

# Use of Facebook among Perak Small Medium Enterprises (SMEs) Business: Implication on Customer Networking and Marketing Medium

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**Abstract:** *The purpose of the research was to find and analyse the effects of Social Networking Sites (SNS) namely, Facebook on MARA Small Medium Enterprises (SMEs) in Perak using quasi-experimental design. The independent variables in this research were two treatment modules: SNS Training and Without SNS Training. The dependent variables were marketing medium and customer networking. 60 entrepreneurs were purposely chosen from MARA Negeri Perak. The entrepreneurs chosen for this research are similar in terms of entrepreneur ratio in the business category and assigned into two groups to interact with either SNS Training or Without SNS Training. The data obtained were analysed by carrying out Descriptive and Independent t-Test parametric statistical techniques. Conclusion from the research findings indicates that the entrepreneurs can maximize in creating new customer relationships or retaining old customers and for marketing strategy, there is no significant difference in the perceived marketing medium between entrepreneurs who experienced the SNS technology (Facebook) treatment and entrepreneurs without SNS technology (Facebook). This means that the entrepreneurs more confident in the traditional marketing strategy compared to SNS as a marketing medium.*

**Keywords:** Facebook, SMEs in Perak, MARA SMEs, Online Business, Customer Networking, Marketing Medium

## 1. Introduction

Majlis Amanah Rakyat (MARA) is a Malaysian government agency. It was formed to aid, train, and guide Bumiputera (Malays and other indigenous Malaysians) in the areas of business and industry.

The main objective of MARA Entrepreneur Development Division was developing viable global entrepreneurs who are resilient and competitive in accordance with the aims of the MARA Entrepreneurship Program. MARA has been established for the creation of entrepreneurs since 1976. The entire MARA Entrepreneurs' have been given the Entrepreneur Training Program, which aims to produce entrepreneurs who have self-insight and quality wise in looking for viable business opportunities [1].

These entrepreneurs will be trained with the many programs such as Entrepreneur Training, Business Consultation Service, Technical Entrepreneur and others. MARA also provides Marketing Development Program for these MARA entrepreneurs to improve their marketing strategy. All these programs are developed to ensure that they will be successful but despite all these, there are still issues arising. According to MARA (2014), one of the many issues that are facing Bumiputera SMEs is how to market the products or services produced. This is also supported by Tunggak, Salamon, & Abu (2011) where from their research, the main weakness of the Bumiputera SME entrepreneurs is marketing and creating networking for business.

In addressing this problem, it is recommended to use the social media technology in business by combining traditional business model, including the marketing with on-line business model via Facebook. SNS not only function as a medium of communication or even socialize, but now can be

a medium for doing business on-line. This was highlighted by Harris & Rae (2009), where today's businesses are now recognizing the potential of SNS for the development of their brands and to build relationships with their key customers.

Through SNS marketing strategy, Bumiputera SME entrepreneurs will be able to bring better results in terms of global promotion instead of just sitting in the shop waiting for the customer as stated by WordStream (2013). Facebook is a powerful marketing tool where it is a great space to keep customers informed, develop brand identity and broaden business reach. One example of its marketing tools is the Facebook Page and it is free for businesses. These pages allow businesses to identify themselves; it is not just through listing product offerings and services, but also by sharing links, images, and posts to give a better sense of a business's personality and character. Same goes to blog where blogging is now widely accepted as one of the most effective and widespread forms of both personal expression and content marketing (Forbes, 2014) such as promoting small business.

## 2. Research Questions

There are several questions need to be questioned through this research. They are as follows:

- 1) Is there a significant difference of customer networking using SNS technology on business compared to those who are not using SNS technology in their business?
- 2) Is there a significant difference for entrepreneurs perceiving SNS as a marketing medium compared to those who are not using SNS technology?

## 3. Research Hypotheses

The aim of this research was to investigate the effects of

doing business using SNS (Facebook) and doing business without using SNS on MARA SMEs business's marketing medium and customer networking. Therefore, two research questions were designed to achieve the particular aim. From these research questions, two hypotheses were formulated. These hypotheses were formulated as null hypotheses. There are several reasons that constitute to this formulation. First, the null hypotheses provided the researcher with the starting point for statistical test. It also allows the researcher to test the significance level  $\alpha$ , at 0.05 and therefore concludes with either reject or fail to reject the null hypothesis statement. Second, the sample of the research is from the same population and the chances that the groups will not differ in terms of their performance in the business are high.

