

Instagram vs TikTok: Which Platform is More Effective for Enhancing SMEs Performance?

Instagram vs TikTok: Platform Mana yang Lebih Efektif Meningkatkan Kinerja UMKM?

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Abstract

Digital transformation makes social media one of the infrastructures that introduces effective performance changes for MSMEs. Referring to the concept of the research model built based on the Technology Organization Environment (TOE) theory, there are three basic factors that need to be considered by MSMEs in adopting social media, namely compatibility, cost-effectiveness and interactivity. This study aims to compare the effects of compatibility, cost-effectiveness, and interactivity on SME performance between the social media platforms Instagram and TikTok. A comparative study was utilized in this research to examine the impact of variables on the Instagram and TikTok social media platforms. The sample consisted of 200 SMEs was selected through purposive sampling. The data were analyzed using Partial Least Squares Multigroup Analysis (PLS-MGA). The study's results indicate that compatibility and interactivity significantly influence the adoption of both Instagram and TikTok social media platforms. On the other hand, the cost-effectiveness variable only affects the adoption of the TikTok social media platform but does not significantly affect the adoption of Instagram. This study also found that only interactivity significantly differs in adopting social media platforms between Instagram and TikTok. The results showed that Instagram social media provides greater interactivity than TikTok. The other two variables, compatibility, and cost-effectiveness do not significantly differ. Furthermore, the study also found a positive influence of using both Instagram and TikTok social media platforms on SMEs' performance.

Keywords: compatibility, cost-effectiveness, interactivity, SMEs' performance, social media

Abstrak

Transformasi digital menjadikan media sosial sebagai salah satu prasarana yang dapat membawa perubahan kinerja yang efektif bagi UMKM. Mengacu pada konsep model penelitian yang dibangun didasarkan pada teori Technology Organization Environment (TOE) terdapat tiga faktor dasar yang perlu diperhatikan oleh UMKM dalam mengadopsi media sosial yaitu kompatibilitas, efektivitas biaya dan interaktivitas. Penelitian ini bertujuan untuk membandingkan pengaruh kompatibilitas, efektivitas biaya dan interaktivitas terhadap kinerja UMKM antara platform media sosial Instagram dan TikTok. Studi komparatif digunakan dalam penelitian ini untuk menguji dampak variabel pada platform media sosial Instagram dan TikTok. Penelitian menggunakan sampel sebanyak 200 UMKM yang dipilih secara purposive sampling. Data dianalisis menggunakan Partial Least Squares Multigroup Analysis (PLS-MGA). Hasil penelitian

menunjukkan bahwa kompatibilitas dan interaktivitas memiliki pengaruh signifikan terhadap pengadopsian media sosial Instagram dan Tiktok. Di sisi lain, variabel efektivitas biaya hanya memiliki pengaruh signifikan pada platform media sosial TikTok tetapi tidak berpengaruh signifikan pada Instagram. Penelitian ini juga menemukan bahwa hanya interaktivitas yang secara signifikan berbeda dalam pengadopsian platform media sosial Instagram dan TikTok. Dari hasil penelitian diperoleh bahwa media sosial Instagram memberikan interaktivitas lebih besar daripada TikTok. Sedangkan dua variabel lainnya, kompatibilitas dan efektivitas biaya tidak berbeda secara signifikan. Penelitian ini juga menemukan pengaruh positif dari penggunaan platform media sosial Instagram dan TikTok terhadap kinerja UKM.

Kata Kunci: efektivitas biaya, interaktivitas, media sosial, kinerja UKM, kompatibilitas

Introduction

Social media is an essential tool for a business because social media provides an unprecedented way where companies can communicate with consumers, listen to consumer responses, and find out what consumers want (Grewal & Levy, 2013). The use of social media is also increasingly being used by the business world, particularly by SMEs. Social media introduces effective performance changes for SMEs, resulting in more efficient business processes (Momani, 2016). Taiminen and Karjaluo (2015) suggest SMEs adopt social media in their business to compete. Social media help its user, especially in business to create an user interaction between consumers, or between business owner and customers, these interaction ultimately influence customers purchase intentions (Chen et al., 2018; Hutter et al., 2013)

In this digitalization era, market share becomes wider because about 60 percent of consumers explore a product or brand through social media (Venkateswaran, Ugalde, and Gutierrez 2019). As a result, social media plays an essential role in marketing for SMEs. The use of social media by SMEs is more critical than large companies because of their limited resources to market their products and services, particularly on a global scale (Jones et al., 2015). Social media is also a cost-effective marketing platform (Taiminen & Karjaluo, 2015), so many SMEs currently rely on it to improve business performance (Rienda et al., 2020).

