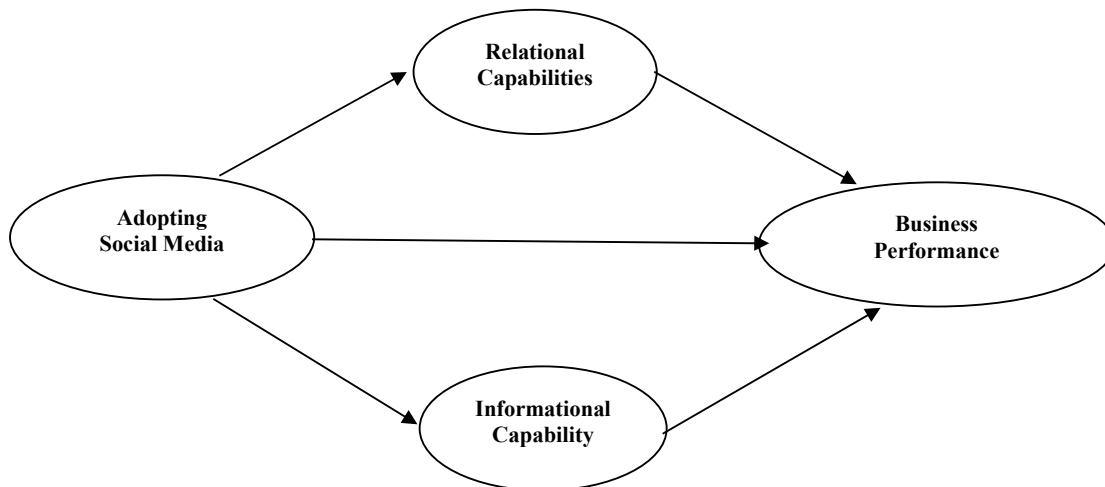


Fig. 1. Research concept framework

2.2 Research hypothesis

Based on the existing conceptual framework, the research hypotheses that can be formulated are as follows.

- H₁: *Social media adoption has a positive and significant impact on business performance.*
- H₂: *Social media adoption has a positive and significant effect on relational capability.*
- H₃: *Social media adoption has a positive and significant impact on informational capabilities.*
- H₄: *Relational capability has a positive and significant effect on business performance.*
- H₅: *Informational capability has a positive and significant effect on business performance.*
- H₆: *Relational capability can mediate the effect of social media adoption on business performance.*
- H₇: *Informational capability can mediate the effect of social media adoption on business performance.*

3. Research method

When viewed from the nature of the problem, this research is a type of causality research. That is, this study aims to examine the causal relationship between the variables of social media adoption, relational capability, informational capability, and business performance. This research was conducted on the fashion sector SMEs in Bali. The size of the sample taken as many as 114 respondents who are managers or owners of SMEs in the fashion sector in Bali with purposive sampling technique. Data were collected through the distribution of a questionnaire in the form of a google form as a research instrument, which was distributed through the WhatsApps group which was tested for validity and reliability on a sample of 30 respondents, the results of which are presented in Table 1. Table 1 shows that all variables are valid because the correlation value is above 0.30 and reliable because Cronbach's Alpha value is above 0.6.

Table 1
Instrument Validity and Reliability Test Results

Variable	Indicator	Item	R Correlations	Cronbach's Alpha α
Adopting a Social Media Strategy (X)	Use social media to share information with the market	X1	0.944	0.962
	Use social media to communicate with market and customers	X2	0.978	
	Use social media to build relationships with customers	X3	0.943	
	Using social media to manage the community	X4	0.935	
Relational Capabilities (Y1)	The company's ability to establish mutual relationships with new customers	Y1.1	0.903	0.946
	Ability to the company to maintain relationships with existing customers	Y1.2	0.931	
	The company can communicate effectively with customers	Y1.3	0.882	
	Companies can solve customer problems together	Y1.4	0.937	
	The company can achieve the target when there is a negotiation	Y1.5	0.889	
Informational Capability (Y2)	Helping companies to identify potential customers	Y2.1	0.735	0.881
	Facilitates companies to capture important market information	Y2.2	0.847	
	Facilitating the company to get potential customers	Y2.3	0.863	
	Facilitate the company to contact with customers	Y2.4	0.853	
	Facilitate to monitor information about competitors' products in the market	Y2.5	0.833	
Business Performance (Y3)	The company's sales volume growth has increased in the last three years	Y3.1	0.955	0.982
	Operating profit growth	Y3.2	0.981	
	Growth in the number of customers	Y3.3	0.978	
	Increased customer satisfaction	Y3.4	0.976	
	Brand equity increases	Y3.5	0.947	

Furthermore, after the data was collected all 114 respondents, based on the results of the study, the characteristics of the respondents were seen from demographic factors such as: gender, age, position, and length of business establishment.

