

Adoption of social media by small and medium sized (SMEs) enterprises of District Sargodha for promotion of Businesses

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Abstract

Social Media Marketing has become a key driver of growth and competitive advantage in many business enterprises in the developed world. Small and Medium Enterprises in District Sargodha, Punjab Pakistan are faced with numerous challenges which made mortality rate of small businesses very high. Social media marketing has the potential of enhancing the growth of SMEs in Pakistan. However, its adoption rate among SMEs is still low. The objective of this study therefore is to investigate the factors influencing Social Media Marketing adoption by SMEs in Sargodha using the Diffusion of Innovation framework. This study models the adoption social media marketing by SMEs in District Sargodha using Everett Rogers' Diffusion of Innovation theory. The study adopts a cross-sectional survey research design using a structured questionnaire to collect data from 200 SMEs located in District Sargodha, Punjab Pakistan. Data were analysed using multiple regression Ordinary Least Squares Method. Results show that only complexity of social media for all SMEs are significantly determines social media adoption by SMEs. Other dependent factors do not have significant effect on social media adoption. As such, it was recommended that attention should be paid to these variables to drive the adoption social media marketing by SMEs.

Keywords: Social Media Marketing, Diffusion, Adoption, SMEs, Innovation

Introduction

Social media popularity is growing worldwide since the revolution of the Internet in the twenty-first century. It has significantly altered the methods in which entrepreneurs communicate with their target clients. It has also altered the ways in which businesses promote their entities or facilities. Old marketing methods are by radio, television Advertisement, and print Ads are now entirely non-operational due to high cost. However, social media promotes businesses to involve with their targeted clients for free. The only costs are for internet charges, energy and time (Kumarasamy *et al.*, 2017). Social media is elaborated in a definition as "a group of internet-based applications built on the ideological and technological foundations of Web 2.0 and that allows for the creation and exchange of user-generated content". In recent decade, digital technology and related social media applications such as social network sites (SNSs) and microblogging have gained popularity. Social media accessible from child to old age people easily. So, it is good tool for business promotion from small size business to large business size owners (Kaplan *et al.*, 2010). The social media Apps encompasses make friends platforms (Facebook, Instagram, and Twitter), professional networking sites (LinkedIn), media sharing sites (such as YouTube), business societies (Amazon), blogs, and discussion forums (Mokhtar *et al.*, 2017).

Social media (SM) can be used by small and medium-sized enterprises (SMEs) because of its low cost, ease of use and technical manageability, and capacity to connect with and reach a large number of consumers, even though large companies globally can

adopt SM and other internet-based strategies without additional resources (Tajudeen *et al.*, 2018). Adoption of social media is constantly rising in business initiatives in developing countries and is now regarded as a major plan in SMEs (AlQershi *et al.*, 2020); conversely, SMEs use multiple social media platforms (Geurin *et al.*, 2017).

Research objectives

- To examine the current adoption stage of social media platforms for SMEs business promotion. in District Sargodha
- To identify the primary motivations driving to utilize social media for SMEs business promotion in District Sargodha
- To explore the challenges faced by SMEs to adopting social media for business promotion in District Sargodha

Literature Review

The term "digital marketing" (DM) relates to the process of promoting products and services "by means of digital technology, including mobile phones, display advertising, and the internet, among others." (Smith *et al.*, 2012). Digital systems support dynamic information gathering and efficient inventory control. The way marketers engage with consumers has evolved as a result of digital platforms. Online advertising has grown at a parabolic rate by using smartphones and personal computers which are easy to access. On social media (SM) platforms like Facebook, YouTube, Twitter, Instagram, Snapchat, Pinterest, and LinkedIn, advertisers spent USD 51.3 billion in 2017 (Solakis *et al.*, 2024). In 2018, digital advertisements made up USD 273 billion, or 44% of the total amount spent on advertising (USD 629 billion) worldwide (Rahul Goel, 2024). Digital advertisements made up USD 273 billion, or 44%, of all advertisements in 2018. Spending on mobile advertising rose by 39% in 2017 and by 27% in 2018, when it was predicted that mobile advertising would make up 55% of all digital advertising spending. Through effective targeting of particular demographics, direct marketing can achieve growth goals including higher sales, more exposure for the brand, more engagement with customers, and more generation of leads. Consequently, there has been a growing disparity in advertising budgets and marketing spending (USD 629 billion) (Eid *et al.*, 2013).

