Social Media Marketing and Entrepreneurs:
The uses of social media as business platform by small businesses in Malaysia

Noor Fadhiha Mokhtar

School of Maritime Business and Management, Universiti Malaysia Terengganu, Terengganu, Malaysia

noorfadhiha@umt.edu.my

Abstract. The purpose of this paper is to determine the social media marketing practices by entrepreneurs by using social media as business platform. Perhaps social media becomes an advanced marketing platform and a popular choice of promoting businesses nowadays. This study adopted Technology, Organization and Environment (TOE) model by Tornatzky & Fleischer (1990) as a part of theoretical framework. This study mainly focus on entrepreneurs in Kelantan and Terengganu as these two states were listed among the lowest average household income in Malaysia. Ten interviews were conducted with small business owners in Kelantan and Terengganu. The findings of this study revealed that these entrepreneurs were implemented on social media marketing to promote their businesses. Besides, social media marketing indicated a positive impact to business performance; either in financial and non-financial aspects. The findings also found that most small business owners preferred to use Facebook and Instagram rather than other social media marketing platform such as Twitter, Pinterest, and Flikr. Most participants were aware with the current technology needs in the business and competitive pressure indirectly influenced them to adopt the social media marketing. This paper adds theoretical knowledge on social media marketing practices, thus giving a foundation on how other small businesses can effectively implement social media marketing for their business activities.

Keywords: social media marketing, small business, TOE model

INTRODUCTION

Social media is bringing a new environment to our world. Through the advent of information technology, the accessibility of information is faster and easier; as it can be accessed by electronic devices such as smartphones and tablets. Recently, more people are connected with social media like Facebook and Instagram or even LinkedIn. According to Malaysian Digital Association (2016) indicated that the number of social network penetration in Malaysia for the year 2016 was 67.7 per cent which almost 20,650,133 people. The Malaysians also spent an average of 5.1 hours a day on the Internet and 2.8 hours a day on social networks (Malaysian Digital Association, 2016). It create an opportunity for businesses to expand their marketing activities and strategies.
through social media marketing. Perhaps, the social media radically transformed traditional marketing practiced by businesses into digital marketing such as social media. Through the concept of social media, the customers are frequently asked to ‘like’ the companies’ Facebook page, ‘follow’ the Twitter, or ‘connect’ via LinkedIn (Agnihotri et al., 2016). Agnihotri et al. (2016) and Kahar et al. (2012) added that the customers becoming better connected with the businesses, have more knowledge about the product selection, and more prevailing in buyer-seller relationships.

Previous studies in social media have emphasized the importance of businesses to adopt social media, which most of these scenarios led to progressive marketing activities (Ellison, 2007). For example a study by Thackeray et al. (2008) on enhancing promotional efforts within social marketing campaign using Web 2.0 through social media. Also, Sharifah Fatimah Syed Ahmad and Murphy (2010) presented a case study that examined a Web 2.0 exemplar, which is MySpace, as a marketing tool for a small Australian company, while a study by Broekemier et al. (2015) on social media practices among small business-to-business (B2B) enterprises in United State found that many B2B enterprises utilized social media in their marketing efforts and among of the reasons their adopted social media for businesses were; improve company reputation, increase customer interest, increase customer awareness, and promote business to new customers.

This study mainly focuses on the uses of social media as a business platform for small businesses in Kelantan and Terengganu. A study conducted by Khazanah Research Institute revealed that almost 85 per cent of household income in Kelantan was below Malaysia average total household income which was RM 6000; which indicated Kelantan was the lowest household income, followed by Perak, Perlis, Pahang, Kedah and Terengganu as compared to other states (Utusan Malaysia, 2016). In addition to that, Multimedia Development Corporation (MDEC), the lead agency for Digital Malaysia, introduced the National ‘eRezeki’ Programme, that provides a safe and trustworthy source of income for Malaysians with a household income of below RM4,000 monthly, also referred to as the Bottom-40 (B40) income group (Multimedia Development Corporation, 2015).

