The Role of Influencer Marketing to Improve Organizational Performance and its Impact on Purchasing Decisions

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I. Introduction

The unprecedented development of social media has provided many opportunities for organizations to connect with customers through accessible platforms (Kietzmann et al., 2011). However, along with the development of technology itself, advertising that occurs on social media has gradually caused fatigue which has resulted in many people ignoring the ads that appear from the platform (Jacobson et al., 2020). Among the many innovative approaches that companies have tried today is using influencers as an approach to connecting with potential customers on social media (Childers et al., 2019). Social media influencers are users who gather followers by creating content online and then sharing that content in order to get a lot of followers (Sokolova and Kefi, 2020). An influencer can forge a closer psychological bond with their followers by sharing content that revolves around lifestyle and interests (Audrezet et al., 2018). Furthermore, the influence of an influencer can make the message that is shared more effective and easily accepted by consumers so that it leads to purchasing decisions (Lou and Yuan, 2019). Recently, many companies or organizations have participated in using influencers as promotional activities as a means to improve organizational performance. An influencer can forge a closer psychological bond with their followers by sharing content that revolves around lifestyle and interests (Audrezet et al., 2018). Furthermore, the influence of an influencer can make the message that is shared more effective and easily accepted by consumers so that it leads to purchasing decisions (Lou and Yuan, 2019). Recently, many companies or organizations have participated in using

Abstract

This study aims to determine the role of influencer marketing to improve organizational performance and its impact on consumer purchasing decisions. This study uses a descriptive verification approach, a sample of 131 SME owners using incidental techniques. Data analysis used SEM with Amos software version 22. The primary data of this study was obtained from a questionnaire. While secondary data obtained through notes and publications as well as literature study. The results showed that the role of influencers had a positive and significant effect on organizational performance and purchasing decisions, and the role of influencers had a positive effect on organizational performance through mediation of purchasing decisions. This study is proposed to determine the aspects of the role of influencer marketing related to organizational performance in SMEs in the city of Bandung and also emphasizes aspects of competitive competence that have an impact on performance, especially in SMEs.

Keywords

influencer marketing; organizational performance; purchase decision preliminary

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influencers as promotional activities as a means to improve organizational performance. An influencer can forge a closer psychological bond with their followers by sharing content that revolves around lifestyle and interests (Audrezet et al., 2018). Furthermore, the influence of an influencer can make the message that is shared more effective and easily accepted by consumers so that it leads to purchasing decisions (Lou and Yuan, 2019). Recently, many companies or organizations have participated in using influencers as promotional activities as a means to improve organizational performance.

Product marketing communication strategies through social media, especially influencers, have become a popular choice and are considered relatively cheaper and more effective. When compared to advertising in conventional media such as TV, newspapers, or billboards, the costs incurred are indeed much more expensive than social media. The increasing use of social media which is currently widely used, especially for business people, is used as one of the strategies used as promotional media to get consumers. When consumers are interested in shared content, they are more likely to make a purchase decision. Liu and Li (2015) state that a good promotional strategy can influence consumer decisions. This is because in today's lifestyle people are more likely to use smart devices called smartphones in searching for related information as a means of meeting their needs (Pondag, T, 2019). The success of a good marketing communication strategy today will certainly not be separated from the use of good social media. According to Nurhandayani et al (2019), internet users in Indonesia have increased by 27,916,716 from the previous year. These users are generally more dominated by generations Y and Z who have a high level of dependence on the digital world, especially in making purchases through e-commerce. The success of a good marketing communication strategy today certainly cannot be separated from the use of good social media. According to Nurhandayani et al (2019), internet users in Indonesia have increased by 27,916,716 from the previous year. These users are generally more dominated by generations Y and Z who have a high level of dependence on the digital world, especially in making purchases through e-commerce. The success of a good marketing communication strategy today certainly cannot be separated from the use of good social media. According to Nurhandayani et al (2019), internet users in Indonesia have increased by 27,916,716 from the previous year. These users are generally more dominated by generations Y and Z who have a high level of dependence on the digital world, especially in making purchases through e-commerce.

