The Utilization of Social Media as a Main Business Platform in a Small Developing Country: A Case Study of SMEs in Brunei Darussalam

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Abstract: With the emergence of the Internet has changed the way companies conduct their business operations especially in this digital era where businesses need to cope with the digital advancement in order to stay competitive and survive in the marketplace. The increasing number of social media usage has attracted enterprises to use this platform including small and medium enterprises (SMEs). Small and medium enterprises (SMEs) have been increasingly use social media as a way to conduct their business. The purpose of this research study is to examine the benefits of using social media to SMEs in Brunei Darussalam. The research was based on quantitative method where online survey were distributed through social media platforms. The findings found that SMEs use social media platform as a way to engage and communicate with customers and utilize the platform to do their marketing strategy and be able to reach a wider audience.

Keywords: Social media, Small and Medium Enterprises (SMEs), Brunei Darussalam, Marketing

1. Introduction

In this digital era, there is a need for businesses to cope with the digital advancement in order to stay competitive and remain in the marketplace. With the emergence of the Internet, it has changed the way companies conduct their business operations and bring the opportunities that can benefit the company itself as well as to the customer. Moreover, the benefits of technological advancement enables businesses to perform not only in offline but also in online mode in which can make businesses be able to connect with more people around the world. Thus, it increases the business target and expand to global zone. Therefore, social media can be used as a tool to interact with people to share the information in which may lead to better medium communication. As a result, it has opened up the door for businesses whereas social media can act as their marketing tools to promote their products and services as well as in forming the relationship with the customers. Eventually, the introduction of social media networks such as Facebook, Twitter, and Instagram that has greatly adopted by people around the world and the increasing numbers of active internet users through smart phones, tablets and laptops has opened the eyes of enterprises especially small and medium enterprise (SMEs) to make use the social media as their choice of online platform.

According to Meske and Steiglitz (2013), using social media application is much more easier and less costly because of its widely use added with the advantages that technological advancement can create. Meske and Steiglitz also highlighted that SMEs can enjoy the benefit of using this social media as it is easy to set up and use (Meske & Steiglitz, 2013). This is also agreed by Atanassavovo and Clark (2015), whereby social media is less expensive and does not require technical knowledge in setting up the platform in compared to other collaborative technologies which is more expensive and complicated for SMEs to handle. Since SMEs has less resources, social media allows SMEs to collaborate through this platform and be able to cover wide range of geographical area to connect with people and form collaboration with other parties. Therefore, this paper will look into the the benefit of using social media platform for the SMEs such as the capability in the organization on using social media, how social media help SMEs engage with customer and how social media can be use as a marketing strategies by SMEs.

The following are the objectives of this research:
1) To examine the advantages of social media as the business platform in this 21st century.
2) To investigate how social media can help SME to build the organization capabilities.
3) To explore the potential components of social media that can help the business to gain customer engagement.
4) To identify on how SMEs use the social media as their marketing and operation strategies.

The rest of this paper will be structured as followed; the next section will be the literature review following with the research framework and hypothesis and then research methodology. Next will be the discussion part and finally end with conclusion, limitation and recommendation.

2. Literature Review

2.1 Organization Capability

It is being defined as the ability of organization to organize its resources to achieve competitive advantage and this must include changes to accommodate customer needs and business strategies of which it depends on financial, strategic and technological capabilities (Ulrich, 1991). However the changes in the development of e-business has shifted from traditional market to online based and this result towards improvement in organization capability to adopt changes. As a result organization may likely to enjoy lower transaction cost due to economies of scale and gain customer loyalty (Sheung, 2014).

In the article stated by Chatzoudes (2016) that organization capability depends on how well resources being managed
properly and this depends on four elements which includes the size of the organization, business scope, IT knowledge and cost adoption. Moreover, there are evidence indicated by the article of which large organization has privilege to enjoy competitive advantage in compared to small organization due to resources availability, economies of scale when dealing with big project and bargaining power. Business scope tends to focus on organization ability to expand their operation which results to an increase in additional cost. However, the use of e-business has lead to improvement in knowledge sharing, business cooperation to create synergy and coordination. Apart from that, IT knowledge influenced towards organization capability to adopt changes on which the article stated that the top players in organization are aware on the importance and the ability to commit with the availability of adoption cost.