Thus, this paper presents the social media marketing practices by entrepreneurs, by using social media as a business platform by adopting a part of Technology, Organization, and Environment (TOE) model by Tornatzky and Fleischer (1990) as a part of the theoretical framework. The structure of the paper is organized as follows. In section 2, there will be a literature review on social media, social media marketing, small business, and TOE model that’s been adopted in this study. Section 3 explains the research methodology that applied in this study and Section 4 presents the findings and discussion. Finally, Section 5 concludes the paper with the future studies.

LITERATURE REVIEW

This section reviews upon the literature on social media, social media marketing, small business and Technology-Organization-Environment (TOE) model respectively.
Social media, social media marketing and small business

Social media is defined as ‘a group of Internet-based applications that build on the ideological foundations of Web 2.0 and that allow the creation and exchange of user-generated content’ (Kaplan & Haenlein, 2010). Whilst, social media marketing is comprises the use of social media to create, communicate, deliver, and exchange information with organizational value (Tuten & Solomon, 2014). Safko (2010) also indicated that social media as an extension of traditional media by engaging a more sophisticated set of tools, techniques, and technologies for connecting, building relationships and social interactions. Social media consists of a range of activities which includes blogging, micro-blogging, photo-sharing, social networking, and video-sharing (Centeno et al., 2009). Social media not only focus on facilitate information exchange between organization but also between customers to customers (Broekemier et al., 2015). Besides, social media has become an important part of people daily life in communication and sharing the information and media with others (McCann & Barlow, 2015).

A few scholars, mainly on social media focuses on the customer interactions, the effects of online word-of-mouth, and the integration of an organization’s business strategies with social media. A study by Kietzmann et al. (2012) examined the user motivation to participate in and their behavior on social media. The study indicated that seven motives of participation, which includes establishing identity, joining groups, enhancing reputation, engaging in conversation, developing relationships, sharing content, and creating a presence (Kietzmann et al., 2012). Social media provides a significant impact on business processes; from marketing, operations and finance (Luo et al., 2013). Social media also can be seen as a new digital media for marketing (Hoffman & Novak, 2012).

Businesses in Malaysia not only can be categorized in terms of size, but in types as well. According to SME Corp. Malaysia (2016), small business is defined as a business with turnover from RM 300,000 to less than RM 15 million or number of full time employees from 5 to less than 75 (particularly for manufacturing sector). For service and other sectors, small business in Malaysia are classified based on the turnover from RM 300,000 to less than RM 3 million or full-time employees from 5 to less than 30 (SME Corp. Malaysia, 2016). The Department of Statistic Malaysia (2016) in their report on small and medium enterprises(SMEs) in Malaysia for 2015 revealed that Malaysian SMEs contributed almost RM385.6 billion for Gross Domestic Product (GDP) in 2015. The tremendous development of the Internet and social media leads to the adoption of social media for marketing particularly by SMEs in Malaysia. In 2016, the Companies Commission of Malaysia known as SSM required all online business operators, including those selling over Facebook and Instagram, are required to register their businesses with the SSM to prevent consumers from falling prey to cheats (The Malay Mail Online, 2016). The awareness of business owners to register their online business with SSM also
increased from 6,389 online business companies in 2015 to almost 30,000 online business companies in 2016 (The Malay Mail Online, 2016).

**Technology-Organization-Environment (TOE) Model**

There are several models that are widely used by scholars in technology adoption studies such as Technology Acceptance Model (TAM) by Davis (1989), Theory of Planned Behavior (TPB) by Ajzen (1985); (Ajzen, 1991), Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003), Diffusion of Innovation (DOI) (Rogers, 1995) and Technology-Organization-Environment (TOE) model by Tornatzky and Fleischer (1990).

