

**EFFECTIVENESS OF SOCIAL MEDIA AS A BUSINESS PLATFORM FOR SMEs  
IN MALAYSIA**

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## SUPERVISOR DECLARATION

I/We hereby declare that I/We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the awards of Bachelor of Technopreneurship with Honours

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## **DEDICATION**

Special dedication of this grateful feeling to my lovely parents and family, my brothers and sisters for being supportive during my degree's study. This dedication goes to my entire lecturer that has giving me a sincere taught and teaches me with no prejudices and did not giving up to give the best for me. Lastly this dedication goes to all my friends either from same faculty or not for their love, support and best wishes.

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## ABSTRACT

Social Media now has been a part of everyday life in most people around the world. Social media has created a global phenomenon where people share about what is happening in their daily life to other people. Most people find it very amusing and entertaining. Because of the wide usage of social media around the world, its use is now being utilized in many ways. Rather than sharing about what we are doing in daily life, people are now sharing useful knowledge, artworks that has never seen before and people also has found the idea of using it as a business platform as for its interactiveness in sharing information and data. For this, researcher has found out that most small businesses are now utilizing social media as a business platform mostly when it comes to microentrepreneurs which made up 76.5% of SMEs in Malaysia. Researcher would like to find out if social media is effective as a business platform among SMEs and what are the factors and most important factor that would influence them. The survey through questionnaire was conducted by researcher to collect respondent's answer and the data collected is analyzed by quantitative research method. A total of 384 questionnaires will be handed out and analyzed with statistical techniques. This research contributes to an understanding of how social media users among SME's look upon the effectiveness of social media as a business platform among SMEs in Malaysia.

Keywords: Small and Medium-sized Enterprise (SMEs), Social Media, Business Platform

## ABSTRAK

Media sosial dimasa kini telah menjadi sebahagian daripada hidup seharian kebanyakan individu diseluruh dunia. Media sosial telah menjadi satu fenomena dimana seorang individu berkongsi tentang kehidupan seharian masing-masing kepada orang ramai. Kebanyakan individu melihat media sosial sebagai satu hiburan. Disebabkan penggunaan media sosial diseluruh dunia, ia kini diguna pakai dalam pelbagai cara. Selain daripada berkongsi tentang kehidupan seharian, pengguna media sosial kini boleh berkongsi ilmu yang berguna, perkongsian hasil seni yang orang tidak pernah lihat dan ada juga yang mengambil peluang menggunakan media sosial sebagai platform perniagaan disebabkan kemudaham untuk berinteraksi dengan orang ramai dan berkongsi maklumat. Untuk kajian ini, pengkaji mendapat tahu bahawa kebanyakan perniagaan-perniagaan kecil sekarang terutama usahawan mikro yang meliputi 76.5% IKS di Malaysia menggunakan sosial media sebagai platform perniagaan. Pengkaji ingin mengkaji sama ada media sosial efektif sebagai satu platform perniagaan dan apakah faktornya yang mempengaruhi mereka untuk menggunakan media sosial sebagai platform perniagaan. Kaji selidik melalui borang kaji selidik telah dijalankan oleh pengkaji untuk mengumpul jawapan daripada responden dan data akan dianalisis dengan menggunakan kajian secara kuantitatif. Sebanyak 384 borang kaji selidik sedia untuk diedar dan dianalisis. Kajian ini memberi pemahaman kepada bagaimana pengguna media sosial dikalangan IKS melihat media sosial sebagai satu platform perniagaan yang efektif.

Kata kunci: Industri Kecil dan Sederhana, Media Sosial, Platform perniagaan

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of the Study

The new age of technology today has proven that much work can be accomplished in a limited time. Technology has yet to evolve from a simple mechanism like a round wheel to fully functioning car. Communications for most part has been made for sophisticated than any other technology. It has replaced real human interaction to just a mobile device. People no longer have to wait at government offices to renew their license or road tax. People no longer have to go to shopping malls during busy weekends just to buy a piece of clothing. People do not have to rush to the grocery store before it closes at night. People can now do everything just from the comfort of their homes.

Social media has emerged as a major development in the electronic commerce arena and a platform for selling both goods and services that effectively enables businesses to interact and connect with both their existing and potential consumers, and therefore has been crowned as the best tool for internet marketing organizations to use in order to grow their businesses (Shokery, N.M.B.A.H., Nawi, N.B.C., Nasir, N.A.B.M., & Mamun, A.A. 2016). Other than that, social media has changed the interactiveness of communication. People can know new information in a blink of an eye and allows people to share information to millions of people within one click.