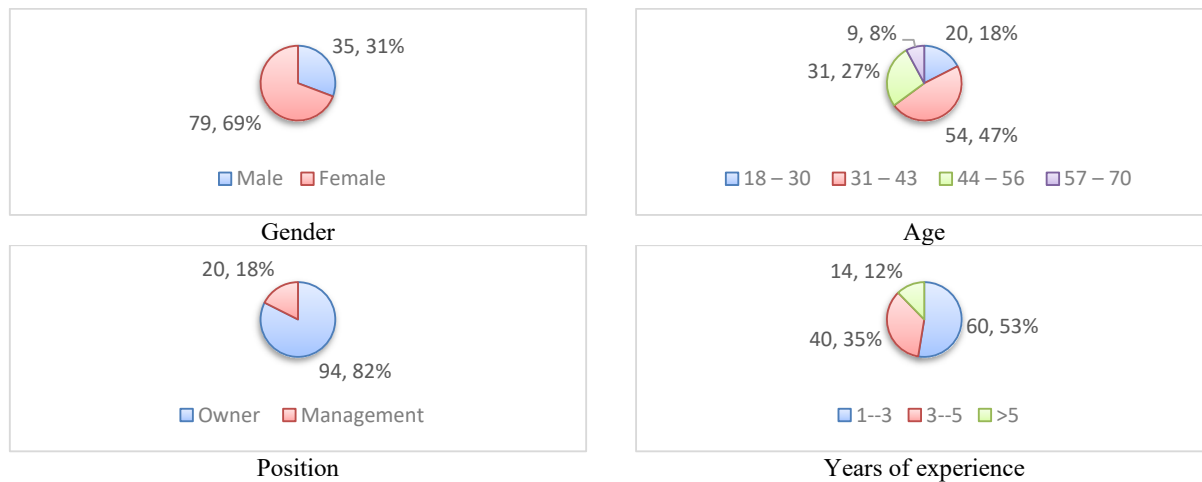


Fig. 2. Personal characteristics of the participants

Fig. 2 explains that there are more female respondents than male respondents where female respondents are 69.30 percent while male respondents are 30.70 percent. When viewed by age, most respondents aged 31-43 years were 47.37 percent, then 44-56 years old was 27.19 percent, 18-30 years old was 17.54 percent, and 57-70 years old was 7, 90 percent. Based on their position in SMEs, as many as 114 people with a percentage of 82.46 percent are business owners and as many as 20 people with a percentage of 17.54 percent are business managers. Furthermore, based on the length of establishment of the business, 1 – 3 years is 52.63 percent, <3 – 5 years is 35.09 percent, and over 5 years is 12.28 percent.

4. Results and discussion

4.1 Result of SEM PLS Analysis

This study uses a two-stage approach to measure the model before it is used for hypothesis testing, aiming to verify the validity and reliability of a research model. First by analyzing convergent validity, then by analyzing discriminant validity.

Outer Model Test

Convergent Validity

The outer model test is carried out to ensure that research indicators are suitable for use as their role in measuring research variables, so to see if a model is valid to be the basis of research, there are three criteria that must be met, namely: (1) all loading indicators must be above 0.65 (2) Composite Reliability (CR) must be above 0.8, and (3) Average Variance Extracted (AVE) for each construct must exceed 0.5.

Table 2
Model Size Results

Construct	Indicator	Outer Loading	Composite Reliability	Average Variance Extracted (AVE)
Adopt a Social Media Strategy	X1	0.896	0.940	0.797
	X2	0.913		
	X3	0.897		
	X4	0.865		
Relational Capabilities	Y1.1	0.797	0.950	0.791
	Y1.2	0.908		
	Y1.3	0.904		
	Y1.4	0.922		
	Y1.5	0.911		
Informational Capability	Y2.1	0.765	0.927	0.717
	Y2.2	0.853		
	Y2.3	0.872		
	Y2.4	0.913		
	Y2.5	0.825		
Business Performance	Y3.1	0.890	0.960	0.828
	Y3.2	0.932		
	Y3.3	0.873		
	Y3.4	0.937		
	Y3.5	0.916		

Source: Data processed, 2021

Based on Table 2, it shows that all outer loading indicators have values above 0.65 with a range between 0.765 to 0.937, meaning that they are at the recommendation limit, then the composite reliability (CR) value is in the range between 0.927 to 0.960, all of which are above 0.8, meaning all the construct formed has good consistency as a research model, the third is the average variance extracted (AVE) value where all of them are valued above 0.5, namely with a range from 0.717 to 0.828 so it can be concluded that the research model in this study has good validity.

