



## The Role of Social Media in Promoting the Sustainability of (Micro, Small, and Medium Enterprises (MSMES) In the Digital Era

Rizki Pratama Johanis Paransa<sup>1\*</sup>, Rr Chusnu Syarifa Diah Kusuma<sup>1</sup>, Fajar Wahyu Nugroho<sup>1</sup>, Kurnia Wulandari<sup>1</sup>

<sup>1</sup>Universitas Negeri Yogyakarta, Indonesia

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### ABSTRACT

Sustainable transformation is key for MSMEs in the digital age, amid the complexity and technological developments that shorten business cycles. This study aims to explore the influence of social media on the sustainability of MSMEs in Yogyakarta, which increasingly rely on digital marketing through platforms such as Instagram. With more than 346 thousand MSMEs in Yogyakarta utilizing digital services, this study uses a quantitative approach with a survey method of 100 respondents. Data analysis was conducted using the partial least square structural equation modelling (PLS-SEM) model. The results show that social media has a significant influence on the sustainability of MSMEs ( $t$ -statistic = 6.545,  $p < 0.001$ ), increasing visibility, expanding market reach, and strengthening customer loyalty. These findings are in line with the importance of interactive digital marketing communication, where MSMEs can interact directly with consumers. This study recommends that MSMEs be more active in utilizing social media and that policymakers design digital training programs to improve marketing skills. Despite its limitations, such as its focus on Yogyakarta, this study confirms that effective use of social media can support the sustainability of MSMEs, with the right strategies to face challenges in the digital era.

**Keywords:**

Social Media; Sustainability of MSMEs;  
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### 1. Introduction

Social Media; SME Sustainability; Digital Marketing There is an urgent need for digital transformation among SMEs. Without an online presence, businesses risk becoming irrelevant in a world that prioritizes digital technology [1]. Continuous transformation is now increasingly important because the complexity of the situation and technological developments have shortened the business cycle [2]. Intense competition in various sectors has prompted companies to adopt a marketing orientation, where all activities are geared toward meeting consumer needs with the aim of increasing customer satisfaction [3]. Transformation can be achieved by utilizing digital marketing and sales through social media platforms. According to data from Sibakul Jogja, more than 346,000

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\*Corresponding author.

E-mail address: [rizkipratama@uny.ac.id](mailto:rizkipratama@uny.ac.id)

MSMEs in Yogyakarta have used digital platforms to improve efficiency in inventory management, payments, and shipping.

The sustainability of MSMEs has a major impact on economic growth and regional development [4]. Recognizing this potential, the Yogyakarta government has launched programs such as Gandeng Gendong and Sibakul Jogja. In 2023, according to DailySocial, there were 65.4 million MSMEs in Indonesia, employing 114.7 million people or 56% of the total national workforce. Based on data from the Ministry of Finance, MSMEs contribute 60.5% to GDP and 96.9% to total national employment. Entrepreneurial thinking helps MSME owners identify business opportunities, formulate a vision, and run their businesses. MSMEs also play an important role in accelerating company growth, community development, and the national economy [4], [5], [6]. In Yogyakarta, the number of MSMEs has continued to increase from 226,211 units in 2016 to 342,586 in 2023, with 75% of them selling online through social media. In 2017, MSMEs contributed 98.4% to the economy of Yogyakarta and absorbed 79% of the workforce in the region.

Social media plays a major role in building business relationships and influencing the business environment [7]. DailySocial (2022) notes that 83.8% of MSMEs have used digital services in their business operations, and 99.1% of them claim to have experienced increased productivity after using them. Platforms such as Instagram, which is popular globally, are key to digital marketing strategies. In Indonesia, Instagram is the most widely used platform by MSMEs to interact with consumers, with a percentage of 79.4%.

Social media plays an important role because it provides opportunities for business owners to obtain information and feedback from customers, thereby supporting more informed decision-making. Social media also plays a role in helping to identify entrepreneurial opportunities, especially in the early stages of investment [8]. Collaboration with various parties, such as mentors, family, or business partners, can provide valuable information that helps entrepreneurs detect these opportunities [9]. Digital marketing through social media has proven to be effective in building trust and increasing customer loyalty [10]. Intensive use of social media provides additional benefits for entrepreneurs, such as sharing information and technical knowledge, reducing knowledge gaps, and increasing confidence in identifying entrepreneurial opportunities [11]. Skills in developing and managing social media are essential for entrepreneurs to recognize new business opportunities. In addition, social media allows users to share activities, interests, and ideas, while portable devices, such as mobile phones, facilitate the exchange of value among users [12], [13].

