

The Role of Social Media in Indonesia for Business Transformation Strategy

Eliot Simangunsong, Rudy Handoko

School of Business and Economics, Universitas Prasetiya Mulya, Kampus Cilandak, Jakarta
 Jl. RA. Kartini (TB Simatupang) Cilandak Barat, Jakarta, 12430, Indonesia.

ARTICLE INFO	ABSTRACT
<p>Keywords: Social media, Social commerce, Business performance, Entrepreneurs</p> <p>Kata Kunci: Media Sosial, Bisnis sosial, Performansi bisnis, Wirausahawan</p> <p>Corresponding author: elliot@pmbbs.ac.id</p>	<p>The rise of social media in today’s digital era is considered important because it helps people communicate and share information online. It is not surprising that ease of sharing information and communicating through social media has an impact on increasing many online activities, including business activities.</p> <p>This phenomenon is an inspiration that researchers can use to uncover the role of social media in Indonesia for business activities by knowing the factors that can influence a social media follower or fans into actual buyers. By surveying users of social media, 546 responses were collected from social media entrepreneurs and social media buyers. The data analysis showed there is enough evidence that social media is being used for business. The frequency of social media usage has strong links to users to use to buy products or do business in that venue. Young people, such as college students, tend to use social media for business more than those with higher levels of education who may already have permanent jobs. Multiple regression analyses have resulted in a proposed model of social media use for business and offers five major factors that influence satisfaction and performance when doing business on social media.</p> <p>SARI PATI</p> <p><i>Penggunaan media sosial di era digital saat ini dianggap penting karena membantu masyarakat berkomunikasi dan berbagi informasi secara online. Tidak mengherankan bahwa kemudahan berbagi informasi dan berkomunikasi melalui media sosial berdampak pada peningkatan banyak aktivitas online, termasuk aktivitas berbisnis.</i></p> <p><i>Fenomena ini menginspirasi peneliti untuk mengungkap peran media sosial di Indonesia untuk kegiatan bisnis dengan mengetahui faktor-faktor yang dapat mempengaruhi pengikut atau fans media sosial menjadi pembeli. Dengan mensurvei pengguna media sosial, 546 data dikumpulkan dari pengusaha media sosial dan pembeli media sosial.</i></p>

Analisis data menunjukkan ada cukup bukti bahwa media sosial telah digunakan untuk berbisnis. Frekuensi penggunaan media sosial memiliki hubungan yang kuat dengan pengguna yang menggunakan media sosial untuk membeli produk atau melakukan bisnis. Kaum muda, seperti mahasiswa, cenderung menggunakan media sosial untuk berbisnis melebihi mereka yang memiliki tingkat pendidikan yang lebih tinggi yang mungkin sudah memiliki pekerjaan tetap. Analisis regresi berganda telah menghasilkan model penggunaan media sosial untuk berbisnis yang memperlihatkan lima faktor utama yang mempengaruhi kepuasan dan kinerja berbisnis di media sosial.

© 2020 IRJBS, All rights reserved.

INTRODUCTION

Social media is a network - and cellular - based technology that functions as an interactive platform for individuals or groups, so they can communicate and share information (Kietzmann, Hermkens, McCarthy, & Silvestre, 2011). Social networking and its communication activities are one of the most popular online activities. Social media is very popular in Indonesia, and its use is expected to continue to increase as a revenue source for businesses. Statista (2018) reported that in 2017, there were 2.46 billion social media users worldwide (see Figure 1).

Social media can be classified into blogs, social networking sites, virtual social worlds, collaborative projects, communities, and virtual gaming worlds (Gavino, Williams, Jacobson, & Smith, 2018). There are indications that explaining the role of social media is increasingly varied, not just limited to tools being used for social communication (Kaplan & Haenlein, 2010), but also tools now being used for business purposes. The importance of social media for business can be seen in the growth of social media as a technology platform that is user friendly and can be easily used without the need for sophisticated technical experience, which is

