



Influence of Social Media on the Performance of Small and Medium Scale Enterprises

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Abstract

This study was on the influence of social media on the performance of small and medium scale enterprises in Anambra State, Nigeria. The research employs a survey which elicited opinions of artisans and small scale businesses owners in Anambra State using questionnaires. The study made use of a random sample of 300 Artisans and small scale businesses in Onitsha, Awka and Nnewi. The primary source of data was collected used in this study. The various hypotheses were tested using Spearman's Rank Correlation test at 5% level of significant. The results of this study have been presented and discussed in previous section. The results show that there is a significant positive correlation between social media usage and sales performance of SMEs in Anambra State. The results also show that there exist a significant positive relationship between social media usage and customer base of SMEs in Anambra State. A significant positive relationship was also found to exist between social media usage and profitability of SMEs in Anambra State. These findings lead to the conclusion that social media usage has significant positive relationship with performance of SMEs in Anambra State. Based on the findings in this study, it is recommended that small scale businesses and entrepreneurs should make efficient use of the social media in order to improve their awareness, increase customer base and in the long run increase profitability.

Keywords: *Influence, Social Media, Performance, Small, Medium.*

Introduction

Social media are computer-based technologies that facilitate the creation and sharing of ideas, information, career interests and other forms of expression via virtual communities and networks. Social media has gained a lot of popularity over the past few years and companies are gradually shifting their advertising priorities to align better with today's buyers who are mainly tech savvy (Odhiambo & Adhiambo, 2012).

Kaplan and Haenlain (2010) define social media as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, new generation of online technologies and applications that became available to the mainstream online public; and that allow the creation and exchange of User Generated Content. Social media play vital roles in marketing and relationships building with customers. As a result of limited entry barrier to social media, small and medium scale businesses are beginning to use social media as a means of achieving business goals.

Adegbuyi, Akinyele & Akinyele (2015) state that typical goals for small businesses may include survival, growth, customer satisfaction, developing new product lines, creating outstanding value for customers and other stake holders and service offerings, profitability,

reduced operating cost and developing a great company amongst others. Social media helps businesses connect with customers so as to build relationships and help to take advantage and understand better the needs of customer. A business having presence in social media network ensures that their messages reach as many audience and customers as possible. Social media bring about numerous opportunities for small businesses to market their products and provide more profitable interrelationships. The most important aspect of social media is that it is free to access, it only requires an objective goal of building followers which may become prospective customers in the future. This present study attempts to ascertain the influence of social media on the performance of SMEs in Anambra State.

Objectives of the Study

The main objective of this study is to ascertain the influence of social media on the performance of small and medium scale enterprises. The specific objectives include:

1. To ascertain the effect of social media on sales performance of SMEs in Anambra State
2. To determine the relationship between social media and

customer base of SMEs in Anambra State.

3. To find out the relationship between social media and profitability of SMEs in Anambra State.

Research Hypotheses

The following hypotheses are of interest in this study:

1. H0: The use of Social media by SMEs in Anambra State do not have significant relationship on their sales performance.
H1: The use of Social media by SMEs in Anambra State has significant relationship on their sales performance.
2. H0: there is no significant relationship between social media and customer base of SMEs in Anambra State
H1: there is a significant relationship between social media and customer base of SMEs in Anambra State.
3. H0: there is no significant relationship between social media and profitability of SMEs in Anambra State.
H1: there is significant relationship between social media and profitability of SMEs in Anambra State

REVIEW OF RELATED LITERATURE

Business strategies focusing on social media are based on people, as the customers have the final say on how the product and services are offered. Businesses need to identify the critical nature and importance of using social media as marketing tools. Dahnil, Marzuki, Langgat & Fabeil (2014) reviewed the academic literature on factors that drive social media marketing adoption in SMEs and organization. The topic enables the establishment of a balanced picture of the current state of global social media marketing adoption research. The study found that Internal factors such as users and individual are the main contributors that affect the adoption. It also offers a useful means to analyze the kinds of research that needs to be pursued to make additional research progress in the related area of social media marketing

Carson, Maxwell, Lyons & Roy (2016) sought to understand how and why small and medium-sized enterprises (SMEs) utilize social media marketing platforms and how social media marketing success is evaluated. The study used a qualitative exploratory research design and interviewed owners of four SMEs about the use of social media marketing within their businesses. Results of the

study revealed that social media marketing is popular because of its small and limited budget requirement and sustained through existing, free platforms. The study also found that small business owners would like to be more purposeful with their social media marketing, but they lack both the time and technical skill needed to manage this dimension of the business. The study recommended that researchers should continue to develop and test theories which will guide SME owners toward fully integrated social media marketing strategies to best engage, inform, and educate new and potential customers.

Öztamura & Karakadılarb (2014) analyzed the role of social media as a new marketing strategy tool for the performance of Small and Medium-Sized Enterprises (SMEs). The research was a case study dealing with the comparison and analysis of four American and Turkish companies' Facebook and Twitter accounts in terms of the number of likes and followers, richness of content, interaction with customers and the use of language. Within this research, the qualitative method is used in order to see how these companies engage with their customers online and use social media as a strategic tool of social network marketing (SNM). The findings in this study suggests that the common problems of the Turkish SMEs are related with using formal language during the customers communication process and creating unattractive content lacking richness to attract their customers' attention in their social media activities. Another noteworthy point is that from the American SMEs perspective they are less effective in using Twitter when compared to their Facebook accounts.

