

Factors Influencing the Adoption of Social Media Marketing by Micro, Small, and Medium-sized Enterprises (MSMEs) of the Maldives and its Impact on MSME Performance

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Abstract

This paper aims to investigate factors affecting the adoption of social media marketing by Maldivian Micro, Small, and Medium-sized Enterprises (MSMEs) and their impact on MSME performance. Based on previous international research and local contextual knowledge, the study hypothesises that relative advantage, cost effectiveness, interactivity, top management support, and competitive pressure influence the adoption of social media marketing, which consequently impacts MSME performance. Hundred-and-Eight MSMEs from the Greater Malé region in the Maldives participated in the study. Pearson correlation, and simple and multiple linear regression were used for data analysis. Results indicate that all of the individual hypothesised factors have a positive significant impact on social media marketing adoption. The regression analysis model shows that relative advantage and interactivity have a significant positive impact on social media marketing adoption, whereas cost effectiveness, top management support, and competitive pressure do not have a significant positive impact on social media marketing. The study concludes that the adoption of social media marketing has a significant positive impact on MSME performance. Despite social media marketing being in its infancy among Maldivian MSMEs, this study supports the benefits of social media marketing as an ideal platform of marketing for MSMEs.

Keywords: Social media marketing, micro, small, and medium-sized enterprises; firm performance.

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Introduction

Recent initiatives to strengthen the micro, small and medium-sized enterprise (MSME) sector in the Maldives began with the development of the Private Sector Development Programme initiative, in 2006. This was followed by the MSME Act of 2013, and the creation of the MSME Council. SME Development Finance Corporation (SDFC) and the Business Centre Corporation (BCC) are two recently established state owned enterprises designed to support MSMEs with start-up capital, business development advisory support, and capacity development support. BCC operates 6 regional business centres across the Maldives and is in the process of establishing shared working spaces, for micro and small businesses, run by youth and women, to encourage collaboration between innovative start-ups and MSMEs. MIRA help desk is also accessed by MSMEs for taxation advice (Sajny, 2019; Ministry of Economic Development and United Nations Development Programme, 2020).

MSMEs are defined by Maldivian law, as businesses that employ fewer than 100 people, and have an annual turnover of less than 20 million in Maldivian Rufiyaa (MVR). Table 1 shows the classification of MSMEs in the Micro, Small and Medium Enterprises Act 6/2013.

Table 1: Classification of MSMEs in the MSME Act

Full-time employees	Annual turnover or balance sheet total	Business size
0-5	Less than or equal to MVR 500,000	Micro
6-30	Between MVR 500,001 and MVR 5,000,000	Small
31-100	Between MVR 5,000,001 and MVR 20,000,000	Medium-sized

While categorisation based on headcount, annual turnover and profit are distinct; tax filing on profit and sales gives a measure of MSME contribution to the economy. According to MIRA, 6201 MSMEs filed Business Profit Tax (BPT) and 7615 MSMEs filed Gross Sales Tax (GST) with the MIRA in 2019, indicating the high level of employment and economic contribution by MSMEs to the overall economic growth of the country.

Majority of the MSMEs in the islands operate as micro and small enterprises, with 3,000 registered small enterprises, and approximately 1,000 operating as medium-sized enterprises. Most of the MSMEs engage in wholesale, and retail, followed by tourism, construction, real estate, and food services. MSMEs also can be found in research and software development; repair, maintenance and

installation of household goods, computers and vehicles; creative, artistic and entertainment activities; manufacturing; sports and fitness; education; and in health care. It is estimated that many smaller enterprises are unregistered (Asian Development Bank, 2018; Ministry of Economic Development, and United Nations Development Programme, 2020).

Despite the proliferation of digital technology and its widespread use in the Maldives, MSMEs use computers mostly for booking management, inventory maintenance and to monitor cash flow. Not all have Wi-Fi connections available on the business site. Mobile internet is often used for online banking and for making online payments. Internet speed and price are cited as barriers to internet use, especially in micro enterprises owned and run by poor women from their homes in remote islands while older people who manage MSMEs may not see the need for internet use or may feel they do not have the capacity to learn ICT skills. Some MSMEs, especially those in Malé are following the footsteps of large businesses and starting to adopt social media marketing practices, mostly using Facebook pages, Twitter, Snapchat, Instagram and YouTube to promote their businesses (Ministry of Economic Development and United Nations Development Programme, 2020; Akram & Shahid, 2020).