Previous studies have shown that social media plays an important role in strengthening customer engagement and improving business performance [7]. MSMEs that are able to utilize social media effectively have a greater opportunity to grow and innovate in the face of increasingly fierce competition. However, not all MSMEs are able to utilize social media optimally, and they face challenges in integrating technology efficiently into their business operations. Therefore, a deep understanding of the use of social media in business sustainability is very important. This study is expected to provide relevant and practical insights for MSMEs to support their sustainability by using social media. This study uses a quantitative approach with a survey method and data analysis using PLS-SEM.

This study makes a new contribution to the field of entrepreneurship and MSME management by exploring the role of social media in business sustainability. The findings of this study will help MSMEs in designing more effective digital marketing strategies and developing adaptive skills in responding to market changes. The variables of social media and MSME sustainability are also measured using five indicators. Thus, the hypothesis in this study is that social media has a significant influence on MSME sustainability.

## 2. Method

This study uses a quantitative approach with an explanatory design. The aim is to explain the relationship between the variables studied and to examine the influence of social media on the sustainability of MSMEs. The survey method was chosen as the data collection technique by distributing questionnaires to a group of individuals who were sampled from a larger population [14]. The research population consists of MSMEs operating in the Special Region of Yogyakarta Province, and the sample was selected using cluster sampling based on five administrative areas, namely Yogyakarta City, Bantul, Sleman, Kulonprogo, and Gunungkidul. The sample size used was 100 MSMEs.

Data collection was conducted through the distribution of questionnaires both in person and online using an online platform. The questionnaires were developed based on the theoretical framework and relevant literature, using a 5-point Likert scale to measure respondents' answers, ranging from Strongly Disagree (1) to Strongly Agree (5). Validity testing was conducted by measuring the factor loading of each indicator, where values above 0.6 were considered valid. Reliability was tested using Cronbach's Alpha, and values above 0.7 were considered reliable. Data processing and analysis were performed using the partial least squares structural equation modeling (SEM-PLS) model with the help of SmartPLS software. The SEM-PLS method was chosen because it is capable of handling complex relationships between variables and does not require the assumption of normal data distribution.

## 3. Results and Discussion

### 3.1. Results

This study involved 100 respondents consisting of MSME entrepreneurs in the Yogyakarta area. Most of the respondents were women, namely 51 people (51%), while male respondents numbered 49 people (49%). The largest age group was in the 25–34 age range, followed by respondents aged 17–24. The 35–44 age group was in third place, and the smallest group was respondents aged over 45. In terms of education, the majority of respondents had a high school education, with 76 people, followed by 22 people with a bachelor's degree and 2 people with a master's degree. A summary of the respondents' demographics can be seen in Table 1.

Table 1 Respondent Demographics

No.	Characteristics	Respondent	Total
1	Gender:	Male	51 51.00 %
		Female	49 49.00 %
	Total:	100	100.00 %
2	Age:	17 - 24 Years old	34 34.00 %
		25 - 34 Years old	42 42.00 %
		35 - 44 Years old	16 16.00 %
		≥ 45 Years old	8 8.00 %
3	Highest level of education:	Total:	100 100.00 %
		< Senior high school	52 52.00 %
		Bachelor	37 37.00 %
		≥ Master's degree	11 11.00 %
		Total:	100 100.00 %

Based on the results of the measurement model testing, it was found that several indicators met the validity requirements with factor loading values above 0.6. This indicates that all indicators in the test have met the established standards and are consistent and valid for use in analysis. High factor loading values indicate a strong correlation between these indicators and the measured construct.

In addition, a reliability test was also conducted to ensure that the instruments used were reliable, i.e., had high consistency and stability. The results of the reliability test using Cronbach's Alpha method showed that each dimension had a value above 0.7, which indicates a good level of reliability. The composite reliability value for each construct is also above 0.6, so it can be concluded that the measuring instruments used in this study are reliable. A summary of the validity and reliability results is presented in Table 2, Table 3, and Table 4.

Tabel 1 Loading Factor

No.	Variable	Indicator	Value
1	Social Media	MS 1	0.766
		MS 2	0.768
		MS 3	0.801
		MS 4	0.749
		MS 5	0.855
2	Sustainability of MSMEs	KU 1	0.702
		KU 2	0.641
		KU 3	0.820
		KU 4	0.834
		KU 5	0.756

Tabel 2 Composite Reliability

No.	Variable	Value
1	Social Media	0.891
2	Sustainability of MSMEs	0.867

Tabel 3 Cronbach's Alpha

No.	Variable	Nilai
1	Social Media	0.847
2	Sustainability of MSMEs	0.810

Structural models were used to test hypotheses in this study [15]. This study applied bootstrapping procedures in testing structural models to estimate the significance of hypotheses using Smart PLS 3 analysis. The original sample showed whether the relationships in this study were positive or negative [15]. Hypothesis testing was conducted by comparing t-table and t-statistics values. If the t-statistics value is greater than the t-table, then the hypothesis is supported at a 95% confidence level or 5% alpha, with a t-table value for a two-tailed hypothesis greater than 1.96 [15].

