



Social Media Marketing and TOE Framework Exploration in Digital Micro or Small and Medium Enterprises

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ABSTRACT

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This article aims to determine the function and role of digital MSMEs stands for Micro or Small-Medium Enterprises using TOE exploration during the Covid-19 pandemic. The Covid-19 pandemic has made the majority of the economic sector, especially MSMEs, decline. The majority of MSMEs actors cannot develop and many ended up in bankruptcy. This is what makes MSMEs business actors change the function and role of digital MSMEs during the COVID-19 pandemic with a sales strategy through a digitalization scheme. The digitization scheme is by utilizing a market place (intermediary) and using social media as a marketing technique. In addition, digital MSMEs actors must be able to synergize with consumers in marketing products and services. Thus the digital MSMEs development scheme can be an alternative to save business actors in the midst of the Covid-19 pandemic. This article uses the literature study method by elaborating various literatures on the development of digital MSMEs. This article argues that the development of digital MSMEs has become an alternative to saving as well as developing the functions and roles of digital MSMEs during the COVID-19 pandemic.

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INTRODUCTION

Micro or Small and Medium Enterprises (MSMEs) are business groups that has a large percentage and contribution in Indonesia. In addition, the advantages of This business group is proven to be resistant to various kinds of shocks economy. So it is imperative to strengthen the MSME group involving multiple groups. The criteria for businesses that are included in MSMEs have been regulated in the legal rules based on the law. MSMEs have a contribution or role which is quite large, namely: Expansion of job opportunities and employment. Formation of Gross Domestic Product (GDP). Provision of safety nets, especially for low-income people to carry out productive economic activities, but with the impact of the global Covid-19 pandemic which is endemic in all countries the world has influenced all sectors of people's lives. In Indonesia, almost all sectors are affected, especially the economic ecosystem which has been community focus. Furthermore, the Covid-19 pandemic has made a slowdown economic sector in Indonesia with its various derivatives. Micro or Small Medium Enterprises (MSMEs), which are the most important part of the economic sector, are impacted. This is what all parties are worried about, because it has made the MSME sector experienced a significant setback.

The Micro, Small and Medium Enterprises sector is currently experiencing various, one of the problems is MSMEs in the East Java region, such as the decline in sales, capital, distribution is hampered, raw material difficulties, production declines and the occurrence of many layoffs that pose a threat to the economy national. MSMEs as the driving force of the domestic economy and middle labor absorbers faced a decline in productivity which resulted in a significant decrease in profit. Even based on a survey by the Asian Development Bank (ADB) regarding the impact of the pandemic of MSMEs in Indonesia, 88% of micro enterprises run out of cash or savings, and more than 60% of these micro and small businesses have reduced their workforce. The Covid-19 pandemic has reduced people's purchasing power, because many consumers keep their distance and divert purchases digitally so that many MSMEs that have to close their businesses due to declining purchases and are still dependent on sales outside the network (offline). Some MSME sectors that have not yet adapting digitally

in the end was so affected that it closed its outlets. Even though once the Covid-19 pandemic has indirectly prompted new changes in Indonesian business activities. The change is the shift from offline business to business which is also known as the phenomenon of digital entrepreneurship. Social media and market place (intermediary) can be a concept to make it easier for MSME actors gain wider marketing access, Wardhani, N., Izaak, WC., & Yohanes, M., 2021. MSMEs in Indonesia have become the most important pillar for the economic ecosystem. Especially it is known that 99% of business actors in Indonesia are the MSME sector. The role of this MSME has contributed 60% to the national gross domestic product and 97% to absorption of the workforce affected by the pandemic. Meanwhile, the existing MSMEs it turns out that only 16 percent have entered the digital economy ecosystem. In context In Indonesia, the MSME sector is one of the main pillars of economic fundamentals Indonesia. In fact, during the 1998 economic crisis, it turned out that the MSME sector was very contributed positively in saving Indonesia's economic ecosystem at that time. The same thing happened during the Covid-19 pandemic, where the MSME sector could have great potential to become an accelerator of national economic recovery. Therefore, a model is needed the function and role of digital MSMEs that can adapt to technological advances. Thing This is what gave birth to the digital MSME model. This business model comes from combination of digital technology and entrepreneurship which then produces a phenomenon of new characteristics in terms of business, Giones, & Brem, 2017. In this case the role of technology digital has a significant influence on the new business units created. Paradigm of emerging technologies harness the potential for collaboration and collective intelligence to designing and launching more robust and sustainable entrepreneurial initiatives. Even so, there are four dimensions related to digital entrepreneurship, namely digital actors (who), digital activity (what), digital motivation (why) and digital organization (how), Elia, et al, 2020. However, according to the records of the Ministry of Cooperatives and MSMEs, currently there are 10.25 million MSME actors who have been connected to digital platforms. In other words, already there are 16 percent or around 10.25 MSME actors who are connected to the digital