Internet penetration in the Maldives stands at 63.2% as of January 2021, with more than 380,000 social media users, as of January 2021 (Kemp, 2021). Statistics shows that over 340,000 Maldivians can be reached with advertisements on Facebook; 150,000 on Instagram, and 102,000 on Twitter (Kemp, 2020). This shows the high market potential of social media in the Maldives and the huge opportunity it provides, to use social media platforms for marketing purposes, both within the Maldives and to reach the global markets.

Very limited research has been conducted in the Maldivian context on the use of social media, social media marketing (for example, Akram & Shahid, 2020) and on factors influencing the adoption of Social Media Marketing by MSMEs and its impact on MSME performance in the Maldivian context. Hence, this research aims to fill this gap in literature through examining factors influencing the adoption of social media marketing by MSMEs and its impact on MSME performance.

Literature Review and Hypotheses Development

Kaplan and Haenlein (2010, p. 61) define social media as “a group of Internet-based applications that build on the ideological and technological foundations

of Web 2.0, and that allow the creation and exchange of User Generated Content” which has been a game changer for how people communicate and interact. According to Barker et al. (2013, p. 3), social media marketing refers to “the use of social media networks, online communities, blogs, wikis or any other online collaborative media for marketing, sales, public relations and customer service”. MSMEs also use social media to establish and maintain customer relationships, for communicating within the sector, and for networking with their contractors (Reijonen, 2010). According to Atanassova and Clark (2015), social media could potentially provide significant market intelligence to fill the SME resource gap whilst reducing the uncertainty by leveraging their real-time market knowledge.

MSMEs and Social Media Marketing Adoption

Social media is a means of communication between consumers and companies; and between consumers, allowing for easy access to information on services and products. Consumers use social media to assess the quality of the services and products through online reviews and informal networking between consumers, before making a decision to buy a product or a service (Akram & Shahid, 2020). Social media marketing is used to inform and persuade consumers to buy products or services through development of trust, intimacy and customer loyalty (Khoa, 2020). MSMEs, to ensure the survival and expansion of their businesses, need to use a range of marketing techniques so that their marketing messages reach target audiences and truthfully market to personalised preferences, to as many existing and potential customers as possible. For social media marketing to be successful, MSMEs must ensure their presence and their visibility in social media networks (Halligan & Shah, 2009).

Social networking provides small businesses with numerous opportunities to build closer and more profitable relationships with customers through opportunities for timely interaction and feedback (Srinivasan, Bajaj & Bhanot, 2016). Several studies investigated the use of social media among MSMEs and found MSMEs used social media networks such as Facebook for internet marketing (Congxi, Lan & Pengfei, 2010), for communication with customers (Meske & Stieglitz, 2013), for sales, and for advertising purposes (Beloff & Pandya, 2010).

Research also attests that social media marketing in MSMEs are experimental and mostly informal (Nakara, Benmoussa & Jaouen, 2012). For MSMEs, it is usually the owner or manager that initiates the adoption of social media, as opposed to the big companies that use the bottom-up adoption approaches

(Zeiller & Schauer, 2011). Omer (2015) claims that social media marketing is the new edge of modern marketing for MSMEs, in which advertising has taken on a more customised approach in the social media platforms resulting in most MSMEs achieving higher productivity and profit; while social media provide data to predict buyers' purchasing behaviour.

Factors Influencing the Adoption of SMM

Various researchers (e.g. Ahmad, Bakar & Ahmad, 2019; Ainin et al., 2015; Qalati et al., 2021; AlSharji, Ahmad and Bakar, 2018; Chatterjee & Kar, 2020; Kumar et al., 2019; Qashou, 2017; Syaifullah et al., 2021) have identified a number of factors that influence the adoption of social media marketing. In this study, the Technology–Organisation–Environment (TOE) framework by Tornatzky and Fleischer (1990) is used to examine the factors influencing the adoption of social media marketing in MSMEs as it has a wide range of applications. The TOE framework can be used to scrutinise different types of innovation and it is equipped to explain intra-firm innovation diffusion, according to prior research by Hsu, Kraemer and Dunkle (2006), Wang, Wang and Yang (2010) and Zhu et al. (2006). Recently, Abed (2020) advocated that the TOE framework has significant empirical evidence and a strong theoretical foundation. In this study, “relative advantage”, “cost effectiveness” and “interactivity” aspect from technological context is taken into account, along with “top management support” from organisational context and “competitive pressure” from environmental context of MSMEs.

