



Antecedents of the Utilization of Social Media and its Impact on Micro and Small Enterprises Performances

Yulia Sari¹, Amir Hidayatulloh²

¹ Universitas Ahmad Dahlan, Indonesia

² Universitas Ahmad Dahlan, Indonesia

Article Info

Article history:

Received: 11 July 2019;

Accepted: 20 September 2019;

Published: 1 October 2019.

Keywords:

Social Media; Performance; Antecedents; MSEs.

Abstract

This study aimed to analyze the antecedents of the utilization of social media for MSEs and its impact on performances. Performances such as; service performance, sales performance, marketing performance, internal operating performance and innovation performance. The population in this study were MSEs in the Special Region of Yogyakarta, the sampling technique used in this study was purposive sampling with criteria of (1) MSEs located in Sleman Regency and (2) MSEs which use social media (Facebook, Instagram) for marketing purposes. Respondents in this study amounted to 100 MSEs. WarpPLS used for data analysis technique. The results showed that the utilization of social media by MSEs was influenced by interactivity, cost effectiveness and compatibility. Meanwhile, trust does not affect the utilization of social media. The utilization of social media by MSEs has a positive effect on each performances.

Abstrak

Penelitian ini bertujuan untuk menganalisis anteseden penggunaan media sosial bagi pelaku UMK, dan dampaknya terhadap kinerja. Kinerja dalam penelitian ini meliputi kinerja pelayanan pelanggan, kinerja penjualan, kinerja pemasaran, kinerja operasi internal, serta kinerja inovasi. Populasi dalam penelitian ini adalah pelaku UMK yang berada di Daerah Istimewa Yogyakarta. Teknik pengambilan sampel dalam penelitian menggunakan purposive sampling, dengan kriteria (1) pelaku UMK yang berada di Kabupaten Sleman, serta (2) pelaku UMK yang menggunakan media sosial (facebook, instagram) untuk melakukan pemasarannya. Responden dalam penelitian ini berjumlah 100 pelaku UMK. Teknik analisis data dalam penelitian ini menggunakan WarpPLS. Penelitian ini memperoleh hasil bahwa penggunaan media sosial oleh pelaku UMK dipengaruhi oleh interaktifitas, efektivitas biaya, serta komabilitas. Sedangkan, kepercayaan tidak berpengaruh terhadap penggunaan media sosial. Akhirnya, penggunaan media sosial oleh pelaku UMK berpengaruh positif terhadap kinerja, baik kinerja pelayanan pelanggan, kinerja penjualan, kinerja pemasaran, kinerja operasi internal, dan kinerja inovasi

How to Cite:

Sari, Y., & Hidayatulloh, A. (2019). Antecedents of the Utilization of Social Media and its Impact on Micro and Small Enterprises Performances. *Jurnal Pendidikan Ekonomi & Bisnis*, 7(2), 110-128. <https://doi.org/10.21009/JPEB.007.2.3>

* Corresponding Author.

yuliasari025@gmail.com (Yulia Sari)

amir.hidayatulloh@act.uad.ac.id

(Amir Hidayatulloh)

ISSN

2302-2663(online)

DOI:doi.org/10.21009/JPEB.007.2.3

INTRODUCTION

Nowadays Micro and Small Enterprises (MSEs) have important roles in Indonesia's economic growth. MSEs are the sources of innovation and can make new markets, improve citizens' quality life by alleviating poverty, distancing from bad economies, increasing citizens' prosperity with equal incomes and reducing unemployment rate with the availability of adequate employment (Tedjasuksmana, 2014).

ASEAN Economic Community (MEA) affected the trading system in Indonesia, in other words, the ASEAN member countries can compete freely in the field of commerce. Therefore, MSEs must be able to maintain and develop their businesses in order to survive. The large selection of products or services that provided make consumers more careful in choosing a product or service they desired. This can be done by expanding the utilization of informations. However, the trading of products or services which carried out by MSEs can decline and cannot survive if MSEs do not improve their marketing strategies. The choice of marketing medias is the right step in accordance with current conditions. Thus, marketing medias are expected to help MSEs (Purwiantoro, Kristanto, & Hadi, 2016).

