

## THE ROLE OF SOCIAL MEDIA IN PROMOTION OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) AND ITS IMPLICATIONS LAW NUMBER 11 OF 2008 CONCERNING INFORMATION AND ELECTRONIC TRANSACTIONS (UITE).

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### ABSTRACT

The application of telematics applications (telecommunication, media and informatics) is one of the keys to support efforts to increase the competitiveness of the national industry. Currently, telematics is very easily accessible by entrepreneurs to improve their business competitiveness, including Micro, Small and Medium Enterprises (MSMEs). MSMEs use telematics services in the form of social media as a marketing tool to inform and offer products/services to consumers. MSME entrepreneurs choose social media for marketing to consumers online because this media is very easily accessible to both MSME actors and the general public. The purpose of this study is to examine the benefits of social media for MSME entrepreneurs and what are the implications for Law Number 11 of 2008 concerning Information and Electronic Transactions (UITE). The research method uses a qualitative method, namely a descriptive approach to secondary data derived from literature, research journals, books, and websites that access the latest data information related to the use of social media and descriptive by utilizing secondary data derived from various literatures such as books, journals/articles and homepages to access the latest data and information related to the impact of social media in improving MSME business and its relation to the ITE Law. From the results of this study, it can be concluded that the use of social media is proven to increase sales of MSME products/goods and services and the ITE Law basically provides protection, security and data confidentiality during e-commerce transactions while also emphasizing responsibility to entrepreneurs as a result of event of failure in the function (malfunction) in the e-commerce system.

**Keywords:** Micro, Small and Medium Enterprises, Social Media, e-Commerce, Malfunction.

### INTRODUCTION

The transformation of marketing communications from conventional to digital is the beginning of the development of telematics. Telematics applications consisting of telecommunications, media and informatics are key words in the development of digital marketing. The change in marketing communications from conventional to digital is the background for the development of digital telecommunications that can be accessed from cellular phones to the emergence of the term smart phone (smartphone). From the development of telematics, various facilities have emerged, ranging from Email, Browsing, and the development of other social media facilities. As a result of the development of telematics, a new phenomenon emerged, namely business transactions via the internet. In terms of marketing goods and services online is a means to introduce and market products or services. Meanwhile, from a financial perspective, online marketing is one of the means to increase operating profits. The online marketing method is a strategic choice as a marketing communication medium based on the type of product being marketed, who is the target audience, how long does it take to send messages and how much promotion costs will be incurred. Proper consideration is needed in choosing effective marketing

communication media. Therefore, business actors must carefully consider the selection of the most appropriate media in promoting their products so that they can be accepted by the public. Given the limited funds owned by MSME actors, this marketing method is considered the most adequate media. Meanwhile, the empowerment and development of Micro, Small and Medium Enterprises (MSMEs) is an effort taken by the Indonesian government to overcome the problems of unemployment and poverty.

At this time in the midst of increasingly sophisticated technology, information and telematics development, choosing the use of social media marketing is a necessity for business actors. Currently it can be said that the use of social media is the main pillar in the delivery of information. Social media can be used to communicate in all forms of business including the sale of goods and services starting from helping with the marketing of products and services, communicating with customers and suppliers, complementing brands, reducing costs to the online sales process. One of the advantages of social media is that it has a lot of potential to help the progress of a business of goods and services. With the large level of interest of the Indonesian people towards social media services, social media platforms continue to develop in Indonesia.

In the digital era, social media has now become a trend in marketing communications. Social media is an online medium, with its users being able to easily participate, share, and create content including blogs, social networks, wikis, forums and virtual worlds. Blogs, social networks, and wikis are the most common forms of social media used by people around the world. There are several social media that are currently booming, including Whatsapp, Instagram, Twitter, Line, Telegram, Facebook, Youtube, and others. With various features in promoting through social media that are static and dynamic that make it easier for SMEs to promote various products and activities in the form of activities (Siswanto, 2013). MSME actors have used the platform as much as 59.2 million, 8 percent (3.79 million) to market as well as sell. This situation is expected to accelerate the transformation of MSMEs in Indonesia for the MSME program in Indonesia towards digital (Wuragil, 2017).

