

## KNOWLEDGE MANAGEMENT ON BUSINESS PERFORMANCE: THE ROLE OF SOCIAL MEDIA NETWORKING

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### ABSTRACT<sup>1</sup>

The aim of this research is to determine the influence of Knowledge Management and Social Media Networking on Business Performance. The population used in this research is MSMEs in Banyumas, Brebes and Cilacap. There were 200 MSME respondents. This type of research uses survey research by distributing questionnaires in the form of a Google form to MSMEs in Banyumas, Brebes and Cilacap. Primary data is used in this research. Primary data is data obtained from facts and figures in direct research. This data was obtained directly from research subjects or reliable informants (Arikunto, 2006). The results of this research show that the Knowledge Management variable has a positive effect on Business Performance and the Social Media Networking variable has a positive effect on Business Performance.

**Keywords:** Knowledge Management, Social Media Networking, Business Performance

## INTRODUCTION

Now, most organizations have limitations in terms of the resources they have internally. They are faced with massive globalization, customer demands with rapidly changing wants, shrinking response times, shrinking product life cycles, and employee demands. This requires organizations to be fast, flexible, and participatory and focus on customers, competition, teams, time and processes. In this case, if an organization can build a network with its suppliers, buyers, and competitors, it becomes an important ingredient to avoid competition and achieve profits (Ekeh Loveday 2019).

With widespread access to the internet, microblogging has changed the way entrepreneurs develop innovation. The increasing use of social networking sites such as Blogs, Facebook, Twitter, YouTube among others along with the embedded external knowledge supports the entrepreneurial journey (Palacios-Marques et al. 2015a, b). Entrepreneurs find new ways to combine internal and external knowledge by taking advantage of market opportunities (McKelvey and Lassen 2013). In turn, companies are becoming more knowledge-intensive, improving their creative process and constantly changing existing routines. Companies like these are more focused on balancing knowledge and innovation which is their competitive asset. They are more dynamic and actively take advantage of opportunities to innovate using intensive knowledge (Malerba 2010). This phenomenon reflects a knowledge-intensive entrepreneurial framework that emphasizes the tendency of entrepreneurs to overcome uncertainty and produce creative change or destruction (Schumpeter 1934).

Liao, Fei, and Liu (2008) suggest that companies seek to find ways that strengthen the management of knowledge resources to overcome corporate challenges in a competitive environment in order to improve business performance. Knowledge management (KM) is increasingly becoming a topic of interest in all types of organizations due to the increasing awareness of the importance of knowledge for organizational well-being and survival (Wang & Lin, 2013). Therefore Durst and Edvardsson (2012) and Marra, Ho, and Edwards (2012) recommend that KM be included in the daily activities of SMEs in order for them to be more successful and last longer. Available research provides support for a significant relationship between KM and business performance (e.g. Gholami, Asli, Nazari-Shirkouhi, & Noruzy, 2013; Hussain, Xiaoyu, Si, & Ahmed, 2011; Liu & Abdalla, 2013; Wei, Choy, & Cheb, 2011).

However, KM is no longer a sufficient factor to improve business performance in today's highly competitive environment where the pressure for businesses to meet the demands of many customers is a challenging task (Liao et al., 2008; Wang & Lin, 2013). Some studies suggest other factors needed to achieve business performance. Among them, research conducted by Musahara, Akorli, and Rukamba (2014) on the performance of SMEs in Rwanda shows that there is a high failure rate in these SMEs even though the owners are educated. Similarly, annual reports compiled by MINICOM (2010), PSF (2008) and RDB (2012) on the state of SMEs in Rwanda show that SMEs perform poorly despite using government facilities (Eugene Byukusenge, 2017).

According to Utari (2011, 51) explained "social media is an online media where users can easily participate. Participating in the sense that someone will easily share information, create content or content that they want to convey to others, comment on the input they receive and so on. All can be done quickly and infinitely." "Social media is a form of marketing using social media to market a product, service, brand or issue by utilizing the audience that participates in social media." (Fikri, 2016). According to Joyce Kasman Valenza (2014) is "an internet platform that allows for individuals to share immediately and communicate continuously with their community."

According to Moerdiyanti (2010) "said that Business Performance is the result of a series of business processes which are at the expense of various kinds of resources, namely: can be human resources and also company finance. Thus Business Performance is the result of work that has been

done by a company." Meanwhile, according to Lesmana (2007) "economic improvement is the result of various operational performances, including increasing customer trust and use of products produced by the company." According to Moeheriono (2012: 95) "Business Performance is a description of the level of achievement of the implementation of an activity program or policy in realizing the goals, objectives, vision, and mission of the organization as outlined in a strategic planning of an organization." According to Rivai (2013: 604) "Business Performance is a general term used in part or all of the actions or activities of an organization in a period with reference to a number of standards such as projected past costs on the basis of efficiency, management accountability and the like." (Rizky Zulfikar, 2018). The purpose of this study is to determine the influence of Knowledge Management on Business Performance and the influence of Social Media Networking on Business Performance.