Relative advantage

Relative advantage is defined as “the degree to which potential adopters see innovation as better than the alternative” (Ahmad, Bakar, & Ahmad, 2019, p. 5). Hence, it demonstrates the advantages that can be realised from innovation. According to Hsu, Ray and Li-Hsieh (2014), identifying the relative advantages of an organisation's social media can help to improve knowledge sharing and overall organisational performance. Several scholars (e.g., Al-Qirim, 2007; Varadarajan et al., 2010; Zhu et al., 2006) have demonstrated that the relative advantage strongly and positively affects organisations to use a particular technology or innovation. In the light of this, the following is hypothesised:

H₀: Relative advantage has no significant positive effect on social media marketing adoption.

H₁: Relative advantage has a significant positive effect on social media marketing adoption.

Cost effectiveness

The degree to which technology or innovation is feasible, in relation to its cost is referred to as cost effectiveness. Previous research has highlighted the importance of cost in the adoption and implementation of the technology and innovation (Premkumar & Roberts, 1999; Ministry of Economic Development and United Nations Development Programme, 2020). Kaplan and Haenlein (2010) assert that social media is a cost-effective technology, and therefore, small organisations are most likely to embrace it. Accordingly, we tested the following hypotheses:

H₀: Cost effectiveness has no significant positive effect on social media marketing adoption.

H₂: Cost effectiveness has a significant positive effect on social media marketing adoption.

Interactivity

Interactivity is defined as “the extent to which two or more parties can interact with each other using a communication medium” (Qalati et al., 2021, p.78). Social media is an innovative technology and a platform which provides numerous ways for user to interact with each other. Hence, businesses use social media to increase the interaction between customers and organisations. Previous studies have found interactivity as a distinguished factor that influences users’ responses to new technologies (e.g., Agarwal & Venkatesh, 2002; Jiang & Benbasat, 2007). Similarly, Jiang et al. (2010) also found interactivity as a significant factor which impacts consumers’ attitudes towards social media marketing. Therefore, the following hypothesis was developed:

H₀: Interactivity has no significant positive effect on social media marketing adoption.

H₃: Interactivity has a significant positive effect on social media marketing adoption.

Top management support

Top management support refers to the degree of assistance provided by senior management in adopting technological innovations in organisations. According to Lin (2014), in order to create a supportive environment and provide appropriate resources for the adoption of new technologies, top management support is essential. A supportive management creates the right environment and resources for new technology adoption (Low, Chen & Wu, 2011). MSMEs will adopt social media marketing if they are properly trained on how to use social media effectively for marketing purposes, and have low cost internet access. Through sharing of knowledge and skills, resistance to use social media for business purposes can be reduced. Previous research (e.g., Ahmad et al., 2015; Maduku, Mpinganjira & Duh, 2016; Ramdani, Chevers & Williams, 2013; Zhu, Kraemer & Xu, 2003) has also found that top management support is a crucial factor in organisation's adoption of new technologies, since it is they, who can make the decision to adopt social media marketing for their business. Thus, this study hypothesises the following:

H₀: Top management support has no significant positive effect on social media marketing adoption.

H₄: Top management support has a significant positive effect on social media marketing adoption.

Competitive pressure

Zhu and Kraemer (2005, p. 70) define competitive pressure as “the degree of pressure that the company feels from competitors within the industry”. According to Oliveira and Martins (2010), competition-induced pressure is a major driver of technological innovation adoption. Thus, if MSMEs see a competitor gain an advantage through the use of technology, they will adopt the same technology, to survive and to sustain their business. While early adoption of e-business techniques can give MSMEs, a competitive advantage, Zhu, Kraemer and Xu (2003), in their research, found that firms that adopted e-business were put under pressure by their trading partners to adapt to technological standards, since electronic trade requires all business partners to adopt compatible systems. Hence, the following is hypothesised:

H₀: Competitive pressure has no significant positive effect on social media marketing adoption.

H₅: Competitive pressure has a significant positive effect on social media marketing adoption.

