

# THE USE OF SOCIAL MEDIA FOR BUSINESS PERFORMANCE THROUGH DIGITAL CREATIVITY:

A Case Study Of Micro, Small, And Medium Enterprises (MSMEs) In Food And Beverage Businesses

**Deka Veronica**

Management science, Universitas Muhammadiyah Jambi, Indonesia

**Adi Putra**

Economic development, Universitas Muhammadiyah Jambi, Indonesia

**Yorina An'guna Bansa**

Management science, Universitas Muhammadiyah Jambi, Indonesia

**Asrini**

Economic development, Universitas Muhammadiyah Jambi, Indonesia

**Email Correspondence:** adiputra@umjambi.ac.id

## ABSTRACT

*The impact of the COVID-19 pandemic has been felt by micro, small, and medium enterprises in food and beverage products in Jambi City. The pandemic caused a decline in income and community welfare as well as regional economic growth. To avoid the negative effects of an even greater pandemic, by using digital technology, in the current digital 4.0, is developing very rapidly. Seeing the prolonged COVID-19 phenomenon, researchers are interested in examining whether the importance of using social media affects the performance of food and beverage small and medium enterprises in Jambi City with digital creativity as an intervening. The results of the Path Analysis found that the importance of using social media did not have a significant effect on digital creativity, then digital creativity had a significant effect on the performance of MSMEs and interests, the use of SocialMedia did not significantly affect the performance of MSMEs. Analysis of the indirect effect found a z value of -1.343, and smaller than 1.96, it means that digital creativity does not mediate the influence between the interests of using social media on the performance of MSMEs for Food and beverage products in Jambi City in the era of the COVID-19 pandemic.*

**KEYWORDS:** Sosial Media, Digital Creativity, Business Performance, COVID-19.



## **Introduction**

The Corona Virus Disease 2019 (COVID-19) pandemic which was endemic at the end of 2019 has changed the social life of the community and the national development plan that was set by the government before the pandemic took place. The pandemic, which is still ongoing and it is not clear when it will end, is a challenge for the government that must be resolved properly and quickly, so as not to disrupt the government's program in an effort to stabilize the national economy after being hit by the 1997 monetary crisis and the 2008 financial crisis.

The negative effects of the COVID-19 pandemic are not only felt by large-scale business players but also by MSMEs in Indonesia. Utami (2021) stated that expressing the company aspect, this pandemic has disrupted the performance of companies, especially those engaged in the trade, transportation, and tourism sectors. The social distancing policy which was later changed to physical distancing and working from or at home had an impact on the decline in company performance which was then followed by termination of employment. There are even some companies that went bankrupt and finally chose to close their business. Meanwhile, the impact of the Covid 19 pandemic on the MSMEs sector in the aspect of people's consumption and purchasing power, this pandemic caused a lot of workers to decrease or even lose their income, thus affecting the level of consumption and purchasing power of the community, especially those in the informal worker category and daily workers.

The impact of the COVID-19 pandemic that was felt directly or indirectly by MSMEs actors was a decrease in sales, capital difficulties, raw material difficulties due to the PSBB, and even many business actors did not produce and even close. In addition, the issue of business development of MSMEs actors is constrained due to the main sectors supporting MSMEs such as tourism, trade and others which are also affected by the COVID-19 pandemic. (Bahtiar & Saragih, 2020) Pointing out the MSME aspect, the existence of this pandemic has caused a decline in performance from the demand side (consumption and purchasing power of the people) which ultimately has an impact on the supply side, namely termination of employment and the threat of default in credit payments. SMEs said there were around 37,000 MSMEs who reported that they were very seriously affected by this pandemic, which was characterized by around 56 percent reported a decline in sales, 22 percent reported problems in the financing aspect, 15 percent reported problems with distribution of goods, and 4 percent reported difficulties to get raw materials. The problems above are also increasingly widespread if they are associated with the existence of policies.

