The Effect of Social Media Services on MSMEs Business Turnover Mediated by Customer Engagement Variables at Food and Beverage MSMEs in Balikpapan City

Nelly Turuallo[1*], Etty Soesilowati[2], Thomas Soseco[3]

[1*,2,3] Faculty of Economics and Business, Universitas Negeri Malang, Indonesia

Corresponding Author: nelly.turuallo@gmail.com[1)]*

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Abstract: This study aims to examine the effect of social media services on business turnover of MSMEs in Balikpapan City, with the mediating variable of customer engagement. This study uses quantitative approach with cross-sectional design and path analysis method. The research population includes MSMEs in the food and beverage sector in Balikpapan, with a total sample of 258 MSMEs taken randomly. Data collection was conducted through a Likert scale-based questionnaire, and data analysis technique using path analysis. The results show that social media services have a significant influence on customer engagement and business turnover of MSMEs. In addition, customer engagement significantly mediates the effect of social media services on turnover. This means that the use of social media can increase customer engagement which leads to an increase in business turnover. The significance of value in the Sobel test shows that the mediating effect of customer engagement in this relationship is quite strong. The conclusion from this study is that customer engagement plays an important role in strengthening the impact of social media services on MSME business performance. Thus, MSMEs in Balikpapan are suggested to utilize social media more interactively in order to increase customer engagement, which in turn will lead to increased business turnover.

Introduction

In some regions, including Balikpapan city, MSMEs are the main driving force of the local economy, facing the challenges of globalization, and competing with large businesses in maintaining their existence in a dynamic market. This is in line with the submission of Badawi & Nugroho (2022) that globalization opens wider market opportunities and access to more

sophisticated technology and resources, which can increase the competitiveness of MSMEs at the international level. However, on the other hand, globalization also brings tougher competition from global businesses that have advantages in terms of capital, technology, and management. In recent years, the development of social media has changed the way that markets and brands interact and reach their customers. This rapidly growing marketing channel, which has reached more than two billion Internet users, provides an unparalleled opportunity to build brand awareness, ultimately influencing purchasing decisions. This is in line with the submission from Dabbous & Barakat (2020) that social media has developed into a highly effective marketing channel, with more than two billion internet users worldwide, offering tremendous opportunities to build brand awareness (Dabbous and Barakat, 2020).

Based on Napoleon Cat data, it shows that there are 116.16 million Instagram users in Indonesia until August 2023. This number increased by 6.54% compared to the previous month which was 109.03 million users. When compared to a year earlier, the number of Instagram users in Indonesia increased by 11.8%. In August 2022, the number of Instagram users in the country was recorded at 103.95 million users (Rizaty, 2023). Looking at the research data above, it shows that the phenomenon of so many Instagram users is not only for posting photos, but can also be utilized for business activities. Business actors should not ignore the benefits of using social media (Hensel & Deis, 2010).

Balikpapan City, known as one of the industrial cities in East Kalimantan, has a diverse MSME sector. MSMEs in this city cover various sectors such as trade, services, creative industry, culinary, and handicrafts. The existence of MSMEs in Balikpapan not only helps in reducing the unemployment rate but also contributes to economic equality in the city. However, despite their important role, MSMEs in Balikpapan still face various challenges that hinder their growth and development. As stated by Dinata et al. (2024) that MSMEs in Balikpapan City have not been active in implementing digital marketing, the existence of great opportunities and great challenges also makes this research important to be conducted in Balikpapan City to provide an overview of the barriers and efforts that can be made to increase the sales turnover of MSMEs through the implementation of digital marketing. According to Rahmayuni & Pinem (2024), one of the main challenges faced by MSMEs in Balikpapan is limited access to a wider market.