- 1)  $H_{01}$ : There is no significant difference in creating customer networking between entrepreneurs who experienced the SNS technology (Facebook) treatment and entrepreneurs without SNS technology (Facebook).
- 2)  $H_{02}$ : There is no significant difference in the perceived marketing medium between entrepreneurs who experienced the SNS technology (Facebook) treatment and entrepreneurs without SNS technology (Facebook).

#### 4. Research Design and Methodology

The overall population for this research is Malaysia's new MARA SMEs business and this research focused on the new MARA SMEs entrepreneur in Perak, which has 179 entrepreneurs [6]. From this population, a sample of 60 entrepreneurs was purposely chosen from MARA Negeri Perak. The entrepreneurs chosen for this research were similar in terms of entrepreneur ratio in the business category. Purposive sampling was employed to select samples for this research and the rationale of using this method of sampling is that it is the primarily used to select samples for specific purposes and if the researcher believes that the chosen sample is the representation of the given population [7]. For this research, the sample size ( $n=60$ ) was determined using the Central Limit Theorem [8], where the

sample size for each group should reach at least  $n = 30$  and research specifying a 5% margin of error. This margin of error signifies that the researcher has a 95% confidence level that the sample chosen figures the whole population.

From the 179 lists of entrepreneurs, they have been classified into five (5) categories of business, including food, clothing, beauty centre, wedding planner and computer and phone accessories. In terms of to balance the total of the business categories chosen for this research, there are three (3) business categories are appropriate, namely food, clothing and beauty centre. Treatment Group and Control Group will have 30 businesses that categorized in 10 businesses each group, namely food, clothing and beauty centre. The total of respondents for two (2) groups are 60 persons.

This research employed a quasi-experimental research design. It involved two (2) independent variables and two dependent variables. In this research was to determine the effect of SNS treatment on the dependent variables, namely customer networking and marketing medium. This research appointed the selected SNS, which are Facebook as a treatment for the experimental or treatment group to measure the dependent variables.

Furthermore, this quasi-experimental research involved a pre-test and post-test those were conducted before and after the treatment session. For this, pre-test and post-test questions were developed to measure the impact of SNS to the SMEs MARA business. These pre-test questions were given to the entrepreneurs from both experimental groups, X1 and X2 before the intervention. Then, the entrepreneurs were given the treatment and at the end of the intervention, both groups were given the post-test questions. The entrepreneurs' results were recorded to determine the effectiveness of the treatment on their business. Figure 4.1 describes the flow of the quasi-experimental pre-test and post-test design.

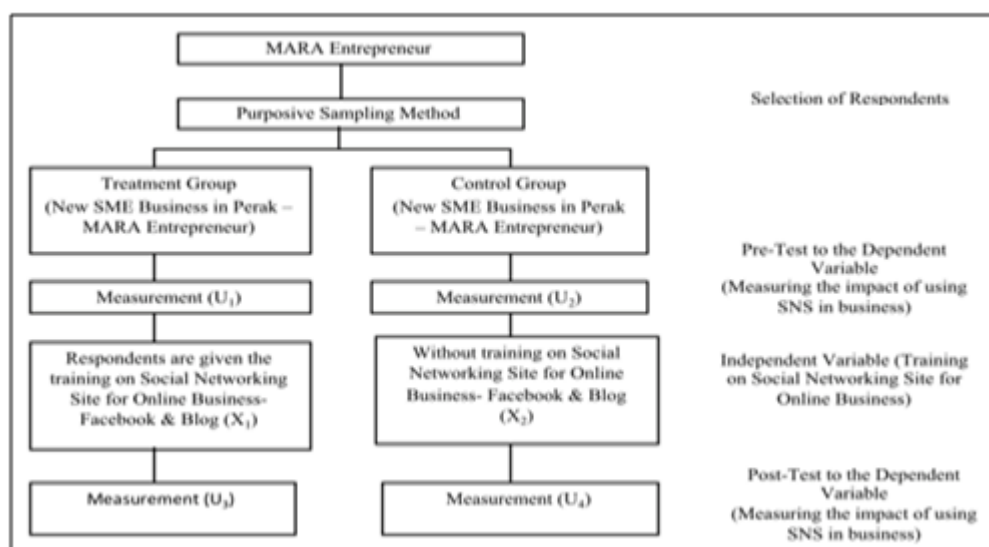


Figure 4.1: Quasi-Experimental Pre-Test and Post-Test Design

## 5. Research

### 5.1 Testing of Hypothesis $H_{01}$

$H_{01}$ : There is no significant difference in the perceived marketing medium between entrepreneurs who experienced the SNS technology (Facebook) treatment and entrepreneurs without SNS technology (Facebook).

