The Use of Social Media and Product Innovation on the Development of Micro Enterprises in the Trade Sector

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ABSTRACT

This study aims to determine the description and influence of the use of social media and product innovation either partially or simultaneously on the development of micro-enterprises in the trade sector in Luwu Regency. The population of this research is the micro business actors in the trading sector in Luwu Regency. Determination The sample used is the sample formulated by Slovin with an error rate of ten percent, the number of samples obtained is as many as one hundred respondents, with data collection techniques namely questionnaires that are tested for validity and reliability. The data obtained were processed using data analysis and the help of SPSS version twenty five which consisted of classical assumption test, multiple linear regression analysis, t test, F test and determinant coefficient. The results showed that the use of social media in the very good category, product innovation in the good category, and business development in the very good category. The results of the reference analysis show that there is a significant influence between the use of social media and product innovation on the development of micro enterprises in the trade sector in Luwu Regency.

Keywords: Use of Social Media; Product Innovation; Business Development.

INTRODUCTION

The development of the times and the rapid progress of the economy in Indonesia have forced the business world to take strategic steps in order to compete with other businesses, especially MSMEs (Ahmed et al., 2020). This is because MSME in developing countries, one of which is Indonesia, is the most dominating business sector, MSME are also referred to as sectors that are able to support the economy and also have an important role in developing the economy in Indonesia, both in terms of business and job creation (Cosenz & Bivona, 2020; Dutot & Bergeron, 2016; Sulistyo, 2016; Taneo et al., 2017).

MSME themselves are grouped into several sectors, namely the trade, agriculture, production, plantation, animal husbandry, fisheries and services sectors. From the seven business sectors, the researcher chose the micro-enterprise type of trade as the object to be studied in this study (Hanifzadeh et al., 2018).

Where the trade sector is one of the business fields that drive the economy in Luwu Regency. With the contribution of this sector in Gross Regional Domestic Product (GRDP) of 12.06 percent, it ranks second after the agricultural business field. Therefore, the development of this sector will certainly have an impact on the economy of Luwu Regency.

Trading business actors have several business strategies to keep their businesses growing by utilizing social media. Where we all know social media gives rise to social media marketing to persuade consumers by using social media to buy products offered by a company or business actor by looking at their product promotions on the internet. This is reinforced by a study from the Indonesian Internet Service Providers Association (APJII). which found that the MSME class trade sector in Indonesia uses social media such as Facebook (43%) and Instagram (11%) as marketing media.

Through social media, such as Facebook, WhatsApp, Instagram etc. MSME actors can connect with various people easily and for free. With this convenience, MSME can market their products online to attract more customers inside and outside the region. So that MSME become more developed. Several studies have proven that one of them is (Ahmad et al., 2019; Hadj, 2020) by optimally utilizing social media and consistently updating information every day can develop market share and increase product sales so that businesses develop.

Apart from social media, what is no less important is product innovation. According to (Díaz-Chao et al., 2015; Frank et al., 2019; Holloway et al., 2021) product innovation is important where the better product innovation is carried out, it will encourage higher business development. One of the business success factors is product innovation. where in the face of a challenging business environment, buyer demand increases and competition is increasingly rapid, MSME that do not innovate on their products will lose out to competitors who always innovate. Nowadays, consumers are very critical in choosing the products they want to buy or use and the fierce competition between business actors, these events require business actors to be more innovative in producing a product.

The problem that is commonly encountered is that many MSME actors still do not understand the benefits of social media for business development. And business products are still less innovating with larger business products. They still market their products in a traditional way, namely marketing their products directly to consumers which only cover a small area and do not innovate their products. It's just that some business actors don't know how to market a product to become known and have broad market potential by utilizing social media. Usually business actors among parents do not know online marketing. However, it is different for MSMEs in Luwu Regency where many business actors already understand social media and innovate their products so that the development of MSME in Luwu Regency is growing rapidly.

Therefore, the use of social media in MSME and innovating their products need to get more attention by local governments and the community, especially business actors. To be able to compete with other business actors. Where product innovation is very good for use in micro, small, and medium enterprises, where small businesses like this really need product innovation in order to increase the selling value of these goods or services. MSME actors need to be facilitated with information and communication technology knowledge on how to innovate products so that they can quickly adapt to globalization. In the era of globalization and the rapid development of information technology, business actors have to adapt and play an active role in using information technology.

Based on the description above, Background and Phenomenon above, in this study the author takes the title: "The Use of Social Media and Product Innovation on the Development of Micro Enterprises in the Trade Sector in Luwu Regency".