Feedback from consumers is an important aspect in the successful implementation of marketing through social media. This is stated by Mere et al. (2024) that feedback from consumers is a crucial aspect in the success of social media marketing, especially in the context of customer engagement. Through feedback, companies can better understand customer needs, preferences and expectations, which can then be used to refine marketing strategies and improve product or service quality. Nisa et al. (2022) said that customer engagement creates a deeper emotional attachment, which encourages customers to continue to interact with the brand, participate in marketing activities, and even become brand advocates. This is different from other factors that may be transactional and short-term. The latest data from the Office of Cooperatives and MSMEs of Balikpapan City shows that the number of MSMEs in this city continues to grow. By 2023, there will be more than 15,000 MSMEs actively operating in Balikpapan, with most of them in the trade and culinary sectors. However, despite the growing number of MSMEs, many business owners still face various obstacles in developing their business.

One of the main obstacles faced by MSMEs in Balikpapan is limited access to a wider market. Based on a survey conducted by the Department of Industry and Trade of Balikpapan City, around 60% of MSMEs still rely on local marketing with limited reach. This limitation is

exacerbated by the low level of digital literacy among MSME players, which makes it difficult for them to utilize information and communication technology, especially social media, effectively. This is in line with the Borneo Update daily report (2020) that is based on the East Ventures - Digital Competitiveness Index (EV-DCI), Balikpapan City is the city with the highest EV-DCI score in Kalimantan at 44.2, this is because Balikpapan City is a business and industrial center. Balikpapan has unique market characteristics compared to other cities in Indonesia, there has not been much research focusing on Balikpapan, for example research conducted by Susanto et al. (2023) which focuses on MSMEs in Depok, West Java and research by Jaya & Raya (2022) which examines MSMEs in Sukabumi district, so this research can fill the void and make a significant contribution to the literature on social media and MSMEs in Balikpapan city. When consumers use social media, they may not initially have a strong purchase intention, but after watching social media content or interaction, they will have a purchase intention (Akkaya, 2021, p. 2). Social media also plays an active role in influencing consumer purchasing decisions (Dabbous and Barakat, 2020).

Kim and Ko (2012) state that 70% of consumers have visited social media sites to get information and almost half of these customers have made purchasing decisions based on the information they access through social media sites. MSME players will use social media if they feel it is cheaper, easier to use, and has compatibility. The use of social media in business activities has introduced new business models such as 'social commerce' (Chatterjee and Kar, 2020). It is often considered as a means to provide convenience for people to engage in online activities through social media for marketing prospects, to compare buying and selling issues to arrive at the right decision. Social media is claimed to be able to become a bridge between MSME actors and potential consumers (Chatterjee and Kumar Kar, 2020). Based on the above review, the reason for the interest in raising the research title of the effect of social media services on MSME business turnover mediated by customer engagement variables consists of two aspects, namely first, research on social media services is interesting to study because considering that social media users continue to increase from year to year, of course this is a good business opportunity for Micro, Small and Medium Enterprises (MSMEs) to take advantage of in order to market their products and services to attract the attention of a wide audience and foster buying interest.

Previous research has been conducted related to the influence of social media in increasing sales turnover as conducted by Susanto et al. (2023) on UKM Dapur Julie Depok, the research shows that social media has a significant and positive effect on sales turnover. Furthermore, research conducted by Jaya & Raya (2022) who conducted research on MSMEs in Cibolang Village, the results of this study resulted in findings that there was a significant effect of the application of E-commerce and social media simultaneously on sales variables. Some of these previous studies have shortcomings in the form of not using the mediating effect of customer engagement variables to strengthen the impact of social media in increasing sales turnover. Therefore, this study seeks to make updates by adding the mediating variable of customer engagement as an indication of the success of the application of social media. This is in accordance with the submission of Komalasari & Alfando (2023) that the success of customer engagement in social media is characterized by responsive interactions, interesting content, and delivery of relevant information.

Research Method

This study uses quantitative methods with cross sectional approach. The variables used in this study consist of Social Media services (X), Customer Engagement (Z) and Business Turnover (Y) expressed in rupiah per month. The population in this study is Micro, Small and Medium Enterprises (MSMEs) of Balikpapan City focusing on food and beverages. With the results of initial observations, there are 729 MSMEs, so that the minimum number of samples needed based on the Slovin formula with 5% alpha is 258 MSMEs. The sampling technique in this study was conducted randomly by distributing questionnaires or online questionnaires. The type of data used in this study is primary data with instruments or data collection tools using a Likert scale of 1 to 5 ranging from strongly agree (5), agree (4), undecided (3), disagree (2) and strongly disagree (1). While the business turnover uses data on the amount of production and production value. The data analysis technique in this study was carried out by path regression analysis.

