

The Influence of Social Media on The Performance of Micro, Small, and Medium Enterprises (MSMEs) in Tangerang Regency in An Effort to Penetrate The Global Market

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Abstract

The purpose of this study is to analyze and analyze the influence of social media use on the performance of MSMEs in Tangerang Regency in an effort to penetrate the global market. The research uses a quantitative approach with the type of explanatory research. The research sample is 100 MSMEs selected using the purposive sampling technique. Data analysis using Partial Least Square (PLS) with SmartPLS software. Social media has a positive and significant effect on the performance of MSME actors, Social Media has a positive and significant effect on the global market, MSME performance has no effect on the global market and Social media has no effect on the performance of MSMEs through the Global Market. There are many limitations in conducting this research, many difficulties in determining respondents who have or have not done the global market in their business. Respondents are limited in using social media because there are still respondents who only use 1 or 2 social media. Therefore, this research is still not optimal, and it is difficult to reach respondents who are not members of the MSME group. This research hopes that MSME business actors can improve their performance and can strive to penetrate the global market in the business sector in order to increase profits and MSME performance by better understanding the use of social media. The results of the study show that social media has an impact on the performance of MSMEs

Keywords: social media, MSME performance, global market.

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1. Introduction

Economic development is a crucial aspect in improving the welfare and income of the people of a country. Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economic development. The contribution of MSMEs to labor absorption reached 10.7% or around 12 million of the total workforce, showing the significant role of MSMEs in reducing poverty and unemployment. Srirejeki (2016). However, after the COVID-19 pandemic that has lasted for the past three years, MSMEs are facing major challenges with a significant decrease in income. In this situation, increasing financial access is one of the main focuses to empower MSMEs. Destiana (2016). Social media is present as a potential alternative for MSMEs to improve their financial performance.

The development of digital technology, especially social media, has dramatically changed the business landscape. Platforms such as WhatsApp, Instagram, and Facebook are powerful marketing tools for MSMEs. Julianti et al. (2021) stated that social media allows MSMEs to run a business anytime and anywhere, significantly expanding their market reach.

The research of Achmad et al. (2020) emphasizes the important role of social media in the marketing of MSME products. They found that effective use of social media can increase brand visibility and interaction with customers, which ultimately has a positive impact on sales. However, the challenges of MSMEs are not only limited to local marketing.

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In the era of globalization, MSMEs are required to be able to compete in the global market. Das (2017) emphasized the importance of MSMEs to face this global challenge. Mardia et al. (2022) define the global market as an arena where companies from different countries compete in offering their products and services.

Hadi (2021) identified four keys to success for MSMEs to penetrate the global market: (1) Focus on quality, quantity, and production continuity. (2) Strengthening business institutions and management, (3) Improving digital mindset and competence, (4) Learning export procedures, including the use of e-commerce platforms. Although the potential of social media to improve the performance of MSMEs and help them penetrate the global market is huge, there are still many MSMEs in Indonesia, especially in Tangerang Regency, who have not maximized the use of social media. Wulandari et al. (2019) underlined the importance of using social media for MSMEs, but also identified gaps in its implementation. Bailey et al. (2019) found that social connectivity has a significant impact on international trade. This strengthens the argument that the effective use of social media can help MSMEs in penetrating the global market. The number of MSME actors in Tangerang Regency has reached almost 5000 more actors from various industrial sectors.

Of the number of existing MSMEs, there are still many who do not understand or use social media as a means of promotion for their business and can improve their performance. International marketing knowledge, product innovation knowledge and instructional networks are critical factors for the success of the internationalization of MSMEs in Indonesia (Handoyo S yudianto 2012), while social media is a product resulting from current technological advances (tresnawati Y, prasetyo 2018). By seeing the number of people using social media which continues to increase every year. We can use this phenomenon to increase income for small business actors (MSMEs).

