

The Influence Of Social Media Usage On The Probability Of MSMEs In Palopo City

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Abstract

This study aims to analyze the influence of social media use on the profitability of Micro, Small, and Medium Enterprises (MSMEs). Using a quantitative approach with a purposive sampling method, the study involved 80 MSME respondents who actively use social media for business promotion. Data were analyzed using simple linear regression, supported by classical assumption tests including normality, linearity, and homoscedasticity. The linearity test showed a significance value of $0.749 > 0.05$ and an F-test of $0.481 < F\text{-table } 2.50$, indicating a linear relationship between social media use and profitability. The normality test produced a significance value of $0.102 > 0.05$, confirming that the data were normally distributed. The homoscedasticity test yielded a significance value of $0.682 > 0.05$, showing that the model met the assumption of constant variance. The regression equation obtained was $Y = 33.872 + 0.010X + e$, with a positive coefficient of 0.010, meaning that each one-unit increase in social media usage increases profitability by 0.010 units. The t-test results ($t = 7.769$, $\text{Sig.} = 0.000 < 0.05$) indicate that social media use has a significant positive effect on profitability. Therefore, effective utilization of social media is a crucial factor in improving MSME financial performance in the digital era.

Keywords: Social Media Usage, MSME Profitability

1. Introduction

The ease of information dissemination and the increasingly free competition have increased consumer awareness of the many choices of goods and services products that can be chosen. If MSMEs do not improve their marketing strategies to increase sales, MSMEs will be threatened with losses related to turnover. For this reason, MSMEs need to look at various potential alternative media to be used as marketing media. The number of MSMEs in Palopo City has been recorded to increase consistently from 2020 to 2024, starting from 5,234 MSMEs in 2020 (BPS, 2024)

One of the potentials that can be utilized is information technology. The development of information technology today makes humans no longer question the boundaries of distance, space and time. Information technology gave birth to the internet, the internet offers many benefits for MSMEs to increase the marketing of their products. In addition, the internet also provides benefits to increase opportunities for MSMEs to collaborate with other entrepreneurs. One of the internet technologies that is growing rapidly and has the potential to encourage MSME marketing is social media. Social media has the potential to connect many people easily. (Umar and Sari 2023) (Moch et al. 2016) (Fadhil, et al. 2024)

Social media is used by some MSMEs to hold personal contact with customers, promotion/advertising, record customer needs and deliver responses to customers. Of the 10 social media covering the top 5 in order, they are youtube, facebook, whatsapp, and line.

Youtube pocketed 43% of the votes of online correspondents. Facebook came in second with 41% of the vote from online correspondents. Whatsapp in third place received 40% of the votes. Instagram received 38% of the votes from online correspondents. Line sits in fifth place with 33% of the vote. In this case, MSMEs can measure profitability in the business they are running. (Yuli Hartanto 2022)

The capital structure used by MSMEs can affect their profitability. A study on MSMEs found that optimizing the composition of the capital structure can provide favorable benefits for business owners, with a higher *return on equity* (ROE) calculation. The efficiency and profitability of MSMEs can also affect their profitability. MSMEs face various challenges, including limited access to funding, low levels of education and expertise, difficulties in obtaining permits, lack of access to capital, and lack of infrastructure support. However, alternative means to promote financial access for MSMEs, such as (Sari and Seran 2025) *Fintech Peer to Peer P2P lending* and the use of *e-governance* can have a positive impact on the profitability of MSMEs. (Afdhal Chatra Perdana, 2023) *e-governance is a factor that can affect the profitability of MSMEs. With that, increasing financial literacy can also contribute to the development of MSMEs.*

2. Methodology

This study uses the Quantitative with the aim of testing the influence of independent variables on dependent variables in a measurable manner. The population in this study is all Micro, Small, and Medium Enterprises (MSMEs) in Palopo City. The population was chosen because MSMEs in Palopo City have an important role in regional economic growth and are considered relevant to the focus of research.

