

THE USE OF SOCIAL MEDIA FOR MSMEs IN THE KUBU RAYA REGENCY

Ruby Chrissandy¹, Celine Elysia², Meysia Dewi Aurellia³, Amelia Natassya⁴, Arya
Dharmayanto⁵ & Kevin Matthew Ivanson⁶

¹Faculty of Art and Design, University Tarumanagara Jakarta
Email: rubyc@fsrd.untar.ac.id

²Faculty of Art and Design, University Tarumanagara Jakarta
Email: celine.625210044@stu.untar.ac.id

³Faculty of Art and Design, University Tarumanagara Jakarta
Email: meysia.625210008@stu.untar.ac.id

⁴Faculty of Art and Design, University Tarumanagara Jakarta
Email: amelia.625210028@stu.untar.ac.id

⁵Faculty of Art and Design, University Tarumanagara Jakarta
Email: arya.625210049@stu.untar.ac.id

⁶Faculty of Art and Design, University Tarumanagara Jakarta
Email: ivanson.kevin@gmail.com

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ABSTRACT

Research conducted by the Center for Indonesian Policy Studies (CIPS) shows that many MSMEs (Micro, Small, and Medium Enterprises) in Indonesia have not gone digital due to their lack of knowledge and skills when using digital services. Additionally, they may sometimes feel unsafe or insecure when they make digital transactions. However, digitalization can increase their revenue and productivity by a significant amount in this era. The government targets 30 million MSMEs to utilize digital platforms by 2024; the more the MSMEs that go digital, the more transactions will happen. When more transactions are made, the competitiveness of MSMEs will increase so that MSMEs can also increase in class. Today's era is the digital age where technology develops very rapidly; in which this development is also driven by the pandemic. The pandemic prompted a shift in product consumption patterns from mainly using offline means to online means. Additionally, the increase in internet traffic by 15-20% also proves this point. Social media bring many benefits to MSMEs; namely, expanding the reach of the MSME to all parts of the world, because social media are already commonly used globally. Social media would allow MSMEs to reach out to up to millions of people whenever and wherever there is internet connection. With this in mind, MSMEs can distribute their product and service content to their targets. In addition, social media allows MSME to share information via Real-Time with chat features. This feature would help MSMEs to reach their market targets and market products.

Keywords: Msme, digital, social media

1. PREFACE

The fluctuations observed in Indonesia's national economy are caused by various factors, one of which are MSMEs (Micro, Small and Medium Enterprises). These enterprises contribute an important role in the growth of the national economy. From then up to now, MSMEs have withstood through many crises, one of which is the 1997-1998 riots, where only MSMEs still stand. MSMEs also bring great job opportunities, hence they have the potential to reduce unemployment rates in Indonesia.

According to Databoks (2022), the unemployed numbered about 8.4 million people, from the total 144.04 million jobs. From a percentage standpoint, 8.4 million people would be about 5.83% of the entire workforce. The Ministry of Cooperatives and MSMEs currently supports MSMEs in Indonesia because they have contributed to 61.07% of the GDP (gross domestic product), which is equivalent to Rp 8,573.89 trillion. The contribution of MSMEs towards the

national economy may include their ability to absorb up to 97% of the total current workforce and would result in 60.4% of the total investment.

To support MSMEs, the government has started several programs, such as giving out incentives and sponsors through the PEN program, KUR (Kredit Usaha Rakyat or People's Business Credit in English), Gernas BBI (Gerakan Kebanggaan Nasional Untuk Indonesia or the Indonesia National Pride Movement in English), the digitalization of MSME marketing and the empowering of pre-alumni entrepreneurs. This includes the employment card program through the KUR funding and a strategy to promote the Job Creation Law (UU Cipta Kerja) for the long term. (Coordinating Ministry for Economic Affairs of the Republic of Indonesia, 2021). However, according to the Ministry of Cooperatives and MSMEs, from the 19 million MSMEs, 11 million of them still have yet to join and implement digital platforms, even though there is a significant and noticeable increase when compared to the year prior.