Salam & Hoque (2019) investigated empirically the effects of Relationship Marketing (RM) on the SME Performance and the moderating role of Social media on the effect of RM on SME performance. The study employed a structured survey of 384 owners of SMEs in Bangladesh via cluster random sampling. The hypotheses were tested using SEM-AMOS package 22.0 based on configuration theory. The result of the study reveals that relationship marketing strategy has significant effect on Bangladeshi SME performance and that Social media significantly moderate the effect of RM on SME performance in Bangladesh. The study concludes that there is a dire need to focus on RM strategy and Social media for SMEs to boost performance and its sustainability. Tajvidi & Karami (2017) investigated the influence of social media on firm performance with mediating role of marketing capabilities in the hotel industry in United Kingdom. The survey data was collected by mail survey from a sample of 384 hotels in the UK. The study employed a structural equation modelling method as method of data analysis. Results from the data analysis demonstrate the positive and significant relationship between social media use and firm performance. The findings of the study revealed that marketing

capabilities: branding and innovation, positively and significantly mediate the association between social media use and firm performance.

Mahboub (2018) examined the impact of Social Media Usage (SMU) on performance of banking sector. The research studied SMU -specifically Facebook usage- in the banking sector of twelve different countries in the Middle East and North Africa (MENA) region. The data was collected from the annual reports of the selected banks as well as from Social-baker database during the period of 2012 – 2016. Simple linear regression models were applied to find the impact of SMU on each facet of bank performance. The results of the study shows a positive and significant impact of SMU on financial and non-financial performance of banks in MENA countries in terms of growth, profitability, and environmental performance.

The study recommended that managers of the banking sector in MENA countries should be conscious that their banks' performance could be enhanced by developing capabilities and competences related to SMU and by having a strong intention to use these tools.

Josee, Karemu, Kanchori & Okibo (2014) investigated if the Kenyan Small and Medium Enterprises have followed suit to Social media networks trend and whether there were tangible benefits attached to this new mode of doing business. This study used descriptive statistics and targeted a population of 65 respondents operating SMEs at Yaya centre in Nairobi. The study gave the benefits of social media for internationalization as: huge exposure that company can generate, the relatively low costs associated with it, the possibilities for customer segmentation and targeting it provides and the market insight that can be gained from analyzing consumers' online behaviour and interacting with them through social networks. The study recommended that for SMEs to fully use social media networks in their business, the government needs to increase the diffusion of internet infrastructure and hardware required for accessing the internet.

Nuseir (2018) highlights some areas of Digital Media utilization in enhancing and facilitation of Small and Medium-sized enterprises (SMEs). The study reviewed relevant articles to strengthen the knowledge base and increase awareness of the practitioners and end users, the SMEs. The findings in the study revealed the innovative characteristics of digital media for SMEs, especially in the Middle East and UAE, pointing out a positive link between Digital Media and business performance. It has been identified that the SMEs can reach customers throughout the globe without consideration of time and geographical zones. The digital communication, marketing, live chatting and online payments through digital media are highly easy, convenient, time and cost saving and sustainable.

Ekanem & Erukusin (2014) critically analyse the emergence of social media (SM) and its impact on SME performance. This study employed a qualitative methodology for gathering information which has been able to provide clear insights, good quality and rich data from the direct source. This approach leads to a better understanding and knowledge of SME's strategy and attitude to social media as opposed to a quantitative means of collecting data as used in previous studies. The findings in the study reveals that there is a relationship between the growth of a company's market share and the adoption of social media. There is also evidence that SM helps to improve sales figure, brand image and awareness. The findings in this study also suggest that SM helps to improve communication between companies and customers. The study recommended that SMEs should be encouraged to establish their presence on different social media networks in order to enhance their performance.

Adegbuyi, Akinyele & Akinyele (2015) examined the effect of social media marketing on small scale business performance. The study used one hundred and fifty copies of questionnaire administered to owner-managers and employees of selected SME's in Ota Metropolis of which one hundred and thirty five of the questionnaires were returned completely filled and fifteen were not returned. ANOVA, Correlation and other statistical tools were used in testing the desired hypotheses. A descriptive approach is presented, followed by an in-depth structured questionnaire with the small business owners. The study reveals the different strategies the owner uses to build and maintain relationships with consumers. By promoting another business or their product, they may promote yours. Engaging others makes your business visible to their audience and has the potential to reach hundreds or thousands of consumers. Focusing more on relationships than sales, increases sales.