SMEs use social media to gain access to information in order to improve their performance, innovation, resource management, external communication, and maintaining relationships with customers, suppliers, and partners (Cao et al., 2018; Parveen et al., 2016; Venkateswaran et al., 2019). Social media is also frequently used to develop Customer Relationship Management (CRM) to improve customer-firm relationships, provide responses that meet customer expectations (Trainor et al., 2014).

Since the Covid 19 pandemic, SMEs in Indonesia have increased their use of social media because of human mobility restrictions. According to a Sea Insights survey, 54 percent of SME respondents were increasingly adaptable to using social media to reorganize business performance in the new average period (Khoirunnisa, 2020). SMEs consider social media appropriate for them because it is low cost, has minimal barriers to participation, demographic targeting and requires only basic technical skills to use (Parveen, Jaafar, and Ainin 2016; Soelaiman and Utami 2021).

Currently, the most popular business social media platforms in Indonesia are Youtube, Whatsapp, Instagram, Facebook, and TikTok (prasmul-eli.co, 2022). In 2022, Instagram is Indonesia's number two favorite social media, with 99.15 million users (We are Social and Hootsuite 2022). Likewise, TikTok grew rapidly around the middle of

2020. By 2022, Indonesia is the world's second largest TikTok user user and the most popular social media platform after Instagram, with 92.07 million users aged 18 years and up (We are Social & Hootsuite, 2022).

Instagram is a social media platform that presents visual content in marketing rather than textual information (Virtanen et al., 2017). The photo-sharing and video-sharing features on Instagram are designed to make interactions between business owners and consumers easier, more convenient, and more interesting (Soelaiman & Utami, 2021). As a marketing communication tool, Instagram is becoming an effective and low-cost social media trend for SMEs (Akbar, 2020).

Slightly different from Instagram, TikTok is described as a mix of Instagram, Facebook, and YouTube powered by Artificial Intelligence (Mhalla et al., 2020). TikTok is experimenting with different business models by creating low-cost or even free video content (Anderson, 2020). It is easier for entrepreneur to create business content to promote their products creatively and efficiently through the Video Creation Kits and Smart Video Soundtracks features (Luthen & Soelaiman, 2022). The features expect to increase interactivity with the audience.

The intensity of the use of social media applications is related to a business's financial or non-financial performance (Akbar, 2020). Improved performance through social media use can reduce transaction and coordination costs, resulting in closer relationships with customers and business partners. Adoption of social media has an impact on increasing sales performance, expanding market share, improving customer service, and assisting in decision-making (Priambada, 2015).

According to the Technology Organization Environment (TOE) theory, introduced by Tomatzky and Fleicher in 1990, it is essential to consider various factors when adopting technology. These factors include the characteristics of the technology to be adopted, the internal context of the organization, and the external environment (Awa et al., 2015). Technical context relates to both the internal and external technologies that are relevant to the firm (Rahayu & Day, 2015). When adoption social media, several technology factors need to be taken into consideration, including compatibility, cost-effectiveness, and customer interaction (Odoom et al., 2017).

The first factor, compatibility, describes the extent to which an innovation follows existing values, past experience, and potential adoption needs (Soelaiman & Utami, 2021). Compatibility offers functions of social media activities with business operations that may not exist in traditional marketing media to meet consumer preferences and market needs (Odoom et al., 2017). SMEs tend to consider adopting social media compatible with the company's values and goals (Ainin et al., 2015).

Another factor influencing SMEs decision to use social media is cost-effectiveness. So far, marketing costs are considered quite expensive for SMEs. Effective use of social media can be a solution for SMEs to save on marketing costs because, usually, small-scale businesses such as SMEs have limitations in the capital (Ainin et al., 2015).