## LITERATURE REVIEW AND DERIVATION OF HYPOTHESIS

### Teori Resource-Based View (RBV)

Resource Based View (RBV) theory was first pioneered by Wernerfelt (1984). RBV theory views that company resources and capabilities are important for companies, because they are the main or basis of the company's competitiveness and performance. The assumption of RBV theory is about how a company can compete with other companies, by managing the resources owned by the company in accordance with the company's ability to achieve the company's competitive advantage. A company that is able to utilize the resources it has well, so that it can create something that is an advantage of the company compared to other companies. Resources that can be used consist of knowledge management and social media networking. The company's ability to improve performance lies in the company's intellectual resources. Companies must improve company performance in order to help companies achieve expected goals, such as increasing productivity, improving the quality of products or services, and expanding customers. This is done for the sake of business process continuity.

### The Effect of Knowledge Management on Business Performance

According to Fahmi Alusi, 2013 (Endah Prihartini, 2019) revealed that knowledge management is a tool or method in an organization to simplify, create, improve, capture, share, distribute, and understand knowledge. Knowledge Management as a concept has become important due to the growing awareness of the importance of knowledge for the prosperity and survival of organizations (Byukusenge and Muene, 2017). Knowledge Management is a management and discipline function that aims to formulate, implement, and evaluate strategies that ensure the flow of knowledge to a person at the right time and place (Kianto, et al., 2018).

Knowledge management is used as a tool to improve, share, capture, and understand knowledge in an organization to be able to achieve organizational goals and increase competitive advantage so as to create better business performance (Endah Prihartini, 2019). Knowledge management is used as a process to share knowledge and learn and work together so that it can help work more effectively and efficiently. With the higher knowledge management knowledge obtained so that it can create new knowledge that is likely to be able to improve a higher business performance. The results of research by (Yonita et al., 2019), (Endah Prihartini, 2019), (Rukaiyah & Muliana, 2018) and (Nikmah Hanum, Jono Mintarto Munandar, 2020) show that knowledge management affects business performance. Based on this description, the following assumptions can be made:

**H1: Knowledge management has a positive effect on business performance**

## **The Influence of Social Media Networking on Business Performance**

In particular, in the digital ecosystem, the role of determinants has been assumed by Social Media Networking which has changed the way to implement global business strategies. Social Media Networking is an IT-based resource (Palacios-Marques et al., 2015a, b) that allows individuals to build public or semi-public profiles in a limited system, articulate lists of other users with whom users share connections and view and traverse lists of connections made by other users within the system (Boyd & Ellison, 2008: 211). Examples of Social Media Networking as a digital platform are Facebook, YouTube for video sharing, Pinterest for image sharing, LinkedIn for professional networking, Blog as a weblog, Foursquare as a location-based social networking website, and Twitter as microblogging (Fisher & Reuber, 2011).

Studies reveal the greatness of social media use and its effect on business performance has become important for practitioners and researchers (Garg et al., 2020; Wardati & Er, 2019). Some results show that social media plays an important role in improving business performance (Tarsakoo & Charoensukmongkol, 2019). The results of research that reveal the use of social media significantly affect business success (Ainin et al., 2015). The study concluded that changes in product strategy, pricing, promotion, and customer relations are important components of social media marketing and business growth strategies. Social media has an impact on competing business outcomes (Cao et al., 2018).

Social Media Networking is considered a perfect tool to influence the flow and potential of consumers (Hanna et al., 2011) and give rise to innovation (Chalkiti & Sigala, 2008; Sigala & Chalkiti, 2012), and also as an assistive technology that can be used, strategically or not, in any industry and in other global strategies (Porter, 2001). Therefore, Social Media Networking has a positive impact in improving company performance.

## **H2: Social Media Networking Positively Affects Business Performance**

### **Social Media Networking Mediates the Effect of Knowledge Management on Business Performance**

With social media platforms, companies have the opportunity to share, store, and manage knowledge effectively. Through social media platforms, employees can easily share knowledge, experience, and best practices with fellow team members. This helps in optimizing the use of knowledge available within the organization. The effectiveness of social media can improve business performance by generating knowledge and innovation (Merry Mita Moy et al., 2020). Management knowledge is one of the knowledge that results from the effectiveness of social media. Management knowledge allows companies to create an environment where employees can continuously learn and develop. By providing access to knowledge and learning resources, companies can improve the skills and competencies of employees, which in turn contributes to company performance. With this, it can be concluded that social media networking can improve Knowledge Management which will contribute greatly to Business Performance.