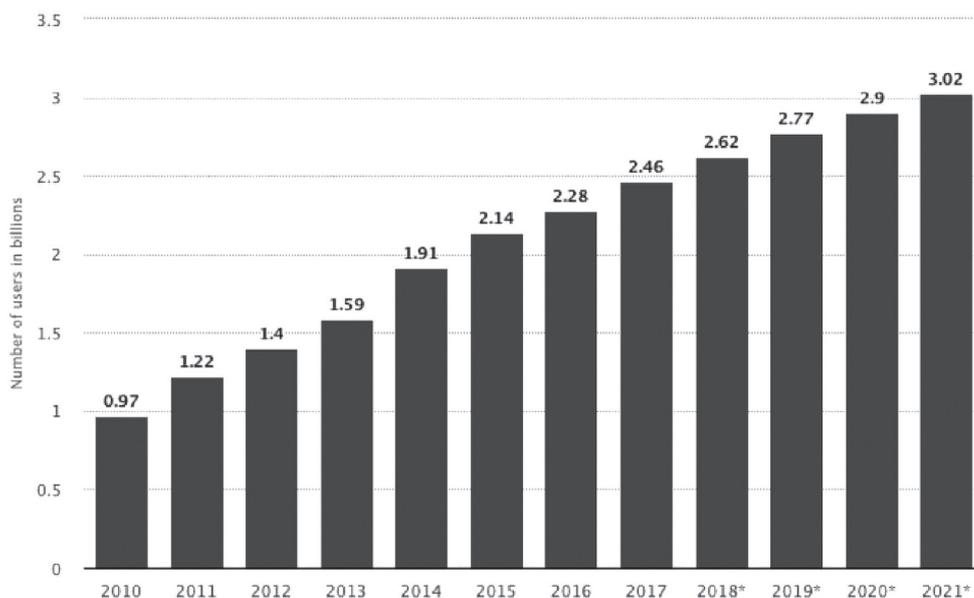


Figure 1. Number of social media users (in billion) in the world since 2010-2021 (Statista, 2018)

quite different from other Internet applications, such as websites and e-commerce (Rahbi & Abdullah, 2017). Creativity when utilizing social media enables someone to organize their company for promotion purposes and/or sell their products (Hatammimi & Sharif, 2014; Holmes, McLean, & Green, 2012). Through social media, companies can sell their products and services effectively without the need for large costs. The company's marketing function can utilize social media to support the consumer's decision-making process and consumer shopping behavior (Huang & Benyoucef, 2013). The study by Lockett (2018) provides an interesting illustration of the use of social media, such as Facebook, LinkedIn, Twitter, and YouTube, by businesses to promote their corporate brands and connections and reach their target consumers.

It is important to understand why and how social media was adopted for business and for what purposes (He, Wang, Chen, & Zha, 2017). Gavino et al. (2018) did further research on relevant and validated measurements of the impact of social media use on business performance and corporate income. Lockett (2018) found that SME businesses generally do not have the tools and strategies to use social media. Rahbi & Abdullah (2017) added that unlike SMEs in the developed countries, SMEs in developing countries are still less aware of and do not understand the benefits of business innovation gained by using social media. He et al. (2017) also argued that although many non-manufacturing SMEs have adopted social media and benefited their businesses, they face many problems and challenges when using social media. Burgess et al. (2017) suspected that SMEs seem to only follow the trends when using social media rather than applying clear strategic goals or planning. SMEs adopt social media for no particular reason besides wanting to join the other SMEs that use them.

The purpose of this research is to explain the extent to which social media has been used to do business in Indonesia and identify important factors that can be used by companies there to change

their company's social media followers into actual buyers.. The outcome of this research is expected to contribute to new guidelines for social media adoption plans, including precise planning for the use of social media when making decisions to adopt that for business.

LITERATURE REVIEW

Social media is media that is used to communicate, share, and collaborate on information shared between users (Kahar, Yamimi, Bunari, & Habil, 2012; Kaplan & Haenlein, 2010; Mangold & Faulds, 2009) using online technology (He et al., 2017). However, when dealing with members during social media activities, such as discussion, sharing, and ongoing collaboration, the content on social media needs to be updated frequently. Statista (2017) reports that there are 2.46 billion social media users worldwide and this number will continue to grow and reach 2.77 billion in 2019. Facebook, for example, has more than 2.1 billion active members, Youtube has 1.9 billion, and Whatsapp has reached 1.5 billion. In addition to using computers to access social media on the Internet, people use Smartphones and tablets with special social media applications like Facebook, YouTube, WhatsApp, and others, all of which also continue to increase in numbers. This high use of social media certainly has potential to make social media a means to sell products or transact business.

A study by Legowo and Noer (2017) of university students in Indonesia found Facebook to be the most used social media network for respondents. It was followed by Twitter. Another study by Ekawati (2012) of students in the city of Denpasar Bali showed that 83% of adolescents in that city have used the Internet beginning 3 years ago, 67% used social media to meet all their needs including communication, college needs, and fashion needs. The factors that were considered most influential for the choice to use social media were saving time and ease of use.

Social media has also been used by various

businesses, small, medium and large. Kahar et al. (2012) found that the main use of social media is to build and strengthen relationships with consumers. For example, Fenton (2018) explained how social media helps football clubs to connect with their fans so they become better known throughout the world. Another study by Jussila, Kärkkäinen, and Aramo-Immonen (2014) also showed brand strengthening as the most common reason why companies use social media. Michaelidou, Siamagka, and Christodoulides (2011) added in their study that 91% of companies use social media to get new customers. Social media like Facebook, Twitter, Google Plus, Youtube and blogs, have been widely adopted in various industries (He et al., 2017).

Examples include Dell, Domino's Pizza, Starwood Hotels, and Starbucks as those that have adopted social media since 2010 and have gained benefits like increased customer loyalty, sales, customer satisfaction, brand awareness, and an increasingly better reputation. Social media both influences and shapes consumers' perceptions of brands and business equity (Gavino et al., 2018). This view is important for all businesses because it allows companies to take a different approach when communicating and listening to their consumers (Jussila, Kärkkäinen, & Aramo-Immonen, 2014).

Culnan et al. (2010) analyzed the content of Fortune 500 company web sites and learning the extent to

which social media is used by industry category. Table 1 shows the results of their survey where, on average, each Fortune 500 company actually adopted more than one social media platform.

