

## **Social Media Usage and Business Performance among Small and Medium Scale Marketers in Batticaloa, Sri-Lanka**

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### **Abstract**

The popularity of social media has exploded in decade ago, and during this pandemic situation, the need and the role of social media plays a massive role. The current study intended to produce empirical evidence on the relationship and the effect between social media usage and business performance in the context of Small and Medium Enterprises in Batticaloa. Mainly the research aims to reveal the influence of customer relationship management, market access, and information on the advancement of SMEs. The study utilized a descriptive survey methodology, with 250 respondents. The data were analyzed using descriptive, univariate, and bivariate analysis. The study revealed that social media has a strong positive impact on the business performance of SMEs. This study postulated an awareness of the significance of social media and its benefits. The results would motivate and guide SMEs in the espousal of social media as a tool for business activities.

**Keywords-:** Business Performance, Social media usage, SMEs

## 1. INTRODUCTION

Small and medium-sized businesses (SMEs) are considered the backbone of the economy. According to a study performed by Sri Lanka's Ministry of Industry and Commerce (2017), SMEs account for 45 percent of employment and 75 percent of all enterprises in the country's economy. According to the Ministry of Industry and Commerce, Sri Lanka has about 500,000 SMEs, each employing three to five people on average. This sector accounts for about 52 percent of GDP when combined with other unregistered micro-enterprises and SMEs. SMEs make a significant contribution to the economic health of a country. It enhances both inventions and innovation. SME's play a significant role in many nations across the world. This is due to their role in producing jobs and promoting regional growth and innovation, all of which benefit the country's economy (Shemi, Alice & Chris Procter, 2018).

SMEs have occupied a low level of technological expertise and minimal resources. As a result, contemporary information and communication technology (ICT) applications are deemed important to promote the growth of SMEs in various areas, such as effectiveness, efficiency, and competitive advantage (Consoli, 2012). The acceptance, usage, and popularity of social media have grown tremendously in recent times in well-developed countries

and developing nations in the world. Concerning regarding the usage of ICT, in the total population of 7.79 billion, 5.15 billion people are being unique mobile users and 4.57 billion people are internet users and 3.96 billion people are active social media users around the globe. It indicates that around 50.83 percent of individuals use social media sites.

In the contemporary marketing environment, the attention in social media marketing (SMM) has been increased among researchers in the internet technology (IT) field. This is in response due to the positive social media adoption that always keeps on developing as a necessary medium between firms (Parveen et al., 2015). Social media refers to "content distributed through social interactions. These media utilize various firms that offer services or tools to help consumers and firms build connections" (Grewal, Motyka & Levy, (2018)). Social media provide serious opportunities for SMEs in terms of sales and cost advantages, as well as communication and sharing advantages (Gümüş & Kütahyalı, 2017).

Businesses appear to be rushing to utilize these internet apps as a marketing platform for their products and services, with the primary goal of attracting new consumers, maintaining existing ones, and increasing sales and profits. Against the backdrop of

stiff competition in the market, the majority of SMEs have chosen to use social media platforms as a marketing strategy to ensure they meet their marketing and sales goals (Castronovo & Huang, 2012). The basic ideas of social media marketing as a strategy are to create and sustain an engaged online community of followers and supporters (Chaffey, 2016).

The Internet has transformed communication by allowing individuals and organizations to bypass geographical and time restrictions, allowing consumers and businesses to interact with one another anywhere in the globe at any time (Harris, Rae & Grewal, 2008). In the present competitive environment, SMEs confront new challenges in the current competitive scenario, which is characterized by the increasing variation and uncertainty in market demand and strong competition brought about by the globalization process. On one hand, SMEs have limitations in terms of finance, human resources, and organizational resources, which make the company very vulnerable in the market. On the other hand, some ways can be used to improve SMEs in terms of expanding networks in new markets to overcome company limitations, pursue access to external resources, and develop product innovations. This capacity seems to be supported by the adoption of information and communication technology, which affects sales performance (Roberta, Marco

Cioppi & Alessandro Pagano, 2017).

Scholars have argued that the adoption of social media has helped firms understand the need of their customers. Therefore, social media has its advantages that contribute positive influences when organizations use it. This phenomenon created hot discussion and arguments on the influence of social media on SMEs by scholars. Many research and studies recommend that SMEs should adopt social media platforms to survive in this competitive world and for business growth (Virtanen, Henrik, Peter & Elin, 2017).