ecosystem, Merdeka.com, 2020. This is due to the large number of MSME digitization programs that have been implemented continues to be held by the Ministry of SMEs and Cooperatives. Please note that the program digitalization is the most important part of the transformation program of the Ministry of MSMEs and cooperative. Moreover, people's consumption patterns have changed as a result of the pandemic global. The excess of the trend of digitizing MSMEs has become a new habit for the community to this day future. Even so, during the Covid 19 pandemic, the use of digital platforms by perpetrators MSMEs in Indonesia have increased quite a bit. There are 42 percent of Indonesian MSMEs who already using social media. In other words, social media is a means of the development of entrepreneurship and the sustainability of MSMEs, Purwana, et al, 2017.

Meanwhile, based on McKinsey data, e-commerce sales have increased by 26 percent with a total of 3.1 million transactions per day, Kompas.com, 2020. Even during the Covid-19 pandemic has prompted higher use of social media which certainly correlated to the increase in sales transactions of MSMEs. In other words, MSME actors who have succeeded in conducting sales transactions during this pandemic are: who successfully utilize digital platforms and social media. In addition, with the development of digitizing MSMEs, it will create a digital economy in Indonesia by 2025 will be the largest in Southeast Asia. Even so there are three the obstacles faced by MSMEs are; First, MSME actors are still constrained by goods production capacity. In fact, many MSMEs fail in the digital market, because they do not meet the demands of the digital market. Second, the quality of the resilience of MSME actors who have not equally. Because in this digital market, players must be able to compete with companies who during the pandemic also switched to using digital platforms. Third, required strengthening digital literacy education and strengthening human resources for business actors, Suwarni, et al, 2019. So far the digital literacy and the quality of resources in number of MSME actors is very minimal, so the impact is less than optimal in producing their respective superior products. In fact, the majority of business actors MSMEs want to practice digital business in their business development, Susanti, 2020. Furthermore, in efforts to develop digital SMEs, several things need to be

considered: these include production quality, production capacity, and digital literacy. These three things MSMEs must pay attention to so that businesses opened in the digital realm can last a long time. Furthermore, in an effort to develop digital MSMEs, synergy is needed with netizens who incidentally are the millennial generation. These netizens can be encouraged to be able to participate in developing digital MSMEs with reseller techniques. In this context citizens who can be invited to synergize, especially the millennial generation and Z generation spread across several classifications, namely buzzers, influencers and followers, Arianto, 2020. Furthermore, the digital MSME development program is very dependent on government support, namely the ease of licensing. So that way connectivity, which is the main thing for digital MSMEs, will be increasingly formed with better approach to society.

This research will further elaborate on the development of the function and role of MSMEs digitally based during the Covid-19 pandemic. Several previous studies reviewed that perpetrators MSMEs are turning to the use of digital technology including social media to development of MSMEs in Indonesia (Setyanyo, et al, 2015; Anggia & Shihab, 2018; Idah & Choose, 2019; Idah & Pick, 2019; Putra, et al, 2019; Bakhri, & Futiah, 2020; Sumarni, et al, 2020). While this research is more on an effort to reinforce the development model digital-based MSMEs during the Covid-19 pandemic. This development also includes utilization, market place, social media, and various other supporting applications. Finally, with the development of digital MSMEs during the Covid-19 pandemic, we have been able to save the fate of MSMEs in Indonesia which then invites questions; How is the process of developing digital MSMEs during the Covid-19 pandemic? Inner limitations This research is only about the role and implications for the development of digital SMEs in efforts to develop and save the MSMEs ecosystem during the Covid-19 pandemic.

LITERATURE REVIEW

Micro or Small, and Medium Enterprises (MSME's)

MSMEs are productive business units that stand alone, which are carried out by people individual or business entity in all sectors of the economy. In principle, the distinction between

micro-enterprises, small-scale businesses, medium-sized businesses, large businesses are generally based on asset value initial (excluding land and buildings), average annual turnover, or number of permanent workers. However, the definition of MSMEs based on these three measuring tools differs by country, because it is difficult to compare the importance or role of MSMEs between countries.