### **H3: Social Media Networking Mediates the Effect of Knowledge Management on Business Performance**

## **METHOD, DATA, AND ANALYSIS**

### **Data and Samples**

The type of research used is quantitative research, which is a study that uses a lot of numbers. Starting from collecting data to interpreting the data obtained and presenting the results (Arikunto, 2006). This type of research uses survey research by distributing questionnaires in the form of google forms

to MSME actors in Banyumas, Brebes, and Cilacap. The population used in this study is MSME actors in Banyumas, Brebes, and Cilacap. MSME respondents amounted to 200 respondents. The sample used is MSME actors in Central Java with the distribution of criteria according to the annual turnover obtained in accordance with Article 6 of the MSME Law. Micro Enterprises with a turnover of less than IDR 50,000,000, Small Enterprises with a turnover of IDR 50,000,000 to IDR 500,000,000, Medium Enterprises with a turnover of more than IDR 500,000,000 to IDR 10,000,000,000. Primary data were used in this study. Primary data is data obtained from facts and figures in direct research. This data is obtained directly from research subjects or reliable informants (Arikunto, 2006). Examples of primary data include interviews, field observations, and data about informants. In other words, primary data is the main data obtained directly by researchers in the field through various methods such as observation, interviews, and the distribution of questionnaires. This data becomes the basis for making decisions and compiling information relevant to actual conditions. Primary data obtained directly from respondents from filling out questionnaires is the main source in processing and analyzing research data. In answering the questionnaire questions, respondents chose based on a *5-point likert scale* such as a value of 5 to strongly agree (SS), a value of 4 to agree (S), a value of 3 to sufficient (C), a value of 2 to TS, and a value of 1 to strongly disagree (1).

$$\begin{aligned}
 N &= \frac{N}{1+N(e)^2} \\
 &= \frac{19,044}{1+19,044(0,1)^2} \\
 &= \frac{19,044}{191,44} \\
 &= 99,48
 \end{aligned}$$

After calculating using the Slovin formula according to (Slovin, 1960), get a sample result of 100 samples.

**Table 1. Operational Definition and Measurement of Variables**

| No | Definition  | Indicator   | Code  |
|----|---|---|-------|
| 1  | <b>X: Knowledge Management (KM)</b>   | Knowledge Creation  | KM 1  |
|    | Infrastructure and information technology with the aims of acquiring and sharing knowledge, in addition to structural facilitator and organizational culture.   | Knowledge retention   | KM 2  |
|    | Knowledge management (KM) can be defined as the process of acquiring, retaining, deploying, idling, and abandoning technologies within an organization's inventory for future usage. It involves making investment decisions about which technologies should be included in the inventory based on their potential to deal with future contingencies. Knowledge Management also includes treating specific incidents as insurance accidents that may require investment in certain technologies. The goal is to effectively manage the knowledge and skills within the inventory to optimize operational performance and overall business performance. (Latifah et al., 2022) | Knowledge Sharing   | KM 3  |
|    |   | Knowledge utilization   | KM 4  |
| 2. | <b>Z : Social Media Networking (SMN)</b>  | How much time teenagers spend on social media daily               | SMN 1 |
|    | Social Media Networking (SMN) plays a crucial role in facilitating communication and collaboration, allowing individuals and organizations to connect and share information. The operational definitions and measurement of variables in SMN are essential for understanding the dynamics of knowledge sharing and collaboration. The following key variables are identified based on their operational definitions (adapted from Latifah et al., 2022)   | How much content teenagers share on social media                  | SMN 2 |
|    |   | How much engagement teenagers receive on their social media posts | SMN 3 |
|    |   | How much variety of social media platforms teenagers use monthly  | SMN 4 |

|  |  |      |
|--|--|------|
| 3. <b>Y: Business Performance (BP)</b><br>Organizational performance can be interpreted as the level of success in completing tasks carried out by the organization, which includes four main dimensions: the financial perspective, customer perspective, internal business process perspective, and learning and growth perspective (Khalique et al., 2018). | Financial Perspective                      | OP 1 |
|  | Customer Perspective                       | OP 2 |
|  | International Business Process Perspective | OP 3 |
|  | Learning and Growth Perspective            | OP 4 |

### Statistical Research Model

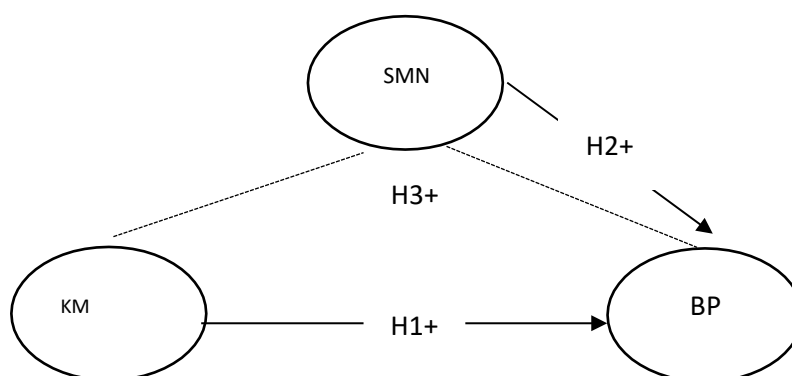


Figure 1. Research Model

### Data Analysis Method

Data analysis in quantitative research is an action carried out after the data from respondents or data sources are collected completely, then the data is grouped based on variables and types of respondents, then tabulates data based on variables, presents variable data to be studied, processes data or calculates data to answer problem formulations and calculates data to test hypotheses that have been formulated (Sugiyono, 2016).