Impact of Adopting SMM on MSME Performance

The organisational usage of social media has an impact on firms by enhancing customer relationships, information accessibility, and improving marketing (Ainin *et al.*, 2015). An organisation can also grow its brand and increase its commercial activities by using social media (Walsh & Lipinski, 2009). Social media enriches MSMEs capabilities to improve their performance through adding value to critical elements for MSMEs such as internal operations, marketing, customer service, and sales (Schaupp & Belanger, 2013). Rodriguez, Peterson and Krishnan (2012) found social media being positively associated with sales processes and relationship sales performance. Rodriguez, Ajjan and Peterson (2014) further provided evidence that social media technologies positively impact the customer-orientated processes which in turn impacts the sales performance of an organisation. These results are consistent with previous studies conducted by Wong (2012), Kwok and Yu (2013), and Ainin *et al.* (2015), that the use of Facebook has a positive impact on sales performance of SMEs. Kajongwe *et al.* (2020) analysed the impact of social media on the performance of SMEs in Zimbabwe, which showed that social media positively improves brand awareness, customer relation and productivity of SMEs. Furthermore, Syaifullah *et al.* (2021) examined the role of social media marketing on the performance of MSMEs in Indonesia during the COVID-19 pandemic and found that social media marketing has a positive effect on the performance of MSMEs, especially in increasing sales, customer relationships, productivity, and creativity. Recent studies in different countries demonstrate a positive and significant relationship between social media marketing and MSME performance (for example, Samat (2020) in Malaysia; Chatterjee and Kar (2020) in India, and Tajvidi and Karami (2021) in the United Kingdom).

However, these findings are inconsistent with studies conducted by Ahmad, Bakar and Ahmad (2019), Trainor *et al.* (2014) and Malthouse *et al.* (2013) which showed social media adoption had no effect on SMEs' performance, especially when social media is adopted due to bandwagon pressure without careful consideration of how to use social media marketing to enhance business performance. MSMEs also may not have staff, finances, professional capability or the time to manage social media marketing effectively (Maduku *et al.*, 2016).

Thus, the final hypothesis is as follows:

H₀: Social media marketing adoption has no significant positive impact on MSME performance.

H₆: Social media marketing adoption has a significant positive impact on MSME performance.

Research Methodology

Research Design and Measures

We used a structured questionnaire, aiming to examine the factors affecting the adoption of social media marketing in MSMEs and its impact on MSME performance in the Maldives. The questionnaire for the survey consisted of four sections. The first section of the questionnaire focused on respondents' and organisations' characteristics. The second section contained questions related to the construct "Social Media Marketing". The third section focused on the factors influencing the adoption of social media marketing and includes constructs "Relative Advantage", "Cost Effectiveness", "Interactivity", "Top Management Support" and "Competitive Pressure". The fourth section of the questionnaire focused on "MSME Performance". The questionnaire had closed-ended questions in the form of statements. All the statements were measured using five-point Likert scale (1 = Strongly Disagree, 2 = Disagree, 3 = Neither Agree nor Disagree, 4 = Agree and 5 = Strongly Agree). All constructs were measured across multiple items and to ensure adequate reliability, at least three items were used for each construct (Nunnally, 1978).

Table 2 shows the constructs used for this study along with the sources of measurement items. All the items used in the questionnaire were adapted from previously validated scales used in the technology adoption literature and necessary adjustments were made to fit it to social media marketing context of the Maldives.

Table 2: Study Constructs and Sources of Measurements

Constructs	Sources of measurements	Items
Social Media Marketing (SMM)	Shareef et al. (2019)	10

Relative Advantage (RAD)	Maduku et al. (2016)	6
Cost Effectiveness (COS)	Odoom, Anning-Dorson and Acheampong (2017)	5
Interactivity (INT)	Kietzmann et al. (2012)	5
Top Management Support (TMS)	Maduku et al. (2016)	5
Competitive Pressure (CPR)	Oliveira et al. (2014); El-Gohary (2010), Gutierrez, Boukrami and Lumsden (2015)	5
MSME Performance (PER)	Ahmad, Bakar and Ahmad (2019); Qashou (2017)	7
Total items		43

Population and Sampling

The survey questionnaire targeted MSMEs that had been selected randomly from a population of 1,200 MSMEs in the Greater Malé region. The population frame was generated from the database on the Business Portal of the Ministry of Economic Development which contained the needed information about the Maldivian MSMEs. The population frame was generated to include only those MSMEs that use social media for marketing purposes. The sample size of 292 was calculated using the Raosoft Sample Size Calculator online. Invitations to fill the questionnaire were sent to all potential participants via Facebook Messenger accompanied by an email with a link to fill the survey attached with a cover letter.

Data was collected using Google Forms, between August and September, 2021. A total 112 completed questionnaires were returned out of 292, resulting in 38.3% response rate. However, out of 112 responses, 4 monotone responses were identified, hence these responses were discarded which totalled the valid responses to 108. The data was analysed using the Statistical Package for Social Science (SPSS), which is specifically designed to analyse quantitative data.

