

The Influence of Financial Management, Social Media Use, and Product Innovation on the Performance of MSMEs in Kendaripreneur

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ABSTRACT

This study aims to analyze the influence of financial management, social media usage, and product innovation on the performance of MSMEs in Kendaripreneur. Micro businesses in Kendari face various challenges, including limited access to capital, low digital technology proficiency, and limited innovation capabilities. This study uses a quantitative method with a causal design, with the research subjects consisting of micro-business actors who are members of the Kendaripreneur community, using *purposive sampling*. The number of samples used in this study was 300 business actors, selected based on specific criteria to ensure the relevance of the data obtained. Data collection was conducted through questionnaires distributed to respondents, using a Likert scale to measure attitudes and perceptions of the variables under study. Data analysis was performed using descriptive analysis and *Structural Equation Modeling* (SEM) techniques to test hypotheses and determine the relationship between variables. The results showed that financial management had the greatest influence on MSME performance, followed by the use of social media and product innovation. Good financial management helped in making the right decisions, while social media was effective in expanding the market. Product innovation also contributed positively, although its influence was smaller. These three factors were proven to be mutually supportive in improving MSME performance after joining Kendaripreneur.

Keywords: Financial Management, Social Media, Product Innovation, and Micro Business Performance

INTRODUCTION

MSMEs play a strategic role in economic development, especially in developing countries such as Indonesia. The rapid growth of MSMEs also extends to the city of Kendari, the capital of Southeast Sulawesi Province, which has great potential for developing the MSME sector in various fields.

One of the government's efforts to address MSME issues is by introducing Kendaripreneur. The aim is to provide innovative solutions to overcome the various challenges faced by MSMEs in Kendari City (Piratnasari, 2021). Kendaripreneur is a micro-business development program in Kendari City. Kendaripreneur aims to empower MSME players to compete in the global market and contribute significantly to regional economic growth.

Financial management plays a very important and consistent role in determining the performance of MSMEs in various regions. As explained by (Dewi et al., 2022), structured financial planning, routine financial recording, and separation between personal and business finances have been proven to significantly improve the performance of MSMEs.

In addition, the integration of digital technology has been shown to further strengthen the benefits of financial management. Adeliya et al. (2025) show that the use of tools such as cloud-

based accounting systems and digital payment systems can improve the speed and accuracy of financial management.

Focusing on product innovation encourages a culture of continuous improvement in MSMEs. This culture encourages employees to think creatively and contribute ideas, which leads to a more engaged workforce (Fitriani & Andriana, 2024). Research by Dewantoro et al. (2023) shows a positive correlation between product innovation and the financial performance of MSMEs. Innovative products often have higher prices and can generate increased sales volume.

Based on the above description, this study aims to analyze the influence of financial management, social media use, and product innovation on the performance of Kendaripreneur. The results of this study are expected to contribute to the development of strategies to improve the performance of micro businesses in the Kendari region.

In the context of Kendaripreneur, the use of social media has become one of the key promotional and customer engagement tools for MSME actors. Platforms such as Instagram, Facebook, and WhatsApp Business are the most dominantly used due to their accessibility and local popularity. These platforms are primarily utilized for product marketing, customer interaction, and increasing brand visibility. A local survey by Piratnasari (2021) revealed that over 68% of Kendaripreneur participants rely on Instagram to showcase their products, while 55% use WhatsApp to manage orders and communicate with customers. However, challenges remain, particularly in terms of content consistency, lack of digital marketing skills, and limited access to advertising budgets. These barriers often hinder the effectiveness of social media in directly translating exposure into improved business performance, making its optimization a critical factor in enhancing MSME outcomes in Kendari.

METHOD

This study applies a Research and Development (R&D) design with a triangulation approach, which aims to develop and test the effectiveness of a micro-business performance improvement model. The population in this study consisted of 1,200 members, with a sample of 300 respondents selected using *simple random sampling*. Data were collected through questionnaires distributed in digital format (Google Form), after validity and reliability tests were conducted on 20 test samples. All indicators were measured using a 5-point Likert scale. Data analysis used the *Partial Least Square* (PLS)-based *Structural Equation Modeling* (SEM) method.