Statistical analysis of the data in this study was conducted through path analysis to assess the effect of indirect relationships between variables. The results of the study show that the hypothesis is accepted and has a significant effect. The results of the research hypothesis testing state that social media has a positive effect on the sustainability of MSMEs with a t-statistic  $(6.545) > t\text{-table} (1.96)$  and a p-value of 0.000, which is significant at  $\alpha = 5\%$ . This can be seen in Table 5.

Tabel 4 Variable Testing

Relationship	Original sample	T-Statistic	P-Value	Result
Social Media in the Sustainability of MSMEs	0.488	6.545	0.000	Significant

### 3.2. Discussion

The results of the study show that social media has a significant influence on the sustainability of MSMEs. This is in line with the research objective of understanding how the use of social media can support the performance and sustainability of MSME businesses. Social media plays a role in increasing visibility, expanding market reach, strengthening brand image, and maintaining customer loyalty. These findings are consistent with previous studies showing that social media plays an important role in building interactive relationships between businesses and customers [7]. Strategies for survival include cost-cutting measures and utilizing social media for marketing,

indicating a shift towards digital engagement in response to challenges that help MSMEs maintain visibility without incurring high costs [16].

Theoretically, these findings support the concept of effective digital marketing communication, where social media allows MSMEs to interact directly with customers and create added value through real-time feedback. The use of social media such as Instagram also makes it easier for MSMEs to disseminate information, strengthen their brand image, and increase customer engagement, which ultimately contributes to business sustainability.

Data and findings indicate that social media is effective because it is interactive, easily accessible, and allows SMEs to utilize various marketing features such as digital advertising and direct promotions to customers. The use of social media also allows SMEs to reduce marketing costs, which is important for the sustainability of small businesses with limited resources.

These findings make an important contribution to education management, particularly in the context of leadership and academic economics. In terms of leadership, this study shows the importance of adaptive skills in utilizing technology and digital media. This is relevant to education and academic economy policies that encourage educational institutions and MSMEs to integrate digital technology as part of their development strategies. Education policies can also support entrepreneurship and digital skills training to encourage business actors to be better prepared for the digital era.

Although the findings of this study provide important insights, there are several limitations that need to be considered. First, the study only focuses on MSMEs in the Yogyakarta Special Region, so generalizing the findings to other sectors and regions needs to be done with caution. In addition, this study does not fully examine external factors such as economic conditions and regulations that can also affect the sustainability of MSMEs.

This study has important implications for MSME actors and policymakers. MSME owners need to be more active in utilizing social media for marketing and customer engagement. Policymakers are also advised to design digital training programs for MSMEs to improve their technological literacy and digital marketing capabilities. In the future, further research can expand the scope of the business sector and examine external factors such as government policies or the impact of macroeconomics on the sustainability of MSMEs. Longitudinal studies are also needed to understand the long-term impact of social media use on business performance.

Thus, this study confirms that social media is an effective tool in supporting the sustainability of MSMEs. Optimal use of social media enables MSMEs to adapt to market changes, build strong brands, and maintain customer loyalty. However, the right strategy is needed to maximize the benefits of social media while overcoming existing challenges and limitations.

#### 4. Conclusions

This study confirms that social media plays an important role in supporting the sustainability of MSMEs. Active use of social media has been proven to have a significant impact on the performance and sustainability of MSMEs. Social media not only helps increase visibility and expand market reach, but also strengthens brand image and increases customer engagement. These findings indicate that utilizing platforms such as Instagram can be an effective strategy for promoting products and maintaining customer loyalty. In conclusion, to achieve sustainability, MSMEs not only need to innovate and adapt quickly but also actively utilize social media. The right digital marketing strategy can increase competitiveness and ensure long-term business sustainability.

The results of this study open up prospects for further development, especially in several aspects. Further research can explore differences in the use of various platforms such as TikTok or

WhatsApp. External factors, such as government policies, can also be included in future research to provide a more comprehensive understanding.

These findings also have broad practical application prospects. The research results can be used as a basis for training and education programs to improve the entrepreneurial skills and social media utilization of MSME players. The government can utilize these research results in formulating policies that support digital transformation and business innovation. In addition, educational institutions can use these findings as teaching materials in entrepreneurship programs and collaborate with MSMEs to develop digital marketing strategies. Overall, this research not only contributes theoretically but also offers practical solutions for business actors in facing the challenges of the digital era and improving the sustainability and competitiveness of MSMEs in the future.

### Conflict of interest

The authors declare no conflict of interest.

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