The next factor that needs attention in selecting social media is interactivity. The interactive nature of social media is an important two-way communication factor for bridging the gaps caused by differences in time and geographic location between consumers and sellers (Luthen & Soelaiman, 2021). Interactive features on social media can facilitate entrepreneur to communicate their marketing messages and get consumer feedback (Hanaysha, 2022). The existence of feedback through two-way communication through social media interactions will instill a feeling of responsiveness and a better flow

of reciprocity (Soelaiman & Utami, 2021).

The purpose of this research is to observe if there are any differences in compatibility, cost-effectiveness, and interactivity between two social media platforms, Instagram and TikTok, in measuring the impact of social media usage on the performance of SMEs. This study focuses on technological factors, as social media as a technological innovation is one of the essential components for the success of SMEs. Furthermore, comparative research on various social media platforms for business performance is limited. The findings of our study are poised to assist SMEs in making decisions on the appropriate social media platforms to use to enhance their business performance.

Literature Review and Hypotheses Development

According to the Technology Organization Environment (TOE) theory, technological factors such as compatibility, cost-effectiveness, and interactivity must be considered when implementing social media to improve business performance (Odoom et al., 2017). Compatibility refers to what extent social media is consistent with the technological infrastructure, work practices and cultural values that already exist in the company (Rahayu & Day, 2015). Compatibility essential in technology adoption, especially regarding to updates. Technology will be accepted if it consistent with the company's values and goals (Qalati et al., 2022). According to previous research, compatibility has a positive and significant influence on social media adoption (Ainin et al., 2015; Odoom et al., 2017; Qalati et al., 2021).

Odoom et al. (2017) defines cost-effectiveness as a criterion of concern in the decision-making process related to needs and priorities in carrying out an adoption. SMEs already encounter a lack of funds, so the cost of technology is a critical determinant in the SMEs context (Ahani et al., 2017). The use of social media by SMEs can save marketing communication costs compared to traditional media (Soelaiman & Utami, 2021). Several previous studies discovered that cost-effectiveness had a positive and significant impact on social media adoption (Ahani et al., 2017; Ainin et al., 2015; Qalati et al., 2021).

Wang & Chen (2020) define interactivity as an important factor in determining consumer responses to satisfaction, attitudes, purchasing decisions, and engagement. Interactivity should be considered when adopting social media because interactive features can bridge time and geographical location gaps between sellers and consumers (Luthen & Soelaiman, 2022). There is a positive influence between interactivity and social media because interaction can provide two-way feedback and instill feelings of responsiveness and better reciprocity (Odoom et al., 2017; Qalati et al., 2021).

Even though social media technology was not designed for the purpose of an organization, its use can help manage customer relationships (Ahani et al., 2017). Social media provides an opportunity to increase marketing and sales through more convenient and low-cost communication with consumers (Qalati et al., 2021). Social media can persuade potential customers about the knowledge of the products or services offered, eventually improving the business performance (Odoom et al., 2017). Several previous researchs found there is a positive and significant relationship between the use of social media and organizational performance (Ainin et al., 2015; Cao et al., 2018; Parveen et al., 2016; Rienda et al., 2020).

Based on the above, the concept of the research model is described in Figure 1.

