Social Media Impact on Small and Medium Enterprise: Case Review of Businesses in the Arab World

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Abstract

The present paper briefly provides a literature based review of how the social media affects small and medium-sized enterprises in the Arab world. As established by previous research, advances in the social media are enabling social and cultural changes, helping congregate regional markets for higher sales, advancing ideology of and modernizing contemporary businesses, transforming traditional business approaches, molding unique markets for marketing, and initiating consumer-focused communication/marketing.

Similarly, the impact of social media across the Middle East is significantly evident, progressive, and unique in the geographical region. Numerous scholars and researchers have already established that social media usage by small and middle-sized businesses is gaining prominence in the Arab region. The present paper sought to establish how the social media is influencing the small and medium-sized businesses in the region, in general, as established by recent empirical research and theoretical scholarship.

According to the review, there is unique relationship between the social media and the Arab world, in social, political, religious or cultural and economic spheres. This relationship has enabled the social media to uniquely impact on the Arabian market in such areas as offering (a) a marketing platform for the Information Age, (b) an avenue and forum for increased sales, (c) an innovative edge for SMEs to reduce expenditure/cost and increase profitability, and (d) a benchmark of direct client communication of modern PR. In sales and marketing, social media is now employed to attract new clientele, and increase sales within the current market base. Further, in marketing and public relations, social media has enabled and maintained direct and personalized business-to-client communication in ways previously impossible and absent.

Keywords: Social media; Literature; Enterprise; Business

Introduction

The core focus of the present paper was to provide a brief literature-based review of how the social media affects small and medium-sized enterprises (SME) in the Arab world (largely in nations within the Middle East region). Not only is the social media enabling positive "societal and cultural change" in the Arab world [1], it is also helping congregate regional markets for sales [2], advancing ideology and modernizing contemporary businesses [3], transforming traditional marketing approaches [4], molding unique markets [5], and initiating consumer-focused communication [6]. The impact of social media across the Middle East, despite being marginally dismal to what has been witnessed in the Western hemisphere [2], is significantly evident, progressive and unique in the geographical region.

As established most recently by Samuel and Sarprasatha [7], across the Arab region, "social media usage by businesses is gaining prominence". Unfortunately, however, the region as represented by the Sultanate of Oman is delimited by the "lack of digital skills (to) act as a promoter for outsourcing of social media to external social media service agencies". The present paper sought to establish HOW the social media is influencing/impacting on the SMEs in the region, in general, regardless of such constraints. In the sections that follow, the paper will provide a detailed critical review of current literature, both on the fronts of empirical research and theoretical scholarship, on the impact of social media affects small and medium-sized enterprises in the Arab world.

Following from the brief introduction, the paper will highlight significant and relevant findings generated from previous scholarly and commercial research on the subject. Thereafter, the discussion will focus on the unique relationship between the social media and the Arab world, in social, political, religious or cultural and economic spheres. Thereafter, the paper will progress to the central theme of the discussion, reviewing social media's impact on the Arabian market in such areas as offering a marketing platform for the new age, being an avenue and forum for increased sales, and as a public relations frontline (a benchmark of direct client communication). Ultimately, the paper will provide a succinct conclusion to the discussion.

Findings from Previous Scholarly and Commercial Research

Cesaroni and Consoli [3] observed that the use of ICT-based platforms is progressively transforming how SME businesses are being conducted. According to the researchers, increased use of social media platforms is helping SMEs craft strategies to (a) reduce operational prices, (b) reduce product/service prices, (c) increase public awareness and support, (d) "open up new way of doing business", (e) optimize “innovative concepts such as sharing, collaboration and co-creation,"
f) increase profitability, and (g) integrate business management functions. More importantly, what the scholars highlight is that while significant, the use of social media by SMEs has "still unknown implications on management and organization" of such businesses, and it is therefore important, even urgent, "to know how much small enterprises use social media". The present paper sought to serve this very prompt as concretely defined by Cesaroni and Consoli [3], and to do so within the locale of the Arabian world.

In the Sultanate of Oman, center of the Arab world as it is, contemporary entrepreneurship has embraced the era of and social media with significant progress [7]. In a recent literature-review study similar to that of the present paper, Samuel and Sarprasatha [7] observed that, "the prevalence and usage of social media and social media business services across the Arab world and in particular, Oman" have been on the rise (or "is gaining prominence"). Nonetheless, "the lack of digital skills could act as a promoter for outsourcing of social media to external social media service agencies" has been frustrating the progress. Most notably, according to the researchers, recent empirical studies suggest that, a prominent gap exist, which small and medium businesses in the Arab world have not filled, namely meeting their client's expectations when they employ social media for marketing and customer service. The question that thereof emerges, is how the social media intake has influenced/impacted on the SMEs in the Arab world regardless of how successful the progress has been.