Rahbi and Abdullah (2017) argued that when social media is adopted in a corporate organization, it changes the company's activities when developing its business potential. Ejupi (2017) explained that social media is very different from other marketing platforms. For example, the sports apparel business is now focused on monitoring sales of its products displayed on social media campaigns. Other businesses, such as food and drink, are starting to prioritize user-engagement measurements (i.e., likes, comments, shares) from social media. Thus, it becomes important to understand why and how businesses adopt social media and for what business purposes.

He et al. (2017) proposed a theoretical framework or model that can be used when making decisions about adopting the use of social media for business, planning the resources needed for social media management, and the strategies to use to turn media fans into consumers who can generate profits for a company. They argue that a decision to adopt social media use for business is influenced by four factors, i.e., the perception of social media, personal characteristics, social influence, and the business performance/purposes.

Tabel 1. The Distribution of Fortune 500 Companies

Industri (Number of Companies)	Twitter		Facebook		Blogs		Client-Hosted Forums	
	Yes	No	Yes	No	Yes	No	Yes	No
Distribution (23)	10	13	4	19	1	22	1	22
Energy (78)	28	50	15	63	3	75	0	78
Finance (72)	37	35	37	35	15	57	4	68
General Services (38)	18	20	16	22	9	29	0	38
Health (18)	11	7	7	11	1	17	1	17
IT (40)	34	6	32	8	22	18	25	15
Manufacturing (146)	67	79	60	86	29	117	13	133
Retail (54)	38	16	40	14	14	40	11	43
Transportation (17)	15	2	12	5	3	14	1	16
Other (14)	8	6	8	1	1	13	0	14
Total	266	234	231	269	98	402	56	444

Social media perception can be further explained by the actual consumers' opinions about their social media interactions (Heller Baird & Parasnis, 2011). He et al. (2017) suggested three variables i.e., usefulness, ease of use, enjoyment, while Heller Baird & Parasnis (2011) suggested two variables i.e., personal relationships with friends and family and a passion for business. Personal characteristics include two categories, extrovert and introvert (Seidman, 2013). An extroverted person will use social media more often because he or she tended to have more friends than introverts have (Gosling, Augustine, Vazire, Holtzman, & Gaddis, 2011). Introverts are more likely to use social media only to keep up with friends.

Another study by Correa, Hinsley, and De Zuniga (2010) argued that emotionally stable individuals will use social media less often than those who are more anxious or worried. Individuals who like new experiences also tend to use social media more often. He et al. (2017) added several other personality factors, such as age, education level, and knowledge in discussing the choice to use social media. Social Influence can be explained as a positive influence on the outcome of a conversation between friends on a product using social media (Wang, Yu, & Wei, 2012) and consumers' need for uniqueness influence conversation with friends on social media, especially their attitudes toward a product (M. Anderson, Sims, Price, & Brusa, 2011).

Business performance/purpose is an overall concept that is used to evaluate the level of achievement of organizational activities (Wu & Lu, 2012). Variables that are commonly used include financial performance as in profitability, and operating performance as in market share. In addition, the use of social media for business provides services and establishes relationships with consumers effectively.

Social media was initially used by business people to sell products and services based on minimal cost as a motivation (Carraher, Buchanan, &

Puia, 2010). Social media was believed to be the fastest way to grow a business (Edosomwan, Prakasan, Kouame, Watson, & Seymour, 2011). He et al. (2017) found that many SMEs gained the business benefits of better marketing or CRM after adopting social media. Social media can also help a business to connect with consumers and other businesses using both social relationships and word of mouth. Creating conversational topics that have the potential to become a trend is important when using social media for business (Paridon & Carraher, 2009). Topics that can become a trend in corporate social media will make business marketing activities more effective.

However, He et al. (2017) also identified some of the problems and challenges that are faced when using social media. For example, there is the challenge of increasing «likes» and attracting new fans on social media. Another challenge is understanding and developing strategies to convert social media fans or the number of «likes» into actual buyers. Human resource needs when managing corporate social media are also important because there are choices about whether to use full-time employees, part-time employees, or outsourcing. A study by Jussila et al. (2014) even identified companies that do not use social media because the benefits are considered difficult to measure, there is inadequate knowledge about social media technology / features, and there is a lack of resources and those trained to carry out activities on social media as some of the reasons.

Therefore, further research is needed on how social media is utilized to benefit a company's business (Jussila et al., 2014). Anderson and Miroso (2014) proposed the importance of such further research to discover innovative ways for changing fans on corporate social media from «like» to «buy». In addition, more in-depth research is needed on establishing social commerce models, such as the types of data that relates to consumers, indicators of buying and selling behavior, and demographic data to help understand the conversations on social media, thereby tracking not only what media users

buy on social media, but also what their friends buy. In the context of the business world in Indonesia, further research is needed on the potential positive use of social media by corporate business.