According to *Statistica*, Ad spending in the Digital Advertising market is projected to reach US\$740.3bn in 2024. The largest market is Search Advertising with a market volume of US\$306.7bn in 2024. In global comparison, most ad spending will be generated in the United States (US\$298bn in 2024). particularly, in 2024, digital advertising in Pakistan is projected to make up 41% of the total advertising budget. The total advertising budget in Pakistan is estimated to be US\$683.10 million in 2024, with digital advertising making up US\$201.8 million.

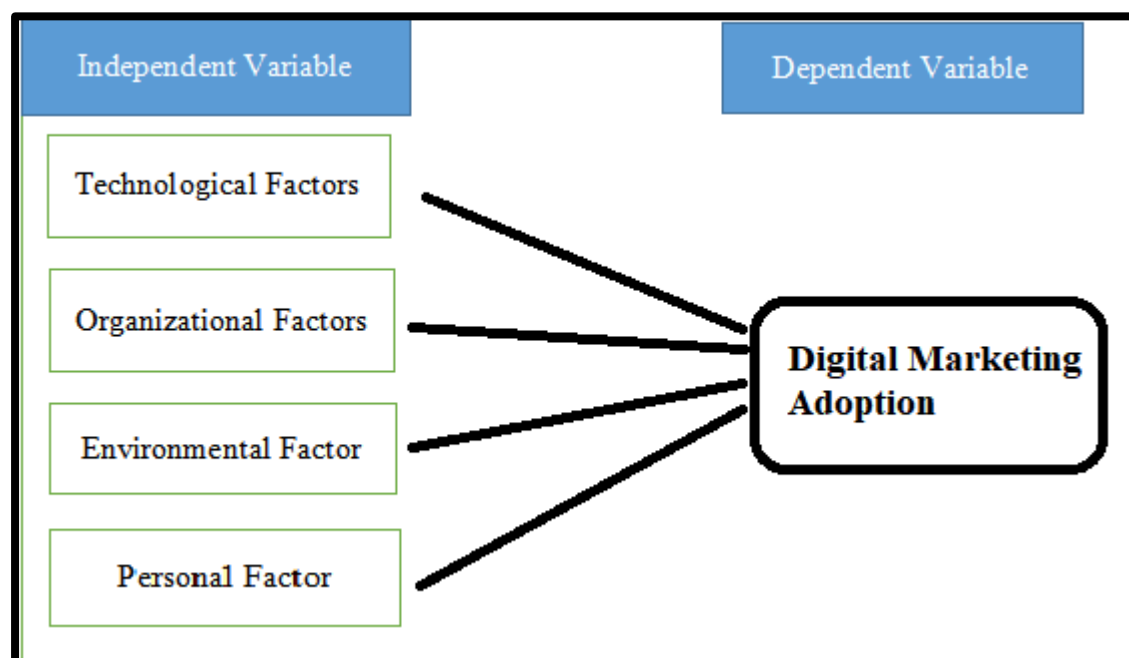
E-commerce has always benefited greatly from direct message marketing (DM), regardless of the distribution method. The information revolution was fully launched in by the internet, which was the third major technical breakthrough (Solakis *et al.*, 2024). Direct Message Marketing (DM) representation includes a range of goods, services, and marketing approaches. This kind of marketing makes use of a variety of digital media. Workers can communicate digitally at any moment. Reaching out to new clients and facilitating their interaction with the company is the main objective of DM. Examples of direct marketing (DM) include search engine optimization, social media, text message marketing, affiliate marketing, email marketing, and internet advertising. Large businesses and organisations are the subject of most of the DM literature, as opposed to smaller ones (Ritz *et al.*, 2019).

Scope of SMEs in Pakistan

SMEs in Pakistan attract the interest of both academics and industry professionals for many reasons. According to Pham *et al.* (2011), SMEs make up more than 78% of Pakistan's workforce, 99% of its 3.2 million firms, the country's USD 86 billion GDP,