The sampling technique was carried out by purposive sampling, namely the method of determining samples based on certain criteria that have been determined by the researcher with a sample of 80 MSMEs in Palopo City. The selection of purposive sampling is carried out so that the samples taken really represent characteristics that are in accordance with the purpose of the research, for example, MSMEs that have been operating for at least 2 years, have simple financial statements, and are actively running their businesses.

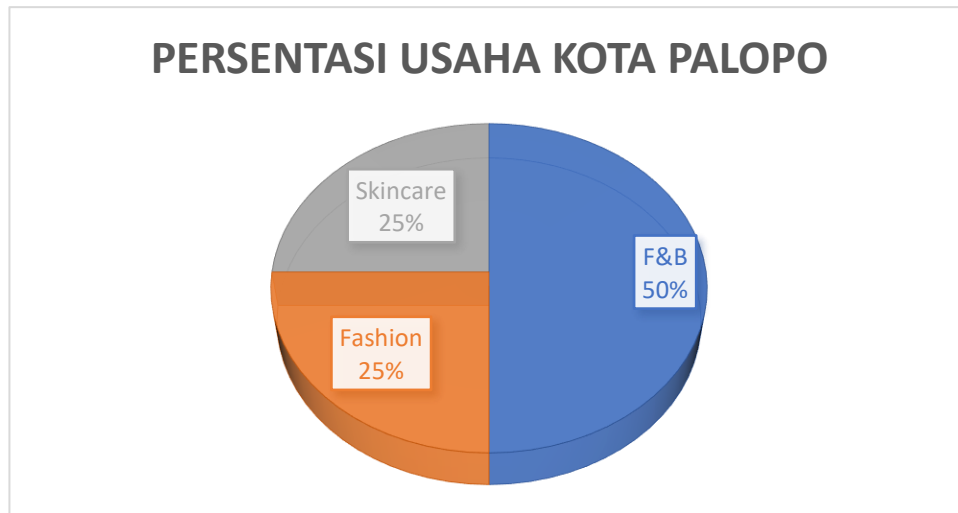
The data analysis method used is Simple linear regression. This analysis was chosen because the study only wanted to measure the influence of one independent variable on one dependent variable. Simple linear regression is used to find out the extent to which changes in the free variable can affect the bound variable. Before conducting regression analysis, a classical assumption test is first carried out to ensure that the data is eligible for further analysis. Thus, this research method is expected to provide an empirical picture of the relationship between the variables studied in MSMEs in Palopo City and support more appropriate decision-making for business development.

3. Result and Discussion

Results and discussion can be presented as a unified unit containing research findings and their explanations.

3.1.Result

Picture 1 Sample Percentage of MSMEs in Palopo City



Based on the results of data collection presented on Figure 1, it can be known that the most dominant type of business in Palopo City is the Food and Beverage (F&B) with a percentage of 50%. This shows that half of the total business actors in Palopo City are engaged in the culinary sector, both in the form of food and beverages.

Meanwhile, the other two sectors have the same proportion, namely Fashion and Skincare, at 25% each.

These two sectors have shown significant developments, especially with the increasing trend of online shopping and people's lifestyles that are increasingly paying attention to appearance and self-care. From these results, it can be concluded that the F&B sector is still the backbone of the MSME economy in Palopo City, followed by the fashion and skincare sectors which are starting to grow and contribute to increasing regional economic activities.

1. Linieritas

Table 1 Linearity Test

		ANOVA Table				
		Sum of Squares	df	Mean Square	F	Itself.
Profitabilit y * Social	Between Groups	3.377	5	.675	.386	.857
	Linearity	.010	1	.010	.005	.941

Media Use	Deviation from Linearity	3.367	4	.842	.481	.749
	Within Groups	129.423	74	1.749		
	Total	132.800	79			

The linearity test is carried out to find out if there is a linear relationship between the variables Profitability (Y) With Social Media Use (X). Based on the output results of the ANOVA table above, the value of significance on Deviation from Linearity of 0.749. This value is greater than 0.05 ($0.749 > 0.05$), which means no deviation from linearity. Thus, the relationship between the variables of Profitability and Social Media Use is linear.

