SOCIAL MEDIA APPLICATIONS FOR MSMES IN THE ERA OF THE DIGITAL ECONOMY

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ABSTRACT

Social media provides opportunities for new ways of doing business by sharing, collaborating and reinventing. However, information on how MSMEs utilize social media in MSME trading is still very limited. Therefore, the purpose of this study is to provide a description of the role and benefits of social media applications in SMEs trading in the digital economy era. In a progressively advanced time, the improvement of innovation has made major changes in the business world. One of them is on social media which is progressively creating and facilitating communication. Communication in trade is exceptionally critical. It is essential to realize the existing conveniences and got to be utilized as well as conceivable. This study sought to examine of development of social media applications for MSMEs in the digital economy era: A Case of SMEs at South Jakarta City – Ulujami. By utilizing the meet strategy to thoroughly discuss the utilize of social media in their trade, and utilizing supporting questions, the comes about of the study show that the utilize of social media can be made to encourage media advancement, so as to make strides the development of MSMEs themselves.

Keywords: Social media, MSMEs; Promotion, Innovation

1. INTRODUCTION

The actuality of abundant coffers and a large number of youthful workers can be a huge fiscal eventuality for Indonesia. Indonesia and several other Asian countries are also noted to have a fast-growing middle-class paperback base. But piecemeal from the advantages caused by the growing number of the middle class, the use of invention is also one of the important computations to train trade in Indonesia [1, 10]. Arising of digital technologies similar as shadows, smartphones, operations, and colorful other digital information have a great influence on buyers and business people around the world. For buyers, advances in invention similar as social apps have redounded in a means to find and trade information. As for businesses, apps are helpful, expanding, organizing, and reaching out to traditional commerce. Regulating the expansion and reach of trade allows businesses to enter the share of unused advertising, adding the effectiveness of marketing deals and the advancement of trading strategies. In order to ameliorate finances in Indonesia, the development and actuality of trade in Micro, Small and Medium Enterprises (MSMEs) plays an important part. SMEs are a prominent form of trade association in Indonesia. SMEs play a part in profitable growth in a country by opening new jobs, adding duty eventuality for the State and can be a motorist of entrepreneurial invention that will enter the trade business [2, 11]. The increase in the use of data invention is supported by several kinds of variables, videlicet, it can fluently calculate low costs, smartphone druggies are adding, there's a data storehouse model of unused information capacity online( pail computing), and the adding number of advanced administrations.
available with the Software as a Service program (SaaS). Among the different types of information technology, social media operations are getting the choice for trading individualities. Social media opens a gap for dealers to ameliorate progress by participating, uniting and co-creation. The facts on the ground show that many MSMEs still sell conventionally so that their turnover does not increase or even decrease. Therefore this research is expected to help MSMEs in increasing MSME sales and income. Business benefits that can be obtained by MSME players by utilizing digital marketing and sales through social media such as introducing brands widely without being limited by place and time, establishing communication and interaction with a wider range of prospective customers, wider suppliers so that MSME actors can improve marketing and sales that have an impact on increasing the competitiveness of MSMEs at the national and international levels (Nel & Julita, 2016) (Winarti, 2021) (Azmi Fadhilah & Pratiwi, 2021). The use of social media operations in small and medium-sized businesses (MSMEs) is still limited to following patterns. Social media is used by small and medium-sized MSME dealers because, presently, it's veritably wide among individuals. still, it turns out that the trade on screen character has not been suitable to make social media life the main medium to supply business gains. One of the red lines of challenges faced by MSME players moment is their capability to contend with advanced companies, to be suitable to reach a wider request, lack of fiscal finances and lack of ideal use of information technology. Although the part of social media for trading is easy to understand extensively, but there are still those who haven't optimally anatomized how the process of exercising social media operations is. In reality, the use of social media, especially for SMEs, has not been extensively studied [4, 13]. So it's intriguing to study further because of the numerous different characteristics between SMEs when compared to high companies. The points and benefits of this study include; encourage allowing about how SMEs work social media for their business. In addition, it's useful to find out the perception of MSME players on the glass screen towards social media operations for their trading. Social media is known as the use of sophisticated and technological communication instruments in the development of social connections and relations among small and medium-sized enterprises. also, that connections and social connections have been embraced by humans numerous times ago. But that is because of the relinquishment of social media technologies that unite the world into one with simple relations. Thanks to the accession of global connectivity, some original companies have used social media to communicate with consumers [3, 12]. The last many times before the development of Social Media, utmost companies reckoned on direct marketing which in turn wasn't two-way business [4, 13]. Therefore guests are untenable and there's little client fidelity in the company leading to lower performance and shy openings. The presence of social media has bridged the commerce between buyers and merchandisers, breeding fidelity and developing an image in the request performing in further competition, invention, cost effectiveness, and productivity among companies integrating social media and marketing. Despite technological developments and social media availability, utmost SMEs in Ulujami are less productive. still, the impact of social media on Small and Medium Enterprises is still not visible despite the benefits offered by social media [6, 15]. So it's delicate for SMEs to understand how social media can be productive. It thus creates a dilemma about what it means to trust and hire to increase the productivity of these SMEs. Therefore, this study seeks to examine the impact of social media on the growth of small businesses with a special focus on SMEs in the megacity of South Jakarta – Ulujami. The results of this research are expected to become a strategy for MSMEs to maintain their business, namely; (1) Utilizing social media digital platforms in trading. (2) Promote products or services through creative content to attract consumers. So that by implementing this strategy it is hoped that the these MSMEs so that they can survive running their businesses in the recovery of pandemic Covid-19 and have an positive impact for the economy of Indonesia's digital economy.

