

ABSTRACT

This study aims to examine the influence of Customer Relationship Management Capabilities (CRMC) on Innovation Performance (IP) with Customer Engagement (CE) and Social Media Marketing (SMM) as mediating variables, in the context of micro, small, and medium enterprises (MSMEs) in Semarang. A quantitative approach was employed using Structural Equation Modeling (SEM) through SPSS and AMOS.

The results show that CRMC does not have a direct effect on IP, but has an indirect effect through SMM. In addition, CE does not affect IP, either directly or indirectly. These findings indicate that SMM plays a more significant role in bridging the relationship between CRMC and IP within the MSME context in Semarang.

This finding is also relevant to Indonesia's high-context culture, where customers tend to prefer indirect communication, such as through social media. Furthermore, the results reinforce the Network Capability Theory, which suggests that innovation performance is more effectively achieved through the utilization of external relationships—such as social media—that can transform customer feedback, suggestions, and insights into innovative breakthroughs.

Keyword: Relationship Marketing, Customer Engagement, Innovation Performance, MSMEs, Consumer Behavior