



Influence Of Innovation Capabilities, Branding And E-Commerce Adoption On SMEs Performance

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ABSTRAK

Tujuan penelitian ini adalah untuk menganalisis “Pengaruh Kapabilitas Inovasi, Branding dan Adopsi Ecommerce terhadap Kinerja UMKM di Kabupaten Sijunjung”. Populasi dalam penelitian ini adalah seluruh pimpinan atau pemilik UMKM di Kabupaten Sijunjung khususnya yang memiliki usaha dibidang kerajinan tangan. Sedangkan jumlah sampel dalam penelitian ini ditentukan dengan metode non probability sampling dan teknik yang digunakan pada penelitian ini adalah purposive sampling sehingga didapatkan sampel sebanyak 90 sampel. Teknik analisis yang digunakan pada penelitian ini adalah analisis regresi linier berganda menggunakan SPSS 21. Hasil dari penelitian ini menunjukkan bahwa: (i) Kapabilitas Inovasi berpengaruh positif dan signifikan terhadap kinerja UMKM di Kabupaten Sijunjung. (ii) Branding berpengaruh positif dan signifikan terhadap kinerja UMKM di Kabupaten Sijunjung. (iii) Adopsi Ecommerce berpengaruh positif dan signifikan terhadap kinerja UMKM di Kabupaten Sijunjung.

ABSTRACT

The purpose of this study was to analyze “The Influence of Innovation Capability, Branding and E-commerce Adoption on SMEs Performance in Sijunjung District”. The population in this study were all leaders or owners of SMEs in Sijunjung District, especially those who have businesses in the field of handicrafts. While the number of samples in this study was determined by non-probability sampling method and the technique used in this study was purposive sampling so that 90 samples were obtained. The analytical technique used in this research is multiple linear regression analysis using SPSS 21. The results of this study indicate that: (i) Innovation Capability has a positive and significant effect on the performance of SMEs in Sijunjung District. (ii) Branding has a positive and significant effect on the performance of SMEs in Sijunjung District. (iii) E-commerce adoption has a positive and significant impact on the performance of SMEs in Sijunjung District.

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INTRODUCTION

The Covid-19 pandemic has pushed the national and global economy into an economic recession. This begins with negative national and global economic growth or contraction. This was mainly due to a decrease in household consumption due to the social decline for the prevention of Covid-19, investment spending including for construction and acquisition of fixed assets, and a decrease in government spending, including expenditure on goods. One of the sectors that has had a very large impact due to the Covid-19 pandemic is Micro, Small and Medium Enterprises (SMEs) which have also contributed to the decline in the national economy. This can be achieved because SMEs have a very large contribution to the national economy.

SMEs growth from 2016-2019 has increased from all industrial sectors, but in 2020 experienced a decline in almost all industrial sectors. This is due to the Covid-19 pandemic which has an impact on the decline in people's purchasing power in shopping. Apart from the Covid-19 pandemic, the decline in SMEs actors was allegedly due to a lack of innovation from SMEs products themselves, due to the absence of innovation, consumers will look for newer products with the same functions to keep up with the times. In addition, the lack of use of technology also has an impact on the decline in income from these SMEs, because during the Covid-19 pandemic like now the use of e-commerce is very helpful in expanding market reach.

According to (Cicea et al., 2019), economic, social, political and demographic conditions greatly affect the performance of SMEs. The current Covid-19 outbreak has an impact not only on the health sector, but also has a broad impact on other sectors such as the economy, social and even politics. If this cannot be managed properly, it will worsen the situation and potentially lead to political turmoil.

In this study, the authors are interested in making the SMEs of Sijunjung District the object of research and the respondents of this research are the latest research from previous studies. From the description of the phenomenon above, the author is interested in researching further on "The Influence of Innovation, Branding and Adoption Capability of E-commerce on MSME Performance in Sijunjung District".

LITERATURE REVIEW

Performance of Small and Medium Scale Enterprises (SMEs)

According to (Aribawa, 2016) SMEs performance is the result of work achieved by an individual and can be completed with an individual task within the company and in a certain period. According to (Aribawa, 2016) performance is the success of an organization that realizes strategic and predetermined goals expected by an organization. In a performance that is produced by SMEs well, it will be stronger to become the backbone of the economy and will have a major impact on the national economy. According to (Mutegi et al., 2015) The performance of SMEs is the result of work achieved by a person and in accordance with the role or task of individuals in the company for a certain period of time, which is different from the size or standard of work of a particular company individual. A success or failure of organizational goals that have been implemented.