The results of a study conducted by Oktafiani et al. (2021) entitled "Analysis of the Utilization of Social Media on the Performance of MSMEs in Bogor Regency". The results of the study show that the use of social media has a positive and significant effect on the performance of MSMEs. The results of Susanto's (2018) research entitled "Analysis of the Use of Social Media on the Performance of MSMEs in Malang City". The results of the study show that the use of social media has no effect on the performance of MSMEs. Other factors such as managerial ability, capital, and access to resources are considered to have a greater influence on the performance of MSMEs.

Based on the description above, the purpose of this study is to determine the influence of social media on the performance of MSMEs in Tangerang Regency in an effort to penetrate the global market.

2. Literature Review

2.1. Social Media

Social media is a digital platform that facilitates interaction and communication between users. For MSMEs, social media can be an effective marketing tool to reach potential consumers at a relatively low cost. Social media has become a very important tool for MSMEs in marketing their products and services. Platforms such as Facebook, Instagram, and WhatsApp allow MSME actors to reach potential customers at a relatively low cost (Priambada, 2015). Effective use of social media can increase brand visibility, interaction with customers, and ultimately increase sales (Purwidiatoro et al., 2016).

Purwidiatoro et al. (2016) further analyzed that platforms such as Facebook, Instagram, and WhatsApp are very popular among Indonesia MSMEs due to their ease of use and wide reach. They found that MSMEs that actively use social media tend to experience faster growth compared to those that do not.

There are several indicators of social media according to Indriyani and Suri (2020)

- a. The presence of interesting and entertaining content, It refers to the quality and attractiveness of the content shared on social media. Engaging and entertaining content tends to increase engagement and help build a relationship with the audience.
- b. There is interaction between consumers and sellers, this indicator emphasizes the importance of two-way communication between MSMEs and their customers. These interactions can be answering questions, responding to comments, or providing customer service through social media.
- c. The existence of interaction between consumers and other consumers, This shows the extent to which social media facilitates communication between customers. These interactions can be product reviews, recommendations, or

discussions that can influence other consumers' purchasing decisions.

- d. Ease of livelihood of product information, This indicator relates to how easily consumers can find information about MSME products or services through social media. This can include product descriptions, prices, availability, and other relevant information.
- e. The ease of communicating information to the public, It refers to the effectiveness of social media as a tool to disseminate information to a wide audience. MSMEs can easily share product updates, promotions, or other important news with their followers.
- f. The level of trust in social media, This indicator measures the extent to which consumers trust the information they receive through MSME social media. This trust is important for building long-term relationships with customers and driving purchasing decisions

2.2. MSME Performance

MSME performance or performance is the result of work achieved by a person or group of people in the organization, in accordance with the responsibility of each organization to achieve the goals expected by the organization. According to Hasibuan (2017) MSME performance is a result achieved by a person or organization in carrying out the tasks assigned to them which is based on skills, experience, seriousness and time. According to Aribawa, the performance of MSMEs is the result of individual work in completing tasks within MSMEs in a certain period. This shows that performance is not only measured from the final result, but also from the process that is passed. Factors that affect MSME Performance According to Minuzu (Suci, 2019), there are two types of factors that affect MSME performance, namely internal factors and external factors.

The internal aspect consists of (1) the human resources aspect, (2) the financial aspect, (3) the technical and operational aspect, and (4) the marketing aspect. External aspects consist of: (1) Policy aspects of the requester, (2) Socio-cultural and economic aspects, (3).

Performance refers to the achievements or achievements of a company in a certain time. According to Bruck Da Evens (Alyza, 2010) there are four indicators of MSMEs, namely:

- a. Profit, Profit is one of the main indicators of MSME financial performance. It measures the profit earned after deducting operational costs
- b. Marketing Area: Marketing area refers to the geographical scope where MSMEs market and sell their products or services. The expansion of the marketing territory is often considered an indicator of growth.
- c. Labor, The number of workers employed by MSMEs can be an indicator of the scale of operations and business growth
- d. Capital, Capital refers to financial resources owned or invested in MSMEs. An increase in capital often signals greater business growth and capacity.