Saturwa et al, (2021) stated that the most dominant type of business product and most widely by MSME actors is retail trading such as selling basic necessities, pulses, clothing, and so forth with a percentage of 35.9 percent. The second type of business that is most in demand by MSME actors is providing food and beverages with a percentage of 20.9 percent. The third is service products by 16.5 percent. The fourth is food production by 16.0 percent. The fifth is

**USE OF SOCIAL MEDIA FOR BUSINESS PERFORMANCE THROUGH DIGITAL CREATIVITY:  
A Case Study Of Micro, Small, And Medium Enterprises (MSMEs) In Food And Beverage Businesses**

the processing industry with 4.9 percent. The sixth, there are handicraft products or works of art by 3.9 percent. And the seventh is agricultural, plantation and livestock production with a percentage of 1.9 percent. MSMEs that are able to survive in the midst of this COVID-19 climate include MSMEs that are already connected to the digital ecosystem by utilizing the existing marketplace in Indonesia. And MSMEs that are able to survive in the era of the covid-19 pandemic are MSMEs that are able to adapt their business with innovative products, for example, those that previously sold bags and clothes products then changed their products to selling cloth masks. Other industries that are able to survive during the COVID-19 pandemic are industries related to meeting basic needs including electricity, clean water, agriculture, animal husbandry, plantations, fishery, automotive and banking.

Utami (2021) argued that the government's efforts to help MSMEs in the midst of the Covid-19 pandemic are through two government institutions, namely the ministry of cooperatives and small and medium enterprises and the ministry of industry. The ministry of cooperatives has provided at least three stimulus for MSMEs during this pandemic to maintain the continuity of MSME activities, there are leniency in loan payments, six months MSME tax relief, and cash transfers for micro-scale businesses. While the ministry of industry plans to provide loans with low interest rates (lower than the interest rate for micro enterprises) to small and medium-sized enterprises, the ministry also connects MSME players with online technology shops to help market and sell MSME products such as tokopedia, shopee, and blibli. They collaborate with local industries that provide raw materials for the production of MSMEs, and collaborate with the ministry of foreign affairs and industry to continue the trade negotiation process and exporting products that is produced by Indonesian MSMEs.

To re-enhance the role of MSMEs for the national economy, the government needs to encourage the growth and development of MSMEs by optimizing the use of social media and developing digital creativity for business actors. Nasrullah (2016) pointed that social media is a digital media where social reality occurs and the space-time of its users interaction. The values that exist in society and the community also appear in the same or different forms on social media is currently the most effective and efficient medium as a means of communication and business activities during the COVID-19 pandemic and is the right strategy to encourage MSMEs become a productive sector that is able to encourage an increase in people's income and regional economic growth.

Mokhtar et al (2016) argued that the ability to use social media and digital technology by MSME actors has many benefits, one of which is to facilitate instant exchange of information between interested stakeholders as well as stimulate efficiency and help solve problems in MSME development. The use of social media is considered to have a positive impact on a business, in particular it can reduce considerable marketing costs and improve good relationships with customers. (Dedi Purwana, 2017) explained that the use of digital technology-based marketing concepts (digital marketing) provides great hope for MSME

## **USE OF SOCIAL MEDIA FOR BUSINESS PERFORMANCE THROUGH DIGITAL CREATIVITY: A Case Study Of Micro, Small, And Medium Enterprises (MSMEs) In Food And Beverage Businesses**

actors to be able to develop into economic powerhouses, Micro, Small and Medium Enterprises (MSMEs) play an important role in encouraging an increase in Indonesia's economic growth rate, especially in creating employment and household empowerment that supports household income in the midst of an economic deceleration.

Therefore, the researchers were interested to investigate the interests of social media users and their influence on the performance of MSMEs for Food and Beverage products in Jambi City which are affected by the COVID-19 pandemic with the Intervening variable (digital creativity)" with the problem formulation as follows:

1. Is there any direct impact of the importance of using social media on the digital creativity of food and beverage product MSME actors in Jambi City during the covid-19 pandemic?
2. Is there any direct effect of the digital creativity of food and beverage MSME actors on the performance of MSMEs in food and beverage products in Jambi City during the covid-19 pandemic?
3. Is there any direct impact of the importance of using social media for MSME actors on the performance of MSMEs in food and beverage products in Jambi City during the covid-19 pandemic?
4. Is there any direct effect of the importance of using social media for MSME actors on the performance of MSMEs in food and beverage products in Jambi City during the covid-19 pandemic through digital creativity variables for MSME actors?