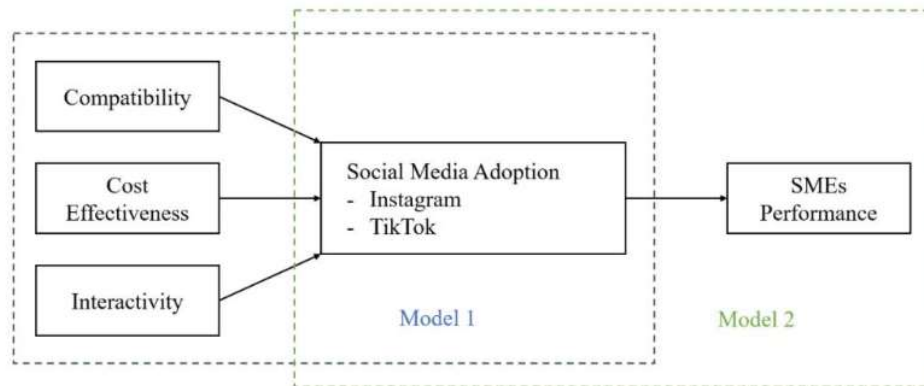


Figure 1: Research Model Concept

Concerning the concept of the research model in Figure 1, two models were developed, namely Model 1 and Model 2. In Model 1, three antecedent variables: compatibility, cost-effectiveness, and interactivity, affect the mediating variables of social media adoption. In this case, the adoption of social media does not function as a mediating variable but functions as a dependent variable. The final objective of this study is to determine the role of the adoption of social media on the performance of MSMEs. Therefore, Model 2 was formed. These models are also used to check the influence between variables in Instagram and TikTok.

Thus, the hypothesis of the entire research process is described as follows:

Hypothesis in Model 1

H1 : Compatibility has a positive and significant effect on social media adoption.

H1a : Compatibility has a positive and significant effect on Instagram adoption.

H1b : Compatibility has a positive and significant effect on TikTok adoption.

H2 : Cost-effectiveness has a positive and significant effect on social media adoption.

H2a : Cost-effectiveness has a positive and significant effect on Instagram adoption.

H2b : Cost-effectiveness has a positive and significant effect on TikTok adoption.

H3 : Interactivity has a positive and significant impact on social media adoption.

H3a : Interactivity has a positive and significant effect on Instagram adoption.

H3b : Interactivity has a positive and significant effect on TikTok adoption.

Hypothesis in Model 2

H4 : The adoption of social media has a positive and significant impact on the performance of MSMEs.

H4a : The adoption of Instagram has a positive and significant impact on the performance of MSMEs.

H4b : The adoption of TikTok has a positive and significant impact on the performance of MSMEs.

Difference Hypotesis

- H5 : There is a significant difference between the effect of compatibility on social media adoption on Instagram and TikTok.
 H6 : There is a significant difference between the effect of cost-effectiveness on social media adoption on Instagram and TikTok.
 H7 : There is a significant difference between the effect of interactivity on social media adoption on Instagram and TikTok.
 H8 : There is a significant difference between the effect of adopting social media on MSME performance on Instagram and TikTok.

Methods

This sub-chapter will discuss the research methodology, descriptive data of respondents, and the flow of the analysis process. This study uses a comparative descriptive research design to examine the effect of variablea on the Instagram and TikTok social media platforms. Respondents in the study are SMEs who use social media, Instagram or TikTok. This study uses a sample of 200 SMEs divided into 100 SMEs Instagram users and 100 SMEs TikTok users. Researchers contacted SMEs via direct messages on social media and asked about their willingness to participate as respondents. Questionnaire links are sent to respondents who respond to direct messages.

Table 1. Respondent's Descriptive Data

Description	Instagram	TikTok	Total
Gender			
- Male	35	33	68
- Female	65	67	132
Age			
- < 25 Years old	15	32	47
- 26 – 30 Years old	79	60	139
- 30 – 40 Years old	6	8	14
Business Establishment			
- < 2 Years	34	25	59
- 2 – 3 Years	55	63	118
- > 3 Years	11	12	23
Business fields			
- Culinary	40	36	76
- Fashion	31	33	64
- Cosmetics	11	16	27
- Services	13	13	26
- Accessories	5	2	7

Source: Primary data, processed (2023)

Based on the descriptive data of the respondents, the data obtained by the gender of female respondents were 66%, and male respondents were 34%. Most respondents aged 25-30 years, as many as 69.5%, are part of the millennial generation. Most respondents have been in business for 2 – 3 years (59%), with the most type of business in the culinary business (38%).

From the research design concept, the independent variables in the first Model consist of compatibility, cost-effectiveness, and interactivity variables. Compatibility is defined as extent to which an innovation is considered consistent with potential adopters' current needs or practices. Compatibility is measured using six indicators. The second independent variable is the cost-effectiveness which measures the cost balance criteria in the decision-making process. It is assessed through the use of five indicators. Finally, interactivity, which aims to measure communication interactions in business networks with consumers is measured using four indicators. All of these indicators were adapted from previous study by Odoom et al. (2017) and Ainin et al. (2015).

