

Impact of Utilizing Social Media, Perceived Competitive Value on MSMEs Performance through Partnerships

Junaidi¹, Zulkarnain Lubis², Ihsan Effendi³

^{1,2,3} Universitas Medan Area, Indonesia

junaidisp87@gmail.com

Abstract

The purpose of this study is to determine the role of partnerships in mediating the use of social media and perceived competitive value on the performance of MSMEs. The approach in this research is associative. As for the population in the study, namely MSMEs assisted at PTPN III Nusantara, totaling 100 MSMEs business actors who were declared successful in MSMEs development. The sampling technique used was a saturated canoe. So that the sample in this study is 100 MSMEs business actors. The data was collected using a questionnaire that was compiled based on each variable indicator item. The data analysis technique used Structural Equation Modeling with Smart PLS. The results showed that the direct use of social media and perceived competitive value and partnerships had a direct effect on the performance of MSMEs at PTPN III Nusantara. Indirectly, only partnerships do not have a role in mediating the use of social media on the performance of MSMEs. However, partnerships have a role in mediating perceived competitive value on the performance of MSMEs.

Keywords

social media; competitive; partnership; performance



I. Introduction

The large potential for MSMEs development has resulted in many MSMEs emerging which are managed in an unprofessional and unprofessional manner, especially from the managerial aspect which results in many MSMEs having low performance and in turn going bankrupt. The performance of MSMEs is the result or evaluation of the company's work achieved by a person or group with the division of activities in the form of tasks and roles in a certain period with the standards of the company. The company's performance improvement from a physical and financial perspective is very accurate, but actually what drives the value from both perspectives is the ability of human resources (intangible assets).

One of the efforts made by business actors in increasing business viability is participating in the partnership program. The partnership program is currently being rolled out through the company's existing Corporate Social Responsibility. The purpose of this program is to show the company's attention, especially to the surrounding community that is close to the company's office or factory. Not only private companies that provide Corporate Social Responsibility but also state companies contribute to the partnership program for MSMEs. It is hoped that when these MSMEs participate in the partnership program, they will be able to improve their performance, both financial and non-financial performance. Social media is an example of a relatively recent development of information technology (Marbun *et al.*, 2020).

The use of social media plays a crucial role in improving the ability of MSMEs to compete with other businesses. Many MSMEs actors participate in social media management assistance activities in creating a good brand image in the minds of

consumers. Sustainably, MSMEs that have succeeded in choosing to provide special funds that are budgeted for managing their social media become more attractive. Using information technology helps MSMEs in increasing their marketing. In addition, government policies are expected to be present as an effort to protect MSMEs players against the ongoing competition. The progress of information technology is also adjusted to regulations that are considered to support MSMEs in marketing the products or services they produce.

The competitive value felt by consumers in comparing one MSMEs product or service to another is also a consideration for consumers. This competitive advantage makes MSMEs able to compete with other businesses considering that not all business units have a competitive advantage over each other. So that the principle of competitive value that exists in consumers is very important because it will have an impact on the survival of MSMEs.

PT. Perkebunan Nusantara III has been running the Partnership Program since 2002, this is by the Decree of the Minister of State-Owned Enterprises No. KEP-100/MBU/2002 dated June 4, 2002. PT. Perkebunan Nusantara III has implemented the Partnership Program throughout North Sumatra. From 2002 to 2011, PT. Perkebunan Nusantara III through its Partnership Program has helped small businesses in North Sumatra. However, the partnership program is supposed to be the locomotive for the micro-economy to move forward, but in reality, this partnership has not shown maximum results. The performance of MSMEs under the guidance of PTPN III Nusantara is certainly expected to continue to grow and develop in the face of existing competition. As a partner of PTPN III Nusantara will have responsibility for the partnership program. The performance of MSMEs can be said to be good if they can increase existing sales, increase annual profits, increase capital, increase the number of customers each year, can achieve the targets to be achieved, and can meet existing needs.

The partnership program carried out by PTPN III Nusantara is to provide access to capital in business development. With this program, it is expected to be able to improve the performance of MSMEs in facing business competition. However, the existing partnership program may make it difficult for partners to pay the agreed installments. So far, the fostered partners do not have the good faith to make payments by the agreements that have been set. Generally, these partners have the perception that loans are a form of giving that is not required to be returned. Furthermore, this partner will only pay if there are employees from PTPN III Nusantara who come directly to their home or business location to collect monthly installments. Finally, this partnership program is considered a gift from PTPN III Nusantara to people who are engaged in MSMEs.