2. LITERATURE REVIEW

2.1 Theoretical Literature Review

SMEs or entrepreneurs always excel or develop by seeing and taking advantage of opportunities that have been set through social change, technological and cultural change. For example, an entrepreneur can identify the need for a restaurant in his social environment, if the entrepreneur takes the opportunity to create profits then there is an application of opportunity-based theory. Further that in the process of development technological innovations are always experienced. Technological advances always aim to simplify work, operational costs, increase profits and increase efficiency.
Currently, the world is experiencing technological developments in the field of telecommunications. Communication platforms such as social media are on the rise [7, 16]. The advancement of telecommunications has greatly facilitated communication. However, some theories are silent about how far technological changes in the telecommunications industry have facilitated the development of SMEs in different parts of the world. It has been witnessed that the utilization of social media has increased a lot as most companies have used social media to market their brands. Therefore, the arguments in this study are taken from this theory by looking at the extent to which service providers have utilized social media in marketing their products or services so that they can increase their business.

2.2 Empirical Literature Review

Researchers studied the contribution of social media advertising in influencing the consumption of Sprite drinks in Ulujami'. The findings were: 5.3% of his test sample strongly disagreed that Sprite's social media ads influenced them to consume more Sprites, 8% were quite disapproving, 29.3% were neutral, 44% were quite in agreement and only 13% strongly agreed. In addition, after knowing which social media websites are the most popular for Sprite subscribers, 42.6% of subscribers use Instagram, 22.6% use Facebook, 30.6% use TikTok, and 4% use Twitter. This shows that the use of social media as a marketing tool is a marketing strategy that can save business costs because through the use of social media, millions of consumers can be reached in a short time and information can be disseminated quickly [10, 19]. Social media marketing enhances organizational growth because it offers a stage for advertising at a fraction of the cost compared to the different types of marketing available. The study also established that a special promotional campaign improves the performance of telecom companies in Kenya as it expands offerings and revenues past the development term. Social media participation has a strong influence on brand trust, which in turn affects customer acquisition and retention. It was also found that there is a strong positive relationship between sales and the amount of time spent on social media and that web-based social network promotion techniques affect customer acquisition and retention and improve a portion of the industry as a whole. Most MSEs use social media, especially TikTok, as a marketing strategy. The study also found that MSE Owners personally engaged or hired people to meet current and potential customers on social media to enable them to receive new customers on social media. Due to the higher level of education of the women involved in SMEs, the study found that social media marketing is user-friendly and therefore, the majority are not afraid that hackers will damage their business image when they use social media to market their products. However, there are concerns that the use of social media for marketing could expose their business to lawsuits [8, 17]. The study found that social media marketing positively resulted in an increase in sales revenue, the number of customers and the number of employees, allowing businesses to find what society needs. Social media has completely changed the way of business. Social media personalization today has become the most efficient and effective tool for small business entrepreneurs and usually all small businesses use social media personalization for advertising and publicity of their products and services, they create fan pages for followers and they warmly receive advice and opinions, which helps in improving their business [9, 18]. However, based on a literature review concluded, there is a positive impact of social media personalization on the growth of small business entrepreneurs. On the other hand, product pricing and innovation aspects offered by social media have very little influence on the growth of SMEs. It was revealed that geographical barriers can be broken down with the use of social media tools. In addition, social media allows businesses to communicate quickly and cheaply with customers as well as allowing them to build databases that can be used to generate business leads that can increase sales and thus grow SMEs [11, 20].

