

The Influence of Social Media and capital on the Development of Micro, Small and Medium Enterprises in Karawang Regency

Kholida Atiyatul Maula^{1,*}, Nesti Hapsari¹, Dede Jajang Suyaman¹,Angga Sanita Putra¹

¹*Universitas Singaperbangsa Karawang*

Abstract

The aim of this study is to examine and analyze the influence of social media and entrepreneurial capital on the growth of MSMEs in Karawang Regency. Micro, Small and Medium Enterprises (MSMEs) which will be an important role in improving the economy. In addition, MSMEs can overcome unemployment and improve community welfare. The development and role of MSMEs must be continuously enhanced as their ability to withstand various economic crises as well as create many jobs will certainly reduce the unemployment rate. The subject of this study are MSMEs used the most MSMEs of the Karawang Region for period of 2019, i.e., 58 MSMEs. Data collection is done by distributing questionnaires to MSMEs. This study used linear regression analysis techniques. The results of this study show that social media and entrepreneurial capital have a partial or simultaneous impact on the grow MSMEs in Karawang Regency

Keywords: Social media, Entrepreneurial capital and MSME Development

1.0 Introduction

Micro, Small and Medium Enterprises (MSMEs) play an important role in improving the regional economy and the economy of a country (Arliani et al, 2019). The development and role of MSMEs need to be continuously improved due to their resilience to various economic crises and the various of many jobs that will certainly reduce the unemployment rate (Gunartin, 2017). Alyas et al (2017) states that MSMEs in Indonesia have continued to exist and thrive despite the economic crisis.. Because its existence is very useful in terms of community income distribution. In addition, it also could generate creativity in line with efforts to maintain and grow the business (Hayat et al, 2015). Therefore, MSMEs have a very vital and important role in overcoming the consequences and impacts of the economic crisis, especially the economic problem that occurred in 1997 when many large companies went bankrupt. then MSMEs can overcome the crisis. The MSME sector is highly resilient allowing it to survive economic and monetary crises (Agustien et al, 2019).The operation of micro enterprises, small and medium enterprises, MSMEs is one of the most likely and consistent areas of activity in the economy. MSMEs is a place to create pjobs. MSMEs continue to will be a important role in improving the Indonesian economy, both in terms of business numbers, job creation and national economic growth as measured by Gross Domestic Product (GDP). (Utami, 2013).

* Corresponding author: kholida.maula@fe.unsika.ac.id

Table 1: Development of Micro, Small and Medium Enterprises (MSMEs) in Indonesia in 2014-2018

Year	Business Unit (Unit)	GDP (Rp. Billion)
2014	57,895,721	5,440,007.9
2015	59,262,772	6,228,285.0
2016	61,651,177	7,009,283.0
2017	62,922,617	7,820,282.6
2018	64,194,057	8,573,895.3

Source. www.depkip.go.id (Data processed, 2022)

Based on the data in Table 1, the business units of MSMEs 2014-2018 continue to grow, and the data on cooperatives and MSMEs services 2014-2018 shows the gross domestic product (GDP) of Indonesia continues to increase every year..

MSMEs registered in Karawang Regional Cooperative and UMKM service in 2019 totaled 936 MSMEs. However, there are still many MSMEs who have not used social media as a means of promoting their business development, and limited business capital is also an obstacle for MSMEs to develop their business.

One potential that can be exploited is information technology. The development of information technology today has made people no longer worry about the limits of distance, space and time. Internet brings many benefits that increase opportunities for small and medium enterprises to cooperate with other entrepreneurs. Social media could connect people easily and for free. Purwiantoro et al (2016)

Now, social media has made marketing communications easier. According to Kaplan et al (2010), social media is a group of Internet-based applications that build upon the ideological and technological framework of Web 2.0 and enable the creation of creative content exchange. information content of Internet users. Web 2.0 is the basis of social media (Carlson, 2010). Examples of growing social media platforms are Facebook, Instagram, YouTube, Twitter and many more.

According to Mursito et al (2019), the contribution or role of social networks as an attempt to increase sales plays a very effective role and through social networks, in this case is Facebook, Micro and Small Players - Companies don't need to pay expensive fees to promote their products.