One of the marketing medias that can be use by MSEs is the utilization of information technology in the form of "The Internet". According to Indonesian Internet Service Provider Association (IISPA), in 2017, internet users in Indonesia reached 54.68% of Indonesia's total population. The duration of internet usage per day described as; 1-3 hours (43.89%), 4-7 hours (29.63%) and more than 7 hours (26.48%). Internet users that access social media are 87.13%. Social media is used to fulfill needs such as buying and selling online, looking for news and entertainment (APJII, 2017). Aside from being a marketing medium, social media has several benefits, which are; (1) communication tools among MSEs managers, consumers and suppliers, (2) expanding market area and increasing marketing, (3) increasing knowledge in managing MSEs and (4) helping decision making process (Priambada, 2015).

Antecedents of the utilization of social media have been conducted by several previous studies, including (Ainin, Parveen, Moghavvemi, Jaafar, & Shuib, 2015); (Odoom, Anning-Dorson, & Acheampong, 2017; Purwantini & Anisa, 2018a; Purwantini & Anisa, 2018b). The result of these previous studies showed that the utilization of social media influenced by interactivity (Ainin et al., 2015), cost effectiveness (Odoom et al., 2017), compatibility (Purwantini & Anisa, 2018b) and trust (Purwantini & Anisa, 2018a).

Interactivity can facilitate communication between users and consumers of different regions. Thus, the ease of the utilization of social media makes compatibility a factor in the utilization of social media. In addition, cost effectiveness is also a major factor for using social media. According to (Purwantini & Anisa, 2018a), the trust factor is also one of the MSMEs' considerations to utilize social media.

The utilization of social media can improve MSMEs' performances, both financial and non-financial performance. Performances can be described as outcomes variables such as sales performance, customer service performance, marketing performance, internal operating performance and innovation performance (Purwantini & Anisa, 2018a; Pérez-González, Trigueros-Preciado, & Popa, 2017). Furthermore, Purwantini & Anisa (2018b) stated that the benefits received by MSMEs with the utilization of social media include (1) improve customer service that can create relationships with consumers on a regular basis, (2) increase employee productivity, (3) increase marketing, (4) expand the sales area and (5) create new innovations, so that business goals are achieved.

This study was inspired by a research conducted by Purwantini & Anisa (2018a). The difference is on industrial character, previous research on MSMEs and this study only on MSEs. In addition, the object of this study are MSEs in the Special Region of Yogyakarta, especially Sleman Regency. According to the data presented at Dinas Koperasi & UMKM (2017), the development of active MSMEs in Special Region of Yogyakarta until 2017 increased by 248,217 units which covers the business sector, trade, agricultural industries and non-agricultural industries. This data is reinforced by the data presented in *Kompas.com* (2018), the Special Region of Yogyakarta economic

growth in 2018 increased between 5.2% to 5.6% year-on-year compared to 2017 which only grew 5.26%.

One of the pillars of economic growth in Special Region of Yogyakarta is the development of MSMEs. The character of Special Region of Yogyakarta economy is dominated by micro and small industries at 98.4%, which is difficult to be matched by other regions in terms of employment absorption that reached 79%. The superiority of MSMEs in Special Region of Yogyakarta is because the region has a lot of vocational education, culture and high creativity. Moreover, MSMEs in Special Region of Yogyakarta are also supported by affordable materials, the same reason that makes Special Region of Yogyakarta crowned as a warehouse of creativity (Krijogja.com, 2017).

One of the regencies/cities in Special Region of Yogyakarta that has a rapid MSME growth is Sleman with an average turnover of 300 million per year (Tribunjogja.com, 2018). Furthermore, in 2018 the growth of MSMEs in Sleman Regency reached 17,382 MSMEs which were dominated by micro-enterprises (23,275 MSMEs) and small businesses (3,681 MSMEs).

