

What Makes Entrepreneur Use Social Media Marketing

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Keywords: Social Media Marketing, Human Factor, Market Attractiveness, Organic Referral, Entrepreneur

Abstrac: Micro, small and medium enterprises have become the main development wheels of a country. Unfortunately many of these businesses do not last long with relatively low performance. Low performance makes the business's attractiveness decrease. The main problems that often occur are problems in the scope of marketing and financial behavior. This study aims to evaluate the influence of financial and marketing behavior in driving the performance of MSMEs. A total of 300 SMEs participated in this study. Data were collected using a research questionnaire. Data were evaluated using multiple linear regression analysis. This research shows that currently the performance of MSMEs is only influenced by marketing activities. Financial behavior cannot yet reflect improvements in MSME performance.

1 INTRODUCTION

Higher education has an important role in shaping the younger generation by providing education to the younger generation. Higher education is the center of the young generation for today's adult society (Raval, 2006). Higher education institutions become the right place in training and creating opportunities for students to become professionals in the work environment or encourage them to improve the entrepreneurial aspect within the scope of objectives after graduating from higher education. Badal and Srinivasan (2011) state that people's entrepreneurial intentions will decrease with age. To support this statement, Gallup (2013) provides the GALLUP-HOPE Index which emphasizes that the entrepreneurial spirit must be nurtured and left early so that they are ready to start a business or create things that bring change to the world.

The level of open unemployment at the tertiary level of graduates in Indonesia has increased from August 2013 to August 2015 (BPS, 2017). In 2013 the open unemployment rate for university graduates was 434 thousand and increased to 653 thousand in 2015. This figure indicates a significant increase in unemployment from university graduates, especially at the undergraduate level. Lumbanraja et al. (2018) provides information that although there has been an increased interest in entrepreneurship from prospective college graduates, the majority of

prospective graduates still choose to find work rather than opening their own jobs.

Kuswara represented the Ministry of Research, Technology and Higher Education (2012) increasingly aggressively promoting a curriculum that builds an entrepreneurial spirit and entrepreneurial skills from various universities. This mission is related to the plan to create an entrepreneurial campus. Higher education has an important role in shaping the younger generation by providing education to the younger generation. Higher education institutions become the right place to train and hone the potential of students either as professionals or encourage them to build a business through entrepreneurship as their future career. The choice of career direction for students who have completed their studies or graduated is only divided into two main options, which are job seekers or job creators. Higher education institutions are a means of fostering the entrepreneurial abilities of the embryos of young entrepreneurs so they can compete competitively in the world of entrepreneurship. The development of the industrial revolution 4.0 which makes everything all-round internet (internet of things) makes entrepreneurs need skills in utilizing the access of the internet world for the benefit of entrepreneurship. Duggan and Smith (2013) in their research showed that two-thirds of cyberspace communities are active in their social media, such as YouTube, Facebook, Instagram, and LinkedIn. Alexa (2015) shows Facebook's popularity among the world

is very high, reaching the second position after Google from the perspective of internet users. Beck (2015) shows that social media platforms have become targets of international marketers in increasing demand for their products.

The use of advertising media through social media provides many benefits for businesses, for example increasing the effect of word of mouth from the comments column and displaying items that will not fade with time (Chu, 2011). Nair's research (2014) shows that more than millions of marketers are active in social media to drive demand for their products and increase sales. This study seeks to identify factors that encourage business actors, especially youthpreneur in higher education to be active in the use of social media as an advertising platform and evaluate their impact on business performance.

Many of the business actors refuse to try to market their products online, especially in paid platforms because the mindset of young businesses towards advertising is more directed towards costs than investment. This study seeks to evaluate the basic model that can foster the use of industry 4.0 for young entrepreneurs to expand their markets. Specifically, this study evaluates factors that influence the use of advertising platforms on social media.

2 LITERATURE REVIEW

2.1 Entrepreneurship

Understanding entrepreneurship in the study of literature is very diverse. Hunger and Wheelen (2015) stated that entrepreneurship is in principle a capacity for creative thinking and innovative behavior that is used as a basis, resources, motivators, goals, strategies / strategies, and tips in facing life's challenges. Scarborough and Cornwall (2014) argue that entrepreneurs are people who are able to create new businesses, and people who are usually directly confronted with risk are able to identify in achieving success. Entrepreneur is able to identify various agreements, and devote all the resources he has to change the opportunity that is profitable. Entrepreneurship in this sense is related to the ability to create new businesses.