2.3. Global Markets

The global market is a market where companies from different countries compete with each other in offering products and services. Entering the global market requires a special strategy for MSMEs. Mardia et al. (2022): A global market is a market in which more than one company operates, competing with each other in offering, promoting, selling, and buying products or services. This shows that the global market involves interaction between different companies from different countries.

Global Market Characteristics

- a. International Transactions: The global market allows transactions between different countries, so businesses can reach consumers around the world.
- b. Multinational Competition: In the global market, companies from different countries compete to offer their products and services, which drives innovation and quality improvement.

- c. Market Segmentation: Despite its global nature, it still has specific segmentation, which means that marketing strategies must be tailored to the needs and preferences of consumers in different countries

Global Market Entry Strategy

To succeed in the global market, companies need to develop a well-thought-out strategy. Some of the steps that can be taken include:

- a. Market Research: Understanding the needs and preferences of consumers in the target country is essential for tailoring products and marketing strategies.
- b. Building Partnerships: Working with local companies or strategic partners can help in understanding local regulations and culture.
- c. Product Customization: Adapting products to local standards and preferences can increase the product's appeal in new markets.
- d. Distribution Channel Optimization: Choosing the right distribution channel to reach consumers in different countries is essential for marketing success.

3. Methods

This study uses a quantitative approach with the type of explanatory research. The quantitative approach was chosen because this study aims to test hypotheses and analyze the influence between variables using numerical data and statistical analysis. Explanatory research is used to explain the causal relationship between variables through hypothesis testing.

The sample technique used is purposive sampling, which is a simple random sub-sample drawn from each strata that is more or less the same in several characteristics. Data collection uses research instruments, data analysis is quantitative/statistical with the aim of testing the hypothesis that has been determined (Sugiyono, 2017)

The research sample of 100 MSMEs was taken from 5 sub-districts in Tangerang Regency which were selected with the criterion of having a business that has been in business for more than one year. Data collection uses questionnaires. Data analysis using Partial Least Square (PLS) with SmartPLS software.

Data analysis used with the Partial Least Square (PLS) Method using SmartPLS software version 4 with the following steps:

1) Measurement Model or outer Model

In this section, there is a validity test by looking at *Content Validity*, *Convergent Validity*, *Average Variance Extrated (AVE)*, and *Discriminant Validity*, as well as a reliability test.

2) Structural Model or Inner Model

The structural model was evaluated using *R-square* for dependent variables, *Stone-Geisser Q-square test* for *predictive elevation* and t-test as well as the significance of the structural path parameter coefficient.

3) Uji Hipotesis

Hypothesis testing using *full model structural equation modeling* analysis (SEM) with smartPLS (Ghozali Imam 2014)

Based on the hypothesis research model developed in this study is as follows:

- H1 : Social Media has a significant influence on MSME Performance
- H2 : Sosil Media has a significant influence on the Global Market
- H3 : The performance of MSMEs has a significant influence on the Global Market
- H4 : Social media has a significant influence on the performance of MSMEs through the Global Market