## **Method**

This research was designed in the form of a case study with the initial procedure starting from preparation in the form of a literature study and initial observations followed by the stages of data collection, tabulation, processing, data analysis and report preparation. The sampling technique was non-probability sampling with the Accidental sampling method with a research sample of 64 MSME actors in food and beverage products in Telanaipura District, Jambi City and all of them directly became the research sample.

The instrument in this study has four variables. There are the importance of using social media, digital creativity and MSME performance, which are described as follows: First, the importance of using social media according to Wayne Buente and Alice Robbin in Fitra et.al (2021), the indicator is to obtain online information (X1.1), for fun and spending time (X1.2), for online communication (X1.3), and for online transactions (X1.4); Second, digital creativity according to Mokhtar (2015) with indicators of being able to develop new applications (Z1.1), able to run business development applications (Z1.2), able to implement to improve the distribution of goods and services (Z1.3), able to run to build interaction with consumers (Z1.4), able to use it to strengthen the company's image (Z1.5), able to use it for expansion in the market (Z1.6) and able to use it for communication and business promotion media (Z1.7); Third, the performance of SMEs according to Lorraine (2014) the indicators are reducing

## USE OF SOCIAL MEDIA FOR BUSINESS PERFORMANCE THROUGH DIGITAL CREATIVITY: A Case Study Of Micro, Small, And Medium Enterprises (MSMEs) In Food And Beverage Businesses

original selling costs (Y1.1), new market opportunities (Y1.2), increasing competitive advantage (Y1.3), increasing profits (Y1.4), and increasing market growth (Y1.5).

The data analysis in this study used descriptive analysis to determine the characteristics of MSME actors, then quantitative analysis is used to determine the effect of the independent variable and the dependent variable. To analyze the direct and indirect effects, path analysis with the equation structure of the path diagram is used, the independent variable is the interests of Social Media users (X), the Intervening digital creativity variable (Z) and the dependent variable is the performance of MSMEs (Y). To see the direct effect, namely with the equation:  $Z = a + bX + \varepsilon_1$  (equation of the first sub-structural path),  $Y = a + bX + bZ + \varepsilon_2$  (equation of the second sub-structural path), then to see the indirect effect of X on Z through Y simply is as follows:  $X \rightarrow Z \rightarrow Y$ : ( $\rho_{zx}$ ), ( $\rho_{yz}$ ) where the direct effect is obtained from the beta value, while the indirect effect is obtained by Sobel analysis (*sobel test*).

## Result

The characteristics of the actors from 64 MSMEs in food and beverage products in this study can be mentioned as follows. First, there were 20% of dry food businesses such as cramps, chips, fried noodles, and crackers. Second, there were 28% of snacks such as various types like cakes, fried foods, pempek, toast, and so forth. Third, there were 25% of beverage businesses such as ice, sum-sum porridge ice, coconut ice, cane ice, bottled drinks and so forth. Fourth, there were 27% of heavy food businesses such as meatballs, satay, homemade food, fish ball, and so forth (see appendix 1). There are types of social media applications such as WhatsApp, Facebook, Instagram, Twitter, and You tube) that are used by SMEs for Food and Beverage products in Business Management. There are 12 people using 4 types of Social Media applications, 12 people using 3 type of social media application, 22 people use 2 types of Social Media application and 18 people use 1 type of social media application in business management (see figure 2).

