

Doing Business in the Digital Age: Impact of Social Media on the Activities of Small and Medium Scale Operators in South-East Nigeria

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Abstract

The twenty century society is largely influenced by social media. Almost every aspect of the society has been influenced by society media. Nonetheless, limited studies exist on the impact of social media on the activities of small and medium scale enterprises. This study was an attempt to fill this gap using a Nigeria sample. The study surveyed 400 SMEs out of the 7061 SMEs registered by Small and Medium Scale Enterprise Development Agency of Nigeria (SMEDAN). Technological Acceptance Model was the anchor for the study. It was found out that: SME operators in South-East Nigeria are reasonably aware of applications of social media for business promotion and perceive it as advantageous, but do not fully grasp its implications and as such are yet to totally embrace it due to poor network services in SME clusters and lack of basic knowledge of how to apply social media for business promotion. The study concludes that though there is a basic knowledge of social media platforms as promotional tools, there is no requisite understanding of the enormous advantages for business growth. It is recommended that; SMEDAN and relevant government bodies should organize periodic seminars and workshops for SME operators in order to update their knowledge on ICTs and social media use; government should ensure availability of network services in business clusters while advocating for active social media handles as a prerequisite for the registration of SMEs.

Keywords: Business, small and medium scale, South-East, Nigeria

Introduction

All over the world, small and medium scale enterprises have been identified as key drivers of economic transformation and growth (Sheers, 2010). They are usually put at the forefront of economic policy because of their capacity for innovation, low start-up capital, labor-intensive operations (with accompanying high employment potential), increase in local value, and ability to stimulate the local economy (Agbaje & Ikeji, 2011). At the same time, they encourage a more equitable distribution of wealth and economic diversification (Mills, 2011). The report of the 2013 National Survey of Micro, Small and Medium Enterprises by the National Bureau of Statistics was both instructive and revealing. The report clearly pointed out that it is not a government that creates most jobs. It is small businesses and as such it is absolutely necessary to ensure that SMEs have access to capital, access to contracting opportunities, and all the assistance, advice, and mentoring they need to be successful (Olurunshola, 2001). The same report further indicated that SMEs had the potential for growing the economy if well-handled and boosted to perform at their optimal capacity (Ekeng 2010).

South-East Nigeria (South East geopolitical zone) is one of the hubs of SME operations in Nigeria as the zone perhaps, has the largest concentration of SME and entrepreneurs in Nigeria. As pointed out in Onyenekenwa (2005), the zone boasts of several commercial cities and towns where SMEs and industrial parks abound. Statistics from SMEDAN, show that South East Nigeria has about 7,060 registered SMEs (SMEDAN, 2013) scattered across towns such as Aba, (Abia state); Emene, (Enugu state); Awka and Nnewi, (Anambra state); Abakaliki and Izzi (Ebonyi state). This is apart from the countless entrepreneurial activities across the zone. Most of these SMEs are so skillful that their products like shoes, bags, umbrellas, mats, ornaments, decorative materials among many others; if well-boostered and effectively marketed, can compete favorably with their imported counterparts. To further buttress this, (Dare, 2010) posits that when properly promoted, SME's have the capacity to attract local and foreign patronage and bring in the much needed foreign exchange.

However, important as SMEs are to the economies of nations globally, several challenges have continued to confront and overwhelm them (Berthon, Pitt, Plangger, and Shapiro, 2012). These include:

poor leadership and managerial prowess, absence of SME-friendly laws that encourage creativity, the inability (most times) of the entrepreneurs to fashion out a good business plan; the perception of locally-made goods as inferior by customers and of course, the major hitch of designing and deploying effective marketing communications using appropriate communication outlets. Sheers (2010) confirms that there is a lack of ideas on the need for effective marketing among SMEs and it is mostly thought to be the exclusive reserve of multi-nationals and established big businesses and this has contributed in no small measure to ongoing business failures.

The social media platforms such as Facebook, Twitter, Instagram, Linked-In, YouTube, WhatsApp have taken the global marketing landscape by storm especially in the area of promotion. The advent of digital technologies that birthed these social media platforms has brought significant changes in the concept of marketing and provides the SME operators added avenues to reach consumers, especially in the areas of promotions particularly, advertising. The de-centralization of these social media to gadgets as small as cell phones have ensured that goods and services of different guise and characters reach the final consumers. Hence, businesses are daily turning to social media for marketing and promotion of their goods and services. Social media have become the new marketplace where producers meet with consumers and deals are struck. Some businesses have blogs and websites which are totally dedicated to news and promotions of their goods and services providing the consumers the sites to browse and get the information they desire or to make purchases.

