



## THE INFLUENCE OF SOCIAL MEDIA IN DEVELOPING UMKM ENTERPRISES (SMALL AND MEDIUM MICRO ENTERPRISES) IN TANJUNG RAYA AGAM DISTRICT)

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### ABSTRACT

The main problem in this study is the number of SMEs that are active in District of Tanjung Raya as many as 150 SMEs. In Tanjung Raya District there are various types of businesses such as typical Maninjau food, drinks, chips, pastries and so on. In this business, many MSME actors. To face this competition, there are several MSME business actors sell the same product and in the same location, resulting in competition between MSME actors. To face this competition, there are several MSME business actors who use social media to promote or introduce their products. Of the 150 active MSMEs, only 40 MSMEs use social media. The purpose of this study was to determine the use of social media in developing MSME businesses in Tanjung Raya. The type of research that the authors conducted was field research with qualitative methods to obtain data from the problems studied. Data collection techniques that the authors use are observation, interviews and documentation. The results of this study are that development of MSME businesses that have used social media has increased compared to before using social media. The social media used for promotion are Facebook, Instagram, WhatsApp. Promotion carried out by MSME business actors is to display photos and videos about the products being sold. It can be concluded that this social media really helps MSMEs in increasing income and having regular customers.

**Keywords:** *Social Media, Business Development, MSMEs*

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## INTRODUCTION

MSMEs are independent productive business units carried out by individuals or business entities in all economic sectors. In general, the difference between Micro Enterprises (UMI), Small Enterprises (UK), Medium Enterprises (UM), and Large Enterprises (UB) lies in the initial asset value (excluding land and buildings), average annual turnover, or number of workers. still. However, the definition of MSMEs based on these three measuring instruments differs by country, therefore, it is difficult to compare the importance of the role of MSMEs in various countries. (Tambunan, 2012). Law no. 20 of 2008 which regulates MSMEs, which reads: "a company that is classified as an MSME is a company that is owned or managed by someone or owned by a small group of people with a certain amount of income or wealth". (BI, 2015).

Micro, Small and Medium Enterprises (MSMEs) can encourage economic growth for the lower middle class. The activities carried out by MSMEs have been able to open up employment opportunities so that they can overcome unemployed workers and can have a positive effect in helping the government to overcome unemployment in Indonesia. The more Micro, Small and Medium Enterprises (MSMEs) are active and developing, the more job opportunities will open up and besides that, we also want to prove that home products can also generate rupiah and can also go global. The Central Statistics Agency (BPS) provides a definition of SMEs based on the quantity of labor. Small businesses are business entities that have a workforce of 5 to 19 people, while medium businesses are business entities that have a workforce of 20 to 99 people (Rahmana, 2009).

In Indonesia, micro, small and medium enterprises or abbreviated as MSMEs are one of the commodities that can be a driver of economic growth. Where MSMEs are a form of business run by individuals, groups or business entities which are classified into micro, small and medium enterprises based on the criteria of business capital or annual income. In the development of the Indonesian economy to date, the business world is still dominated by Micro and Small Enterprises (UMK) where the number of businesses has reached more than 26 million or equal to 98.68% of the total non-agricultural businesses in Indonesia. MSMEs have had a big influence on the economy in Indonesia since the monetary crisis until now. So that MSMEs are recognized as a group that plays a very important role in the Indonesian economy where MSMEs are the basis of the national economy and an antidote to crisis pressures (bps.go.id).

MSME players in Indonesia have also utilized digital technology or e-commerce businesses to expand their market share (Azzahra, B., Gede, I., Raditya, A., & Wibawa, 2021). E-commerce or electronic commerce is the result of information technology which is currently developing very quickly for the exchange of goods, services and information through electronic systems such as: the internet, television and other computer networks (Afrizal Motigor Purba, 2019).

Social media is also the most effective and efficient marketing tool for e-commerce. This is because social media has an important purpose in e-commerce, namely that it can help create an attractive website appearance. Social media itself is a development of the new web on the internet, which makes it easier for people to use, share, form networks online, thereby disseminating content independently. Social media is a site for making friends, both in the virtual and real world (Ita, R., Lailalatus S., 2020).

West Sumatra is a province in Indonesia located on Sumatra Island with the capital city of Padang. West Sumatra Province is located along the west coast of central Sumatra, the Bukit Barisan plateau to the east, and a number of islands off the coast such as the Mentawai Islands. Micro, small and medium enterprises (MSMEs) are the most popular and are a source of economic growth for the people of West Sumatra. West Sumatra Province is ranked 8th nationally. It is recorded that in 2022, MSMEs in West Sumatra will reach 296,052 units (Sumbar.bps.go.id, accessed 14 July 2023). The types of MSME businesses in West Sumatra are culinary (rendang), food and drink, laundry, clothing, convection, textiles, workshops, buildings, daily shops, various kinds of processed chips, bags, shoes, sandals, cellphone counters and embroidery. The use of social media by MSMEs in marketing their products has been implemented in all regions throughout Indonesia, one of which is the province of West Sumatra. The advantages of selling via social media are that it is cheap and efficient, not limited by time, reaches a wider market, improves the business image in the eyes of consumers, provides more value to face existing business competition, reduces marketing costs, the costs are relatively lower than offline marketing costs, makes it easier for business actors to build relationships with consumers through suggestion boxes or comment rooms, and increases consumer loyalty. Therefore, now many people sell online based on the benefits of social media.