Based on the foregoing description, the purposes of this study are (1) to analyze the antecedents of the utilization of social media for marketing by MSEs, and (2) to analyze the influence of social media usage on performances, such as customer service performance, sales performance, marketing performance, internal operating performance, and innovation performance. That being said, the framework of this study is as follows:

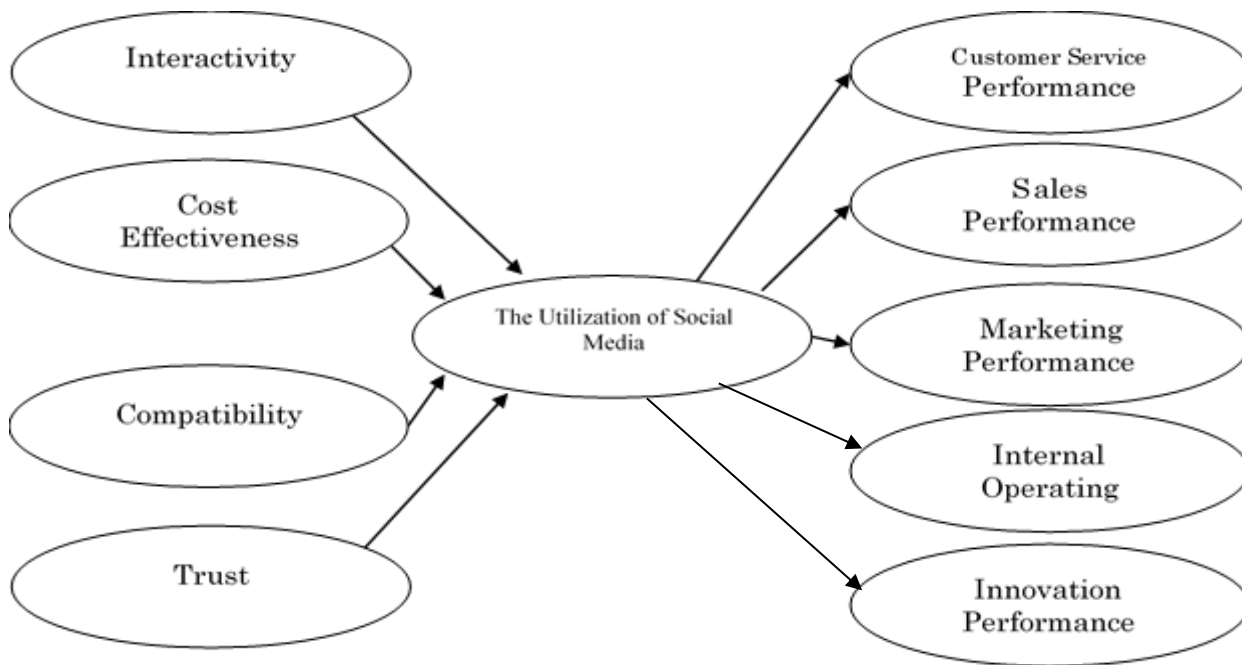


Figure 1. Research Framework

METHOD

This study used quantitative method. The population in this study were MSEs in the Special Region of Yogyakarta. This study used purposive sampling, with criteria of (1) MSEs in Sleman Regency and (2) MSEs that use social media such as Facebook and Instagram for their marketing media. The data collection technique in this study is a survey using Google Form.

The variables in this study are exogenous variables, endogenous variables and latent criterion variables. Exogenous variables include interactivity, cost effectiveness, compatibility and trust. Endogeneous variables include the utilization of social media. Meanwhile, the criterion latent variables include sales performance, customer service performance, marketing performance, internal operating performance and innovation performance. The data analysis technique in this study uses SEMPLS, which is WarpPLS. The definition and measurement of each variable is presented in table 1.