On a global scale, Carter [6] observed a growing "move from the internet use to use of social media," where businesses are not just using the internet to effect E-Commerce, but also employing social media as a facet/specialty of E-Commerce. This has been displayed by (i) regular social media updates, (ii) increased product/service knowledge and expertise, (iii) creating two-way dialog mainly between a business and clients, (iv) maintaining advertising, and (v) playing a positive social role [6]. The same reality has been evident in third world countries, as established by Apenteng and Doe [2]. This reality was established by Shabbir, Ghazi, and Mehmood [8], in their recent study on the "impact of social media applications on small business entrepreneurs," within and without the Arab world. According to the researchers, SME "entrepreneurs ... use social media platform for the advertising and publicity of their products and services, they make fan pages for the followers and they warmly welcome the suggestions and opinions which help in improving their business" [8]. What is abstract about the conclusion drawn by Shabbir, Ghazi, and Mehmood [8] however, is what the "positive impact of social media applications" on SMEs amount to, which is the focus of the present paper.

Researching the Ghanaian context, Apenteng and Doe [2] observed that more and more people having been joining the social media forum on a personal level. Unfortunately however, contemporary businesses in the country "are failing to take opportunity to market their products there since they is not enough statistical proof of any return of investment and there is no proper understanding of how to use social media as a means of marketing their products". What the scholars highlighted was that while the market has adopted social networking, businesses in the third world country are yet to adapt and tap into the infinite possibilities of social media [2]. The question provoked by this argument, and relevant to the present paper therefore, is whether businesses in the Arab world have embraced the Information age, via social media, and the impact that accrues thereof.

Case Focus on the Arab World and the Social Media

Focusing on the Middle East region (the Arab World), researchers, practitioners, and scholars have published about a significant impact of the social media, to the region's SMEs. Abed, Dwivedi and Williams [9] recently conducted a literature analysis of previous research studies "on the adoption of e-commerce by small and medium-sized enterprises using social media in a Saudi Arabian context". The literature review focused on the "use of social media" as a means of e-commerce as part of SME operations in a Saudi Arabia, and noted on a rising prominence of the same in the last decade. According to the scholars, social media marketing, sales and customer relations is on the rise in Saudi Arabia, and the trend is becoming ever more prominent among SMEs. The literature review highlighted ways in which SMEs in the Arabian world are adopting social media platforms for several avenues, and by so doing transforming (a) marketing, (b) sales, and (c) public relation practices in the region.

A few months ago, Shabbir, Ghazi, and Mehmood [8] conducted an investigation of the "impact of social media applications on small business entrepreneurs," with a special focus on the Arabian jurisdiction. The objective of their study mandated them to examine how the small business entrepreneurs "are motivated to use social media applications" to transform their way of doing business. According to the scholars, adoption of social media applications has gradually transformed into effective and efficient tools for the operations of small businesses, where the social media platforms now present a front for (a) product/service advertising, (b) firm and product/service publicity, and (c) interaction with current and potential customers. This has in turn enabled the small businesses to employ opinion and suggestive pages to improve their business agenda. These areas highlight the ways in which, as shall be discussed in detail in a subsequent section of the paper, modern social media applications have had a "positive impact on small business entrepreneurs" within and without the Middle East [8].

What is evident, however, is that Arabin entrepreneurs are not just using social media for marketing purposes or to simply build sales, and as shall be discussed further hereafter, but they are also employing social media for PR and branding purposes [10]. A word of caution nonetheless is important with regards to the use of social media for branding, which is only emerging and not very concrete, of yet. In a recent empirical study, Gundala, Jack, and Khawaja [11] explored the attitudes and opinions that owner managers hold "towards branding and brand management in small and medium enterprises across Dubai, UAE". After collected primary data using interviews and questionnaires among a sample of 62 owners and managers of small and medium businesses, the study established that medium and small businesses owners in Dubai have not exploited or embraced the need for branding strategies.

Importantly for the present study, however, is the fact that, according to Gundala, Jack, and Khawaja [11], social networking is gaining grounds as a component of contemporary business marketing. While social media is not being used for branding, it is in the building and sustenance of social networks, that the era of social networking has started to thrive. The scholars concur with Gilmore and Carson [12], who asserted that "within the context of marketing decisions, there is an instinctive understanding networking with outside individuals, associations and companies enabling entrepreneurs to be successful," both as brand and as a business establishment in the Arab world. The scholars agree with several other scholars on the emerging
use of social networks enabled by the social media, to amplify marketing strategies.