and 25% of all exports. ICT has not been widely adopted by Pakistani small and medium-sized businesses, particularly when it comes to day-to-day operations. Currently, there are over 3.2 million SMEs in Pakistan. SMEs are thought to account for about 90% of all firms. They produce 40% of Pakistan's economic development and 70% of all job opportunities. SMEs have a huge presence and impact, but during the first five years, 95% of them fail. Only 2% of the 5% of businesses that are still operating have a website, and of those that do, 25% are SMEs, which has a detrimental impact on employment, living standards, and economic growth (Ullah *et al.*, 2019). SMEs in Pakistan take comparable routes when it comes to applying and utilising Digital Marketing (DM). Small enterprises in Pakistan understand and motivates them and how that influences their performance in order to get the most out of the DM adoption process. While DM has been extensively studied in business-to-consumer contexts, it can also be utilised to boost word-of-mouth recommendations and brand recognition. In particular, Sargodha has established itself as a hub for the production of electrical fixtures by numerous SMEs as the district is connected to the big manufactures cities like Fasialabad, Lahore etc. Consequently, the electrical fittings cluster was the source of primary data that the researchers collected. The reseller market is very huge in Sargodha.

Arif and Sonobe (2012) carried out the survey's. The first wave of survey in 2008 and second wave in 2017. The executive officer or business owner of the companies was personally interviewed as part of the data collection process, and subcontractor workshops were also included. The listing process of the enterprise census posed the most challenge to the survey's execution, as the Sargodha regional Nevertheless, there is a dearth of academic research on the benefits of DM for SMEs. The effects of DM on SMEs have been examined in a minority of scholarly works. Very little is known about SMEs' ability to implement DM and the implications for their business success in Pakistan as a result of the paucity of studies that concentrate on SMEs' adoption of DM (AlSharji *et al.*, 2018). There are four independent variables for dependent variable to understand the Digital marking adoption process to address the Innovation Diffusion Theory (IDT).



Research Methodology

The proposed theory Innovation Diffusion Theory (IDT) and its model followed. The proposed study is descriptive in nature and survey method will be applied for data collection. The data collected by using Random Sampling technique and conducted a survey method with quantitative study. Self-constructed 40 statements to ask as

questions. The likert scale is used in questionnaire to conduct the data from the business-related people. Data was collected from the businessman of small and medium enterprises (SMEs) from district Sargodha. There were a total 200 participants take as a sample who participate in this survey. Quantitative data analyze by using comparative studies with percentage in tabulated form. The response from every respondent of sample have been recorded and analyzed. The scoring was done by using the Liker Scaling Technique assigning a scale value to each of the five responses. The five measuring scales are Agree, Strongly Agree, Neutral, Disagree, Strongly Disagree.

Results

The personal information and profile was taken for field survey by using questionnaire according to the theory of Innovation Diffusion Theory and model as shows in Table 1.

Table 1: Characteristics of Participants personal information

Items	Characteristics	Frequency	Percentage
Age	20 or below	20	10%
	21–40	54	27%
	41–60	87	43.5%
	61–80	29	14.5%
	81–99	10	5.0%
Industry Types	Textile and Clothing	90	45%
	Household Appliances and Equipment	21	10.5%
	Furniture	8	4%
	Retail and wholesale	34	17%
	Gold and diamond	3	1.5%
	Restaurants and Cafes	29	14.5%
	Branded shoes	15	7.5%
Years of Experience in Social Media Usage	1–3	46	23%
	4–6	66	33%
	7–9	54	27%
	Ten or More	34	17%
	Facebook and WhatsApp	114	57%
Type of social media used	X (Twitter)	5	2.5%
	YouTube	34	17%
	Instagram	33	16.5%
	Other: (LinkedIn, Google, Pinterest, and Blogs)	14	7%

Table 1 describes the characteristics of the personal information of all the 200 participants. It includes the age, industry type, Years of experience in social media usage and platform of social media that each participant use like Facebook, instagram, whatsapp etc. The Results of All 40 Questionnaire statements are explain in percentage and shows in figures. Overall results shows that it is profitable and social media helps in SMEs.

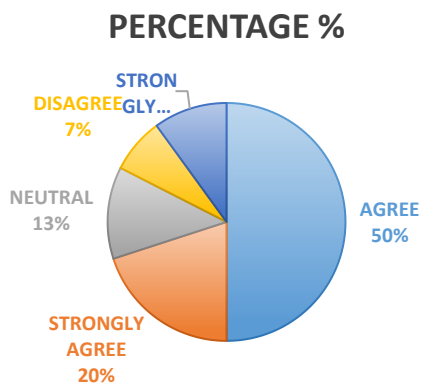


Figure 1: Percentage of participants Posting Business related content on Social media regularly helps to engage with participant followers