Due to the emergence of social media as a powerful networking tool, replacing a significant part of direct contact and other traditional forms of interaction, business enterprises have jumped into the gravy train hoping to cut down on the costs of sales and marketing significantly. Despite this, there is not yet concrete evidence that performance improvements among such enterprises can be accurately attributable to the adoption of social media marketing, rather than other confounding factors such as legal reforms, among others. SMEs are increasingly embracing social media marketing intending to enhance organizational performance (Olonde, 2017).

Several scholars have argued that the non-adoption of social media by SMEs in this digital era is a

reason for some of its failures (Flanigan & Obermier, 2016). Therefore, the primary objective of this study was to examine the influence of social media usage on the business performance of SMEs in Batticaloa. Although Hitherto, there are a number of studies investigating social media adoption in SMEs in developed countries (Grandon & Person, 2004, Chen & Mc Queen 2008, Kapurubandara & Lawson, 2008, Scupola, 2009, Ainin, Parveen, Moghavvemi, Jaafar & Shuib, 2015; Wamba & Carter, 2016 ) ; How every Social media adoption among SME in emerging countries, such as Sri Lanka limit number of researchers are available on the contexts of social media usage in SMEs(Effendi, Sugandini & Istanto, 2020, Samsudeen & Kaldeen, 2019, McCann & Barlow, 2015). And also the main reasons to carry out this research is hitherto there are no such studies have been conducted related to this problem in the Batticaloa district. Therefore, it is intended to conduct this study by identifies a certain question related to the influence of social media on small and medium-scale marketers in Batticaloa District. Therefore, the key research problem of this study is, “Whether the use of social media influences the small and medium scale SMEs in Batticaloa District?”

## **2. LITERATURE REVIEW**

Small and medium-sized enterprises have been designated as a key strategic sector for

supporting Sri Lanka's economic and social development (Ministry of Industry & Commerce, 2017). Small and medium-sized enterprises have received widespread recognition as a key source of employment, income, poverty reduction, and regional development (Dhar, Uddin & Roy, 2020). According to Amaratunge (2003), creating new jobs is a better option than upgrading technology since poverty reduction can only be done by creating new job possibilities.

Social media has the potential to play a critical part in the future of marketing; it can reach a focused audience at a low cost, reach interested individuals regardless of their geographic location, and aid in the development of potential consumers (Pradiptarini, 2011). Organizations that use and implement the latest social media technologies seem to outperform their competitors with additional benefits such as lower cost and better efficiencies (Kim and Ko, 2012), and organizations that use and implement the newest social media technologies seem to outperform their competitors with additional benefits such as lower cost and better efficiencies ( Eisenfeld & Fluss, 2009). As a result, according to Parveen et al., (2016), social media use has a beneficial influence on the organizational performance of the small business in terms of cost savings, improved customer interactions, and increased information accessibility.

Business enterprises and governmental bodies utilize social media as a communication tool. These businesses utilize social media to advertise and communicate with customers, as well as to create customer relationships, brand themselves, and so on (Kim & Ko, 2012). The informed effective use of social media was studied in order to explore the use of social media in organizations since this was an essential indicator of technological success, which has an influence on companies (DeLone & McLean, 2003).

According to Verheyden and Goeman (2013), both small and large firms are increasingly using social media to bring value to their operations. According to Trainor et al., (2014), the use of social media in the company is favorably and substantially linked to greater financial and non-financial performance. The benefits of business adoption of social media are numerous, and multiple studies have found a link between social media adoption and corporate performance (Ainin et al., 2015). Brand image may be improved with the use of social media. In 2011, more than half of social media users followed companies on the platform (Belleghem, Eenhuizen, & Veris, 2011). Individuals can create a profile within a limited system, share it with other users, and view and navigate their list of connections as well as those established by others within the

system on social networking sites. The usefulness of social media advertising, as well as how it interacts with other forms of media such as television (Fossen, & Schweidel, 2019) and influences new product uptake through the dissemination of knowledge processes, is still being investigated (Hennig-Thurau, 2015).

Social media is simple to use and available to a huge number of people (Berthon et al., 2012). YouTube, Facebook, Twitter, Flickr, and Wikipedia are examples of social media apps that are used to distribute social media content. Text, images, videos, and social media networks make up the content of social media (Berthon et al., 2012). User-Generated Content (UGC) is a word that is frequently used to describe content created by people utilizing various social media platforms (Kaplan et al., 2010).