According to Sinambela (2020), quantitative research is a type of research that uses numbers in processing data to produce structured information. Characteristics of quantitative research aims to obtain data that describe the characteristics of objects, events, or situations (Sekaran & Bougie, 2016: 43).

Data processing in this study uses SmartPLS software, because in this study it is reflective. A reflective model is a model that shows the relationship between latent variables and their indicators (Ghozali and Latan, 2020: 7). Data analysis using PLS-SEM using Smart Partial Least Square (SmartPLS) 3 to test a hypothesis (Rasoolimanesh et al., 2018). The PLS-SEM analysis method in SMARTPLS 3 goes through a series of stages, namely testing validity and reliability with a measurement model (outer model), testing causality or testing hypotheses with structural models or prediction models (inner model). According to Sofyan (2017), structural equation modeling which is often called Partial Squares Structural Equation Modeling (PLS-SEM) with SmartPLS version 3.0 is used to analyze data and modeling paths with latent variables. According to Ghozali and Latan

(2020:7), PLS-SEM analysis usually consists of two model sub-chapters, namely a measurement model called the outer model and a structural model called the inner model. The measurement model shows how the manifest variable or observed variable represents the latent variable to be measured. While the structural model shows the strength of estimation between latent variables or constructs.

## RESULT AND DISCUSSION

### Description of MSME Respondent

MSME actors from Banyumas, Brebes, and Cilacap are respondents to this study. A total of 200 people who answered collected a successful questionnaire. Respondents' characteristics included gender, age, religion, region, company seniority (years), criteria, ownership structure, and type of business. Table 2 shows statistical descriptions of respondents.

**Table 2. Statistical Description of the respondents**

| Respondents | Categories                     | Frequency | Percentage |
|-------------|--------------------------------|-----------|------------|
| Gender      | Male                           | 104       | 52%        |
|             | Female                         | 96        | 48%        |
| Age         | 19-28                          | 35        | 17,5%      |
|             | 29-38                          | 54        | 27%        |
|             | 39-48                          | 54        | 27%        |
|             | 49-59                          | 49        | 24,5%      |
|             | 60-87                          | 8         | 4%         |
| Religion    | Islam                          | 198       | 99%        |
|             | Konghucu                       | 1         | 0,5%       |
|             | Kristen Protestan              | 1         | 0,5%       |
| Region      | Banyumas                       | 133       | 66,5%      |
|             | Brebes                         | 34        | 17%        |
|             | Cilacap                        | 33        | 16,5%      |
| Years       | <2 Years                       | 43        | 21,5%      |
|             | 2-6 Years                      | 94        | 47%        |
|             | 7-11 Years                     | 33        | 16,5%      |
|             | 12-16 Years                    | 11        | 5,5%       |
|             | 18-23 Years                    | 9         | 4,5%       |
|             | 24-55 Years                    | 10        | 5%         |
| Criteria    | Micro                          | 124       | 62%        |
|             | Small                          | 60        | 30%        |
|             | Medium                         | 16        | 8%         |
| Ownership   | Privately-owned Business       | 170       | 85%        |
|             | Family Business                | 25        | 12,5%      |
|             | Commanditaire Vennotschap (CV) | 4         | 2%         |
|             | Limited Liability Company (PT) | 1         | 0,5%       |
| Type        | Food                           | 88        | 44%        |



| Respondents | Categories | Frequency | Percentage |
|-------------|------------|-----------|------------|
|             | Fashion    | 16        | 8%         |
|             | Service    | 29        | 14,5%      |
|             | Craft      | 5         | 2,5%       |
|             | Farm       | 1         | 0,5%       |
|             | Store      | 61        | 30,5%      |

Source: Primary Data Processed, 2024

Based on table 2, 52 percent of the respondents, or 104 people, were men with an average age between 44 and 48 years. The majority of respondents were Muslim (99%; n = 198). This research involved six small and medium industries (MSMEs), which accounted for 43.5% (n = 87) of the total culinary industry. Followed by 30.5% (n = 61) from the store field; 8.5% (n=17) of fashion; 2.5% (n=5) of the boat field; and 0.5% (n=1) from livestock. In addition, the micro business category represents 61.5% of the MSME criteria. Privately owned businesses dominate the ownership structure (85%; n=170). The longest working time criterion was two to six years (47%; n=94).