The Kubu Raya Regency is one of the only regencies that pushes for the digitalization of its MSMEs. Sandiaga Salahuddin Uno, the Minister of Tourism and Creative Economy, states that 60% of MSMEs in Indonesia are encouraged through creative contests by Gemawira (Gerakan Masyarakat Wirausaha or Entrepreneurship Community Movement in English) and independent MSMEs. He adds that the people need an MSME product made by MSME actors in Kubu Raya to be digitalized so that these products can be sold on various digital platforms (Mawardi, 2022). Analysis from the Center for Indonesian Policy Studies (CIPS) shows that there are a large number of MSMEs that still have not gone digital due to their lack of skills and knowledge in this field. Additionally, Pingkan Audrine Kosijungan, a researcher from CIPS, states that the proliferation of digital sales could mainly be the strategy for MSME actors, as medium-sized enterprises can digitally expand their market range and promote their products. On the other hand, MSME actors could still follow the lockdown regulations while reducing the number of customers in their shops and limiting opening times (Elisabeth, 2022).

Compared to February in the previous year, transactions done in e-commerce platforms have increased by 12% and reached a value of Rp 30,8 trillion. To face this new market development, the Bank of Indonesia moves to push the digitalization program for MSMEs. An acceleration in the digitalization of MSMEs is done to broaden the market access and to increase the competitiveness through the three-pillar program developed by the Bank of Indonesia, which is to increase production capacity, fee efficiency, and a broader market. One of the programs include the digitalization of MSMEs in e-farming, e-finance, and e-commerce (Bank Indonesia, 2022).

Currently, we are in the digital era, where digital technology quickly develops due to the pandemic's impacts. The pandemic has converted offline product consumption to online consumption. This point is proven by the Coordinating Ministry for Economic Affairs of the Republic of Indonesia (2021), where internet traffic has increased by 15-20%. MSMEs have two main problems, which include the difficulty in finding capital and marketing, as well as their entrepreneurial skills (Aditya, 2022). However, marketing and the use of social media are mainly one of the needs of the population in this era. Data from GoodStats (2022) shows that the most common social media used in Indonesia in the year 2022 is Whatsapp, which contributes to a whopping 80% of all social media users in Indonesia. Sorted by the greatest percentage of social media used in Indonesia are WhatsApp, Instagram, Facebook, Tiktok, Telegram, Twitter, Facebook Messenger, Line, and lastly Pinterest.

Social media have several benefits for MSMEs, one of which is expanding the range of the MSME to a global scale. Social media is used in all parts of the world; hence it gives access to millions of people wherever and whenever there is internet connection. This would allow MSME operators to expose their products or services to their target audience. Additionally, social media would allow real-time communication through chatting. This feature would also enable MSME actors to reach their target market and promote their products. They would also gain and access trends, news and other beneficial information through the use of social media, because social media speed up the circulation of information. Various business actors depend on social media to obtain information based on their business (Winarti).

MSME

MSME is an abbreviation for Micro, Small, and Medium Enterprises or “Usaha Mikro Kecil dan Menengah” and “UMKM” in Indonesian. Tambunan (2012) defines them as an independent, productive business unit. MSME actors can consist of individuals or business entities in all economic sectors. In general, Micro, Small, and Medium Enterprises can be differentiated by the value of their assets, yearly revenue, and the number of fixed employees. However, according to the constitutional law (Undang-Undang) number 20 of 2008, three main categories defining MSMEs, which are:

- a. Micro Enterprises are productive businesses owned by individuals or business entities that fit the criteria for micro-enterprises, as stated in the first verse of the constitutional law. The criteria required to be considered as a micro-enterprise are that the business must have a maximum asset of Rp50.000.000,00 (fifty million rupiahs), outside the land and building assets, or have a maximum annual revenue of Rp300.000.000,00 (three hundred million rupiahs) (Verse 6).
- b. Small Enterprises are economically productive enterprises that stand alone and are handled by people or business identities. However, they also must not be a subsidiary or branch of a larger company owned by or is part of a medium or large enterprise, even though they may fit the criteria to be a small enterprise, as stated in the first verse of the constitutional law. Additionally, they also must have an asset that ranges from Rp50.000.000,00 (fifty million rupiahs) to Rp500.000.000,00 (five hundred million rupiahs), outside the land and building assets or have a maximum annual revenue that ranges from Rp300.000.000,00 (three hundred million rupiahs) to Rp2.500.000.000,00 (two billion five hundred million rupiahs). (Verse 6)
- c. Medium Enterprises are similar to small enterprises, where it is an economically productive enterprise that stands alone and is handled by people or business identities that is not a subsidiary or branch of a larger company that is owned or is part of a small or large enterprise, even though they may fit the criteria to be a medium enterprise as stated in the first verse of the constitutional law. The criteria to be a medium enterprise are that they must have an asset that ranges from Rp500.000.000,00 (five hundred million rupiahs) to Rp10.000.000.000,00 (ten billion rupiahs); outside of any land or buildings they own. Additionally, they must have a yearly revenue that ranges from Rp2.500.000.000,00 (two billion five hundred million rupiahs) to Rp50.000.000.000,00 (fifty billion rupiahs). (Verse 6)