2.2 Customer Engagement

In this technology era, social media such as Facebook has heavy influence towards products or services offered as this may affects customer perception on the particular brands. This is reflected in the article by Barger et. al (2016) of which customer engagement are consumer reaction in social media on the particular brand presented of which they react to the content, commented, share to their friends and posted to their social media account. Moreover, consumer engagement can be divided into five factors which consists of brand, product, consumer, content and social media. Based on the article it was stated that video or advertisement presented in social media can influence consumer attitude towards the brand and posting reviews without the needs of buying the products. Moreover, celebrities endorse on a particular brand may also influences to customer perception on the particular products or services. In addition, product reviews posted by consumer in the social media can either bring new customer or not when the product quality is in high quality or not. Businesses may likely to feel sabotage when they failed to deliver the best consumer experience which are more likely to cause consumer to use social media to cause more damage to their brands. Besides that, consumer motivation to get more information on a particular product may influenced them to communicate with others through social media to seek for further information. Additionally, content also influence towards customer engagement particularly in viral video advertising and content that does not excessively used commercial elements and emotional views. When it comes to entertainment and educational content, it is more likely to be shared in the social media.

2.3 Marketing

According to American Marketing Association written by Keefe (2008), marketing is the activities that will give values and benefits to the customers, clients and majority of the society. The processes involve making, communicating and conveying of offering. Moreover, marketing is one of the functions that deal with customers where it involves advertising and promoting of products and services. Not only that, the objectives of marketing is to attract new and valuable customers and to ensure satisfaction for current customers (Kotler et al, 2010). Currently we are entering the new era of marketing communication where it has changed from the traditional method of marketing to the integrated marketing (Kallio, 2015). Integrated marketing make use of the internet, World Wide Web and information technology. The new marketing supports two-way communication between the business and the customers. Example of new marketing is using the social media.

Nowadays, most businesses especially SMEs take the opportunity to adopt social media as a form for marketing their products and services (Neti, 2011). This is known as social media marketing.

2.4 Social Media

As stated by Manning (2014), social media is defined as a type of media that involve online participation via the internet. There are two core characteristics that show the description of social media, first, social media allow the users to take part in participation. Most social media are not completely allow the users to participate, for instance Facebook allow the users to just view what have been post by others without participating. In addition, creating profile page is a must to attract participation and interaction. Second, social media require interaction whether it is between family, friends or new people with common interest.

The revolution started from the invention of World Wide Web (WWW) by British Scientist at CERN (Conseil Européen pour la Recherche Nucléair) in 1989. It was first invented in order to satisfy the demand of communication sharing between the scientists in universities around the globe (Zeitel- Bank & Tat, 2014). Only in 1993, it was given open license in order for the dissemination process to be maximized. In 2004, other communication revolution was invented by ex- student of Harvard, Marc Zuckerberg which reached 1.3 billion Facebook users worldwide in 2014. Zuckerberg achieved the success due to the fact that people love to be connected and exchanged emotion and wishes with others. Within a short period of time, social media become a vital part of life and relate communication with online networks such as Facebook, Instagram, Google+ and Twitter.

Apart from communication, social media is used for promoting products and services especially for SMEs. Social media offers immediacy where businesses can maintain healthy and direct relationship with customers in online environment. With this, customers can interact and communicate regarding the products or services (Baruah, 2012). Most companies that utilized social media use it to monitor conversations about their competitors, the products and the industry.

3. Research Framework and Hypothesis

3.1 Research Framework

Figure 1 below shows the research framework of the main attribute that SMEs find in using social media. There are three independent variables in the research framework which
are; organizational capability, customer engagement, and marketing whereas the dependent variable for this research is social media.

![Figure 1: Research Framework](image)

3.2. Hypothesis

H1: There is a positive relationship between organizational capability and the use of social media among SMEs.
H2: There is a positive relationship between customer engagement and the use of social media among SMEs.
H3: There is a positive relationship between marketing and the use of social media among SMEs.