Results and Analyses

Descriptive Analysis

Out of 108 respondents, 85 (78.7 %) were male and 23 (21.3 %) were female.

Most (35.2%) of the respondents were from the age group of 36- 45 years and majority of the respondents (67.6 %) had completed secondary education. Majority of the respondents (49.1%) were “Owner/General Manager”, whereas only 9.3% of the respondents were “Marketing Director”, 14.8% were “Marketing Manager” and 26.9% of the respondents were at the position of “Marketing Executive”. 72 of the MSMEs (66.7%) were based in Malé, followed by 33 MSMEs (30.6%) located in Hulhumalé and only 3 MSMEs (2.8%) were located in Villingili. Majority (47.3%) of the MSMEs in this research had a headcount of 1 to 5 fulltime employees. 37 MSMEs (34.3%) had between 6 to 30 employees, whereas only 20 MSMEs (18.5%) were medium sized enterprises which had more than 31 employees. Regarding annual income, 52 MSMEs (48.1%) had an annual income of less than 500,000 MVR; whereas 38 MSMEs (35.2%) had an annual turnover between MVR 500,001 and MVR 5,000,000; and only 18 MSMEs (16.7%) had a balance sheet of more than five million Maldivian Rufiyaa.

The social media platform mostly used is Facebook at 99.1% that is 107 MSMEs. Second most used platform is Viber with 83 MSMEs (76.9%). Third most used social media platform among the surveyed MSMEs is Instagram with 63%. Surprisingly, no one used blogs, despite a blogger’s capacity to develop awareness about the business and to create brand loyalty, and only one MSME had a LinkedIn profile and 2 had a YouTube presence. Majority (33.3%) of the MSMEs have been using social media for 3 to 4 years. Regarding staff hours spent on social media marketing per day, majority (35.2%) of the MSMEs spend less than 5 hours on social media marketing. In addition to this, the majority (63.9%) of the MSMEs (69 MSMEs) allocated less than 10% of their total marketing budget to social media marketing.

Table 3 summarises the descriptive analysis of the MSMEs studied.

Table 3: Descriptive Statistics

Construct	Characteristics	Frequency	Percentage
Gender	Male	85	78.7
	Female	23	21.3
Age	Less than 26	32	29.6
	26 - 35	34	31.5
	36 - 45	38	35.2
	Over 45	4	3.7

Education	Secondary	73	67.6
	Higher Secondary	17	15.7
	Diploma/Certificate	9	8.3
	Bachelor's Degree	6	5.6
	Master's Degree	3	2.8
Position	Owner/General Manager	53	49.1
	Marketing Director	10	9.3
	Marketing Manager	16	14.8
	Marketing Executive	29	26.9
Firm location	Malé	72	66.7
	Hulhumalé	33	30.6
	Villingili	3	2.8
Number of employees	1 - 5 Employees	51	47.2
	6 - 30 Employees	37	34.3
	31 - 100 Employees	20	18.5
Annual income	MVR 0 - MVR 500,000	52	48.1
	MVR 500,001 - MVR 5,000,000	38	35.2
	MVR 5,000,001 - MVR 20,000,000	18	16.7
Social media platforms used by the organisation	Facebook	107	99.1
	Twitter	11	10.2
	Instagram	68	63
	YouTube	2	1.9
	Viber	83	76.9
	TikTok	1	0.9
	Google+	3	2.8
	Pinterest	1	0.9
	Blogs	0	0
	Whatsapp	23	21.3
	Telegram	15	13.9
	LinkedIn	1	0.9
Years of organisational use of social media marketing	Less than a year	28	25.9
	1-2 years	14	13.0
	3-4 years	36	33.3
	More than 4 years	30	27.8
Staff hours spent on social media marketing per day	Less than 5 hours	38	35.2
	5-10 hours	36	33.3
	11-15 hours	15	13.9
	Above 15 hours	19	17.6

Percentage of total marketing budget allocated to social media marketing	0 - 10%	69	63.9
	11 - 20%	19	17.6
	21 - 30%	7	6.5
	31 - 40%	6	5.6
	More than 40%	7	6.5

Reliability and Validity Analysis

Cronbach's alpha was calculated to determine the level of reliability of the research measures and constructs. According to the calculations (Table 4), Cronbach's alpha coefficient ranged from 0.953 to 0.974. Since the lowest value of Cronbach's alpha was greater than 0.6, it can be inferred that all the constructs which have been used in this study are reliable and consistent (Fornell & Larcker, 1981).