Tabel 1. Variables Operational Definition and Measurement

Variable	Definition	Reference	Measurement	Reference
Interactivity	Social media capability in responding to communication from customers	(Ainin et al., 2015)	Three item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Cost Effectiveness	The ability of social media to provide features at a low cost	(Ainin et al., 2015)	Two item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Compatibility	The level of conformity of social media to the MSEs needs, values and practices	(Chong & Chan, 2012)	Three item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Trust	The level of confidence of MSEs in the utilization of social media	(Chai, Das, & Rao, 2011)	Two item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
The Utilization of Social Media	Factor that influence the utilization of social media in providing values to the organization	(Zhu, K., Kraemer & Xu, 2006)	Five item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Customer Service Performance	The useful perception felt by MSEs in utilizing social media is to increase customer satisfaction	(Schaupp & Bélanger, 2014)	Four item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Sales Performance	The perception of benefits felt by MSEs in utilizing social media for sales	(Picoto, Belanger, & Palma-dos-Reis, 2012)	Two item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Marketing Performance	Benefits perceptions felt by MSEs in the utilization of social media on marketing	(Picoto et al., 2012)	Three item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Internal Operating Performance	Benefits perceptions felt by MSEs in	(Picoto et al., 2012)	Three item questions	

Variable	Definition	Reference	Measurement	Reference
	utilizing social media for MSEs' internal operations business activities Benefits		measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)
Innovation Performance	perceptions felt by MSEs in utilizing social media for innovation	(Pérez-González et al., 2017)	Four item questions measured by a 5-point Likert Scale	(Purwantini & Anisa, 2018a)

Table 2 presents that respondents in this study were dominated by respondents aged 20-25 years old (34 respondents). The last education of the respondents were dominated by Bachelor's Degree, which were 49 respondents. The types of MSE industries were dominated by MSEs that engaged in product industry (76 respondents), and the business' age were dominated by 1-3 years (66 respondents).

Hypotheses testing in this study was using WarpPLS. The results of hypotheses testing are presented in figure 2.

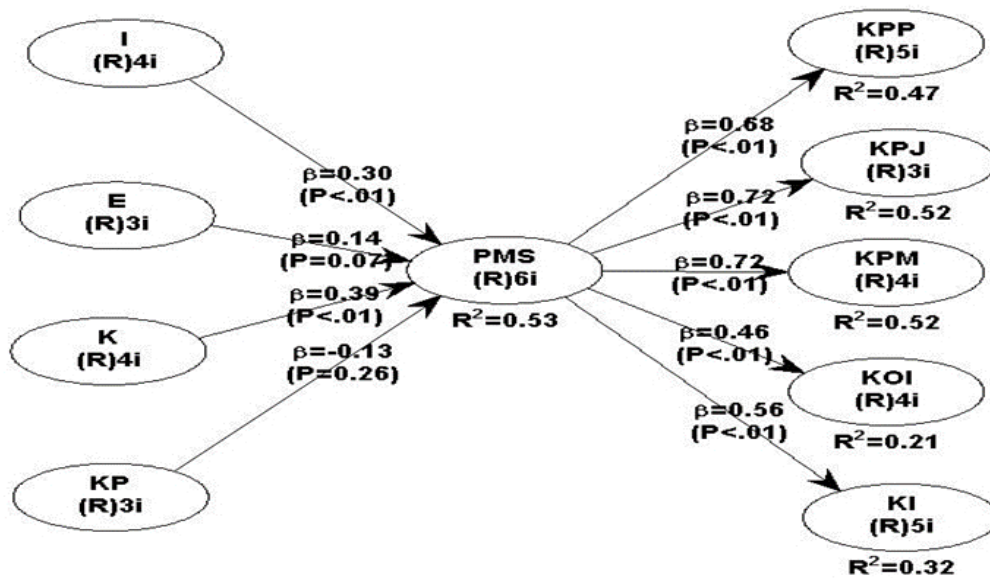


Figure 2. Hypotheses Testing Results

Information:

- I : Interactivity
- CE : Cost Effectiveness
- C : Compatibility
- T : Trust
- USM : Utilization of Social Media
- CSP : Customer Service Performance
- SP : Sales Performance
- MP : Marketing Performance

IOP : Internal Operation Performance
IP : Innovation Performance

Figure 2 shows that the R-Square value for utilization of social media is 0.53. This means that interactivity, cost effectiveness, compatibility and trust variables can explain variable the utilization of social media by 53% and the rest (47%) are explained by other variables outside the model. The variable customer service performance has a R-Square value of 0.47 which means that the variable customer service performance can be explained by the utilization of social media variable are 47% and 53% are explained by other variables outside the model. The R-Square value for the sales performance variable is 0.52. This means that 52% of sales performance variables are explained by variable the utilization of social media whilst 48% are explained by other variables outside the model.