The impact of social media adoption on the performance of SMEs has been investigated in the second model of this study. In this model, social media adoption was examined as an independent variable while SME performance was the dependent variable. To measure social media usage, this study adopted five indicators adopted from research by Odoom et al. (2017) and Parveen et al. (2016). Similarly, there are seven indicators were used to measure the performance of SMEs adapted from Odoom et al. (2017), Ainin et al. (2015) dan Parveen et al. (2016). All indicators were designed as a questionnaire using a five-category Likert measurement scale, ranging from 1 = Strongly Disagree to 5 = Strongly Agree.

Partial Least Square-Structural Equation Modeling (PLS-SEM) method was used to build the Model listed in the research design. PLS-SEM is a variance-based SEM statistical model technique to make predictions between constructs that are indirectly measured by several indicators (Hair et al., 2021). Several reasons became the basis for the authors' consideration for using PLS-SEM in hypothesis testing. First, PLS-SEM does not require strong assumptions for data distribution, sample size, and measurement scale, which often happens survey data collection is not normally distributed. Second, due to the small sample size, PLS-SEM has higher statistical power. Finally, PLS-SEM is a suitable method for analyzing multivariate regression because of the error-free measurement between latent variables and indicators and between latent variables (Sarstedt et al., 2020). Furthermore, in carrying out data analysis, the SmartPLS v.3.2.9 software tool is used.

Briefly, Model 1 of PLS-SEM has a role in predicting the effect of compatibility, cost-effectiveness, and interactivity on social media adoption. Meanwhile, Model 2 has a role in predicting the effect of using social media on the performance of MSMEs. The formed model is analyzed using the outer model and inner model.

Outer Model is a model that describes the relationship between latent variables and their indicators. In this step, validity and reliability testing will be carried out. Measurement of reliability between variables and each indicator where the value of the outer factor loadings of each indicator should be above or close to 0.708. Meanwhile, to determine the reliability of the data, it can be seen from the value generated by composite reliability with a value between 0.70 to 0.95. To test the validity of each construct, convergent validity was measured with Average Variance Extracted > 0.50 and discriminant validity by calculating Heterotriat-Monotrait Ratio of Correlations (HTMT) < 0.90 (Hair et al., 2021).

The second step, is carried out by measuring the structural model, called the inner model. Inner model is a structural model used to predict the relationship between latent variables. In this test, a Bootstrapping procedure will be carried out to estimate the value with the smallest standard error rate based on a limited number of samples. The result of bootstrapping is the path coefficient value which states the magnitude of the influence

between latent constructs and the significance of the path coefficient based on the t-statistical test number. The hypothesis in the study can be accepted if the t-statistic value is greater than 1.96 (Hair et al., 2021). The test of the inner model is also intended to obtain the coefficient of determination (R^2) which measures the accuracy of the predicted constructs formed. The higher the value of R^2 , the better the model used (Hair et al., 2019).

The test of differences between the variables of compatibility, cost-effectiveness, and interactivity in social media Instagram and TikTok. The data were analyzed using Partial Least Squares Multigroup Analysis (PLS-MGA). The test begins by measuring the invariance through the MICOM (Measurement Invariance of Composite Models) procedure in three stages, namely configurational invariance (stage 1) to ensure the number of constructs and indicators from the two groups are equal and treated the same, the second stage is compositional invariance to determine the similarity of indicators from the outer model from each group and finally the scalar invariance stage to measure the difference between the variance and the average so that the MGA approach can be carried out (Cheah et al., 2020).

Results and Discussion

Data Processing Results

The outer model is tested through the validity and reliability tests shown in Table 2. The results show that each latent variable indicator has a value above or close to 0.708 (Hair et al., 2021), meaning that all indicators to measure latent variables can be used. Furthermore, referring to the results in Table 2, it is known that the Composite Reliability value has a good indication because it is in the range of 0.840 – 0.905, which means it meets the requirements > 0.7 . Likewise, the AVE value is above 0.5, and the results of the HTMT discriminant validity of all construct values in Table 3 are less than 0.9. Thus, it can be concluded that the measurement model of the construct is valid and reliable.