In Indonesia, the definition of MSME is regulated in the Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs. In Chapter 1 (General Provisions), article 1 of the Law, in this case, it is stated that micro-enterprises are productive businesses owned by individuals and individual business entities that fulfill micro-enterprises as stipulated in the law. Small business is a productive economic business that stands alone, which is carried out by people individual or business entity that is not a subsidiary or not a branch companies that are owned, controlled, or become a part either directly or indirectly from micro-enterprises or large-scale businesses that meet the criteria for small-scale has been regulated in the act, become a part, either directly or indirectly, of a micro-enterprise, small-scale business or large businesses that meet the criteria for micro-enterprises as referred to in the law. Based on Law Number 20 of 2008 concerning MSMEs, the definition of each business are as follows:

- a. Micro Business is a business with a net worth of less than 50 million rupiah or less generate sales of less than 300 million Rupiah for one year.
- b. Small business is a business with a wealth of between 50 to 500 million rupiah or less generate sales of between 300 million to 2.5 billion rupiah for one year.
- c. Medium-sized businesses are businesses with a wealth of between 500 million to 10 billion rupiah or generate sales of between 2.5 to 50 billion rupiah for one year.

Digital Marketing

From previous research according to Chaffey, 2021 quoted from ES., Rahmi, & Aditya, 2020 the definition of digital marketing is as a user of technology to help marketing activities aimed at increasing consumer knowledge by adapt to their needs. Digital marketing is also defined as

marketing activities using internet-based media according to ES. et al., 2020. Meanwhile, according to Sawicky, 2021 quoted from ES. et al., 2020 digital marketing is the exploitation of digital technology used to create a channel to reach potential recipients to achieve company goals through more effective fulfillment of consumer needs. Thus, every company or marketing efforts are considered important as one of the important development strategies for companies and within MSEs can develop marketing strategies through digital marketing.

The marketing function through digital media (digital marketing) is still not maximized when compared with the drastic growth in the number of internet users. According to McKinsey's research, only about 30% of businesses in Indonesia use instruments digital in developing its business, Supriadi, 2021. Seeing this, can we conclude that the potential of digital marketing in Indonesia is still very large. Market function marketing is also as follows:

1. Marketing is concerned with satisfying customer needs and wants.
2. Marketing is used for exchange, where markets and customers give each other something of value so that each party gets a specific benefit.
3. Marketing helps the process of creating value for customers. the concept of value refers to the relationship between benefits and costs.
4. Marketing requires decisions regarding the 4Ps (Product, Price, Promotion, Places)

RESEARCH METHOD

This article uses a literature study approach by observing and analyzing all information regarding the research topic. Literature research is a type of research used in collecting in-depth information and data through various literatures, books, notes, magazines, other references, as well as the results of previous research relevant, to get answers and theoretical foundations on the problems to be solved investigated Indrawan, & Yaniawati, 2021. In this study, the main topic is the function and the role of digital SMEs during the Covid-19 pandemic. That way, it will be known that the development of digital MSMEs is an alternative development and at the same time saving MSMEs in the digital economy era. Some of

the steps that will be carried out in articles that put forward the literature study model, namely; First, the researcher observed and analyze based on the phenomena that occur related to the research topic. Second, determine the focus of research based on the information that has been obtained and obtained from literature review. Third, the source of the data collected is in the form of information or empirical data sourced from books, journals, research reports and other literature which can provide a new scope of research. In this way, researchers will be able to help identify various variables related to the research topic. Fourth, examine various library sources to be able to obtain maximum results so that will find new ideas related to the research topic. Lastly, analyze the records research from various literatures to then get a conclusion that compiled in the form of a research report with the applicable writing systematics. With Thus the literature study method can combine the findings of the same theme as preliminary studies with contemporary studies Zed, 2018. Thus, verification of previous studies can find elements of novelty in further research.

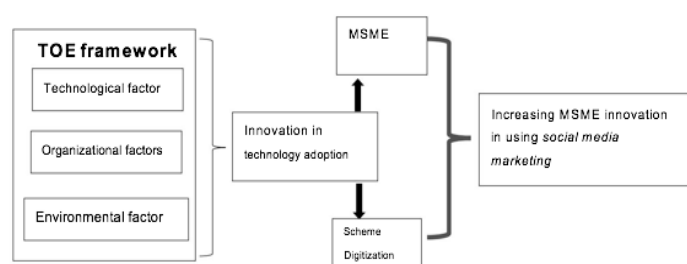
RESULT AND DISCUSSION

Digital Economy Ecosystem

MSMEs are an absolute must so that in the future it can create conditions of ease of doing business. It should be noted that MSMEs have played an important role in strengthening the economy Indonesia. Even based on experience during the Indonesian economic crisis, MSMEs have become one of the fundamental pillars and support for the Indonesian economy. Meanwhile, during the Covid-19 pandemic, the MSME sector was quite stagnant and because it must continue to exist through a digital transformation strategy. Based on BPS data per September 2020, the conditions faced by MSMEs during the Covid-19 pandemic turned out to be only there are 45% of SMEs who are only able to survive for 3 months, the rest cannot endure. Therefore, in an effort to develop digital SMEs, one alternative is to carried out by the Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) are: invites young innovators to support the MSME digitization program through MSME Digital program. This program is intended so that during the Covid-19 pandemic, MSMEs can still survive with increased sales by digital ecosystem support. Because, until