Marketing performance has a R-Square value of 0.52 which means that the marketing performance variable that can be explained by the utilization of social media variable are 52% while 48% are explained by other variables outside the model. The R-Square value for internal operating performance is 0.21. This means that the utilization of social media variable that can explain the variable internal operating performance are 21% whilst the rest (79%) are interpreted by other variables outside the model. Meanwhile, innovation performance has a R-Square value of 0.32. It means that the innovation performance variable that can be explained by the utilization of social media variable are 32% and 68% are explained by other variables outside the model.

Figure 2 shows that interactivity has a positive effect on the utilization of social media. This is indicated by the significant value (<0.01) which is smaller than 0.05 and the beta value (0.30). This means that interactivity is one of the considerations by MSEs in the utilization of social media. Interactivity is a benchmark for the interaction between MSEs and consumers to communicate through social media. Moreover, social media provide opportunities for consumers in different locations and situations to communicate and share information with each other. This result is supported by the previous studies, which are (Ainin et al., 2015; Odoom et al., 2017; Purwantini & Anisa, 2018a).

Cost effectiveness has a positive effect on the utilization of social media. This can be explained by the significance value (0.035) which is smaller than 0.05 and has a beta value (0.14). In other words, cost effectiveness is one of the main factors in the utilization of social media. MSEs who have limited costs will look for an inexpensive and easy alternative marketing strategy. Thus, the utilization of social media provides benefits for MSEs. This is because the utilization of social media does not need high costs, does not require special skills and has low consequences. This statement is supported by previous studies, such as (Ainin et al., 2015; Odoom et al., 2017; Purwantini & Anisa, 2018a).

The utilization of social media by MSEs is affected by compatibility, explained by the significance value (<0.01) which is smaller than 0.05 and the beta value of 0.39. In other words, compatibility has a positive effect on the utilization of social media. This means that for MSEs, the utilization of social media can facilitate MSEs to find customers quickly and precisely in accordance with business operations that carried out by MSEs. Moreover, MSEs also consider the utilization of social media to be easy and does not require special skills. This is supported by the results of previous studies, which are (Odoom et al., 2017; Purwantini & Anisa, 2018b).

Trust does not affect the utilization of social media. This is indicated by the significance value of 0.13 which is bigger than 0.05. The reason is because social media provide services that are general in nature and features that are quite consistent for all users throughout the world. Thus, trust is not a problem for them while using Facebook. In addition, the cost of using social media is relatively low, so users do not need to consider trust. This statement is supported by (Ainin et al., 2015) that stated trust does not have a significant relationship to the utilization of social media, such as Facebook.

The utilization of social media has a positive effect on customer service performance. Explained by the significance value of <0.01 which is smaller than 0.05 and the beta value of 0.68.

Social media provide convenience for MSEs to interact with consumers, so that the relationship between consumers and MSEs is maintained. The difference in location between consumers and business people is not a barrier to interacting with each other. Business people are easy and fast to respond with features provided by social media and guaranteed consumer comfort. This statement is supported by the results of the study (Purwantini & Anisa, 2018b).

Sales performance is influenced by the utilization of social media. This can be seen from the significance value (<0.01) which is smaller than 0.05 and the beta value (0.72). Safe to say, the utilization of social media has a positive effect on sales performance. This means that the utilization of social media by MSEs can save costs. MSEs can benefit from the utilization of social media, such as maintaining relationships with customers and increasing market area. Thus, with the many benefits obtained by MSEs, it can increase sales and sales performance. This statement is supported by the results of previous studies (Odoom et al., 2017; Purwantini & Anisa, 2018b).