One of the factors to establish a business is capital; capital is a necessary support factor. Some capital required to run a business includes determination, experience, courage, knowledge, and financial capital, but most people are hindered when starting a business because they feel it is difficult to obtain financial capital (Purwanti, 2012). Business capital is needed to conduct business activities.

According to Tripalupi et al. (2019), business capital has a significant influence on business success. The regression equation has a positive coefficient direction. Positive influence indicates that the relationship between working capital and business success is unidirectional. According to Abbas (2018), said that variable working capital has a partial positive impact on the performance of the company. Where business capital includes several criteria, which are capital requirements for businesses. Conversely, if working capital is low, business efficiency will also decrease.

Based on the previously disclosed basic description, the study was carried out by several previous studies related to the development of micro, small and medium enterprises (MSME), the authors will find influence whether social media and entrepreneurial capital influence of MSMEs. For this reason, the author conduct a study on “The influence of social media and entrepreneurial capital on the development of micro, small and medium enterprises (MSME) in Karawang”.

2.0 Research methods

This research uses descriptive research methods. The approach used in this study is the quantitative method. The population of this study includes MSMEs who were the Karawang region MSMEs for the period of 2019, 58 MSMEs in total.

The number of samples taken from the population is 48 MSMEs as the sample. The researcher identified some sample criteria as follows:

1. MSMEs including Champion MSMEs in Karawang
2. Individual MSMEs have an annual turnover of Rp 300,000,000 and have a maximum net worth (excluding land and buildings) of Rp 50,000,000.

The data collection technique used in this study was a questionnaire made by submitting a list of questions to the MSME owner. Measured by questionnaire using Likert scale.

3.0 Results and Discussion

3.1 Results of Data Collection and Characteristics of Respondents

This study used MSME Champion respondents in Karawang Regency. Collecting data by distributing questionnaires directly to respondents. The results of the research data collection are presented as follows:

Table 2: Data Collection Results and Rate of Return

Number of Questionnaires Distributed	58
Number of Return Questionnaires	48
Total Questionnaire No Return	10
Questionnaire Data Used	48
Percentage Rate of Return	83%

Source: Processed data results, Researcher (2022)

Based on the table above it is described that of the 58 questionnaires distributed, 48 questionnaires or 83% of the questionnaires were returned and 10 questionnaires were not returned, meaning that the data used in this study was 48.

Following are the characteristics of the Champion MSME respondents based on gender and type of business category:

Table 3: Characteristics of Respondent Data

Category Type	Information	Amount	Percentage
Gender	Man	20	41.7%
	Woman	28	58.3%
Type of business	Food	34	70.8%
	Drink	6	12.5%
	fashion	1	2.1%
	Craft	1	2.1%
	Leather Craft	1	2.1%
	Handycrafts	1	2.1%
	Convection	3	6.3%
	Furniture	1	2.1%

Source: Data processed by SPSS, Researcher (2022)

Based on table 3 above, it shows that most research respondents were women at 58.3% while men were 41.7%. Characteristics of respondents based on the type of business for Food by 70.8%, Beverages by 12.5%, Clothing by 2.1%, Crafts by 2.1%, Leather crafts by 2.1%, Handicrafts by 2.1%, Convection by 6.3% and Mebeul by 2.1%.

The following are the social media used by MSME respondents who are champions based on the type of social media:

Table 4: Use of Social Media by MSMEs

Types of Social Media	Amount	Percentage
Facebook	48	100%
Instagram	18	37.5%
Tiktok	18	37,5%
WhatsAPP	48	100%

Source: Data processed by SPSS, Researcher (2020)

Based on table 4 above, it shows that there are 48 respondents who use Facebook social media with a percentage of 100%, for Instagram 18 with a percentage of 37.5%, and Whatsapp as many as 48 with a total percentage of 100%.

3.2 Descriptive Statistics

Descriptive analysis in this study consists of mean (average), minimum (lowest), maximum (highest) values, and standard deviation for each variable. The purpose of descriptive analysis is to describe data statistically.