SMEs will use social media, according to Zeiller and Schauer (2011), if these applications provide a significant amount of relevant and high-quality up-to-date content. However, a study of SMEs managers in the United States, the United Kingdom, Australia, and India found that firm innovativeness, age, and geographic location significantly impact SMEs' adoption of Twitter (Wamba & Carter, 2013).

Social media provide a unique commercial communication technique (Eagleman, 2013).

Positive WOM has little to no influence on customer choices, according to Hennig-Thurau et al.,(2015), but negative WOM can have a detrimental effect on consumer preferences. Improving export marketing success (Lu & Julian, 2007); offering strategic benefits; delivering interactional and transactional benefits (Thao & Swierczek, 2008) such as cost reduction, revenue generation, and managerial effectiveness (Teo & Cho, 2001); improving innovation (Anderson, 2001); reducing marketing cost; improving customer relationships; and improving company image and competitive position (Molla & Heeks, 2007).

Furthermore, according to the research, social media allows for integrated marketing operations to be carried out with far less work and cost than before (Kim & Ko, 2012). Enhancing a brand's reputation; improving value, relationship, and brand equity (Kim & Ko, 2012); digital advertising and promotion; handling customer service issues; mining innovative ideas, and building customer relations are all areas where social media can have a significant impact on organizations (Solis, 2010). More precisely, social media aids businesses in improving consumer interactions and services (Parveen et al., 2014). The use of social media in businesses lowers the cost of marketing and customer service (Parveen et al., 2014). Furthermore, companies may use social media to learn more about

the industry, rivals, and, most importantly, their consumers and their requirements. This increases the companies' information accessibility (Parveen et al., 2014). Other benefits of social media use for SMEs include reaching out and creating relationships with new clients, distributors, and end customers, as well as improved exposure. Social media is utilized in the manufacturing industry to promote marketing, engagement, cooperation, and networking among stakeholders. This type of business necessitates the use of many, interconnected social media platforms (Tajudeen, Farzana, Jaafar, & Ainin, 2018).

Teo and Pian (2003) discovered a substantial link between corporate Internet use and Internet performance in terms of revenue growth, relationship development, cost reduction, and time savings. Similarly, Shuai and Wu (2011) discovered that an Internet marketing tool is favorably related to a firm's success in their research of E-marketing. Ferrer et al., (2013) discovered that the usage of social media technology improves an organization's social capital and, as a result, its performance.

Similarly, Rodriguez (2014) discovered that social media use in a company has a favorable influence on the customer-oriented process, which has a good impact on an organization's performance.

The marketing equity hypothesis, developed by Kim and Kom

(2012), asserts that social media marketing efforts have been shown to have a beneficial impact on an organization's success. According to Chaffey (2012), social media marketing is viewed as an informal marketing strategy. By assisting companies in obtaining more information about the market, new trends, industrial information, feedback on goods, rivals and their strategies, and consumers and their requirements, social media may increase information accessibility (Parveen et al., 2013). As a result, utilizing social media, organizations may successfully communicate their organization's information to the public (Parveen et al., 2016).

### **2.1 Theoretical background**

The theory originated by Chaffey (2012) looks at social media marketing as an informal marketing approach. According to the theory, communication and human networking are at the core of human behaviour, and ultimately customer behaviour. Social media marketing, therefore, utilizes these platforms to influence opinions on different products and services, and ultimately lead them into making purchases, and even maintain loyalty to one brand. This theory focuses on social media as a relationship-building tool. Through such interactions, a meaningful relationship is fostered between the business and its clients. The significance of this theory to the study is that it brings in a new angle of viewing the impact of social media marketing

(Heinze, Fletcher, Rashid, & Cruz, 2016).

By establishing a long-term relationship with clients, not only does it cause an immediate impact, but also secures the performance of the business in the long term. It, therefore, calls for an evaluation of the short term and critically overseeing the long-term benefits of social media marketing. The theory however does not specify the conditions under which its postulations would be valid. Previous studies such as Kimaru (2011) have for example determined that haphazardly implemented communication and networks can be counterproductive.