II. Review of Literature

2.1 Social Media Utilization

The utilization of information technology in supporting business is now unavoidable. Financial literacy utilizing information technology will greatly assist business actors in obtaining sources of information to increase sales. The digitization of small industries has been carried out by several countries in increasing their national income. The government continues to assist, especially in the MSMEs sector so that it can be ranked as a large-scale company. The use of technology through social media is more cost-efficient than other media and is very effective in improving the performance of MSMEs.

2.2 Perceived Competitive Value

Competitive Value is the basic foundation for generating company revenue and profits. Identification and implementation of the company's Competitive Value Assets are the results of company management, individual contributions, and stakeholders. When a company can do something or have something that competitors want, then the company represents a competitive advantage. According to the theory of competitive advantage, it is known that a company to be superior to other companies must have certain strategies and pay attention to the company's performance to improve every day, every month, and every year, if this is achieved then the company has an advantage competitive. Because of this explanation, this theory is important to be studied and applied by all companies to increase competitiveness.

Every company that competes in an industrial environment has a desire to be superior to its competitors according to stated that to measuring the perceived value of this advantage consists of increasing business transactions, having unique, quality products, competitive prices, and growing markets. Next according to explained that the indicators of perceived value for excellence include product uniqueness, competitive prices, and products that are not easily imitated.

2.3 Partnership

The partnership program can be interpreted as a program to improve the ability of small businesses to become strong and independent through the use of funds from the profit share of SOEs. This partnership program aims to improve the ability of small businesses to become strong and independent through capital support, as well as professional and skilled Human Resources training so that they can support marketing and business continuity in the future.

The partnership can also be interpreted as a form of strengthening between two or more parties that form a cooperative bond based on an agreement and mutual need to increase income, business continuity, production quantity, production quality, improve the quality of partner groups, and improve the business capabilities of independent partner groups. The partnership system is generally carried out in several ways, for example by contractual agreements between partner companies and partners.

2.4 MSMES Performance

The ability to survive from competitors and continue to increase sales is the hope of every MSMES actor. There needs to be a clear instrument on how MSMEs can be declared healthy and growing. Four indicators can be used to assess the performance of MSMEs, namely sales growth, capital growth, workforce growth, and profit growth. Furthermore, a good MSMES performance must have six criteria, namely increasing sales, increasing profits, increasing business capital, increasing the number of customers, achieving MSMES goals and targets, and the ability to profit and meet needs. Finally, the performance of MSMEs can be measured by five indicators, namely sales growth, capital growth, labor growth, market growth, and profit growth. Previous research studies have assessed that in measuring the performance of MSMEs there are at least nine criteria, namely increasing sales transactions, increasing sales volume, increasing customer engagement, increasing the number of customers, increasing customer satisfaction, improving service quality, increasing brand awareness, improving the business image and increasing profit growth.

2.5 Theoretical Framework

To get a clear direction for this research, the authors formulate a theoretical framework as follows:

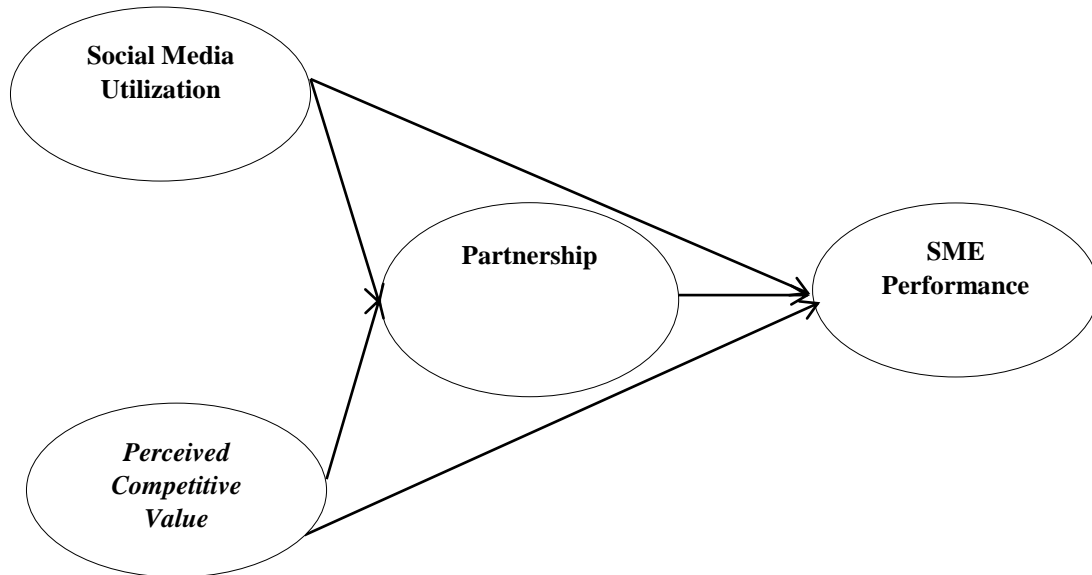


Figure 1. Theoretical Framework

2.6 Hypothesis

The research hypothesis is as follows:

- The use of social media directly affects the performance of MSMEs
- Directly perceived competitive value has a direct influence on the performance of MSMEs
- Partnerships directly affect the performance of MSMEs
- Indirectly, the use of social media affects the performance of MSMEs through partnerships
- The indirectly perceived competitive value affects the performance of MSMEs through partnerships.

III. Research Method

This type of research is associative. Where the data is obtained through the survey method, the research is planned to take respondents from a population and use questionnaires and also direct interviews with respondents as a means of collecting basic data. As for the population in the study, namely MSMEs assisted at PTPN III Nusantara, totaling 100 MSMEs business actors who were declared successful in MSMEs development. The sampling technique used was a saturated canoe. So that the sample in this study is 100 MSMEs business actors. The data was collected using a questionnaire that was compiled based on each variable indicator item. The data analysis technique used Structural Equation Modeling with Smart PLS.

IV. Results and Discussion

4.1 The Effect of Social Media Utilization on MSMES Performance

Directly, the use of social media has a significant effect on the performance of MSMEs. The results of this study are in line with previous research which states that the use of social media can increase the sales volume of MMSMEs. Creative content through Tik Tok has so far been effective in reaching consumer interest in businesses run by SMEs. These SME actors provide a special budget to create context through the use of endorsements.

4.2 The Influence of Perceived Competitive Value on MSME Performance

The results of data processing state that the perceived competitive value has a significant effect on the performance of SMEs. This result is in line with previous research which provides the view that perceived competitive value can improve the performance of SMEs. The findings of the research show that so far the existing fostered partners have not been able to provide valuable benefits for consumers. So far, products and services have the same value as other business units. Emotionally, generally, competitive prices for SMEs engaged in services are certainly more likely to provide more value for benefits.

4.3 The Effect of Partnership on MSME Performance

The results of testing the existing data show that partnerships have a significant effect on the performance of SMEs. The results of this study are in line with previous research which states that partnerships carried out by private companies have a large impact on the survival of SMEs. The implication that the researcher gets is that the fostered partners of PTPN III Nusantara are easy at the beginning of the payment. Partners are given three months to pay the first installment. This means that in the fourth month the new partners start paying their installments.

4.4 The Effect of Social Media Utilization on SME Performance Through Partnerships

The results of this study indicate that partnerships do not have a role in mediating the use of information technology on the performance of SMEs. The results of this study are not in line with previous research which states that partnerships have a role in mediating information technology on the performance of SMEs. The findings that the researchers got were that many of these successful SME actors did not become PTPN III Nusantara's fostered partners. This means that the information technology used by existing partners is not significantly able to improve the business progress of the partners. These fostered partners must be creative in utilizing existing social media for the products and services they produce. So that in the future, sufficient business capital will help SMEs in budgeting funds in building their social media.

4.5 The Influence of Perceived Competitive Value on SME Performance Through Partnerships

The results of data analysis show that partnerships have a role in mediating perceived competitive value on the performance of SMEs. This research supports research from (Zardini, 2018; Amin, 2018; Abdul, 2017) which states that partnerships have a role in mediating perceived competitive value on the performance of SMEs. The findings in the study are that the partnership program carried out by PTPN III Nusantara can provide SME

players to compete, especially from the price of their products or services. The level of cash turnover owned by SMEs is a competitive advantage.

V. Conclusion

From the results and discussion, a conclusion can be drawn, namely the direct use of social media and perceived competitive value and partnerships have a direct effect on the performance of SMEs at PTPN III Nusantara. Indirectly, only partnerships do not have a role in mediating the use of social media on the performance of SMEs. However, partnerships have a role in mediating perceived competitive value on the performance of SMEs.

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