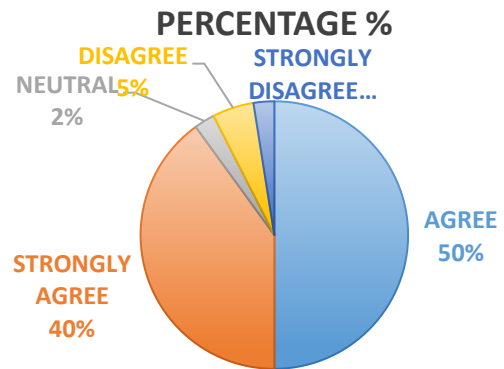


Figure 2: Percentage the use of social media platforms that promote medium or large-scale businesses by participants

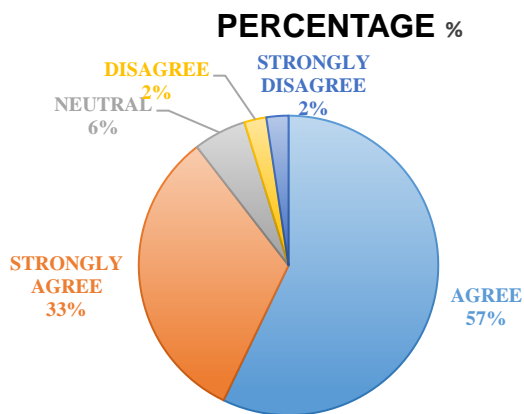


Figure 3: Percentage of participants that use all famous social media sites to advertise their business

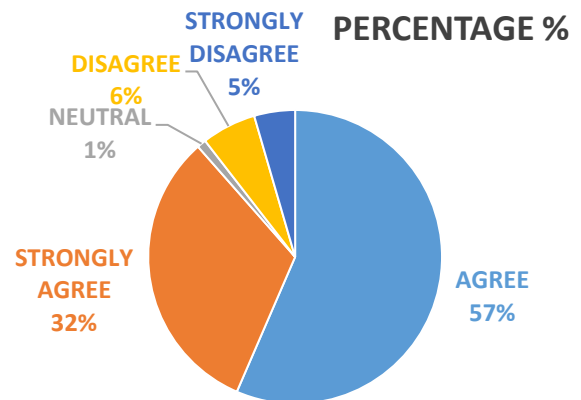


Figure 4: Percentage of participants believe that use of social media platforms boost to explore their business

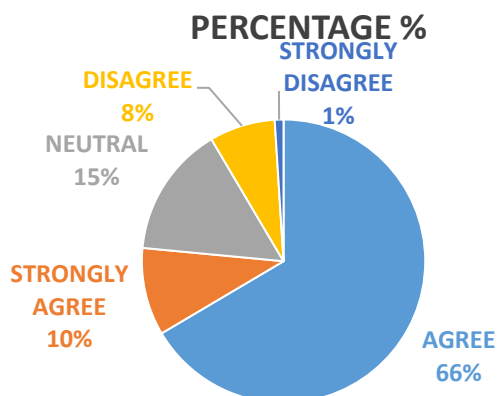


Figure 5: Percentage of participants believe that Social media helps to increase brand awareness related to their business

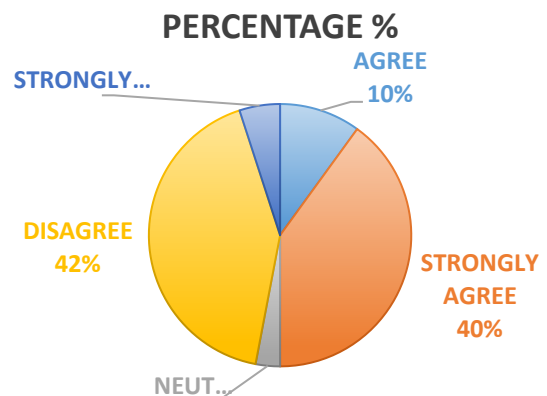


Figure 6: Percentage of participants Face the challenges to create engaging content for social media to promote SMEs

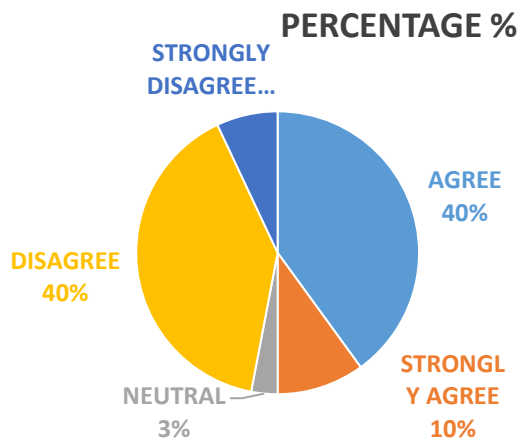


Figure 7: Percentage of participants that Social media is more effective in promoting my business than traditional marketing methods