Table 4: Reliability Analysis for the Research Variables

Item Code	Item	Item-Total Correlation	Cronbach's Alpha
Social Media Marketing (SMM)			0.973
SMM01	My organisation uses SMM very often	0.846	
SMM02	My organisation uses SMM to advertise and promote our products and services	0.906	
SMM03	My organisation uses SMM to seek information about new markets	0.866	
SMM04	My organisation uses SMM to reach new customers	0.920	
SMM05	My organisation uses SMM to develop customer relations	0.905	
SMM06	My organisation uses SMM to conduct market research	0.675	
SMM07	My organisation uses SMM to create brand visibility	0.918	
SMM08	My organisation uses SMM to communicate the firm's brand online	0.920	
SMM09	SMM is helpful for advertising my products and services	0.916	
SMM10	Usage of social media marketing technique is good for my business	0.897	

Relative Advantage (RAD)			0.974
RAD01	Social media is useful for business	0.909	
RAD02	Social media provides better advertising and marketing opportunities	0.944	
RAD03	Social media is a valuable tool for marketing	0.932	
RAD04	Social media allows us to learn more about our competitors	0.925	
RAD05	Social media enhances the company's image	0.895	
RAD06	Social media marketing (SMM) enhances the productivity of the business	0.874	
Cost Effectiveness (COS)			0.968
COS01	Cost of dealing with customer enquiries has been reduced using SMM	0.903	
COS02	Cost of identifying new customers has been reduced through use of SMM	0.917	
COS03	Customer awareness and training cost have been diminished by use of SMM	0.904	
COS04	The overall advertising and promotion cost have gone down using SMM	0.920	
COS05	SMM is more cost effective to us than traditional marketing	0.899	
Interactivity (INT)			0.967
INT01	SMM offers interactive communication with customers	0.877	
INT02	SMM offers interactive mechanisms for value co-creation with our audience	0.920	
INT03	SMM has the ability to engage customers via mentions and replies with controlled message contents	0.911	
INT04	SMM provides appropriate amount of interactive features	0.939	
INT05	SMM provides features for vivid responses	0.882	
Top Management Support (TMS)			0.961
TMS01	Top management in my organisation is interested in adopting SMM	0.898	
TMS02	Top management in my organisation considers SMM adoption important	0.895	

TMS03	Top management in my organisation has shown support for SMM adoption	0.886	
TMS04	Top management has a clear vision regarding the use of social media marketing tools	0.909	
TMS05	Top management is willing to take risks involved in the implementation of social media marketing	0.873	
Competitive Pressure (CPR)			0.962
CPR01	SMM allows the firm stronger competitive advantage	0.842	
CPR02	SMM increases the firm's ability to outperform competition	0.910	
CPR03	We choose to adopt SMM because many other firms are already using it and taking advantage	0.931	
CPR04	We have implemented SMM to avoid losing our market share to competitors who are already using SMM	0.904	
CPR05	We have implemented SMM regardless of market trends	0.879	
MSME Performance (PER)			0.953
PER01	Brand equity has been increased due to SMM	0.776	
PER02	Efficiency to identify the customers' need has been increased using SMM	0.860	
PER03	Creativity of my employees has been enhanced through use of SMM	0.884	
PER04	SMM has increased the awareness of our product/brand online	0.913	
PER05	Sales volume has been increased due to SMM	0.873	
PER06	Profits have been increased due to SMM	0.741	
PER07	Sales and marketing costs have been reduced due to SMM	0.837	

The results showed that all of the research variables had a very good item-total correlation values ranging from 0.675 to 0.944. Hence, the value of Cronbach's Alpha and values of item-to-total correlation are significantly higher than the reliability acceptable levels suggested by Magal, Carr, and Watson (1988), Edgett (1991), and Nunnally (1978). Therefore, the research measures were satisfactorily acceptable for conducting further data analysis through inferential

statistics to test the research hypotheses.

To assess the validity of the collected data, and to ensure that the research constructs shared particular fundamental factors, exploratory factor analysis (EFA) was performed. EFA was computed using Varimax rotation method with Kaiser Normalisation and based on Eigenvalues extract. Items with loading less than 0.5 were excluded (Hair, Ralph, and Ronald, 1998). Except two, all other factor loadings were highly acceptable with the lowest factor loading equal to 0.519 and the highest equal to 0.909. Moreover, Kaiser-Meyer-Olkin and Bartlett's Test results (Table 5) showed a very high recording value of 0.922 which is greater than an acceptable threshold of 0.50. Furthermore, Bartlett's test results show a level of significance (0.000) and it is suitable as it was below the 0.05 significance level.