Discriminant Validity

To evaluate discriminant validity, a research model is recommended to ensure that the average variance extracted ($\sqrt{\text{AVE}}$) root value of a latent variable must be larger.

Table 3
Correlation Between Latent Variables

Construct	Social Media Strategy	Relational Capabilities	Informational Capability	Business Performance
Social Media Strategy	1.000	0.493	0.497	0.515
Relational Capabilities	0.493	1.000	0.528	0.691
Informational Capability	0.497	0.528	1.000	0.562
Business Performance	0.515	0.691	0.562	1.000

Source: Data processed, 2021

Table 4

AVE root value

Construct	Average Variance Extracted (AVE)	root of AVE
Social Media Strategy	0.797	0.893
Relational Capabilities	0.791	0.889
Informational Capability	0.717	0.847
Business Performance	0.828	0.910

Source: Data processed, 2021

Discriminant validity is considered good if the smallest AVE (\sqrt{AVE}) root value in Table 4 is greater than the correlation value between the highest latent variables in Table 3. The research model proposed in this study can be considered good, where the smallest AVE value of 0.847 is greater than the correlation value between the highest latent variables that is equal to 0.828.

Inner Model Test

Structural models focus on hypothesized relationships or paths between latent variables. The results of the inner model test can be seen in Fig. 2.

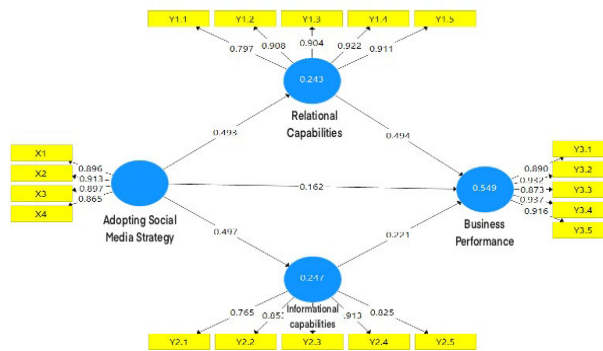


Fig. 2. Structural Model

The structural model was evaluated using R-square for the dependent construct and t-test as well as the significance of the coefficients of the structural path parameters.

Coefficient of Determination (R²)

In this study, bootstrap will be carried out which will produce two measurements of the structural model, namely: the value of t (t-test) and R² which will be interpreted the same as multiple regression analysis in general. The predictive power of a research model can be seen by looking at the R² value generated by the bootstrapping process, in Table 5 will be presented the R² value for each exogenous variable contained in the model.

Table 5

Coefficient of Determination

Construct	R ²
Relational Capabilities	0.243
Informational Capability	0.247
Business Performance	0.549

Note: only the endogenous (dependent) variable has a value of R²

Source: Data processed, 2021

Based on Table 5, it can be explained that the highest R² value is found in the business performance variable of 0.549 which means that as much as 54.90% of the business performance variable can be explained by the constructs contained in the model, namely the adoption of social media strategies, relational capabilities, and informational capabilities, while the value of the lowest is the relational capability variable with 0.243, which means that 24.30% of the relational capability variable can be explained by the constructs that affect the variable, namely the adoption of social media. From the examination of the R² value, it can be concluded that in general the predictive ability of this research model is moderate, seen from all variables that have an R² value equal to or above 0.549.

Q-square

Testing the inner model can also be done by looking at the Q-square value which is the goodness of fit model test. If the Q-square value is greater than 0, then the model has predictive relevance; if the Q-square value is less than 0, then the model lacks predictive relevance. Q-square can be calculated as follows:

$$Q^2 = 1 - [(1 - R_1^2)(1 - R_2^2)(1 - R_3^2)] = 1 - [(1 - 0.243)(1 - 0.247)(1 - 0.549)] = 0.743$$

Based on the above calculation, the Q-square value is 0.743. This shows that the Q-square value is greater than 0, meaning that the model has predictive relevance or the model deserves to be said to have relevant predictive values. The results of this test prove that the structural model is classified as very good. In other words, 74.3% of endogenous constructs can be explained by variations of exogenous constructs, while the remaining 25.7% is explained by other variables not included in the model.