Table 2. Measurement of Variable Validity and Reliability

Measurement variables and indicators	Outer Loading	CR	AVE
Compatibilities		0.874	0.537
- Compatibility with the technology infrastructure owned	0.762		
- Compliance with business operations	0.699		
- Easy integration in every part of the business	0.765		
- Alignment with business values	0.726		
- Alignment with business strategy	0.750		
- Security level	0.690		
Cost-effectiveness		0.862	0.556
- Reduction of marketing communication costs	0.719		
- Cost savings related to marketing, branding and customer service	0.742		
- Effective than traditional media	0.713		
- Effective than other social media	0.755		
- Avoid unnecessary costs and time	0.796		
Interactivity		0.840	0.567
- Interactive communication features	0.716		
- There is a creative interactive	0.736		
- Engagement with customers	0.779		
- Clear response feature	0.779		
Social media adoption		0.905	0.545

- Attract new customers	0.776		
- Maintaining relationships with customers	0.745		
- Informing the product	0.701		
- Creating product brand awareness	0.692		
- Promote products and services	0.731		
Business performance		0.903	0.572
- Increase sales transactions	0.728		
- Increased number of customers	0.789		
- Strengthening the brand of the business	0.773		
- Increased customer loyalty	0.750		
- Improved relationship with customers	0.728		
- Facilitate the delivery of information	0.721		
- Accelerate the delivery of information	0.801		

Source: Primary data, processed (2023)

Table 3. Discriminant Validity

No	Construct	1	2	3	4	5
1	Cost-effectiveness					
2	Interactivity	0.849				
3	SME's Performance	0.835	0.837			
4	Compatibility	0.836	0.894	0.832		
5	Social Media Adoption	0.840	0.890	0.887	0.851	

Source: Primary data, processed (2023)

The percentage of the predictive power of variables in multivariate regression analysis can be interpreted through the value of the coefficient of determination (R^2). The magnitude of the coefficient of determination (R^2) in table 4 shows that the predictor variables of compatibility, cost-effectiveness, and interactivity can predict 66.7% of the variance in the measurement of social media use. Furthermore, the use of social media can predict 61.1% of the performance measurement of SMEs. The percentage value of R^2 obtained a value > 0.50 , which means that it can predict moderately (Hair et al., 2019).

Table 4. R^2 Measurement

Construct	R^2
Use of social media	0.667
SMEs performance	0.611

Source: Primary data, processed (2023)

The path coefficient value of the construct based on the hypothesis that has been formed shows the results as shown in table 5. In the first hypothesis that tests whether compatibility influences social media adoption, the t-statistic value for Instagram is 2.852, and TikTok is 2.469. The hypothesis test results show that the compatibility of the Instagram and TikTok social media choices is acceptable. Different things were found in the second hypothesis test, testing whether cost-effectiveness influences the use of social media. In this case, the effect of cost-effectiveness in the adoption of Instagram social media is rejected (t-stat = 1.266), but for TikTok social media, it is acceptable (t-stat = 3.971). Furthermore, hypothesis 3, which tested the effect of the interactivity variable on social media adoption, obtained t-statistic values for Instagram at 5.037 and Tiktok at 1.987. Finally, the results of testing hypothesis 4 to determine whether the adoption of social media affects business performance, the t-statistic results for the use of Instagram

are 18.065 and for TikTok 14.216, which means that the adoption of social media, both Instagram and TikTok, has a significant effect on business performance.

Table 5. Regression Result

Hypothesis	Original Sample		t-statistics		Result	
	IG	TikTok	IG	TikTok	IG	TikTok
Compatibility → Social Media	0.272	0.332	2.852***	2.469***	Accepted	Accepted
Cost-effectiveness → Social Media	0.148	0.373	1.266*	3.971***	Rejected	Accepted
Interactivity → Social Media	0.487	0.215	5.037***	1.987**	Accepted	Accepted
Social Media → Performance	0.816	0.753	18.065***	14.216***	Accepted	Accepted

Note: *p < 0,1; **p < 0,05; ***p<0,01
 Source: Primary data, processed (2023)

The MICOM test was conducted to determine the differences between compatibility, cost-effectiveness, and interactivity variables in the adoption of Instagram and TikTok social media. Testing begins by making sure the Configural Invariance has been met. It is known that the indicators used in the construct for both social media are the same. Likewise, the data has passed the validity and reliability tests to meet the Configural Invariance. The second stage is testing the Compositional Invariance with the permutation method process. If the p-value of the permutation is greater than 0.05 and or the Correlation Permutation Mean value is greater than 0.05 means statistically the Compositional Invariance is met.