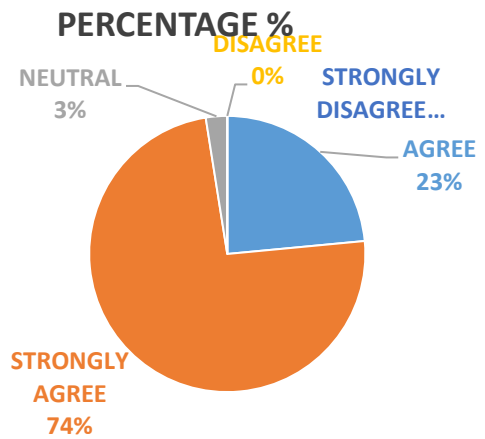


Figure 8: Percentage of participants for Social media marketing is cost-effective as compared to traditional marketing methods

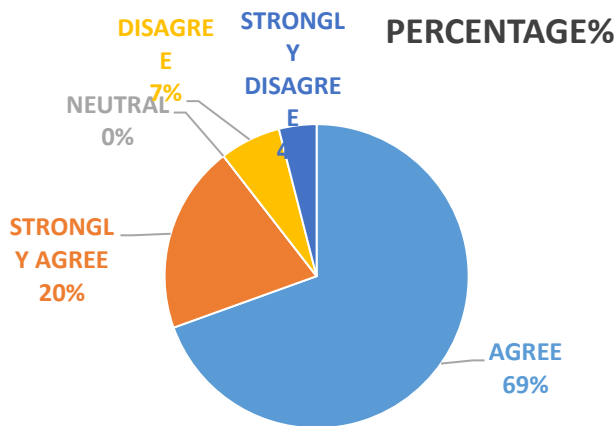


Figure 9: Percentage of participant for a positive return on investment (ROI) for their social media marketing efforts.

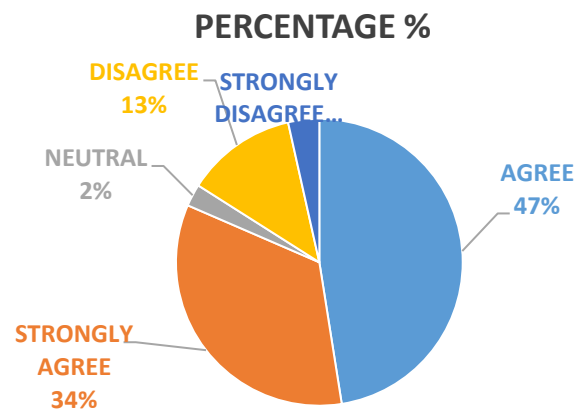


Figure 10: Percentage of participant for People who are unaware or not using social media are challenged to promote business through social media advertisement.

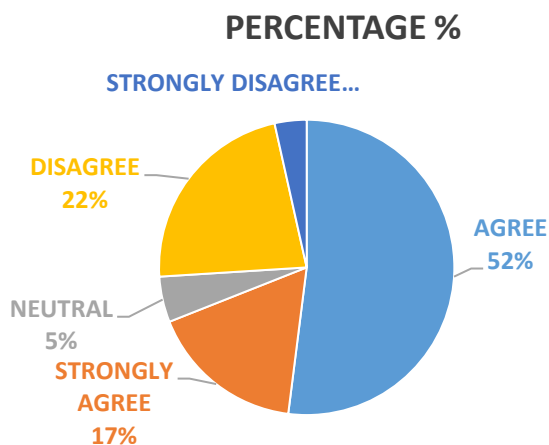


Figure 11: Percentage of participants that Manage their business physically in Sargodha City is more profitable as compare to export my products to other cities by using social media advertisements.