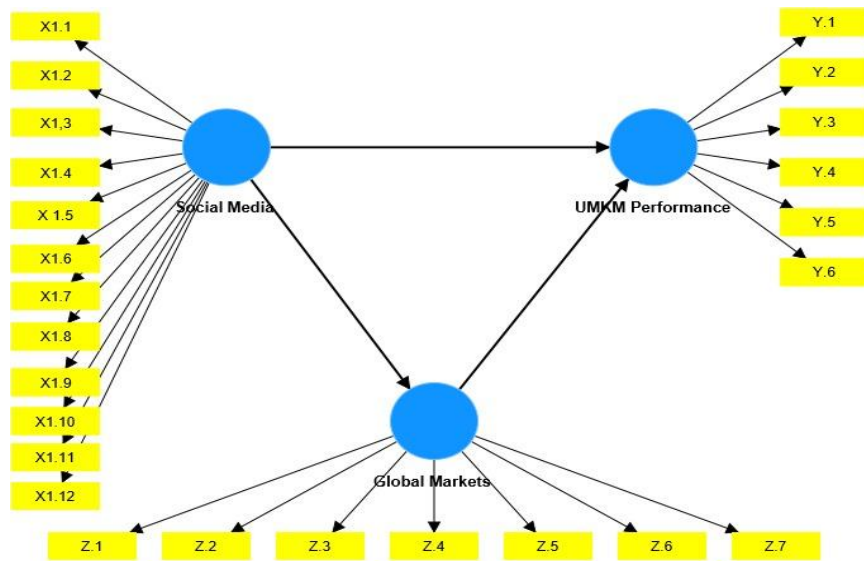


Figure 1. Theoretical framework model

4. Result and Discussions

4.1. Result

The results of this study use a google form that has been declared valid and reliable.

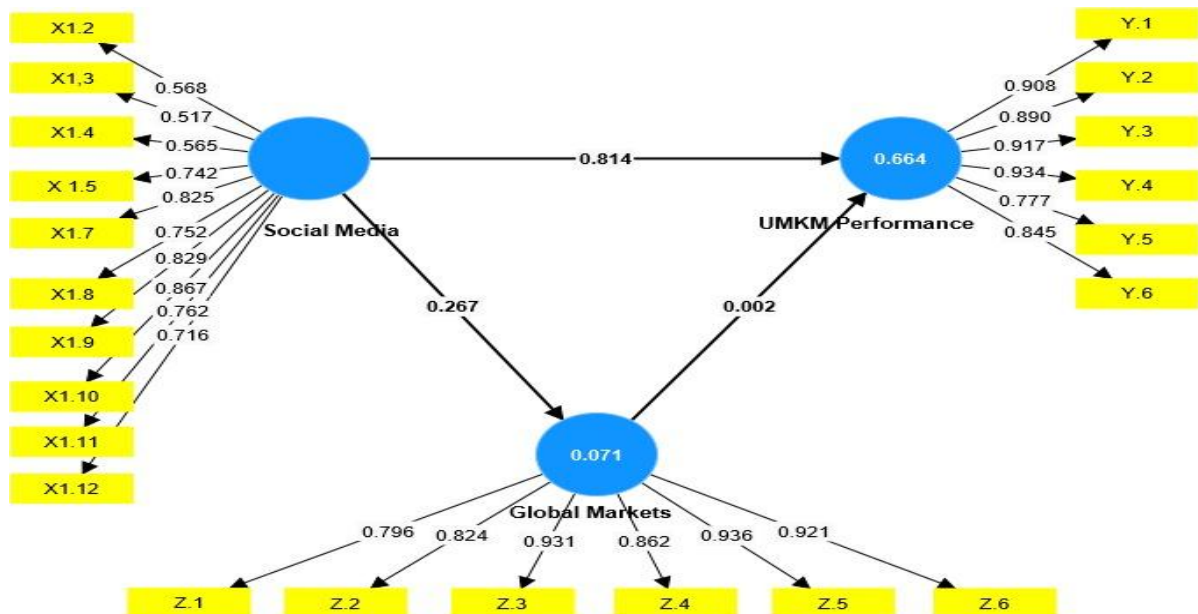


Figure 2. Loading Factor

Based on the table 1, the results obtained show that the value of the loading factor produced is above 0.4, meaning that it has a high load, indicating that the indicator has good convergent validity. And in Table 4.2 for the MSME Performance variable, the AVE value of 0.775 shows that the "MSME Performance" construct has a very good convergent validity. The AVE value on the Social Media variable of 0.524 also shows that the Social Media construct has sufficient convergent validity. An AVE value of 0.775 for the Global Market shows excellent results, similar to

MSME Performance. This means that the indicators in this construct are very relevant and can explain most of the variability of the construct.