Hypotheses Test

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the hypothesis is the value contained in the output path coefficients which is presented in Table 6.

Table 6

Path Coefficient

Correlation between Variables	Path Coef	t-statistic	P Values	Information
Social media strategy → business performance	0.162	2.142	0.033	Significant
Social media strategy → relational capabilities	0.493	5.890	0.000	Significant
Social media strategy → informational capability	0.497	7.085	0.000	Significant
Relational capabilities → business performance	0.494	5.028	0.000	Significant
Informational capability → business performance	0.221	2.291	0.022	Significant

Source: Data processed, 2021

Hypothesis testing is carried out by using t-statistics and looking at the p-value. If the p-value < 0.05 then the hypothesis is accepted. Based on Table 7, it can be explained that the adoption of social media strategies on business performance has a t-statistic value of 2.142 with a p-value of 0.033 < 0.05, so the hypothesis is accepted. This means that the higher the adoption of social media strategies, the higher the business performance of the fashion sector SMEs in Bali. The social media strategy on relational capability has a t-statistic value of 5.890 with a p-value of 0.000 < 0.05, so the hypothesis is accepted. This means that the higher the level of adoption of social media strategies carried out by SMEs in the fashion sector in Bali, the higher their relational capabilities. The social media strategy on informational capability has a t-statistic value of 7.085. With a p-value of 0.00 < 0.05, the hypothesis is accepted. This means that the higher the adoption of social media strategies, the greater the informational capability of the fashion sector SMEs in Bali. The relational capability to business performance has a t-statistic value of 5.028 with a p value of 0.000 < 0.05, so the hypothesis is accepted. This means that the higher the relational capability, the higher the business performance of SMEs in the fashion sector in Bali. Likewise, informational capability on business performance has a t-statistic value of 2.291 with a p value of 0.022 < 0.05, so the hypothesis is accepted. This means that the higher the informational capability, the higher the business performance of SMEs in the fashion sector in Bali.

Indirect Effect Test (Mediation Test)

Test the mediating role of relational capabilities on the effect of adopting social media strategies on business performance by examining the indirect effects which are the output of Smart PLS as presented in Table 7. Based on Table 7, it can be explained that the t-statistic value is greater than the t-table value (3.926 > 1.96), then relational capability significantly mediates social media strategy on business performance. Likewise, informational capability can mediate the effect of social media strategy on business performance with a t-statistic value of 2.126 > 1.96.

Table 8

Indirect Effects

Correlation between Variables	Path Coef	t-Statistic	p-Values	Information
Social media strategy → relational capabilities → business performance	0.243	3.926	0,000	Significant
Social media strategy → informational capabilities → business performance	0.110	2.126	0.034	Significant

Source: Data processed, 2021

4.2 Discussion of Research Results

4.2.1 Effect of Social Media Strategy on Business Performance

Based on the analysis of the effect of social media strategy on business performance, the beta coefficient value is 0.162 with a significance level of $0.033 < 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that the social media strategy variable has a positive and significant effect on business performance. So, the higher the adoption of social media strategies from SMEs in the fashion sector in Bali, which is indicated by using social media to share information to the market, using social media to communicate with customers, using social media to build relationships with customers, and using social media to manage communities, then its business performance will increase. The results of this study also strengthen the results of previous research conducted by (Ainin et al., 2015; Tajvidi and Karami, 2017), which stated that the adoption of social media strategies had a positive and significant effect on business performance. This result is reinforced by research by Singh and Ratnashinha (2017); Cao et al. (2018); and Pourkhani et al. (2019), which found the results of the variable adoption of social media strategies had a positive and significant effect on business performance so that it can be concluded that social media strategies have a positive and significant influence on business performance, this means, with increasing adoption of social media strategies, it can increase business performance obtained by SMEs in the fashion sector in Bali.