The test results of the direct effect path analysis of the interests of using social media (X) on digital creativity (Z) of food and drink products during the COVID-19 pandemic as shown in (Appendix Table 1, Table 2 and Figure 3). It can be obtained the level of influence of the interests of Social Media users on digital creativity  $X \rightarrow Z$  is -0.342 and it was not significant because  $t\text{-sig } 0.121 > 0.05$ . The influence of business actors' digital creativity on the performance of MSMEs  $Z \rightarrow Y$  was 0.187 and was significant with a  $t\text{-sig}$  value of  $0.029 < 0.05$  while the influence of the interests of Social Media users on the performance of MSMEs  $X \rightarrow Y$  was 0.215 also not significant because the  $t\text{-sig}$  value is  $0.215 > 0,05$ . Z value is used to test the indirect effect of the independent variable on the dependent variable through the intervening variable. The results of the sobbel test analysis showed that the z value was -1.343, and was smaller than 1.96 at the 0.05 level of significance. These results proved that digital creativity was not able to mediate the relationship between the importance of using social media on the performance of MSMEs in food and beverage products in Jambi City in

COVID-19 pandemic.

The results of the study stated the importance of using social media did not have a significant direct effect on the digital activities of SMEs in food and beverage products in Jambi City. On the contrary, the function and role of social media has been used rapidly by the business competitors (Pradiani, 2018) MSMEs are able to develop social media to produce new innovations will be able to compete in national and international markets, and not be oppressed in the current era of increasingly fierce competition. The benefits of social media for MSME actors in the era of the COVID-19 pandemic which is still endemic are very important, because at this time we are in the age of social media, which has filled almost all areas of human life. The benefits of Social Media are not only limited to access to communication and information, but have penetrated the economic, social, entertainment, and security sectors so that all these activities will be more efficient and gain many benefits.

The results of the study are known to have a significant effect on the digital creativity of business actors on the performance of MSMEs in food and beverage products in Jambi City, illustrating where at this time the ability of MSME actors to develop digital creativity is good and has been able to encourage wider interaction and communication relationships between MSMEs and the market and consumer. Kotler & Keller, (2008) stated that if information on various products is already available on social media, it will make it easier for consumers to order, through the use of digital creativity, it means that business actors follow the flow of digitalization developments. By switching to digital media, communication and transactions can be carried out at any time and consumers will be able to access MSME products. The development of innovation also aims to achieve community engagement, so that people engagement in the business will lead to greater profit creation.

## **Discussion**

The results of the study found that the direct influence of digital creativity on the performance of MSMEs was positive 0.187 while the indirect influence value was negative (0.343), so that the model stated that the mediation was inconsistent because it was opposite and there was no mediating effect between the interests of using social media on the performance of MSMEs for food and beverage and drinks through digital creativity. These results are not in line with (Becker et al., 2015) where the conclusion of his research suggests that the use of social media and the development of digital creativity will be able to affect business success up to 78%.

The importance of using social media can also be a productive medium for MSMEs information so that digital creativity that develops will be able to encourage MSME performance (Febriyantoro & Arisandi, 2018) pointed that the use of digital technology has advantages, namely 1). Actors can set business targets to be achieved according to demographic conditions, domicile, lifestyle, and consumer habits; 2. Quick results are known so that marketers can take corrective action if something is not right; 3. It is much cheaper cost than conventional marketing; 4. It has wider coverage because it is not geographically

limited; 5. The product can be accessed at any time not limited by time; 6. The results of online purchases can be measured well; 7. The campaign can be personalized; 8. The MSMEs actors can engage or reach consumers because communication occurs directly and in two directions.

## Conclusion

From the results of the study, the conclusions of the study were formulated as follows:

1. The importance of using social media did not have a direct significant effect on digital creativity in MSMEs in Food and Beverage Products during the COVID-19 pandemic in Jambi City.
2. Digital creativity of MSME actors has a direct significant effect on the performance of MSME Food and Beverage Products in the Era of the COVID-19 pandemic in Jambi City.
3. The importance of using Social Media did not have a direct significant effect on the performance of MSMEs in Food and Beverage Products in the Era of the COVID-19 pandemic in Jambi City.
4. Digital creativity did not mediate the indirect influence of the importance of using social media on the digital creativity of SMEs for food and beverage products during the COVID-19 pandemic era in Jambi City.