### **3. SIGNIFICANCE OF THE STUDY**

In the present digital environment, small and medium businesses need to understand Facebook, Twitter, and the strategies behind using social media for growing their business. Unfortunately, many small businesses do not have a strategy when they begin using social media. The study aimed at conducting analytical research and establishing the evident effects on business performance by the direct influence of social media marketing on organization performance for a targeted sample study of Small and Medium Marketers in Batticaloa District.

This research will contribute to a deeper understanding of the impact and value of social media

usage in business opportunity recognition and success. Small and medium businesses are here to stay and will continue to represent an important force in the business-economy environment of Sri Lanka. Some businesses fail for the very equivalent reasons year after year. Therefore, the study is an attempt to isolate and identify the significant relationship between social media and the business to perform as a profitable organization in the short-run as well as in long run. Small Medium Enterprise managers/owners would take inspiration from the findings of this study with relevance to social media usage as a tool toward their development and benefits that can be derived from its adoption.

#### **4. METHODS**

Based on the theoretical explanations and the empirical finding, this study has conceptualized independent variables and dependent variables in figure 1.

In this conceptual model, the independent variable Social Media Usage consists of three dimensions, which are use SM for Marketing, use SM for Customer Relations, and use SM for Information Search. At the same time, the dependent variable is the Business Performance of SMEs.

The study data were collected and analyzed using a quantitative technique. Cross-sectional data were collected and processed to achieve the study's goal. To obtain

the necessary information from respondents, a survey approach was used. The questionnaire's validation and assurance were appropriately tested using reliability and validity tests.

The study's survey questionnaire was based on prior research in the literature from which existing scales were picked to obtain the information needed in this study's setting. The researcher ran a pilot study to confirm the validity of the items before launching the questionnaire for extensive data gathering. The instrument was passed around and pre-tested among the experts. The internal consistency of the scale was confirmed through Cronbach's alpha reliability. Joppe (2000) defines reliability as the extent to which results are consistent over a while and therefore an accurate representation of the total population under a particular study is referred to as reliability from a quantitative perspective. It indicates that if the study's findings are replicated using a comparable technique, the research findings will be regarded trustworthy. The test-retest technique, which examines stability, may be used to determine the consistency of each individual answer from the questionnaire employed in attaining dependable results. And a high degree of stability, in this case, indicates a high degree of reliability (Charles 1995).

All of the items for the three types of usage were adapted from

previous studies to cover various dimensions of the usage construct (Moen et al., 2008; Papastathopoulou & Avlonitis, 2009; Teo & Choo, 2001), by using a five-point Likert scale ranging from 1= strongly disagree to 5= strongly agree was used. This study also categorized organizational performance as a dependent variable. All of the items were adapted from previous studies (Boxal et al., 2003; DeLone & McLean, 1992; Feher & Towell, 1997; Teo & Choo, 2001), by using a five-point Likert scale ranging from 1= strongly disagree to 5= strongly agree was used. The internal consistency of the items was determined to be above 0.70 in proportion to the items, which was good. Minor revisions were made, such as fixing typographical mistakes and enhancing text style and questionnaire design. Finally, a questionnaire with proven validity and reliability was distributed to the data collection's final sample.

The degree of data aggregation acquired during the subsequent data analysis step is referred to as the unit of analysis (Segaran, 2007). The unit of analysis in this study is individual small and medium-scale owners in the Batticaloa district. The information was gathered through a survey of 284 small and medium-sized businesses in the Batticaloa district. Researchers utilized questionnaires in a direct "face to face" survey to obtain the data. As a result, a high percentage of valid completed surveys (250)

was collected. Due to constant, direct interaction between the authors of this article and the marketers who were requested to fill out the questionnaire, a reasonably high response rate of 88.0 percent was attained. Aside from demographic data, the questioned marketers were asked to answer 23 questions to get their perspective on social media usage in small and medium enterprises the scale comprises 23 questions linked to 3 components, social media usage for marketing, social media usage for customer relations, and social media usage for information accessibility. The grading was done on a five-point Likert scale, with 1 representing strongly disagree and 5 representing strongly agree. The objective of this research, bivariate analysis was used to examine the relationship between social media usage among SME marketers in the Batticaloa district.