Table 5: K-M-O and Bartlett's Test

Kaiser-Meyer-Olkin and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.922
Bartlett's Test of Sphericity	Approx. Chi-Square	7761.569
	df	903
	Sig.	.000

Assessment of Hypotheses

A Pearson correlation was conducted to examine the relationships between factors Relative Advantage (RAD), Cost Effectiveness (COS), Interactivity (INT), Top Management Support (TMS), Competitive Pressure (CPR) and adoption of Social Media Marketing (SMM). Relative Advantage (RAD) was more strongly positively related to the adoption of Social Media Marketing (SMM), $r = 0.815$, $p = 0.000$, than to any other factors. The lowest correlation with the Adoption of Social Media Marketing (SMM) was Top Management Support (TMS), with $r = 0.399$, $p = 0.000$. Hence, the Pearson Correlation withstands the Hypothesis 1 (H1) to Hypothesis 5 (H5). Nevertheless, multiple linear regression analysis was used to test the Hypothesis 1 to 5 (H1 to H5) as it is a common statistical technique used to analyse the relationship between a single dependent variable and several independent variables (Hair *et al.*, 1998).

A multiple linear regression model was expressed in a multiple linear regression equation as follows:

$$\text{Social Media Marketing adoption} = \beta_0 + \beta_1 \text{ Relative Advantage} + \beta_2 \text{ Cost Effectiveness} + \beta_3 \text{ Interactivity} + \beta_4 \text{ Top Management Support} + \beta_5 \text{ Competitive Pressure} + \varepsilon$$

The results showed that 67.8% of the observed variability in SMM adoption is explained by the five independent variables (RAD, COS, INT, TMS and CPR, = 0.693, Adjusted = 0.678). Therefore, Relative Advantage, Cost Effectiveness, Interactivity, Top Management Support and Competitive Pressure explain the variation in Social Media Marketing (SMM) adoption in a positive way. Moreover, the results of Analysis of Variance (ANOVA) showed the five independent variables (RAD, COS, INT, TMS and CPR), have an effect on Social Media Marketing (SMM) adoption by MSMEs.

To investigate the Hypothesis 1 (H1) to Hypothesis 5 (H5), regression coefficients were calculated. According to the results, only Hypothesis 1 [Relative Advantage (RAD) (B= 0.587, t= 5.191, p<0.001)] and Hypothesis 3 [Interactivity (INT) (B= 0.297, t= 2.753, p<0.05)] are accepted. The values of Tolerance averaged between 0.235 to 0.755 and the variance inflation factor (VIF) averaged between 1.325 and 4.249. This denotes that the results are reliable. The beta weight for Relative Advantage (RAD) (B= 0.587) shows relatively stronger value than Interactivity (INT) (B= 0.297) in explaining the Social Media Marketing (SMM) adoption by MSMEs.

To investigate the Hypothesis 6 (H6), a single linear regression model was expressed as follows:

$$\text{MSME Performance} = \text{Constant} + \beta_1 \text{ Social Media Marketing adoption} + \varepsilon.$$

The results show that Social Media Marketing Adoption explains 46.1% from the variability in MSME Performance (= 0.466, Adjusted = 0.461). The regression coefficient results show that Hypothesis 6 can be accepted. Therefore, Hypothesis 1, Hypothesis 3 and Hypothesis 6 are supported in the study.

Discussion

The findings of the study suggested that Relative Advantage and Interactivity are significant factors that influenced the adoption of social media marketing by Maldivian businesses. On the contrary, factors such as Cost Effectiveness, Top Management Support and Competitive Pressure were found not to be significantly related to social media marketing adoption. The results also

showed that social media marketing adoption had a significant positive impact on MSME performance.

Relative Advantage ($B= 0.587$, $t= 5.191$, $p<0.001$) was identified as the most important factor that influenced social media marketing adoption by MSMEs in the Maldives. The study result on Relative Advantage was consistent with the work of many researchers including Al-Qirim (2007), Varadarajan et al. (2010) and Nguyen et al. (2015). However, this result contradicts with Wang et al. (2010).

Moreover, Interactivity ($B= 0.297$, $t= 2.753$, $p<0.05$) was also recognised as another important factor that influenced the adoption of Social Media Marketing. This finding is consistent with the works of Agarwal and Venkatesh (2002) and Jiang and Benbasat (2007), where they have found interactivity as a distinguished factor that influences users' responses to new technologies. Furthermore, this result is in line with the research done by Odoom, Anning-Dorson and Acheampong (2017).

