Which Components Social Capital Influences Marketing? The Case of Local Food Processing Micro Small Medium Entreprises in Payakumbuh City, Indonesia Elviati 1*, Yonariza 2, Endrizal Ridwan 3, and Hasnah 4 1*PhD student in the field of Agricultural science, post graduate program, Universitas Andalas, Limau Manis Padang 25163 West Sumatera, Indonesia 2,4Department of Agricultural Socio economic, Faculty of agriculture Universitas Andalas, Limau Manis, Padang, 25163 West Sumatera , Indonesia 3Department of Economic, Faculty Economic, Universitas Andalas, Limau Manis, Padang 25163, West Sumatera, Indonesia

Abstract-A good market supports good business, and this hardly occurs with Micro, Small and Medium Enterprises (MSMEs),based on the limited production capacity.

In addition, they often have difficulty competing with similar products obtained from established and large-scale suppliers, therefore, growing and maintaining the MSMEs business requires capital, availability of markets, networks, and skilled human resources, which needs to be bonded through social capital. This study aims to analyze the effect of social capital on marketing and how much influence it has on marketing.

This study used survey method involving 98 respondents of MSMEs entrepreneurs, all was agriculture processing based MSMEs. Furthermore, the results showed that all social capital elements (beliefs, norms, and networks) simultaneously influenced marketing, seen from the R square value = 0.519, with the F test of Mean while, the t-test indicated the effect of all independent variables, specifically with Y (Maketing value), X1 (Trust Value), X2 (Norm Value), and X3 (Network Value). These findings confirm the significant positive effect ofeach social capital element (trust, norm, and networking) on marketing.

This research suggests that running a business requires MSMEs to optimize social

capital, particularly in the aspect of marketing network development. Keywords : local food processing, business, marketing, micro small medium entreprises, social capital Introduction Product marketing involves the identification of the right market place, which is the first step to determine the appropriate time to embark on a new business opportunity.

These activities, specifically for SMEs (Small and Medium Enterprises), tend to be more informal and reactive to prospective markets (Izvercian et al., 2016). Also, a specific increase subsequently improves the welfare of Micro, Small, and Medium Enterprises (MSMEs) actors, therefore, leading to the prosperity of a country's economy. This outcome depends partly on the total amount of products created by labor, and to some extent on the value of products obtained from business activities.

MSMEs are, therefore, able to absorb a large portion of the labor force, as seen in Indonesia, where contributions are made towards improving the economic sector, which is similarto the practice in other countries worldwide. According to the OECD, it has been established that MSMEs globally absorb an average of 70% of the labor force, while those in Indonesia constituted about 99.99% of the national economy. In addition, they are known to absorb 97.30% of the workforce and contribute 62.57% to GDP, based on MSMEs Ministry data obtained in 2016.These practices subsequently help to overcome economic crisis, through the incorporation of excess labor, observed from the contributions generated in this sector.

These advancements have fluctuated through the time, while the enterprises have been unable to properly maintain personal businesses, dueto the unpreparedness towards overcoming various obstacles, encompassing lack

of capital, availability of skilled human resources, and marketing. Therefore, the development and maintenance of a business requires that these needs be met, in order to enhanceits chances of survival through adequate product marketing.

According to Che Omar and Anas (2014), marketing problem share commonly faced by MSMEs, in addition to financial, management, and production challenges. Therefore, reaching the market with competitive advantage requires channeling work towards innovating and developing products and services, by means of paying attention to a customer needs (Zehir et al., 2015; Hacioglua et al., 2012).

Additionally, it is also known that social capital, encompassing good network, especially with customers, suppliers, and government institutions increases the company's competitiveness. There is, therefore, the need for a binding network in the form of social capital, which confers a positive effect on product purchase, and strongly contribute stoward the formation of a marketing network.

This further increases business activities, demanding the building of this factor through a means that anticipates better informal connections with consumers, in order to obtain information for promotion (Felzensztein et al., 2014). Social capital is an important business element adopted in the process of overcoming problems related to MSMEs marketing strategies, and a high dependence is often required to successfully obtain the necessary resources (Lindstrand et al., 2011).