Researchers concluded that the majority of respondents in the study disagreed that Facebook leads to small business brand awareness only on large companies. The majority of respondents agree that customers visit different business pages before purchasing products and the promotions and discounts displayed on a business's Facebook page increase sales. These findings imply that Facebook leads to environmental preservation and the majority of respondents agree that Instagram leads to customer relationships [15, 21]. Instagram leads to engagement with customers and leads to the modification of marketing strategies. Respondents agree that Instagram leads to influencing purchasing decisions. Respondents also agree that it's easy to connect with your customers through Instagram when delivering marketing information. This shows that Instagram has led to an increase in
e-commerce. Moreover, the majority of respondents agree that Using Twitter encourages a better understanding of customer needs. Moreover, respondents strongly disagreed with twitter. Researchers describe that all the same, the use of social media improves business performance. TikTok is found to be the most preferred social media by SMBs, followed by Facebook, Instagram, and Twitter. On the other hand, awareness, risk and insecurity of information, and costs are some of the observed challenges that hinder MSMEs from using social media. It was concluded that effective use of social media is an efficient tool to improve the performance of MSMEs. CSOs use social media to a large extent and have policies on social media, the use of social media customer service significantly contributes to the efficiency of the organization; it contributes to the effectiveness of organizations for organizations that use social media along with mass media. In addition, limited internet access, lack of technical competence in the use of social media and failure to control the flow of information are the main challenges faced by CSOs in using social media. It concluded that CSOs should regularly update their social media accounts, use social media in conjunction with other communication channels such as mass media and also develop policies/strategies on the use of social media. CSOs should raise awareness and build the capacity of their staff about the effective use of social media while governments should develop adequate network infrastructure for internet access across the country. After evaluating the impact of social media on the development of small and medium-sized enterprises (SMEs) in Ulujami [12,22]. The key findings suggest that due to the adoption of social media there has been an increase in sales, an increase in customer demand so that social media strongly promotes the business. In addition, SMEs have experienced rapid market accessibility, easy feedback from customers, also SMEs easily influence customers through social media. Finally, social media marketing has influenced customer relationship management through easy communication between customers and SME owners.

3. METHOD

This study used a descriptive survey design. The research population consisted of SME owners (or operators) who used social media to market their products and services in the city of South Jakarta. The simple random sampling technique was used to select 323 respondents. Both primary data and secondary data were collected for the study. Primary data is collected with closed questionnaires while secondary data is obtained from published sources and unpublished sources. Statistical Package for Social Sciences version 26 is used as a data analysis tool to analyze quantitative data using inferential statistics.

4. RESULT

4.1 Correlation Analysis

To measure the strength of relationships between variables, this study used Karl Pearson's correlation coefficient. The findings are presented in table 1 as follows:

<table>
<thead>
<tr>
<th>SMEs Growth</th>
<th>Pearson Correlation</th>
<th>Social Media Marketing</th>
<th>Social Media Personalization</th>
<th>Social Media Customer Service</th>
<th>SMEs Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>323</td>
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The results in table 1 above show that Social Media Marketing has a strong positive and significant correlation with the growth of SMEs in the City of South Jakarta (R=0.663, value p<0.005). This implies that the use of Social Media Marketing is related to increasing the growth of SMEs in the City of South Jakarta. The results of this study show that Social Media Personalization has a strong positive and significant correlation with the growth of SMEs in the City of South Jakarta (R=0.637, value p<0.005). This implies that the use of Social Media Personalization is related to increasing the growth of SMEs in the City of South Jakarta. The findings illustrate that Social Media Customer Service has a positive and significant correlation with the growth of SMEs in the City of South Jakarta (R = 0.233, p value <0.005). This implies that the use of Social Media Customer Service is related to increasing the growth of SMEs in the City of South Jakarta.