Table 5: Descriptive Analysis Results

	N	Min	Max	Means	Std Deviation
X1	48	12	30	25.00	2,813
X2	48	19	40	30.48	5,279
Y	48	12	20	17.17	1,802

Source: Data processed by SPSS, Researcher (2022)

Based on the results of the data above, it is described that the value of N is 48, meaning that the data used in this study were 48 questionnaire data sheets originating from UMKM Champion, Karawang Regency.

Social media based on the results of the data processing, obtained an average value of 25.00 with a standard deviation value of 2.813. This shows that the standard deviation value is smaller than the average value, meaning that in the study the data is normally distributed. As well as for a minimum value of 12 and a maximum value of 30.

Entrepreneurial capital based on the results of data processing obtained an average value of 30.48 with a standard deviation value of 5.279. This describes that the standard deviation is smaller than the average, meaning that in the study the data is normally distributed. As well as for a minimum value of 19 and a maximum value of 40.

MSME development based on the results of data processing, obtained an average value of 17.17 with a standard deviation value of 1.802. This describes that the standard deviation is smaller than the average and means that in the research the data is normally distributed. As well as for a minimum value of 12 and a maximum value of 20.

Research the questionnaire in this research has been tested for validity and reliability and has passed the classical assumption test

3.3 Hypothesis test

3.3.1. Partial Hypothesis Test (t test)

Partial hypothesis testing is used to find which variables have a partial significant effect by testing the regression coefficient using the t test.

Table 6: Partial Hypothesis Test Results

Model	Coefficient			T	Sig.
	Standardized		Coefficients Betas		
1. Cons	4,460	2,034		2,193	0.034
X1	0.415	0.069	0.647	6.012	0.000
X2	0.077	0.037	0.225	2,090	0.042

Source: Data processed by SPSS, Researcher (2022)

a. The Effect of social media on MSME Development

Based on the test results, the tcount value is 6.012. When compared with the t table, which is 2.014, so t count > t table. And a significant value of 0.000 is smaller than 0.05. Therefore, it can be said that there is an influence between social media on MSME Development.

b. The Effect of Entrepreneurial capital on MSME Development

Based on the test results, the tcount value is 2.090. When compared with the t table, which is 2.014, so t count > t table. And a significance value of 0.042 is smaller than 0.05. So, it can be showed that there is an influence between Entrepreneurial capital on MSME Development.

3.3.2 Simultaneous Hypothesis Test (f Test)

Table 7: Simultaneous Hypothesis Test Results
 ANOVA

Model	Sun Of Square	df	MeanSquare	f	Sig.
Regression	73.141	2	36.571	20.694	0.000b
residual	79.525	45	1.767		
Total	152,667	47			

a. Dependent Variable: Total MSME Development.

b. Predictors: (Constant), Total Financial Statements, Total Entrepreneurial capital, Total social media.

Source: Data processed by SPSS, Researcher (2022)

Based on the test results above, the Fcount value is 20,694. As for the value of Ftable at a significance level of 5% and degrees of freedom $df_1 = 2$ and $df_2 = 48$, then Ftable is obtained $(2:48) = 3.19$

The value of F count with F table is then compared, so that a value of $20.694 > 3.19$. A significant value of 0.000 concludes that there is a simultaneous influence of social media and Entrepreneurial capital on MSME Development.

3.3.3 Coefficient of Determination

Table 8: Coefficient of Determination

Model	R	R Square	Adjusted R Square	std. Error of the Estimate
1	0.692a	0.479	0.456	1.329

a. Predictors: (Constant), Entrepreneurial capital and social media

b. Dependent Variable: MSME Development

Results of Analysis of the Coefficient of Determination

Source: Data processed by SPSS, Researcher (2020)

From the results of the data processing above, the value of the coefficient of determination or R² is 0.479 or 47.9%. This shows that the variables studied, namely social media and Entrepreneurial capital, have an effect of 47.9% on the Development of MSMEs in Karawang Regency. While the remaining 53.1% are influenced by variables not examined in this study or confounding variables.