Table 1. Frequently used E-Commerce content

<table>
<thead>
<tr>
<th>e-commerce</th>
<th>Number of visitors (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopee</td>
<td>11.2</td>
</tr>
<tr>
<td>Bukalapak</td>
<td>8.4</td>
</tr>
<tr>
<td>Lazada</td>
<td>6.7</td>
</tr>
<tr>
<td>Tokopedia</td>
<td>4.3</td>
</tr>
<tr>
<td>Traveloka</td>
<td>2.3</td>
</tr>
<tr>
<td>Other</td>
<td>13.2</td>
</tr>
<tr>
<td>Never opened e-commerce</td>
<td>53.4</td>
</tr>
</tbody>
</table>

Source: APJII (2020)

From the survey conducted by APJII (2020), several e-commerce companies have used influencers as a promotional strategy that can improve business performance. Apart from the use of influencers in promotional activities, there is still little research on influencers in the context of SMEs, especially in Indonesia. This study seeks to fill the gap to investigate the role of influencer marketing in improving business performance that can have an influence on
purchasing decisions. Performance in this case is the readiness of the organization in providing products, providing services, and building a good image in the eyes of consumers. A content that is shared by an influencer well can have an impact on the organization. Of course, this influence does not always have a positive impact. If an influencer has controversy and has a negative image in the eyes of the public, then its function as a means of promotion will have a negative impact. Therefore, companies or organizations must be more selective in choosing influencers as a means of strategy in promotion. The formulations in this research are, (1) does the role of influencer marketing affect organizational performance? (2) does organizational performance influence consumer purchasing decisions? (3) does the role of influencer marketing mediated by purchasing decisions affect organizational performance?

II. Review of Literature

2.1 Influencer Marketing

Influencer marketing is social media activists who have many followers, whose activity is to share content (Arora, Bansal, and Kandpal, 2019). They are social media users who accumulate followers by telling stories about lifestyle and consumption of products or services (Childers, et al, 2019). On social media, often an influencer shares their opinion about the product, service, that he uses. These influencers can be considered as opinion leaders who contribute to social networks that are quite large in influencing many people (De Veirman, Cauberge, and Hudders, 2017). For consumers, the role of influencers is seen as a source of information that can be used as a reference in purchasing activities (De Veirman et al., 2017). According to Nurhandayani (2019), the more followers, the more people who can be influenced by influencers. According to Audrezet et al (2018), currently for growing companies, influencers can be used as a tool or strategy in improving the most effective marketing and promotion performance.

2.2 Organizational Performance

The competitive market is becoming increasingly dynamic and encourages organizations to react quickly and adapt to the necessary changes. Organizational performance indicators make it possible to assess whether business operational processes and activities are carried out satisfactorily until they are continued as advantages that have a major impact on company profitability (Johan, 2019). To measure this performance, organizations are focused on creating performance indicators for each business area, which are designed and used separately (Abubakar, A, M, 2019). Thus, it is felt that there is no alignment regarding organizational performance. When viewed from a financial point of view, performance is measured based on sales revenue, but when viewed from a non-financial point of view, performance is measured based on the organization's ability to respond to environmental changes. In Hooi's research, L (2020) performance is measured on a non-financial basis (flexibility and availability of various variants). Performance is a measure of the level of organizational success in the results of work that has a strong relationship with organizational goals. If the organization has a goal to be able to serve all customer needs, then performance is defined as the organization's ability to provide and serve customers well. In the context of SMEs, performance is usually focused on obtaining large sales (Zucchella, A et al, 2019). According to Hoque (2018), performance will be able to provide information to assess the extent of the excellence of an organization. The organization's ability to respond to trends in products and services.
Organizational commitment divides into three dimensions, which are: affective, continuance and normative (Mont and Lindhqvist, 2003). Affective commitment came from emotional or psychological attachment with the organization. Continuance commitment based from one’s judgment who has been investing his resource, personal capacity (knowledge and skill) to the organization, thus it would be risky/costly if he was to leave the organization. Normative commitment was based on morality motive, in which individual was morally responsible to be loyal toward organization (Gayle in Syakur et al, 2020).

2.3 Buying Decision
A marketer needs to understand how the process of making purchasing decisions. The decisions taken by consumers are closely related to what he buys (products and services), the quantity purchased, the place where he buys, the time he buys, and the method or way he buys. A decision is defined as the selection of available options (Zachary et al, 2017). While decision making is the process of choosing an alternative from the available options. Recent studies on consumer behavior focus on how individuals make decisions by using available resources (time, money, effort) on consumption-related items (Ram and Manoj, 2014). Purchasing decisions are studies of the processes involved when individuals or groups choose purchase, use, or dispose of products, services, ideas, and experiences to fulfill their needs and desires (Prasad, R, K, 2014). Consumer purchases are a response to a perceived problem. Prior to the decision stage, consumers usually collect and process information, evaluate and choose the best option to solve a problem or make a purchase choice (Krishnakumar, 2018). Purchasing decisions are the reasons for how consumers determine the choice of purchasing a product according to their needs, desires and expectations so that it can lead to satisfaction or dissatisfaction with the product (Stoian and Tugulea, 2018). According to Kiruti and Sreeya, 2019) suggest that the purchasing decision process is a stage that buyers go through in determining the choice of a particular product or service.