4. Research Methodology

4.1 Sampling and data collection

A survey questionnaire will be distributed to the Small Medium Enterprises (SMEs) in Brunei Darussalam in using social media platform as their top choice in their start-up business. The objective of the survey is on the benefit of using social media platform for the SMEs such as the capability in the organization on using social media, how social media help SMEs engage with customer and how social media can be use as a marketing strategies use by SMEs. Therefore, the unit of analysis and the population will be a business who are using an online platform to do business. In addition, the sample of this study is 39 SMEs in Brunei Darussalam where convenience sampling and snowball method will be used.

| Table 1: Table of Target Population, Sample, Sample Size and Sampling Method |
|-------------------------------|-----------------|
| Unit of analysis | Online business |
| Population | Small Medium Enterprises (SMEs) |
| Sample | 39 SMEs |
| Sampling Method | Convenience sampling and Snowball sampling |

The researchers will be using both primary and secondary data to collect the data and information in order to achieve the objective of the research on what are the benefits/advantages of choosing online business as their platform and what are the factors that influence them in using this online platform. The questions will be a close-ended question and open-ended question which would give the study an ideal amount of quantitative and qualitative data. The questionnaire includes a brief instruction on how to answer the questions and a brief description of the research and the objective of conducting the research.

The questionnaire of this study is divided into five sections:

a) The first section will mainly focus on the personal information of the respondents. In this part, the questions will be on gender, age, race, type of business and how long they have been in business.

b) The second section of the questionnaires will be on the use of social media such as what social media platform they use and using Likert scale from strongly disagree(1) to strongly agree (5) on the SMEs towards the use of media social.

c) The third section will be on organizational capabilities in using the social media platform for the SMEs for their business.

d) The fourth section will be on SMEs engagement with the customer through the social media platform.

e) The fifth section will be on the use of social media platform for the purpose of marketing by SMEs.

| Table 2: Operational Definition of Variable |
|-------------------------------|-----------------|
| Variable | Operational Definition |
| Social media | Social media is defined as a type of media that involve online participation via the internet (Manning, 2014) |
| Organization Capability | Organization ability to organize resources to achieve competitive advantage and this must include changes to accommodate customer needs and business strategies of which it depends on financial, strategic and technological capabilities (Ulrich, 1991). |
| Customer engagement | Customer engagement is consumer reaction in social media on the particular brand presented of which they react to the content, commented, sharing to their friends and posted to their social media account (Barger et. al, 2016) |
| Marketing | Marketing is the activities that will give values and benefits to the customers, clients and the majority of the society (Keefe, 2008). |

5. Findings

5.1 Demographic profile

Data was collected from a total of 39 respondents. The demographic profile described are as follow:

a) Gender
The total number comprises of 69.2% Female and 30.8% for Male.
b) Age
Majority respondents are from the age group of 21 - 30 years old which is 76.9%, 31 - 40 years old with 12.8%, about 5.1% for age group below 20 and over 40 years.

Figure 3: Diagram shows percentage distribution for Age group

c) Business background
The most common business that SMEs’ respondents are involved: are Food and beverage with 56.4%; Clothing with 23.1%; Others such as tuition, travel tourism and coaching with 12.8%; Photography with 5.1% and Bridal with 2.6%.

Figure 4: Diagram shows percentage distribution for business background

d) Number of years in business
Majority respondents are newly established business with a business just operated less than 6 month with 30.8%; business with over 48 months (4 years) with 23.1%; business with less than 24 months of operation with 17.9% and business with less than 12 months of operation with 12.8%.

5.2. Social media
Majority respondents use social media platform of Instagram and Facebook. Though it may not be equally distributed as respondents can select all choices provided and this shows social media provide a free platform for user to interact with potential customers and this can be illustrated from the chart below.

Figure 6: Chart shows social media platform use by SME

5.3. Organization capability
a) Number of employees
Businesses with 1 - 5 employees are 97.4%; 6 - 50 employees with 2.6% and no respondents recorded for 51-100 employees.

Figure 7: Diagram shows percentage distribution for number of employees

b) Factors that may affect organization capability
Majority respondents stated that business cost (59%) and business scope (51.3%) does affect their organization capability in such a way that business health can influence their business profitability and operation.
c) Factors influence to build organization capability
Organization competencies that drives business result which is critical to business performance. From the pie chart below shows that competitor’s capabilities (31.5%) as the major factors that drives businesses to success.