The TOE model developed by Tornatzky and Fleischer (1990) summarized a holistic and guiding theoretical basis on technology or Information Technology and Communication (ICT) adoption that focuses on technology, organization, and environment contexts in an organization. The TOE model consists of three main antecedents of the business context that influence the adoption and the implementation which are technology – comprises the ICT infrastructure, ICT expertise, and e-business know-how, the organization – firm scope, firm size and organization readiness, and finally environment – consumer readiness, competitive pressure, and government policies (Tornatzky & Fleischer, 1990). Technology context described the internal and external technologies that are applicable to the organization. In the context of technology, Tornatzky and Fleischer (1990) and Scupola (2003) pointed out several technologies to adopt and how it is compatible with the current technology of a business process.

Organization context associated with internal characteristics of an organization which is an important indicator for innovation of organization (Pullen et al., 2009). Business scope, business size, and business strategy are the essential factors that influence the adoption of the Internet or ICT in the businesses (Del Aguila-Obra & Padilla-Melendez, 2006). This is supported by Pan and Jang (2008) which employed TOE model to examine the firm’s adoption of enterprise resource planning systems (ERP) in communication industry found that technology readiness, organization size, perceived barriers, and production and operations improvement are important factors of adoption. The study by Teo et al. (2009) on companies’ adoption of an e-procurement system indicated that perceived indirect benefits, firm size, top management support, and business partner influence are positively associated with adoption.

In the environment context, Zhu et al. (2003) highlighted that organization needs to consider consumer readiness before adopting the Internet or other technology. A study by Lin (2014) on electronic supply chain management system (e-SCM) adoption across non-adopters and adopters found that perceived benefits, perceived costs, top management support, absorptive capacity, and competitive pressure are significant adoption discriminators. Supported findings by Wang et al. (2016) concluded that compatibility, firm size, technological competence, and critical mass are significantly positively related to Mobile Hotel Reservation System (MHRS). It also indicated that the increased
openness of both organization and environment can facilitate superior firm performance primarily through improving service co-production (Tsou & Hsu, 2015).

RESEARCH METHODOLOGY

This section discusses the research methodology applied in this study.

Data collection

This study employed qualitative approach. Data were collected through in depth semi-structured interviews. This study applied the purposive sampling method; where the intensity sampling technique was used to select the participants. The participants for the interviews were small business enterprise (SBE) owners; which based on three criteria which are (1) number of employees between 5 and not exceed 75, (2) independent management; where the owner is also a manager of the business, and (3) adopt or use any social media networking as a platform to market the products or services such as Facebook, Instagram, Pinterest, or others. The participants were invited for interview session through emails, personal message via instant messaging, and telephone calls. An introductory message was sent to all participants, to invite in the interview session, explain the purpose and objectives of the study, the estimated time for the interview session and the way interview sessions will be conducted. It is important to brief the participants about the study so that the participants were aware and prepare in the interview sessions. Ten (10) SBE owners in Kelantan and Terengganu were interviewed using the protocol for semi-structured face-to-face interviews. SMEs in Kelantan and Terengganu were selected in this study as these two states in Malaysia were listed among of the lowest average household income in Malaysia.

The participants interviewed represent five different sectors – health and beauty, food and beverage, handicraft, photography services, and hospitality. Once the interview session was completed the data were transcribed. After transcription, the process of unitizing and categorizing was carried out; to identify the themes. The validity of this study is accessed by three measures – credibility, confirmability, and transferability (Albrechtsen, 2007; Thagaard, 2003) started with the development of interview questions until the process of transferring the data.

Profile of participants

Kelantan

SBE owner A runs handicraft and batik production in Kelantan. She runs the family business, where the business started in the year 1986 at her home and opened a business premise in the year 2004. She took over in managing the business last two years after graduated in diploma majoring in science from local university. She adopted Facebook and Instagram to promote her business.
SBE owner B owned a bachelor degree in business management from Universiti Teknologi MARA. He has started his business in photography services for the last 11 years ago. His career started as a hobby in photography and it became his source income nowadays. He actively used Facebook to promote and share his artworks to his followers.