2.4 Conceptual Framework and Hypothesis Development

2.5 Influencer Marketing Influence on Organizational Performance
The role of influencer marketing is recognized as a function that can represent the organization in carrying out promotional activities related to products and services (Purcarea, 2017). According to Childers, et al (2019), the role of influencer marketing can be as the spearhead in business success. To achieve this success, the products and services offered must meet the needs of consumers. Thus, the fulfillment of these needs can result in satisfaction for consumers which leads to organizational performance. According to Nurhandayani (2019) the role of influencers in carrying out promotional activities can increase high organizational performance.

H1. Influencer marketing has an effect on organizational performance.
2.6 The Influence of Influencer Marketing on Purchasing Decisions

An organization must understand how consumers make decisions. The decisions taken by consumers are closely related to what he buys (products and services), the quantity purchased, the place where he buys, the time he buys it, and things that can affect it. A decision is defined as the selection of available options (Zachary et al., 2017). According to Nurhandayani (2019) the role of influencers is one of the factors that can influence purchasing decisions.

H2. Influencer marketing has an effect on purchasing decisions.

2.7 The Influence of Purchasing Decisions on the Performance of SMEs

According to Johan (2019), organizational performance can be measured by two factors, namely financial and non-financial. Furthermore, organizational performance will be able to provide information to assess the extent of the excellence of an organization. The ability of the organization to respond to trends in products and services is the key to an organization. Therefore, if an organization is able to provide what consumers need and provide various variants of products or services, the organization's performance can be said to be good and can influence consumer purchasing decisions. Research by Hooi, L (2020) states that sometimes consumer decisions to make purchases can be influenced by the performance of the business itself. If the business performance is good, it will be able to attract consumers to make purchases.

H3. Purchase decisions affect the performance of SMEs

2.8 Influencer Marketing Influence on Marketing Performance with Purchasing Decisions as an Intervention

As it has been stated that influencer marketing has an influence on marketing performance (De Veirman et al., 2017). However, the role of influencer marketing can also have a negative influence on the organization if the organization chooses a controversial influencer or in other contexts has a negative impression, it will be able to reduce the performance of the organization itself. When the influencer's role has a positive impact on performance, the organization's chances of getting consumers are greater.

H4. Influencer marketing has an effect on marketing performance with purchasing decisions as an intervention.

III. Research Methods

The data that the researcher uses in this study is a descriptive qualitative approach. It is called qualitative, because the nature of the data collected is qualitative in nature, not quantitative in nature which uses measuring tools that intend to understand the phenomenon of what is experienced by the research subject, for example behavior, perception, motivation, action and others holistically, and by way of description, in the form of words and language, in a special context that is natural and by utilizing various natural methods. (Muhadjir, 2002) Therefore, to get complete, in-depth data and give the right answer to the problem to be studied, qualitative research is used (Azwar, 2004). By using qualitative methods, data that is not observed and measured quantitatively can be found, such as values, mental attitudes, habits, beliefs and cultures held by a person or group in a certain environment. If viewed from the point of view of the ability or possibility of research to provide information or explanation, then this research includes descriptive research. Descriptive research is research that seeks to describe certain social units which include individuals, groups, institutions and society. (Sugiyono, 2005)
Location: This research will be conducted in Batu Bara Regency. Meanwhile, the focus of the research is the Bappeda Office, which is located at Jl. Besar Simpang Dolok Village, Limapuluh, Air Hitam, Limapuluh District, Batu Bara Regency, North Sumatra 21255. The research period starts from April 2021 to May 2021.

