



The Importance of Social Media in Improving SMEs Performance

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Abstract. Adoption of technology such as social media and e-commerce has a positive impact on Small and medium-sized enterprises (SMEs), supported by external and internal factors, one of the external factors that predict SMEs wanting to use social media is during the COVID-19 pandemic, was when customers preferred to do online purchasing activities during the pandemic. This study aims to examine the benefits of social media for SMEs that implement and the factors involved in the adoption of social media. The research method is a systematic literature review (SLR) that collects research results in the form of 19 journal articles published from various sources between 2019–2022 that examine social media with the performance of SMEs. The results show that the adoption of social media has a positive effect on the performance of SMEs, both directly and indirectly. This study suggests that SMEs operating in developing countries need to adopt SM as it provides several new ways of doing business, thereby sharing and maintaining innovation skills.

Keywords: Social Media · SMEs · Performance

1 Introduction

SMEs are said to be the main economic driving factor. The ability of SMEs to increase profits is highly expected. Hence, many parties are interested in opening their businesses. However, in the last two years, SMEs have decreased in sales or even closed due to the pandemic resulting in losses and no profit. Rahman (2022) in his research found that 37,000 SMEs in Indonesia experienced a decline in performance due to the Covid-19 pandemic. The decline occurred in sales by 56%, products by 22%, distribution of goods by 15%, and access to raw materials by 4%. However, this is a trigger for SMEs of marketing and sales. Empirical evidence states that SMEs that use social media in terms of marketing and sales continue to survive and profit. This has resulted in many SMEs being tempted to use social media marketing. This study presents a literature review from the last five years, proving that social media marketing can improve business performance.

With globalization, SMEs face stiff competition from multinational companies. Entrepreneurs who own small businesses have fewer resources but need to improve

their organizational performance. Technology adoption helps small business owners follow in the footsteps of multinational corporations. In this post, the authors discuss whether adopting online resources (social media, e-commerce, technology 4.0) raises the bar for marketing for small businesses. Small businesses can achieve economies of scale through the use of prominent technologies. The output of this document will help small business owners/managers in India understand how online resources can be used to enhance marketing on a budget. COVID-19 is also forcing all organizations to use technology. Whether big or small, using technology resources for marketing in this digital age cannot be ignored [1].

2 Method

This research method is a literature review study, which presents several studies that prove that social media marketing can improve the performance of SMEs'. Research on the impact of social media use on small businesses is not new. Several previous studies have examined the factors that influence the use of social media in small businesses and how successful small businesses are in using social media for business advantage. However, there are no in-depth studies that examine current evidence on the impact of small business social media. The purpose of this study is to answer the research question, "How important is social media in improving the performance of SMEs?".

The method used in this literature review is a systematic literature review (SLR). The first thing to do with this SLR is to collect the previous research literature, which is the source of the research results.

The first step is to look for journals related to using or utilizing social media to improve the performance of MSMEs published in the last 5 years. The second step is to sort the journals by year of publication and then see the research result. This can be seen in Table 1.

3 Result

The results of the literature review provide much evidence that the influence of social media on improving the performance of the MSME sector is very active in fighting, especially during the Covid-19 epidemic, which was the trigger. Social media has a direct or indirect effect as a moderation on business performance, but all show that it will have a positive influence on increasing sales and business performance. One of the interesting studies, which examined 104 MSME owners in Jakarta, found that perceived benefits and the external environment influenced social media adoption but not the characteristics of their knowledge and skills in information technology [2].

Social media platforms are a very important part of marketing-related activities and are more convenient for SMEs due to their cost-effective nature as a way to compete, with limited resources, against large organizations. Social media can also help SMEs to create more knowledge about their products or services, which will convince their potential customers and ultimately improve organizational performance [3].

Table 1. Previous Literatures on The Utilization of Social Media to Improve MSME's Performance

No.	Publication Year	Researcher Name	Result
1	2019	Mahliza, F. [2]	The adoption of e-commerce has also been shown to affect the business performance of micro-enterprises positively.
2	2019	Wardati, N. K., & Er, M [3]	Using social media in the MSME sales process improves customer relationships, cost-effectively improves marketing, gathers feedback and ideas from stakeholders to improve information accessibility, and improves business performance.
3	2019	Arianty, Nel., & Julita [5]	The results show that customer relationship management, and market access, have a significant effect on the progress of SMEs
4	2019	Salam, S., & Hoque, A. S [6]	Social media affects the effectiveness of relational marketing strategies to improve the performance of SMEs.
5	2019	Ahmad, S. Z., Abu Bakar, A. R., & Ahmad, N [7]	The technology adopted by the organization supports the efficiency of the organization or internal processes.
6	2019	C, Gekombe., et al.	The use of social media, on the other hand, has a significant influence on the growth of SMEs
7	2021	Alkateeb., Maan Ali & Rania Ahmad Abdalla [9]	The results reveal a significant effect of social media adoption on the performance of SMEs.
8	2021	Sudirman, A. Sherly, S. [10]	The results show that social media has a positive and significant effect on business performance.