RESULTS AND DISCUSSION

Respondent Characteristics

a. Based on Gender

The characteristics of respondents in this study based on gender are described in Table 1.

Table 1. Characteristics by Gender

Gender	Frequency	Percentage
Male	121	40.3%
Women	179	59.7%
Total	300	100

Source: Primary data processed, 2025

In Table 1, based on Table 1, the majority of respondents in this study were women, namely 179 people or 59.7% of the total respondents. Meanwhile, male respondents numbered 121 people or 40.3%.

b. Based on Education

The characteristics of respondents in this study based on age are described in Table 2.

Table 1 . Characteristics by Age

Highest Level of Education	Frequency	Percentage
Elementary	27	9.0
Junior High School	59	19.7
High School	110	36.7
Diploma	38	12.7
Bachelor	47	15.7
Graduate	19	6.3
Total	300	100

Source: Primary data processed, 2025

Table 2 shows that the majority of respondents had a high school education, namely 110 people or 36.7%. This data reflects that most micro-entrepreneurs who are members of KendariPreneur have a secondary education, with a significant proportion having a higher education.

c. Based on Business Type

The characteristics of respondents in this study based on business type are described in Table 3.

Table 2 . Characteristics by Education

Type of Business	Frequency	Percentage
Culinary	123	41.0
Fashion	68	22.7
Store	44	14.7
Beauty	65	21.7
Total	300	100.0%

Source: Primary data processed, 2025

Table 3 shows that the most common type of business engaged in by respondents is the culinary business, with 123 people or 41.0%.

d. Based on Business Duration

The characteristics of respondents in this study based on business duration are described in Table 4.

Table 4. Characteristics by Education

Length of Business	Frequency	Percentage
1-3 years	145	48.3
>3 years	155	51.7
Total	300	100%

Source: Primary data processed, 2025

Table 4 shows that 155 respondents or 51.7% have been running their businesses for more than 3 years, while 145 respondents (48.3%) have been running their businesses for 1–3 years. These findings indicate that most respondents have considerable business experience.

e. Based on Business Location

The characteristics of respondents in this study based on business location are described in Table 5.

Table 5. Characteristics by Business Location

Business Location	Frequency	Percentage
Abeli	21	7.0
Kambu	26	8.7%
Mandongga	25	8.3%
West Kendari	37	12.3
Puuwatu	31	10.3
Baruga	12	4.0
Kendari	27	9.0%
Poasia	38	12.7
Nambo	31	10.3
Wua-Wua	26	8.7
Kadia	26	8.7%
Total	300	100

Source: Primary data processed, 2025

Table 5 shows that the respondents' business locations are spread across various subdistricts in Kendari City. Poasia is recorded as the area with the highest number of respondents, namely 38 people (12.7%), followed by West Kendari with 37 people (12.3%), and Puuwatu and Nambo with 31 people (10.3%) each.

f. Based on Business Turnover

The characteristics of respondents in this study based on business turnover are described in Table 6.

Table 6. Characteristics Based on Business Turnover

Monthly Turnover	Frequency	Percentage
5 million - 25 million	256	85.3
25 million - 75 million	20	6.7
75 million - 150 million	8	2.7
150 million - 250 million	7	2.3
250 million - 375 million	5	1.7
375 million - 500 million	4	1.3%
Total	300	100%

Source: Primary data processed, 2025

In Table 6, the majority of respondents have an average monthly turnover in the range of 5 million to 25 million rupiah, namely 256 people or 85.3%. Meanwhile, only a small portion of respondents have an average turnover above 75 million rupiah per month.

g. Based on Length of Membership in Kendaripreneur

The characteristics of respondents in this study based on length of membership in Kendaripreneur are described in Table 7.