Online marketing is an option. The selection of marketing communication media is based on the type of product to be marketed, the target audience, the time of message delivery and the cost of promotion. Consideration is needed in choosing effective marketing communication media. Thus, SME actors must carefully consider the selection of the right media in promoting their products so that they can be accepted by the community (Pasaribu, 2020). With various features in promoting through social media that are static and dynamic that make it easier for SMEs to promote various products and activities in the form of activities (Siswanto, 2013). Based on a survey by the Association of Indonesian Internet Service Providers (APJII), it was identified that the types of devices used to access the internet include smartphones (70.1%), followed by Notebook PCs (45.4%), home computers (41%), Netbook PCs (5.6%), and tablets (3.4%) (Indonesian Internet Service Providers Association, 2020). On average, people in Indonesia spend three hours a day surfing in cyberspace, with activities such as accessing social networks (90%), searching for information (75%), entertainment (58%), electronic mail (47.3%), games (44%), and shopping (48.5%) (Duarte, 2018). Based on these data, it can be seen that social media has great potential to be used as a means of promotion or marketing, both product and service promotion. Based on these opportunities, SMEs can take advantage of social media as a means of marketing or promotion media to the wider community. This is based on the

consideration that social media is very popular among the Indonesian people so that social media is a promotional tool that is cheap and easy to operate.

### **CONCEPTUAL FRAMEWORK**

Communication is a very important element in marketing, because marketing is basically communication between producers and consumers. The development of technology and information is increasingly advanced, pushing the change from conventional communication to modern communication that leads to a digital lifestyle. To realize the realization of such communication, the internet has become an important element in the creation of modern marketing communications. Until finally, comes online social media that offers easy marketing communication with an online system. Marketing with online social media is very popularly used by various organizations, because of its low cost, easy access, easy operation, and wide market potential. Therefore, marketing communication through social media can be used by various organizations including SMEs to market their products (Susilo, 2018). The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) reports that 3.79 million micro, small and medium enterprises (MSMEs) already utilizes online platforms in marketing their products. This number is around 8 percent of the total MSME actors in Indonesia, which is 59.2 million. To grow the number of MSME players surfing the virtual world, the Ministry of Cooperatives and SMEs and the Ministry of Communication and Information (Kemkominfo) together with e-commerce players initiated a program titled 8 Million MSMEs GoOnline. (CNN. 2018).

Social Media should be of great interest to MSMEs to develop their business and business because it has a very large influence where people receive information more quickly via the internet. With easy and fast access, small MSME entrepreneurs can use it to promote products through telematics that do not recognize time and area restrictions so that marketing becomes more effective. Therefore, social media is a means to develop and optimize businesses, especially MSMEs to promote their businesses. With the introduction of this digital marketing system, it is hoped that MSME actors can further optimize and increase knowledge about digital marketing systems or online marketing systems, because through digital marketing systems or online marketing systems, products from MSMEs will be better known by the public, orders can be made online so that it can be said that the business is categorized as e-commerce. The use of social media can indeed provide convenience in the promotion and buying and selling process carried out by MSMEs to market their products and can minimize costs.

The integration of e-commerce business processes from marketing to sales from a legal point of view is a legal act that has legal consequences, business actors are responsible for every stage and business process in the implementation of e-commerce. Based on the law, as stated in the ITE Law, basically, business actors are responsible for the protection, security, safety, integrity, authenticity and confidentiality of data during the transaction. However, there are still many MSME actors who do not understand the negative effects and legal consequences of this type of online marketing through social media from the point of view of the ITE Law. Against this background, this research paper is expected to provide benefits for MSME actors to improve product marketing in terms of the ITE Law.

Definition of MSMEs According to Law no. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) in a row are as follows: Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises. Small Business is a productive economic business that stands alone,

which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part either directly or indirectly of Medium Enterprises or Large Businesses that meet the Business criteria. Small. Medium Enterprises are productive economic businesses that stand alone, which are carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with Small Businesses or Large Businesses with total net assets or annual sales proceeds as regulated in this Law.