### **3.1 Hypothesis development**

#### **3.1.1 Social Media Usage and SME Business Performance.**

DeLone and McLean (2003) suggested that the informed and effective use of technology is an important indication of its success, which in turn has an impact on organizations. Previous studies have investigated the relationship between system use and performance and found significant results. For instance, Apigian et al. (2005) found that the higher the internet usage, the more impact it would have on

organizations in terms of revenue expansion, relationship enhancement, cost, and time reduction. Organizations that use and implement the latest social media technologies seem to outperform their competitors with additional benefits such as lower cost and better efficiencies (Kim and Ko, 2012), and organizations that use and implement the newest social media technologies seem to outperform their competitors with additional benefits such as lower cost and better efficiencies (Eisenfeld & Fluss, 2009). As a result, according to Parveen et al., (2016), social media use has a beneficial influence on organizational performance in terms of cost savings, improved customer interactions, and increased information accessibility. Similarly, when organizations use social media effectively for various tasks like marketing, customer relations, and information search, then it is likely to have a positive impact on organizations especially in terms of cost reduction (marketing, communication, and customer service), improvement in customer relations and enhancement in information accessibility. Based on the above studies, the following hypothesis is proposed:

*H<sub>01</sub>: Social media usage for marketing has a significant positive impact on SME's business performance.*

### **3.1.2 Social Media Usage for Customer Relations and SME Business Performance.**

Using social media for customer relationship management can benefit the business performance of microenterprises in many aspects. In particular, the ability of the companies to interact with customers and to customize their marketing communication on a one-to-one basis allows the companies to enhance customer satisfaction and commitment to a long-term relationship. Andzulis, Panagopoulos, & Rapp, (2012) explained in their study that all customers are now “customer benefits” and that every interaction is an integral part of a new collaboration between the company and the customer, yielding CRM 2.0. The ways consumers communicate with each other have been changing dramatically over the last decade, and the same is true for how consumers gather and exchange information about products and how they obtain and consume them. The rise of a plethora of new media has provided consumers with extensive options for actively providing information on services and products: “The digital innovations of the last decade made it effortless, indeed second nature, for audiences to talk back and talk to each other” (Deighton & Kornfeld, 2009). Based on the above studies, the following hypothesis is proposed:

*H<sub>02</sub>: There is a significant positive impact between social media usage for customer relations and SME's business performance.*

### **3.1.3 Social Media Usage for Information Accessibility and SME Business Performance.**

Organizations are using social media to improve their social network salience, enhance interest in their organizations, and build relationships with the online public. The relationship developed through social media not only brings customers closer to the organization but also helps organizations to get more information about the market trends, customers' needs, and wants (Parveen et al., 2015). These benefits associated with social media make it grow as an important strategic tool among organizations (Gomez & Soto, 2011). Regardless of the existing debate on the advantages and disadvantages of social media, investments in these technologies are growing high (Leader-Chivée & Cowan 2008). A survey by the McKinsey Quarterly on the implementation of Web 2.0 in the business sector showed that more than 75% of organizations planned to maintain or increase their investments in Web 2.0 (Chu, 2011).

*H<sub>03</sub>: There is a significant positive impact between social media usage for information accessibility and SME's business performance.*

## **4. RESULTS AND DISCUSSION**

Personal information of the respondents such as gender, age, name of the institution, degree of education, kind of business, and

operation age of the business was utilized to build a profile of the respondents.

**4.1 Distribution of age of respondents:** can be gleaned in table-1 the distribution of small and medium marketers in terms of age. According to the study's sample, 48.8% of SME owners were between the ages of 41 and 50 years. The results show that 2.8 percent of SME owners were under the age of 20, 21.1 percent of SME owners were between the ages of 21 and 30, 20.4 percent of SME owners were between the ages of 31 and 40 years, and 4.8 percent of SME owners were between the ages of 51 and 60 years and 2 percent of SME owners were above 60 years. In the context of the Batticaloa district considering the age distribution of 250 respondents, the middle age (41-50) respondents were mostly engaged in marketing who represent more than 48.8%. But below age 20 and above age 60 people are rarely engaged in small and medium scale marketing. Because it consists around 2%.

**4.2 Distribution of gender of the respondents:** can be gleaned in table-2 the distribution of small and medium marketers in terms of gender. An overview of the gender group demographic information of the collected samples. The majority of respondents are male marketers. They consist of 69.9%. Among 250 respondents only 76 respondents are female small and

medium-scale marketers. Female marketers consist of 30.4%.

**4.3 Level of Education:** it can be gleaned in table-3, the sample includes five categories of the educational levels of SME owners.