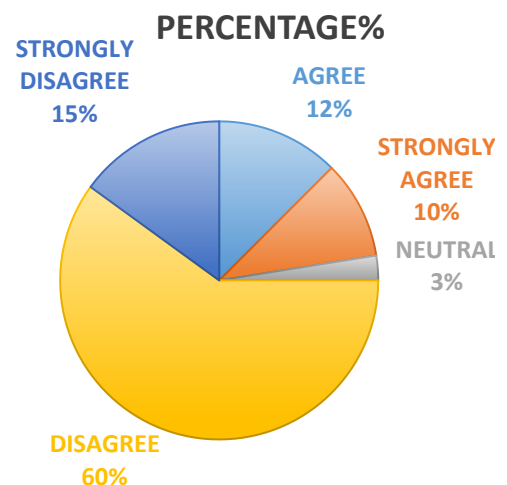


Figure 12: Percentage of participants who believe that Digital marketing is necessary for all sized business.

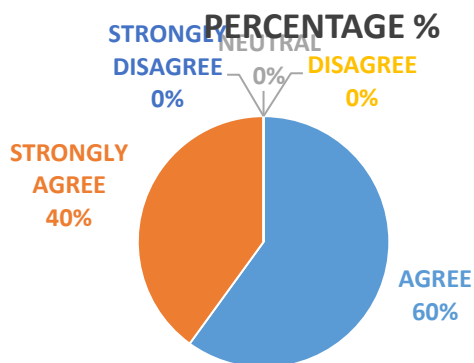


Figure 13: Percentage of participants believes that All-size enterprise business should use social media platform to boost their business

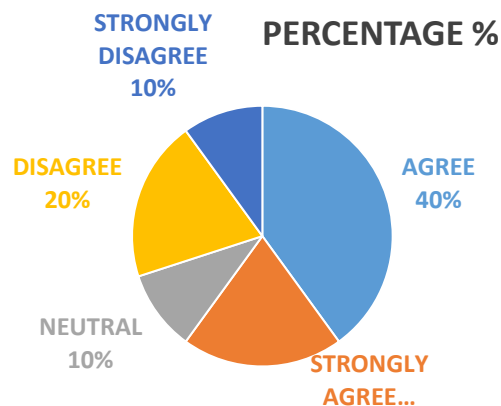


Figure 14: Percentage of participants that Social media puts more focus on business selling products than person to person (P2P) Links.

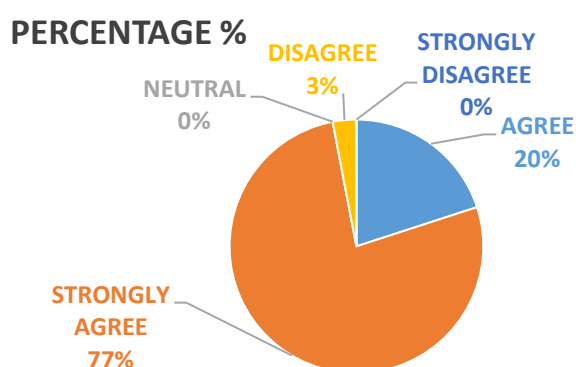


Figure 15: Percentage of participants believes that Every person has access to social media which is great for my business promotion.

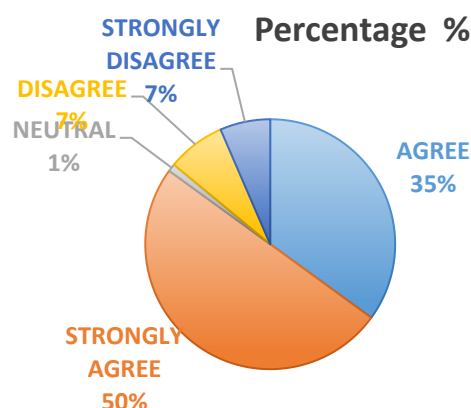


Figure 16: Percentage of participants that of Plan to post my product's image more attractively in all social media platforms

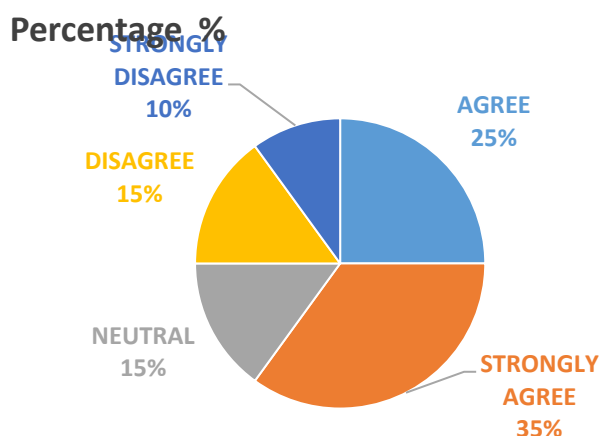


Figure 17: Percentage of participants that the Plan to launch my business website to make my business more official and legitimate