Table 6. Compositional Invariance Test

Variable	Correlation Permutation Mean	p-value
Compatibility	0.998	0.408
Cost Effectiveness	0.997	0.890
Interactivity	0.996	0.489
Social Media Adoption	0.999	0.914
SMEs Performance	0.999	0.100

Source: Primary data, processed (2023)

The next test step is Scalar Invariance which helps know the difference in the average or variance between groups. If the value of the difference in mean and variance is between the lower limit value range of 2.5% to the upper limit value of 97.5% and or the permutation value is greater than 0.05, it means that there is no difference between groups.

Referring to the results of table 7 and table 8, it can be concluded that there is an average difference between two different social media groups (mean value upper limit value of 97.5% and p-values <0.05). On the other hand, there is no difference in variance between social media groups (lower limit value 2.5% < variance value < upper limit value 97.5% and p-values > 0.05).

Table 7. Scalar Invariance Test Results for Mean Difference

Variable	<i>Mean – Original Difference (Instagram – TikTok)</i>	Lower Limit Value 2,5%	Upper Limit Value 97,5%	<i>p-value</i>
Compatibility	0.285	-0.254	0.286	0.044
Cost Effectiveness	0.413	-0.281	0.278	0.000
Interactivity	0.459	-0.283	0.285	0.002
Social Media Adoption	0.424	-0.272	0.277	0.003
SMEs Performance	0.283	-0.260	0.283	0.039

Source: Primary data, processed (2023)

Table 8. Scalar Invariance Test Results for Variance Differences

Variable	<i>Variance – Original Difference (Instagram – TikTok)</i>	Lower Limit Value 2,5%	Upper Limit Value 97,5%	<i>p-value</i>
Compatibility	-0.011	-0.415	0.404	0.970
Cost Effectiveness	-0.188	-0.411	0.403	0.378
Interactivity	-0.157	-0.373	0.382	0.415
Social Media Adoption	-0.197	-0.406	0.395	0.337
SMEs Performance	-0.131	-0.368	0.337	0.489

Source: Primary data, processed (2023)

Based on the results of the MICOM test, it can be concluded that the PLS-MGA procedure can be carried out. Table 9 describes the results of the MGA different test hypotheses. A significant difference between the two social media is interpreted if the significance value is less than 0.05 (Cheah et al., 2020).

Table 9. MGA Difference Test Results

Hypothesis	<i>Original Sample Difference</i>	<i>p-value</i>	Conclusion
H5 There is a difference between the effect of compatibility on social media adoption on Instagram and TikTok	-0.060	0.344	Rejected
H6 There is a difference between the effect of cost effectiveness on social media adoption on Instagram and TikTok	-0.226	0.061	Rejected
H7 There is a difference between the effect of interactivity on social media adoption on Instagram and TikTok	0.272	0.041	Accepted
H8 There is a difference between the effect of adopting social media on the performance of SMEs on Instagram and TikTok	0.063	0.156	Rejected

Source: Primary data, processed (2022)

The results in table 9 show that: p-value from H5 hypothesis testing is 0.334, which means the hypothesis is rejected, which means that there is no difference between the effect of compatibility on social media adoption on Instagram and TikTok. Likewise, testing the H6 hypothesis regarding the difference in the effect of cost-effectiveness on the adoption of social media on Instagram and TikTok, the p-value = 0.334, which means the hypothesis is rejected. Different results are shown in hypothesis H7 to test whether there are differences in interactivity between Instagram and TikTok. Based on the results

of the hypothesis obtained $p\text{-value} = 0.041$, the hypothesis is accepted. Finally, the results of testing the H8 hypothesis regarding the difference between the adoption of social media Instagram and TikTok on the performance of SMEs were rejected with a $p\text{-value}$ of 0.156. It means that there is no difference between the effect of the adoption of the two social media, both Instagram and TikTok, on the performance of SMEs.