SBE owner C is graduated in Master of Business Administration from Universiti Kebangsaan Malaysia. She runs a spa and beauty centre since 2015. She relied a lot on social media marketing in promoting her business, especially via Facebook and Instagram.

SBE owner D runs her beauty and health center since 2014. Currently, she is continuing her bachelor degree in part time mood with Universiti Teknologi MARA majoring in Finance. She preferred to use Instagram in promoting her business rather than Facebook, as she claimed Instagram was more convenient and more followers.

SBE owner E runs her boutique café since 2014 after resigned from government service. Her business offered a service of small café as well as promote other local products. She actively use Facebook to update her business activities.

**Terengganu**

SBE owner F is graduated in Diploma Graphic Design from local university. He has started his business in photography services since 2013. He actively promotes his business in Facebook as he claimed it easier for him to keep updated through smartphone or computer. He started to use social media as a marketing platform from the day one he runs the business.

SBE owner G was previously was professional building architect in Kuala Lumpur for a few years until she resigned and become a batik designer as well as an entrepreneur. Her passion in batik making started when she married; where her husband was from Terengganu. The couple decided to start a new life in Terengganu and slowly involved in batik making. She believed that promoting business through online especially social media really effective as she is actively on Instagram.

SBE owner H involves in his café business since 2012 after completed his secondary school. He started using social media especially Facebook in 2013. As he quite busy with his business, most of the time, his brother or sister will assist him in updating the business page. He claimed that through Facebook, he able to share his latest menu offered in his café and received comments or feedback from customers.

SBE owner I runs a café since 2015. He is graduated with a bachelor degree in engineering from the University of Malaya. Previously, he worked as an engineer with oil and gas company for four years, but due to the economic situation, his contract was not being renewed. In order to that, he decided to involve in the café business that focusing on producing jams and desserts. He actively promotes his business through Facebook and
Instagram as he claimed social media is among of the most effective way to reach his target market.

SBE owner J runs a small chalet in Dungun, Terengganu. She is graduated in Diploma of Marketing from local polytechnic. She has started her business since 2014 and used Facebook to promote her business. She has adopted social media marketing since the day one she started the business, as she believed that social media able to offer wider market. She also claimed that through social media she managed to have two way communication with her potential guests.

Overall, all SBE owners that were interviewed had a Facebook page and/or Instagram. It can be concluded that SBE owners prefer to use social media as it offered a convenience to them. The interview sessions were conducted in Malay as the primary language, as it mostly preferred. Table 1 presents the summary of participants and social media usage.

<table>
<thead>
<tr>
<th>Participant</th>
<th>State</th>
<th>Sector</th>
<th>Social media</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBE owner A</td>
<td>Kelantan</td>
<td>Handicraft/batik</td>
<td>Facebook &amp; Instagram</td>
</tr>
<tr>
<td>SBE owner B</td>
<td>Kelantan</td>
<td>Photography</td>
<td>Facebook</td>
</tr>
<tr>
<td>SBE owner C</td>
<td>Kelantan</td>
<td>Beauty and health</td>
<td>Facebook &amp; Instagram</td>
</tr>
<tr>
<td>SBE owner D</td>
<td>Kelantan</td>
<td>Beauty and health</td>
<td>Instagram</td>
</tr>
<tr>
<td>SBE owner E</td>
<td>Kelantan</td>
<td>Food and beverage</td>
<td>Facebook</td>
</tr>
<tr>
<td>SBE owner F</td>
<td>Terengganu</td>
<td>Photography</td>
<td>Facebook</td>
</tr>
<tr>
<td>SBE owner G</td>
<td>Terengganu</td>
<td>Handicraft/batik</td>
<td>Instagram</td>
</tr>
<tr>
<td>SBE owner H</td>
<td>Terengganu</td>
<td>Food and beverage</td>
<td>Facebook</td>
</tr>
<tr>
<td>SBE owner I</td>
<td>Terengganu</td>
<td>Food and beverage</td>
<td>Instagram</td>
</tr>
<tr>
<td>SBE owner J</td>
<td>Terengganu</td>
<td>Hospitality</td>
<td>Facebook</td>
</tr>
</tbody>
</table>