METHOD

The type of research used in this study is the associative method with a quantitative approach. According to Creswell & Clark (2017) the associative method is a study that aims to determine the influence or relationship between two or more variables. This research is a micro business actor in the trade sector in Luwu Regency with a total of 9,311 based on the latest data issued by the Department of Cooperatives, SMEs and Industry Kab. Luwu. Creswell & Clark (2017)sample is part of the number and characteristics possessed by the population. As for the determination of the number of samples, the researchers used the reference formula for determining the number of samples set by Slovin with an error rate of 10% obtained as many as 100 respondents. The sampling technique in this study used non-probability sampling with purposive sampling technique. According to Umar (2014) Purposive sampling is the selection of samples based on certain characteristics that are considered to have something to do with or relate to research with predetermined criteria.

The data collection technique used in this study was a questionnaire. According to Sugiyono (2013) Questionnaires can be in the form of closed or open questions, can be given to respondents directly or sent by post or internet. In this research, it is done by distributing a list of questions and statements using google form to the respondents, then the respondents choose the alternative answers that have been provided. The measurement data used is a Likert scale. According to Creswell & Clark (2017)the Likert scale is used to measure attitudes, opinions and perceptions of a person or group of people about social phenomena. And the study of documentation is a technique of collecting data by studying documents to obtain data or information related to the problem under study. This data collection technique is not directly shown to the research subject in order to obtain information related to the object of research.

RESULTS AND DISCUSSION

An Overview of the Use of Social Media and Product Innovation on the Development of Micro Enterprises in the Trade Sector in Luwu District

The use of social media is measured using the indicators proposed by (Chan-Olmsted et al.,(2013), namely participation, openness, conversation, community, and connecting. These indicators are contained in 10 questions in a questionnaire that has been given to respondents by micro business actors in the trading sector in Luwu Regency. The results of the descriptive analysis show the use of social media in micro-enterprises in the trade sector in Luwu Regency as follows:

1) Participation

Based on the data management table score using the level of achievement on the participation indicator, this can be seen from the results of this study showing an achievement rate of 79.6 percent in the good category, where the majority of business actors who were respondents chose to strongly agree with this statement.

2) Openness

Based on the score of the data management table using the level of achievement on the indicator of openness, this can be seen from the results of the study showing the achievement level of 83.2 percent in the good category, where the business actors who were the majority respondents chose to strongly agree with this statement.

3) Conversation

Based on the data management table score using the level of achievement on the conversation indicator, this can be seen in the results of the study showing an achievement rate of 87 percent with a very good category, where the majority of business actors who were respondents chose to strongly agree with this statement.

4) Public

Based on the score table of the results of data management using the level of achievement on community indicators, this can be seen in the results of the study showing an achievement rate of 90.1 percent with a very good category, where the business actors as the majority respondents chose to strongly agree with this statement.

5) Connecting

Based on the score table of the results of data management using the level of achievement on the connecting indicator, this can be seen in the results of the study showing an achievement level of 90.2 percent in the very good category. where the majority of business actors as respondents chose to strongly agree with this statement.

Based on the results of the research above, it shows that the average level of achievement obtained for all indicators carried out in this study to measure the variable use of social media in micro business actors in the trading sector in Luwu district of 86.9 percent is in the very good category. The results of this study are in line with (Khajeheian & Ebrahimi, 2021; Niwash et al., 2022), the more often you use social media, the greater the level of business development achievements.

Business development is measured using the indicators put forward by (Block, 2007; Khajeheian & Ebrahimi, 2021; Papilaya et al., 2015), namely increased turnover, increased income, increased assets, increased workforce, business development, and business development according to the target. These indicators are contained in 12 questions in a questionnaire that has been given to respondents by micro business actors in the trading sector in Luwu Regency. The results of the descriptive analysis show developments in the trade sector micro-enterprises in Luwu Regency as follows:

1) Turnover increased

Based on the table score of the results of data management using the level of achievement on the increased turnover indicator, this can be seen in the results of the study showing an achievement rate of 84.1 percent in the good category, where business actors as the majority respondents chose to strongly agree with this statement.

2) Income increased

Based on the table score of the results of the table data management using the level of achievement on the income indicator increased, this can be seen in the results of the study showing an achievement rate of 84.5 percent with a good category, where the business actors as the majority respondents chose to strongly agree with this statement.

3) Assets increase

Based on the table score of the table data management results using the level of achievement on the asset indicator increased, this can be seen from the results of the study showing an achievement rate of 86.6 percent in the very very good category, where the majority of business actors chose to strongly agree with this statement.

4) Adding manpower

Based on the table score of the results of the table data management using the level of achievement on developing business indicators, this can be seen from the results of the study showing an achievement rate of 84.8 percent in the good category, where the majority of business actors chose to strongly agree with this statement.

5) Growing business

Based on the table score of the table data management results using the level of achievement on the indicators of developing businesses, this can be seen from the results of the study showing an achievement rate of 88.4 percent in the very good category, where the majority of business actors chose to strongly agree with this statement.