Results and Discussion
Instrument Test

Instrument testing aims to prove that the instrument is feasible and declared reliable through validity and reliability tests. Validity testing in this study used 30 people with the results described in the following table.

Table 1. Validity Test Results

Variable	Item	Validity Score	r table	Description
Social Media Services (X)	X.1	0,855	0,361	Valid
	X.2	0,722	0,361	Valid
	X.3	0,792	0,361	Valid
	X.4	0,834	0,361	Valid
	X.5	0,798	0,361	Valid
	X.6	0,702	0,361	Valid
	X.7	0,784	0,361	Valid
	X.8	0,695	0,361	Valid
	X.9	0,718	0,361	Valid
	X.10	0,645	0,361	Valid
	X.11	0,741	0,361	Valid
	X.12	0,724	0,361	Valid
Customer Engagement (Z)	Z.1	0,779	0,361	Valid
	Z.2	0,682	0,361	Valid
	Z.3	0,543	0,361	Valid
	Z.4	0,756	0,361	Valid
	Z.5	0,541	0,361	Valid
	Z.6	0,783	0,361	Valid

Source: processed by researchers (2024)

Based on the results of the table above, it is stated that all items in this study are declared valid and can be used in data collection. This is reinforced by Sugiyono's opinion (2017) that whether an item is valid or not is known through the significant correlation of each question item with the total score at a certain alpha level (for example 5%), it can be said that the measuring instrument is valid. Conversely, if the correlation is not significant the measuring instrument is invalid, so it does not need to be used to measure or collect data. Sugiyono (2017) also explains that the test criteria are to compare the r value with the r table

value with free degrees (n-2). If the calculated r value> the r value in the table, it means that it is significant so that it is concluded that the question or statement item is valid. Furthermore, the results of reliability testing of 30 respondents on each variable in this study are presented in the following table.

Table 2. Reliability Test Results

Variable	Cronbach Alpha	Cut Off	Description
Layanan Media Sosial (X)	0,930	0,6	Reliabel
Customer Engagement (Z)	0,724	0,6	Reliabel

Source: processed by researchers (2024)

Based on the results of the reliability test in Table 2, it can be stated that overall, the dimensions in each variable used in data collection have a Cronbach Alpha value greater than the cut off value (0.6) and are declared reliable or consistent and can be used in data collection. This is in accordance with the submission of Solimun et al. (2017) that if Cronbach Alpha > 0.60, it indicates that the questionnaire is reliable.

Classical Assumption Test

There are several steps of classical assumption testing carried out, namely normality, heteroscedasticity and multicollinearity tests. The normality assumption test aims to determine whether the residual variable path model is normally distributed or not, while the results of the test are expected to be normally distributed residuals. To test whether the residuals are normally distributed or not, it can be seen through the Kolmogorov-Smirnov test. The test criteria state that if the probability resulting from the Kolmogorov-Smirnov test ≥ the level of significance (α = 5%) then the residuals are declared normally distributed. The following are the results of testing the normality assumption through the Kolmogorov-Smirnov test shown in the following table.

Table 3. Multicollinearity Assumption Test

N (sample)	Probability (P $_{value}$)	Description
258 sample	0,200	Passed normality (P *value* > *alpha* 5%)

Source: processed by researchers (2024)

Based on the results shown in the table above, it is known that the probability value> alpha 5%, so that the residuals in this regression model are declared to have a normal distribution and passed the normal assumption test. This is in accordance with the delivery of According to Ghozali (2016) the normality test aims to test whether in the regression model, the residual variables have a normal distribution which can be tested by graph analysis and statistical tests. Normally distributed data will minimize the possibility of bias. This test is conducted to determine whether the residual value is normally distributed or not. Furthermore, the results of the heteroscedasticity test using the Glejser test are shown in the following table.