Table 1. Results of Validity Test Results (AVE)

Variable	AVE	Conclusion
Social Media	0.775	Valid
MSME Performance	0.524	Valid
Global Markets	0.775	Valid

Table 2. Reliability Test Table

Variable	Croanbach Alpha
MSME Performance	0.941
Social Media	0.899
Capital Markets	0.940

Based on table 2, the results of the Construct Reliability Test were carried out to measure two criteria, namely Composite Reability and Cronbach Alpha. Constructs that are declared realistic if they have a Composite Reability and Cronbach alpha value have a value above 0.70. The results of the composite reability and Cronbach alpha tests can be seen in tables 2. All MSME Performance constructs, Social Media, and Global Markets have a very high Composite Reliability value, This shows that all of these constructs are very reliable in terms of internal consistency of the indicators.

Table 3. Fit Model Test

	Saturated model	Estimated model
SRMR	0.062	0.062

Based on table 3, the results of the Goodness of fit test of the PLS model in table 4 are 0.062 which shows that the SRMR value of the model in the saturated model is 0.062 and in the estimated is 0.062. Therefore, the SRMR value of the model in both the saturated model and the estimated model is below 0.08.

Table 4. R Square Results

	R-Square	R-Square adjusted
MSME Performance	0.664	0.657
Global Markets	0.071	0.062

Based on the table 4, it shows that the R Square value in the MSME Performance Variable is 0.664, This value shows that 66.4% of the variability in MSME Performance can be explained by independent variables such as social media and other factors. In the Global Market variable, this value shows that only 7.1% of the variability in the Global Market can be explained by independent variables in the model, a very low value, indicating that the independent variables do not contribute much to explaining the variability of the Global Market.

Table 5. Uji Predictive Releyance (Q2)

	SSO	SSE	Q ² (=1-SSE/SSO)
MSME Performance	600	193.660	0.677
Social Media	1000	588.601	0.411
Global Markets	600	192.514	0.679

Based on table 5, the performance of MSMEs and Global Markets has high Q² values (0.677 and 0.679, respectively), indicating that this model is very good at predicting the variability of these constructs. Social Media has a lower Q² value (0.411), but still shows positive and adequate predictive relevance. This shows that the model is still able to predict Social Media, albeit with weaker strength compared to MSME Performance and Global Markets.

Based on table 6 the testing of the research hypothesis was carried out by the bootstrapping method. It can be ascertained that the direct effect between constructs is proven to be qualified, namely obtaining a t-statistical value above 1.96 with a p value < 0.05.

Table 6. Hypothesis Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Social Media - > MSME Performance	0.814	0.824	0.033	24.929	0.000
Social Media -> Global Market	0.267	0.285	0.111	2.401	0.016
Global Market -> MSME Performance	0.002	0.001	0.059	0.038	0.974

Table 7. Results of Hypothesis Test (Indirect Influence)

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
Social Media - > Global Market - > MSME Performance	0.001	-0.001	0.018	0.033	0.974

Based on table 7, from the results of the T-statistical value of 0.033 with a P Value of 0.974, it shows that the Global Market has not been able to mediate in improving the Performance of MSMEs with Social Media, so it can be said that the hypothesis is rejected. There are still many obstacles faced by MSME actors, especially in Tangerang regency in an effort to penetrate the global market, including logistics factors, product adjustments for the global market and MSME actors' knowledge about exports and imports.

4.2. Discussion

4.2.1. Hypothesis 1: The Influence of Social Media on the Performance of MSMEs

From the results of the T-Statistical value of 24.929 with a P Value of 0.000, it shows that the Social Media variable has a positive and significant effect on the performance of MSMEs in Tangerang Regency. This shows that the use of social media by MSMEs is very effective in improving their overall performance. Social media provides a broad and accessible platform, which allows MSMEs to reach more customers, increase brand awareness, and Alireza Karami (2917) stated that Social media marketing has a significant positive impact on the performance of SMEs. Social media marketing is a powerful tool for SMEs to improve their performance, especially through increased marketing capabilities and a drive for innovation.