Social Media’s Impact on the Arabian Market

A marketing platform for the new age (information age)

The foregoing paragraph to conclude the section on the case focus on the Arab world, and in agreement with several other paragraphs in preceding sections of the paper, it is evident from both theoretical scholarship and empirical research, that contemporary social media platforms have redefined traditional marketing strategies. This argument has gain concurrence from such scholars and researchers as Abed, Dwivedi and Williams [9], Gilmore and Carson [12], Gundala, Jack, and Khawaja [11], Shabbir, Ghazi, and Mehmood [8], and Apenteng and Doe [2], among many others, from within and without the Arab world.

Based on the progressive and popular usage of Twitter (for micro blogging service), Facebook (for online social networking), LinkedIn (for professional networking), YouTube (for video sharing), Instagram (for photo and video), and Google Plus (for social networking), Samuel and Sarprasatha [7] found that SMEs in Oman have embraced a new wave of marketing strategies. According to the researchers, the SMEs are tuned to the “economical and beneficial” marketing tool, which is ideal for those businesses without “a high marketing budget”. One of the ways the SMEs are employing the social media is “directly selling their wares online” to social media users, by initiating marketing campaigns tailored for specific social groups [7]. Further, according to Social Bakers, as quoted by Samuel and Sarprasatha [7], SMEs in the Arab nations have started creating fun pages for their brands, where the social media is enabling groupings of current and potential customers to whom they can market their products/services.

One study emerged as important to illustrate the nature of SME marketing, and how social media has helped redefine how the SMEs conduct marketing. Researching the “factors critical to the success of small-medium sized business marketing,” Sadi and Iftikhar conducted a case study of “the tourism industry in Saudi Arabia”. Notably, their findings suggested that “customer orientation is considered to be the single most important factor in successful marketing” which is enables by contemporary social media. The scholars however pointed out that, “marketing planning”. Most notably nonetheless, Sadi and Iftikhar concluded that the use of the internet and having social networks had little if any effect on the success of tourism SMEs in Saudi Arabia.

While these findings negate and contradict all the literature sources discussed in this paper, the study was selected and highlighted above because of one reason. The researchers classified social networks as having personal relationships with the customers, which is exactly the opposite of what marketing does, on social media or elsewhere. Rather, social media-based marketing helps create official relationships with customers, without having a personal, physical relationship. That is indeed the essence of marketing. There is also the subjective bias for the tourism industry, which represents a dismal percentage of SMEs in Saudi Arabia. Had Sadi and Iftikhar investigated this concrete understanding of social media, it is evident that their conclusions would have been different, as established by numerous scholars already, as discussed above and hereafter.

This criticism/argument is validated by many scholars, including Cater [6] and many others, on how social media redefines marketing for SMEs. Carter [6] asserts that, even before social media becomes a part of the sales process in SMEs [13], social media is used by SMEs to initiate the marketing process from which sales are derived. Indeed, numerous scholars and researchers has linked the “use of social media” by SMEs to the overall marketing framework, as affirmed by Barnes [14], Ashworth [15], and Berthon et al., [16], respectfully. In most commercial hotspots and urban regions of the Middle East, for instance, Ashworth [17] reviews how the social media has provided multiple and novel “drivers of retail success” for fashion marketing, as is typical of other industries therein. This is indicative of not only the national marketing strategy, but also the International Marketing Strategy adopted by some of these SMEs [16].

About two years thereafter, Dilhan and Karakadilar [18] explored “the role of social media for SMEs” particularly focusing on social media being “a new marketing strategy tool for the firm performance perspective” in the Arabian developing nations. In the study, Dilhan and Karakadilar [18] observed how the social-media has stopped being just “a communication tool for amusement” and gradually emerged as “an important part of marketing strategies in the business life” of SMEs. Focusing precisely on SMEs, the researchers qualified and characterized their use of social media “as a new marketing strategy tool” as demonstrated by several case studies including of several firms in Turkey and the US. What emerged therefore, as concluded by Dilhan and Karakadilar [18], within and without the Arab region, and on a global front, is that SMEs are now using Facebook and Twitter accounts, as a marketing tool to advance their business agenda. Similar conclusions have been drawn in the Arabian world, by such scholars and researchers as Shabbir, Ghazi, and Mehmood [8] in Middle East, Salem and Mourtada [1] in Arabian jurisdictions, Omer [10] in Pakistan, Abed, Dwivedi, and Williams [9] in Saudi Arabia, Samuel and Sarprasatha [7] in Oman, and Gundala, Jack, and Khawaja in UAE [11].