4.2.2 Effect of Social Media Strategy on Relational Capabilities

Based on the analysis of the effect of social media strategy on relational capability, the beta coefficient value is 0.493 with a significance level of $0.000 < 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that the social media strategy variable has a positive and significant effect on relational capability. This means that the increasing adoption of social media strategies will increase the relational capabilities of the fashion sector SMEs in Bali such as: the company's ability to establish mutual relationships with new customers, the company's ability to maintain relationships with existing customers, making the company able to communicate effectively with customers, enabling companies to jointly solve customer problems, giving companies the ability to achieve targets during negotiations. The results of this study at the same time strengthen the results of previous research conducted by Trainor et al. (2014), which states that the adoption of social media plays an important role in increasing the company's relational capabilities. Similar results have also been strengthened by the results of research conducted by Parven et al. (2015), stating that the variable of social media adoption has a significant effect on relational capability which is part of marketing capability. The results of this study are also in line with the results of Singh (2017) research; Foltean et al. (2018), Harb et al. (2019), which found that the adoption of social media strategies had a positive and significant effect on the marketing capability variables including relational capabilities. It can be concluded that the adoption of social media has a positive and significant effect on relational capabilities, this means that the higher the adoption of social media from SMEs in the fashion sector in Bali, these SMEs have increasing relational capabilities.

4.2.3 The Effect of Social Media Strategy on Informational Capabilities

Based on the analysis of the effect of social media strategy on informational capability, the beta coefficient value is 0.497 with a significance level of $0.000 < 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that social media strategy has a positive and significant effect on informational capability. This means that the higher the fashion sector SMEs in Bali implement the social media strategy, the higher their informational capabilities. The results of this study at the same time strengthen the results of previous research conducted by Agnihotri et al. (2015), regarding social media strategies being able to enhance marketing capabilities (Drummond et al., 2018), found that the implementation of intensive social media strategies has a positive effect on marketing capabilities in which there is informational capability. This result is also reinforced by the results of the study of Barney-McNamara et al. (2021), found research results that social media strategy had a positive and significant effect on informational capability. The influence of social media adoption has a significant impact on companies, it can be assumed that the implementation of social media strategies can increase their informational capabilities. It can be concluded that the social media strategy has a positive and significant influence on informational capabilities, this means that the higher the social media strategy carried out by the fashion sector SME businessmen, the more their informational capabilities will increase.

4.2.4 The Effect of Relational Capabilities on Business Performance

Based on the analysis of the influence of relational capability on business performance, the Beta coefficient value is 0.494 with a significance level of $0.000 < 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that relational capability has a positive and significant effect on business performance. This means, the higher the relational capability of the fashion sector SMEs in Bali which is indicated by their ability to establish relationships with new customers, their ability to communicate with existing customers, their effective communication skills with customers, their ability to solve customer problems, and their ability to reach targets during negotiations, then it can improve its business performance. The results of this study at the same time strengthen the results of previous research conducted by Josiah et al. (2016) regarding relational capabilities able to increase company performance; Toryanto (2017), regarding marketing capabilities capable of enhancing the performance of SMEs; and Zhang et al. (2019), found that increasing relational capability has a positive effect on business performance. This result is also strengthened by the results of the study of Konwar et al. (2017); Peng and Lin, (2017); and Morgan et al. (2018), who found research results that relational capability had a positive and significant effect on business

performance. The influence of relational capability is very impactful for the company, it can be assumed that the relational capability improves its business performance. It can be concluded that relational capability has a positive and significant influence on business performance, this means that the higher the relational capability of the fashion sector SMEs in Bali, the higher the achievement of business performance.

4.2.5 The Effect of Informational Capability on Business Performance

Based on the results of the analysis of the influence of informational capability on business performance, the Beta coefficient value is 0.221 with a significance level of $0.022 < 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that informational capability has a positive and significant effect on business performance. This means, the higher the informational capability of the fashion sector SMEs in Bali, which is indicated by their ability to identify potential customers, their ability to capture important market information, their ability to get potential customers, their ability to contact customers, and their ability to monitor information about competing products, the higher their performance. The results of this study simultaneously strengthen the results of previous research conducted by Ferdinand and Killa (2017), which examines informational capabilities capable of strengthening company performance; Foltean et al. (2018), regarding informational capabilities capable of enhancing the performance of SMEs; and Jiang et al. (2018), found that informational capabilities which are included in marketing capabilities have a positive effect on business performance. This result is also strengthened by the results of Farida's research (2018), finding the results of research that informational capability has a positive and significant effect on business performance. The influence of informational capability is very impactful for the company, it can be assumed that informational capability can improve its business performance. It can be concluded that informational capability has a positive and significant influence on business performance, this means that the higher the informational capability of the fashion sector SMEs in Bali, the higher their business performance.