6) Business development according to target

Based on the table score of the table data management results using the achievement level on the business development indicators according to the target, this can be seen from the results of the study showing an achievement rate of 88.9 percent in the very good category, where the majority of business actors chose to strongly agree with this statement.

Based on the results of the research above, it shows that the average level of achievement obtained for all indicators used in this study to measure the micro-enterprise development variable in the trading sector in Luwu Regency is 86 percent in the very good category. The results of this

study are in line with research conducted by Felício et al.(2019) which states that the level of success and business development can be seen from the increase in sales turnover.

The Effect of Partial Use of Social Media and Product Innovation on the Development of Micro Enterprises in the Trade Sector

From the data collection and processing carried out with the help of the SPSS 25 program, the results of the partial test (t test) showed that the use of social media (X1) had a partial effect on business development (Y). X1) shows the value of tcount = 2.885 > ttable 1.664 with a significant value of = 0.005 < 0.05, which means that the use of social media (X1) has a significant influence on business development (Y). The results of multiple regression analysis also found that the variable use of social media had an effect of 0.252, which means that for every 1 percent increase in X1 variable, consumer satisfaction will increase by 0.252 (0.252 percent). The results of this study are in line with the results of Purwidiantoro's (2016) research that the variable use of social media has a significant effect on the development of MSME. As for Du et al.(2018), as evidenced by the results of research that explains the use of social media has a positive and significant effect on business development. So it can be said that the higher the use of social media, the greater the level of business development achievements.

From the data collection and processing carried out with the help of SPSS 25, partial test results (t test) were obtained which showed that product innovation (X2) had a partial effect on business development (Y). The test results obtained that the t value for the product innovation variable (X2) shows the value of tcount = 8.011 > ttable 1.664 with a significant value of = 0.000 <0.05, which means that product innovation (X2) has a significant influence on business development (Y). The results of multiple regression analysis also found that the product innovation variable has an effect of 0.729, which means that for every 1 percent increase in the X2 variable, business development will increase by 0.729 (72.9 percent). The results of this study are in line with the results of (Albers et al., 2018) indicates that product innovation has a positive and significant effect on business development. This causes the needs, wants, and demands of customers to fluctuate. Customers will not always buy the same product. Customers will look for other products from other companies that are felt to satisfy their needs, therefore innovation is very important.

The effect of simultaneous use of social media and product innovation on the development of micro enterprises in the trade sector

The development of micro-enterprises in the trade sector as a success in business which can be seen in the increasing number of sales is due to the ability of entrepreneurs to seize existing business opportunities, to innovate, to have a wide market controlled, to be able to compete, to have broad access to financial institutions, both banks and financial institutions. non-banks so as to increase their business financing. There are several factors to achieve business development, but this research will focus on the use of social media and product innovation. This study is also intended to determine whether the use of social media and product innovation has a simultaneous effect on the use of social media and product innovation on the development of micro enterprises in the trade sector in Luwu Regency.

From the data collection and processing carried out with the help of the SPSS 25 program, simultaneous test results (F test) were obtained which showed that the effect of using social media (X1) and product innovation (X2) had a simultaneous effect on business development (Y). the data shows that the value of Fcount = 102.625 > Ftable = 3.09. This means that the effect of using social media (X1) and Product Innovation (X2) together or simultaneously has a significant effect on business development (Y). In addition, based on the results of data processing, the determinant coefficient (R square) is 0.679 (67.9%). This means that the use of social media (X1) and product innovation (X2) together has an effect of 67.9 percent on business development (Y), while the remaining 32.1 percent is influenced by other variables that are not part of this study. . These results are in line with the results of Dutot & Bergeron (2016) research which proves that the use of social media and product innovation has a simultaneous effect and has an influence of 71.6 percent on business development.

CONCLUSION

The use of social media is included in the very good category, product innovation is in the good category and business development is in the very good category, where all indicators used support the quality of the variables of social media use and product innovation on the development of micro-enterprises in the trading sector in Luwu Regency. The results of the partial test (t test) that were carried out showed that there was a positive and significant relationship between the variables of the use of social media and product innovation on the development of the trade sector business in Luwu Regency. Where this is shown by the results of the partial test calculation for the variable use of social media, it is obtained tcount > ttable and for the product innovation variable, the value is tcount > ttable. So it can be concluded that the use of social media and product innovation has a partial effect on the development of micro-enterprises in the trading sector in the Regency. Luwu. The use of social media (X1) and product innovation (X2) have a simultaneous effect on business development (Y), where from the results of data processing it can be seen that the value of Fcount > Ftable. This means that the effect of using social media (X1) and product innovation (X2) together or simultaneously has a significant effect on business development (Y).

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