Table 7. Characteristics According to Business Turnover

Length of Membership in Kendaripreneur	Frequency	Percentage
1-3 years	82	27.3
>3 years	218	72.7
Total	300	100%

Source: Primary data processed, 2025

In Table 7, most respondents have been participating in the KendariPreneur program for more than 3 years, namely 218 people or 72.7%. Meanwhile, respondents who are classified as new (1–3 years) number 82 people or 27.3%.

8. Descriptive Statistics of Variables Before and After Joining KendariPreneur

Variable	Before	After	Difference	Percentage Increase
Financial Management	30.25	46.85	16.60	54.88
Social Media Usage	10.39	16.46	6.07	58.42
Product Innovation	23.58	37.18	13.60	57.68
MSME performance	22.21	35.71	13.50	60.78

Descriptive Analysis

Descriptive analysis provides an overview of the condition of the research variables based on the respondents' perceptions.

- The Effect of Financial Management (X1):** Financial management has the greatest effect with an original sample value of 0.436 and a p-value of 0.000, indicating very high significance.
- The Effect of Social Media Use (X2):** Social media use (0.184; $p = 0.000$) and product innovation (0.132; $p = 0.019$) also make significant contributions, albeit smaller ones.
- Impact of Product Innovation (Y):** Product innovation (0.132; $p = 0.019$). The magnitude of the impact shown is relatively small, but this statistical significance reflects that product innovation remains an important factor in improving business performance, especially

Test Results

Based on the results of multiple linear regression analysis, the following equation was obtained

Table 9. Multiple Linear Regression Analysis Test Results

Hypothesis	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	t-Table	P Values
Product Innovation -> MSME Performance	0.132	0.140	0.056	2.354	1,967	0.019
Financial Management -> SME Performance	0.436	0.429	0.045	9.664	1,967	0.000
Social Media Use -> MSME Performance	0.184	0.187	0.049	3.741	1,967	0.000

Source: Processed Primary Data, 2025

- 1. Impact of Financial Management (X1):** The results of this study indicate that financial management has the greatest impact on the performance of MSMEs in KendariPreneur, with a coefficient value of 0.436 and very high significance ($p < 0.001$). This finding indicates that the ability of micro-entrepreneurs to manage financial aspects effectively contributes directly to improving their business performance.
- 2. The Effect of Social Media Use (X2):** The results of this study indicate that social media use has a significant effect on MSME performance, with a coefficient value of 0.184 and very high significance ($p < 0.001$).
- 3. The Effect of Product Innovation (X3):** The findings of this study indicate that product innovation has a positive and significant effect on MSME performance, with a coefficient value of 0.132 and high significance ($p < 0.001$).

CONCLUSION AND RECOMMENDATIONS

Based on the analysis and discussion of the data, the researchers can conclude the results obtained from the study on the Influence of Financial Management, Social Media Use, and Product Innovation on the Performance of Micro Businesses in Kendaripreneur as follows:

1. There is a positive and significant effect of financial management on the performance of micro businesses in Kendaripreneur.
2. There is a positive and significant effect of social media use on the performance of micro businesses in Kendaripreneur.
3. There is a positive and significant effect of Product Innovation on the performance of Micro Enterprises at Kendaripreneur.

Beyond confirming the positive and significant influence of financial management, social media use, and product innovation on micro business performance, this study offers several practical implications. For Kendaripreneur actors, strengthening financial literacy, optimizing social media strategies, and investing in product development should become integral to daily business practices. The findings suggest that capacity-building programs need to focus not only on entrepreneurial motivation but also on technical skills in digital marketing and innovation management. However, the research is limited by its regional focus and cross-sectional design, which may not fully capture long-term dynamics or broader applicability. Future research is recommended to explore longitudinal impacts, incorporate comparative studies across cities or provinces, and examine mediating factors such as digital literacy or customer engagement.

Moreover, collaboration between local government, educational institutions, and private platforms is crucial to enhance the effectiveness and sustainability of Kendaripreneur as a microenterprise empowerment initiative.

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