5.4. Customer Engagement

 Majority respondents indicate that customer feedback (89.7%) is important towards building customer trust and loyalty for the business.

5.5. Marketing Strategy

The highest response for social media as means for business promotion are businesses who have been using social media for less than 6 months (28.2%) and this indicate that the business is a newly established business that use social media as means for communication to their customer.

6. Data Analysis

The collected data will be analyzed using the SPSS. The study will be using Cronbach’s alpha analysis to measure the reliability on the impact of media social platform in organizational capability, customer engagement and as marketing tools. The answer to the questions of each section will be using multiple choice and a 5-point Likert scale where 1 represent strongly disagree, 5 represents strongly agree and 3 means neutral. This study will use the Pearson correlation coefficient in SPSS whether to accept or reject the alternative hypotheses and null hypotheses on the relationship of the independent factors on the impact of media social platform in organizational capability, customer engagement and as marketing tools.

6.1 Statistical Analysis

6.1.1 Reliability test using Cronbach’s Alpha

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized items</th>
<th>N of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media</td>
<td>0.984</td>
<td>0.984</td>
<td>9</td>
</tr>
<tr>
<td>Organization Capability</td>
<td>0.925</td>
<td>0.928</td>
<td>10</td>
</tr>
<tr>
<td>Customer Engagement</td>
<td>0.936</td>
<td>0.938</td>
<td>10</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>0.655</td>
<td>0.758</td>
<td>5</td>
</tr>
</tbody>
</table>

We as the researchers had used Cronbach’s Alpha to measure the reliability of each test items in the
questionnaires namely; social media, organization capability, customer engagement and marketing strategy. To know whether the items are reliable or not, the Cronbach’s Alpha should be more than 0.7. After conducting the reliability test, it can be seen that social media, organization capability and customer engagement have very high consistency which vary above 0.9. This indicates that the items are reliable. On the other hand, marketing strategy has low Cronbach’s Alpha of only 0.655. It is still acceptable but not as reliable as the other three items.

6.1.2 Correlation

<table>
<thead>
<tr>
<th>Table 4: Correlations between variables</th>
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<tbody>
<tr>
<td>Social Media (SM)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Organizational Capability (OC)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Customer Engagement (CE)</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>Marketing strategy (MS)</td>
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<tr>
<td>Sig.(2-tailed)</td>
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</table>

H1: There is a positive relationship between organizational capability and the use of social media among SMEs.

The first analysis is to analyse the relationship between organizational capability and the use of social media among SMEs in Brunei Darussalam. As shown on table above, the sig. 2-tailed for social media and organization capability is 0.000 and the correlation is 0.645***. To ensure it is significantly related, the value should be 0.050 or below 0.050. From the result, there is significant positive relationship for both variables. This means that, we accept the hypothesis, H1, and reject the null hypothesis.

H2: There is a positive relationship between customer engagement and the use of social media among SMEs.

The second analysis is to find out the relationship between customer engagement and the use of social media among SMEs in Brunei Darussalam. From the table above, the sig. 2-tailed for social media and customer engagement is 0.000 and the correlation show a value of 0.626**. This is showing that there is positive relationship for both variables. Thus, It can be concluded that we accept the hypothesis, H2, and reject the null hypothesis.

H3: There is a positive relationship between marketing tools and the use of social media among SMEs.

The third analysis is to analyse the relationship between marketing tools and the use of social media among SMEs in Brunei Darussalam. The result from the table above shows that, the sig. 2-tailed for social media and marketing strategy is 0.050 and the correlation is 0.320. This shows that there is significant positive relationship for both variables. Therefore, it can be concluded that we accept the hypothesis, H3, and reject the null hypothesis.