The Era of Marketing 4.0

Philip Kotler, et al. (2019) states that the digital market is not a replacement for traditional markets, but both markets would coexist and have exchanged roles for consumers. For the consumer, traditional marketing plays a vital role in building the awareness and interest in the first stage of interactions between the brand and the consumer. As this interaction continues, the consumer will want to form stronger ties to the company; hence digital marketing has an important role in pushing actions and recommendations. The focus of digital marketing is to drive results so that the brand can achieve accountability. On the other hand, traditional marketing will focus on initiating customer interactions.

Marketing 4.0 is a marketing approach that integrates online and offline interactions between the company and the customer, then combines style and substance to build a brand and machine-to-machine relations with human assistance to strengthen customer engagement. This marketing approach would help marketers transition into the digital economy by explaining the key concepts of marketing. The core of this approach is to identify the transitional roles between traditional and digital marketing in building customer engagement and advocacy.

Digital Media for Promotion

Promotion can be done to introduce a product or service for the target consumer to try out the offered product or service. According to Kotler & Armstrong (2019), promotion is an activity that delivers the benefits of a product and to persuade the target audience to purchase the promoted product. Promotions are done to gain attention by spreading information and creating a feeling of desire in order for the target consumer to purchase the product offered. Asmaradewi (2019) adds that in this digital era, promotions can be done through various social media, which could also be adjusted according to the marketing needs.

2. RESEARCH METHOD

Object and Location

Object Data: (a) Gender: Male and Female; (b) Age: Early Adults (25-35 years old); (c) Location: Kubu Raya Regency, Pontianak, West Kalimantan, Kalimantan

Data Collection Techniques

(a) Direct observation of the MSMEs in the Kubu Raya Regency, Pontianak, to obtain on-field facts and information; (b) Literature reviews by finding the appropriate literature sources; (c) An interview with Dr. M. Norasari Arani, the head of the DKUKMPP cooperative department (“Dinas Koperasi Usaha Kecil dan Menengah, Perindustrian dan Perdagangan” or “Department of Cooperatives, Small and Medium Enterprises, Industry, and Trade” in English) in the Kubu Raya Regency.

Methods of Analysis

Qualitative data analysis using the Miles and Huberman Analysis Data Model was done with several stages which include:

(a) Data reduction, data gathered from field observations and interviews are grouped into sets to separate the most relevant and irrelevant data. In this stage, the data is simplified much further and becomes much more matching to the research requirements; (b) Serving the data, the data that were grouped and reduced could be in the form of a table. Hence, the data would look neater, more systematic, and more organized; (c) Deriving a conclusion, the arranged data would be grouped to form patterns for deriving a conclusion.

Research Process

The following is the roadmap of the research process

Literature Review	Observation	Data Collection	Data Analysis	Conclusions and Reports
Collecting data based on journals, articles, and e-books	Direct observation of the MSMEs in the Kubu Raya Regency	An interview with Dr. M. Norasari Arani, the head of the Department of Cooperatives, Small and Medium Enterprises, Industry and Trade in the Kubu Raya Regency as well as MSME actors.	Using qualitative data analysis techniques with the Miles and Huberman Analysis Data Model.	Deriving a conclusion based on the collected data and creating a report.