This possibly occurs in the form of trust, norms, and networks that are capable of assisting in the creation of solid relationships between the marketing actors. In addition, governmental institutions also have a role to play in this promotion process, both in terms of business plans and marketing opportunities. According to Soulard et al., (2018), the support for improving strategic plans has been identified to also increase the bond that bridges social capital growth.

Building innovations geared towards improving sale share also needed to increase the foundation of social capital (Iturrioz et al., 2015), which is also attainable through entrepreneurial spirit, increasing marketing capabilities, and the enhancement of relational capital (Sulistyo & Siyamtinah, 2016). Therefore, an elevation in innovative strength subsequently encouragesthe increase in production capacity (Ranga et al., 2008). According to Jafri et al.,

(2014), social relations and innovative capabilities tend to largely impact on the growth and sustainability of a company, thus intensifying the necessity to build and maintain good relations with other business actors and distributors. Moreover, there is also a

possibility of earning social capital as an adhesive relationship, is seen in the role of networks and the nature of trust formed, as studies have shown its essentiality in the development of MSMEs community. According to Partanen et al.,

(2008) social capital and its dimensions possess different and varied roles in this process, and also in the aspect of relationship maintenance. Thus, long term association always demands that trust is built with partners, in order to create sharing opportunities, and obtain a foothold in new markets (Lin & Lin, 2016).

Meanwhile, the associated elements of social capital (trust, norms, and networks) have been known to influence marketing, although no research has diligently examined which is specifically the most effective. This study, therefore, aims to analyze how social capital influences and affects marketing. Materials and Methods Research Site This study was conducted in Payakumbuh City, West Sumatra Province, Indonesia, which is one of the central areas for small and medium scale businesses in the food processing industry, specializing in crackers, rice- based foods, consisting of spicy cassava crackers, batiah, sticky rice, sweet toffee, fried corn, sweet roasted rice, fried cassava, beef product (rendang), and other foods derived from local agricultural products.

Meanwhile, the number of small industries, according to the 2018 Payakumbuh City figures, was recorded at 1,541 units, of which most were engaged in small food industries, absorbing 4,593 workers (or 7.3%) out of the total 63,017 in the city's workforce. Sampling Technique The available population for this study were 1.569 units, thus, focusingon only those belonging to the food-based MSMEs, whittled the number down to 376.

Furthermore, the selection criteria for samples determined in accordance with the study objective includes MSMEs based on local food, which consecutively reduces the number of eligible participants to 98 respondents, engaged in sweet potatoes, beans, corn and other processing industries obtained from the surrounding areas.

Data Collection Techniques This study used the following techniques for data collection: Survey by providing a questionnaire.

Observation : this involves activities conducted on ground by MSMEs entrepreneurs. Research Variables and Methods of Measurement The variables measured in this study include: Trust: This is the belief that others desire to respond as expected, and also that they support one another, measured by the frequency of communication, number of connections, and cooperation.

Norm: This is a common habit in daily business-days within certain boundaries. Therefore, measurements were made in association with compliance, based on the protection of business against the prevailing norms in the community where their business group is incorporated in both written and unwritten terms.

Thus, the measures used include obedience to customary and social values in the business community, good relations, business ethics, and business motivation. Network: This is a form of social structure that exists in the business field, which consists of individual or organizational elements. In addition, the network shows way in which the relationship between businesses are represented, initiated with what is known of daily life or in activities and the smooth running of the business, assessed using: number of communications, business relations, and relationships formed, as well as access to information and relations.

Marketing: The level of revenue received by entrepreneurs from the sale of MSMEs products following the reduction of the remaining value of unsold goods, as stated in Kg. Statistical Method In accordance with the objectives of the study, it is necessary to test the effect of each variable, using the significance level of a = 0.05, by with the assistance of the t test and F test on each, subsequently requiring the implementation of ANOVA.