### Convergent Validity

The convergent validity value is a measure of the correlation between constructs and highly correlated latent variables. The loading factor value for latent variables greater than 0.7 will produce an ideal value and the indicator is declared valid (Hair et al., 2019). All indicators of these variables have a correlation value of more than 0.7, as shown in the figure below. Therefore, it can be concluded that these indicators can be used as a measure.

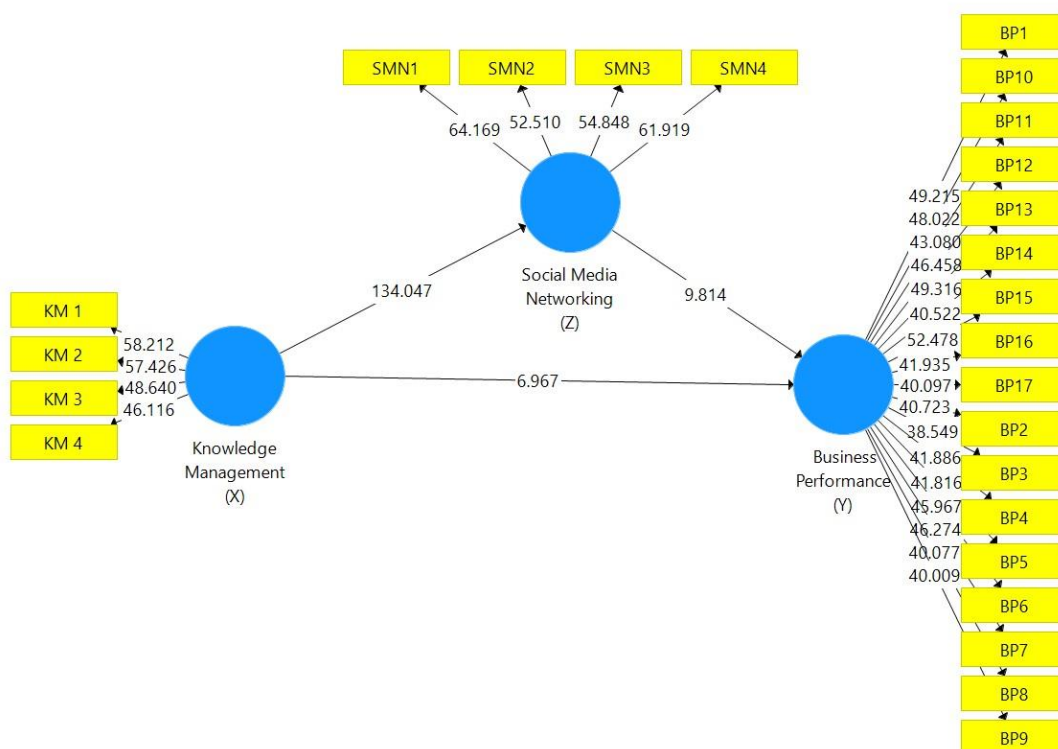


Figure 2. Variable Correlation

Source: Results of data processing with Smart PLS, 2024

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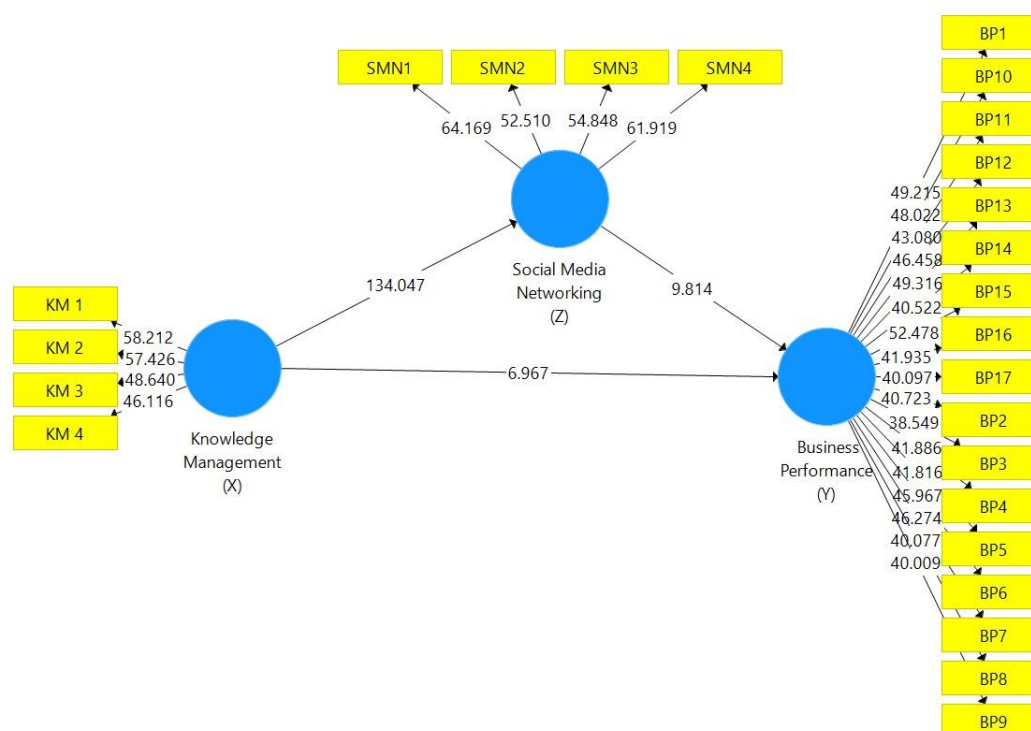
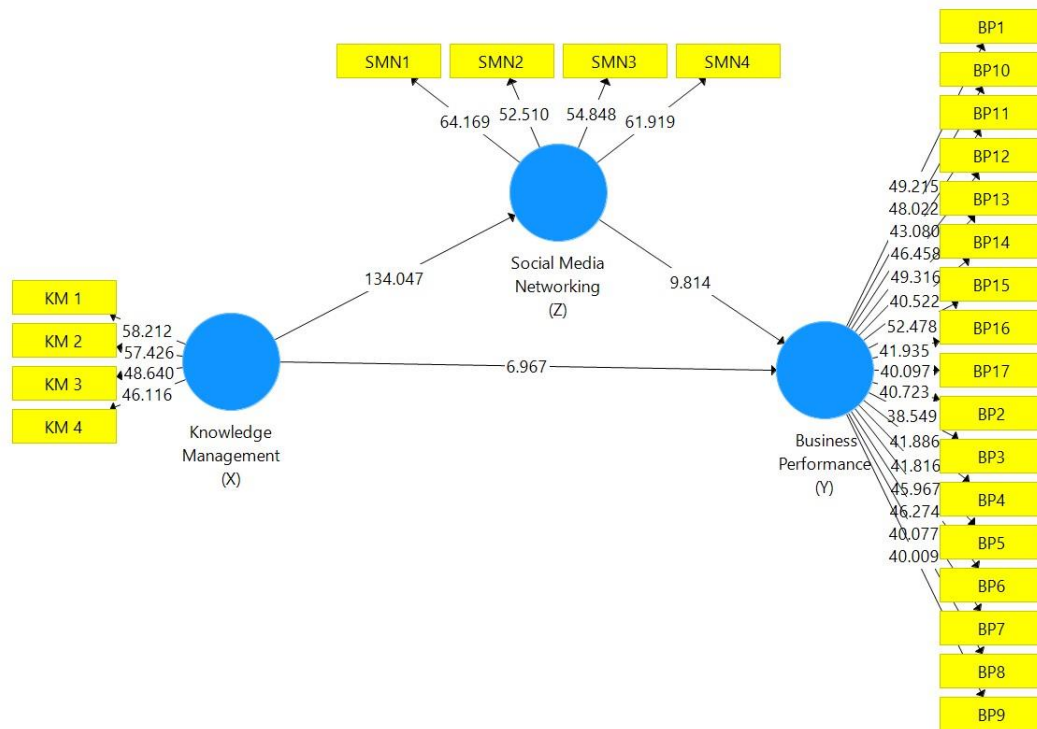


Figure 2. Variable Correlation

Source: Results of data processing with Smart PLS, 2024



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**Discriminant Validity Test**

The purpose of the Discriminant Validity test is the ability to quickly distinguish constructs from other constructs, as well as the degree of variation between constructs and related indicators (Hair et al., 2013). Used to evaluate discriminant validity, the Fornell-Lacker test uses the diagonal value of the square root of AVE, which shows the variation between the construct and its item. In addition, off-diagonal elements measure quadratic correlations between latent constructs (Fornell & Larcker, 2014). It will be considered reliable if the AVE threshold is 0.5 (Chin et al., 1998).

**Tabel 3. Forner-Lacker criterion analysis for discriminant validity**

|                         | AVE   | Knowle<br>dge<br>Manage<br>ment | Business<br>Performance | Social<br>Media<br>Networking |
|-------------------------|-------|---------------------------------|-------------------------|-------------------------------|
| Knowledge Management    | 0.821 | 0.906                           | 0.969                   |                               |
| Business Performance    | 0.793 |                                 | 0.891                   |                               |
| Social Media Networking | 0.845 | 0.965                           | 0.975                   | 0.919                         |

Source: Results of data processing with Smart PLS, 2024

Table 3 shows the value of composite reliability and average variance extracted (AVE). According to (Ghozali et al., 2015), to meet convergent validity requirements, the average

variance extracted (AVE) value  $> 0.5$  to meet reliability requirements. From the table above, it is concluded that the model from the study has met the requirements.

### **Composite Reliability Test**

The Composite reliability test stage is carried out with the aim of evaluating how reliable the research variables are. Composite reliability can be used to evaluate internal consistency between variables observed in the same construct. This is done to ensure that the observed variables estimate closely related factors or constructs (Hair et al., 2013). Composite reliability that has a value greater than 0.7 is considered reliable. Based on the data in the table below, the value of knowledge management, social media networking and business performance has a value greater than 0.7 so the variable is said to be reliable.