Innovation Capabilities

According to (Anning-Dorson, 2016) offers that innovation in service companies can come from various sources and service companies seek innovation from within their operations; from the market (external environment) and customers. Innovation is the condition of goods and services and even ideas that are considered as something new (Keller & Kotler, 2012).

Innovation performance can be described as a combination of assets and resources. It therefore requires a wide range of resources, assets, and capabilities to propel through success in a rapidly changing environment (Rajapathirana & Hui, 2017). According to (Rajapathirana & Hui, 2017) innovation capability is defined as (1) capacity to develop new products that meet market needs (2) capacity to apply appropriate process technology to produce these new products (3) capacity to develop and adopt new products and processing technology to meet future needs (4) and the capacity to respond to intentional technological activities and unexpected opportunities created by competitors.

Branding

On a promotional or marketing activity, branding is the most basic part that needs to be understood thoroughly, both from the individual level to a higher level, namely, the organization. At the individual level, branding is the association of a product with a brand or brand in promotional activities or the characteristics of the product usually contain a special meaning. According to (Swasty, 2016) said that branding is a program that specializes or focuses and projects brand values. This program includes creating a difference between products and customers in the buyer decision-making process and providing value to the company. So branding is the whole process of choosing what elements, values and promises an entity has (products, services, companies. Branding is a disciplined process used to build awareness and expand customer loyalty.

Branding also means the overall activity to create a superior brand (brand equity), which refers to the values of a brand based on loyalty, awareness, perceived quality and association of a brand. Branding is basically not only to display the advantages of a product, but also to instill the brand into the minds of consumers (Haroen, 2014).

E-Commerce Adoption

According to (Kotler & Armstrong, 2012) is an online channel that can be accessed by a person via a computer, which is used by business actors in carrying out their business activities and is used by consumers to obtain information using computer assistance. According to (Chang & Wong, 2010) e-commerce is the process of buying and selling and marketing goods and services through electronic systems, such as radio, television and computer networks or the internet.

According to (Nugroho, 2016) states that e-commerce is one of the developments in technology and the internet. E-commerce is an internet service that is used for buying and selling online. With e-commerce has changed a lot in the process of buying and selling. If in buying and selling sellers and buyers meet, but if with e-commerce they do not need to meet, they interact via the internet or by communication via telephone or chat. In this process, trust is the main capital.

METHOD

The type of research used in this research is quantitative research. The population in this study were all leaders or owners of SMEs in Sijunjung District. While the number of samples in this study was determined by the non-probability sampling method and the technique used was purposive sampling so that 90 were obtained. The analysis technique used was Multiple Linear Regression analysis using SPSS 21.

RESULT AND DISCUSSION

Test whether in a regression model, the dependent variable, the independent variable or both have a normal distribution or not. The normality test can be tested with the Kolmogrov-Smirnov test with a significant level of > 0.05 indicating that the data is normally distributed. From the result of normality test can be seen in the asimp value. Signature (2-tailed) $0.357 > 0.05$. For that the data can be said to be normal.

From the result of multikolinearitas test, it can be seen that the tolerance value for Innovation Capability (X1) $0.256 > 0.10$, Branding (X2) $0.238 > 0.10$, E-commerce Adoption (X3) $0.202 > 0.10$. VIF value for Innovation Capability (X1) $3.913 < 10.00$, Branding (X2) $4.208 < 10.00$, E-commerce Adoption (X3) $4.945 < 10.00$. It can be concluded that there is no multicollinearity.

The image data above can be seen in the Scatterplot image that the data points spread above and below or around the number 0, the data data points do not collect just above or below, the spread of the points may widen in a wave pattern then narrow and widen If the return and distribution of data points are not patterned, it can be concluded that there is no heteroscedasticity.

The interpretation of the results of the simple correlation analysis in the table above can be seen the correlation between each variable, namely: The correlation between the Innovation Capability variable and MSME Performance has a strong relationship, which is 0.891 with a significance of 0.000. The correlation between Branding variable and MSME Performance has a not strong relationship, which is 0.882 with a significant 0.000. Then he correlation between the E-commerce Adoption variable and MSME Performance has a strong relationship, which is 0.933 with a significant 0.000.

Structural Model

Table 1. Coefficient of Determination

Model	R	Model Summary ^b			
		R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.959 ^a	.919	.916	1.175	2.199

Source: Primary Data 2021

Based on the table. 1 above, the number of R2 (Adjusted R square) is 0.916 or 91.6%. This mean that the percentage contribution of the variables of Innovation Capability (X1), Branding (X2) and E-commerce Adoption (X3) simultaneously has an effect on MSME Performance (Y) of 0.916 or 91.6%. While the remaining 8.4% is influenced by other variables outside the study.