Table 4. Heteroscedasticity Assumption Test

Variable Independent	Probability (Sig.)	Description
Social Media Services (X)	0,132	Pass (P *value* > *alpha* 5%)
Customer Engagement (Z)	0,490	Pass (P *value* > *alpha* 5%)

Source: processed by researchers (2024)

Based on the results in the table above, it is known that the probability value of 0.132 and 0.490> alpha 5% (0.05) so that it is stated that the simple linear regression model in this

study can be used, this relates to the submission of Sugiyono (2017) that if the probability or significance ≥ alpha 5% (0.05) then the residuals or errors in the study are declared homogeneous and pass the homogeneity assumption test. Furthermore, the results of the multicollinearity test seen from the tolerance value and Variance Inflation Factor (VIF) are shown in the following table.

Table 5. Multicollinearity Assumption Test

Variable	*Tolerances*	VIF	Description
Social Media Services (X)	0,996	1,004	Pass
Customer Engagement (Z)	0,996	1,004	Pass

Source: processed by researchers (2024)

Based on the results of the table above, in this study there are no symptoms of multicollinearity in the multiple regression model so that it passes the multicollinearity test. This is in accordance with the submission of Ghozali (2013: 103) that if the tolerance value is> 0.1 and the VIF value is <10, it can be concluded that there is no multicollinearity between the independent variables and the regression model.

Hypothesis Test

Hypothesis testing in this research study consists of two tests, namely in equation 1 and equation 2, in each of these equations partial hypothesis testing and simultaneous testing are carried out, the test results are described in the following table.

Table 6. Hypothesis Test

	variable	Coefficient	Std. Error	Prob.
Equations 1 Z = C+X	C	-1,092	0,898	0,225
	Social Media Services (X)	0,096	0,019	0,000
	F-statistic		26,075	
	Prob(F-statistic)		0,000	
	R-squared		0,092	
Equations 2 Y = C+X+Z	C	-3,012	0,905	0,001
	Social Media Services (X)	0,062	0,019	0,001
	Customer Engagement (Z)	0,148	0,025	0,000
	F-statistic		32,080	
	Prob(F-statistic)		0,000	
	R-squared		0,201	

Source: processed by researchers (2024)

The analysis results in the table show that social media services have a significant influence on the Customer Engagement variable (Z) and MSME business turnover (Y) in million rupiah per month. In Equation 1, the constant (C) has a coefficient of -1.092 with a standard error of 0.898 and a probability value of 0.225, which indicates that this constant is not significant at the commonly used confidence level (for example, 5%). The Social Media Services variable (X), on the other hand, has a positive coefficient of 0.096 with a standard error of 0.019 and a probability value of 0.000, which indicates a positive and significant relationship between the use of social media services and increased Customer Engagement.

The F-statistic result of 26.075 with a probability of 0.000 and an R-squared value of 0.092 indicates that this model has a moderate degree of certainty, with 9.2% of the variability in Customer Engagement explained by social media services.

In Equation 2, MSME business turnover (Y) is influenced by a constant (C), social media services (X), and Customer Engagement (Z). The constant in this equation is -3.012 with a standard error of 0.905 and a probability of 0.001, which indicates that this constant is significant. The effect of social media services (X) on MSME business turnover shows a coefficient of 0.062 with a probability of 0.001, which is also significant, but the coefficient is smaller than the effect on Customer Engagement. Meanwhile, the Customer Engagement variable (Z) has a coefficient of 0.148 with a standard error of 0.025 and a probability value of 0.000, showing a stronger and more significant influence on business turnover. The F-statistic value of 32.080 with a probability of 0.000 and the R-squared value of 0.201 indicate that this model has higher accuracy than Equation 1, with 20.1% of business turnover variability explained by social media services and customer engagement. This indicates that Customer Engagement is a significant mediating variable in the relationship between social media services and MSME business turnover.