Therefore, the data obtained were analysed using a quantitative approach, while assessing the effect of social capital (trust, norms, and networks) elements on marketing required the use of multiple regression analysis. Result Characteristics of Micro, Small, and Medium Enterprises The characteristics of business actors in this research area are observed from the type of trade, level of education, size of production, and gender. Therefore, products of MSMEs are often highly varied in terms of types and flavors.

The results of field research identified several types of products by the target actors, including numerous spicy cassava crackers, fried cassava, several rendang, rice crackers, kipang, sweet roasted rice, batiah, sticky rice sweet toffee, and fried corn. These are

obtained from local food-based processing industry groups, and the numerous types and variations in taste are an effort to diversify processed products, with the aim of developing markets and providing a myriad of flavors tailored to the consumers' preference.

Businesses run by MSMEs in this investigation have generally been operated for a long time, and continuity of trade is a major goal of, which is possibly obtain able on instances where there is a market to facilitate the produce. Characteristic Respondent Education Level An elevation in product quality is often needed to corner the market, which is why quality is promoted by increasing human resource capabilities, subsequently enhancing business management swith the purpose of building markets, and seeking related opportunities.

Furthermore, Market-oriented education is expected to allot changes in the form of increased product quality.

Table 1. Education level of respondents

No	Education level	Frequency	%
1	Elementary school	17	17,3
2	Junior High School	22	22,4
3	Senior High School	58	51,1
4	University/Diploma	9	9,2
	TOTAL	98	100

Table 1 shows the average educational level of respondents to predominantly be high school, equivalent to 51.1%.

This shows that MSME actors possess sufficient knowledge in the aspect of managing businesses alongside the capability to maintain business continuity by looking for market opportunities, and also to make good use of those that are existing. Labor at MSMEs The existence of MSMEs in the study area is observed to be very helpful to the community around the business, because the workforce is largely sourced from the surrounding community.

In addition, they are also known to provide a multitude of benefits, through the provision of opportunities for community members to promote the capacity to work. Moreover, labor does not require special skills, and a certain level of education, hence, worker absorption isoften based on who need the jobs the most. Therefore, the results show the propensity for many MSMEs to adopt this practice as a solution to overcome job shortages, as shown in table 2 below. Table 2 .

Labor at MSMEs

No	Range of the number of labor	Frequency	%
1	1 -5	36	36,7
2	6-10	45	45,9
3	11-15	13	13,3
4	>16	4	4,1
	Total	98	100

Table 2 shows that MSME actors absorbed labor in the range of 6-10 workers by 45.9%, with the majority having a positive impact on the economy of the surrounding community.

Age Respondents The MSMEs in the study were dominated by workers of a relatively productive age, and this was due to the fact thata number of current businesses were established, although some are an central based, by up to a third- generation, and details are shown in Table 3: Table 3 . Age of the respondents

No	Range Age	Frequency	%
1	25 – 35	8	8,2
2	36 – 45	37	37,8
3	46 – 55	34	34,7
4	56 - 65	17	17,3
5	>66	2	2
	Total	98	100

Table 3 shows that SMEs are dominated by business actors within the age range of 36-45, by 37.8 %, also classified as productive workers.

This indicates the possibility that the business in question is good at both accepting innovation and making marketing progress. Mean while, at a productive

age, it is expected that business actors have the foresight to develop marketable products and promoted advancements in technology and information, whichought to be absorbed quickly for marked progress.

Identification of The Product Marketing Channel Products marketed by MSMEs are often channelled through areas outside of Payakumbuh city, carried out by business actors through several methods, including entrusting products to outlets, distributors, and also direct marketing to consumers. In addition, there are four main models adopted, which are illustrated in Figure 1 below. Figure 1.

Marketing Channel product by MSMEs Figure 1 shows various marketing systems conducted by businesses to market products, indicating success on instances where other people are needed as a network, in order to reach consumers as end users, subsequently demanding distributors or outlets. In addition, the interview results also identified the practice of using social networking in marketing, which according to Vásquez & Escamilla, (2014), unfolds numerous opportunities, although there is a need for adequate knowledge in product use.