Innovative edge of reduced cost and increased profitability

Besides the marketing impact of social media on the SMES presently operating in the Arabian world, there is also the impact of costing and valuation. Indeed, one of the most significant impacts of social media, within and without the Arab world, has been giving SMEs an unprecedented level of access to a global market, and reducing their operating costs while optimizing profitability simultaneously. Unlike traditional marketing avenues, contemporary SMEs grant direct and personalized contact to almost every potential and current customer. In the words of Apenteng and Doe [2], “today, more than a billion numbers of people can be seen on one or more social media sites in an hour” and SMEs can therefore “take advantage of the social media buzz to grow their businesses” at lower costs yet attain a greater market reach. Unlike newspaper, magazine, TV, and radio adverts, social media enables adverts to reach a global clientele base directly and simultaneously, regardless of geographical time zone.

This also implies another impact, where marketing has become easier, cheaper, and more effective for SMEs, courtesy of social media. SMEs now exploit social media platforms to “reach a global audience with less effort, time, and money” [19]. Large, social media enables SMEs to shape their marketing around customer behavior in specific social media platforms, by age, sex, class, region, and preferences, etc., to make their marketing efforts more successful at a cheaper and less demanding process [19]. Within the Arab world, the scene is nearly similar if not an exact copy of developed economies, as revealed by an “exploratory case study of SMEs in Pakistan,” conducted by Omer [10]. SMEs have embraced social media platforms to save costs, increase
profitability, and modernize their marketing strategies, as revealed by the study.

Indeed, in the study, Omer [10] found that SMEs currently operating in Pakistan have become “accustomed to usage of internet” in an attempt to copy from “major economies of the world” that are already “getting a sizeable contribution from E-Commerce”. According to the researcher, the Pakistani SMEs have learnt how to boost their profitability, reduce their expenditure/cost (in marketing and advertising), and modernize their business operations. In his words, the SMEs are “increasing revenue, reducing cost and adoption of E-commerce as their business strategy” for the 21st century. This, as recently established in Saudi Arabia, is the new edge of modern marketing for SMEs, where advertising has gained a personalized approach in the social media platforms [8]. What would have previously been a mere commercial proposal only feasible in the mass media (highly expensive), both at the marketing and advertising avenues, is now a cheap, and personalized social engagement, courtesy of the social media appeal.

An avenue and forum for increased sales

On a global level, empirical research on SMEs’ use of social media has affirmed that it is one of the most notable, though recent, strategies to increase sales [13]. The primary purpose of business is almost always increasing profitability by optimizing sales and reducing the cost of production. Merely reducing the cost of marketing, as related to social media in the foregoing section, is not the only reason that SMEs in the Arab world are boosting their profitability.

As such, the related yet distinct impact of social media is the ability to improve sales among current and potential customers. Following a detailed and comprehensive literature analysis, Abed, Dwivedi, and Williams [9] concluded that previous research in the Saudi Arabian context have convincingly established that SMEs have progressively embraced the potential of social media avenues to energize their marketing strategies. Consequently, this has increased the actual sales among the target market (presently), and boosted public relation practices in a manner that entices current customers and potential customers to trust, try, and remain loyal to a brand (in future). As argued by Andzulis, Panagopoulos and Rapp [13], a systematic review of how social media is being used, and the resultant implications in SMEs, is an active role in determining a firm’s sales process and sales outcomes.

In effect therefore, social media has helped SMEs in the Arab world to increase their sales, and by so doing, transform their profitability ratios, particularly given that their marketing and advertising costs have already gigantically reduced. This is as true in Saudi Arabia as established by Abed, Dwivedi, and Williams [9], as it is in Pakistan as concluded by Omer [10], and thus generalizable common in the Arab world. According to Omer [10], SMEs have learnt how to use Social media when “increasing revenue” through increased sales, which coupled by a trend of “reducing costs,” is progressively optimizing their profitability.

In UAE, SMEs have learnt how to boost their sales by building a solid brand name using the social media. In their empirical study, Gundala, Jack, and Khawaja [11] found that “many Small and Medium Enterprises” in UAE have started using the social media as part of their “branding strategies” although the progress is yet dismal, and with outcomes the researchers described as “insignificant for the success” of such SMEs. Dismal in significance or otherwise however, SMEs in UAE have started using the social media to boost their sales, such that among the SMEs sampled, over n “16 percent use capital on social media for sales, to promote their products” or brands. The social media have enabled these SMEs in UAE, to use “minimal investment” and “focus on one brand” until it “gains competitive advantage”, by “highlight and focus on one or two unique and distinguished features and relate them to the brand” for a progressive increase in sales [11].