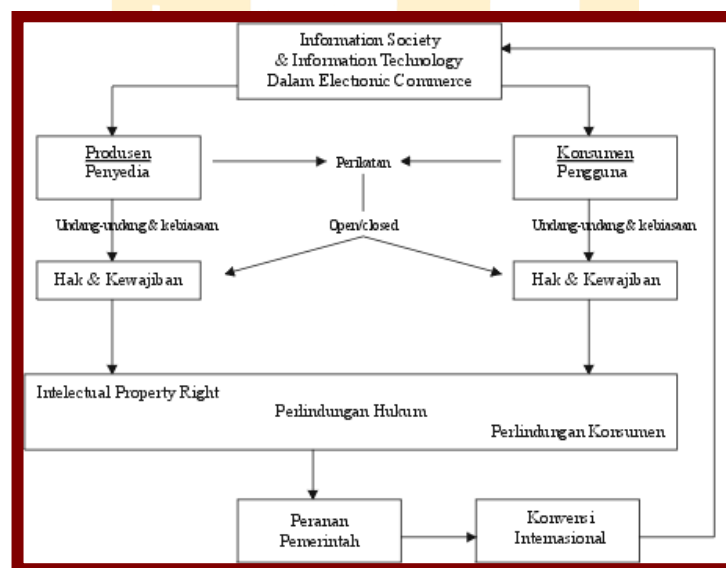
Based on Law No. 20 of 2008 above, it is clear that there are quite large differences both in terms of assets and turnover between micro and small businesses and small and medium enterprises. However, what is clear as a whole, MSMEs play a role in national economic development, this is also in accordance with Law No. 20 of 2008 Chapter II article which reads: "Micro, small and medium enterprises aim to grow and develop their business in order to build a national economy based on equitable economic democracy." Social media has an important role in marketing because it plays a very important role in supporting marketing communication while communication is an effort in marketing activities for MSME actors in producing a good image (Morrison, 2007). MSME actors can more effectively inform the products offered to potential consumers through social media. Communication can be interpreted as an attempt to persuade potential consumers to have a desire to join in the exchange of products and services (Setiadi, 2003).

Integrated Marketing Communication (IMC) is a concept that is generally used to convey messages, often referred to as the promotion mix, namely, advertising (advertising), sales promotion (sales promotion), personal selling (personal selling), public relations and publicity (publicity and public relations), and direct selling. SME actors use online-based digital media to reach targets widely and even personally. Various low-cost and easy-to-apply social media platforms have become the first and foremost media for SMEs. It's just that whether this digital media is the right choice considering that millions of people are present in the world and make the digital world noisy, jammed and congested. As a result, for consumers who want to find information, although it is facilitated, they are also confused by the variety of information received. IMC is a development and implementation process as a form of persuasive communication program to customers and prospective customers on an ongoing basis. The goal is to influence or have a direct effect on the behavior of its target audience, namely customers. IMC considers all sources that can connect customers and prospects with the products or services of a brand or company are potential channels for conveying information in the future. In other words, the IMC process starts from the customer or prospective customer and then turns to the company to determine the form and method used and developed for the communication program that is run (Shimp, 2000).

Social media is able to carry out the function of the promotional mix in an integrated manner, even at the transaction stage. Where when the customer has become a user who is a member of a social media account owned by the company, be it friendship or a fan page (on Facebook), Follower (in Instagram), or other terms used by several social media providers. Then the company will automatically be able to establish continuous communication, so that the company can communicate persuasively and introduce its products in the future. Social Networking Site as a web-based service allows individuals to build business profiles and personal profiles, as well as build social relationships through cyberspace, showing one's connections and showing what relationships exist between one

owner and another account owner in the provided system, where each -Each social networking site has its own characteristics and different systems, including Facebook, Instagram, Twitter, Path, etc. (Boyd & Ellison, 2007). Judging from its nature, this type of marketing followed by online based sales is included in the category of Electronic Commerce Business (E-Commerce) or better known as Online Shopping. E-Commerce is the implementation of commerce in the form of sales, purchases, orders, payments, or promotions of a product of goods and/or services carried out by utilizing computers and digital electronic communication facilities or data telecommunications. In addition, this form of commerce can also be carried out globally, namely by using the internet network.