SMEs today are bound with competition among other businesses that maybe providing the same product or service to consumers. With that SMEs today has to come up with another approach to find the right potential clients on time. Internet marketing is a more general way of approaching people but it is too broad and to interact with people is hard because it only advertise brands and not let people inquire about it interactively. So, social media is a step up from general internet marketing advertising because it is a platform for people to interact with each other in a fast way.

## **1.2 Problem Statement**

One of the problems that conduct researcher to study about the effectiveness of social media as startup platform is a new trend and there is not many past research that has arise about SMEs using social media as a business platform. Researcher would want to know what are the factors that would lead SMEs to use social media as a business platform. Research moreover uncovers that social media has mind blowing impact among web clients and in this manner shapes a crucial portion of users behavior and way of life (Lee, Khong, & Hong, 2014)

Because social media is growing so fast, the effectiveness of social media as a marketing communications channel has presented numerous restrictions for business owners. It is considered to be distinctive from conventional marketing channels, and even other digital marketing channels, proposing a two-way conversation or business (Bacile, Ye and Swilley, 2014; Shih, 2009). From this statement it is stated social media are different from old marketing methods because it's a new form of technology used for online marketing and it could be a problem for someone who is not used to social media

Many organizations are investing in their social media presence because they appreciate the need to engage in existing social media conversations in order to protect their corporate or brand reputation (Lee and Youn, 2009), increase customer engagement (Gummerus, Liljander, Weman and Philstrom, 2012) or increase online sales (Tsimonis and Dimitriadis, 2014). This statement conveys problems that companies who use social media are in need of protecting their brands or products from false claims so it effects the trustworthiness of the brand or product of a company. The researcher assumes that most business owners wants the marketing they have done to be backup with reviews from existing customers so business owners are in need of direct communication with customers for exchanging information.

Last but not least, another problem that will prevent effectiveness of social media as a startup platform is the lack of insight data on business and marketing performance. As most organization nowadays are entering the social media realm, it is important to be able to calculate the impact of the investments made, including its contribution to achieving marketing objectives, as well as knowing any return-on-investment (ROI) (Pang and Lee, 2008; Fisher, 2009; Kumar and Mirchandani, 2012; McCann and Barlow, 2015).



### **1.3 Research Question**

RQ1 : What is the prevalence does young generation use social media as purchasing platform?

RQ2 : What are the factors that contribute the effectiveness of social media as a business platform among SMEs?

RQ3 : What are the factors that has the biggest influence to the effectiveness of social media as a business platform among SMEs?

### **1.4 Research Objective**

RO1 : To identify what is the prevalence of young generation using social media as purchasing platform.

RO2 : To investigate the factors that contribute the effectiveness of social media as a business platform among SMEs.

RO3 : To identify the factors that has the biggest influence in effectiveness of social media as a business as a business platform among SMEs.

### **1.5 Scope and Key Assumptions**

#### **1.5.1 Scope**

This study focuses on the effectiveness of social media as a business platform among SMEs. Information will be gathered upon the impacts of social media as a business platform for SMEs that are in need of an effective way.

### **1.5.2 Key Assumptions**

We give the assumptions that would make social media effective as a business platform among SMEs. What impact that it would have and the most important things that can affect the subject.

### **1.6 Importance of the Study**

This research would give an overhead view on the smarter way to start up a business for SMEs, instead of the conventional way. It can show the effectiveness of social media as a business platform among SMEs. This research can also be a guideline for SMEs who want to social media as business platforms. Other than that, this research has more precise information of the subject based on the research questions given among SMEs who answered the questionnaire.

## **1.8 Summary**

This chapter explains the meaning of social media with the many use of it and background of SMEs. This research shows if whether social media as an effective business platform among SMEs. Research objectives and question had been created to show that this research has its purpose. In the problem statement, the research questions are lead by the research objectives to answer the problem statement. The importance of this research shows that whether social media are effective as business platform among SMEs.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter is will discuss the effectiveness of social media as a business platform. This research focuses on three points of effectiveness of social media as a business platform. This literature review will show the advantages of using social media for businesses in this time period. The literature reviews that are collected are used to identify whether if social media is effective enough as a business platform among SMEs. Other than that this chapter will explain more about the general overview of social media and outline the implementations of it for business use that will influence SMEs to use it.

## 2.2 Overview of Social Media

According Mangold, W. G., & Faulds, D. J.( 2009) social media includes a wide extend of online, word-of-mouth gatherings counting blogs, company supported talk sheets and chat rooms, consumer-to-consumer mail, buyer item or benefit appraisals websites and gatherings, Web dialog sheets and gatherings, moblogs (locales containing computerized sound, pictures, motion pictures, or photos), and social organizing websites .

Social media may imply of communication through the web that empowers social interaction. It is a viable approach for individuals to utilize in communicating and collaboration with each other. At the same time more associations are applying social media to advance their administrations and connected with their clients or benefactors (Xie, I., & Stevenson, J. 2014).