METHODS

This research studied how the business world in Indonesia perceives the potential, opportunities, and challenges of using social media for business. The research method used was quantitative research with surveys as the research instrument. Quantitative research that examines the use of social media has been commonly used in previous studies, for example, the research by Michaelidou et al. (2011), Kahar et al. (2012), Jussila et al. (2014), Hatammimi and Sharif (2014), and Simangunsong (2016). The selection of research methods that have been tested in previous studies is important in order to ensure the validity and reliability of the instruments used in this current study. The stages of the research consisted of determining the scope of the research that was most relevant for research purposes, conducting a literature review to understand the latest research developments, identifying gaps in those previous studies and the final stage, which was to create a research design and carry it out.

The researcher previously conducted research on the use of social media both for individual purposes and for business (Simangunsong, 2016). A preliminary qualitative research was also conducted with a research analysis unit, namely, the food and beverage industry in Indonesia. The purpose of this preliminary research was to understand the extent to which social media has been used to fulfill a person's buying desire for food and beverage products. The results of a qualitative data analysis showed that there is a desire to buy seen in consumers by using social media. The most widely used social media by the respondents is Instagram followed by WhatsApp. This is because Instagram is a social media entity based on images and photos that encourage curiosity in consumers, because the foods on display always look delicious.

A 7-point Likert scale, ranging from very important to very unimportant, was used to measure the respondents' expectations and/or expression of their perceived experience with various indicators of business social media usage. Surveys are popular data collection methods that have been used by previous researchers to explore the use of social media. The questionnaire prepared for this study was distributed to respondents that consisted of social media users and business owners who do use social media. These two types of respondents are also the unit of analysis for this study. The questionnaire used measures and variables adapted from relevant previous studies, such as that by He et al. (2017). The use of questions and variables from previous research was important to improve the accuracy and reliability of the data being collected. SPSS statistical software was used to process the survey data obtained. Data was calculated and analyzed using descriptive and inferential statistical approaches, such as an independent sample t-test, ANOVA and multiple regression analysis so as to explain in detail the relationship between the research variables and social commerce models and thus meet the objectives of the research.

RESULTS AND DISCUSSION

The research questionnaire was distributed to respondents who used social media actively, including using it for business purposes. By using Google forms and conducting surveys directly with the population, a total of 546 responses were received. The next process was a descriptive data analysis and test of the hypotheses using SPSS application. Profiles of the respondents are summarized in Table 2 below. Out of a total of 546 respondents, 282 (51.6% of the total respondents) were male and 264 respondents were female (48.4% of the total number). It was also found that 206 respondents (37.7% of the total) were married and 340 respondents have an unmarried status (62.3% of the total number of respondents). This profile of the respondents indicated the suitability of the data for the purpose of this study.

Tabel 2. Gender and Status of Respondents

Gender	Freq	%	Status	Freq	%
Male	282	51.6 %	Married	206	37.7 %
Female	264	48.4 %	Single	340	62.3 %
Total	546	100 %	Total	546	100 %

Tabel 3. Monthly Expenses and Education of study Respondents

Monthly Expenses	Freq	%	Education	Freq	%
0-1.000.000	32	5.9%	High school	167	30,6%
>1.000.000-2.000.000	75	13.7%	Diploma	17	3,1%
>2.000.000-3.000.000	146	26.7%	Bachelor	276	50,5%
>3.000.000-4.000.000	64	11.7%	Postgraduate	86	15.8%
>4.000.000-5.000.000	83	15.2%	Total	546	100%
>5.000.000-6.000.000	7	1.3%			
>6.000.000-7.000.000	13	2.4%			
>7.000.000-8.000.000	20	3.7%			
>8.000.000-9.000.000	4	0.7%			
>9.000.000-10.000.000	35	6.4%			
>10.000.000	67	12.3%			
Total	546	100			

Tabel 4. Social Media Usage by Respondents

Have Account	Freq	%	Frequency of Use	Freq	%
Yes	543	99.5%	Every hour	171	31.3%
No	3	0.5%	Every 1-3 hours	225	41.2%
Total	546	100.0%	Every 3-6 hours	97	17.8%
Buy the Product			Every 6-12 hours	26	4.8%
Yes	478	87.5%	Once a day	19	3.5%
No	68	12.5%	More than 1 day	8	1.5%
Total	546	100%	Total	546	100%
Use for Business					
Yes	271	49.6%			
No	275	50.4%			
Total	546	100.0%			

The average age of the respondents was 28.4 years old with a median of 26 and a mode of 20. The youngest respondent was 17, and the oldest was 59, offering good age range for the respondents. In terms of education, the majority of the respondents' backgrounds held a Bachelor degree at 276 respondents (50.5% of total respondents) followed by 167 respondents with just a high school education (30.6%). They were mostly university students. There were also 86 respondents with a graduate education background (15.8%). The

smallest frequency of respondents was those with Diploma backgrounds (3.1%).

Table 4 offers details on the social media usage by the respondents. Almost all the respondents (99.5%) owned at least one social media account; only three respondents (0.5%) did not. The analysis indicated that 478 respondents (87.5 % of the total respondents) had purchased products or services through social media, while 68 other respondents stated they had never bought a

product or service through social media (12.5% of the total respondents). Of the 546 respondents, half claimed to never have sold a product on social media (50.4%), while 271 respondents claimed to have used social media for business (49.6% of the total respondents). Most of the respondents (72.5%) were heavy users of social media and used it at least once every three hours. It would be interesting to test whether such a heavy usage of social media has any correlation with business purpose use of social media.