In addition, the results of the comparison of values Calculate with Ftable shows that Calculation = 0.481 < Calculation = 2.50, so it can be concluded that the relationship model between variables X and Y is linear and meet the assumption of linearity. Based on the results of the linearity test, it can be concluded that there is a The Linear Relationship Between Profitability and Social Media Use, because the significance value *Deviation from Linearity* greater than 0.05 and the value of Fcal is smaller than Ftable.

2. Normality

**Table 2 Normality Test
 One-Sample Kolmogorov-Smirnov Test**

			Unstandar dized Residual
N			80
Normal Parameters ^{a,b}	Mean		.0000000
	Hours of deviation		1.2964918
Most Extreme Differences	Absolute		.304
	Positive		.256
	Negative		-.304
Test Statistic			.304
Asymp. Sig. (2-tailed) ^c			.102
Monte Carlo Sig. (2-tailed) ^d	Itself.		.205
	99% Confidence Interval	Lower Bound	.000
		Upper Bound	.000

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.

The normality test aims to find out whether the residual data in the regression model is normally distributed or not. This test was carried out using the One-Sample Kolmogorov-Smirnov Test with the number of samples (N) as much as 80.

Because the significance value obtained is $0.102 > 0.05$, then it can be concluded that Normally distributed residual data. Thus, the assumption of normality in the regression model has been met. These results show that the data distribution does not deviate significantly from the normal distribution, so the regression model is feasible for further analysis.

3. Homokedasticity

Table 3 Homokedasticity Test

		ANOVA				
Model		Sum of Squares	df	Mean Square	F	Itsel f.
1	Regression	.141	1	.141	.169	.682
	Residual	64.880	78	.832		b
	Total	65.021	79			

a. Dependent Variable: abs_res

b. Predictors: (Constant), Social Media Usage

The heteroscedasticity test aims to find out whether in the regression model there is an inequality of variance from one residual observation to another. A good regression model is one that fulfills the assumptions homoskedasticity, i.e. it has a constant residual variance.

Based on the test results using analysis uji Glejser shown in the ANOVA table above, a significance value of 0,682. Because of the significance value $0.682 > 0.05$, then it can be concluded that there were no symptoms of heteroscedasticity in this regression model. This means that the regression model used has met the assumption homoskedasticity, so that the residual variance between observations is considered constant and the model is feasible for use in further analysis.

4. Regresi Linear Sederhana

Table 4 Simple Linear Regression Test

Model		Coefficients ^a				Itself.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	
1	(Constant)	33.872	4.373		7.746	.001
	Social Media Use	.010	.128	.009	7.769	.000

a. Dependent Variable: Profitabilitas

A simple linear regression test is used to determine the influence of independent variables, namely Social Media Use (X) to the dependent variables, namely Profitability (Y). Based on the results of the regression analysis shown in the table *Coefficients*, obtained the regression equation as follows:

$$Y = 33.872 + 0.010X + e$$

Information:

- Constant (a) = 33.872 indicates that if the *variable Social Media Usage* is considered constant or zero, then the resulting *Profitability* value is 33.872 units.
- The regression coefficient (b) = 0.010 is positive, meaning that every one unit increase in the *Social Media Use variable* will increase *Profitability* by 0.010 units, assuming the other variables are considered constant.

Furthermore, based on the test results *t* Obtained Scores *t* count as 7.769 with significance value $0.000 < 0.05$. This shows that the The use of Social Media has a positive and significant effect on Profitability. Thus, it can be concluded that the higher the intensity of social media use carried out by business actors, the higher the level of profitability obtained.