3.3.4 Discussion

1. Discussion of the Effect of social media on the Development of MSMEs in Karawang Regency

Based on the test results, the tcount value is 6.012. Regarding the t table value, which is 2,014, so t count > t table. And a significant value of 0.000 is less than 0.05. Thus, it can be concluded that there is an influence between social media on the development of MSMEs. The influence of social media on MSMEs in Karawang Regency has had a positive impact, especially on increasing product sales.

As the name suggests, social media is a way of socializing. By using social media, MSMEs can stay in touch with consumers for both the buying and selling process as well as to know the status of the consumer.

The results of this study agree with the study conducted by Hardian Mursito (2019), that social media variables influence the development of MSMEs. Then, in accordance with Moch Hari Purwiantoro, Dany Fajar Kristanto SW, Widiyanto Hadi (2016), Those social network variables influence the development of MSMEs. The results of this study are also consistent with the results of the study conducted by Sohrab Karimi, Hengameh sadat Naghibi (2015), that social media variables influence the development of MSMEs. Consistent with the research results of Grace Citra Dewi (2019) that social media variables influence the development of MSMEs.

3.3.5 Discussion of the Effect of Entrepreneurial capital on the Development of MSMEs in Karawang Regency

The t count value is 2,090. Regarding the t table value, which is 2,014, so t count > t table. And a significant value of 0.042 is less than 0.05. Thus, it can be concluded that there is an influence between working capital on the development of SMEs. This shows that by increasing the business capital, it can promote the growth of MSMEs in Karawang Regency. The capital support of MSMEs from relevant agencies and capital support from financial institutions will increase production costs and other costs, therefore, additional capital is very beneficial for development. development of MSME.

The results of this study are consistent with the study of Baraka Alex Peter and Abel G. Anyyieni (2015), that working capital variables affect the development of MSMEs. Then, in accordance with Lia Arliani, Luh Indrayani, Lulup Endah Tripalupi (2019), Those working capital variables influence the growth of MSMEs. The results of this study are also consistent with the results of the study conducted by Djamila Abbas (2018), that the startup capital variables affect the development of MSMEs. The results of this study are also consistent with Haniyah Safitri, Khasan Setiaji, S.Pd., M.Pd. (2018), Whether working capital variables affect the development of MSMEs. According to the research results of Muhamad Takhim and Meftahudin (2018), working capital variables affect the development of MSMEs.

3.3.6 Discussion of the Influence of social media and Entrepreneurial capital on the Development of MSMEs in Karawang Regency

The results of this study indicate that social media and business capital have a simultaneous impact on the development of SMEs in Karawang District, accounting for 47.9%, 53.1% The rest are influenced by other factors not included in this study. These results indicate that by increasing the use of social media and the existence of entrepreneurial capital will have impact on the growth of MSMEs.

4.0 Conclusions and suggestions

4.1 Conclusion

This study aims to analyze the development of SMEs. Based on research and authored discussion on the impact of social media and entrepreneurial capital on the growth of Micro, Small and Medium Enterprises (MSME) in Karawang Regency in 2020, The following conclusions can be drawn:

1. Social media influence the growth of MSME in Karawang
2. Corporate capital influences the growth of MSMEs in Karawang Regency
3. Social media and corporate capital have influence 47,9% in the growth of MSMEs in Karawang.

4.2 Suggestion

Based on the research results, discussions and conclusions reached, recommendations can be made as follows.

1. MSME Champion in Karawang

- a. MSME stakeholders, especially the MSME champions in Karawang Regency, further increase their use of social media.
- b. In terms of working capital, MSME owners should plan capital management to meet business needs, increase production volume and ultimately increase entrepreneur's income.

2. Researcher

Future researchers may further develop this study by considering other factors that may influence the development of MSMEs. Future researchers may also use other research methods on MSME development.

3. Academic

The results of this study should be used as input and contribution to the development of knowledge related to the development of micro, small and medium enterprises (MSMEs) and can be used as a reference.