Social media and Web 2.0 are two well known buzzwords as well as innovative concepts, which have brought around inescapable changes in business-to-business communication, commerce to-customer communication, and customer to-customer communication (Kietzmann, Hermkens, McCarthy, & Silvestre, 2011)

## 2.3 Types of Social Media

According to Cann, A., Dimitriou, K. & Hooley, T. (2011) types of Social Media can be sorted to a number of categories, here are some examples of some commonly used sites that are sorted to their functions.

Table 2.1

<p><b>Communication</b></p> <p>Blogging : Blogger , LiveJournal , TypePad , WordPress</p> <p>Microblogging : Twitter , Yammer , Google Buzz</p> <p>Location : Foursquare , Gowalla , Facebook Places</p> <p>Social Networking : Facebook , LinkedIn , Myspace</p> <p>Aggregators : Google Readers , Netvibes , Pageflakes , iGoogle</p>
<p><b>Collaboration</b></p> <p>Conferencing : Adobe Connect , GoToMeeting , Skype</p> <p>Wikis : PBWorks , Wetpaint , Wikia</p> <p>Social Bookmarking : Delicious , Diigo , BibSonomy</p> <p>Social Bibliography : CiteULike , Mendeley</p> <p>Social News : Digg , Reddit , Newsvine</p> <p>Social Documents : Google Docs , Dropbox , Zoho</p> <p>Project Management : Bamboo , Basecamp , Huddle</p>
<p><b>Multimedia</b></p> <p>Photographs : Flickr , Picasa , SmugMug</p> <p>Video : Viddler , Vimeo , Youtube</p> <p>Live Streaming : Justin.tv , Livestream , Ustream</p> <p>Presentation Sharing : Scribd , Slideshare , Sliderocket</p> <p>Virtual Worlds : OpenSim , Second Life , World of Warcraft</p>

## 2.4 Overview of SMEs and Social Media Statistics in Malaysia

Small and medium enterprises are named by descriptive words demonstrating estimate, hence financial analysts tend to partition them into classes concurring to a few quantitative quantifiable pointers. The foremost common basis to recognize between expansive and little businesses is the number of workers (Hatten: 2011).

Small and medium enterprises (SMEs) contributed RM435.1 billion in 2017 to Malaysia's GDP growth of 7.2% compared with 2016's 5.2%. Because of that, SMEs in Malaysia caused the country's GDP rising to 37.1% last year from 36.6% in 2016. Within 14 years (2004 - 2017), SMEs' real GDP growth has passed the overall economy, averaging at 6.6% per annum compared with the overall GDP's 5.1% growth. SMEs has also increase the rate of employment, with the share of SME employment to total employment increasing to 66% in 2017 from 65.3% in 2016. SME statistics target that it will contribute to the GDP with a reach of 41% by 2020 with contribution to the country's exports to reach 23%, with SME employment to hit 65% of overall employment. By 2020, SME Masterplan 2.0 is created as new plan to raise entrepreneurship and SME grassroots. SME Masterplan 2.0 will put plans for SME development for business sustainability and competitiveness in order to compete with more international and big firms.

Table 2.2 : New definition of SMEs in Malaysia by size of operation

	<b>Manufacturing</b>	<b>Service and Others</b>
<b>Microenterprises</b>	Sales turnover RM 300,000 and below with below 5 employees	Sales turnover RM 300,000 and below with below 5 employees
<b>Small</b>	Sales turnover between under RM 15 mil and RM 300,000 with employees between 5 and below 75	Sales turnover between under RM 3 mil and RM 300,000 with employees between 5 and below 75
<b>Medium</b>	Sales turnover between RM 50 mil and RM 15 mil with employees between 200 and 75	Sales turnover between RM 50 mil and RM 15 mil with employees between 200 and 75

(Source: National SME Development Council (NSDC) SME Corp. Malaysia, 2013)

Malaysia has around 25.08 million web users (79 percent of the populace). The populace has amazingly tall rates of mobile phone usage. From 31.2 million Malaysians, 24 million are social media clients, 21.6 million are interesting mobile clients, and 22 million utilize social media on their mobile gadgets (Export, 2018). Of all social media channels in Malaysia, Facebook had a 56% response rate with twitter coming in second at 40%. (Social Bakers) Agreeing to insights given by Facebook, 94% of Malaysians find items and brands on Facebook and 62% of them make a buy after the revelation (Rory Lee, 2016). 3 hours and 19 minutes a day is the average time Malaysians utilize Social Media and 38% of individuals in Malaysia effectively utilize their mobile phones to buy items online (We Are Social 2017).