Table 1. Sobel Test

Model Intervening	Probabilities	Conclusion
X → Z → Y	0,00012 < alpha 5%	Customer Engagement (Z) can mediate significantly

Source: processed by researchers (2024)

Based on the results of the intervening model analysis, the relationship between social media services (Social Media Services or X), Customer Engagement (Z), and MSME business turnover (Y) shows that Customer Engagement has an important role as a significant mediating variable. The model connecting X → Z → Y has a probability value of 0.00012, which is smaller than the 5% alpha significance level (0.05). This indicates that the relationship between social media services and MSME business turnover can be explained through the mediating role of customer engagement. In other words, although social media services have a direct impact on MSME business turnover, the effect is stronger and more significant when through increased Customer Engagement. Therefore, it can be concluded that Customer Engagement (Z) is significantly able to mediate the relationship between the use of social media services (X) and MSME business turnover (Y), indicating that higher customer engagement can increase the effectiveness of social media services in driving increased business turnover.

The Effect of Social Media Services (X) on MSME Business Turnover (Y)

The results of the analysis on the effect of Social Media Services (X) on MSME Business Turnover (Y) in the food and beverage sector in Balikpapan City show that there is a significant relationship between the two variables. The coefficient obtained is 0.062 and the p-value is 0.001, indicating that the use of social media services positively affects the business turnover of MSMEs, with a very high level of significance. The p-value being smaller than 0.05 (5% alpha) indicates that this result is statistically reliable and not due to chance. This is consistent with previous findings showing that the use of social media can increase the visibility and accessibility of a business, potentially leading to increased sales and turnover (Men and Muralidharan, 2017). Social media services have proven to be a very effective tool in marketing and communication for MSMEs. In the context of food and beverage MSMEs in

Balikpapan, social media allows small businesses to reach a wider market without requiring a large marketing budget. By increasing direct interaction with customers, through platforms such as Instagram, Facebook, and TikTok, MSMEs can build closer relationships with consumers, which in turn can increase loyalty and repeat purchases. The study by Kim and Ko (2012) also supports this view, showing that higher interaction between businesses and consumers through social media contributes to improved business performance.

Moreover, the results of this analysis reflect an important shift in the way MSMEs utilize technology to achieve their business goals. Social media services are not just a tool for advertising, but also a means to build brands, interact with customers, and gather valuable feedback. Research by Rachmadhaniyati and Sanaji (2021) explains that social media provides an effective platform to build communities and create a more personalized experience for customers. This is important for MSMEs that may not have the resources to invest in more expensive traditional marketing strategies, such as television or print advertising. However, although the relationship found in this analysis is significant, the coefficient of 0.062 indicates that the impact of social media services on turnover is not very large. This indicates that although social media plays a role in increasing turnover, other factors besides social media also have a significant influence on the financial performance of MSMEs. For example, product quality, competitive prices, and good customer service remain important factors that influence consumer purchasing decisions. Research by Seo and Park (2018) states that although social media contributes to increased turnover, other external and internal factors still need to be considered to achieve sustainable growth.

Overall, the results of this analysis underline the important role of social media services in supporting the growth and sustainability of MSMEs, particularly in the food and beverage sector in Balikpapan City. Although the impact found is not very large, the use of social media remains an invaluable tool in expanding market reach and increasing turnover. Therefore, MSMEs in Balikpapan should continue to utilize social media with a more planned and measured strategy, while paying attention to other factors that can also affect their business performance. Going forward, the development of digital skills and more effective utilization of social media will increasingly become an important competitive advantage for MSMEs in the face of economic challenges and increasingly fierce competition.

The Effect of Social Media Services (X) on Customer Engagement (Z)

The result of analysis on the effect of Social Media Services (X) on Customer Engagement (Z) at MSMEs in food and beverages sector in Balikpapan City shows a significant relationship. The coefficient of 0.096 with p-value of 0.000 indicates that the use of social media services has a positive influence on Customer Engagement. That is, the more intensive the use of social media by MSMEs, the higher the level of customer engagement created. This indicates that social media acts as an effective tool in building and improving relationships between businesses and consumers. Social media allows MSMEs to get closer to consumers, both through product promotion, direct interaction, and feedback received from customers. This positive influence is in accordance with the findings in the literature which show that social media has a very important role in creating Customer Engagement. Research by Onofrei et al. (2022) explains that social media platforms can facilitate two-way communication between businesses and customers, which in turn increases customer engagement with brands. In the context of food and beverage MSMEs in Balikpapan, interactions established through social media allow consumers to feel more connected and valued, increasing their

loyalty to the brand. In addition, higher engagement also allows MSMEs to understand customer preferences and customize product offerings accordingly.