South East zone, one out of the six geo-political zones that make up the country; consists of the five eastern states of Abia, Anambra, Ebonyi, Enugu, and Imo. It is the indigenous homeland of the Igbo people characterized by the diverse Igbo culture and language and popularly referred to as Igboland with its regional capital as Enugu (Uchendu, 1965). The Igbos of southeast

Nigeria is one of Nigeria's major and most enterprising ethnic groups accounting for about 18% of Nigeria's estimated 180 million population (Onyenekenwa 2005). Of particular interest to (Uche Nworah 2011), for instance, are the Igbo ethnic group and the fascinating aspect of their culture known as 'self-help and self-enterprise'. This has become both an ideology and a mantra amongst Ndigbo. Referred to as 'Igbo Mbo', Ndigbo would readily refer to any true Igbo son with a counter ideology as 'efulefu,'(worthless). In a paper entitled, "The Igbo Entrepreneur in the political economy of Nigeria," Olanrewaju writes that "the Igbo, when compared to the other major ethnic groups in Nigeria, is at the forefront of entrepreneurial activities, especially in the informal sector". He further states that, "One major and unique trait of the Igbo entrepreneur is the courage, perseverance, and determination with which they carry on in spite of the bad experiences and losses during the Nigerian civil war from 1967 to 1970". Nworah (2011) remarks that, "this in-group survivalist thinking, has the capacity to turn the fortunes of the region into a global communication hub if the SMEs which abound in the region develop at the desired pace.

Studies (Aligwe, Ugochukwu&Nwafor2017), (Onugu 2005), (Okwu, Obiakor & Obiwuru, 2013) Ambrose & Kinyua, 2013) show that the fortunes of SMEs in South East Nigeria have been plummeting over time. Harsh economic realities in the country including lack of strategic marketing approach are believed to be chiefly responsible for the problem. From the 1980s to 1990s, thousands of SMEs, in South East such as Ekene Dili Chukwu Transport, Ltd; ABC, Izuchukwu and Ifeanyi Chukwu Motors, Empire Carpets, Golden Guinea, Monarch, Premier breweries; Multiple Palm Oil Plantations and Cassava Processing Plants held so much promise that expectations were high that they will grow into big conglomerates in a decade or less. Unfortunately, these high expectations never materialized as facts on the ground suggest that these hitherto promising and progressive SMEs have become moribund, in doldrums, have collapsed, or are on the verge of total collapse today.

Studies abound on the use of social media for economic growth, but available literature suggests that there are little or skimpy studies on the knowledge and use of social media as marketing tools among SME operators in South-East Nigeria. This study aims to fill this gap in the literature. It focuses on exploring the level of knowledge and extent of use of social media among SME operators in South-East Nigeria to reach potential customers far and near.

Objectives of the Study

The general objective of this study was to determine the impact of social media on the activities of small and medium scale operators in South-East Nigeria. The specific objectives were to:

1. Determine the level of knowledge of social media among SME operators in South East Nigeria
2. Ascertain the perceived usefulness of social media as tools of marketing among SME operators in South East Nigeria;
3. Find out the extent of use of social media as a tool of marketing among SME operators in South East Nigeria;

4. Determine the challenges SME operators encounter in using social media as a tool of marketing.

Hypothesis

- H₂. There is no significant relationship between perceived usefulness and actual use of social media as tools of marketing SME operators in South East Nigeria.
- H₃. The extent of use of social media as marketing tools among SME operators in South East Nigeria is not dependent on the challenges they encountered in using them

Review of Related Literature

Social media are unarguably the new marketplace that offers producers and consumers the opportunity to converge and broker deals. Studies have shown how knowledge of online advertising and its enormous advantages for the purposes of marketing and promotion has been embraced largely by already established firms and conglomerates across all parts of the country which in turn has positively influenced patronage of advertised goods and services on various social media platforms by their publics. This is because social media advertising, marketing, and promotion bring the goods and services to the consumer bridging time and distance. There is also the incentive of such goods and services ordered and brought to the consumer at their own convenience. Unfortunately, SMEs in South East Nigeria is yet to fully grasp the understanding of social media as the new marketplace and as such have not maximized the potentials of online marketing and promotions (Aligwe, Nwankwo&Nwafor2017).