4.2.6 The Role of Relational Capabilities Mediates the Effect of Social Media Strategy on Business Performance

Relational capabilities have been shown to have a positive and significant impact on business performance. Likewise, the adoption of social media strategies has a positive and significant impact on business performance. Based on hypothesis testing on the role of relational capability mediating the effect of social media adoption on business performance, it is accepted with an indirect influence value of 0.243. The results of this study are in line with the research conducted by Paniagua et al. (2017), who found the role of relational capabilities to mediate the effect of a similar business strategy as a social media strategy on business performance. The results of this study are also supported by the research of Park et al. (2021), which states that marketing capabilities or relational capabilities significantly mediate social media adoption on business performance.

4.2.7 The Role of Informational Capability to Mediate the Effect of Social Media Strategy on Business Performance

Informational capability has been shown to have a positive and significant impact on business performance. Likewise, the adoption of social media has a positive and significant influence on business performance. Based on hypothesis testing on the role of informational capability mediating the effect of social media adoption on business performance, it is accepted with an indirect influence value of 0.110. The results of this study are in line with research conducted by Oh (2015), which found the role of marketing capability in this case is indicated by its informational capability mediating the effect of social media adoption on business performance. The results of this study are also supported by Tuten's research (2018), which states that marketing capabilities or informational capabilities significantly mediate social media adoption on business performance.

4.2 Research Implications

As has been stated in the analysis and discussion that this research can theoretically find a relationship between the latent variables of Social Media Strategy Adoption on Relational Capabilities and Informational Capabilities, and SME Performance. This research can contribute ideas for the owners (managers) of the fashion sector SMEs in Bali. The contribution of thought in question is that the fashion sector SMEs always intensify the adoption of social media strategies as one of the most important strategies in order to be able to improve their marketing capabilities and ultimately improve their business performance.

4.3 Research Limitations

Various limitations were also found in this study, mainly due to the following. 1) This study only uses an owner or manager of an SME in the fashion sector in Bali, so the research results cannot be generalized as a whole outside the region. 2) The mediating variable studied is the relational capability variable and the informational capability variable in this study has a significant influence on the performance of SMEs, so that in the future it is necessary to consider choosing other mediating variables, such as marketing mix capabilities, Segmenting, Targeting, and Positioning capabilities, all of which are marketing capabilities. . In addition, the adoption of social media strategies can improve innovation performance, product performance which can also be considered as another mediating variable.

5. Conclusion

Based on the results of the research, discussion and interpretation that have been described in the previous chapter with reference to several theories and the results of previous studies, the following conclusions can be drawn. 1) Social media strategy has a positive and significant impact on the performance of SMEs in the fashion sector in Bali, meaning that the more implementation of the adoption of social media strategies carried out by the fashion sector SMEs in Bali, the business performance will increase. 2) The social media strategy has a positive and significant effect on relational capability, meaning that the more the implementation of social media strategies carried out by the owners (managers) of the fashion sector SMEs, the relational capabilities will also increase. 3) Social media strategy has a positive and significant impact on informational capability, meaning that the more the implementation of social media strategies carried out by the owners (managers) of the fashion sector, the informational capabilities will also increase. 4) Relational capability has a positive and significant impact on the business performance of the fashion sector SMEs in Bali, meaning that the higher the relational capabilities of the fashion sector SMEs in Bali, the higher their business performance. 5) Informational capability has a positive and significant impact on the business performance of the fashion sector SMEs in Bali, meaning that the higher the informational capabilities of the fashion sector SMEs in Bali, the higher their business performance. 6) Relational capability can significantly mediate social media strategy on the business performance of the fashion sector SME in Bali. 7) Informational capability can significantly mediate social media strategy on the business performance of the fashion sector SME in Bali.

Based on the results of this study, several things can be suggested as follows. 1) With empirical evidence that relational capabilities and informational capabilities can improve the performance of SMEs in the fashion sector, the owner (manager) must always improve its marketing capabilities. 2) With empirical evidence that increasing the intensity of adoption of social media strategies can increase marketing capabilities consisting of relational capabilities and informational capabilities, the owners (managers) of the fashion sector SMEs must always develop more diverse social media strategies. 3) In future research, it is possible to expand research respondents not only to owners (managers), but also to those who assess the results of the implementation of the social media strategy, namely customers. 4) The next researchers can conduct studies from a different perspective, namely from the perspective of customers and continue the impact of adopting a social media strategy on the perceived value of customers so that a social media strategy model that is suitable for fashion SMEs in Bali can be built.

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