now, only around 10-11 million MSMEs have connected to the digital ecosystem. Furthermore, Cooperation Ministry and MSM has a strategy development of the digitization of MSMEs through four steps, namely; First, upgrade human resources by preparing MSME business actors so that their capacity can be increase. Because the quality of human resources is the main thing for MSME development in the digitalization era.

The *Technology, Organization, And Environment (TOE) framework* is a theory that describes the process of an organization's adoption of technology. Where, in the article this organization being discussed focuses on the realm of MSMEs. In general TOE framework explain the process of adopting and implementing technology in terms of technological factors, organization and its environment Tornatzky and Fleisher 1990. Technological factors, explain How is the technological readiness of an MSME, both internally and externally. Organizational factors show the characteristics of an MSME, and the resources owned, in terms of organizational size, existing sources of capital and managerial structure. Factor The environment can see the influence of competitors' rates, inflation, and government regulations local. Here are the concepts in the application of the TOE framework in social use media by MSMEs (picture 1).



Picture 1. Conceptual thinking of exploring the toe framework on the integration system of digitizing business resources.

Based on picture 1, there are only several community empowerment activities by involving the community in carrying out firm activities and firm values. Picture 1 also explain that organizational factors show the characteristics of an MSME, and the resources they have, in terms of the size of the organization, the sources of capital and the existing managerial structure. Factor The environment can see the influence of competitors' rates, inflation, and government regulations. Here

are the concepts in the application of the TOE framework in social use media by SMEs. The application of the TOE framework factor in adapting the use of social media by MSMEs will be discussed in detail from two points of view, namely the internal relationship of MSMEs and external Customer Relationship Management. The first point of view will discuss in detail how the factors of the TOE framework will affect the sustainability of MSMEs on the part of the actors SMEs. MSME actors in Indonesia are currently being encouraged to maximize their use of technology, although so far 20% of MSMEs have used digitization and is expected to continue to increase from year to year Kurnia, 2020. Especially in the current new normal conditions, many MSMEs are encouraged to maximize the use of technology to reduce physical interactions with each other actors and with consumers, Eka in *dailysocial.id*, 2020. In an effort to encourage maximum use of technology, especially in relation to fellow actors of MSMEs, it is necessary to have an in-depth analysis in the process of adopting technology appropriate, the concept of the TEO framework.

CONCLUSION

The Covid-19 pandemic has made Micro, Small and Medium Enterprises (MSMEs) experience stagnant until someone had to close their outlets. That's because, a change in habits new with the implementation of health protocols which have an impact on decreasing purchasing power public. In the context of the Indonesian economy, the Covid-19 pandemic has finally encouraged the creation of a new ecosystem, namely digital entrepreneurship. In other words, this ecosystem has encouraged MSME actors to start transforming into the realm of digital. Even so, the government has been trying to push the digitalization program so far on MSMEs in Indonesia. This can be traced from the adaptation of MSME actors to using market places and social media in digital marketing. Platform role social media has also become the main focus of MSME actors. Apart from that, the perpetrator MSMEs are also starting to adapt using various supporting applications such as platforms digital finance. Digital transformation for MSMEs during the Covid-19 pandemic is finally here can make MSMEs re-develop their business. Therefore, the development of digital MSMEs during the Covid-19 pandemic can be an

alternative saving the MSME sector so that it continues to exist. However, efforts to develop digital MSMEs must also be supported by the role of the government and the Ministry of Cooperatives and MSMEs. Because MSME actors still need a lot of support, guidance and support the capital which incidentally came from the government during the Covid-19 pandemic. When it happens synergy between MSMEs, the government and another supporting stakeholders and it is certain that the digital transformation process for SMEs will be able to run perfectly. Until the target the government to increase digital-based MSMEs can be realized soon. Besides that, the development of digital MSMEs after the Covid-19 pandemic must also be a top priority government and all stakeholders so that the digital economy ecosystem in Indonesia continues to run well. This is because the development of digital MSMEs will also contribute to the strengthening the digital entrepreneurship ecosystem in Indonesia.

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