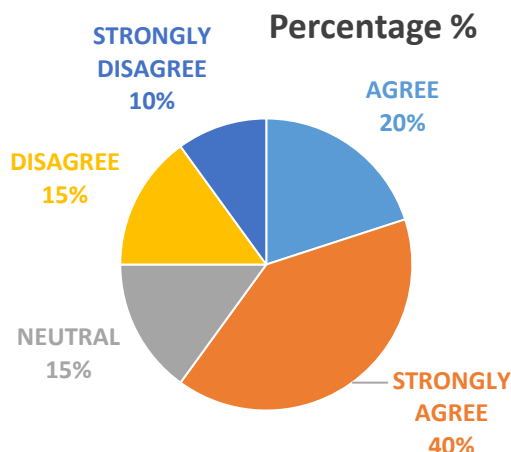


Figure 18: Percentage of participant that the Plan to focus on specific social media platforms for business promotion in the future

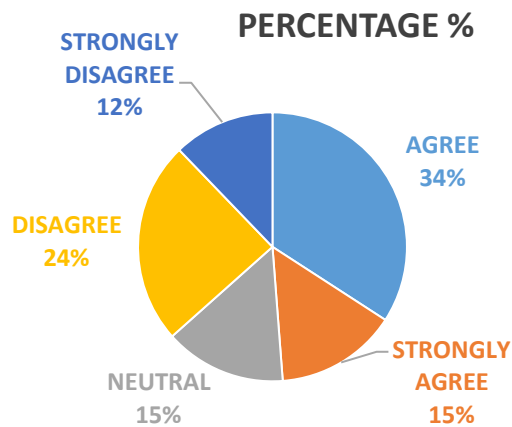


Figure 19: Percentage of participant that the Plan to communicate with people directly on social media platforms.

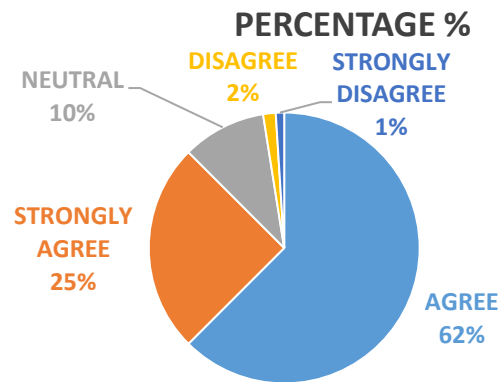


Figure 20: Percentage of participants that Social media is necessary for business promotions

Data Analysis

The Innovation Diffusion Theory and model describe properly the use of and adoption of social media for their own purposes. The major analysis by using SPSS the model summary is described in Table 2.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.228a	.052	.010	1.146

a. Predictors: (Constant), Potential for Invention, Relative Advantage, Observability, complexity, testability

Table 2 shows that the Pearson correlation coefficient for the model is 0.228 and the Coefficient of Determination (R²) at 0.052 and an adjusted R² of 0.1. This shows that 1.1% of the relationship is explained by the model with a standard error of 1.15. This mean only a small percentage of the adoption of social media marketing is determined by the six exogenous variables.

Table 3: ANOVA

Model Test	Sum of Squares	Df	Mean Square	F	Sig.
Regression	9.754	6	1.626	1.238	.291b
Residual	177.232	90	1.313		
Total	186.986	194			

Table 3 showing the ANOVA for the constructs also supports the fact that the model explained that the predictors (relative advantage, complexity, compatibility, testability, observability and potential for reinvention) determine the dependent variable (adoption of social media marketing for SMEs) with sums of squares for regression at 9.75 at p>0.05 level of significance. It shows clearly that relationship in the model is not significant.

Table 4: Coefficient

Model	Standardized Coefficients		Standardized Coefficients		
	Beta	Std. Error	Beta	t	Sig.
(Constant)	3.229	.833		3.875	.000
Relative Advantage	.027	.084	.027	.317	.752
Complexity	-.164	.080	-.175	2.053	.042
Compatibility	.016	.075	.018	-.208	.835
Testability	.109	.084	.116	1.298	.196
Observability	.092	.095	.083	.975	.331
Potential for Invention	.087	.095	.079	.913	.363

a. Dependent Variable: We have adopted social media marketing in respondents SMEs business.