4.2 Regression Analysis

A linear regression analysis was performed on the impact of social media on small business growth. Table 2 below shows the summary results of the model showing how much variation in SME Growth (dependent variable) is taken into account by Social Media Marketing Social Media Personalization, and Social Media Customer Service (independent variable):
The coefficient of determination \( r^2 \) in the model summary describes 55.2% independent variables. This implies that independent variables explain only 55.2% of the characteristics (Social Media Marketing, Social Media Personalization and Social Media Customer Service) that affect SME Growth. The coefficient of determination is significant because 48.8% of the variation is due to characteristics not covered by independent variables.  

Using the above result, we have the regression equation as: According to the regression equation created, taking into account all factors with a constant of zero, the result will be 5.913. Taking all the other independent variables at zero, Social Media Marketing increased SME Growth by 0.268 and Social Media Personalization increased SME Growth by 0.410 while Social Media Customer Service increased SME Growth by 0.356. The study findings from table 4.9 above, show that there is a significant relationship between Social Media Marketing and SME Growth as it shows a value of 0.000. There is a significant relationship between Social Media Personalization and SME Growth with a value of 0.000. Also, there is a significant relationship between Social Media Customer Service and SME Growth as it shows a value of 0.000.  

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y = 5.913 + 0.268x_1 + 0.410x_2 + 0.356x_3 + 0.824x_4 \
\]

4.3 Discussion

SOCIAL MEDIA MARKETING

Social Media Marketing is an efficient tool for businesses of all sizes to connect with prospects and consumers. The research reveals that Social Media Marketing helps businesses to keep an eye on the competition, stay abreast of industry news and influence purchasing decisions to customers and increase more sales. This research supports the notion of opportunity-based theory, which shows that technological advances have always aimed to simplify work, operational costs, increase profits and increase efficiency [13,19]. This research is in line that because social media adoption has seen an increase in sales, an increase in customer demand, social media is highly promoting the business. Social media marketing allows businesses to communicate directly with consumers and their supporters, as well as allowing them to interact directly with their brands. Unlike traditional media that only allows one-way communication, social media allows two-way conversations. This research illustrates that Social Media Marketing has lowered operational costs, increased customer and audience engagement and increased wider customer reach in the business. This research shows that the use of social media as a marketing tool is a marketing strategy that can save business costs because through the use of social media, millions of consumers can be reached in one short time and information can be disseminated quickly. In real-time, Social Media Marketing creates a huge amount of data about clients. SMBs can leverage this data to make better business decisions. All major social platforms include analytics that provide demographic information about users engaging with their accounts. This can help SMEs in tailoring their Social Media Marketing plans to better communicate with their actual consumers. This research illustrates that Social Media Marketing helps businesses to learn more about customers. It is that social media marketing has influenced customer relationship management through easy communication between customers and SME owners. Also there is high and rapid customer engagement in the business which ultimately leads to trust. Social media has an advantage over conventional media because it allows SMEs to get their brand in front of consumers more quickly and easily. Moreover, social media draws the audience's attention to SME brands even when they don't think about it. In this study, researchers found that Social Media Marketing has become a major source of interaction with customers, increasing brand awareness of SMB products and services. The research states that Social Media Marketing has led to engagement with customers and led to modification of marketing strategies and a better understanding of customer needs. This research reveals that Social Media Marketing allows a business to measure its success with analytics. Google Analytics is an excellent Social Media Marketing tool that can help business owners determine which Social Media Marketing initiatives are effective and which ones should be abandoned. Moreover, showing that
Social Media Marketing has increased business, the number of customers helps businesses to partner with influencers. Also, this study reveals that Social Media Marketing has a strong positive and significant correlation with the growth of SMEs in the City of South Jakarta. This implies that the use of Social Media Marketing is related to the increasing growth of SMEs in the City of South Jakarta. These findings correlate with Social Media Marketing boosting organizational growth because it offers a stage for advertising at a fraction of the cost compared to different types of accessible marketing. Also, this research in line with social media is an efficient tool for improving business performance.