Entrepreneurship (entrepreneurship) is also understood as the soul, spirit, attitude, behavior, and potential ability of a person in handling businesses and or activities that lead to efforts to find, create, implement work methods, technology, and new products by increasing efficiency in order to provide services that it's better to get the maximum profit

(2012). Entrepreneurship in this case is a creativity and innovation that is owned by someone to produce added value for themselves and benefit others. In essence, entrepreneurship is the nature, characteristics, and character of someone who has the will and ability to realize innovative ideas in the real world (business) creatively and productively. Someone who has the potential or entrepreneurial spirit, he is able to see and assess business opportunities, gather various resources needed to take appropriate action and take advantage of business opportunities.

Research by Lumbanraja et al. (2018) identified that there is a synergy between the University, Lecturer Staff, and Students in generating student career direction in the future. The synergy encourages students to become job creators or job seekers.

2.2 Social Media Exposure

Social media exposure is related to the intensity of business actors in the use of social media. Marketers through social media require active participation in giving reviews and answering consumer questions live in order to bind consumers' attention.

2.3 The Human Factor (Capabilities)

Robbins and Judge (2013) define capability as the capacity of individuals to carry out various tasks in a job. Every person has strengths and weaknesses in terms of abilities that make him relatively superior or inferior to other individuals in carrying out certain tasks or activities. The capability in this study refers to the ability of businesses to utilize social media platforms as a means of advertising for young entrepreneurs. This capability is evaluated based on cognitive abilities and actualization abilities.

A person's capabilities play a big role in driving performance. Krietner also divides that capabilities are basically divided into two categories, namely physical capabilities and cognitive capabilities. A person's capability plays a dominant role in encouraging individual performance. This shows that someone who has the capability in acting will properly carry out the tasks assigned to him. Thus, young entrepreneurs who have advertising capabilities will be able to market their products well through social media platforms.

2.4 Market Aspect (Traffic)

The target of marketing by utilizing social media via the internet is social media users or the platform, in

other words, traffic. Li and Kannan (2014) show that there are various buyer characteristics in online store traffic. Schlosser et al. (2006) states that a prospective buyer will make security considerations sourced from the type of ad traffic from the transaction partner. Pauwels et al., (2016) provide three main categories in evaluating traffic, namely:

- a) Direct Traffic, refers to users who go directly to social media sites by inputting a website address or through a bookmark.
- b) Referral Traffic, refers to users who go to the destination of the website, for example through Facebook ads directed to whatsapp media.
- c) Organic traffic, refers to active users independently searching for product information through internet media before consuming it.

3 RESEARCH METHOD

3.1 Research Time and Characteristics

This research was conducted by conducting a study of SMEs in the city of Medan. The research location is focused on several locations in the city of Medan such as around Universities as most of *youthpreneurs* were students, in the business area and other strategic locations.

3.2 Participant

The unit of analysis in this study is young entrepreneurs, especially alumni and students from Higher Education in the City of Medan. The object of analysis in this study is the perception and actions of business actors in conducting business management and the acquisition of the development they experienced. Because there is no centralized data from young entrepreneurs in the city of Medan, the study population is an unidentified population. By using sample rules on SEM and sample formulations based on unidentified population, the sample of this study was stabilized by 200 young entrepreneurs and taken by non-probability sampling. Their consent were taken to participate in this study.

3.3 Data Collection Method

Self-administered questionnaires were employed during our research. The questionnaire in this study was prepared based on a theoretical study and adjusted to the MSME's condition that was the object of research. Therefore, the research questionnaire

requires a validity and reliability test before it is applied as an instrument for research data collection. The validity and reliability testing of this instrument was carried out on 30 MSMEs owners outside the research sample later. Evaluation of the validity of the questionnaire is done by face validity by adjusting the list of questions raised with existing theories, as well as the Pearson correlation which shows the correlation value of the total score on each variable. The instrument reliability test was conducted by evaluating the Cronbach's alpha value on each variable proposed in this study

3.4 Data Analysis Method

We employed multiple linear regression to evaluate the impact of each aspect on its dependent variable, Social Media Exposure.