Hypothesis  $H_{01}$  examined the main effects of the two independent variables, SNS Training and without SNS Training, on the dependent variable. In order to examine which treatment module has a significant difference in entrepreneurs' marketing strategy, an independent t-Test analysis was conducted on the marketing strategy scores. These entrepreneurs' marketing strategy scores were derived from the differences between the post-test scores and pre-test scores. Prior to inferential statistical analysis, the mean and standard deviation of the pre-test and post-test scores the experimental groups were calculated. Table 5.1.1 presents the descriptive statistics for the pre-post and post-test scores between the experimental groups.

**Table 5.1.1:** Descriptive Statistic for Pre-Test and Post-Test Marketing Strategy Scores

Module	Score	Mean		Std. Deviation
		Statistic	Std. Error	Statistic
Without SNS Training	Pre Test	3.6000	.13218	.72397
	Post Test	3.8333	.13632	.74664
	Marketing Strategy	.2333	.20724	1.13512
SNS Training	Pre Test	4.6000	.15610	.85501
	Post Test	4.5000	.14971	.82001
	Marketing Strategy	-.1000	.23169	1.26899

From the descriptive statistical analysis (Table 5.1), it is found that 30 entrepreneurs involve in business without SNS Training and 30 entrepreneurs used SNS (Facebook) in their business. The mean for pre-test scores for without SNS Training is 3.60 and the mean for post-test scores is 3.83. As for SNS Training, the mean for pre-test scores is 4.60 and the mean for post-test scores is 4.50. The difference in mean scores between pre-test and the post-test scores for module without SNS training is 0.23. The mean scores determined that entrepreneurs who used the SNS training in their business obtained lower scores as the mean score for without SNS Training is -0.10 compared to without SNS Training. This indicates that the entrepreneurs without using SNS training scored higher on marketing strategy compared to the entrepreneurs using SNS in their business. This means that the entrepreneurs more confident in the traditional marketing strategy compared to SNS as a marketing medium.

To further investigate the hypothesis, an independent t-Test was conducted to see if there is a significant difference in customer networking between entrepreneurs in treatment module SNS Training and the module without SNS Training. Table 5.1.2 illustrates the Independent t-Test analysis results.

**Table 5.1.2:** Independent t-Test Analysis for Marketing Strategy between Treatments Modules

Dependent Variable	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Marketing Strategy	-1.138	29	.265	-.33333	-.9325	.2658

Table 5.1.2 describes whether the experimental groups are significantly different terms of the marketing strategy scores. The magnitude of the difference in the mean scores of SNS Training and without SNS Training is -0.333. The  $p$ -value is 0.265, which is more than 0.05, therefore indicating that there is no significant difference in SNS Training between entrepreneurs in treatment module SNS Training ( $M=-0.10$ ,  $SD = 1.27$ ) and treatment module without SNS Training ( $M=-0.23$ ,  $SD=1.14$ ). Hence, Hypothesis  $H_{01}$  failed to be rejected. This means that entrepreneurs were more confident in the traditional marketing strategy compared to SNS as a marketing medium.

### 5.2 Testing of Hypothesis $H_{02}$

$H_{02}$ : There is no significant difference in creating customer networking between entrepreneurs who experienced the SNS technology (Facebook) treatment and entrepreneurs without SNS technology (Facebook).

Hypothesis  $H_{02}$  examined the main effects of the two independent variables, SNS Training and without SNS Training, on the dependent variable. In order to examine which treatment module has a significant difference on entrepreneurs' customer networking, an independent t-Test analysis was conducted on the customer networking scores. These entrepreneurs' customer networking scores were derived from the differences between the post-test scores and pre-test scores. Prior to inferential statistical analysis, the mean and standard deviation of the pre-test and post-test scores the experimental groups were calculated. Table 5.2.1 presents the descriptive statistics for the pre-post and post-test scores between the experimental groups.