SOCIAL MEDIA PERSONALIZATION

Social Media Personalization reveals that social media has pushed businesses towards the use of E-commerce, allowing businesses to communicate openly and clear messages thus generating more creativity in advertising and personal sales when meeting customer needs. This research supports the notion of evaluation theory, which suggests that social media platforms have transformed SMEs in such a way as to move away from traditional roles in marketing. Social media has a guaranteed effectiveness where customers of SME products and services can access and make choices online without a physical presence. Similarly, SMEs have experienced rapid market accessibility, easy feedback from customers, creativity in advertising also SMEs have easily influenced customers through social media. The research illustrates that Social Media Personalization helps customers identify SMB product brands, increase customer retention and share products and services to targeted customers and promote green retail such as package reduction. It supports that social media strategy affects customer acquisition and retention and a partial improvement of the entire industry. The research also found that social media improves customer experience, increases customer trust and authority, as well as modifying marketing strategies and driving internet marketing. This research proves that social media tools offer customer experience and increase customer trust and authority which in turn has a significant impact on SMB growth. In addition, the results show that social media personalization has a strong positive and significant correlation with the growth of SMEs in the City of South Jakarta. The study also found that there is a positive impact of Social Media Personalization on the growth of small business entrepreneurs.

SOCIAL MEDIA CUSTOMER SERVICE

Social Media Customer Service creates a loyal client base that is one of almost all the main goals of the business. Given that customer happiness and brand loyalty often go on, it's crucial for SMEs to contact consumers regularly and start building relationships with them. Customers see this platform as a service channel through which they can engage directly with the company. Millennials have the highest level of brand loyalty of any generation. SMBs should use social media customer service to capture the attention of their most influential clients. The results of this study show that, Social Media Customer Service allows providing feedback to customers easily, reassuring customers easily, increasing customer satisfaction thus enabling the provision of 24/7 customer service. These results according to social media allow businesses to communicate quickly and cheaply with customers as well as allow them to build a database that can be used to generate business leads that can translate into increased sales and thus grow SMEs. The research shows that Social Media Customer Service provides effective crisis management, increases brand loyalty and allows businesses to easily engage with customers by sending samples, as well as promoting environmental messages. SMEs can proactively address issues in the social media world for everyone to see by successfully managing social media for such communication. Customers who receive a response from a business on social media often feel happy and may even share their happiness with others. The use of social media customer service significantly contributes to the efficiency of the organization. Similarly, the study illustrates that social media customer service allows businesses to see their consumers' comments easily, allows businesses to connect more deeply with consumers and allows businesses to discover what society needs. Furthermore, this study illustrates that Social Media Customer Service has a positive and significant correlation with the growth of SMEs in the City of South Jakarta. This research in line with social media positively resulted in an increase in sales revenue, the number of customers and the number of employees thus allowing businesses to find what society needs.
In practice, currently not all MSMEs who become respondents easily use social media as a marketing and sales tool. The results of the study show that MSMEs still face several obstacles and difficulties in using social media for trading. MSMEs need to have awareness of the shift in the digital economy. It takes the creativity of MSMEs to create positive content to encourage the development of MSMEs that are increasingly digitally competent. In addition, MSME actors need to have good skills in managing social media as a promotional medium that can assist in the development of MSME digitalization. This study has limitations, namely the sample that is the respondent in this study is only MSMEs located in South Jakarta. Further research is recommended to use a wider range of respondents such as throughout Indonesia so that research results are more accurate. The difference between this research and previous research is that this research uses innovation and creativity from MSME players so that they can continue to survive and develop with digital entrepreneurship models that can encourage the creation of new innovations and new ecosystems for MSMEs so that they have an impact on increasing the productivity of MSMEs in particular and the welfare of the Indonesian people in general.

5. CONCLUSION

The effects of this study concluded that Social Media Marketing affects the excrescency of SMEs in the City of South Jakarta. gregarious Media Marketing is one of the most important rudiments of SME excrescency, and has led to a revolution in business missions. This has changed the expressway SMEs interact with their prey followership. This exploration also concluded that the use of Social Media Personalization affects the excrescency of SMEs in the City of South Jakarta. Personalization is a great program that lets guests convey responses to consumers and as a basis for making business decisions.

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