Juridically, according to Ahmad M. Ramli (Ahmad M Ramli, 2004) electronic transactions are real legal acts. Data and/or information in electronic transactions is a real legal act. Data and information in electronic transactions in e-commerce activities are legal evidence. Elucidation of the ITE Law Article 5 paragraph 1 states: that the existence of electronic information and / or electronic documents is binding and recognized as legal evidence to provide legal certainty for the operation of electronic systems and electronic transactions, especially in terms of evidence and matters relating to legal actions that carried out through an electronic system.



Picture. 1 Implications of E-commerce on the Law

Legal evidence as referred to in the ITE Law can be the basis for harmed electronic system users to file claims for compensation to business actors in the implementation of e-commerce agreements. The claim for compensation related to the implementation of e-commerce agreements is based on Article 1365 of the Civil Code which states that: "Every unlawful act that causes harm to others, obliges other people who are guilty and causes harm to provide compensation." So that it is necessary to prevent the occurrence of unlawful acts and the implementation of an electronic system that aims to be security for MSME actors and also potential buyers.

## METHODOLOGY

This research method with a qualitative approach uses observation and interview techniques to collect data. MSME partners became respondents in this study. The total respondents are ten MSME business actors with several criteria, namely: MSMEs have not



been established for more than three years; have less than ten employees; and if using social media, the number of followers is less than 3000. This is the target of service learning and research because the partners/respondents are still new and their marketing methods are not well organized. In addition, the research respondents did not yet know the impact of the ITE Law on their use of social media. This ignorance is due to the lack of incessant knowledge about ITE and not yet written about the impact of the ITE Law, which can not be understood by the public outside the law.

## **DISCUSSION**

### **A. Benefits of Social Media in Increasing MSME Promotion**

Online services have the following benefits: Quick adjustment to market conditions Companies can quickly add products to their offerings and change prices Lower costs Prevent store management costs, rental fees, insurance and infrastructure. Creating digital catalogs at a lower cost, Improved relationships, because online marketers can talk to customers and learn a lot from them, A big measure of market interest, because marketers know how many people are visiting their online sites. This information can help marketers improve their offerings and advertising.

The benefits of online marketing include: cheap and efficient, not limited by time, reaching a wider market, improving the company's image in the eyes of consumers, providing more value to face existing business competition, reducing marketing costs, more targeted and relatively lower costs than costs. offline marketing, making it easier for business actors to establish relationships with consumers through suggestion boxes or comment rooms, increasing consumer loyalty. This study examines the use of social media by MSMEs in marketing MSME products. has run its MSMEs. There are several benefits of social media, namely:

The reach of connections around the world where there is no easier way to do business and find someone than using social media. Facebook, Twitter, Instagram and many other types of social media that allow all people in the world to interact with each other. This also has many effects and various benefits, especially for MSME actors. Sharing Information in Real-Time, many social media are equipped with features to chat, can communicate and exchange information in real-time. This is the initial function of social media, which was first created, to communicate and to assist MSME actors in marketing their products. Many parties benefit from this feature, such as SMEs. Social Media Can Reach Targets The social media market makes it possible to spread product or service content to target MSMEs. Each social media platform offers various tools or features that make it possible for a business to deliver certain content to their target audience.

One of the strategies in product marketing that is carried out during the current pandemic is to utilize social media so that the reach of product or service promotions becomes wider. In addition, accessing social media can be easily done by all groups from the old to the young. Thus, by carrying out more effective promotions on social media, of course, it can increase marketing even though the results of sales promotions that have been carried out have not increased significantly considering the application period is still relatively short. MSME actors are quite diverse in using social media, such as Facebook and Instagram. If seen in the graph, MSME actors use Facebook more often because it is easy for some MSME actors.

