

Abstract

In the current digital era, Instagram has become one of the most widely used social media platforms by Micro, Small, and Medium Enterprises (MSMEs) for marketing, customer engagement, and sales. However, there is still limited research on how several factors influence Instagram adoption and its impact on business performance, especially in Singkawang. This study aims to analyze the influence of perceived usefulness, cost-effectiveness, and interactivity on Instagram usage, as well as how Instagram affects the business performance of MSMEs in Singkawang.

This study used a quantitative research method by distributing an online questionnaire via Instagram and offline to MSMEs owners in Singkawang. The sample of this research is 75 MSMEs respondents who use Instagram for their businesses. The author used SmartPLS 4 to analyse the data, for example, outer loadings, construct reliability and validity, path coefficient, p-value, and R-squared values. The results show that perceived usefulness has a significant and positive influence on Instagram usage; meanwhile, cost effectiveness and interactivity do not show a significant impact. Among the three variables, perceived usefulness is the strongest factor, followed by cost effectiveness, and interactivity is the weakest factor. Additionally, Instagram usage significantly influences business performance. These findings describe that MSMEs are more likely to use Instagram when they find it useful, which could also improve their business performance.

Keywords: Business Performance, Instagram, Perceived Usefulness, Singkawang MSMEs, Social Media Marketing.