

**CONTRIBUTIONS SOCIAL MEDIA TOWARD FIRM'S FIANANCIAL
PERFORMANCE**

CHEN MEI CIN

**The thesis is submitted in partial fulfilment of the requirements for the award of
Bachelor of Technopreneurship with Honours (4 BTEC)**

**Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka**

JUNE 2019

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DECLARATION

I declare that this research entitles “Contributions of Social Media Toward Firm’s Financial Performance” is the result of my own research except as cited in the references. The research has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :.....

Name :.....

Date :.....

DEDICATION

This study is dedicated to my beloved family and friends who always lend me a hand and support me. And never forget to my supervisor for all the guidance and advice to lead me finish this study.

ACKNOWLEDGEMENT

First of all, I am extreme thankful to my supervisor Dr Siti Norbaya Binti Yahaya who always scarify her time for guiding and advising me to finish this study. Besides, I also would like to take this opportunity to thank my friends and family who always provide their moral, spiritual, emotional, and financial support to me. Lastly, I appreciated all the kindness from all the parties who help me to complete this study. I also hope that this research could contribute for those who interested with this topic.

ABSTRACT

Nowadays, social media become important marketing tools in the business. The online platform also becomes the current trend for this market. Therefore, this research is aim to find out how social media contribute toward a firm's financial performance. There are three independents variables which are social media usage, customer engagements and customer relationship management while the dependents variable is a firm's financial performance. All the data are collected through distributing the questionnaire in the Fashion and Beauty industry. There are 165 respondents participating in research and the data analysed by using SPSS Statistics. After the data analysed, the results show that only one independent variable is significant which is customer relationship management. This variable is the most significant in the research. Last but not least, these findings of the research could assist the marketer to understand how social media contributes toward the firm's financial performance.

ABSTRAK

Pada masa kini, media sosial menjadi alat pemasaran yang penting dalam perniagaan. Platform dalam talian juga menjadi salah satu trend semasa dalam pasaran ini. Oleh itu, kajian ini bertujuan untuk mengetahui media sosial menyumbang terhadap prestasi kewangan firma. Terdapat tiga pemboleh ubah bebas iaitu penggunaan media sosial, penglibatan pelanggan dan pengurusan hubungan pelanggan manakala pemboleh ubah tanggungan adalah prestasi kewangan firma. Semua data dikumpul melalui pengedaran soal selidik dalam industri fesyen dan kecantikan. Terdapat 165 responden yang terlibat dalam penyelidikan dan data dianalisis menggunakan Statistik SPSS. Selepas data dianalisis, hasil menunjukkan bahawa hanya satu pemboleh ubah bebas yang signifikan yang merupakan pengurusan perhubungan pelanggan. Pembolehubah ini adalah yang paling penting dalam penyelidikan. Akhir sekali, penemuan penyelidikan ini dapat membantu pemasar memahami bagaimana media sosial menyumbang terhadap prestasi kewangan firma.

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CHAPTER 1

INTRODUCTION

1.1 Introduction

Social media has become a mainstream of media platform to connect the people around the worldwide. People foster their relationship between each other through the social media platform in this edge of technology. The proliferation of social media shows that social media is the trend regardless of age groups. Therefore, it made the social media play a vital role in our daily life. People used to swipe their social media feeds/walls every day. Nowadays, the social media is not only for entertainment, but also to build up a business. Social media even play an essential role for the online business. Based on research of Vincent Dutot (2015), the research shows that all the consumers interact on social media, and social media shapes their perception of businesses. Eighty-three percent (83%) of these people use social media daily and more than half follow one or more firms (Vincent Dutot, 2015). Therefore, it causes lots of the entrepreneurs prefer promote their business via the social media than other traditional platform like television, magazine or newspapers especially in Fashion and Beauty industry.

In addition, most of the entrepreneurs whom involved in Fashion and Beauty industry are women entrepreneurs. They registered their business under Companies Commissions of Malaysia (SSM) which is a statutory body formed under an Act of Parliament that regulates corporate and business affairs in Malaysia. Due to the growing of the social media, it also indirectly causes the women entrepreneurs Malaysia increasing rapidly years by years. For example, one of the most influential Malaysian women entrepreneur is Vivy Sofinas Yusof, the co-founder of the multimillion-dollar online retail Fashion Valet and The dUCk Group. The others example women entrepreneur is Christina Kuan who is the co-founder of Ms Kuan. She not only owns a business but also a major social media influencer. The market of Fashion and Beauty field is becoming expand due to the growing of social media platform.

Although most of Fashion and Beauty business organization have their own business website, they still utilize Facebook or Instagram as their main media platform to promote their business. This is because of social media is the main sources to get the new customers. Social media not only benefits with cost-less but also ease to manage. The business organization used to promote and market their product as well as build up the brand name through the social media platform. For example, some of the business organization use the marketing strategy like rewarding the social media users if they share the page's post in order to promote the products to more people. Those strategic was frequently used via social media. Therefore, this study will go through further on how social media improve the firm's financial performance, so that it will lead companies have a better business performance in the future.

1.2 Background Study

In order to sustain and achieve superior business performance in this competing markets, all the business organization need to implement a good marketing strategy in

their business. There is various type of marketing strategies, social media is known as one of the digital marketing in marketing strategy. As social media networking has emerged and expanded rapidly in the past decade, interest in social media marketing among marketing scholars and organizations has also grown sharply worldwide (Zhan Wang, 2017). There are various ways that social media contribute toward firm's financial performance, however this study only focus on few strategies which are social media usage, customer engagements and customer relationship management. Social media usage can be determined by the frequently usage of social media by a business organization in order to promote their business. The frequent of posting, timing of posting, content of posting will bring the effects to their financial performance. There is a research shows that 3 out of 10 internet users prefer sharing the post which the content was created by themselves rather than sharing the page's post unless there are any benefits. Furthermore, the timing of posting also affect the results. While, a good post timing will grab the attentions of users to the post. Hence, the researcher can conclude that the social media usage also one of the main elements in improving the firm's financial performance. This is because of the high social media usage will indirectly result towards the exploration to new people.

In addition, customer engagements is one of the important elements that always concerned in social media. This is because of the current marketing literature cause the attention from consumers getting increase. The customer engagements also provided an advanced improvement of the current theorisations among all the customers. Therefore, it could enhance the relationship between customers and business organizations. Plus, the effort increases the interaction and empirical nature between each other, while extending their scope beyond core purchase situations. (Laurence Dessart, 2015)

Last but not least, customer relationship management also one of the elements that contribute to the firm's financial performance. It can determine that how a business organization manage and handle their relationship with the customer. According to the research of Zhan Wang (2017), it was recognized as both a strategy and a method for

implementing information technology to support marketing activities that create customer value.

1.3 Problem Statement

Knowing that social media is the current trend and it plays an important role in a firm's business, however there are not every firm manage their business with this platform. Some of traditional business organization remain with the traditional marketing or even does not adapt this new technology.

Based on Carolyn Heller Baird (2011)'s study, it shows that there are 500 million active users Facebook around the worldwide. Hence, it clearly shows how the customers are assembling and organization businesses want to be. There are more and more social media users used the social media as the search engine. For example, they used the social media to search the sellers by specific keywords or hashtags, then sellers list and comments will show. Therefore, the social media platform also creates massive potential for companies to get to their customers closely. (Carolyn Heller Baird, 2011)

Based on the Internet Users Survey 2017 from Malaysian Communications and Multimedia Commission, the result shows about 21.9 million social media users in 2016, of those 97.3% claimed that they owned a Facebook account and 56.1% for Instagram account. The active users getting increased as compared to previous year. Hence, those business organization should gain the advantages from social media with implementing a good marketing strategy. This is because of social media is a costless platform. Business organization free to make an advertisement through social media when the social media users sharing the posts. Peers to peers sharing is the most convincible way to promote a product.

Furthermore, business organization should manage their business at social media properly. They have to focus on some elements like get the engagements with customer and manage the relationship with customers. Therefore, it will bring the contribution to a firm's financial performance. On the other hand, if some of the business organization still remain with the traditional marketing and does not respond to the current trend, it will be difficult to sustain in this market. Since a vast proliferation in the use of social media sites, be it by individuals or businesses alike. Hence, this study will further discuss about the boost up the social media usage, important to get the customer engagements and manage the relationship with customer that towards contribution towards firm's financial performance.

1.4 Research Questions

The following is the research questions which researcher important in this study:

- 1) Is social media usage affects firm's financial performance?
- 2) How customer engagements bring impacts to firm's financial performance?
- 3) How customer relationship management improve firm's financial performance?
- 4) Is there any relationship between customer engagements, customer relationship management and social media usage with firm's performance?

1.5 Research Objectives

This research purposely is to examine marketing strategy bring the contributions to the firm's financial performance. Research objectives as below:

- 1) To identify the social media usage, customer engagements and customer relationship management as important elements at social media.

- 2) To examine the correlation between social media usage, customer engagement, customer relationship management and firm's financial performance.
- 3) To determine impact of social media usage, customer engagements and customer relationship management towards firm's financial performance.

1.6 Scope of Research

The research is mainly focus on discussing the contribution of social media usage, customer engagements and customer relationship management of social media toward firm's financial performance especially in Fashion and Beauty sector. Researcher will select the business organization that used Facebook and Instagram as their main platform in order to promote their business in last these 3 years. The population of Fashion and Beauty business organization determined by the number of Fashion and Beauty business organization who registered under Companies Commissions of Malaysia (SSM). The Fashion and Beauty business organization also will category with different types of business like sole proprietorship, corporation, sendirian berhad and berhad. The Fashion and Beauty business including clothing, bag, personal care product, skin care product, cosmetic product, shoes, contact lens and others.

1.7 Limitation of Study

There are few limitations to complete this research. Firstly, the researcher need to get the name list of Fashion and Beauty business organization, so that can distribute the questionnaire to the exact targeted respondents. There are not every Fashion and Beauty business organization will respond to the distributing of questionnaire, hence

the researchers must pay additional efforts to distribute the questionnaires to more respondents in order to achieve the target number of respondents. Plus, the researcher assumed that all respondents can understand the questions and provide the respond honestly. Lastly, researcher assumed that all the respondents have sufficient knowledge and experiences regarding this research topic to answer the questionnaire given.

1.8 Significant of Study

Social media networking has become emerge and expand day by day. It becomes a tool that lead the business organization achieve three strategic goals like building brand awareness, increasing loyalty, and boosting sales. At the same time, business organization should manage their social media pages properly including always maintain a good relationship with customer, always engage with the customer and keep update the posting. Therefore, in this research will study about the contribution social media especially Facebook and Instagram towards firm's financial performance in Fashion and Beauty industry. The elements include social media usage, customer engagement and customer relationship management.

1.9 Summary

As a nutshell, chapter 1 discussed the background of the study and problem statement of the study. Even though the social media is the current trend, there are some of the business organization still implementing the traditional marketing rather than digital marketing. Next, an explanation on the contribution social media towards firm's financial performance in Fashion and Beauty industry has been stated in this chapter.

The following subtopics are research questions and research objectives. Besides, the scope and limitation of study also explain the criteria of respondents and the difficultness of researcher to carry out the study. Lastly, the significance has been point out in this chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, a review of the literature was proposed to identify variables, theories models and theoretical framework that related to the contribution of social media towards firm's financial performance. Firstly, researcher will discuss about the current social media platform like Facebook and Instagram that high frequently used. Besides, this literature review also included all elements (independent variables) that bring the contribution toward firm's financial performance (dependent variable). It will further discuss for each of the elements. Next, a theoretical framework was prepared based on the theory of previous research had been studied. The theoretical framework shows the relationship among all the variables. Last but not least, the hypotheses between the variables had been predicted.