## Reference

- asia.org/handle/11540/8282%0Ahttps://www.jstor.org/stable/41857625 Dedi Purwana. (2017). Pemanfaatan Digital Marketing Bagi Usaha Mikro, 1(1), 2.
- Bahtiar, R. A., & Saragih, J. P. (2020). Covid-19 Impact on Economic Slow- Down in Micro , Small and Medium Enterprises Sector. *A Brief Study of Actual and Strategic Issues*, XII(6), 19–24.
- Bank Indonesia. 2021. *Academic Study on the Development of Micro, Small and Medium Enterprises in Jambi Province (ID)*: Bank Indonesia.
- Becker, F. G., Cleary, M., Team, R. M., Holtermann, H., The, D., Agenda, N.,. (2015). No Title. *Syria Studies*, 7(1), 37–72. Retrieved from [https://www.researchgate.net/publication/269107473\\_What\\_is\\_governance/link/548173090cf22525dcb61443/download%0Ahttp://www.econ.upf.edu/~reynal/Civilwars\\_12December2010.pdf%0Ahttps://think](https://www.researchgate.net/publication/269107473_What_is_governance/link/548173090cf22525dcb61443/download%0Ahttp://www.econ.upf.edu/~reynal/Civilwars_12December2010.pdf%0Ahttps://think)
- Febriyantoro, Trio, & Arisandi. (2018). *Utilization of Digital Marketing for Micro, Small and Medium Enterprises in the Era of the Asean Economic Community*. *Dewantara Management Journal*, 1 (2), 61-76. Accessed from <http://ejournal.stiedewantara.ac.id/index.php/JMD/article/view/175>.
- Lorraine, KW. (2014). *Social Media Marketing and Performance of Small and Medium Enterprises in Nairobi*. Nairobi (KE): University of Nairobi.
- Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia. (2020). *Development of MSMEs in Indonesia*. Accessed from [http://www.depkop.go.id/pdfviewer/p=uploads/tx\\_rtgfiles/sandingan\\_data](http://www.depkop.go.id/pdfviewer/p=uploads/tx_rtgfiles/sandingan_data).
- Nalini, S. N. L. (2021). *The Impact of Covid-19 on Micro, Small and Medium Enterprises*. *Journal of Islamic Economics & Economics*, 4(1), 662–669. Accessed from

**USE OF SOCIAL MEDIA FOR BUSINESS PERFORMANCE THROUGH DIGITAL CREATIVITY:  
A Case Study Of Micro, Small, And Medium Enterprises (MSMEs) In Food And Beverage Businesses**

<https://doi.org/10.36778/jesya.v4i1.278>.

- Nugraha, Supriadi, Nawawi, & Kahfi. (2021). *Analysis of the Effect of Intensity Internet Use on Student Achievement at Al-Mukrom Bojonegara High School*. Indonesian Journal on Computer and Information Technology. 187-195. Accessed from <http://ejournal.bsi.ac.id/ejournal/index.php/ijcit>.
- Pradiani, T. (2018). Pengaruh Sistem Pemasaran Digital Marketing Terhadap Peningkatan Volume Penjualan Hasil Industri Rumahan. *Jurnal Ilmiah Bisnis Dan Ekonomi Asia*, 11(2), 46–53. <https://doi.org/10.32812/jibeka.v11i2.45>
- Purwana ESD, Rahmi, & Aditya S. 2017. *Utilization of Digital Marketing for Micro, Small and Medium Enterprises (MSMEs) in Malaka Sari Village, Duren Sawit*. JPMM. 1 (1). Saturwa, H. N., Suharno, S., & Ahmad, A. A. (2021). *The impact of the Covid-19 pandemic on MSMEs*. Journal of Economics and Business, 24(1), 65–82. Accessed from <https://doi.org/10.24914/jeb.v24i1.3905>.
- Sugiyono. 2013. *Quantitative, Qualitative, and Combination Research Methods (Mixed Methods)*. Bandung (ID): Alfabeta.
- Utami. (2021). *Impact of the Covid 19 Pandemic on the MSME Sector in Indonesia*. 03 (1). ECONOMIE 1 Economics Study Program, Faculty of Islamic Economics and Business, State Islamic University Sunan Ampel Surabaya.