**Tabel 4. Composite Reliability Test**

| <b>Latent Constructs</b> | <b>Composite Reliability</b> |
|--------------------------|------------------------------|
| Knowledge Management     | 0.948                        |
| Business Performance     | 0.985                        |
| Social Media Networking  | 0.956                        |

*Source: Results of data processing with Smart PLS, 2024*

### **R-Square ( $R^2$ ) and Q-Square ( $Q^2$ )**

The  $R^2$  value refers to the measurement of the predictive accuracy of the structural model (Chin et al., 1998). Endogenous constructs are Business performance and Social Media Networking which each have an  $R^2$  value of 0.962 and 0.931 in table 5.

**Tabel 5. Results of  $R^2$  and  $Q^2$**

|                         | <b>R Square</b> | <b>R Square Adjusted</b> | <b>Q Square</b> |
|-------------------------|-----------------|--------------------------|-----------------|
| Business Performance    | 0.962           | 0.962                    |                 |
| Social Media Networking | 0.931           | 0.931                    |                 |

*Source: Results of data processing with Smart PLS, 2024*

According to Ghozali et al. (2015), R-Square values of 0.75, 0.50, and 0.25 indicate the influence of strong, moderate, and weak models. Table 5 shows an R-Square Business performance value of 0.962. The results showed that knowledge management and social media networking affected business performance, with the remaining 2% influenced by variables other than the variables studied.

Next, evaluate the structural model in terms of its predictive relevance to cross-validated redundancy  $Q^2$  values according to endogenous constructions. The blindfolding technique creates an omission distance of 7 as stated in the literature (Hair et al., 2013), the structural model applies reflective indicators to calculate the Stone-Geisser parameter  $Q^2$  (Geisser, 1974; Stone, 1974). Business Performance has a  $Q^2$  value of 0.962, the  $Q^2$  value is classified as positive, so it can be concluded that the PLS structural model has good predictive relevance structurally.

### F-Square ( $F^2$ )

The  $F^2$  value illustrates the magnitude of the influence of exogenous latent variables on endogenous latent variables in the structural order. According to Chin & Marcoulides (1998), if the  $F^2$  value is more than 0.02 but smaller than 0.15, it is categorized as a small influence, the  $F^2$  value lies between 0.15 and 0.35, it is categorized as a moderate influence, and if the  $F^2$  value is more than 0.35, it is categorized as a large influence.

**Tabel 6. Results of  $F^2$**

|                         | Business Performance | Spiritual Capital |
|-------------------------|----------------------|-------------------|
| Knowledge Management    | 0.312                | 13.528            |
| Business Performance    |                      |                   |
| Social Media Networking | 0.610                |                   |

*Source: Results of data processing with Smart PLS, 2024*

Based on the f-square table reveals a result of 0.312 in Knowledge Management on Business performance which means that human capital has a moderate or moderate influence on Business performance. Knowledge Management of Social Media Networking revealed 13,528 results which means that Knowledge Management has a weak influence on Social Media Networking. Social Media Networking on business performance revealed 0.610 results which means Social Media Networking has a strong influence on business performance.

### Model Structure Analysis

Bootstrapping was used on 200 data and 500 samples to normalize the data and check the statistical significance of the path coefficients. The results of the path coefficient significance test for each variable are in table 7.

**Table 7. Total Effects**

|  | Original Sample (O) | Sample Mean (M) | Standard Deviation | T Statistics | P Values | Decision  |
|--|---------------------|-----------------|--------------------|--------------|----------|-----------|
| Knowledge Management -> Business Performance (H1)    | 0.969               | 0.968           | 0.007              | 133.221      | 0.000    | Supported |
| Social Media Networking -> Business performance (H2) | 0.577               | 0.573           | 0.052              | 11.152       | 0.000    | Supported |

*Source: Results of data processing with Smart PLS, 2024*

**Table 8. Specific Indirect Effects**

|   | <b>Original Sample (O)</b> | <b>Sample Mean (M)</b> | <b>Standard Deviation</b> | <b>T Statistics</b> | <b>P Values</b> | <b>Decision</b> |
|---|----------------------------|------------------------|---------------------------|---------------------|-----------------|-----------------|
| Knowledge Management -> Social Media Networking-> Business Performance (H3) | 0.557                      | 0.552                  | 0.049                     | 11.250              | 0.000           | Supported       |

*Source: Results of data processing with Smart PLS, 2024*

The research hypothesis can be stated as significant if the P-Values  $< 0.05$  and declared significant if the t-table  $> 1.96$  (Ghozali & Latan, 2015). All relationships are said to have a positive direction if the original value of the sample (O) shows a positive value, while the hypothesis that has a negative direction then the original value (O) shows a negative value.