Furthermore, there are also barriers towards social media adoption for marketing because not everyone possesses the same technology, although some consider it as a promising avenue of communication in the process (Dahnil et al., 2014). Social Capital and How it Affects Marketing This study establishes that all elements of social capital affect SMEs in the aspect of product marketing, and the use of various means, and other people as agents confers the benefit of a mutually beneficial relationship to create an increase sales.

Therefore, the related elements that specifically affects marketing are stipulated as follows:

Trust _ Little cooperation was observed as a manifestation of interconnection among fellow MSMEs, because

business actors consider each other to be a competition, therefore making it risky to cooperate. However, several advantageous activities accompany the choice to have a business partner, including: the purchase and borrowing of raw materials.

Therefore, the lack of trust in marketing tends to enhance the difficulty to properly conduct marketing within a competitive industry.

Norm _ There are no formal rules for MSMEs actors, due to the attachment with fellow counterparts, based on

habits that exist in the community. For instance, product marketing is not conducted with distributors that have already been engaged by a competitor with similar merchandise.

This social norm refers more to the rules and social etiquettes adopted by individuals in their interactions. In this research, it is established that associations owned by business actors are merely informal and not binding, hence, there are no binding sanctions on compliance with these rules. Network The business network formed in an MSME tends to help in maintenance and also increase the number of customers.

These efforts geared towards increasing network, intensifying the marketing sphere and customer

numbers include, the provision of price reductions, loyalty prices, and carefully listening to the demands of consumers. The results of testing each element of social capital that affects marketing are as follows: Test Value of each variable The analysis was carried out on all variables estimated to affect MSME product marketing, using multiple regression techniques.

In addition, the measurable variables employed in this study include Marketing (Y), as dependent, while Trust (X1), Norms (X2), and Network (X3) were independent. Subsequently, the processed products from the SPSS program version 22 are shown in Table 4. Table 4. The value of testing each variable Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721a	.519	.504	66.59335

The summary model was generated in order for the R-value of 0.721 to be illustrated as 72.1%, where 0.519 shows that marketing as independent factors confers a 51.9% influence on the dependent variable, while 48.1% is influenced by other variables not included in this research.

F Test (Simultaneous Test) The F test value is used to evaluate the propensity of independent variable simultaneously influencing the dependent, as illustrated in the following Table 5. Table 5. Results of testing each variable (ANOVA) ANOVAa

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	455031.910	3	151677.303	34.203	.000b
	Residual	421294.050	95	4434.674		
	Total	876325.960	98			

Dependent Variable: marketing Predictor (Constant): trust,norm,network The value of the F test obtained was 34.203, with a significance of 0.000, because the levels was<0,05,thus, Trust (X1), Norms (X2) and Networks (X3), simultaneously affect marketing (Y).

Partial Test The partial test was conducted for each variable, with the aim of testing each independent variable (Trust, Norms, and Networks) partially, using the t-test. Table 6. Results of testing the value of coefficients Coefficientsa

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	13.178	78.522		.168	.867
Trust	4.833	2.710	.153	1.783	.078

Norm _9.552 _5.516 _.158 _1.732 _.087 _ _Network _19.820 _3.372 _.525 _5.878 _.000 _ _a.

Dependent Variable: Marketing From the results produced with SPSS, it is seen that the t-test for Trust variable (X1) is 1.783, while that for Norm (X2) was 1.732, and Network (X3) was 5.878, if the value of t-table test is 1.671, sig. at 0.01. This test results show that all independent variables influence the marketing of MSMEs products, based on the values obtained for each, and the following equation was attained: Y = 13,178 + 4,833 (Norm) + 9.552 (Trust) + 19,820 (Network) Income distribution of MSMEs The distribution of MSMEs actors' income level was observed to be vastly varied because of the classification into the subgroups of Micro, Small and Medium businesses, which are not collectively on the same scale.