**Table 5.2.1:** Descriptive Statistic for Pre-Test and Post-Test Customer Networking Scores

Module	Score	Mean		Std. Deviation
		Statistic	Std. Error	Statistic
Without SNS Training	Pre Test	15.6333	.46605	2.55266
	Post Test	16.6667	.47303	2.59088
	Customer Networking	1.0333	.18866	1.03335
SNS Training	Pre Test	14.8333	.49150	2.69205
	Post Test	20.3667	.47339	2.59287
	Customer Networking	5.5333	.41171	2.25501

From the descriptive statistical analysis (Table 5.2.1), it is found that 30 entrepreneurs involve in business without SNS Training and 30 entrepreneurs used SNS (Facebook) in their business. The mean for pre-test scores for without SNS Training is 15.63 and the mean for post-test scores is 16.67. As for SNS Training, the mean for pre-test scores is 14.83

and the mean for post-test scores is 20.37. The difference in mean scores between pre-test and the post-test scores for module without SNS training is 1.03. The mean scores determined that entrepreneurs who used the SNS in their business obtained higher scores as the mean score for SNS Training is 5.53 compared to without SNS Training. This indicates that the entrepreneurs used SNS training scored higher on creating their customer networking compared to the entrepreneurs is not using SNS in their business. This means that the entrepreneurs could create many relationship among their customer when their doing business using SNS (Facebook) through online business.

To further investigate the hypothesis, an independent t-Test was conducted to see if there is a significant difference in customer networking between entrepreneurs in treatment module SNS Training and the module without SNS Training. Table 5.2.2 illustrates the Independent t-Test analysis results.

**Table 5.2.2:** Independent t-Test Analysis for Customer Networking between Treatments Modules

Dependent Variable	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Customer Networking	9.798	29	.000	4.50000	3.5607	5.4393

Table 5.2.2 describes whether the experimental groups are significantly different terms of the customer networking scores. The magnitude of the difference in the mean scores of SNS Training and without SNS Training is 4.50. The  $p$ -value is 0.000, which is less than 0.05, therefore indicating that there is a significant difference in SNS Training between entrepreneurs in treatment module SNS Training ( $M=5.53$ ,  $SD = 2.26$ ) and treatment module without SNS Training ( $M=1.03$ ,  $SD=1.03$ ). Hence, Hypothesis  $H_{02}$  is rejected. This means that entrepreneurs who used SNS (Facebook) could maximize their relationship between their customers compared to entrepreneurs who not used the SNS.

## 6. Research Finding

Discussions on the findings of this research provide important implications for the MARA entrepreneurs in Perak. All the dependent variables (customer networking and marketing medium); it was found that the entrepreneurs could create many relationships among their customer through the SNS either create a new customer relationship or remain the old customer. This was highlighted by Harris & Rae (2009), where today's businesses are now recognizing the potential of SNS for the development of their brands and to build relationships with their key customers.

In terms of marketing strategy, the traditional marketing was chosen by the entrepreneurs instead of marketing through SNS. This indicates that the entrepreneurs without using SNS training scored higher on marketing strategy compared to the entrepreneurs using SNS in their business. This means that the entrepreneurs more confident in the traditional marketing strategy compared to SNS as a marketing medium.

## 7. Conclusion

In conclusion, this research has shown that the use of the SNS (Facebook) in business, would serve as a useful strategy to increase their customer networking. At the same time, it should be an easier medium to access the products either for the customer or entrepreneurs itself.

Therefore, through this research, hopefully as an alternative solution to improve the way there are doing the business in this digital era compared the traditional era that the entrepreneurs just waiting the customers at the business premise only. Concisely, this research provides timely answers for the MARA entrepreneurs to change or update the way there are doing business in this era to increase their business profit with less operating cost. Hopefully they will realize that they have to be where their customers are, and it is clear that their customers use social networks. At the same time, MARA entrepreneurs should know how to access the customers and potential customers and understand the market to choose the right platform or the online channel for reaching those potential customers.

## 8. Suggestions for Future Research

This research has raised several interesting issues that warrant further research. First, the sample of the research was limited to MARA entrepreneurs in Perak only. The researcher would recommend that the future investigations should also consider the whole MARA entrepreneurs in Malaysia to identify the significance of using SNS in business. As such, future research could further generalize the results to a larger sample, with different category of business to enhance the findings.

Second, the researcher should give training into future tool social networking websites such as licensing agreement with certain parties to prevent copyright infringement from happening on the internet.

Lastly, the researcher could identify the negative effects of SNS in MARA Business in terms of employee when they are involved in online business.

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