

The Influence Of Social Networks On The Success Of Umkm Entrepreneurs: A Study On Indonesian Entrepreneurs

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ARTICLE INFO	ABSTRACT
Keywords: Social Networking, Entrepreneurial Success, Indonesian Entrepreneurs.	In the digital era and the development of information technology, social networks have become an important platform for communication and interaction between individuals and businesses. In Indonesia, Micro, Small and Medium Enterprises (MSMEs) play a vital role in the country's economy. The purpose of this study is to analyze the extent to which the use of social networks affects entrepreneurial success in MSMEs in Indonesia. This study used quantitative research methods. Data is collected through a survey involving entrepreneurs from various MSMEs in Indonesia. The data collected will be analyzed using regression analysis. The results showed that social networking has a positive influence on entrepreneurial success in MSMEs. Social networking can help MSMEs to expand business networks, obtain market information, and increase sales. MSMEs that want to increase their business success can utilize social networking as one of their strategies.

INTRODUCTION

The digital age has brought about major changes in the way we communicate and interact with others. The development of information technology, especially the internet, has brought unprecedented convenience and accessibility to information. One of the striking phenomena of this digital era is the existence of social networks that have changed the way we relate to other people and businesses.

Social networks have become a very important platform in facilitating communication and interaction between individuals, by using social networks, we can easily connect with friends, family, coworkers, and people around the world (Syifa & Irwansyah, 2022). Various social networking platforms such as Facebook, Twitter, Instagram, LinkedIn, and others have become places for people to share stories, photos, videos, and various other personal information (Pertiwi & Irwansyah, 2020). Apart from acting as a means of personal communication, social networks also play a crucial role in the business world (Utami & Nawawi, 2022).

In the business world, many companies, especially Micro, Small and Medium Enterprises (MSMEs), have utilized social networking as an effective marketing and promotional tool, using social networking platforms. In Indonesia, MSMEs have a very important role in the country's economy (Sarfiah, Atmaja, & Verawati, 2019). MSMEs account for the majority of employment and contribution to overall economic growth. MSMEs act as the backbone of the economy, especially in reducing unemployment and alleviating poverty (Indriyani, 2017). MSMEs in Indonesia are widespread in various industrial sectors, including trade, agriculture, manufacturing, tourism, and other services creating employment opportunities for local communities, both in urban and rural areas, thus contributing to reducing economic disparities between regions (Yakup, 2019).

MSMEs can easily build and expand business networks, reach potential customers, and increase their brand presence in the market with social media (Syahputro, 2020). Not only that, social networks are also an important source of information for businesses. Through social networks, MSMEs can monitor market trends, get feedback from customers, and know the needs and wants of consumers. Based on this information, MSMEs can make more informed decisions in developing their business strategies.

In previous research by (Dharma, Sari, & Pulungan, 2022) social media has a significant effect on the business success of culinary traders in Medan Johor District both partially and simultaneously. Another study by (Husna, 2021) proves that the use of social media and creativity has a positive and significant effect on business success at ardhina batik motif Medan. Similar research by (Wijaya & Handoyo, 2023) found a negative and insignificant effect of social media on business success, creativity has a positive and significant effect on business success, motivation has a positive and insignificant effect on business success. The absence of research on the influence of social networks on the success of MSME entrepreneurs with case studies on Indonesian entrepreneurs is a novelty in this study. The purpose of this study is to analyze the extent to which the use of social networks affects entrepreneurial success in MSMEs in Indonesia.

Social Networking

The term social network was first introduced by Professor J.A Barnes in 1954. Social network is a social structure system consisting of individual or organizational elements. This social network will make those who have similar socialities, ranging from those who have been known daily to families can be in touch with each other (Arifin, 2015). Social networking is a platform or communication medium that allows users to interact, share information, and connect with others online. The platform facilitates users to create personal profiles, send messages, share content such as photos and videos, and participate in communities or groups based on specific interests or activities. Social networks have become an integral part of modern life, influencing the way people communicate, interact and share information more easily and quickly through the internet. Examples of popular social networks include Facebook, Twitter, Instagram, LinkedIn, and many others (Setyawati, 2014).

Entrepreneurial Success

Business success is the achievement of the objectives of a business (Suryana Dr, 2003). Business success can be interpreted as an optimal outcome of business activities that result in a significant increase in assets and performance. Business success can be observed from capital growth, increasing the number of employees, increasing profits, increasing sales volume, and increasing production volume (Herawaty and Yustien, 2019). Indicators of business success according to (Suryana Dr, 2003) and are business improvements such as: sales volume, sales turnover, business capital. Expansion of business scale such as marketing area, amount of production, number of workers, and number of customers. Meanwhile, according to (Purnama, 2010) business success is production efficiency and then production expansion.