Therefore, the results showed the adjustment of income levels in accordance with the product, and the scale of the MSMEs, as well as the market determinants of products sold. In addition, the details are expressed in Table 7 below. Table 7 : Income distribution to MSMEs No _Revenue Range (000) _Frequency _% _ _1 _20.001 – 30.000 _4 _4 _ _2 _30.001 – 40.000 _7 _7 _ _3 _40.001 – 50.000 _6 _6 _ _4 _50.001 – 60.000 _8 _8 _ _5 _60.001– 70.000 _16 _16 _ _6 _70.001- 80.000 _20 _21 _ _7 _80.001 – 90.000 _22 _23 _ _8 _90.001 – 10.000 _9 _9 _ _9 _>100.000 _6 _6 _ _ _Total _98 _100 _ _ In Table 7, the income level of MSMEs entrepreneurs in Payakumbuh City were shown to exhibit variations, where some exceeded hundreds of millions, while others(about 4%) were within the range of 20-30 million rupiah, indicating the promising characteristics of the food processing business in Payakumbuh City. Therefore, the continuity of sales increment demands that MSMEs increase in their ability to build marketing networks.

Discussion From the findings, it was established that social capital influences marketing, therefore indicating the propensity of promoting the build up of existing related tools that lead to the continuity of marketing enhancements. This research is supported by Habersetzer et al. (2019) where it was stipulated to play a role in creating interest in a

company activities, and also in te increment of company growth reaches, subsequently improving the efficiency of the business organization (Sozbilir, 2018).

Trust positively influences the manner through which necessary market information is conveyed between business actors and customers, consequently contributing to an expansion in product marketing, although a different influence is observed between individual actors (Keszey, 2018). In addition, an increase in marketing tends to impact on improving company performance, which was in accordance with the study of Nisar et al., (2018).

An endeavor to increase marketing required that MSMEs strive to improve service to both consumers and distributors. This is where information becomes a very important parameter, in promoting businesses to gain access to new markets, as groups and individuals. According to Ioanit et al., (2018) customers tend to play a role in this aspect on instances were they exhibit an interest in the business.

This occurs when the interaction of business actors with customers and distributors ensues smoothly, thus, attempt are made to maintain good relationships as a part of their network. According to Hernández-Carrión et al., (2019), associations formed contribute to the accessment of resources needed, and the growth of a stronger relationships leads to easier exchange.

Business actors with strong link stend to increase marketing, and according to Gilmore et al., (2006) SMEs become proactive in this regard with intensified efforts. Therefore, networking is an important business dimension, where marketing requires a broad type, in order to cause a rapid increase. This research, therefore, recognizes the importance of social capital for the improvement of product marketing, and the establishment of relationships with other actors, in an attempt to continue expanding a marketplace.

Furthermore, new insights are expressed, with the assumption that social capital becomes a necessity, especially in the aspect of establishing communication, in forming business networks. Conclusion MSMEs continues to improve the personal capacity to foster networks with distributors, as a marketing strategy, while cooperation and prevailing norms are utilized in the production and marketing of products.

In addition, the test results show the simultaneous effect of all social capital elements on marketing, as seen from the calculated value of F (34.203), which is greater than table value. Furthermore, the t-test also shows the influence of all independent variables on the dependent, where the R square indicates that marketing was only affected by up to 51.8%, while 48.2% was due to other variables that were not included in the scope of

this study, hence, it is advisable to include others in subsequent research.

Moreover, the level of MSMEs income was mostly at level 7, within a range 80.000.000 – 90.000.000. Acknowledgements We express our gratitude to the Ministry of Research and Higher Education for providing assistance to study in this doctoral program, and also thanks to Andalas University as an education provider, as well as the Payakumbuh Agricultural Polytechnic as a place for our institution to serve who has given permission to take this further education. References Che Omar, C. M. Z., & Anas, T. (2014). The marketing small medium entreprise (SME) products based on food processing.

European Journal of Business and Social Science, 3(5), 76-87. Dahnil, M. I., Marzuki, K. M., Langgat, J., & Fabeil, N. F. (2014). Factors influencing SMEs adoption of social media marketing. Procedia - Social and Behavioral Sciences, 148, 119–126. Felzensztein, C., Brodt, S. E., & Gimmon, E. (2014). Do strategic marketing and social capital really matter in regional clusters? Lessons from an emerging economy of Latin America.