The next analysis was hypothesis tests. The first test was an independent-samples t-test. Here, we tested whether the frequency of social media usage could be explained by the gender of the respondents, the type of respondents who have and have not bought a product/service using social media, and the type of respondents who use and do not use social media for business. The results of the independent sample t-test hypothesis are presented in Table 5.

An independent-samples t-test was conducted to compare the frequency of using social media for the male and female respondents. Sig. value for Levene’s test suggested equal variances were not assumed, and there was not enough evidence of a significant difference in the scores for males (Mean=2.18, SD=1.226) and females (Mean=2.06, SD=0.952); $t(df=526.190)=1.363, p = 0.173$. These results suggest that gender difference had no effect on the frequency of using social media. Table 5 presents these test result. A lower mean score indicates a higher frequency of use of social media.

A second independent-samples t-test was conducted to compare the frequency of using social media for respondents who buy and/or never buy using social media. Sig. value for Levene’s test suggested equal variances not assumed and there was enough evidence of a significant difference in the scores for buy (Mean=2.07, SD=1.051) and never buy (Mean=2.45, SD=1.378); $t(df=79.8)=-2.178, p = 0.032$. This result indicates that respondents who buy through social media use social media more often than do those respondents who never buy. This finding may be because those who buy on social media have more variation when using social media than do those who have never bought who might only use social media to socialize or network.

Further analysis was conducted to confirm the hypothesis that buying a product/service on social media (as the dependent variable) can be explained by social media usage frequency (as the independent variable). A binary logistic regression was performed to find out the effects of social media usage on the likelihood of buying product/service on social media. Binary logistics regression is selected because dependent variable has nominal value (0 = ever, 1 = never). Hosmer & Lemeshow test of the goodness of fit suggests the model is a good fit to the data as (sig) $p\text{-value}=0.788 (>.05)$. The coefficient of determination, R^2 - the proportion of variance in the dependent variable as associated with the predictor (independent) variables - was approximated with Cox and Snell’s $R^2 (R^2 = 1.9\%)$ or Nagelkerke’s $R^2 (R^2 = 3.5\%)$. This finding means the explained variation for the dependent variable of our model ranged from 1.9% to 3.5%.

Tabel 5. Independent-samples t-test (Male vs. Female)

Gender	N	Mean	Std. Dev	Std. Error Mean	
Male	282	2.18	1.226	0.073	
Female	264	2.06	0.952	0.059	
	Levene's Test for Equality of the Variances		t-test for Equality of Means		
Frequency of social media use	F	Sig.	t	df	Sig.
Equal variances not assumed	13.578	0	1.363	526.190	0.173

Tabel 6. Classification Table

Observed	Predicted		Percentage Correct
	Buy	Never	
Buy	Ever	Never	
Ever	0	293	.0
Never	0	46	100.0
Overall Percentage			86.4

a. The cut value is .500

Tabel 7. Variables in the Equation

	B	S.E.	Wald	df	Sig.	Exp(B)
Frequency of using social media	-.368	.138	7.065	1	.008	.692
Constant	2.870	.433	44.013	1	.000	17.630

a. Variable(s) entered on step 1: Frequency of using social media

The Classification Table (see above) shows the practical results of using the logistic regression model. As we can see the model is now correctly classifying the outcome for 86.4% of the cases or 3 out of 4 cases are correctly predicted. The Wald statistic is calculated to test the statistical significance of independent variables. Table 7 shows small p-value ($p = .008$) < 0.05 which means the variable is significant to the model/prediction. A negative regression coefficient (B), means smaller score of the variable, the higher chance of buying product in social media.

The third independent-samples t-test was conducted to compare the frequency of using social media for those respondents who use social media for business and those who do not. Sig. value for Levene’s test suggested equal variances were not assumed, and there was enough evidence of a significant difference in the scores for have a business (Mean=1.87, SD=0.849) and do not have (Mean=2.37, SD=1.259); $t(df=483) = -5.401, p = 0.000$. These results indicate that respondents who use social media to do business use social media more often than those respondents who do not use social media for doing business. This result can be explained because doing business on social media requires an active presence in order to carry out sales activities and respond to questions from potential buyers.

Because of the wide variety of respondents’ education levels, we wanted to test whether using social media for business could be explained by differences in education level. A one-way ANOVA test was carried out to compare the effect of education level on use of social media for business. The test result showed a significant effect of education level on using social media for business at the $p < .05$ level [$F(df\ 3, 452) = 9.271, p = 0.000$]. Because we found a statistically significant result, we needed to compute a post hoc test. Post hoc comparisons using the Tukey HSD test indicated that the mean score for SMA (Mean = 1.34, SD = 0.476) was significantly different than for Diploma (Mean = 1.71, SD = 0.470), Sarjana (Mean = 1.57, SD = 0.497) and Pascasarjana (Mean = 1.58, SD = 0.496). Overall, these results indicate that education levels do indeed influence the use of social media for business. Specifically, our results show that young people, such as college students (SMA education level), tend to use more social media for business compared to those with higher levels of education who already have permanent jobs.