IV. Result and Discussion

In this study, the sample profile can be seen in the following table:

Table 2. Profile of Respondents

<table>
<thead>
<tr>
<th>Respondent Profile</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Man</td>
<td>59</td>
<td>39%</td>
</tr>
<tr>
<td>Woman</td>
<td>92</td>
<td>61%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt;20 yrs</td>
<td>33</td>
<td>22%</td>
</tr>
<tr>
<td>31-40 yrs</td>
<td>96</td>
<td>63%</td>
</tr>
<tr>
<td>&gt;40 yrs</td>
<td>22</td>
<td>15%</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SMP/MTs</td>
<td>13</td>
<td>8%</td>
</tr>
<tr>
<td>SMA/SMK/MA</td>
<td>87</td>
<td>58%</td>
</tr>
<tr>
<td>Diploma (D1/D2/D3)</td>
<td>17</td>
<td>11%</td>
</tr>
<tr>
<td>Bachelor degree</td>
<td>28</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: Data processed 2020

Based on the acquisition of the respondent's profile in table 1, respondents who own SMEs in the city of Bandung indicate that most of the respondents are women as many as 92 people or 61%. Based on the age of the respondents, the majority are aged 31 to 40 years. While most of the respondents are more dominated at the high school level. This shows that the SMEs in the city of Bandung are at a productive age.

4.1. Statistic Analysis

This analysis is needed to test the assumptions consisting of several tests, namely normality test, linear test, outlier test, and multicollinearity test. The results of the classical assumption test show that this study is normally distributed. The results obtained through the Amos software, the researchers obtained the following test results:

Table 3. Hypothesis Test Results

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
<th>SE</th>
<th>CR</th>
<th>P</th>
<th>Label</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying decision</td>
<td>Influencer Marketing</td>
<td>.753</td>
<td>.103</td>
<td>7.253</td>
<td>***</td>
</tr>
<tr>
<td>Performance</td>
<td>Buying decision</td>
<td>.368</td>
<td>.074</td>
<td>4.704</td>
<td>***</td>
</tr>
<tr>
<td>Business performance</td>
<td>Influencer Marketing</td>
<td>.487</td>
<td>.098</td>
<td>5.057</td>
<td>***</td>
</tr>
</tbody>
</table>

Source: Processed with AMOS 22

Based on the results from table 3, it is obtained that the influencer marketing variable has an effect on business performance through purchasing decisions as an intervening variable when viewed from the CR value greater (>) than 2.00 and the P value smaller (<) than 0.05. The results of the direct and indirect influence test and the total effect of these variables are:
Table 4. SEM Coefficient Value Effect Between Variables

<table>
<thead>
<tr>
<th></th>
<th>Standardized Direct Effects</th>
<th>Standardized Indirect Effects</th>
<th>Standardized Total Effects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>X</td>
<td>Y</td>
<td>X</td>
</tr>
<tr>
<td>Y</td>
<td>.546</td>
<td>.000</td>
<td>0</td>
</tr>
<tr>
<td>Z</td>
<td>.364</td>
<td>.372</td>
<td>.195</td>
</tr>
</tbody>
</table>

Source: Processed with AMOS 22

4.2. Coefficient of Determination

Next, the researcher tries to test the coefficient of determination estimate which shows the following:

Table 5. Coefficient Determination

<table>
<thead>
<tr>
<th></th>
<th>Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buying decision</td>
<td>.283</td>
</tr>
<tr>
<td>SME performance</td>
<td>.457</td>
</tr>
</tbody>
</table>

Source: Processed with AMOS 22

R2 model = 1 - (1 – R21) (1 - R22)
= 1 – (1 – 0.283) (1 – 0.457)
= 1 – 0.39
= 0.61 or 61%

Based on the calculations obtained, the coefficient of determination is 61%. These results indicate that the contribution of the model from the three research variables is 61% and the rest is influenced by other variables by 39% which are not examined in this study.

4.3. Mediation Test

Furthermore, the research tested the mediation test on the influencer marketing variable (X) which affects purchasing decisions (Z), and the purchasing decision variables affect business performance (Y), but the influencer marketing variable also affects the performance of SMEs, and affects performance through purchasing decisions. This means that the mediation in this study is partial mediating.

4.4. Sobel Test

Table 6. The results of the Sobel Test

<table>
<thead>
<tr>
<th></th>
<th>Test Statistics</th>
<th>Std.Error</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sobel Test</td>
<td>X1-ZY</td>
<td>3.94817482</td>
<td>0.058964372</td>
</tr>
</tbody>
</table>

Source: Processed with AMOS 22

The acquisition of the probability value of influencer marketing is significant at 0.000 (p 0.05).