Practically, these results demonstrate the importance for MSMEs in the food and beverage sector in Balikpapan City to optimally utilize social media platforms. The use of social media not only serves as a promotional tool, but also as a channel to build more personalized relationships with customers. Through social media, MSMEs can introduce new products, provide information related to product benefits, and conduct more in-depth interactions such as quizzes, discounts, or feedback that can increase customer satisfaction. Therefore, effective utilization of social media is crucial in creating higher customer engagement, which in turn impacts long-term business success. The importance of customer engagement has also been proven by many studies which show that customers who engage with brands tend to have more positive purchasing behavior. According to research by Mere et al. (2024), Customer Engagement leads to increased satisfaction and higher loyalty to the products offered. In the context of MSMEs, especially in the food and beverage sector, this is very relevant given the large number of competitors in the same market. MSMEs that can build stronger engagement with their customers through social media will find it easier to survive and thrive despite facing intense competition.

Furthermore, social media makes it easier for MSMEs to communicate directly with consumers and listen to their needs. This allows MSMEs to respond to market demands faster and more precisely. Based on research by Noor (2017), direct interaction through social media also serves to collect invaluable feedback from customers, which can be used to improve product or service quality. Therefore, not only focusing on product promotion, but also on managing good relationships with customers is key to improving customer engagement. Finally, by using social media effectively, MSMEs can create an environment that supports business growth through increased customer engagement. This not only impacts customer satisfaction but can also increase turnover and competitiveness of MSMEs in the local market. Research by Rahmayuni & Pinem (2024) shows that businesses that successfully build customer engagement through social media have a greater chance of long-term success. Therefore, food and beverage MSMEs in Balikpapan City need to continue developing their social media strategies to strengthen customer relationships and drive sustainable business growth.

The Effect of Customer Engagement (Z) on MSME Business Turnover (Y)

The result of analysis showing the effect of Customer Engagement (Z) on business turnover of MSMEs (Y) in the food and beverage sector in Balikpapan City with a coefficient of 0.148 and p-value of 0.000 indicates a significant and positive relationship between the level of customer engagement and the increase in business turnover. The positive coefficient of 0.148 indicates that any increase in the level of Customer Engagement will be directly proportional to the increase in turnover obtained by MSMEs. This confirms that MSMEs that are able to create greater engagement with their customers are likely to experience an increase in sales and business revenue. The very small p-value (0.000) indicates that the relationship is highly statistically significant, which means these results are reliable and not the result of chance. This phenomenon is consistent with many studies that show that customer engagement has a direct impact on business financial performance. For example, research by Toor et al. (2017) found that high levels of customer engagement can drive customer loyalty, which in turn increases the likelihood of repeat purchases and positive recommendations from customers to others. In the context of food and beverage MSMEs in

Balikpapan City, increasing customer engagement through various forms of active communication, such as discussions about products, social interactions on social media, or loyalty programs, can strengthen relationships with customers, increase their satisfaction, and motivate them to make more frequent purchases.

The importance of Customer Engagement in influencing turnover also lies in the fact that engaged customers are more likely to feel a stronger connection with the brand and the products offered. They are not only consumers, but also act as brand advocates, often sharing their positive experiences with others. This is in line with the theory that customer engagement can create a ripple effect in increasing brand awareness and, ultimately, driving sales. Research by Vikia (2023) explains that intense engagement can increase purchase interest and increase conversion rates from prospects to loyal customers, which directly contributes to increased business turnover. In practice, for MSMEs in the food and beverage sector in Balikpapan City, this result shows the importance of strategies that focus on increasing customer engagement as a way to drive turnover growth. MSMEs that actively interact with customers, whether through social media, live events, or more personalized services, will be better able to create deeper relationships with their customers. This leads to higher loyalty, which in turn will increase purchase frequency and sales volume, as well as encourage customers to recommend products to others.