The utilization of social media has a positive effect on marketing performance. This can be seen from the significance value (<0.01) which is smaller than 0.05, and the beta value (0.72). Marketing through social media provides convenience for MSEs, even not requiring special skills. The development of social media is becoming increasingly sophisticated, making it an opportunity for MSEs to be able to carry it out. Thus, with the utilization of social media, MSEs only run a social media application in smartphones and the features provided by social media make employees active in promoting and MSEs are more able to compete. This statement is supported by the results of the study (Purwantini & Anisa, 2018b).

Internal operating performance is affected by the utilization of social media. This is indicated by the significance value (<0.01) which is smaller than 0.05 and the beta value (0.46). In other words, the utilization of social media has a positive effect on internal operating performance. Social media make it easy for MSEs or employees to run company operations. Moreover, social media help MSEs in the decision-making process, know consumer needs, seek information from competitors and provide convenience to respond to all the things that can increase consumer convenience. The utilization of social media can also save costs and is easy to operate without special expertise, thus, employee productivity increases. This statement is supported by the results of previous study (Purwantini & Anisa, 2018a).

The utilization of social media has a positive effect on innovation performance. This is indicated by the significance value (<0.01) which is smaller than 0.05 and the beta value (0.56). This means that informations obtained by MSEs from the utilization of social media can improve the product innovation, management and marketing methods. Decision making for innovation is obtained by knowing consumer needs, as well as information on developments from competitors. Thus, with these two information, MSEs can make good innovations as well as increase internal knowledge. This is supported by a statement (Pérez-González et al., 2017). The use of social media is also one of the alternative marketing methods for MSEs who have limited costs.

CONCLUSIONS AND SUGGESTION

The utilization of social media by MSEs is affected by interactivity, cost effectiveness and compatibility. Interactivity becomes a benchmark for the interaction between customers and MSEs to communicate through social media. Moreover, social media also provide opportunities for consumers who are in different locations and situations to communicate and share information with each other. The utilization of social media for MSEs also provides convenience in finding customers precisely and quickly. In conclusion, the utilization of social media for MSEs can improve customer service performance, sales performance, marketing performance, internal operating performance and innovation performance. Therefore, MSEs are expected to be able to use social media for their business activities. This is because the use of social media can improve the performance of MSEs, both service performance, sales performance, marketing performance, internal operating performance and innovation performance. The reason MSEs used social media is because social media provides features for MSEs to interact with consumer, social media can be used easily, and the use of social media can help consumers to save costs, especially marketing activities. Thus, social

media makers can create social media that is suitable to the needs of MSEs.

This study's obstacle is that this study does not distinguish respondents between micro, small and medium enterprises. Thus, further research can distinguish respondents. This must be done because the characteristics and perceptions of business' owner are different, for example perceptions about cost effectiveness.