References

- Abbas, d. (2018). The influence of business capital, market orientation, and entrepreneurial orientation on the performance of Makassar City SMEs . *Journal of minds: management of ideas and inspiration* , 5 (1), 95-112.
- Alyas, rakib muhammad. 2017. Strategy for developing micro, small and medium enterprises in strengthening the people's economy (a case study in the maros bread business in Maros district. *Journal of economics at Makassar State University*.
- Andres kaplan & michael haenlein, 2010. user of the world, unite! The challenges and opportunities of social media, business horizons.
- Anggraini, f. D., hardjanto, i., & life, a. (2015). Development of micro, small and medium enterprises (MSMEs) through external party facilities and internal potential (a case study in the corn chip business group in Pandanwangi Village, Blimbing District, Malang City). *Journal of Public Administration (JAP)*, 1(6), 1286-1295.
- Arliani, l., Indrayani, l., & tripalupi, l. E. (2019). The influence of the behavior of business actors and business capital on the success of MSMEs in Tukad Sumaga Village, Gerokgak District, Buleleng Regency. *Undiksha journal of economic education*, 11(2), 427-436.
- Bambang Riyanto. 2010. *Fundamentals of corporate spending*, ed. 4, BPPE Yogyakarta.
- Carlson, steve. 2010. *Fuzzy sets and fuzzy topologies: early ideas and obstacles*. New york: rose-hulman institute of technology.
- Dani danuar tri u. 2013. Development of creative economy-based micro, small and medium enterprises (UMKM) in the city of Semarang: *Diponegoro Journal of Economics Volume 2*, Diponegoro University Semarang.
- Dewi, GC (2019). The impact of using social media on the development of micro-enterprises (studies in street food businesses). *Indonesian Journal of Management and Local Wisdom*, 3(1), 1-11.
- Gunartin. 2017. Strengthening umkm as a pillar of building the nation's economy. *Eduka journal of education, law and business*. Vol. 1 no. Vissn: 2505- 5406
- Hamza, lies Maria & Agustien, Devi. (2019). The influence of the development of micro, small and medium enterprises on national income in the MSME sector in Indonesia. *Journal of development economics*, 8 (2), 215-227, issn: 2302-9595.
- Indonesian accounting association (2012), *financial accounting standards*. Jakarta: salemba four.
- Karimi, s., & naghibi, h. S. (2015). Social media marketing (smm) strategies for small to medium enterprises (smes). *International journal of information, business and management*, 7(4), 86.
- Ministry of Trade of the Republic of Indonesia, 2013, *foreign trade statistics*, Indonesia.
- Mursito, h. (2019). Social media as an effort to increase sales of SME products (a case study at Smesco Jakarta). *Pekobis: journal of education, economics, and business*, 4(2), 41-47.
- Peter, b. A., & anyieni, a. G. (2015). Influence of venture capital financing on the growth of micro, small and medium enterprises in kenya: the case study of Nairobi county. *European journal of business and management*, 7(29), 85-89.
- Purwanti, endang. 2012. The influence of entrepreneurial characteristics, business capital, marketing strategies on the development of MSMEs in Dayaan and Kalilondo villages, Salatiga vol. 5 no. 9, July 2012. *Stie and Salatiga*.
- Purwiantoro, m. H., sw, d. FK, & Hadi, w. (2016). The effect of using social media on the development of small and medium enterprises (SMEs). *Ekacida*, 1(1).
- Safitri, H., & Setiaji, K. (2018). The influence of business capital and entrepreneurial characteristics on the development of micro and small businesses in Kedungleper Village, Bangsri District, Jepara Regency. *Economic education analysis journal*, 7(2), 792-800.

- Sugiyono. (2016). *Quantitative, qualitative and r&d research methods*. Bandung: pt alphabet
- Sunaryani, n. N., Gorda, A. ANOS, & mahaputra, i. IR 2017. Empowerment of micro, small and medium enterprises (UMKM) through a fostered program in the province of Bali. *Journal of scientific management and business statistics*, 2(1), 1–20.
- Takhim, M., & Meftahudin, M. (2018). Analysis of the Effect of Business Capital, Creativity and Competitiveness on MSME Development (Case Study at Welding Workshops in Wonosobo Regency). *Journal of Economic, Management, Accounting and Technology (JEMATech)*, 1(1), 65-73.