The final analysis tested a model suggested in previous studies, i.e., whether the four factors (perception, personal characteristics, social influence, and business impact) can be used to predict satisfaction of doing business on social media. A multiple linear regression was calculated

for each factor. For the perception factor, previous studies suggested five variables. The results of the multiple linear regression indicated that there was a collective significant effect between perception factors and satisfaction, ($F(df=1, 259) = 19.414, p < .000$, with an $R^2 = 0.07$). The individual variables were examined further using a stepwise regression analysis and it indicated that “doing business using social media is fun” variable ($t = 4.406, p = .000$) was a significant predictor in the model. This result explains that the pleasure of business owners when using social media influences business performance on social media. The results of a regression analysis also indicated that there is not enough evidence to explain the other four variables contained in social media perception have a significant effect. Those variables include the use of social media for the relationship between friends and family, entrepreneurial talent, perception of the benefits of social media for business, and the ease of use of social media does not significantly affect company performance on social media.

The second multiple linear regression was calculated to test how six personal characteristics were able to predict satisfaction of doing business on social media. Results for the multiple linear regression indicated that there was a collective significant effect between personal characteristics and satisfaction ($F(df=2, 258) = 10.280, p < .000$, with an $R^2 = 0.074$). The individual variables were examined further using a stepwise regression analysis, which indicated that “energetic/talkative person” ($t = 4.214, p = .000$) and “easily agitated/worried person” variables ($t = -2.135, p = .034$) were significant predictors in the model. This result explains that an energetic and talkative person has a positive effect on business performance done through social media. A person who is easily agitated or worried also has an effect on business performance undertaken through social media. The results of the regression analysis also means that there is not enough evidence that the other four variables contained in personal characteristics had a significant effect. Those variables are the use

of social media to build relationships with friends, emotionally stable, happy with new things, and familiar with social does not significantly affect company performance on social media.

The third multiple linear regression was calculated to predict satisfaction of doing business on social media based on two variables of social influences. Results for the multiple linear regression indicated that there was a collective significant effect between social influence and satisfaction, ($F(df=1, 259) = 18.160, p < .000$, with an $R^2 = 0.066$). The individual variables were examined further using stepwise regression analysis that indicated that “Communication between friends about a product through social media” ($t = 4.261, p = .000$) was a significant predictor in the model. This result explains the importance of communication between friends about a product through social media because it produces positive influence on the outcome of the conversation and a positive effect on business performance. The results of the regression analysis also means that there is not enough evidence that the other variables contained in social influence have a significant effect, i.e., consumer need for uniqueness.

The last multiple linear regression was calculated to predict the satisfaction of doing business on social media based on three variables of business impact. Results of the multiple linear regression indicated that there was a collective significant effect between social influence and satisfaction, ($F(df=1, 256) = 11.336, p < .001$, with an $R^2 = 0.042$). The individual predictors were examined further using stepwise regression analysis, which indicated that “increase market share” ($t = 3.367, p = .001$) was a significant predictor in the model. This indicates that increased market share is the main satisfaction indicator for doing business in social media compared to two other factors i.e., increased profit or an increased relationship with a customer.

Discussion

Figure 2 summarizes the results of the hypothesis

testing of factors that have a causal relationship with business performance and satisfaction using social media. The first major factor influencing business performance on social media is the pleasure of social media owners when using social media. The enthusiasm of social media account owners when conducting updates is very influential for business performance on social media. A previous study by Paridon & Carraher (2009) supports this finding, i.e., social media users who often create topics of conversation on social media play an important role in increasing the effectiveness of social media marketing. This influence is because when running a business, a social media owner does not feel any pressure when updating and connecting with potential customers.

The other factor is the desire of business owners to make friends and talk a lot. It makes customers feel comfortable through the friendliness of conversation or responses on social media. This factor also suggests that people who have many friends are potentially able to improve their business performance on social media. Directing the conversation on a social media platform toward discussing the products sold by social media owners will increase the number of products being discussed. This high product conversation on social

media platforms is closely related to the success of business performance. It is important for all businesses because it allows companies to take a different approach when communicating and listening to their consumers (Jussila, Kärkkäinen, & Aramo-Immonen, 2014).

However, the variable anxiety of business owners on social media also influences business performance on social media due to business owners who care and are easily worried about consumers and thus will provide good service to consumers. This view is certainly inversely proportional to the type of sellers on social media who do not really care about their consumers.

The regression results provide enough evidence to support the importance of social influence through ongoing discussions about products on social media platforms. It seems that if many consumers talk about and discuss a product, it will increase consumer interest in that product. This finding shows that the more often you talk about a product on a social media platform, the more likely the consumers will remember that product. Business owners on social media can take advantage of this trend by bringing up and focusing the topic of that conversation so it relate to the product they want to sell.