RESEARCH RESULTS

Social media usage

The themes originated from the interview data presented that all participants either from Kelantan or Terengganu preferred to use Facebook and/or Instagram as their marketing platform to market their products and services. Most of them claimed that they can easily access and update their business products and activities through smartphones and no longer required a personal computer to do so. Most of them also regularly update about their business activities over social media platform every day. A few participants also have their own marketing strategy to target the niche market. The SBE owner C stated that:
“I will update my Facebook page and Instagram every day, mostly during the afternoon. Most of customers are housewives, career women and students. Afternoon is the most appropriate time for me to post any updates at both social media platform as it is a lunch hour – as they are quite free to browse their social media account”

Similarly, SBE owner I who runs a café and also manufacturing jams and desserts stated that he will update his Instagram more than twice a day. The purpose he decided to post regularly in Instagram that his followers will keep aware with his products. Perhaps through the regular posts in Instagram also, he managed to get more new followers.

“I enjoy sharing my new products and testimonials from my customers in my Instagram. From that also I able to gain new followers which increase the number of my potential customers”

Technology context

The findings showed that all participants are most likely to use smartphones and tablets to update their business activities in social media rather than use the personal computers or laptops. A few of the participants also preferred to use mobile networks as an Internet connection and some of them dissatisfied with the Internet speed that they received; claimed the Internet speed was quite slow in certain areas or locations. They also did not have much issue to find IT expertise to assist them in marketing or updating their social media pages as they basically have a general knowledge about ICT and social media.

The SBE owner A who runs handicraft and batik production in Kelantan stated that:

“Nowadays, most people are aware with the importance of ICT and the use of social media in business. For me myself, I normally update my Facebook page and Instagram using smartphone as I can access at anytime and anywhere. I also can respond quickly if there is an inquiry from customer that sent through Facebook or Instagram message”.

The SBE owner D who owned the health and beauty center claimed that:

“It is not hard to learn on social media marketing as you can learn from online or even in Youtube. I set up my Instagram because it did not incurred any costs and I able to manage my account easily; just through smartphone”

Organization context

Almost half of participants stated that they decided to involve in the business because of interest and hobby. A few participants also came from non-business formal education background. Besides, the organization size has also become an issue for them. A few participants shared that the problem that they often face when marketing through social media was to meet the demand from customers. As the social media offer a wide
market coverage, the participants might receive a high demand or order for certain products which they were unable to fulfil the orders due to limitation of stocks. The participants also indicated that they basically unable to hold a large amount of stocks because of financial constraints. The customers tend to shift to other online retailers when they failed to meet the demands.

The SBE owner I claimed that:

"During the festive season, I received a lot of orders from customers especially from private and public sectors that requested my products to be designed as gift hampers. I am so happy to receive that orders but in the meantime I’m not able to accept all the orders due to limitation of stocks and I think that it is not worth for me purchase 3-4 ovens just to cater a seasonal demand. I had to decline some of the orders”.

On the other hand, the participants also aware with Facebook Advertising (FB Ads) and a few of them believed that FB Ads really assisted them to promote the businesses over Facebook. They also willing to pay a certain amount of payment for FB Ads by considering it was a part of business investment and looked up the business benefits in return.

The SBE owner A is one of the participants that used FB Ads for her business. She stated that:

"I decided to pay for FB Ads to promote my business as I believe through FB Ads I can gain more customers. I also referred to several references on the website that encourage small business to take an opportunity of FB Ads to boost the posts in social media”.