Micro, Small and Medium Enterprises (MSME)

MSMEs are micro, small and medium enterprises that are individually or privately owned, have a net worth of no more than IDR 200,000,000 excluding land and buildings (Hidayat, Lesmana, & Latifah, 2022). Small Enterprises refer to productive economic activities that operate independently and are carried out by individuals or business entities that are not subsidiaries or branches of Medium Enterprises or Large Enterprises in accordance with the provisions of the Law. Examples of Small Enterprises include farming businesses owned by individual landowners with labor, traders in wholesale markets or agents, artisans of the food and beverage industry, wood and rattan furniture, and the home appliance, apparel and handicraft industries. In addition, chicken, duck, and fishery farming businesses are also categorized as Small Enterprises, as are small-scale cooperatives. Meanwhile, medium-sized enterprises are productive economic activities that operate independently and are conducted by individuals or business entities that are not subsidiaries or branches of small or large enterprises. Determination of Medium Business status is based on the amount of net worth or annual sales results in accordance with the provisions stipulated in the Law (Hanim & Noorman, 2018).

METHOD

This study uses quantitative research methods. According to (Yani, n.d.), quantitative research methods are research methods based on the philosophy of positivism, used to research on certain populations or samples, data collection using research instruments, quantitative or statistical data analysis, with the aim of testing predetermined hypotheses. The data in this study will be collected through a survey using a questionnaire distributed to MSME entrepreneurs in Indonesia. In addition, secondary data such as related reports and studies will be used to provide further context in the analysis. The population in this study is MSME entrepreneurs in Indonesia, the sampling technique is carried out by random sampling technique so that 200 respondents are obtained. The data collected will be analyzed using regression analysis.

RESULTS AND DISCUSSION

Descriptive Test

Descriptive test is a statistical method used to summarize and describe the basic characteristics of data, such as mean, median, mode, and data distribution (Nasution, 2017).

Table 1. Descriptive Test

	N	Minimum	Maximum	Mean	Std. Deviation
Jejaring Sosial	200	18.00	30.00	24.7150	2.88712
Keberhasilan UMKM	200	10.00	20.00	16.8750	1.90724
Valid N (listwise)	200				

In table 1 above, it can be seen that the social network variable has a minimum value of 18.00 and a maximum value of 30.00 with a mean value of 24.7150 and a standard deviation (the level of data distribution) of 2.88712. Meanwhile, the MSME success variable has a minimum value of 10.00 and a maximum value of 20.00 with an average value of 16.8750 and a standard deviation (the level of data distribution) of 1.90724.

Validity Test

Validity test is a method to measure the extent to which a measurement instrument or measuring instrument can measure what should be measured. This test is used to assess whether a measuring instrument actually measures the intended variable or only measures other irrelevant variables (Darma, 2021).

Table 2. Validity Test

		Social Networking	Success of MSMEs	Total
Social Networking	Pearson Correlation	1	.609**	.937**
	Sig. (2- Tailed)		.000	.000
	N	200	200	200
Success of MSMEs	Pearson Correlation	.609**	1	.848**
	Sig. (2- Tailed)	.000		.000
	N	200	200	200
Total	Pearson Correlation	.937**	.848**	1
	Sig. (2- Tailed)	.000	.000	
	N	200	200	200

Based on the data in table 2, it can be seen that all instruments have a pearson correlation value greater than $r_{Table} = 0.116$ ($N = 200$) and the Sig value. (2-tailed) correlation for all items .000 is smaller than 0.05 so it can be concluded that all statement items are declared valid, so the questionnaire is declared valid for use.

Reliability Test

Reliability test is a method to measure the extent to which a measurement instrument or measuring instrument provides consistent and stable results in various situations or repetitions of measurements. This test is used to assess the level of accuracy and reliability of a measuring instrument (Darma, 2021).

Table 3. Reliability Test

No.	Variabel	Cronbach Alpha	Keterangan
1	Jejaring Sosial (X)	0.718	Reliabel
2	Keberhasilan UMKM (Y)		Reliabel

Based on the reliability test in table 3, the Cronbach Alpha value is 0.718 which is greater than 0.600 so that the questionnaire is declared to have a good level of consistency and reliability for use in further research.

T test

The T test is a statistical method used to compare two sample means from two different groups. The T test can be used for both small and large samples (Darma, 2021).

Table 4. T test

Model		Unstandardized B	Coefficients Error	Std.	Satandardized Coefficient Beta	t	Sig.
1	(Constant)	6.939	.927			7.786	.000
	Program Afiliasi	.402	.037		.609	10.792	.000

Based on table 4, the regression test results obtained a significance value of $0.000 < 0.05$, which means that social networking has a positive and significant effect on the success of MSMEs. In addition, the calculated t value is $7.786 > t \text{ table } 0.675$, so it can be concluded that H_0 is rejected and H_a is accepted.