Educational level was categorized G.C.E. (O/L), G.C.E. (A/L), Diploma, Bachelor, and Others. Among the participant's educational levels most of the respondents had G.C.E. (O/L) qualifications. It consists of 61.5%.

**4.4 Distribution of nature of business of the respondents:** below table 4 illustrate that the nature of the business was categorized as retail, wholesale, manufacturing, and service. Among the SMEs nature of business, most of the samplers are retailers. It consists of 66.4%. Only 5.6% of the samplers are manufacturers.

**4.5 Distribution of operating age of business of the respondents:** it can be gleaned in table-05, the sample includes five categories of operation age of business of SMEs. Among the SMEs operation of the age of business, most of the respondents are running the businesses 1-3 years. It consists of 34.4%.

**4.6 Social media usage and business performance of SMEs:** table 06 shows the result of the Pearson correlation between social media usage and organizational performance. The

correlation coefficient (r) value is 0.566 between social media usage and organizational performance at the 0.01 significance level (2-tailed) is 0.000. It revealed that changes in usage of social media may be positive or negative changes create some variation in the business performance of SMEs.

**4.7 Social media for marketing and business performance of SMEs:** below table 7 shows the result of the Pearson correlation between using SM for marketing and business performance. The correlation coefficient (r) value is 0.575 between social media for marketing and organizational performance at the 0.01 significance level (2-tailed) is 0.000.

**4.8 Social media for customer relations and business performance of SMEs:** table 8 shows the result of the Pearson correlation between using SM for customer relations and business performance. The correlation coefficient (r) value is 0.575 between social media for customer relations and organizational performance at the 0.01 significance level (2-tailed) is 0.000. It indicates that customer relations via social media create a positive insight into the business performance of SMEs.

**4.9 Social media for information accessibility and business performance of SMEs:** table 9 shows the result of the Pearson correlation between using SM for

information accessibility and business performance. The correlation coefficient (r) value is 0.640 between social media for customer relations and organizational performance at the 0.01 significance level (2-tailed) is 0.000. Here also the usage of social media has a positive influence over the business performance by providing customer required information on a timely and needed basis according to the finding the correlation coefficient (r) value is positive between social media usage and organizational performance at 0.01 significance level (2-tailed) is 0.000. Moreover, the value falls under the coefficient range of 0.5-1.0. So, there is a significant positive relationship between social media usage and the business performance of SMEs. When SMEs use the media in a proper way it will help them to have better performance and leads to earning more income. Previous kinds of literature also validate this statement. According to Delone and Mclean (2003), the informed and efficient use of technology is a key indicator of its effectiveness, which influences the organization. Apigian (2005) discovered that the more internet usage, the greater the impact on companies in terms of revenue growth, relationship enhancement, cost reduction, and time reduction.

#### **4.10 Multiple Regression**

In order to identify the impact of social media on business

performance of SMEs multiple regression analysis was performed. Table 10 reveals the multiple correlation coefficient where the R-value is 0.665, whereas the value of R square is 0.442 as in the above model there is more than one variable so the researcher considers the value of adjusted R square. The value of adjusted R square is 0.435 of independent variables which are multiplied by 100. That means 43.5% of the variation on the dependent variable (Business Performance of SMEs) can be predicted from the independent variable (using Social Media for Marketing, for Customer Relations and Service, for Information Search).

$$\text{Business Performance of SMEs} = 1.144 + 0.380(\text{SMM}) + 0.276(\text{SMCR}) + 0.445(\text{SMIS}) + \varepsilon$$

Based on the equation the value of constant was 1.144 which implies that while the other three dimensions remind constant or zero, the business performance of SMEs is 1.144. Hence p-value of the constant term was considered to be significant ( $p < 0.05$ ). Accordingly, the value of the beta coefficient in SMM, SMCR, and SMIS was positive. There is a positive impact between the variables. It illustrates that if SMM increases by one unit while another variable is constant, the BP is increased by 0.380 if SMCR increases by one unit while the other variable is constant; the BP is increased by 0.276 if SMIA increases by one unit while

another variable is constant; the BP is increased by 0.276.

The regression coefficient ( $r$ ) value is 0.380 between social media for marketing and organizational performance which is not significant as per the study. Moreover, the value falls under the coefficient range of 0.5-1.0. Marinez- Nunez and Perez- Aguiar (2014) discovered a link between online social networking usage and sales. Several studies have found a link between the use of social media technologies and “hard” performance impacts, such as financial performance and/or company growth. Social media use has a beneficial impact on business turnover, with this connection being mediated by marketing cost reductions and marketing-related outputs.