5. T Test

Table 5 T Test

Model		Coefficients ^a				Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	
1	(Constant)	33.872	4.373		7.746	.001
	Social Media Use	.010	.128	.009	7.769	.000

a. Dependent Variable: Profitabilitas

The t-test is used to determine the partial influence between independent variables (Social Media Use) against the dependent variable (Profitability). Based on the results of the t-test in the table *Coefficients* above, the value of t count as 7.769 with significance value (Sig.) by 0,000.

Based on these results, the T Count (7.769) > T Table (1.66462) and significance value $0.000 < 0.05$, then it can be concluded that The use of Social Media has a significant effect on the Profitability of MSMEs. This means that the more optimal the use of social media by MSME actors in carrying out their business activities, the higher the level of profitability obtained. Thus, the *Social Media Use* has a positive and significant influence on *Profitability*.

3.2 Discussion

The results of the study show that the use of social media has a positive and significant influence on the profitability of MSMEs in Palopo City. Based on a simple linear regression test, a regression coefficient value of 0.010 with a significance value of $0.000 < 0.05$ was obtained, which means that any increase in social media use will be followed by an increase in business profitability. This shows that the more intensively MSME actors use social media for promotional, marketing, and communication activities with customers, the greater their chances to increase sales and profits. These findings are in line with digital marketing theories that emphasize that social media plays an important role in expanding market reach and increasing brand awareness.

In addition, the results of the classical assumption test show that the regression model used in this study has met statistical requirements, such as linearity, normality, and homogeneity. The significance value in the linearity test of $0.749 > 0.05$ indicates a linear relationship between the variables of social media use and profitability. The normality test also showed a significance value of $0.102 > 0.05$ which means that the residual data is normally distributed. Meanwhile, the homocedasticity test with a significance value of $0.682 > 0.05$ indicated the absence of heteroscedasticity symptoms. Thus, this research model is feasible to use and the results of the analysis obtained can be trusted to describe the relationship between variables.

Empirically, the results of this study reinforce previous findings that digitalization and the use of social media have a real impact on the performance of small and medium-sized businesses. For MSME actors in Palopo City, social media such as Instagram, Facebook, and TikTok not only function as a means of promotion, but also as a medium of interaction with consumers and a platform to build customer loyalty. Therefore, business actors need to improve their digital marketing strategy through content that is engaging, interactive, and in accordance with the characteristics of the target market in order to optimize profitability. The results of this research are expected to be a reference for local governments and MSME support institutions in designing digital training and mentoring programs to increase the competitiveness of local business actors.

4. *Conclusion*

Based on the results of the research that has been conducted, it can be concluded that the use of social media has a positive and significant effect on the profitability of Micro, Small, and Medium Enterprises (MSMEs) in Palopo City. The results of the regression analysis show that any increase in social media use activities by business actors will be followed by an increase in profitability. This proves that social media has an important role as an effective means of promotion and marketing in increasing sales and expanding market reach.

In addition, the results of the classical assumption test show that the regression model used has met statistical criteria, such as linearity, normality, and homoscedasticity tests, so that the model is declared suitable for analysis. Significance values greater than 0.05 on the linearity, normality, and homoscedasticity tests indicate that the relationship between social media use and profitability is linear, the data is normally distributed, and there are no symptoms of heteroscedasticity. Thus, the results of this study can be trusted and illustrate the relationship between variables empirically.

Practically, this study emphasizes the importance of using social media as a digital marketing strategy for MSME actors in the technology-based economy era. Local governments, financial institutions, and MSME support agencies are expected to provide training and assistance related to optimizing the use of social media, so that business actors can develop competitiveness and increase profitability in a sustainable manner. This research can also be a reference for future research by adding other variables such as digital literacy, product innovation, or customer satisfaction to obtain a more comprehensive picture of the factors that affect the profitability of MSMEs.

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