Table 2. Partial test (test t)

No	Variable Independen	t Count	t Table	Sig.	Information
1	Innovation Capability	4,808	1,988	0.000	Ho rejected Ha accepted
2	Branding	3,331	1,988	0.001	Ho rejected Ha accepted
3	Ecommerce Adoption	7,418	1,988	0.000	Ho rejected Ha accepted

Source: Primary Data 2021

Based on the table. 2 above, it can be concluded as follows:

1. $t \text{ count} > t \text{ table}$ ($4.808 > 1.988$) with a significant level ($0.000 < 0.05$), meaning that it partially has a Positive and significant effect between Innovation Capability and MSME Performance. Thus H_0 is rejected and H_1 is accepted.
2. $t \text{ count} > t \text{ table}$ ($3.331 > 1.198$) with a significant level ($0.001 < 0.05$), partially significant effect between Branding and MSME Performance. Thus H_0 is rejected and H_1 is accepted.
3. $t \text{ count} > t \text{ table}$ ($7.418 > 1.988$) with a significant level ($0.000 < 0.05$), meaning that it partially has a positive and significant effect between E-commerce Adoption and MSME Performance. Thus H_0 is rejected and H_1 is accepted.

Table 3. Simultaneous test (test F)

ANOVA ^a						
Model	Sum of Squares	Df	Mean Square	F	Sig.	
1	Regression	1343.248	3	447.749	324.381	.000 ^b
	Residual	118.708	86	1.380		
	Total	1461.956	89			

Source: Primary Data 2021

Based on the table above, it can be seen that sig is $0.000 < 0.05$. This table shows f-count $324.381 > f \text{ table } 2.71$, so it can be concluded that Innovation, Branding, and E-commerce Adoption Capability have a positive and significant influence on MSME performance. Because from the results of the f_{count} test, it is known that the f-count value obtained is $324.381 > f\text{-table of } 2.71$. Therefore H_0 is rejected and H_4 is accepted.

Discussion

The results show that there is a partially positive and significant influence between Innovation Capability and SMEs Performance. Where $t \text{ count} > t \text{ table}$ ($4.808 > 1.662$) with a significant level ($0.000 < 0.05$), meaning that it partially has a positive and significant effect between Innovation Capability and SMEs Performance. Thus H_0 is rejected and H_a is accepted. This finding is also reinforced by research (Latifi et al., 2021) showing that Innovation Capability has a positive effect on SMEs performance. Innovation Capability is an effective way to channel a company's entrepreneurial orientation into the innovation process and to increase the success of new product development (Ferrerias-Méndez et al., 2021).

The results showed that partially there was a positive and significant influence between Branding and SMEs Performance. Where $t\text{-count} > t\text{-table}$ ($3.331 > 1.662$) with a significant level ($0.001 < 0.05$), meaning that it partially has a positive and significant effect between Branding and SMEs Performance. Thus H_0 is rejected and H_a is accepted. This finding is also reinforced by research (Kurt, 2019) which states that branding has a positive effect on company performance. A brand change will change customer loyalty, and that means loyal customers will welcome the brand. Part of the marketing-research on brands claims that brands have a positive effect on loyalty. Successful marketing activities such as quality assurance, pricing, and advertising can be used to create a higher brand which overall these results can be combined to increase loyalty and will improve the performance of the company (Atashfaraz & Abadi, 2016).

The results of the study indicate that there is partial a positive and significant influence between E-commerce Adoption and MSME Performance. Where $t\text{-count} > t\text{-table}$ ($7.418 > 1.662$) with a significant level ($0.000 < 0.05$), meaning that it partially has a positive and significant effect between E-commerce Adoption and MSME Performance. Thus H_0 is rejected and H_a is accepted. This finding is also

reinforced by research (Moertini, 2012) which states that E-commerce adoption has a positive effect on company performance. E-commerce adoption can improve the performance of SMEs. E-commerce provides added value for SMEs, new services, new markets, new business models, expands their business and is able to compete in the global market (Savrul et al., 2014).

CONCLUSSION

There is a positive and significant influence between innovation capability and the performance of SMEs in Sijunjung District. This means that increasing the capability of innovation in business, it can improve the performance of SMEs in Sijunjung District. There is a positive and significant influence between branding and the performance of SMEs in Sijunjung District. This means that strengthening branding can improve the performance of SMEs in Sijunjung District. There is a positive and significant influence between e-commerce adoption and the performance of SMEs in Sijunjung District. This means that increasing the use of e-commerce in business can improve the performance of SMEs in Sijunjung District.

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