A relevant study in the same field was carried out in (Oletewo, 2015) that had a nationwide focus aimed at analyzing the speed of adoption of social media marketing among select organizations and the social media channels of choice used by these organizations. The study revealed that multiple organizations were embracing with the speed of light the social media as marketing platforms to boost sales even though such businesses are already established (Otugo, Uzuegbuna, & Obikeze, 2015). The study also found out that SMEs are very slow and reluctant to embrace the use of social media for marketing and promotion because most small-time entrepreneurs see it as a waste of business time and scarce resources. A study carried out by Fatimah and (Fatima, 2019), found that the performance of SMEs in the Northern state of Maiduguri is nothing to write home about. It identified insecurity, inadequate infrastructural facilities as well as government policies as the keys to the poor performance of MSMEs in the state.

Studies have found out that, although social media are quite common among small businesses, they are not always able to use these tools in a truly profitable way (Oletewo, 2015).

Theoretical Framework

This study is anchored on the Technology Acceptance Model (TAM), a user behavior model grounded in social psychology. It is an extension of Ajzen and Fishbein's theory of reasoned action as propounded in 1975. Technology Acceptance Model was developed by Fred Davis in 1986. It posits that when faced with the choice of embracing a new media technology, users will be influenced by two major factors; perceived usefulness (PU) which is the degree to which a person believes using that system would be beneficial to him/her, and perceived ease of use (PEOU), the degree to which a person believes that using a system would be free from effort (Davis, 1989).

From this theory, it can be presumed that using social media for business promotion will be dependent on how SMEs operators in South-East perceive it to be useful to their businesses and the ease of using (Otugo, Uzuegbuna, and Obikeze, 2015). This brings in the issue of knowledge, it is one thing for the system to be useful and easy to use, but another for the user to be sufficiently aware of these characteristics that are important to shape acceptance of the model.

Furthermore, the theory posits that external variables such as social influence also play an important factor that determines attitude to a system.

This comes to bear on the focus of this study; businesses globally are maximizing social media to the fullest (Mangold & Faulds, 2009). Having a large followership and social media presence is considered a prestigious advantage in these days and times. Billions of people converge on social media and are depending on the media to fulfill their everyday needs, including bringing products and services to them (Claussen, 2012). Understanding these variables fully will compel SME operators to embrace social media for promotion since their customers expect them to be there. More effective promotion equals rapid growth and development of SMEs and by extension societal growth and development.

Methodology

The survey research method was adopted for this study since it involves determining the views, opinions, and feelings of respondents (George, 2012). Researchers (Aho, 2019; Ogbonne; 2019; Olijo; 2020; Kari 2020; Kwaghtser; 2019) say that the choice of a research design is usually done with consideration to the study objectives. The population of the study covered all the 7,061 SMEs registered by SMEDAN in the

five states of the South-East geo-political zone, comprising Abia, Anambra, Ebonyi, Enugu, and Imo. The sample size is 400 businesses determined using the Australian Online Calculator. The multi-stage sampling procedure was adopted which includes a combination of purposive, stratified, and simple random sampling methods(Field, 2005). A structured questionnaire was used as an instrument for data collection.

Data Presentation and Analysis

Table 1:*Distribution of responses showing the extent of knowledge and application of social media in promoting SMEs among respondents*

I have specific kinds of messages I spread on the Twitter	135	64	49	116	2.60	1.274
I have specific kinds of messages I spread on the Blogs	111	59	68	126	2.43	1.245
I have more social media that I use apart from the five above	66	36	81	181	1.96	1.151
I use social media only for publicity announcements	51	80	79	154	2.08	1.096
I use social media to run paid announcements	100	22	61	181	2.11	1.284
I use social media to run paid promotions such	41	64	64	195	1.87	1.071

The Limit of Real Number (LRN) was also used as a basis to determine the cut-off point for each scale of measurement. Those responses that have mean scores within the range of the limits set for each scale of measurement are named by those scales of measurement. Here is a run-down of the limits set for real numbers that fall within each scale of measurement.