One of the areas that has the potential to develop MSME businesses, namely in Tanjung Raya District, Agam Regency, is the area located around Lake Maninjau. Lakes are a source of life for the people who live around the lake, where people use the lake to fulfill their daily needs, such as economic needs from catching and farming fish. Then, the lake is also used as a source of water for agriculture/irrigation, electricity generation, and as a tourist attraction. Apart from that, the people of Maninjau also run a business selling typical Maninjau food, namely rinuak. These small fish are typical of Lake Maninjau, such as anchovies.

Based on the results of interviews conducted with the head of the Tanjung Raya sub-district MSME forum, there are many MSMEs active in Tanjung Raya sub-district, namely 150 MSMEs. Many of the 150 MSMEs sell the same products, such as typical Maninjau food businesses, drinks, cakes, chips and handicrafts. (Leli: 11 July 2022). By selling the same product in the same location, competition will arise, because this is a perfectly competitive market. According to (Sadono Sukirno, 2016), one of the characteristics of a perfectly competitive market is that the products sold in the market are homogeneous or of the same type. With high competition, it is necessary to expand the market by MSME business actors, namely that there are several MSMEs who use social media to promote their products so that MSME business actors' products are increasingly known to consumers outside the Maninjau area and not only expect visitors to come to Maninjau. Social media can be used as a means of developing one's business and maintaining one's business. Of course, social media also becomes an intermediary between business actors and consumers in communicating the products they sell as well as their profiles.

Social media also has potential functions in the business world, apart from making it easier to share information, social media can also be used to identify customers, provide reciprocal communication, provide information about products to be offered as well as for marketing budget efficiency and many other benefits. Social media has wide reach, easy access and low costs, this is proven by the presence of MSMEs and other business actors offering their products using social media. The most

popular and most commonly used social media for marketing MSME business products are Facebook, Instagram and Whatsapp. Because using social media is easy to understand, easy to understand and easy to market the product, as well as easy to comment and share with other consumers.

Based on an interview with Leli as head of the MSME forum, he said that the number of MSMEs in Tanjung Raya District is only 40 MSMEs that have used social media to promote and market their processed products. It can be concluded that there are still very few MSMEs in Tanjung Raya District that use social media to promote their processed products. Based on an interview with one MSME business actor who has not used social media, the reason he has not used social media to help his business is because he does not understand how to use social media (Susi: 18 December 2022). Apart from that, there are still several MSME players who do not have Android (interview with Desnita 18 December 2022).

For MSMEs who have marketed their products on social media, there are still obstacles, namely: the photos are less attractive, they are not very active on social media, they are not diligent in posting photos of the products they sell, they only focus on one photo, they don't want to update product photos, and Business actors do not broadcast live to market their products, even though on Facebook and Instagram they can broadcast live, such as the Tiktok application, business actors broadcast live to expand their market share (Dewi: 17 December 2022).

## **RESEARCH METHODS**

This type of research uses field research or research carried out directly in the field using qualitative methods. Qualitative is research that uses a scientific background, with the aim of interpreting phenomena that occur and is carried out by involving methods such as interviews, observations, use of documents (Moleong, 2020).

The research location that will be used as a place for carrying out research related to the problems raised in this research is Tanjung Raya District, Agam Regency. There are two qualitative research instruments, namely: the main instrument is the researcher himself and the supporting instruments are the interview guide, camera and notebook.

Data sources in research are primary and secondary data sources. Primary data sources are the main sources or first sources that can provide information, facts, descriptions of events, which are desired in research (Bungin, 2013). In this case, the primary data source is the chairman of the Tanjung Raya District MSME forum. Secondary data sources are all forms of documents and other supports in this research. In this research, the sources of secondary data are MSME actors and data or documentation in Tanjung Raya District.