Furthermore, considering the importance of customer engagement in increasing turnover, MSMEs can design more personalized and relevant customer experiences, both in services, products, and marketing. Research by Yusuf (2017) shows that the higher the level of engagement created, the greater the potential to increase sales results. Therefore, MSMEs in the food and beverage sector should not only focus on selling products, but also on creating satisfying and memorable experiences for customers, thus encouraging them to be more involved and loyal to the products offered. With the results showing a positive relationship between Customer Engagement and turnover, MSMEs in Balikpapan City have a great opportunity to improve their business performance by focusing on better and more frequent interactions with customers. This will not only increase customer loyalty, but also maximize the potential revenue that can be earned through closer relationships between customers and businesses. Therefore, strengthening Customer Engagement strategy should be a top priority for MSMEs who want to improve their competitiveness and achieve success in an increasingly competitive market.

Customer Engagement Ability (Z) as a Mediating Variable

The results of the analysis on the Sobel Test regarding the ability of Customer Engagement (Z) as a mediating variable between the influence of Social Media Services (X) on MSME Business Turnover (Y) show a p-value of 0.00012. This very small p-value, which is much smaller than the 5% alpha significance level (0.05), indicates that Customer Engagement acts as a highly significant mediating variable in the relationship between social media services and MSME business turnover. In other words, the positive effect of social media usage on business turnover is not only direct, but also through increased customer engagement that occurs as a result of interactions between businesses and customers on social media platforms. This finding is in line with the theory that customer engagement can strengthen the influence of various external factors, such as social media, on business performance. In this context, social media is not just a marketing tool, but also an effective channel to build deeper relationships with customers. When customers are more engaged with brands through interactions on social media, they tend to be more loyal and make repeat

purchases more often. Therefore, Customer Engagement becomes an important link that strengthens the relationship between social media usage and increased turnover.

The importance of Customer Engagement as a mediating variable has been proven by many previous studies. Research by Zheng and Na (2022) shows that customer engagement can accelerate the buying process and encourage consumers to buy the products offered more often. Thus, high customer engagement, which is influenced by active and engaging two-way communication on social media, is key to increasing sales results and, in turn, business turnover. In this case, effective use of social media by MSMEs in creating customer engagement could potentially lead to a significant increase in turnover. This very small p-value result also confirms that the mediating effect provided by Customer Engagement is very strong and not coincidental. This means that although there is a direct relationship between social media services and business turnover, a greater effect can be achieved when customer engagement is the factor that mediates the relationship. Therefore, MSMEs need to focus more on managing deeper interactions with customers through social media, in order to increase customer engagement and generate a positive impact on their turnover.

Based on these results, MSMEs should not only focus on product promotion through social media, but also on creating engaging and interactive experiences that can increase customer engagement. Programs that encourage customers to interact more, such as quizzes, surveys, or shareable content, can help build stronger engagement. As customer engagement increases, the opportunity to increase business turnover will also increase. Therefore, social media is not only a communication channel, but also a strategy to strengthen customer relationships and improve business financial performance. Overall, the results of this Sobel Test show that Customer Engagement is a key factor in mediating the positive influence exerted by social media on MSME business turnover. This underscores the importance of integrating a social media strategy that focuses not only on marketing, but also on building stronger and more sustainable relationships with customers. By improving customer engagement, MSMEs can benefit more from the use of social media and, in turn, can significantly increase their turnover.

Conclusion

Based on the results of the analysis in this study, it can be concluded that Social Media Services (X) have a positive and significant effect on MSME Business Turnover (Y), Social Media Services (X) have a positive and significant effect on Customer Engagement (Z), and Customer Engagement (Z) has a positive and significant effect on MSME Business Turnover (Y), then from the results of the sobel test it is known that it has a p-value of 0.00012 so it is concluded that Customer Engagement (Z) is able to significantly mediate the influence of Social Media Services (X) on MSME Business Turnover (Y).

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