Based on the results of research sales, increased but not significant. This can happen because the time used is too short to determine whether or not social media is effective in increasing sales. The following picture is obtained where the strategy is to maintain the superiority of its products so that the product remains in accordance with the demands and expectations of consumers when marketed and creates products that have better quality to fellow closest relatives to support consumer confidence in the future. Utilizing various types of social media that are able to help spread product promotions to be more effective and broad as well as recruiting assistance employees from closest relatives who are able and understand the processing of consumer promotion and communication systems. Maximizing knowledge about diversity based on product categories to attract consumers to use their products when receiving promotional information. As well as utilizing effective production human resources in order to continue to produce good products and can be reached by the wider community.

### **B. Weaknesses of Social Media in terms of the ITE Law**

However, social media is prone to misunderstandings, many cases of misunderstanding of content on social media lead to lawsuits in court. Cyber crime through social media leads to the risk of fraud or identity theft. Like it or not, the information posted on the internet has become a consumption for everyone, even criminals. Many criminals can easily access and obtain data and use it. If they manage to steal the identity. A report said this crime is one of the fastest growing forms of crime and has claimed many victims. Social Media Invasion of business privacy, Social media directly or indirectly "invites" rival companies to invade privacy and sell personal information illegally.

In the field of commerce, the internet has begun to be widely used as a medium for business activities, mainly because of its contribution to efficiency. Trading activities through the internet are popularly known as electronic commerce (e-commerce). In reality, there are many obstacles faced in the development of e-commerce, such as legal ambiguity between E-Commerce actors. E-Commerce is a trade that uses electronic mechanisms that exist in the internet network, therefore if we discuss the legal aspects of E-Commerce, the scope of our discussion will still discuss internet law. As we know that the internet is a virtual world that has a very distinctive community, namely about how computer technology applications take place online when the internet user presses or has been connected to the existing internet network. So in this context, the legal aspect that is attached to the E-Commerce mechanism is interacting with internet network applications used by parties conducting transactions through the E-Commerce system.

In Indonesian engagement law, what are known as complementary legal provisions. These provisions are available for use by the parties who make the agreement if it turns out that the agreement made regarding something turns out to be incomplete or does not regulate something. The complementary legal provisions consist of general provisions and specific provisions for certain types of agreements. Buying and selling is one type of agreement regulated in the Criminal Code, while e-commerce is basically a modern buying and selling transaction model that implies technological innovations such as the internet as a transaction medium. Thus, as long as it is not agreed otherwise, the general provisions regarding engagements and sales-purchase agreements as regulated in Book III of the Criminal Code shall apply as the legal basis for e-commerce activities in Indonesia. If in the implementation of the e-commerce transaction a dispute arises, then the parties can seek a resolution in the provision.

Insufficient regulation in e-commerce is that the implementation of a secure connection or electronic secure system in the implementation of e-logistics has not been realized optimally. Business actors do not control the electronic system so that it can cause a failure in the electronic function (malfunction). This can happen if the perpetrator does not include information that the electronic system used is included in the category of a trusted electronic system so that it can cause losses due to failure in the function of the electronic system (malfunction). Based on propriety, business actors can prevent failures in the functioning of the electronic system (malfunctions) because the electronic system in e-commerce is carried out based on electronic system control. Failure in the functioning of the electronic system (malfunction) can have further impacts, namely by not functioning.

## CONCLUSION

With social media, SMEs can communicate with customers and attract new potential customers to survive in the midst of competition. SMEs must develop into businesses that have high competitiveness. It must be built consistently starting from technology and information innovation. Therefore, SMEs must make maximum use of technology. Both the simplest technology to technology that is able to produce products with high added value.

SMEs as the basis of people's economic power, must be able to do good marketing by utilizing various advantages and features of social media that are inexpensive and affordable by SMEs to create brand image and satisfaction which will have implications for loyalty. SME actors actively follow information developments, increase understanding and capacity in the field of information technology. That way, SMEs are no longer seen as a marginal sector whose existence is ignored. Because in fact, SMEs are economic actors that actually play a strategic role in the economy.

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