## **RESULTS AND DISCUSSION**

Social media is a structural system consisting of individual or organizational elements. This social media will form those who have the same sociality, starting from those they know on a daily basis to those with their families who can relate to each other (Siti, 2019). Social media is an online site or application that allows users to create profiles, invite friends, receive friends, follow friends, communicate, share, send messages, level. Apart from being influenced by the development of communication

technology, the internet, computers and smartphones, there are several other reasons why this social media is growing rapidly, including (1) each user seems to own or even control their own media, (2) access is easy and cheap with the internet network and can be done alone, (3) users are free to edit the content shared. (Dian, 2020)

The use of social media in Tanjung Raya District aims to promote or market MSME products to consumers. So, sharia marketing according to (Abuznaid, 2012) in the book (Parakkasi entitled Sharia Marketing in the Digital Era) is a wise decision in order to satisfy customer needs through good behavior, providing healthy products or services (halalan toyyibah) with the approval of both parties ( sellers and buyers) in order to achieve material and spiritual prosperity, this world and the hereafter through ethical media (Parakkasi, 2020), while promotion is a form of marketing communication which is a marketing activity that seeks to disseminate information, influence/persuade, and/or increase the target market regarding the company and its products so that they are willing to accept, buy and be loyal to the products offered by the company concerned (A.D Selang, 2013).

Developing a business is the responsibility of every entrepreneur or entrepreneur who requires foresight, motivation and creativity. In general, business owners in developing their business must be able to see an opportunity where others do not see it, seize the opportunity and start a business, and run the business successfully. (Safitri, M. E., Maryanti, 2022). Business development is the task and process of analytical preparation about potential growth opportunities, support and monitoring the implementation of business growth opportunities, but does not include decisions about strategy and implementation of business growth opportunities. (Widyaningsih, 2018)

according to (Winarti, 2021) Social media is the media most preferred by MSMEs to develop their business, thus making business people including MSMEs more courageous in marketing and promoting the products they sell. Business development here is more about marketing products sold by MSME business actors in Tanjung Raya District. The development of MSMEs after using social media experienced an increase in sales. The more people who see products/businesses uploaded to social media accounts, the more consumers will want to buy. This social media really helps MSME business actors in marketing products. according to (Veranita et al., 2022) marketing using social media makes work more interesting and efficient.

In the context of marketing, this is no longer word of mouth as a medium for information about the products being sold. However, social media is a means of conveying information so that people want to buy. In this case, MSME business actors must be ready for whatever happens, such as in terms of packaging and shipping goods. Information conveyed about products sold on social media is also easy for customers to understand and it is also easy to comment or share it with other customers. However, here none of the MSME business actors use the live broadcast feature on their social media accounts, even though if they do it live, customers will be more interested in buying their products. Even though MSME business actors have not broadcast live, the products they market on social media have been able to increase their income, the number of customers has increased and some products have been sent outside the region and even outside the province of West Sumatra.

MSME business actors in Tanjung Raya District use various ways to attract customers to want to buy the products they sell, such as providing COD (pay on delivery) services, orders can be according to customer requests, orders can be delivered



directly by the seller and for those who have left the area, orders will be sent via JNT. MSME businesses that sell cosmetics also offer makeup services for customers attending weddings, farewells and graduation events. The goods they sell are of good quality, the service provided is also good, the clothes they sell follow trends that are appropriate for the time.

Based on interview data obtained in Tanjung Raya District, the most widely used social media are Facebook, Instagram and WhatsApp. Facebook is because it makes it easy to carry out marketing activities, Facebook makes it easy to share information, Facebook attracts the attention of the target market. Apart from Facebook social media, business actors in Tanjung Raya District also use WhatsApp social media, this social media is used as a follow-up to marketing activities carried out on Facebook accounts. Through WhatsApp accounts, business actors carry out more intensive interactions with consumers and carry out buying and selling transactions and product delivery agreements. Business actors collaborate with couriers for orders outside the area, but for orders that are still around Tanjung Raya District, consumers can pick them up from the shop or seller. deliver directly to consumers. With social media, housewives can trade. These women process fish from Lake Maninjau to make a variety of food and market it on their social media. Not only are they processed from Lake Maninjau, they also make dry and wet cakes, sell clothes and so on. The more business actors actively produce and market their products, the more the family's economy will improve, it will not only depend on the husband's salary. And to produce quality products that are in demand by consumers or customers, the head of the MSME forum holds training for business people such as taking good photos, apart from photos they are also taught to make videos and provide testimonials from their customers so that other consumers are also interested in buying. For food products, they are taught how to package well so that they last long and don't spoil quickly. With this social media, MSMEs can increase sales compared to before using social media to market their products. MSME income has also increased because social media is very helpful in promoting to customers or consumers. With social media, it is easy for sellers and buyers to interact, without having to meet in person. Apart from that, promotions are carried out by providing correct and transparent information, so that buyers will not be harmed (Febriyanti & Satria, 2022).

## CONCLUSION

There are 40 MSME businesses in Tanjung Raya District that have used social media. These MSME business actors have experienced an increase in production and sales of their products. This social media really helps MSME business actors in marketing or promoting their products to consumers/customers, as well as opening up new business opportunities. MSME business actors do not need to incur costs in promoting their products and do not need a place to sell or rent a place, they can sell from home, and the number of customers increases and they have regular customers.

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