Rambe (2017) explored the extent to which tourism SMMEs utilize social media technologies (SMTs) to extend their market share and the implications thereof for the competitiveness of their business operations. Drawing on a quantitative approach, a survey was conducted on 234 tourism SMMEs' owner/managers in the Free State province of South Africa to establish the impact of social media marketing on the competitiveness of their businesses. The results of the study suggests that tourism SMMEs employed social media marketing predominantly for online marketing of their products/services, promoting their products/services, attracting existing customers, and sometimes, for integrating it into their marketing strategies. Results of correlation analysis revealed that social media marketing is positively and significantly related to the competitiveness of tourism SMMEs.

METHODOLOGY

The research employs a survey which elicited opinions of artisans and small scale businesses owners in Anambra State using questionnaires. The study made use of a random sample of 300 Artisans and small scale businesses in Onitsha, Awka and Nnewi. The primary source of data was collected used in this study. The various hypotheses were tested using Spearman's Rank Correlation test at 5% level of significant. The SPSS version 25 was used to run the tests of hypotheses.

RESULTS AND DISCUSSION OF FINDINGS

The results of the test of hypotheses in this study is presented in this section. 285 valid questionnaires were returned and subsequently used in the analysis. The Spearman's correlation coefficient and associated tests was employed in testing the desired hypotheses at 5% level of significance, the results are presented below:

Hypothesis 1:

H0: The use of Social media by SMEs in Anambra State do not have significant relationship with their sales performance.

Versus

H1: The use of Social media by SMEs in Anambra State has significant relationship with their sales performance

The hypothesis is tested at 5% level of significance. The decision rule is to reject the null hypothesis if the P-value associated with the test statistics is less than 0.05 (5%) level of significance. The result of the hypothesis is presented in table 1.

Table 1: correlation Measures of social media usage and sales performance

			work-life balance	employees' productivity
Spearman's rho	work-life balance	Correlation	1.000	.642
		Coefficient		
		Sig. (2-tailed)	.	.023
		N	285	285
	employees' productivity	Correlation	.642	1.000
		Coefficient		
Sig. (2-tailed)		.023	.	
	N	285	285	

Decision: since the p-value of the hypothesis is less than the level of significance we reject H_0 and conclude that there is a significant positive correlation between social media usage and sales performance of SMEs in Anambra State. 64.2% correlation was found to exist between social media usage and sales performance of SMEs in Anambra State. This means that a unit increase in the use of social media brings about 64.2% increase in sales of SMEs in Anambra State and vice-versa.

Hypothesis 2:

H_0 : there is no significant relationship between social media usage and customer base of SMEs in Anambra State.

Versus

H_0 : there is no significant relationship between social media usage and customer base of SMEs in Anambra State.

Hypothesis 2 was tested at 5% level of significance. The result of the hypothesis is presented in table 2.

Table 2: correlation Measures of social media usage and customer base of SMEs in Anambra State

			work-life balance	employees' productivity
Spearman's rho	work-life balance	Correlation Coefficient	1.000	.733
		Sig. (2-tailed)	.	.001
		N	285	285
	employees' productivity	Correlation Coefficient	.733	1.000
		Sig. (2-tailed)	.001	.
		N	285	285

The results in table 2 reveals that 73.3% relationship exist between social media usage and customer base of SMEs in Anambra State. The test of correlation coefficient leads to the rejection of the alternative hypothesis that there exist a significant positive relationship between social media usage and customer base of SMEs in Anambra State. The result suggests that a unit increase in social media usage brings about a proportionate increase in customer base of SMEs in Anambra State.

Hypothesis 3

H_0 : there is no significant relationship between social media and profitability of SMEs in Anambra State.

Versus

H1: there is significant relationship between social media and profitability of SMEs in Anambra State.

The hypothesis was tested at 5% level of significance and the result is presented in table,

Table 3: correlation Measures of social media usage and profitability of SMEs in Anambra State

			work-life balance	employees' productivity
Spearman's rho	work-life balance	Correlation Coefficient	1.000	.509
		Sig. (2-tailed)	.	.042
		N	285	285
	employees' productivity	Correlation Coefficient	.508	1.000
		Sig. (2-tailed)	.042	.
		N	285	285

The results in table 2 reveals that 50.8% relationship exist between social media usage and profitability of SMEs in Anambra State. The test of correlation coefficient leads to the rejection of the alternative hypothesis that there exist a significant positive relationship between social media usage and profitability of SMEs in Anambra State. The result suggests that a unit increase in social media usage brings about a proportionate increase in profitability of SMEs n Anambra State. The low but significant correlation that exist between social media usage and profitability of SMEs in Anambra State may suggest that there are other factor contributing to profitability of SMEs other than social media marketing. These could be factors of production, management styles put in place, motivation, etc

CONCLUSION AND RECOMMENDATIONS

The results of this study have been presented and discussed in previous section. The results show that there is a significant positive correlation between social media usage and sales performance of SMEs in Anambra State. The results also show that there exist a significant positive relationship between social media usage and customer base of SMEs in Anambra State. A significant positive relationship was also found to exist between social media usage and profitability of SMEs in Anambra State. These findings lead to the conclusion that social media usage has significant positive relationship with performance of SMEs in

Anambra State. Based on the findings in this study, it is recommended that small scale businesses and entrepreneurs should make efficient use of the social media in order to improve their awareness, increase customer base and in the long run increase profitability.

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