Test Coefficient of Determination

The Coefficient of Determination test is a method for measuring how well the independent variable can explain variations in the dependent variable in a regression model. The coefficient of determination indicates the percentage of variation in the dependent variable that can be explained by the independent variables in the regression model (Darma, 2021).

Table 5. Test coefficient of determination (R^2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.609 ^a	.370	.367	1.51719

Table 5 shows that the coefficient of determination in R Square is 0.370 or equivalent to 37.0%. This means that the effect of social networks on the success of MSME entrepreneurs is 37.0%, while the remaining 64.0% is influenced by external factors not discussed in this study.

Discussion

The results showed that social networks have a positive influence on entrepreneurial success in MSMEs. The results of this study support the results of previous research by (Monica & Widjaja, 2019) from the test results obtained that social and business networks, and personality have a positive and significant influence on the success of Food & Beverage entrepreneurship in West Jakarta. Another study by (Lukiastuti, 2012) the findings of this study are that indirectly entrepreneurial orientation has a greater influence on SME business performance mediated by behavioral commitment variables; and the reconfiguration of business network capabilities has an influence on its international performance and provides evidence of empirical support for the view of dynamic corporate capabilities. Similar research conducted by (Putri & Ie, 2020) the results of this study are entrepreneurial orientation affects business performance, the environment has no effect on business performance, and social media affects business performance.

Social networking has a significant positive impact in various aspects of business, especially in expanding business networks, providing market information, and increasing sales. Through social networking platforms such as Facebook, Instagram, LinkedIn, and Twitter, businesses can take advantage of the following benefits:

1. Expanding Business Networks

Social networking allows entrepreneurs to connect with a wide range of individuals, including fellow entrepreneurs, business partners, and potential customers from different parts of the world. This opens up opportunities for collaboration, knowledge sharing, and relationship building that can support business growth (Nayati Utami, Siti Astuti, Maulani Ramadhan, Trialih, & Alief Aprilian, 2019).

2. More Accurate Market Information

Through social networks, entrepreneurs can monitor the latest trends, lifestyles, customer preferences, and market changes more easily. They can keep up with industry developments and gain insight into what is being talked about among customers and competitors (Colombo & Pignataro, 2022).

3. Effective Promotion and Marketing

Social networks provide an effective platform for promoting products and services. Entrepreneurs can use images, videos, and other engaging content to grab the attention of potential customers. In addition, the advertising capabilities provided by social networking platforms allow for targeted marketing campaigns (Lee & Kim, 2020).

4. Interaction with Customers

Through direct communication on social networks, entrepreneurs can interact with customers in real-time. They can answer questions, respond to comments, and get direct feedback from customers. This helps build stronger relationships with customers and increase loyalty (Lu & Yi, 2022).

5. Increase Sales

By utilizing social networks, entrepreneurs can create sales campaigns, special offers, or contests that can encourage customers to shop or transact. The use of creative and engaging marketing techniques can help increase the number of sales (Dolega, Rowe, & Branagan, 2021).

6. Increase Brand Awareness

An active presence on social networks helps build greater brand awareness. Entrepreneurs can create content that reflects brand values and share it with a wider audience. This helps create a strong brand image and is easily accessible to the public (Algharabat, Rana, Alalwan, Baabdullah, & Gupta, 2020).

Social media makes it easier for customers and helps them in searching, evaluating, selecting and purchasing the desired goods or services (Dahiya & Gayatri, 2018). MSMEs that want to increase their business success can utilize social networking as an effective strategy. By using social networks, MSMEs have a greater opportunity to reach more potential customers and increase their business presence and visibility in the market. In addition, interaction with customers through social networks can also help MSMEs in getting feedback, increasing customer satisfaction, and improving the quality of their products or services. Therefore, the utilization of social networks can be a very meaningful aspect in supporting the growth and success of MSMEs in an increasingly competitive market.

CONCLUSION

The results show that social networks have a positive impact on entrepreneurial success in Micro, Small and Medium Enterprises (MSMEs). Social networks make a positive contribution in expanding business networks, providing market information, and increasing sales. MSMEs that want to increase their business success can utilize social networking as one of the effective strategies. By using social networks, MSMEs have a greater opportunity to reach more potential customers and increase their business presence and visibility in the market. In addition, interaction with customers through social networks can also help MSMEs in getting feedback, increasing customer satisfaction, and improving the quality of their products or services. Therefore, the utilization of social networks can be a very meaningful aspect in supporting the growth and success of MSMEs in an increasingly competitive market.

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