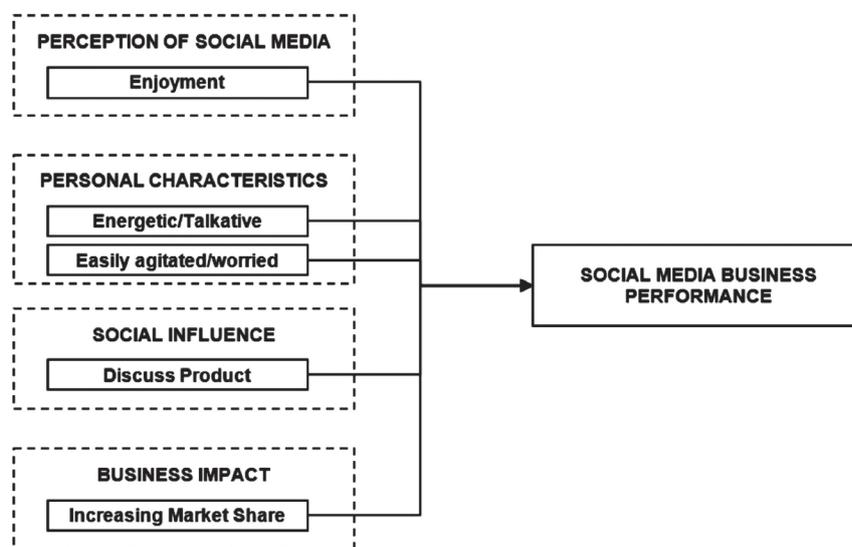


Figure 2. A Model of Social Media Usage for Business

The importance of market share in doing business by using social media has been discussed in previous studies. For example, Michaelidou et al. (2011) indicated in his study that 91% of companies use social media to gain new customers. Social media was initially used by business to sell products and services based minimal cost as their motivation (Carragher et al., 2010). Social media is believed to be the fastest way to grow and market a business (Edosomwan et al., 2011).

MANAGERIAL IMPLICATIONS

This research provides empirical evidence that business performance using social media is influenced by various factors. For example, customers who buy on social media correlate with how often they use social media. The higher frequency of use of social media is also related to the relevance of its use for business. This finding implies the importance of managing social media accounts correctly and professionally when used for business. In addition, the results of hypothesis testing indicate there are five variables that have managerial implications on the company's business performance. These variables are enjoyment perception, an energetic and easily worried personality, frequency of product discussions, and increase in market share.

CONCLUSION

It's clear that social media has been used for business and there is no gender difference in

social media usage. Male and female users have a similar pattern in terms of frequency of their social media usage. A test of this hypothesis suggests that customer who tend to buy on social media correlate that choice with their frequent use of social media. This finding may be because those who buy on social media have more variation in their use social media, hence higher usage, than those who have never bought and who only use social media to socialize or network. A higher frequency of using social media also relate to those who use social media for business. This finding can be explained because doing business on social media requires an active presence in order to carry out sales activities and respond to questions from potential buyers.

The one-way ANOVA test suggests there is enough evidence that education level relates to using social media for business. SMA graduates or active university students were significantly different in their usage of social than those at other education levels were (Diploma, Sarjana and Pascasarjana). These results indicate that young people, such as college students, will tend to use more social media for business than those users with higher levels of education who may already have permanent jobs.

Finally, multiple regression analysis resulted in a proposed model of social media usage for business. Five major factors were determined to influence both satisfaction and performance whendoing business on social media. ■

Acknowledgement

This research was supported by The Ministry of Research, Technology and Higher Education Republic of Indonesia and Universitas Prasetiya Mulya.