Table 4 shows the regression coefficients of the model. From the above, all independent variables except complexity significantly determine adoption of social media marketing with $p > 0.05$. Specifically, Complexity have a significant negative effect on the adoption of social media marketing with a coefficient of -0.175 at $p = 0.04$. On the other hand, Relative Advantage, Compatibility, Testability and Potential for Reinvention all determine Adoption of Social Media but not significantly.

From the above, the hypotheses test result is shown in the Table 5:

Table 5: Hypotheses test results

Hypotheses		p-value	Results
H1	Social media platforms are adopted by small sized enterprises of District Sargodha for promotion of Businesses	.363	Accept
H2	Social media platforms are adopted by medium sized enterprises of District Sargodha for promotion of Businesses	.331	Accept
H3	Social media platforms are adopted by both small and medium sized enterprises of District Sargodha for promotion of Businesses	.835	Accept
H4	Social media platforms are not adopted by small and medium sized enterprises of District Sargodha for promotion of Businesses	.042	Reject

The results shows that social media platforms are adopted for both small and medium enterprises of District Sargodha for promotion of business. The results shows that the without social media business promotion the business will not boost as earlier as by using social media.

Conclusion

The results established the fact the relative advantage positively determines adoption of social media marketing by SMEs in Sargodha, Punjab Pakistan. Also, the more advantageous social media marketing is perceived to be relative to traditional marketing media, the higher the adoption rate. It means that more entrepreneurs and businesses will adopt social media as the advantages of its use grow. Therefore application developers and policy makers can improve the use of social media marketing through

improved enlightenment on its relative advantage. Also, the study showed that the more complex social media marketing usage is, the lower its adoption rate comparatively simple and attractive SMM. The study shows that high cost of usage also drives down adoption rate. Therefore user friendliness and cost effectiveness should be pursued to increase usage of social media marketing by SMEs. Compatibility was shown to positively determine adoption of social media marketing by SMEs. So also are testability, observability and potential for reinvention. Thus key stakeholders must take note of these drivers of social media marketing usage to stimulate increase in the adoption of this powerful marketing tool. This study has established several findings. Firstly, the correlation results indicate that the mean SME performance score of 3.69, coupled with a standard deviation of 1.201, indicates a generally high level of SME performance. The mean scores for Facebook, YouTube, Twitter and WhatsApp were all moderate or above, suggesting a source of high level of adoption and performance for this particular platform. Secondly, the regression analysis demonstrates the significant positive impact of SME performance on social networking adoption. The overall model is highly significant; the R-squared value of 26.5% indicates that social media adoption accounts for a substantial proportion of SME performance variability. The study's conclusions align with the existing literature on the pivotal role of social media in enhancing SMEs performance. This study had the hypothesis that SMEs' performance is significantly impacted by social media. The regression analysis demonstrates that both YouTube and WhatsApp have a substantial positive effect on SME performance. This aligns with findings from other regions, such as those reported by Qalati et al. (2022) and Odoo et al. (2017), emphasizing what part social media plays in obtaining information about goods or services and persuading potential clients, ultimately improving SME performance.

Recommendation

The study's conclusions allow for the formulation of the following recommendations

1. SMEs should strategically leverage high-performing platforms, particularly WhatsApp, which demonstrated the highest mean score for both adoption and performance. This platform could be more easy and accessible and utilized for customer engagement, marketing, and communication to enhance overall business performance.
2. Strategic emphasised on YouTube videos is advised, as it emerged as a platform with a notable improvement in SME performance, having the highest standardized coefficient.
3. To address variability in adoption levels among SMEs, educational initiatives should be developed to improve awareness and comprehension of the benefits of social media adoption, mainly for platforms with moderate adoption levels, such as Facebook, Twitter, and YouTube.
4. There is also a need for capacity-building programs to enhance digital skills, content creation, and social media marketing strategies.
5. Policymakers should also consider developing supportive frameworks or policies that encourage and facilitate social media adoption among SMEs; this can include the reduction in the price of internet access and the acquisition of technology hardware (mobile phones and computers).
6. Though this study has attempted to investigate how SME performance is affected by social media adoption, more investigation is required to examine specific factors contributing to the observed variability in embracing social media levels among SMEs, providing more insights for targeted interventions and strategies.

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