## Discussion

### First Hypothesis Test Results

The results of the bootstrapping test in table 7 show that the P-Value of Knowledge Management on business performance is 0.000 which is lower than 0.05 and the original sample (O) has a result of 0.969 which has a positive direction as determined by the direct influence test using PLS analysis. These results conclude that Knowledge Management has a positive and significant influence on business performance and confirm that the first hypothesis is supported.

This research is in accordance with research conducted by Saraswati & Widiartanto (2016) on the creative industry in the city of Semarang states that there is an influence of knowledge management on organizational performance. The performance of MSMEs continues to grow along with the improvement of knowledge management. Things needed for development into MSMEs that have competitive power and become superior MSMEs.

With the higher knowledge management knowledge obtained so that it can create new knowledge that is likely to be able to improve a higher business performance. The results of research by (Yonita et al., 2019), (Endah Prihartini, 2019), (Rukaiyah & Muliana, 2018) and (Nikmah Hanum, Jono Mintarto Munandar, 2020) show that knowledge management affects business performance.

### Second Hypothesis Test Results

The results of the bootstrapping test in table 7 show that the P-Value of Knowledge Management on Social Media Networking is 0.000 which is lower than 0.05 and the original sample (O) has a result of 0.964 which has a positive direction as determined by the direct influence test using PLS analysis. These results conclude that Knowledge Management has a positive and significant influence on Social Media Networking and confirm that the first hypothesis is supported.

Research shows that Knowledge Management has a positive influence on Social Media Networking. Social media on the internet plays an important role in the implementation of the Knowledge Management process. The Internet offers new opportunities to use knowledge assets, define and deploy new types of knowledge assets, even outside the organization. On the internet, social media emerged that allowed internet-based knowledge sharing systems. Social media is nothing new and has undergone many changes that allow for more interactive interaction and a larger number of users now. The results showed that Knowledge Management and social media have almost

similar components. This enables the role of social media in the implementation of Knowledge Management, as collaboration tools come with clear business goals.

Research on Micro, Small and Medium Enterprises (MSMEs) shows that Knowledge Management has a positive influence on Social Media Networking. In the context of MSMEs, Knowledge Management refers to efforts to manage knowledge and information efficiently and effectively in organizations. Meanwhile, Social Media Networking includes the use of social media platforms to interact, share information, and network with customers, business partners, and communities. According to research conducted by Lyna Latifah, Nurdian Susilowati & Indah Anisykurlillah. Knowledge Management has a positive influence on Social Media Networking. In a business context, Knowledge Management helps organizations in managing knowledge and information efficiently, while Social Media Networking enables interaction and collaboration between individuals through online social platforms. The combination of the two can improve organizational performance and success, especially in today's digitalization era.

It is important to understand how knowledge is managed and shared through social media in order to maximize its benefits. By utilizing these two aspects wisely, organizations can achieve competitive advantage and strengthen relationships with customers as well as business partners. Thus, knowledge management Knowledge Management and the use of Social Media Networking can help MSMEs in improving their performance and competitiveness. The better MSMEs utilize knowledge and technology, the greater their chances to develop and contribute to the national economy.

### **Third Hypothesis Test Results**

The results of the bootstrapping test in table 8 show that the P-Value of Knowledge Management on business performance with Social Media Networking as a mediation variable is 0.000 which is lower than 0.05 and the original sample (O) has a result of 0.557 which has a positive direction as determined by a direct influence test using PLS analysis. These results conclude that Social Media Networking mediates the influence of Knowledge Management on business performance and confirms that the third hypothesis is supported.

Resource based view theory (RBV) can be seen as a source of sustainable competitive advantage for businesses. Where this theory emphasizes that the superiority of resources on social media networks can be seen as a source of sustainable competitive advantage for a business. In this case social media networks, these resources and capabilities can include enhanced knowledge and collaboration through the use of social media platforms. The use of social media platforms can help in individual and collective knowledge sharing, as well as facilitate tacit knowledge sharing, which can be considered important in a new business model. Knowledge Management includes knowledge that can be obtained from networks or social media platforms. The use of Knowledge Management can have an impact on helping MSMEs in managing the information and knowledge needed to improve business performance. The results of this study are in line with research by (Wade and Hulland, 2020) which states that the impact of social media can mediate the influence of Knowledge Management on Business Performance.

### **CONCLUSION**

The purpose of this study is to determine the influence of Knowledge Management and Social Media Networking on Business Performance with the population used in this study being MSME actors in Banyumas, Brebes, and Cilacap. MSME respondents amounted to 200 respondents. This

research uses a type of survey research by distributing questionnaires in the form of google forms to MSME actors in Banyumas, Brebes, and Cilacap so it can be concluded that Knowledge Management has a positive and significant influence on Business Performance, then Knowledge Management also has a positive and significant influence on Social Media Networking, as well as Social Media Networking mediate the influence of Knowledge Management on Business Performance.

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