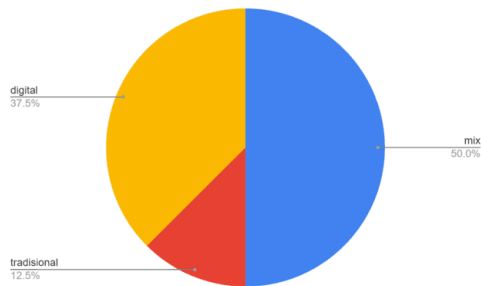
3. RESULTS AND DISCUSSIONS

Through interviews with the regent of Kubu Raya, Muda Mahendrawan, S.H, M.Kn, it is said that the Regency pushes and empowers MSMEs to be much more optimistic and confident with their products. This is done with various contributions from the government so that MSMEs can speed up their legality through training, providing ways or methods to gain licensing, pom halls, halal certificates, and other methods to gain and strengthen digital literacy; one of which is by convincing the MSME actors. The regent also states that there would be opportunities to strengthen exporting activities for MSMEs, hence this may also reduce unemployment rates. However, for MSMEs to compete much further, human resources must also be improved. (Media Indonesia, 2022)

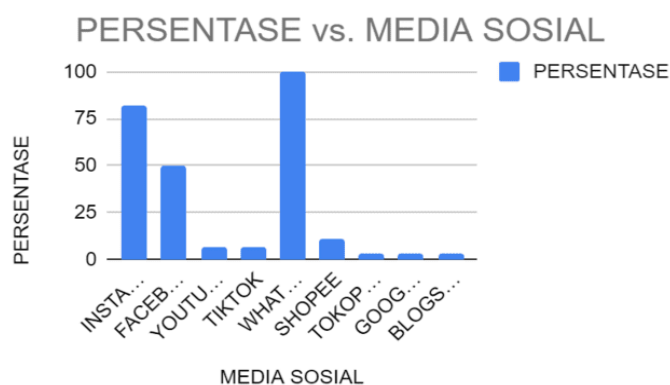
Another interview with Dr. M. Norasari Arani, the head of the Department of Cooperatives, Small and Medium Enterprises, Industry and Trade in the Kubu Raya Regency, resulted in data that the government hopes that products from MSMEs can be found in e-catalogs, to support the current program; which is to increase the use of domestic products; that is promoted by the President, Minister of Cooperatives, Minister of Industry, and others.

MSMEs have developed and moved in various sectors that involve fishery, industry, trade, services, etc. They also have been known to significantly increase in numbers, where there are currently 22 thousand MSMEs in the Kubu Raya Regency. Additionally, the MSMEs in Kubu Raya also have high hopes and enthusiasm to keep pushing forward and increase success.

Various efforts have now implemented by MSMEs, such as conducting both offline and online marketing, working with other shops or gift shops, and doing promotions during exhibitions in the Regency or even national level. To increase competition, technological aspects must first be improved, so that this can reach out to more MSME actors, while also helping to make them more digitally aware. Social media such as Whatsapp, Instagram, Facebook, and e-commerce applications like Shopee, Bukalapak, and Tokopedia would allow them to promote, interact, and conduct sales activity to their target consumers. The development of these media and platforms would support the current program, which is the use of local or domestic products. Through the usage of digital media, MSMEs in the Kubu Raya Regency promote their products. Unlike traditional media, digital media can include videos, articles, advertisements, music, podcasts, audiobooks, virtual reality, or digital arts. (Maryville University, n.d.)

Figure 1*28 MMSME Digital and Traditional Media Marketing Analysis*

The pie chart above shows that of the 28 MSMEs, as much as 50% of the MSMEs have done both digital and traditional marketing, 12.5% only do traditional marketing, and 37.5% of the MSMEs only do digital marketing