REFERENCES

- Ainin, S., Parveen, F., Moghavvemi, S., Jaafar, N. I., & Shuib, N. L. M. (2015). Factors Influencing The Use of Social Media by SMEs and Its Performance Outcomes. *Industrial Management and Data Systems*, 115(3), 570–588. <https://doi.org/https://doi.org/10.1108/IMDS-07-2014-0205>
- APJII. (2017). *Penetrasi dan Perilaku Pengguna Internet Indonesia*. <https://apjii.or.id/content/read/39/342/Hasil-Survei-Penetrasi-dan-Perilaku-Pengguna-Internet-Indonesia-2017>.
- Chai, S., Das, S., & Rao, H. R. (2011). Factors Affecting Bloggers' Knowledge Sharing: An Investigation Across Gender. *Journal of Management Information Systems*, 28(3), 309–342. <https://doi.org/https://doi.org/10.2753/MIS0742-1222280309>.
- Chong, A. Y. L., & Chan, F. T. S. (2012). Structural Equation modeling for Multi-stage Analysis on Radio Frequency Identification (RFID) Diffusion in the Health Care Industry. *Expert Systems with Applications*, 39(10), 8645–8654. <https://doi.org/https://doi.org/10.1016/j.eswa.2012.01.201>.
- Dinas Koperasi, & UMKM. (2017). *Laporan Kinerja Instansi Pemerintah*. Yogyakarta: Dinas Koperasi & UMKM.
- Kompas.com. (2018). *BI: Pertumbuhan Ekonomi DIY hingga 5,6 Persen di 2018*. Kompas.com. Retrieved from <https://regional.kompas.com/read/2018/05/08/11093651/bi-pertumbuhan-ekonomi-diy-hingga-56-persen-di-2018>
- Krjogja.com. (2017). *Mengistimewakan UMKM di DIY*. Retrieved from http://krjogja.com/web/news/read/53076/Mengistimewakan_UMKM_di_DIY
- Odoom, R., Anning-Dorson, T., & Acheampong, G. (2017). Antecedents of Social Media Usage and Performance Benefits In Small- And Medium-Sized Enterprises (SMEs). *Journal of Enterprise Information Management*, 30(3), 383–399. <https://doi.org/https://doi.org/10.1108/JEIM-04-2016-0088>.
- Pérez-González, D., Trigueros-Preciado, S., & Popa, S. (2017). Sosial Media Technologies' Use for the Competitive Information and Knowledge Sharing, and Its Effects on Industrial SMEs' Innovation. *Information Systems Management*, 34(3), 291–301. <https://doi.org/https://doi.org/10.1080/10580530.2017.1330007>
- Picoto, W., Belanger, F., & Palma-dos-Reis, A. (2012). Leveraging On Mobile Business To Enhance Firm Performance : An Organizational Level Study. *European Conference on Information Systems (ECIS)*. Retrieved from <https://aisel.aisnet.org/cgi/viewcontent.cgi?article=1112&context=ecis2012>
- Priambada, S. (2015). Manfaat Penggunaan Media Sosial pada Usaha Kecil Menengah (UKM). *Seminar Nasional Sistem Informasi Indonesia*, (November), 42–46.
- Purwantini, A. H., & Anisa, F. (2018a). Analisis Pemanfaatan Sosial Commerce bagi Umkm : Antecedens Dan Konsekuen. *Kompartemen: Jurnal Ilmiah Akuntansi*, 6(1), 47–63.
- Purwantini, A. H., & Anisa, F. (2018b). Analisis Penggunaan Media Sosial bagi UKM dan Dampaknya Terhadap Kinerja. *The 7th University Research Colloquium*, 304–314.
- Purwiantoro, M. H., Kristanto, D. F., & Hadi, W. (2016). Pengaruh Penggunaan Media Sosial terhadap Pengembangan Usaha Kecil Menengah (UKM). *Jurnal EKA CIDA*, 1(1), 30–39.

- Schaupp, L. C., & Bélanger, F. (2014). The Value of Social Media for Small Businesses. *Journal of Information Systems*, 28(1), 187–207. <https://doi.org/https://doi.org/10.2308/isys-50674>
- Tedjasuksmana, B. (2014). *Potret Umkm Indonesia Menghadapi Masyarakat Ekonomi Asean 2015*. The 7th NCFB and Doctoral Colloquium, 189–202.
- Tribunjogja.com. (2018). *36 Ribu UMKM di Sleman Berhasil Capai Omzet Rp 300 juta Per Tahun - Tribun Jogja*. Retrieved from <http://jogja.tribunnews.com/2018/11/05/36-ribu-umkm-di-sleman-berhasil-capai-omzet-rp-300-juta-per-tahun>
- Zhu, K., Kraemer, K. L., & Xu, S. (2006). The Process of Innovation Assimilation by Firms in Different Countries: A Technology Diffusion Perspective on E-Business. *Management Science*, 52(10), 1557–1576. Retrieved from <https://doi.org/10.1287/mnsc.1050.0487>