4.2.2. Hypothesis 2: The Influence of Social Media on the Global Market

From the results of the T-Statistical value of 2.401 with a P Value of 0.016, it shows that the Social Media variable has a positive and significant effect on the Global Market. This still shows that Social Media plays an important role as an important bridge for MSMEs to enter the international market. The use of social media allows MSMEs in Tangerang Regency to promote their products at the global level, reach international consumers, and participate in global trade at a relatively low cost. In line with Appel.at.al research (2020) concluded that social media marketing has a significant impact on global businesses, offering great opportunities for market growth and expansion, but it also requires a careful and planned strategy to address the complexities of the global market. Social media has a significant role in a company's international marketing strategy. Social media plays an important role in building *brand awareness* and customer loyalty in the global market. Jibril.at.al (2019)

4.2.3. Hypothesis 3: The Influence of MSME Performance on the Global Market

From the results of the T – Statistical value of 0.038 with a P value of 0.974, it shows that the Global Market Variable has no effect on the performance of MSMEs. This shows that Tangerang Regency MSME actors have not been able to penetrate the Global Market so that they have not been able to improve MSME Performance. MSMEs in Indonesia are

still focusing on the local or national market, which may limit their influence on the global market. However, SMEs are still focusing on the local market and facing challenges in business development. Ardiana et al. (2020)

4.2.4. Hypothesis 4: The Influence of Social Media on the Performance of MSMEs through the Global Market

The results of statistical analysis show that the T-Statistical value is 0.038 with a P-value of 0.974. This indicates that the Global Market variable does not have a significant effect on the performance of MSMEs in Tangerang Regency. In other words, the opportunities or ability of MSME actors in Tangerang Regency to penetrate the global market are still very limited, so their contribution to improving the performance of MSMEs has not yet been seen. A very high P-value (0.974) indicates that the null hypothesis (which states no effect) cannot be rejected, so interventions or strategies focused on global market penetration may not be on target for now. According to research by Ahlawat and Sharma (2016), the main factors that hinder MSMEs from entering the international market are limited information about foreign markets, lack of distribution networks, and complex logistical and regulatory constraints. The study of Chandra and Prasetyo (2021) highlights the importance of networks and partnerships in opening access to global markets. MSMEs that have good relationships with distributors, agents, or business partners abroad tend to have an easier time penetrating the international market than those that do not have such a network. The Global Market is a variable that is analyzed as a mediator, but in this study it was found that there was no significant indirect influence. This means that Social Media does not affect the performance of MSMEs through the Global Market. Narula and Dunning (2000) mentioned that many MSMEs face significant obstacles when trying to penetrate the global market, such as limited resources, lack of knowledge about international regulations, and cultural differences. This means that while Social Media provides a platform to access global markets, these challenges hinder the role of the Global Market as a mediator in improving the performance of MSMEs. Research by Knight and Cavusgil (2004) shows that only MSMEs that already have international readiness can successfully take advantage of global opportunities. For most MSMEs that are not ready, the Global Market does not have a significant influence on their performance.

5. Conclusions

Social media has a significant influence on the performance of Micro, Small, and Medium Enterprises (MSMEs) in Tangerang Regency, with an influence value of 0.814. Social media is also proven to have an influence on the ability of MSMEs to penetrate the global market, with an influence value of 0.267. Although this influence is not as large as the effect on the general performance of MSMEs, it still shows that social media plays an important role as an important bridge for MSMEs to enter the international market. The performance of MSMEs in penetrating the global market is still relatively small, with a value of 0.002. This indicates that although social media can facilitate access to the global market, MSMEs in Tangerang Regency may still face other challenges, such as logistical constraints, product customization for the international market, or lack of knowledge about the global market, which affects their performance in the international market. The global market has not been able to have a significant impact on the performance of MSMEs that use social media with a T-statistic value of 0.033 with a P Value of 0.974, this can be caused by various factors such as limited access, lack of knowledge about the global market, or incompatibility between MSME products and international market needs. In this study, there are limitations in determining respondents who are in accordance with the title of the researcher.

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