

## APPROVAL

'I hereby declared that I have read this thesis and this research is sufficient in terms of scope and quality. This research is submitted to Universiti Teknikal Malaysia Melaka as requirement for completion for bachelor degree of Technopreneurship with honours (BTEC)'.

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THE IMPACT OF SOCIAL MEDIA APPLICATION AS A BUSINESS  
PLATFORM TO IMPROVE BUSINESS PERFORMANCE OF SMEs

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A project paper submitted

In fulfilment of the requirement for bachelor of degree in Technopreneurship with  
honours (BTEC)

FACULTY OF TECHNOLOGY MANAGEMENT AND TECHNOPRENEURSHIP  
UNIVERSITI TEKNIKAL MALAYSIA MELAKA

January 2020

## DECLARATION

“I hereby declare that this research paper is the result of my own independent work except the summary ad experts that have been specifically acknowledge.”

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## **DEDICATION**

This paper is dedicated to my loving parents and families who have been my primary source of inspiration and encouragement throughout my entire life, I am very fortunate and honoured with my family's immense love.

I owe my deepest gratitude to my esteemed supervisor and panel for continuous encouragement, relentless support and tremendous inspiration in completing my work and, last but not least, I would like to thank my lecturers, particularly friends of my teammates under the same supervisor for constant guidance and advice that guided me to my true potential during my graduate journey.

## ACKNOWLEDGEMENT

First of all, I would like to take this opportunity to share my highest gratitude and heartfelt appreciation to the supervisor of my final year project, Madam Azrina Binti Othman, for all the support, help, inspiration and encouragement to ensure that I am on the correct track to complete my project paper. I have been able to gain new insights and expertise from her comments and suggestions that contribute to the success of this journal.

I am also deeply indebted to my mother Roshayati Awang, and my father Suki Mohamad Yunus, who have always helped me since day one in all respects. To helping me out and always lending a helping hand to my parents and sisters. I would also like to thank my friends for their constant support in building together the road to our future. For I am changing for the better with them.

I would also like to express my appreciation to Universiti Teknikal Malaysia Melaka (UTEM) for making final year project as requirement for graduation. There are several observations that I have learned would certainly be additional information in the specific field that I will join later for future journey. Highest gratitude and thanks to my final year project panel Dr Norhidayah Binti Mohamad, for feedback and highlights on the potential weaknesses of my work to be changed in order to achieve better and practical study, I thank you all for making my way to the smooth completion of the project.

## ABSTRACT

In Malaysia, the development of small and medium-sized enterprises (SMEs) was a high priority and a pillar of economic growth. The use and adoption of social media application as a new communication tool by the organization and SMEs is becoming increasingly global and offers small and medium-sized businesses and marketing researchers a unique opportunity to undertake research that will have an impact. This research purpose of this research to know what is the impact of using social media application as a business platform to improve SMEs performance. Quantitative research is used to conduct this research. Therefore, questionnaires will distribute to the public in Melaka by randomly. A total of 200 respondents were selected in this research by using convenience-sampling technique. The Statistical Package for Social Sciences (SPSS) is a software program used to analyse data collection from respondents. Therefore, this research is expected to enhance the awareness and acceptance of social media application among SMEs.

*Keywords: social media application, small and medium-sized enterprises, business platform, Melaka.*

## ABSTRAK

Di Malaysia, pembangunan perusahaan kecil dan sederhana (PKS) adalah keutamaan yang tinggi dan tunggak pertumbuhan ekonomi. Penggunaan dan penggunaan aplikasi media sosial sebagai alat komunikasi baru oleh organisasi dan PKS menjadi semakin global dan menawarkan perniagaan dan penyelidikan pemasaran kecil dan sederhana peluang unik untuk melakukan penyelidikan yang akan memberi kesan. Tujuan penyelidikan ini untuk mengetahui apakah kesan penggunaan aplikasi media sosial sebagai platform perniagaan untuk meningkatkan prestasi PKS. Kajian kuantitatif digunakan untuk menjalankan kajian ini. Oleh itu, soal selidik akan diedarkan kepada orang ramai di Melaka secara rawak. Sejumlah 200 responden dipilih dalam kajian ini dengan menggunakan teknik sampling kemudahan. Pakej Statistik untuk Sains Sosial (SPSS) adalah program perisian yang digunakan untuk menganalisis pengumpulan data dari responden. Oleh itu, kajian ini diharapkan dapat meningkatkan kesedaran dan penerimaan aplikasi media sosial di kalangan PKS.

Kata kunci: aplikasi media sosial, perusahaan kecil dan sederhana, platform perniagaan, Melaka.

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of Study

Marketing in social media is an important way for companies to gain clients and consumers of all sizes. Social media marketing or SMM is a form of internet marketing that involves creating and sharing content on social media platforms to achieve the goals of marketing and branding. Social media uses mobile and web-based technology to create highly interactive channels for user-generated content sharing, co-creating, addressing and changing within the network (Kietzmann JH, et al. 2011). Many sites, like WeChat, Twitter, and Facebook, are for the general masses. There are more focused career networks on the other platforms, LinkedIn; in addition, Facebook has begun as a private niche network for students at Harvard University. Sharing media sites, such as Myspace, YouTube and Flickr, focus on shared videos and photographs (Business Horizons, 2011) Social media marketing covers practices that require public engagement, such as posting text and images, videos and other content, and paying for social media ads. The concept of social media is high on the agenda for many business entities today. Decision makers and consultants; seek to recognize areas in which businesses can profitably leverage apps such as YouTube, Instagram, Second Life and Twitter (Andreas M. Kaplan et al., 2010).



Social Media Apps (SMA) are widely used to facilitate personal or group communication. SMA is used as a medium for interacting with its customers in company situations. According to McKinsey, (2014), businesses are rapidly increasing the pace of growth of social media apps (SMA) such as LINE, WeChat, Twitter and WhatsApp. For example, from a strong presence on Instagram or Pinterest, a visual e-commerce or travel company can gain a lot. Organizations can use SMA to accomplish a variety of business goals or objectives. Companies are now using SMA to communicate with customers and suppliers, build relationships and build trust, and identify potential business partners (Shih, 2009), promote brands, and foster branding (Kaplan, 2012; Leek & Christodoulides, 2011). For example, businesses should create their social media accounts to promote their products and share information with their customers (Taiminen & Järvinen, 2016). To attract more potential customers, the company can use the SMA to post content. One study by (Stelzner, 2014) shows that 92% of advertisers agree with the value SMA assigns to their company, while from another study by (Huff, Edmond, & Gillette, 2014), only 6 percent of surveyed buyers claim that SMA affects their B2B buying processes and 10 percent believe that SMA helps to establish the credibility of a business.

A contact medium's qualities refer to the medium's objective physical properties, which are not susceptible to the media's influence of prior experiences and meaning. Other networking features include speed of communication, parallelism, collection of symbols, rehearability and the ability to reprocess. We believe that companies use SMA because these management approaches effectively lead to the growth of interaction in consumer markets and the creation of industry. (William et al., 2016).

SMA offers a perfect combination of digital communication capabilities, according to Cao et al.,(2012), Since its use as communication channels will in theory enhance business performance for SMEs in a number of ways. Business performance of SMEs can be measured in terms of budgeting, KPIs (Key Performance Indicators), Benchmark, CRM (Customer Relationship Management) and performance evaluations of employees. According to Kahar et al., (2012), small and medium-sized companies are using SMA to create awareness with current and prospective consumers

and to keep in touch with them. Social media is a medium of high visibility. Every day, there are millions of people on social media and it makes sense to use these channels to make your company more accessible. SMEs will follow conversations that people are having, use hashtags to figure out what is important to consumers at the moment, and respond to customers' questions about your product. According to Michaelidou et al., (2011), small and medium-sized companies should advertise their product to attract large markets, show the latest customer information and gain new consumers (Barashi, 2012). SMEs can also use SMA to connect to retailers and recognize prospective distribution partners (Shih, 2009).

Strategic use of social media can bring great opportunities to the company, but planning and preparation will be needed. According to Nguyen et al. (2015), Effective social media use can provide the company with great opportunities but it will take thought and planning. SMA is key in the innovation cycle of an enterprise SMA should encourage user engagement and give companies a clear understanding of customer needs (Stockdale et al., 2012). According to (Stockdale et al., 2012), using customer information will help companies detect and manage misleading ads and customer grievances, as well as understand, learn and leverage new knowledge. Small and medium-sized companies to search for new business opportunities and technologies, develop their products and enhance their services (Barashi, 2012) can use SMA. Changing with digital technology's accelerated advances will help improve the product, reputation of the client and perhaps even win new customers.

## 1.2 Problem Statement

Past research focuses, somewhat unexpectedly, on the use of such tools; academic reviews are sparse demonstrating how organizations are using SMA for communications. While the market value of SMA has been widely accepted, the impact of SMA may not yet be known as expected. For example, one study shows that 92% of marketers agree with the importance of SMA for their companies, while only 6% of customers surveyed claim SMA affects their buying processes, and 10% say SMA helps build a brand's credibility (William et al, 2016).

The problem is that the small and medium-sized enterprises do not use the SMA because they believe that their business can not really benefit from social media. First, they don't believe their customers are on social media. In 2019, there are expected to be about 2.77 billion social media users worldwide. According to David Cuaves (2016), with this number of active user, it is highly likely that customers will be on social media network regardless of what type of business involved. Most social networks are also available as mobile social applications, while some networks have been optimized to allow users to access social networks such as Facebook and Instagram easily. SME do not realize there a lot of potential customer are actively using the SMA.

The next problem is that small and medium-sized enterprises believe social media only for young people. Many entrepreneurs believe that the youth's domain is social media networks. This is a business mistake because, according to the Pew Research Centre, since 2010 when only 11 percent used social media, use among those 65 and older has more than tripled. According to (David Cuaves, 2016), the use of social media among the senior population is only predicted to increase as more generations of baby boom cross into their golden years. The population of the world is getting older. According to the United Nations, Between 2013 and 2050, the number of the older population will more than double, from 841 million to over 2000 million. By 2047 it is estimated that older people would exceed the number of babies for the first time. Worse people are getting worse by comparison (Mayela Coto, 2017). Therefore, the entrepreneurs should know that the media social not only use by young people, it widely by the older generations.

Many SMEs are not using social media as they do not know how to use it. Social media is an easy concept to understand in theory, but there's a lot more to it than just setting up a Facebook or Twitter account. Social media may not be the best fit for some small business, with many businesses missing huge opportunities to engage with their clients and attract new ones. Social media certainly takes time, but many successful businesses can quickly build up a social media presence by following the expert guideline. According to Irwan, (2018), as of September 2018, more than 2.2 billion people are using Facebook. Most of the entrepreneur not have the skill to use the Facebook advertising as their marketing program. This takes time for Facebook ads to learn the dynamic art that generates highly effective Facebook ads. It will take a little time to set up a Facebook campaign to deliver excellent results for the business.

### **1.3 Research Question**

Based on the research problem and the issue that been discussed previously, the following research question gas formed:

- 1.3.1 What is the factors of SMA that can improve Melaka's SMEs performance?
- 1.3.2 What is the relationship between SMA as a business platform and Melaka's SME performance?
- 1.3.3 Which the most significant factor of SMA that can improve Melaka's SMEs performance?

### **1.4 Research Objective**

In the research discussed want to examine the effectiveness of using SMA in business. The aim to enhance the business performance of SME that can influence by using of SMA platform. The main objective of the research will be support by the following sub-objectives:

- 1.4.1 To identify the factors of SMA that can improve Melaka's SMEs performance.
- 1.4.2 To examine the relationship between SMA as a business platform and Melaka's SME performance.
- 1.4.3 To determine the most significant factor of SMA that can improve Melaka's SMEs performance.

## 1.5 Scope and Limitation of Study

The scope of this research is to study the impact of using SMA to enhance SME performance. This study is conducted in Melaka to investigate the impact of using SMA such as Facebook, Instagram and Twitter to enhance Melaka SME performance. Melaka was chosen to conduct this study because there are many entrepreneurs from different states who start their business in Melaka.

The respondents will be collected from SMEs based in Melaka who are doing their business using social media platforms. Respondents will be divided into three categories: micro (sales below RM300,000 or employees less than 5), small (sales RM300,000 < RM15 million or employees from 5 to < 75), and medium (sales RM15 million to 50 million or employees from 75 to 250).

There are several limitations that will occur in the research process. The first limitation is the research area, which the researcher may not be able to cover the whole Melaka area; the possible areas for research by researchers are Alor Gajah and Melaka Tengah. Other than that, a limitation that will occur is the difficulty of communication with respondents. It seems that the respondents of this research are Melaka SMEs, so some respondents may not be willing to spend a lot of time seriously answering the questionnaire or survey, which some of the survey or questionnaire questions might not be able to get from their minds the exact answer. Other than that, some respondents may have difficulty in language understanding, which they cannot understand the questions that were asked in the survey or questionnaire, so the researcher may need to help the respondents to answer the survey by explaining the questions in a language they understand.

## **1.6 Important of Study**

This study is intend to find out about the important SMA to a business. This study will benefits SME because it will help them to enhance their business performance using the SMA platform to marketing their product or services. It will help the SME to known what they can expect from the SMA if they decide to use the platform. In addition, Social media marketing is one of the topics of interest to review since it is one of the most multifunctional and cost-effective tool that small and medium-sized companies can use to meet their target audience and increase sales over time.

## **1.7 Conclusion**

This chapter 1 include the background of study, problem statement, research question, research objective, scope and limitation of study and important of study. This research will further explain in Chapter 2, which is the literature review.

## **CHAPTER 2**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This chapter will provide more explanation on the Social Media Application and business performance. It also will explain each independent variables and dependent variable that consider about the factors, which importance of using SMA and the effect on the SME's business performance according supported articles. Besides that, this chapter also will be explain about how SMA will be relate to the business performance. The last part of this chapter will be the summary if the literature review.