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Table 1. (continued)

No.	Publication Year	Researcher Name	Result
9	2021	Trawnih, A., Yaseen, H., Al-Adwan, A. S., Alsoud, A. R., & Jaber, O. A. [11]	The survey results show that all factors greatly influence small business social media acceptance. Environmental context is the most important predictor of social media adoption among these factors during the Covid-19 pandemic crisis.
10	2021	Firdaus, F., & Fahrizal, F. [12]	The role of social media has a positive and significant effect on the performance of SMEs in Jambi City.
11	2021	Fang, G. G., Qalati, S. A., Ostic, D., Shah, S. M. M., & Mirani, M. A. [13]	The results of this study suggest that SMEs would benefit not only from greater adoption and use of entrepreneurial SMs, but also from understanding what it means for SMs to remain competitive in the marketplace.
12	2021	Kumar, A., Syed, A. A., & Pandey, A. [1]	Adoption of technology helps small business owners stay ahead by expanding the reach and improving the overall performance of multinational companies.
13	2021	Fan, M., Qalati, S. A., Khan, M. A. S., Shah, S. M. M., Ramzan, M., & Khan, R. S. [4]	The results of this study indicate that SMEs operating in developing countries need to adopt SM as it provides several new ways of doing business, thereby developing and maintaining innovation skills.
14	2021	Hanifawati, T., & Listyaningrum, R. S. [14]	As a result, we found that our MSMEs partners' knowledge and skills in the area of production and marketing have increased, the number of assets and the number of product flavors has increased, and the sales trend has begun to increase.

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Table 1. (continued)

No.	Publication Year	Researcher Name	Result
15	2021	Belás, J., Amoah, J., Dvorský, J., & Šuleř, P. [19]	The survey found significant differences in the attitudes of respondents across V4 countries. The results also show that the attitudes of SMEs are changing in the new macroeconomic environment. While social media use is relatively low during the profitable phase of the economic cycle, the role of social media has increased significantly during the COVID-19 pandemic.
16	2022	Chatterjee, S., & Kumar Kar, A. [15]	This research study has theorize five factors PEU, PEOU, COM, FCO, and COS that influence SMEs to use QMS. The use of this QMS will generate a net profit for SMEs.
17	2022	Qalati, S. A., Ostic, D., Sulaiman, M. A. B. A., Gopang, A. A., & Khan, A. [16]	This study also deepens our understanding of this phenomenon by showing the impact of social media adoption on small business performance. This is in terms of increasing customer loyalty and retention, sales volume, number of customers, accessibility of information, improving customer service and relationships, and reducing marketing, and it will cost money.
18	2022	L.Ayokunmi, N.Asllinda, A.Seman <i>et al.</i> [17]	This study finds that social media marketing greatly affects the performance of SMEs worldwide and particularly in Nigeria.

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Table 1. (continued)

No.	Publication Year	Researcher Name	Result
19	2022	G bandi, E. C., & Iyamu, G. O. [18]	Research shows that social media marketing is strongly associated with small business growth in Benin City, with social media marketing accounting for 84.6% of small business growth. So encourage small businesses to use social media marketing to help them compete in the global marketplace. Small business owners need to update their social media accounts with materials to inform, educate and persuade customers to buy their products.

The Literature Review examines not only Indonesia but various countries. The results show the importance of social media adoption in increasing sales and performance of MSMEs [2].

SMEs operating in developing countries need to adopt social media as it provides several new ways of doing business, thereby developing and maintaining innovation skills [4].

4 Conclusion

The adoption of e-commerce has also been shown to have a positively effect on the performance of micro business businesses. The use of social media in the sales process for SMEs can increase customer interaction, expand marketing using low portfolios, increase accessibility of facts by receiving feedback & inspiration according to stakeholders, and can increase company performance. The technology adopted by the organization supports the efficiency of the organization or internal processes. The results of this study suggest that SMEs operating in developing countries need to adopt SM as it provides several new ways of doing business, thereby sharing and maintaining innovation skills. This study also deepens our understanding of this reality by examining the impact of social media adoption on small business performance. This is in terms of increasing customer loyalty & retention, sales volume, number of customers, accessibility of facts, service improvement, customer interaction, and marketing reduction.

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