4 RESULT AND DISCUSSION

4.1 Participants' Characteristics

Characteristics of respondents by sex were carried out to obtain the distribution of characteristics of business operators in Medan City based on gender. In general, Indonesia adheres to segregation where generally men make a living and women take care of the household. The results of tabulation of respondents by sex are summarized in Table 1.

Table 1. Responden Based on Gender

Gender	N of Sample	%
Male	80	40,00
Female	120	60,00
Total	200	100,00

Table 1 provide information that the involvement of women in the business environment (MSME) is greater than the involvement of men as entrepreneurs. This labor force participation indicates that the role of women in the work environment has increased. Women prefer entrepreneurship where they can balance their time between household duties and duties as an entrepreneur.

The majority of business operators in Medan City are in the age range of 20 to 29 years (42.5%) followed by ages 30 to 39 years (36.00%). This indicates that the spirit of young entrepreneurs in the city of Medan has begun to grow and increase the participation of young people in the business

environment. Some start this business by continuing the family business, but many also start a business from scratch.

the majority of business people have the last education level achieved is high school, followed by the level of Bachelor education (S1). This shows that one of the factors that drives business actors is the problem of education where the last education they have is generally difficult to find work that can meet family needs. At present it is very rare for companies to accept employees with a high school education or below. Nevertheless, participation of bachelor graduates (S1) in the business environment itself has improved.

4.2 Regression Model Evaluation

This research model uses two independent variables and one dependent variable. The independent variables used in this study are human aspect and market aspect of MSMEs Business owner in Medan City. The dependent variable of this study is the Social Media Exposure which implemented by the MSMEs. A total of 2300 businesses participated in this study.

4.2.1 Residual Normality Test

The normality test aims to find out whether the intruder or residual variable regression model has a normal distribution. Good data is data that has a pattern like the shape of a bell on the histogram diagram. The data normality test used in this study is the Kolmogorov-Smirnov test. Criteria for testing one sample using a one-sided test that is by comparing the probability with a certain level of significance that is if a significant value or probability < 0.05 , then the distribution of data is not normal and if a significant value or probability > 0.05 , then the data is normally distributed. Evaluation using graphs is used to support statistical evaluation results.

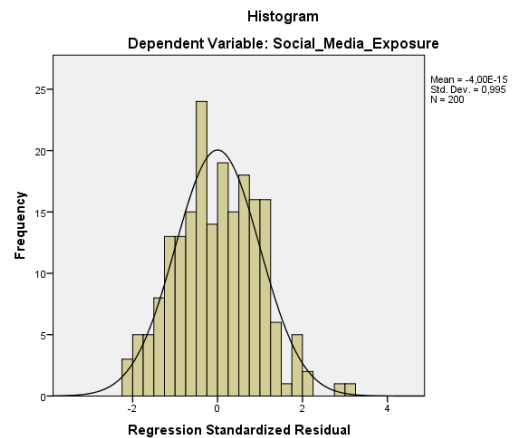


Figure 1. Residual Histogram

Figure 1 provides information that in the histogram graph, the distribution of residual data leads to bell-shaped; in this case, the residual data can be categorized as normally distributed. P-P plots are applied to evaluate this situation more clearly.

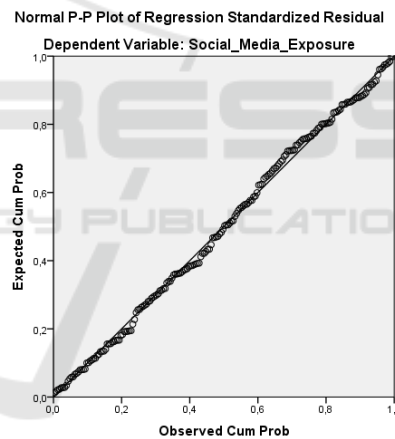


Figure 2. Normal P-P Plot

Figure 2 shows that data residuals are spread evenly along diagonal lines. This condition further supports that data residuals are normally distributed. This distribution was evaluated statistically and summarized in Table 2

Table 2. Normality Test

	Tests of Normality					
	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Unstandardized Residual	,038	200	,200*	,993	200	,416

*. This is a lower bound of the true significance.
 a. Lilliefors Significance Correction

Table 2 provides information that statistically, the Kolmogorov-Smirnov and Shapiro-Wilk tests, give a significance value > 0.05 which indicates that the data residuals are normally distributed. Thus, the assumption of normality in residual data has been fulfilled.