Figure 2*28 MMSME Online Media Marketing Analysis*

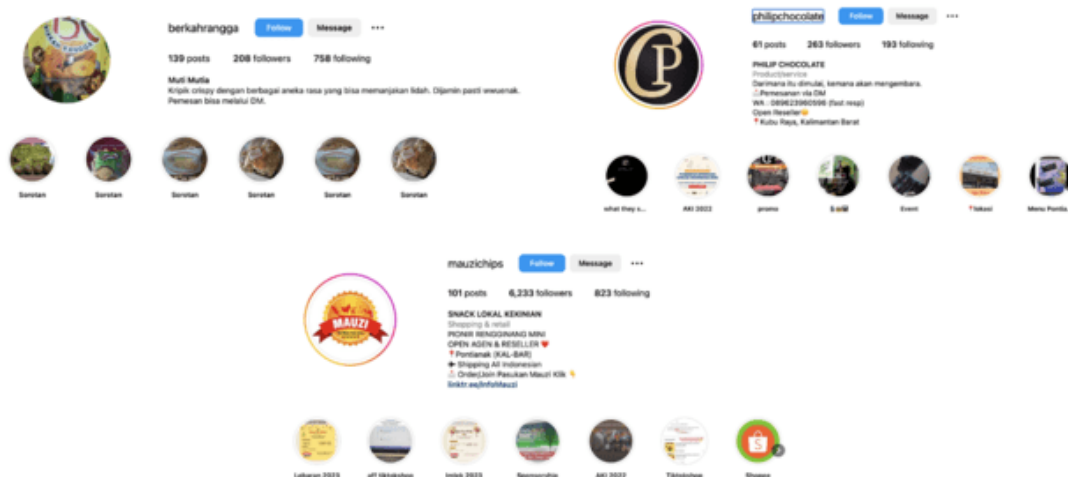
As shown in the bar chart above, the analysis results show that WhatsApp, with a rate of 100%, is the most commonly used social media application by the 28 MSMEs. Hence, it can be concluded that all MSMEs utilize WhatsApp for promoting and presenting their products to their target consumers. Next is Instagram, with a percentage of 82% of MSME actors, followed by Facebook, Shopee, and others. From the interview results in figure 1, it can be observed that a majority of the MSMEs have used digital media to upload their products on social media to market them.

Figure 3*MSME Social Media Uploads*

Social media has become an effective platform that is used by consumers and enterprises. Consumers usually look for information regarding a product or service using these platforms. On the other hand, MSMEs use them to promote and be a platform to communicate and build relations with their customers (Wulandari & Supratman, 2018). It is clear that the existence of these platforms could be utilized and taken advantage of as an easy and low-cost marketing tool for enterprises. Siswanto (2013) adds that this fact is the reason why it intrigues MSME owners to make social media a reliable promotional medium and is usually balanced by their websites or blogs that show the complete company profile.

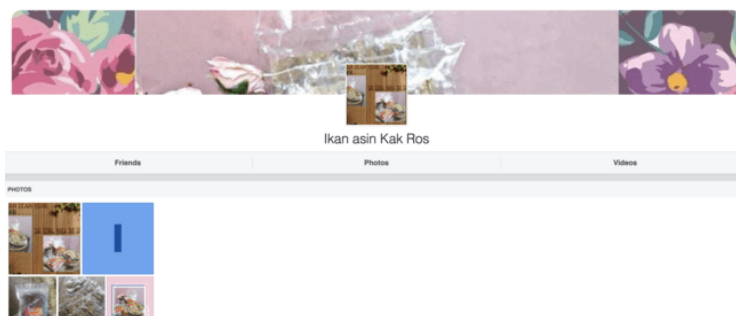
MSME actors own social media accounts, which include WhatsApp, Facebook, Instagram. figure 4 shows several Instagram accounts owned by MSME actors.

Figure 4
MSME instagram social media accounts



MSMEs with online access, actively involve themselves in social media, and expand their a-commerce skills, would usually enjoy significant business profits from income, job occupations, innovation, and competitiveness (Wardhana, 2015). However, even if social media have become easy to access and are one of the most effective promotional media, there are still many MSME actors that do not fully take advantage of it well.

Figure 5
Ikan Asin Kak Ros (MSME) Facebook Account



In the fifth figure, it is shown that one of the Facebook accounts, “Ikan Asin Kak Ros” that do not have a brief description on their products; but only have several photos. Because of the lack of description, this makes this MSME not be fully known well by the audience.

4. CONCLUSIONS AND SUGGESTIONS

Results from interviews with MSME owners in the Kubu Raya Regency show that social media have started to become an important part in their sales. However, they are still dependent on offline sales rather than social media sales. The most frequently used social media include WhatsApp, Instagram, Facebook, Shopee, etc.

Syahputro (2020) comments that to help MSMEs in the Kubu Raya Regency improve the quality of their social media, there is a need for marketing communications to build a relationship between the consumer and the supplier. In other words, as a business plan to spread product information and to develop brand awareness.

Figure 6

Banner recommendation



Figure 7

Video recommendation



As shown in figures 6 and 7, the making of the banners or videos equipped with marketing communications appropriate to the brand position hopes that MSME actors can create intriguing

content and share it with their consumers through social media to introduce it while increasing awareness and knowledge on their products.

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