REFERENCES

- Anderson, K., & Miroso, M. (2014). Revealing barriers to healthier fast food consumption choices. *British Food Journal*, 116(5), 821–831. <https://doi.org/10.1108/BFJ-11-2012-0269>
- Anderson, M., Sims, J., Price, J., & Brusa, J. (2011). Turning “Like” to “Buy” social media emerges as a commerce channel. *Booz & Company Inc*, 2(1), 102–128.
- Burgess, S., Sellitto, C., Cox, C., Buultjens, J., & Bingley, S. (2017). An Innovation Diffusion Approach to Examining the Adoption of Social Media by Small Businesses: An Australian Case Study. *Pacific Asia Journal of the Association for Information Systems*, 9(3). Retrieved from <https://journal.ecrc.nsysu.edu.tw/index.php/pajais/article/view/423>
- Carroll, B. (2008). Social shopping: A new twist on e-commerce | Furniture Today. Retrieved March 1, 2017, from <http://www.furnituretoday.com/article/377979-social-shopping-a-new-twist-on-e-commerce>
- Correa, T., Hinsley, A. W., & De Zuniga, H. G. (2010). Who interacts on the Web?: The intersection of users’ personality and social media use. *Computers in Human Behavior*, 26(2), 247–253.
- Culnan, M. J., McHugh, P. J., & Zubillaga, J. I. (2010). How large US companies can use Twitter and other social media to gain business value. *MIS Quarterly Executive*, 9(4).
- Ejupi, R. (2017). *The use of Social Media as a marketing tool in Kosovo: Current trends and opportunities*.
- Ekawati, N. W. (2012). Jejaring Sosial/facebook sebagai Media E-pengecer (Studi Kasus Mahasiswa di Kota Denpasar). *Buletin Studi Ekonomi*.
- Fenton, A. (2018). *The field behind the screen: Social capital and the social media communications of a football club brand* (PhD Thesis). University of Salford.
- Gavino, M. C., Williams, D. E., Jacobson, D., & Smith, I. (2018). Latino entrepreneurs and social media adoption: Personal and business social network platforms. *Management Research Review*, 42(4), 469–494. <https://doi.org/10.1108/MRR-02-2018-0095>
- Hatammimi, J., & Sharif, O. O. (2014, May). *Selection the way to start business based on social media features*. 371–376. <https://doi.org/10.1109/ISTMET.2014.6936537>
- He, W., Wang, F.-K., Chen, Y., & Zha, S. (2017). An exploratory investigation of social media adoption by small businesses. *Information Technology and Management*, 18(2), 149–160.
- Heller Baird, C., & Parasnis, G. (2011). From social media to social customer relationship management. *Strategy & Leadership*, 39(5), 30–37.
- Holmes, K., McLean, R., & Green, G. (2012). Crafting a future online: A study of how independent craftspeople adopt social media and web technologies. *Journal of Systems and Information Technology*, 14(2), 142–154. <https://doi.org/10.1108/13287261211232162>
- Huang, Z., & Benyoucef, M. (2013). From e-commerce to social commerce: A close look at design features. *Electronic Commerce Research and Applications*, 12(4), 246–259. <https://doi.org/10.1016/j.elerap.2012.12.003>
- Jussila, J. J., Kärkkäinen, H., & Aramo-Immonen, H. (2014). Social media utilization in business-to-business relationships of technology industry firms. *Computers in Human Behavior*, 30, 606–613. <https://doi.org/10.1016/j.chb.2013.07.047>
- Kahar, R., Yamimi, F., Bunari, G., & Habil, H. (2012). Trusting the Social Media in Small Business. *Procedia - Social and Behavioral Sciences*, 66, 564–570. <https://doi.org/10.1016/j.sbspro.2012.11.301>
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business Horizons*, 53(1), 59–68. <https://doi.org/10.1016/j.bushor.2009.09.003>
- Kietzmann, J. H., Hermkens, K., McCarthy, I. P., & Silvestre, B. S. (2011). Social media? Get serious! Understanding the functional building blocks of social media. *Business Horizons*, 54(3), 241–251. <https://doi.org/10.1016/j.bushor.2011.01.005>
- Lockett, A. (2018). Online Marketing Strategies for Increasing Sales Revenues of Small Retail Businesses. *Walden Dissertations and Doctoral Studies*. Retrieved from <https://scholarworks.waldenu.edu/dissertations/5896>
- Malhotra, M. K., & Grover, V. (1998). An assessment of survey research in POM: from constructs to theory. *Journal of Operations Management*, 16(4), 407–425.
- Michaelidou, N., Siamagka, N. T., & Christodoulides, G. (2011). Usage, barriers and measurement of social media marketing: An exploratory investigation of small and medium B2B brands. *Industrial Marketing Management*, 40(7), 1153–1159. <https://doi.org/10.1016/j.indmarman.2011.09.009>
- Paridon, T. J., & Carraher, S. M. (2009). Entrepreneurial marketing: Customer shopping value and patronage behavior. *Journal of Applied Management and Entrepreneurship*, 14(2), 3.
- Parise, S., & Guinan, P. J. (2008, January). *Marketing Using Web 2.0*. 281–281. <https://doi.org/10.1109/HICSS.2008.242>
- Rahbi, A. L., & Abdullah, H. S. (2017). *Factors influencing social media adoption in small and medium enterprises (SMEs)* (PhD Thesis). Brunel University London.

- Seidman, G. (2013). Self-presentation and belonging on Facebook: How personality influences social media use and motivations. *Personality and Individual Differences*, 54(3), 402–407.
- Simangunsong, E. (2016). Social media & internet: A study in start up companies. *Jurnal Manajemen Dan Kewirausahaan*, 18(2), 145–151.
- Statista. (2017). Number of social media users worldwide 2010-2020. Retrieved March 1, 2017, from Statista website: <https://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/>
- Statista. (2018). Indonesia: Retail e-commerce sales 2016-2022 | Statistic. Retrieved August 16, 2018, from Indonesia: Retail e-commerce sales 2016-2022 | Statistic website: <https://www.statista.com/statistics/280925/b2c-e-commerce-sales-in-indonesia/>
- Trainor, K. J., Andzulis, J. M., Rapp, A., & Agnihotri, R. (2014). Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM. *Journal of Business Research*, 67(6), 1201–1208.
- Wang, X., Yu, C., & Wei, Y. (2012). Social media peer communication and impacts on purchase intentions: A consumer socialization framework. *Journal of Interactive Marketing*, 26(4), 198–208.
- Wu, S.-I., & Lu, C.-L. (2012). The relationship between CRM, RM, and business performance: A study of the hotel industry in Taiwan. *International Journal of Hospitality Management*, 31(1), 276–285.