This explains that the influencer marketing variable model has a significant influence on the performance variables of SMEs and purchasing decision variables, so the results of this test can be accepted.
4.5. The Influence of Influencer Marketing on the Performance of SMEs in Bandung

The performance of SMEs in Bandung has contributed significantly to economic development. This can be seen from the number of SMEs who use influencers in marketing various products. The role of an influencer in carrying out promotional activities is very important for organizations to seek good performance. Proven role can represent the organization in making sales. Organizations that use an active influencer and have good communication in carrying out promotions to consumers can provide a good image for the organization itself. So that purchasing decisions obtained from promotional activities can increase sales. The role of an influencer in improving the performance of SMEs is very important for business continuity. For profit-oriented organizations, Using an influencer is very important, especially when many consumers are using social media. This is in line with research conducted by Nurhandayani (2019) that an influencer can have an influence on organizational performance, especially for SMEs in the city of Bandung.

4.6. The Influence of Influencer Marketing on Purchasing Decisions

Consumer decisions are choices from various alternatives chosen by consumers. Audrezet (2018) mentions many factors that can have an influence on purchasing decisions. An influencer is someone who has followers who follow them, making it easier for influencers to share content. The relationship between an influencer and a consumer will always occur when there is a transaction. The content provided and the products offered are one of the activities of an influencer marketing so that it becomes a means of carrying out promotional activities. In making a purchase decision, consumers do not only measure the products offered, but also from the influence of the recommendations given. Therefore,

4.7. The Influence of Purchasing Decisions on the Performance of SMEs

Consumer decisions are actions where consumers make purchases of products or services. A decision must contain an element of choice, if the consumer does not have a choice then it is not included in the decision action. According to Prasad, R (2014) purchasing decisions can be obtained when organizations (SMEs) can provide the desired product, variants, and services provided through salespeople. When consumers are satisfied with the products and services provided, this can make the company's image high. Thus, this can reflect the success of the organization in obtaining its performance. The results of this study are in line with research which states that consumer decisions affect organizational performance (SMEs).

4.8. The Influence of Influencer Marketing on the Performance of SMEs with Purchasing Decisions as an Intervening Variable

Sobel significance value in this study is equal to 0.000 <0.05. This shows that consumer purchasing decisions can mediate the relationship between influencer marketing variables on the performance of SMEs. The indirect effect obtained from the labor variable on the performance of SMEs with purchasing decisions as an intervening is 0.195, so the results in this study mean that the role of influencer marketing, purchasing decisions and SME performance affects the SME organization itself. It is important to note that organizations (SMEs) in the city of Bandung pay attention to the selection of an influencer so that their influence does not give negative results to the organization. Choosing an influencer properly will have an influence on organizational performance because an influencer in general can have an influence on his followers. Based on the results of tests conducted by researchers regarding the mediation test, the influence of influencer marketing on the performance of SMEs is 0.364. These results indicate that the hypothesis is accepted. The
hypothesis states that an influencer has a positive effect on the performance of SMEs through purchasing decisions in the city of Bandung. These results provide an explanation that the influencer variable cannot stand alone in influencing the performance of SMEs. Based on the results of tests conducted by researchers regarding the mediation test, the influence of influencer marketing on the performance of SMEs is 0.364. These results indicate that the hypothesis is accepted. The hypothesis states that an influencer has a positive effect on the performance of SMEs through purchasing decisions in the city of Bandung. These results provide an explanation that the influencer variable cannot stand alone in influencing the performance of SMEs. Based on the results of tests conducted by researchers regarding the mediation test, the influence of influencer marketing on the performance of SMEs is 0.364. These results indicate that the hypothesis is accepted. The hypothesis states that an influencer has a positive effect on the performance of SMEs through purchasing decisions in the city of Bandung. These results provide an explanation that the influencer variable cannot stand alone in influencing the performance of SMEs.

V. Conclusion

Based on the results obtained and the discussion that has been presented, this research can be concluded that: (1) In accordance with the distribution of questionnaires distributed to respondents, influencers have a positive and significant effect on the performance of SMEs in the city of Bandung. The good and bad choices of an influencer chosen by the organization greatly affect the performance of the organization, especially for SMEs in the city of Bandung, (2) an influencer influences consumer purchasing decisions. The content provided when carrying out product or service promotion activities and the communication that is made can affect consumer purchasing decisions, (3) consumer purchasing decisions have a positive effect on the performance of SMEs. It is shown that the more consumers make purchases, the more consumer sales increase so that their image in the eyes of consumers is high, (4) influencers have a positive effect on the performance of SMEs through consumer purchasing decisions as mediation. It can be seen that if the organization is right in choosing an influencer in carrying out its promotional activities, it will have an impact on consumer purchasing decisions. Thus, consumer purchasing decisions indicate that the high performance of the organization. Thus, consumer purchasing decisions indicate that the high performance of the organization.

References