Journal of Business Research, 67(4), 498-507. Gilmore, A., Carson, D., & Rocks, S. (2006). Networking in SMEs: Evaluating its contribution to marketing activity. International Business Review, 15, 278–293. Habersetzer, A., Grèzes-Bürcher, S., Boschma, R., & Mayer, H. (2019). Enterprise-related social capital as a driver of firm growth in the periphery?. Journal of Rural Studies, 65:143-151.

Firas Hasan Bazzari.

"Available Pharmacological Options and Symptomatic Treatments of Multiple Sclerosis." Systematic Reviews in Pharmacy 9.1 (2018), 17-21. Print. doi:10.5530/srp.2018.1.4 Hernández-Carrión, C., Camarero-Izquierdo, C., & Gutiérrez-Cillán, J. (2019). The internal mechanism of entrepreneurs social capital: A multi-network analysis. Business Research Quarterly. In Press. Harshil p. Shah, shailesh t. Prajapati, c. N.

Patel (2017) gastroretentive drug delivery systems: from conception to commercial success. Journal of Critical Reviews, 4 (2), 10- 21. doi:10.22159/jcr.2017v4i2.16717 Iturrioz, C., Aragón, C., & Narvaiza, L. (2015). How to foster shared innovation within SMEs'networks: Social capital and the role of intermediaries. European Management Journal, 33(2), 104-115. Izvercian, M., Miclea, E., & Potra, S. (2016). Marketing practices in SMEs. Case study: Romania vs. Malta.

Procedia - Social and Behavioral Sciences, 221, 135 – 141. Kim, J., Kang, S., & Lee, K. (2018). How social capital impacts the puschase intention of sustainable fashion products. Journal of Business Research. In Press. Available online 10 October 2018. Keszey, T. (2018). Trust, perception, and managerial use of market information. International Business Review, 27(6), 1161-1171. Jafri, S. K. A., Ismail, K.,

Khurram, W., & Soehod, K. (2014). Impact of social capital and firms? Innovative capability on sustainable growth of women owned technoprises (SMEs): a study in Malaysia. World Aplied Science Journal, 29(10), 1292-1290. Lindstrand, A., Melen, S., & Hordman, E. R. (2011).

Turning social capital into business: A study of the internationalization of biotech SMEs. International Business Review, 20, 194-212. Lin, F., & Lin, Y. (2015). The Effect of Network Relationship on The Performance of SMEs. Journal of Business Research, 69(5), 1780-1784. Nisar, S., Boateng, A., & Wu, J. (2018). The entry mode strategy and performance of SMEs: Evidence from Norway. Research in International Business and Finance, 45, 323-333. Partanen, J., Möller, K.,

Westerlund, M., Rajala , R. & Rajala, A. (2008). Social capital in the growth of science-and-technology-based SMEs. Industrial Marketing Management, 37, 513–522. Ranga, L. M., Miederna, J., & Joma, P. (2008). Enhancing the innovative capacity of small firm through triple helix interactions: Challenges and opportunities. Journal Technology Analysis & Strategic Management, 20(6), 697-716. Sulistyo, H., & Siyamtinah. (2016).

Innovation capability of SMEs through entrepreneurship, marketing capability, relational

capital and empowerment. Asia Pacific Management Review, 21(4), 196-203. Soulard, J., Knollenberg, W., Boley, B. B., Perdue R. R., & McGehee, N., G. (2018). Social capital destination strategic planning. Tourism Management, 69, 189-200. Sozbilir, F. 2018. The interaction between social capital, creativity and efficiency in organizations. Thinking skills and Creativity 27 : 90 – 100.

Vásquez, G.

A. N., & Escamilla, E. M. (2014). Best practice in the use of social networks marketing strategy as in SMEs. Procedia -Social and Behavioral Sciences, 148, 533 – 542. Zehir, C., Kole, M., & Yildiz, H. (2015). The mediating role innovation capability on market orientation and export performance as Implementation on SMEs in Turkey.

Procedia Social and Behavioral Science, 207, 700-708.

INTERNET SOURCES: