



## Utilisation of Social Media by Micro, Small and Medium Enterprises in Brunei Darussalam

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### ABSTRACT

Social media has increasingly become the new platform for conducting business activities, especially amongst Micro, Small and Medium Enterprises (MSMEs) on account of its practicality, relatively low costs, accessibility, and flexibility. Social media has transformed the business-to-customer relationship with regards to the empowerment of both sides of the relationship through increased participation, interaction, communication and most importantly, the control of information. This paper focuses on two social media platforms, namely Instagram and Facebook, in identifying the factors that promote the usage of social media by MSMEs in doing business activities. Based on the four objectives and hypotheses proposed in this study, an electronic questionnaire was conducted to find out how the effectiveness and interactivity factors significantly influence the use of social media and how social media will contribute to organisational performance and thus serve as competitive advantages for MSMEs in the context of Brunei Darussalam.

**Keywords:** MSMEs, Social Media, Interactivity, Effectiveness, Organisational Performance, Competitive Advantage

**JEL Classifications:** D91, L2

### 1. INTRODUCTION

The rise of social media as a new sphere of digital media results in a major shift in business-to-customer relationship with regards to the control of information (Pentina et al., 2012). This transformation comes in the form of increased participation (Manning, 2014), interaction and communication (Coremetrics, 2010) among individuals globally. Customers now have more control and are no longer passive receivers of businesses through active engagement in business communications and offering instant feedbacks (Coremetrics, 2010; Manning, 2014). Interactivity is being redefined as new connections are built and information is being acquired more easily by businesses and customers alike (Boyd and Ellison, 2007).

Social media can be used as an effective business-customer communication tool (Kwok and Yu, 2013). When incorporated into a business strategy, a business can benefit from cost and time

savings through the use of social media. Social media is also the fastest-growing channel for marketing (Coremetrics, 2010) which is increasingly being adopted by MSMEs due to its relatively low costs, accessibility and flexibility (Pentina et al., 2012; Rugova and Prenaj, 2016). Previous research support that MSMEs who have limited financial capabilities can benefit significantly from a costless targeted marketing strategy (Ainin et al., 2015) and require only simple IT skills (Derham et al., 2011).

The purpose of this paper is to identify the factors that promote the usage of social media, particularly Instagram and Facebook, by Bruneian youth Micro, Small and Medium Enterprises (MSMEs) in doing business activities. This paper uses the Brunei National Youth Policy's (2014) definition of youth as those between the ages of 15 and 40 years old. Meanwhile, under the Commonwealth Secretariat Final Report on Marketing Services the Brunei Labour Department (2009), defines MSMEs in Brunei as enterprises consisting of 1 to 100 employees. The objectives of this paper are as follows:

1. To identify the effective use of Facebook and Instagram to Bruneian youth MSMEs' in their business activities
2. To evaluate how Facebook and Instagram interactive and participation features affect Bruneian youth MSMEs' business-to-customer relationships
3. To explore how Facebook and Instagram impacts Bruneian youth MSMEs' organisational performance, and
4. To determine how Facebook and Instagram help Bruneian youth MSMEs' to gain a competitive advantage.

To achieve the above objectives, data has been gathered from 106 local MSMEs who have answered an electronic questionnaire using a five-point Likert scale based on the four hypotheses proposed in this study. The findings are then analysed to find out the extent to which the effectiveness and interactivity factors significantly influence the use of social media by the MSMEs and the degree to which social media helps the MSMEs gain organisational performance and achieve competitive advantage in the context of Brunei Darussalam.

This paper is constructed as follows: the next section presents the literature review of social media and the factors influencing social media use by MSMEs which helps in the development of the research hypotheses of this study in the second section. The third section outlines the methodology of the study. Following, the fourth section presents the result and the discussion of the findings. Finally, the last section notes the limitations of the study, recommendations for future research and conclusion.

## 2. LITERATURE REVIEW

### 2.1. Social Media (Facebook and Instagram)

With fast and advanced development in communication technologies and devices, social media has become an important tool for individual lifestyle and organisational activities (Ting et al., 2015). Facebook and Instagram are some of the most popular social media platforms used among the youths as they offer convenience for businesses to connect with their customers effortlessly (Boyd and Ellison, 2007).

The usage of social media in Brunei is increasing exponentially every year and has ranked the third highest in social media penetration globally and highest in ASEAN; with a rate of 94 percent as recorded by Hootsuite and "We Are Social," a global digital media consultancy in their 2019 digital report. This widespread usage paves way for MSMEs to reach wider potential customers. According to published statistics by Statista.com, Facebook is reported to have 2.32 billion active users monthly in 2018. Facebook offers great benefits to organisations as it provides a platform for two-way conversations with their new and existing customers. Apart from that, it also helps to increase brand awareness by creating a profile or page where they can share their information through advertising (Castronovo and Huang, 2012).

Possessing somewhat similar functions as Facebook, Instagram has 1 billion active users who upload and share their photos on the social media platform (Statista, 2018) indicating its popularity, thus becoming a social media spotlight (Hu et al., 2013). The media

sharing capability of Instagram therefore attracts MSMEs to utilise this platform as it provides visual descriptions of a product as a means of effective marketing and communication strategy (Ting et al., 2015).

### 2.2. Effectiveness of Using Social Media for MSMEs

Social media can be used as an effective business-to-customer communication tool (Kwok and Yu, 2013). By incorporating social media into the business strategy, businesses need not require a large amount of advertising cost and it also saves time. It is a good and costless business marketing strategy (Rugova and Prenaj, 2016). Social media such as Facebook and Instagram offer a form of targeted marketing at a very low cost, which is significantly beneficial for MSMEs who do not have the financial capabilities to invest in expensive marketing strategies (Ainin et al., 2015). In addition, social media is a common social networking tool used by people in their daily life, and it is accessible and easily usable even with a low level of IT skill. Therefore, MSMEs only require basic IT skills (Derham et al., 2011) and in-depth IT training is not a necessity.

Previous studies by Alam (2009), Chong and Chan (2012) and Ainin et al. (2015) showed that there is a positive relationship between social media usage and effectiveness. Due to MSMEs' limited financial resources, social media allows them to reach a larger market and customers without expensive investment.

### 2.3. Social Media Interactivity and MSMEs

Lee and Kozar (2012) state that the key factor to the success of information systems design and implementation is the interactions between humans and technology. Out of all various designs, interactivity is deemed as the main factor that impacts the users' response to new technologies (Agarwal and Venkatesh, 2002; Jiang and Benbasat, 2007). According to Sklar (2013), before engaging with customers, the employees need to recognise the customer engagement opportunity and act upon it. A high-level interaction with customers will create customer loyalty.

Social media is a desirable platform for companies to be able to be reached by thousands of people by one post (Rogers, 2014; Sklar, 2013). Moreover, Goldman (2013) states that engaging with customers online is no longer a competitive advantage but also a recipe for success. He further explains that one of the reasons for business failure is due to the organisations failing to understand their customers' needs and behaviours.

### 2.4. MSMEs' Organisational Performances

A study by Rodriguez et al. (2015) reveals that technology such as social media can help enhance the operating process of an organisation, which further affects the organisational performance. Organisational performance, according to the DeLone and McLean information systems success model, is specified as the positive impacts gained from social media usage in terms of both organisation's financial and non-financial performances (Ainin et al., 2015).

Social media usage, for instance, Facebook, yields great benefits for MSMEs financial performance such as through a rise in business

dealing (Ainin et al., 2015), an increase in sales, return on equity, as well as return on assets (Musa et al., 2016). Apart from that, Facebook adoption by the MSMEs can also give robust positive impacts on organisations' non-financial performance especially in the area of marketing, customer relationship management, and information accessibility (Ainin et al., 2015).

#### 2.4.1. Financial performances

Social media enables sellers to interact with buyers and boost sales performance. Agnihotri et al. (2016) found that active participation in social media may result in high sales performance in the condition that the salesperson put much effort in it and utilise the technology to its fullest. This can be made evident by the France development in e-commerce by the MSMEs where it experiences accelerating online sales by 26% in 2009 (Nakara et al., 2012). Accordingly, Rodriguez et al. (2015) also agree that social media is very powerful in influencing the sales performance of an organisation.

#### 2.4.2. Non-financial performances

Compared to the other types of communication, social media is deemed to be the most effective way to reach a wide number of potential customers for business information distribution (Kazungu et al., 2017). Bhanot (2012) also supports the function of social media in developing a customer base and increasing sales, which further enhance MSMEs brand image. Stelzner (2018) views social media as significant for every business as it helps in expanding traffic and serves as a powerful technology that assists in understanding customer behavior to retain and gain their loyalty.

Another improvement in non-financial performance that MSMEs attain through the use of social media is the development of brand awareness and brand communication (Michaelidou et al., 2011), which result in enhancement of brand reputation (Öztamur and Karakadılar, 2014). Öztamur and Karakadılar (2014) also add that social media can assist the marketing team to increase brand exposure and make their brand more searchable. For instance, they can use Facebook functions to advertise their products, services and brands (Ainin et al., 2015). Accordingly, Agnihotri et al., (2016) also claims that brand awareness and customer referral can be increased via social media.

### 2.5. MSMEs' Competitive Advantage

Porter and Millar (1985) named three ways in which companies can achieve a competitive advantage, namely through cost leadership, differentiation and focus; also known as Porter's generic strategies. Singla and Durga (2015) extend Porter's generic strategies to social media by measuring how social media impacts the firm's performance in the value chain; whether they offer cost, differentiation or focus advantages. For instance, maximum cost advantages can be achieved through the use of social media technologies for sales and marketing and inbound logistics value chain activities; while in terms of differentiation, only the sales and marketing value chain activities would benefit greatly (Singla and Durga, 2015).

A by-product of the "Information Revolution," which is the availability of information, is another source of competitive

advantage identified by Porter and Millar (1985). Information results in a competitive advantage and gives birth to novel businesses which Porter and Millar applied to social media. According to the authors, while social media creates barriers to entry and increases competition for new entrants, social media has an important impact on buyer and seller power. Buyers now have higher capabilities to evaluate sellers; and sellers can acquire real-time feedback so they can make changes to their processes, hence creating new products (Singla and Durga, 2015).

## 3. RESEARCH FRAMEWORK AND HYPOTHESIS

This paper adopts the research model by Ainin et al. (2015) in developing the theoretical framework which guides this paper. The study by Ainin et al. (2015) considers four factors influencing Facebook use, namely compatibility, cost-effectiveness, trust, and interactivity. While compatibility is found to significantly influence facebook use in Ainin et al.'s (2015) study, previous studies by Ramdani et al., (2009) and Low et al., (2011) have rejected the significant impact of compatibility. Meanwhile, the study by Ainin et al. (2015) found that trust is an insignificant factor for Facebook use. Therefore, after reviewing extant research on the usage of social media in the contexts of MSMEs, this paper only uses two factors which are effectiveness and interactivity, which MSMEs leverage in order to increase organisational performance and gain competitive advantage.

### 3.1. Theoretical Framework

Based on the theoretical framework in Figure 1, there are four hypotheses ( $H_1$ ,  $H_2$ ,  $H_3$  and  $H_4$ ) developed to predict each variable's relationship with the social media platforms (Facebook and Instagram) and are summarised in Table 1.

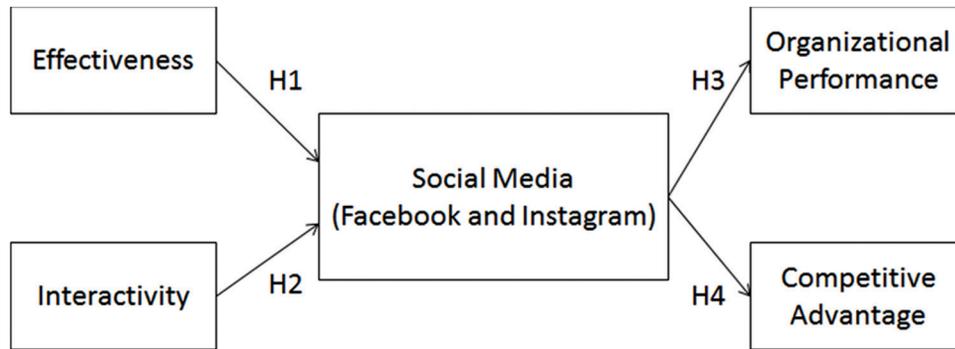
### 3.2. Research Hypotheses

Social media, when integrated into a firm's business strategy works as an effective business-to-customer communication tool (Kwok and Yu, 2013). The nature of social media being a day-to-day social networking tool among people regardless of levels of knowledge in Information Technology (IT) make it an investment that is costless for MSMEs (Derham et al., 2011). This is especially beneficial as MSMEs do not have the financial capacity to invest in specialised marketing strategies. Despite being inexpensive, social media is an effective business marketing strategy (Rugova and Prenaj, 2016). It enables a form of targeted marketing, an effective marketing strategy that all MSMEs can leverage on at a very low cost (Ainin et al., 2015). Hence, the following hypothesis is proposed:

**Table 1: Hypotheses**

Hypothesis	Description
$H_1$	Social Media helps to increase MSMEs' effectiveness in business activities
$H_2$	Social Media improves the interactivity between MSMEs' and customers
$H_3$	Social Media positively affects MSMEs' organisational performance
$H_4$	Social Media helps MSMEs positively gain competitive advantage

**Figure 1:** The theoretical framework



Source: Author's own theoretical framework

Adapted from: Ainin, S., Parveen, F., Moghavvemi, S., Jaafar, N.I. and Mohd Shuib, N.L. (2015)

**Table 2: Table of unit of analysis, population, sample, sampling method**

Unit of analysis	Youth MSMEs in Brunei at Brunei-Muara, Tutong, Kuala Belait and Temburong District
Population	Youth MSMEs in Brunei at Brunei-Muara, Tutong, Kuala Belait and Temburong District
Sample size	At approximately 106 youth MSMEs
Sampling method	Simple Random Sampling and Snowball Sampling

H<sub>1</sub>: Social Media helps to increase MSMEs’ effectiveness in business activities

User interactivity is a key factor in the success of new technologies (Agarwal and Venkatesh, 2002; Jiang and Benbasat, 2007; Lee and Kozar, 2012). According to the Global Digital Report (2018), there are 3.196 billion social media users globally, hence it serves as a platform that enables a firm to reach thousands of customers all at once (Rogers, 2014; Sklar, 2013). The Information Revolution changes the structure of competition in the tech industry, making engagement with customers not only a competitive advantage but a necessity for success (Goldman, 2013). Therefore, the following hypothesis is proposed:

H<sub>2</sub>: Social media improves the interactivity between MSMEs’ and customers

Technology like social media contributes to an organisation through the enhancement of operating processes, which has a positive impact on organisational performance (Rodriguez et al., 2015). Social media improves an organisation’s organisational performance through both financial and non-financial performances of an organisation (Ainin et al., 2015). Increased business dealing due to the usage of media increases will increase an organisation’s financial performance, and better performance in marketing, information accessibility and customer relationship management improves the non-financial performances of the organisation (Ainin et al., 2015). Hence, the following hypothesis is proposed:

H<sub>3</sub>: Social media positively affects MSMEs’ organisational performance

**Table 3: Instrument table**

Instrument	
Structured questionnaire	Will be based on the hypothesis: Effectiveness Interactivity Sales performance Competitive advantage Will be divided into segments with some Demographic and business details of the interviewees Using the likert scale Electronic-based questionnaire Electronic questionnaire is developed using Qualtrics where a link to the questionnaire will be shared to local youth MSMEs from all districts in Brunei who will then further share it to their colleagues. Data obtained from this questionnaire will be computed using SPSS for in-depth analysis
Self-administered Research	To support the data gathered, additional research will be conducted to make solid reasoning Data extracted from the previous study made by other researchers such as journals, newspapers, magazines and so on

Porter’s generic strategies (1985) identified three competitive advantages an organisation can achieve which are cost, differentiation and focus advantages. An analysis of a firm’s value chain impacted by social media enables the firm to identify which social media technology per value chain activity will enable the firm to achieve the three competitive advantages. The accessibility of information through social media also results in a higher competitive advantage (Porter and Millar, 1985). Social media also has important impacts on buyer and seller power (Singla and Durga, 2015). Hence the following hypothesis is proposed:

H<sub>4</sub>: Social media helps MSMEs positively gain competitive advantage

## 4. METHODOLOGY

This study focuses on MSMEs among youth in Brunei, those aged between 15 and 40 years old as per defined by Brunei Youth Council, with an intention to analyse how well they leverage Social Media; Facebook and Instagram in particular, in aiding business activities. The unit of analysis and the population identified

**Table 4: Table of construct operationalisation**

Construct	Definition	Measure items
Effectiveness	According to Öztamur and Karakadılar (2014), the use of social media provides greater benefits for the MSMEs especially in establishing communication with customers, information exchanges, as well as low-cost products and services promotion platform. They also added that social media prove to be cost-effective, reduce time consumption and help build an inter-customer relationship	On a scale of 1-5, how effective the social media usage in helping the MSMEs to target their customer, market their product in a low-cost manner, and communicate their business to the potential customer 1 – Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly agree a. Social media marketing is cost-effective compared to the traditional marketing system b. Social media reduces marketing expenses c. Social media reduces time spent on advertising compared to the traditional system d. Word of Mouth publicity on social media platforms can have a better impact on business development e. Social media enables adverts to reach a wider audience within a short period. (adapted from Kumah, 2017; Nair, 2017; Basir, 2016)
Interactivity	Social media deemed as an online marketplace where people can have access and participate in product advertisement, buying and selling of goods and services, as well as providing feedback and reviews (Stephen and Toubia, 2010) (as cited from an article by Wamba and Carter, 2016)	On a scale of 1–5, how does the Social media interactive features assist in MSMEs – Customer interaction 1 – Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly agree a. Social media applications allow me to give and receive feedback b. Online social media applications are a good source of information for consumers c. Social media reaches more prospect than traditional ways d. Social media creates an opportunity for customers to interact e. Social media facilitate inter-customer information sharing (adapted from Mintel Group, 2010; Gümüş and Kütahyalı, 2017)
Organisational performance	Based on the DeLone and McLean Information Systems success model, Organisational Performance can be identified as the positive impacts (financial and non-financial performances) gained from the usage of social media by the MSMEs (Ainin et al., 2015)	On a scale of 1-5, how does social media helps MSMEs in gaining organisational performance (financial and non-financial performance) 1 – Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly agree a. Social media increases sales b. Online purchases have significantly maximised my organisation profit c. Instant feedback from customers immediately improve organisation performance d. Social media helps to improve my business brand exposure e. Ignoring social media in today's world will affect the organisation negatively (adapted from Kumah, 2017; Gümüş and Kütahyalı, 2017; Nair, 2017)
Competitive advantage	Comparison and benchmarking between a business and its competitors act as a measure of organisation's performance and competitive advantage. Additionally, cost and assets distributions can be used to evaluate production activities (Stabell and Fjeldstad, 1998)	On a scale of 1-5, how does social media usage help the MSMEs to achieve competitive advantage in terms of cost, differentiation and focus advantage 1 – Strongly disagree 2 – Disagree 3 – Neutral 4 – Agree 5 – Strongly agree a. Social media contribute to the increase in the company's market share b. Social media helps to collect information from customers and the marketplace c. Social media reduce the cost of marketing and promotional activities of companies d. Social media has a positive impact on organisational visibility Social media ignite better brand loyalty among customers (adapted from Kumah, 2017; Gümüş and Kütahyalı, 2017; Nair, 2017)

for this study includes young entrepreneurs that use Facebook and Instagram as a platform to market their products and reach customers worldwide, regardless of their nature of business and period of engaging in business. As for the sample population, a total of 106 youth MSMEs participants were taken as the study population to ensure the validity of the research.

#### 4.1. Sampling and Data Collection

Both Probability and Non-Probability Sampling are employed for data gathering. As for Probability sampling, Simple Random Sampling is adopted where according to Bobko et al., (1980), this type of sampling gives each sample of the population a chance to be selected as study participants. Bruneian youth MSMEs residing in any part of Brunei

are randomly selected regardless of their age, nature of the business, and period of doing business. Whereas, Snowball Sampling is also employed for Non-Probability Sampling data collection. Snowball Sampling is an infamous survey method that helps the researcher to locate potential study populations that are difficult to reach through the referral of sampled respondents (Johnson, 2005). Snowball Sampling is very useful as it helps the researchers reach hard-to-reach potential participants by requesting the known respondents (family members and friends) to further share the questionnaire with their friends and colleagues that possess characteristics of interest. Table 2 summarises the Unit of Analysis, Population, Sample and Sampling Method employed in this study.

## 4.2. Data Collection

This research is carried out specifically for youth MSMEs in Brunei, regardless of the districts they reside in, that use Social Media in conducting business activities. This study adopts a quantitative approach as it is designed to determine the association between an independent variable and dependent variable (Hopkins, 2008) through the adopted instruments such as questionnaire and self-administered research. For this study, both primary and secondary methods are employed for data gathering.

### 4.2.1. Primary method

Qualtrix, an electronic questionnaire, is developed to help in gathering relevant information. The link to the electronic questionnaire is shared to identify local youth MSMEs who will then forward it to their business partners and colleagues through Whatsapp Messenger and Email. Using the Likert scale structure, the questionnaire is sectioned into five (5) categories according to the hypotheses. Data obtained from this questionnaire will then be extracted primarily for further analysis using SPSS (Statistical Package for the Social Sciences) software.

### 4.2.2. Secondary method

Secondary methods are also employed such as self-administered research via the internet and observation is also carried out to strengthen and support the findings.

Table 3 summarises the instruments for collecting data in this research. By analysing existing literature, the researchers have

**Table 5: Descriptive statistics of demographic variables**

Demographic	n	%
Age group		
15–20	7	6.6
21–25	44	41.5
26–30	34	32.1
31–35	17	16
36–40	4	3.8
	106	100
Type of business		
Full time	46	43.4
Part time	60	56.6
Total	106	100
No. of employees		
1–5	94	88.7
6–50	10	9.4
51–100	2	1.9
Total	106	100

developed indicators on an empirical basis on how each construct (Effectiveness Interactivity; Organisational Performance; Competitive Advantage) is being measured. Table 4 provides a definition to each construct and the measure items that represent the concept.

## 5. RESULTS

Data obtained are analysed using the Statistical Package for the Social Sciences (SPSS) and Qualtrix. Appropriate statistical procedures for description and inference are used, where Descriptive statistics will be measuring the central tendency i.e. mean, median, mode as well as the range, variance and deviation. As for Inferential statistics, it concerns the parameter estimation and testing of hypothesis concerning the utilisation of Social Media among Bruneian youth MSMEs.

### 5.1. Demographic Information

Out of the total 106 respondents, the majority of the Bruneian youth MSMEs belong to the age group 21-25 years old ( $n = 44$ ), followed by 26-30 years old ( $n = 34$ ). More than half of the respondents' businesses are carried out part-time ( $n = 60$ ) compared to full time ( $n = 46$ ). Meanwhile, a large number of youth MSMEs hire 1-5 employees for their businesses ( $n = 94$ ), followed by 6-50 employees ( $n = 10$ ) and the least employed 51-100 employees ( $n = 2$ ). The complete demographic variables statistics are outlined in Table 5.

### 5.2. Data Findings

The analysis of the findings uses SPSS software and each IV is coded as E for Effectiveness, I for Interactivity, P for Organisational Performance and C for Competitive Advantage as per shown in Table 6. Each IV is further coded 1-5 accordingly.

### 5.3. Reliability Analysis

Based on the Cronbach's Alpha analysis in Table 7, the Cronbach's Alpha score for Effectiveness (E1, E2, E3, E4, and E5) is  $\alpha = .727$ , Interactivity (I1, I2, I3, I4, and I5)  $\alpha = 0.830$ , Organisational Performance (P1, P2, P3, P4, and P5)  $\alpha = 0.761$  and competitive advantage (C1, C2, C3, C4, and C5) is  $\alpha = 0.795$ . This indicates that the four independent variables of this study are all reliable determinants of the utilisation of social media among youths in Brunei MSMEs.

**Table 6: SPSS codings for independent variables**

Independent variable	Code	Items
Effectiveness	E	E1-E5
Interactivity	I	I1-I5
Organisational performance	P	P1-P5
Competitive advantage	C	C1-C5

**Table 7: Cronbach's Alpha of the independent variables**

Independent variables	Cronbach's alpha
Social media effectiveness	0.727
Interactivity	0.830
Organisational performance	0.761
Competitive advantage	0.795

**Table 8: Regression of independent variables for social media effectiveness**

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized coefficients		Standardized coefficients			
	B	Std. error	Beta			
1						
(Constant)	3.463	0.688			5.031	0.000
E1	-0.063	0.147	-0.093		-0.428	0.671
E2	-0.098	0.121	-0.153		-0.809	0.425
E3	0.028	0.099	0.058		0.286	0.777
E4	-0.197	0.177	-0.237		-1.111	0.275
E5	-0.006	0.108	-0.010		-0.057	0.955

<sup>a</sup>Dependent Variable: SocMed**Table 9: Regression of independent variables for interactivity**

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized coefficients		Standardized coefficients			
	B	Std. error	Beta			
1						
(Constant)	4.354	0.749			5.815	0.000
I1	-0.101	0.122	-0.137		-0.828	0.414
I2	-0.278	0.185	-0.335		-1.503	0.142
I3	0.061	0.117	0.103		0.517	0.609
I4	-0.280	0.216	-0.272		-1.300	0.203
I5	0.061	0.144	0.086		0.422	0.676

<sup>a</sup>Dependent Variable: SocMed

## 5.4. Regression Analysis

### 5.4.1. Social media effectiveness

Based on Table 8, E5: social media enables adverts to reach a wider audience within a short period of time has a very strong significance (0.955) when using Social Media. In addition, E1 and E3 which are also significantly strong indicators relate to social media being cost and time effective compared to traditional marketing systems. Meanwhile, E4: Word of Mouth publicity on social media platforms can have a better impact on business development has very low significance (0.275).

### 5.4.2. Interactivity

Table 9 shows that the highest score recorded in terms of interactivity when using Social Media among Bruneian Youth MSMEs is I5: social media facilitate inter-customer information sharing with strong significance (.676). However, the variable I2: online social media applications are a good source of information for consumers has very low significance to the utilisation of social media (0.142).

### 5.4.3. Organisational performance

Table 10 shows the results obtained from the survey questionnaire regarding the effects of social media usage on MSMEs in terms of their organisational performance. It illustrates that P2: online purchases have significantly maximised organisation profit has very strong significance (0.921) with the usage of Social Media compared to other variables. In contrast, P5: Ignoring social media in today's world will affect the organisation negatively comparatively shows very low significance (0.103), thus indicating MSMEs disagreement with the statement.

### 5.4.4. Competitive advantage

From Table 11, C3: social media reduces cost of marketing and promotional activities of companies and C4: social media has a

positive impact on the organisational visibility show very strong significance (0.951 and 0.831) to the utilisation of social media by the MSMEs. C5 which relates social media usage to customers' loyalty is also found to be significantly strong (0.773). However, findings from C1: social media contribute to the increase in the company's market share and C2: social media helps to collect information from customers and marketplace are only fairly significant (0.398 and 0.4).

## 6. DISCUSSION

The main aim of this study is to analyse how Bruneian Youth MSMEs leverage social media in aiding their business operations and to determine the extent to which social media affects the MSMEs especially in terms of business effectiveness, interactivity, organisational performance, as well as achieving competitive advantage. Under this section, the findings presented earlier will be further examined and elaborated to give more in-depth insights into the utilisation of Social Media by youth MSMEs in the context of Brunei Darussalam.

### 6.1. Social Media Effectiveness in Business Activities

Based on the findings, the utilisation of Social Media among the Bruneian Youths shows a positive impact on business effectiveness which includes agreeing to social media helps reach a wider audience within a short period of time, helps reduce time spent on advertising and it is cost effective compared to the traditional marketing system.

In the context of Brunei, most of the people own social media and according to this study, about 104 out of 106 respondents uses Instagram as a way for marketing their products and services. Most of the respondents agree that social media is cost-effective

**Table 10: Regression of independent variables for organisational performance**

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized coefficients		Standardized coefficients			
	B	Std. error	Beta			
1						
(Constant)	3.795	0.704			5.394	0.000
P1	-0.123	0.135		-0.176	-0.912	0.368
P2	-0.015	0.149		-0.019	-0.100	0.921
P3	-0.063	0.144		-0.078	-0.436	0.665
P4	-0.056	0.145		-0.071	-0.387	0.702
P5	-0.190	0.113		-0.304	-1.678	0.103

<sup>a</sup>Dependent Variable: SocMed

**Table 11: Regression of independent variables for competitive advantage**

Model	Coefficients <sup>a</sup>				t	Sig.
	Unstandardized coefficients		Standardized coefficients			
	B	Std. error	Beta			
1						
(Constant)	3.782	0.743			5.088	0.000
C1	-0.178	0.208		-0.186	-0.857	0.398
C2	-0.180	0.211		-0.194	-0.853	0.400
C3	0.010	0.155		0.014	0.062	0.951
C4	-0.049	0.226		-0.056	-0.215	0.831
C5	-0.038	0.129		-0.057	-0.291	0.773

<sup>a</sup>Dependent Variable: SocMed

compares to traditional marketing and this result is aligned with the findings of Rugova and Prenaj (2016) which posit that social media is a business strategy that can help cut down advertising costs and saves time.

Other than that, the respondents show positive responses in agreeing that social media helps reach a wider audience in a short duration of time. Even with a low budget or limited financial resources, social media allows MSMEs to reach a wider market without incurring any large costs. However, most of the respondents disagree that the word of mouth marketing on social media platforms can have a better impact on business development. When it comes to electronic word of mouth, it differs from oral information in that they are anonymous and not bound to time and space (Chiosa, 2014). Customers are exposed to this information regardless of its reliability. These factors may be considered by the Bruneian youth MSMEs to inhibit the trust of their customers and potential customers to their business' products and services, and therefore may have a negative position for the MSMEs business development.

These factors are further confirmed accordingly by previous studies by Alam (2009), Chong and Chan (2012) and Ainin et al. (2015) which showed that there is a positive relationship between social media usage and effectiveness and hence the first objective of the study has been achieved.

## 6.2. Social Media Improves The Interactivity Between MSMEs' and Customers

The majority of Brunei youth MSMEs believe that social media are used as a medium for customers to share information among them. This shows that the features of social media that allow and encourage the inter-customer communication (such as sharing by feedbacks,

reviews and comment on the good or services through videos, pictures and audio) plays a major role in influencing the image or the reputation of the brand. Hence, the MSMEs owner may take advantage of this knowledge in order to improve the quality of their products or services. This relates to Goldman's (2013) statement that the failure of the organisation to understand or familiarise with their customers' needs and behaviors will lead to business failure. Therefore, this will be a good opportunity for the Bruneian Youth MSMEs long term business strategies and sustainability.

Apart from that, the respondents also agree that by using social media, they are able to achieve or anticipate more possibilities than the traditional method of doing business. This is aligned with Rogers (2014) and Sklar (2013) findings that social media acts as a desirable platform for the company to be able to be reached by thousands of people by one post.

The findings in the study by Bitner and Albinsson (2016) found that the use of social media to gain information is a significant predictor of relationship with the local businesses seems to not applicable to the case of Brunei Youth MSMEs as our findings found that online social media applications are a good source of information for consumer has a very low significance compared to other variables. This means that Bruneian society does not rely on social media applications to get information. It can be deduced that the Bruneian society still doubts the reliability of the information in the social media application. Therefore, they prefer to use other sources of the information channel.

## 6.3. Social Media Effects on MSMEs' Organisational Performance

The findings demonstrate that the usage of Social Media by Bruneian youth MSMEs has positively impacted the MSMEs'

business operation especially in enhancing organisational performance, both financially and non-financially. The research confirms the third hypothesis (H<sub>3</sub>): Social Media positively affects MSMEs' Organisational performance, where the most significant contribution of social media gained by the MSMEs is the maximisation of organisational profit. Social media serves as a new platform for the MSMEs to sell their products online and also enable the customers to do online purchases, thus increasing their organisational profit.

In addition to that, the findings also reveal that both instant feedback from the customers and improvement of brand exposure through the effective use of social media is positively and significantly correlated to the improvement of organisational performance. As supported by Ainin et al. (2015), the usage of social media by MSMEs results in the improvement of organisations' financial performance, better marketing performance, information accessibility, as well as customer relationship management.

Nonetheless, the findings showed that the Bruneian youth MSMEs to an extent disagree that Social media increases sales and Ignoring social media in today's world affects the organisation's performance negatively. This gives implication for the youth MSMEs in Brunei to develop new strategies of using social media, for instance through better identification and understanding of their target market, building strong relationships with customers, coordinating the marketing and sales functions and establishing key performance indicators to evaluate the social media operation in driving sales (Ezeife, 2017). As Agnihotri et al. (2016) argue, social media technology has to be utilised to its fullest in order to deliver high sales performance.

From the overall findings, it can be concluded that social media usage results in a positive increase in organisational performance, especially in terms of maximising the organisational profit. Therefore, the third objective of the research to explore how Facebook and Instagram impact to Bruneian youth MSMEs organisational performance is achieved.

#### **6.4. Social Media and Gaining Competitive Advantage**

Based on the findings, the utilisation of social media by the Bruneian youth MSMEs in doing their business has positively enabled them to gain competitive advantage. The most significant competitive advantage the Bruneian youth MSMEs gain is the reduction in costs of marketing and promoting their products and services via social media usage. This supports Porter's (1985) generic strategy of cost leadership and Singla and Durga's (2015) extension of this strategy to social media.

The MSMEs' visibility in the market is also positively impacted when using social media. This leads to a higher seller power which at the same time empowers buyers in terms of decision making and opens up opportunities for buyer-seller communication to strengthen the mutual interests of both sides of the relationship. Here, customers' feedback play an important role in the MSMEs products and services improvement and innovation; therefore achieving Porter's (1985) competitive advantage strategy of differentiation.

The findings also support the strong significance of customer loyalty in gaining a competitive advantage when utilising social media in doing business. When the MSMEs successfully build a strong customer relationship and create customer loyalty, and from that achieves cost leadership and differentiation within the market segment, Porter's (1985) focus strategy in gaining competitive advantage is achieved (Porter and Millar, 1985; Singla and Durga, 2015).

Through the mentioned findings, the last objective of this research which is to determine how Facebook and Instagram help Bruneian youth MSMEs' to gain competitive advantage is reached.