Table 2:*Distribution of responses showing respondents' attitude and behavioral intentions in using social media in SMEs in south east Nigeria*

<u>Variables</u>	<u>SA</u>	<u>A</u>	<u>D</u>	<u>SD</u>	<u>U</u>	<u>Mean</u>	<u>St.D</u>
I use social media in promoting my business mainly because others are doing it	28	67	180	79	10	3.07	0.904
I use social media in my business because I want to stay ahead of my competitors	150	76	58	71	9	3.79	1.236
I started using social media and immediately saw its impact on my profits	91	142	112	14	5	3.82	0.898
I think that my business will do a lot better if I use social media to promote it.	187	82	85	-	10	4.20	0.979
I use social media because of the nature of the product I	86	113	141	-	24	3.65	1.048

Table 3: Distribution of responses showing perceived usefulness and ease of use in the use of social media to promote SMEs

<u>Variables</u>	<u>SA</u>	<u>A</u>	<u>D</u>	<u>SD</u>	<u>U</u>	<u>Mean</u>	<u>St.D</u>
I think using social media in promoting my business has many advantages	187	169	-	-	8	4.53	0.500
Despite the cost and time-consumed on social media, I think I will continue to use them	1139	217	-	-	8	4.39	0.489
No SME can survive today unless they promote their business on social media	89	77	154	26	18	3.62	0.989
I use social media more because others are using it, not that my business cannot progress without it.	31	138	99	78	18	3.32	0.963
I am sometimes confused about how to use some platforms	71	128	143	14	8	3.72	0.825
The difficulty of using some platforms makes me be limited to the ones I can use.	66	164	73	34	27	3.63	1.058
All the social media platforms are easy to use	32	179	123	22	8	3.62	0.735
I use at least three different types of platforms mainly because I am good at using social media.	47	140	142	23	12	3.57	0.841
Some platforms are hard to use, and I avoid them	88	79	95	80	22	3.41	1.194
The platforms I use are because they are easy to use	94	99	78	80	13	3.55	1.146
I am very good at all the platforms I use	109	181	49	17	8	4.07	0.795
I make excellent use of all the platforms I use	141	100	94	8	21	3.98	1.040

The Limit of Real Number (LRN) was also used here as a benchmark for decision making from the result in each of the responses.

4.3 Discussion of Findings

The findings of this study are in line with the theoretical framework of this study, the researcher compared the findings in this study with those of related studies to establish areas of corroboration or disagreement in order to ascertain the gap in the literature that this study has addressed.

Findings revealed that SME operators in South-East Nigeria are reasonably aware of social media platforms as promotional tools but do not yet fully comprehend its capacity to boost businesses. A similar study by (Cesaroni and Consoli, 2015) corroborated this finding. In their study, they found that "although social media are quite common among small businesses, they are not always able to use these tools in a truly profitable way. This is a result of the fact that SME operators in South-East are yet to fully grasp the potential benefits of applications of social media for business promotion (Sheers, 2010). This finding corroborates the tenets of technology determinism theory which posits that until users perceive the usefulness of a system, they cannot fully embrace it (Venkatesh & Bala, 2008).

Since SMEs are key drivers for socio-economic development, it subsumes that the growth and development of SMEs directly translate to the socio-economic development of any society in tandem with technology determinism theory which posits that there is a direct relationship between the sophistication of media technology per time and socio-economic development (Baran, 2004). Therefore, when SMEs embrace

social media in business promotions being the media of choice as it has reshaped the concept of marketing then it results in socio-economic growth and development (Kunz, 2006).

This study also found that "cost and time-consumed" in using social media cannot be compared to their advantages for the growth and development of SMEs (Ihechu et al 2015).

Conclusion and Recommendations

This research found out that there is an alarming discrepancy between the knowledge of various social media platforms as tools for promotion and the actual adoption and use of these platforms strictly for the purposes of business promotion by SME operators in South-East Nigeria. Against the backdrop of the findings and conclusions it is recommended that;

1. SMEDAN should hold periodic and regular seminars, workshops, and conferences for SME operators in order to update their knowledge on ICTs and social media use and their global potentials as promo tools.
2. The government in collaboration with network service providers should do all possible to ensure that network services are greatly improved in all well-known business clusters in South East Nigeria.

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