A public relations frontline (Benchmark of Direct Client Communication)

Finally, and briefly for the present paper, the adoption of social media by contemporary SMEs in the Arab world has also enabled such SMEs to seek, build, and sustain a direct line of communication with their clients/customers, and thus amplifying their Public Relations (PR) roles. After centuries of indirect communication with customers, even in the era of mass media communication (TV, radio, Newspapers, Bill Boards etc), the social media evolved to personalize networks and mass communication [11]. Today, an SME can place an advert, a campaign, community-based involvement, commentary and opinions, charity projects and public awareness initiatives, all targeted at the masses, and still personalized to fit the biographical profile, tastes, preferences, gender, age, ideology, lifestyles etc., of a specific person in the social media platforms.

What would have otherwise have been generalized, is presently personalized as if it was designed to specifically address a social media user [2]. Consequently, as argued by Logofatu [19] the era of social media “has completely and forever changed” the marketing and PR strategies of contemporary SMEs, particularly those “that understand and embrace this new type of communication, collaboration and interaction with customers”. Any SME that refuses to embrace this new age of PR, where direct business-client communication is the very foundation of PR will not “survive over the next five years” [19]. That fate has been sealed by, and is a significant impact of, social media among SMEs in the Arab world. This has indeed been the trigger of progressive “societal and cultural change” in the Arab world [1], and which SMEs have no option but embrace, as part of their PR strategies towards the future [19].

Three years after Logofatu [19] published his study, Cesaroni and Consoli [3] set out to investigate how SMEs use social media, and whether, despite their small size, Italian SMEs “are able to fully exploit social media potentialities”. After sampling 48 SMEs in Italy, and collecting data using survey questionnaires among entrepreneurs and/or managers, alongside websites’ analysis, Cesaroni and Consoli [3] documented a concrete pro-PR impact of social media among contemporary SMEs. Not only has social media become commonplace in SMEs, and not only is the social media usage making the SMEs “truly profitable,” but social media has helped create an organization image attractive to current and potential customers.

According to the researchers, contemporary SMEs use social media so that they appear “fashionable” to the target market, and they are even “forced to use” social media “as all competitors do it”. Usage of social media is therefore largely a strategy to create and sustain an attractive image for the SMEs, in the eyes of current and potential customers, ideally, the role of PR. As such, regardless of the purpose however, when the SMEs start using social media, they embrace an era of direct communication with their clients/customers, previously impossible for businesses, large or small. In the words of Cesaroni and Consoli [3], SMEs have willingly or otherwise, exploited “social
channels and interactive technologies” of the social media which is changing “entrepreneur’s mentality,” increasing “entrepreneurs’ ability to conceive new ways of doing business,” and enhancing their “willingness to get involved with new initiatives”. The same new brand of direct-communication PR has been reported in the general Arab world as argued by Salem and Mourtada [1] as well as Shabbir, Ghazi, and Mehmood [8]. The new age of personalized-communication PR has even been reported within regions of the Arab world, such as in Pakistan by Omer [10], in Saudi Arabia by Abed, Dwivedi, and Williams [9], in Oman by Samuel and Sarprasatha [7], and in United Arab Emirates by Gundala, Jack, and Khawaja [11].

Conclusion

In conclusion, after the foregoing discussion and review, it is important to highlight briefly, some of the core issues discussed. In acknowledgement of the assignment’s requirements, the present paper provides a detailed and comprehensive literature-based review of how the social media affects contemporary SMEs in the Arab world. As it emerged from the background review, and in congruence with much of the world, social media is enabling a positive cultural and societal change, congregating the Arabian markets advancing lifestyle ideology, modernizing contemporary businesses, transforming traditional marketing approaches, molding a unique market profile, and initiating consumer-focused communication (PR). The impact of social media within and without the Arab world is not only evident and progressive, but also unique for the Arab zone (socially, culturally, economically, and politically).

Further, the paper affirmed that in numerous ways, the social media is influencing/impacting on the SMEs in the Arab region. Findings generated from recent empirical studies, strengthened by a resounding theoretical and scholarly literature, helped identify four of the main impacts of social media on SMEs in the Arab world. These four significant impacts as discussed in the paper include (a) offering a marketing platform for the Information Age, (b) offering an avenue and forum for increased sales, (c) giving an innovative edge to SMEs in a bid to reduce expenditures/cost and increase profitability, and (d) creating a benchmark of direct client communication in modern PR. These four ways constitute the most significant impact of social media as demonstrated by SMEs in the Arab world, and are in many ways, congruent with the social media impact beyond the Middle East.

References