4.2.2 Multicollinearity Test

Symptoms of multicollinearity can be seen from the value of tolerance and VIF (Variance Inflation Factor). Both measures indicate the variables which are strongly affecting other dependent variables. Tolerance is to measure the variable variables of the dependent variables which are not explained in terms of the other variables. The value that is used for Tolerance > 0.1 and VIF < 5, then there is no multicollinearity.

Table 3. Collinearity Analysis

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Human Aspect	.991	1,009
	Market Aspect	.991	1,009

a. Dependent Variable: Social Media Exposure

Table 3 showed evidence that there is no problem of multicollinearity of data on the independent variables of the study. Each element of marketing communication technology is independent so that the variables proposed in this model do not affect each other.

4.2.3 Heterokedasticity Test

Heterokedasticity test data in this study were evaluated using Glesjer-test statistical method. The result is summarized as follow:

Table 4. Glesjer Test Analysis

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.317	.261		1,215	.226		
	Human Aspect	.020	.055	.026	.360	.720	.991	1,009
	Market Aspect	-.009	.028	-.022	-.308	.758	.991	1,009

a. Dependent Variable: ABSRES

Table 4 indicates that there are no statistically significant independent variables on the value of absent data residuals. Thus statistically there are no data heterocedasticity problems.

The research model has been evaluated qualitatively based on classical assumptions. The model has fulfilled the classical assumption criteria so that the

prediction results of this research model are best linear unbiased estimators and can be used to evaluate the conditions that occur in the research sample

4.2.4 Multiple Linear Regression Analysis

The results of the regression conducted in this study are summarized as follows:

Table 5. Regression Result

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.059	.450		.131	.896		
	Human Aspect	.668	.094	.417	7,089	.000	.991	1,009
	Market Aspect	.289	.049	.349	5,924	.000	.991	1,009

a. Dependent Variable: Social Media Exposure
 F Statistics = 47,126 (Sig < 0,05)
 Adjusted R Square = 0,317

Table 5 provides information that aspects of human resources and aspects of market potential are able to explain 31.7% of the state of social media exposure from MSMEs. Thus, there are 68.3% influences from outside the model currently proposed. The significance level of the F-statistics on the proposed model < 0.05 which indicates that together, aspects of human resources and market potential play a role in influencing social media exposure of MSMEs in Medan City.

Regression models that can be formulated based on the results of this study are:

$$Y = 0,059 + 0,668 \text{ Human Aspect} + 0,289 \text{ Market Aspect} + e$$

The aspect of human resources has a great influence on social media exposure of entrepreneurs with a beta value of 0.668 and a significance level < 0.05. Thus, there is sufficient evidence to state that aspects of human resources have a positive and significant effect on social media exposure of business actors. The aspect of human resources is related to the capabilities of a business actor in implementing or using social media as marketing media. This study provides empirical evidence that the main factor in the use of social media is the ability of businesses to use existing technology.

Aspects of market potential in this study have a positive (B = 0.289) and significant (sig < 0.05) effect on social media exposure. In the proposed model this effect is relatively smaller than the human resource aspect but still influences the social media exposure. Thus, there is enough evidence to state that the market potential of the social media platform has a positive and significant effect on the social media exposure of MSMEs in the City of Medan. For every one unit

increase that occurs from market potential, media exposure will increase by 0.289 units. This market potential aspect includes a review of the traffic that will be obtained from business actors for the social media marketing activities that it applies. The greater the market potential that might be obtained, the greater the level of social media exposure. Thus, people are getting smarter in choosing social media marketing platforms in optimizing their market potential

5 CONCLUSIONS AND SUGGESTIONS

The era of the industrial revolution makes the role of e-commerce in the industry increasing. One form of e-commerce that can be utilized by businesses is social media marketing. This research indicates that the intensity of the use of social media from entrepreneurs depends on their perception of the market potential of the platform and the ability of businesses to use social media as marketing media. The most dominant factor is the self capability to operate the platform. Nevertheless, business people are getting smarter in assessing the benefits of social media marketing and starting to pay attention to the traffic from the platform that can be obtained to optimize the demand for their business.

ACKNOWLEDGMENTS

The authors gratefully acknowledge that the present research is supported by Universitas Sumatera Utara. The support is under the research grant TALENTA - *Penelitian Dasar* for year 2019

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