The regression coefficient ( $r$ ) value is 0.276 between social media for customer relations and organizational performance at the 0.01 significance level (2-tailed) is 0.000. Therefore, based on this evidence the null hypothesis of this study is rejected concerning the alternative hypothesis. So there is a significant positive impact between social media for customer relations and business performance of SMEs. Prior research has backed up this assertion. As a communication medium, social media assists businesses in achieving a variety of organizational goals, including marketing, public relations, advertising, branding, customer service, human resources, and

issue resolution (Kim & Park, 2013; Nisar & Whitehead, 2016).

The regression coefficient ( $r$ ) value is 0.445 between social media for information search and organizational performance at the 0.01 significance level (2-tailed) is 0.000. Therefore, based on this evidence the null hypothesis of this study is rejected in relation to the alternative hypothesis. So there is a significant positive impact between social media for information search and business performance of SMEs. Prior research has backed up this assertion. As a communication medium, social media assists businesses in achieving a variety of organizational goals, including marketing, public relations, advertising, branding, customer service, human resources, and issue resolution (Kim & Park, 2013; Nisar & Whitehead, 2016). Hence considering the Batticaloa district of Sri Lanka the social media usage in customer relationship management and information search is vital which has a significant influence on the performance of the organization

## **5. CONCLUSIONS AND RECOMMENDATIONS**

This study was to find out the impact of social media usage on the business performance of Small and Medium Scale Marketers in Batticaloa. This study found that the existing level of social media usage in Small and Medium Scale Marketers in Batticaloa and its dimensions, using social media for marketing, using social media

for customer relations, and using social media for information accessibility. The existing level of influence of social media users indicated that there is a high level of business performance of SMEs. The result of the study showed that dimensions of social media usage namely using social media for marketing, using social media for customer relations, and using social media for information accessibility have remained high level. The regression analysis was applied to analyze the impact between the variables. There is a significant level of impact between Social Media Usage and Business Performance of SMEs especially concerning the dimensions of customer relations and services and information search. Also, there is a high level of impact between the independent variables such as using social media for marketing, using social media for customer relations, using social media for information accessibility, and the dependent variable of business performance of SMEs in Batticaloa district. This result is in congruence with preceding research outcomes of Kimani et al (2015), Parveen et al., (2016), Parveen et al., (2015) which revealed that social media usage enhances the worth of the firms by allowing them to connect directly with customers and helps the firms to quickly react to the swift changes of the business milieu. Research indicated that social media helps to get some supplementary news about the firm's competitors and their

actions and reactions, which can assist to nurture the products and services of the organizations (Stone et al., 2007), Kaplan and Haenlein (2010) revealed that, deployment of social media supports to provide rich information with better customer support as quickly as possible helps to increase the annual sales and financial gain, helps connect businesses to customers, build up relationships and cultivate those relationships.

Based on the results of this study, it can be recommended that the use of social media is a very effective way of improving the performance of small and medium enterprises. Therefore it is necessary to increase knowledge in the use of social media as a medium for business.

### **5.1 Implication of the Study**

Due to the existing debate on the positives and negatives of social media, most organizations are confused regarding the usage of social media. This study will provide a clearer idea of the real importance of social media and its benefits. Organizations which had not used social media can plan for their successful start. Lessons learned from others' experiences can provide valuable insights for entrants planning future deployments for their business.

In the context of social media, there is a lack of studies that investigated the organizational usage of social media in an integrated model (Akar & Topcu,

2011; Lovejoy & Saxton, 2012). Therefore the current study using an integrative model examined the determinants of social media use, the extent of social media use, and its impact on organizational performances.

SMEs could aim to gain an understanding of how can we use social media tools to develop our business. The study further recommends the findings for the development of policies that will be geared towards increasing the sustainability of SMEs through social media marketing.

Finally, the study recommends that the owners of the various SMEs in Batticaloa district should use the findings for guidance in making necessary changes in their business to enable them to compete effectively in the increasingly crowded sector. Specifically, because the study findings have drawn important lessons for success and best practices for the SME growth since they comprise a significant portion of the Sri Lankan Gross Domestic Product (GDP).