Environment context

Most participants stated that the customer readiness influenced them to shift from traditional marketing practices into online business. The competitive pressure also plays a part that leads the participants to adopt social media marketing for the business. They were aware with the government policies, especially on the needs of Malaysian SMEs to register their online business with Companies Commission of Malaysia (SSM). Another matter that faced by participants was the copyright issue. A few of the participants claimed that the risk of selling the products via online was the potential of their product has been copied by other online retailers which they unable to control it. The participants also claimed that the economic situation also affected them, particularly some of inventories were from other countries.

The SBE owner D mentioned that some of her products were from overseas which the dropped of Malaysia Ringgit (RM) affected her sales:
“Some of my products from UK. The economic situation affected the sales as well as the drop of Malaysia Ringgit (RM). I’m in the dilemma as I cannot sell the products in higher price as I might lose the customers and at the same time the sales margin is getting smaller”.

The SBE owner B also supported that:

“I normally purchase my photography devices such as camera lens and other software through websites from United Kingdom and Australia. I had to pay more on these devices and software due to the currency situation recently”.

DISCUSSION

The study presented the factors of technology, organization and environment influenced the participants to adopt the social media for marketing. The findings showed that the participants mainly use Facebook and Instagram for their businesses. The use the social media for several reasons, such as to expand the market coverage, search information on their customers need and want, identify the competitors – to strategies the business approach, and enhance customer relationship management.

The interview revealed that a few of participants stated that the ICT infrastructure need to be improved; particularly on the Internet speed and coverage. It might be difficult for SMEs who located in the remote areas to access the Internet as well as to adopt the social media marketing or online business. The reports by the European Commission (2013) and Ofcom (2014) showed that the differences in connectivity are growing, particularly in urban and remote areas. This supported by Kotey and Sorensen (2014) on barriers of small business innovation in rural Australia found that poor infrastructure was the one of the factors for small businesses in remote areas.

It was also revealed the common issue of SBEs was lack of access to finance. From the interviews, a few of the participants had to decline the massive order due to limitation of stocks. The study by Hampel-Milagrosa et al. (2015) on micro and small enterprises in Egypt, India and the Philippines showed that most of these businesses were lack of financial reserved and constrained in accessing finance due to (1) lack to financial literacy; (2) lack of awareness and market information; (3) inability to formulate a business plan; (4) unclear business area; and (5) exaggerated expectations.

Moreover, the competitive environment supported the participants to adopt the social media marketing. A study by Bansal and Roth (2000) and Sarkis et al. (2011) influences a firm's environmental innovation activity. This supported by Tiago and Veríssimo.
(2014) on internal and external pressures to adopt digital presence in social media platforms found that external competitive pressure plays the most prominent role in an organization’s decision to utilize digital media for marketing purposes. Nevertheless, the other external factors such as economy situation slightly affected the SBEs business activities.

CONCLUSION

This paper investigates the usage of social media among SBEs in Kelantan and Terengganu through in-depth interviews, which provides clear insights of social media usage and factors that influenced them to use social media marketing in an organization context. This paper is limited in the selection of sample and participants; only ten (10) SBEs from Kelantan and Terengganu were chosen respectively.

This study indicates evidence regarding the issue related to technology, organization, and environment. Knowing this, it creates an opportunity for non-adopter social media SBEs to actually plan for their successful adoption.

Investigation through larger samples would provide greater support and strength to the findings. In addition, this paper only focuses SBEs in Kelantan and Terengganu, the results may be different for different geographical areas or specific to particular sectors, which can be considered a limitation of this paper. For future research, a quantitative approach might be considered. Only then, would the results be validated statistically.

ACKNOWLEDGMENTS

This paper is funded under the Fundamental Research Grant Scheme (FRGS) – 59363, which enabled the researcher to sharpen the research skills and knowledge.

REFERENCES