6.1.3. Result of hypothesis testing

<table>
<thead>
<tr>
<th>Table 5: Result of hypothesis testing</th>
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<tbody>
<tr>
<td>Hypothesis</td>
</tr>
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<td>H1: There is a positive relationship between organizational capability and the use of social media among SMEs.</td>
</tr>
<tr>
<td>H2: There is a positive relationship between customer engagement and the use of social media among SMEs.</td>
</tr>
<tr>
<td>H3: There is a positive relationship between marketing tools and the use of social media among SMEs.</td>
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</table>

7. Discussion

The main purpose of this research was to examine the benefits or advantages that social media could bring to SMEs. Based on the hypothesis results, all of the hypothesis is accepted. This shows that SMEs find that the social media does bring benefit to them. For instance for H1 where there is a positive relationship between organizational capability and the use of social media. Since SMEs has limited resources and due to its small size, SMEs need to utilize what they have. Eventually, from the findings, about 97.4% of the respondents have 1 to 5 number of employees thus it can be seen that due to small number of employees as well as the cost associated has caused SMEs to use social media as a way to conduct their business. This can be supported by Yan and Musika (2018) where with the emergence of social media has helped SMEs to overcome the problems such as lack of resources, skills and technique especially when dealing with technology. Moreover, SMEs social media is considered inexpensive and less costly as well as easy to use when compared to the traditional method hence using this platform has bring benefit to SMEs as it help SMEs to reach a wider audience in a short period of time thus be able to increase their customer base (Yan & Musika, 2018). Therefore, H1 is accepted in this research study.

Furthermore, it is important for businesses to engage with their customer (Cabiddu el al. as cited in Musa et al., 2016). With the advancement of technology and with the help of the Internet, businesses can communicate with the customers using this social media. Based on our finding, it was found that 94.9% of the respondents use Instagram as their business tools to conduct their business and followed by Facebook with 41%. H2 proposed there is a positive relationship between customer engagement and social media as SMEs find this social sites popular not just among businesses but the customers as well. As a result, SMEs use this to communicate with their customers by sharing information about their products and services as well as to expose and increase their awareness on the business existence. In addition, social media help SMEs to build and improve customer relationship through the use of feedbacks and survey to the customer to understand more on their preferences thus improving the quality and performance of the business at the same time. This is agreed by Lacho and Marinello (2010) whereby improving communication and establishing relationships with customers will add more value to the business. Therefore, H2 is supported in this research.
Subsequently, this is connected to H3 where there is a positive relationship between marketing and the use of social media among SMEs. In a data issued by global digital media consultancy ‘We Are Social’, there are 410,000 active social media users in Brunei with social media penetration of 95% were recorded in the consultancy’s Digital in 2018 report (Waqiuddin Rajak, 2018). Eventually, with the increasing numbers of internet users has caused SMEs to venture into this e-business as there is a market in this platform. Therefore, SMEs use social media platform to promote their products and services over the internet. Promoting over this social media is cheaper and convenient to use compared to the traditional once and through social media it allows two-way communication to happen as customers can ask questions regarding the products and services offered by businesses (Yan & Musika, 2018). At the same time, customer also help promote the business and this indirectly help businesses in gaining new and potential customers especially when the customer is happy and satisfied with the treatment given to the customers. With that, the finding of this study is aligned with the proposed H3 thus H3 is accepted.

8. Conclusion

In the conclusion, social media has been marked as an essential tool for business operation development in SMEs. The finding reveals the positive response towards advantages of social media in term of upgrading organization capability, strengthen the customer engagement and enhance the marketing strategy. Therefore, the adoption of social media in the SMEs can help in adding value for the organization and diversify its utilization for better potential profit in the future.

9. Limitation

There are some limitations that the researchers faced when conducting the research. The first limitation is time constraint. The timeframe of this research is for one semester only which is equivalent to four months therefore the number of sample collected is not much to attract more people to participate. As a result, this affect the reliability and validity of data collected as the data may not be accurate and applicable to the research findings and results. Moreover, due to the small sample size where the researchers only managed to get 39 respondents does not represent the whole population of people conducting business. Furthermore, the focus target where the researchers only focusing on the business side only and did not look at the view of customers that may have more impact on the findings.

10. Implication for future research

For future research, a large sample size is needed to conduct the study. This is to allow accuracy and validity of data collected to make it more reliable for other researchers to use this study as a reference. Moreover, the research should also focus on the side of the consumer as the consumer uses the platform as well and this is to avoid biases in conducting the research.

References


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