## **7. CONCLUSION AND RECOMMENDATIONS**

In conclusion, the findings of the study show that effectiveness and interactivity are reliable indicators of the utilisation of social media among youths in Brunei MSMEs, and that high organisational performance and competitive advantage are achieved through the use of social media by Bruneian youth MSMEs. Enablers of social media such as reaching a wider audience in a short period of time and facilitating inter-customer information sharing have contributed to the increase in usage of social media by Bruneian youth MSMEs. Social media has helped in increasing organisational performance especially through increased online purchase transactions and serves as the MSMEs competitive advantage in that it reduces costs for the MSMEs and increases their visibility in the market. The findings of this research, therefore, supports the four hypotheses proposed and enables the researchers to gain insight into the factors contributing to the high usage of social media among MSMEs and the benefits they gain by using such media platform.

Some recommendations the researchers propose for the adoption by MSMEs and relevant parties are to increase MSMEs' exposure through participation in roadshows as well collaborations with regional and more well-known businesses with the aim to increase cooperation. This research opens up larger opportunities for future research to be conducted specifically in the context of Bruneian youth MSMEs; as well as to expand the researcher's theoretical framework to find variables beyond effectiveness and interactivity that may drive the MSMEs to use social media as a platform to carry out business activities which will increase organisational performance and serve as competitive advantages.

## **8. RESEARCH LIMITATIONS**

Despite the research achieving its research objectives as a whole, the researchers recommend that further research is done to ascertain the findings regarding the low agreement on social media increasing sales in terms of organisational performance. The researchers acknowledge that there may be limitations to this research as this research is framed by objective questionnaires from previous research conducted on the usage of social media, which limit the findings to a certain extent. The researchers conjecture that the findings are unique to the Bruneian context due to the fairly small local market, low

exposure and competition with larger brands which render the MSMEs sites inconspicuous.

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## APPENDIX

### Utilisation of social media among Bruneian youth MSMES

This survey aims to investigate the relationship between social media usage in Brunei youth MSMEs. This survey will only take approximately 10-15 minutes to complete. Please answer each as accurately as possible. The survey result will be analysed for academic purposes only.

We assure you that every effort has been taken to make sure that your answers are confidential.

#### SECTION A: General Information

- 
1. Age (please specify)
  2. Gender (please tick one)  Male  Female
  3. Marital status (please tick one)  Single  Married  Divorce
  5. Type of business (please tick)  Full time  Part time
  6. Nature of business (please specify)
  7. Period of doing this business (please specify)
  8. Number of current employees  1 -5 employees  6 – 50 employees  51 – 100 employees
- 

#### SECTION B: Social media applications

9. Which social media do your business use? (you may tick more than one)
  - Facebook
  - Instagram
  - Twitter
  - Youtube
  - Others (please specify): \_\_\_\_\_
10. How frequently do you use social media for your business?
  - Daily
  - Weekly
  - Monthly
  - Yearly
11. What is the purpose of using social media for your business? (you may tick more than one)
  - Advertisements
  - Engaging with customers
  - Gain customer and market insights and trends
  - Others (please specify): \_\_\_\_\_

SECTION C: Please indicate your level of agreement with the following statements

Social media effectiveness					
Adapted from Kumah (2017), Nair (2017) and Basri (2016)					
Scale	1 - Strongly disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly agree
12. Social media marketing is cost effective compared to traditional marketing system					
13. Social media reduces advertising expenses					
14. Social media reduces time spent on advertising compared to traditional system					
15. Word of Mouth publicity on social media platforms can have better impact on business development					
16. Social media enables adverts to reach wider audience within a short period of time					

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Interactivity					
Adapted from Intel Group (2010), Gümüş and Kütahyalı (2017)					
Scale	1 - Strongly disagree	2 - Disagree	3 - Neutral	4 - Agree	5 - Strongly agree
17. Social media applications allow me to give and receive feedback					
18. Online social media applications are a good source of information for consumers					
19. Social media reaches more prospect than traditional ways					
20. Social media creates opportunity for customers to interact					
21. Social media facilitate inter-customer information sharing					

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<b>Organisational performance</b>					
<b>Adapted from Gümüş and Kütahyalı (2017), Kumah (2017), Nair (2017)</b>					
<b>Scale</b>	<b>1 - Strongly disagree</b>	<b>2 - Disagree</b>	<b>3 - Neutral</b>	<b>4 - Agree</b>	<b>5 - Strongly agree</b>
22. Social media increases sales					
23. Online purchases have significantly maximised my organisation profit					
24. Instant feedbacks from customers immediately improve organisation performance					
25. Social media helps to improve my business brand exposure					
26. Ignoring social media in today's world will affect the organisations performance negatively					

<b>Competitive advantage</b>					
<b>Adapted from Gümüş and Kütahyalı (2017), Kumah (2017), Nair (2017)</b>					
<b>Scale</b>	<b>1 - Strongly disagree</b>	<b>2 - Disagree</b>	<b>3 - Neutral</b>	<b>4 - Agree</b>	<b>5 - Strongly agree</b>
27. Social media contribute to the increase in the company's market share					
28. Social media helps to collect information from customers and marketplace					
29. Social media reduce cost of marketing and promotional activities of companies					
30. Social media has a positive impact on the organisational visibility					
31. Social media ignite better brand loyalty among customers					

32. Do you have any additional thoughts regarding the topic? Please specify

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~ Thank You for Your Participation ☐~