**APPENDIX**

**Table 01: Age Distribution**

<b>Years</b>	<b>Frequency</b>	<b>Percentage</b>
Below 20 years	7	2.8%
21-30 years	53	21.1%
31-40 years	51	20.4%
41-50 years	122	48.8%
51-60 years	12	4.8%
Above 60 years	5	2.0%
<b>Total</b>	<b>250</b>	<b>100.0%</b>

Source: Survey Data (2020)

**Table 02: Gender Distribution**

<b>Gender</b>	<b>Frequency</b>	<b>Percentage</b>
Male	174	69.6%
Female	76	30.4%
<b>Total</b>	<b>250</b>	<b>100.0%</b>

Source: Survey Data (2020)

**Table 03: Educational Level**

<b>Educational</b>	<b>Frequency</b>	<b>Percentage</b>
G.C.E O/L	154	61.5%
G.C.E A/L	84	33.6%
Diploma	7	2.8%
Bachelor	4	1.6%
Other	1	0.4%
<b>Total</b>	<b>250</b>	<b>100.0%</b>

Source: Survey Data (2020)

**Table 04: Nature of Business**

<b>Nature</b>	<b>Frequency</b>	<b>Percentage</b>
Retail	166	66.4%
Wholesale	44	17.6%
Manufacturing	14	5.6%
Service	26	10.4%
<b>Total</b>	<b>250</b>	<b>100.0%</b>

Source: Survey Data (2020)

**Table 05: Age of the Business**

<b>Nature</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 12 months	16	6.4%
1-3 years	86	34.4%
4-6 years	73	29.2%
7-9 years	64	25.6%
Above 9 years	11	4.4%
<b>Total</b>	<b>250</b>	<b>100.0%</b>

Source: Survey Data (2020)

**Table 06: Correlation between Social media usage and business performance**

Variable		Business Performance
Social Media Usage	Pearson Correlation	0.566*
	Sig. (2-tailed)	0.000
**. Correlation is significant at the 0.01 level (2-tailed)		

Source: Survey Data (2020)

**Table 07: Correlation between Social media usage for Marketing and Business Performance**

Variables		Business Performance
Using SM for Marketing	Pearson correlation	0.575*
	Sig. (2-tailed)	0.000
**. Correlation is significant at the 0.01 level (2-tailed)		

Source: Survey Data (2020)

**Table 8: Correlation between Social media usage for Customer Relations and Business Performance**

Variables		Business Performance
Using SM for customer relations	Pearson correlation	0.575*
	Sig. (2-tailed)	0.000
**. Correlation is significant at the 0.01 level (2-tailed)		

Source: Survey Data (2020)

**Table 9: Correlation between Social media usage for Information Accessibility and Business Performance**

Variables		Business Performance
Using SM for information accessibility	Pearson correlation	0.640*
	Sig. (2-tailed)	0.000
**. Correlation is significant at the 0.01 level (2-tailed)		

Source: Survey Data (2020)

**Table 10: Model Summary for Social Media Usage and Business Performance of SMEs**

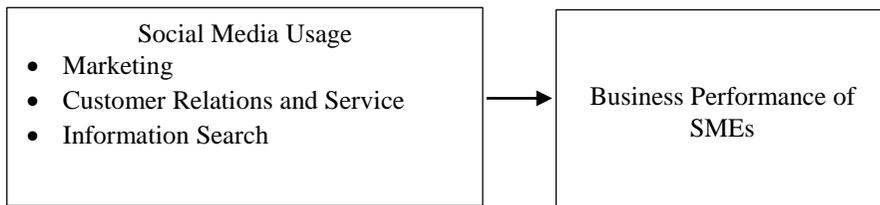
Model	R	R Square	Adjusted R Square	Durbin- Watson
1	0.665	0.442	0.435	1.601

Source: Survey Data (2020)

**Table 11: Coefficient for using Social Media for Marketing, for Customer Relations and Service, for Information Accessibility and Business Performance of SMEs**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std.Error	Beta		
(Constant)	1.144	0.284		4.022	0.000
SM for Marketing	0.380	0.048	0.380	0.799	0.425
SM for CRS	0.276	0.076	0.243	3.628	0.000
Using SM IS	0.445	0.063	0.473	7.017	0.000

Source: Survey Data



**Figure 1: Conceptual Framework**

Source: Tajudeen, Farzana, Noor, and Ainin, 2018

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