Discussion

Based on the measurement, it can be proven that compatibility's effect on social media use is positive for Instagram and TikTok. Social media can adapt to the needs and business practices of SMEs and is also simple to use, so SMEs are interested in adopting social media into their business activities. In terms of compatibility, SMEs perceive Instagram and TikTok as social media platforms that provide functions and features that did not previously exist and improve marketing media in meeting consumer preferences and market needs. By integrating social media activities into business operations that are consistent with the organization's values and goals, SMEs can effectively and efficiently match their target customers by sharing the content of their products or services almost instantly (Soelaiman & Utami, 2021).

In terms of cost-effectiveness, the reality is beyond prediction. Instagram and TikTok differ in terms of cost-effectiveness. The cost-effectiveness of Instagram has no effect on its use, whereas TikTok has a positive and significant effect. The use of social media is said to be cost-effective, particularly in terms of marketing. Social media is very beneficial, especially for SMEs with limited resources (Jones et al., 2015). Adopting social media will be particularly valuable to SME owners because it allows them to introduce products or services at a low cost. Marketing is generally commonly as a major expense for SMEs. Many SMEs find social media useful because it provides free or low-cost promotion. Nevertheless, this cost-effectiveness was not strongly felt by Instagram users. It is possible due to the relatively high cost of being paid to promote on Instagram in order to reach a larger audience. Furthermore, Instagram users typically use endorsements by paying an influencer a high fee to post products.

In terms of interactivity, both social media, Instagram and TikTok have a positive and significant influence on the use of social media. Social media provides synchronous and real-time interaction to become more attractive to consumers. In this case, business owners can get fast and direct feedback based on the wishes and needs of customers because of the direct response from consumers through the likes, mentions, and comments features found on social media. In addition, social media provides effective interaction, and interactivity bridges the difference between time and geographical location, so interactivity is the primary consideration for using social media. This finding is in line with the function of social media in terms of its broad and interactive reach, so that it has an impact on brand awareness. (Rossiter, 2014)

The results of hypothesis testing also state that there is a positive and significant influence of the use of social media Instagram and TikTok on the performance of SMEs. It is undeniable that SMEs' use of social media has become a requirement. Social media is used to attract new customers, build relationships, raise brand awareness, communicate, and promote products, receive customer feedback, and maintain good relationships with business partners. Using the right social media will help SMEs improve their performance because customer responses and experiences on social media encourage potential customers to choose these products or services.

In more detail, based on the different test results from both Instagram and TikTok,

there is only one variable that has a significant difference: interactivity. According to the study's findings, Instagram offers more interactivity than TikTok. This is possible because the interaction of promotional content on Instagram offers more diverse features than the TikTok feature, which only focuses on filters for video creation. Furthermore, Instagram paid ads assist SMEs in placing their products with more specific targets in order to improve customer interaction.

Conclusion

Based on the results of the study, it has been proven that compatibility and interactivity are variables that have a significant effect on the adoption of Instagram and TikTok social media. On the other hand, the cost efficiency variable only affects the adoption of Tiktok but does not significantly affect Instagram.

The results of this study also prove that of the three compatibility variables, cost-effectiveness, and interactivity, that affect social media adoption, only interactivity is found to have a significant difference. The other two variables, compatibility, and cost-effectiveness did not significantly differ in social media adoption, but Instagram's interactivity was greater than TikTok's.

Furthermore, the study discovered a positive and significant influence from the use of social media platforms Instagram and TikTok on the performance of SMEs. As a result, in the current digital era, every SME owners should be aware of this. It is essential for SMEs to adopt social media to improve their performance. Each social media platforms has distinct advantage over the others.

This study has some limitations that can improved with future research. First this study only compares two social media platforms: Instagram and TikTok. Second, the study only tested SEMs from Jakarta area. Finally, this study did not investigate external factors that influence social media adoption, such as organization and environmental factors.

From the results obtained in this study, researchers can provide suggestions to SMEs to consider market segmentation and product while deciding social media platform. This is related to the distinct characteristics of the two social media platforms; Instagram has a broader user base, including young people to the elderly, while TikTok is predominantly used by young people. However, there is nothing wrong if SMEs utilize both social media platforms in conducting their business to enhance overall business performance, especially in terms of cost-effectiveness.

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