Cost Effectiveness and Top Management Support were found to have insignificant relationship with Social Media Marketing adoption. This finding is inconsistent with previous studies (e.g., Alam and Noor, 2009). This outcome could possibly be influenced by the fact that this study was done only in the greater Malé area which is urban and wealthy in comparison to the rest of the Maldives where the results may have been different, and the sample selected were using social media marketing, indicating the top management already has a positive attitude towards adoption of social media marketing. Social media marketing is also cheaper in comparison to mass media marketing options. Furthermore, social media marketing is still in its infancy in the Maldives and lacks a standard criterion.

Competitive Pressure was also found to have an insignificant relationship with Social Media Marketing adoption. This result is consistent with studies conducted by Oliveira *et al.* (2014) and El-Gohary (2010). Conversely, it is inconsistent with the work of Das and Das (2012) who assert that highly competitive environments motivate IT adoption. It is possible that independently owned MSMEs in this study are not trying to dominate the industry through innovative practice; cater to a niche market, aiming to remain local and small; and do not feel threatened by other companies in the same industry. How competitive pressure affects Maldivian businesses need further investigation. It is also possible that Maldivian MSMEs emphasise more on other factors that lead them to social media marketing adoption.

Even though the hypothesis for Cost Effectiveness, Top Management Support and Competitive Pressure are rejected, a simple linear regression analysis was conducted in order to examine the individual effect of these factors on Social Media Marketing adoption by MSMEs. The results showed that each factor (Cost Effectiveness, Top Management Support and Competitive Pressure) has a significant and positive linear relationship with Social Media Marketing adoption by MSMEs. This suggests that with the other variables (Relative Advantage and Interactivity) in the multiple linear regression models, the impact of Cost Effectiveness, Top Management Support and Competitive Pressure on Social Media Marketing adoption were overshadowed. This could be due to the youthfulness of the study population and their familiarity with social media use. Most of the entrepreneurs who participated in the study were under 45 years of age and were in top management positions. They appeared to value relative advantage of using social media for their marketing over other avenues of marketing and valued the interactivity of social media marketing above other factors.

The results also revealed that social media marketing adoption has a significant positive effect on MSME performance. This is consistent with the recent findings of Syaifullah et al. (2021). Similarly, this result is consistent with the research conducted by Ali Qalati (2021), Samat (2020), Chatterjee and Kar (2020) and Tajvidi and Karami (2021). Additionally, the results of this study show that the adoption of social media marketing has helped the performance of MSMEs in terms of raising awareness of their products, efficiently identifying the needs of the customers, enhancing the creativity of the employees, increasing the sales volume and reducing the sales and marketing costs. Thus, the adoption of social media marketing had a positive effect on MSME performance.

Conclusions and Recommendations

The findings of this study highlighted that the adoption of social media was significantly influenced by relative advantage and interactivity. Relative advantage demonstrates the advantages that can be realised from the adoption and use of social media marketing. Hence, the MSMEs see social media marketing as a better alternative to promote their business and perform marketing activities. Social media marketing is an innovative technology which provides plentiful ways for businesses to interact with their customers. Therefore, MSMEs use social media to increase the interaction between customers and organisations.

The results of this study indicate that the adoption of social media marketing

has a positive effect on the performance of MSMEs, especially in raising awareness of their products, efficiently identifying the needs of the customers, enhancing the creativity of the employees, increasing the sales volume and reducing the sales and marketing costs. Nonetheless, there is absence of top management support in adopting social media marketing in MSMEs, which could be due to lack of knowledge of impact of social media marketing on business performance. Most of the companies spent less than 10 percent of their marketing budget on social media marketing, indicating that they may not be utilising social media marketing strategies to gain maximum advantage. This could be explained by the fact that social media marketing is still in its infancy in the Maldives and SMM knowledge, skills and strategies need strengthening. Despite the constraints, the evidence from this study indicates use of social media marketing benefits MSMEs and has a positive effect on MSME performance, that businesses which have embraced social media marketing are able to facilitate superior relationships and interactions with their customers.

Based on the results of this study, it can be recommended that MSMEs in the Maldives must make further effort to achieve the maximum benefits from social media marketing. MSMEs should knuckle down to develop social media marketing strategies and have a clear vision regarding the use of social media marketing tools. Furthermore, top management should provide infrastructural support to develop social media marketing and be willing to take risks involved in the implementation. Regular training needs to be provided to all of the staff on digital marketing, and to monitor innovative practice and success of digital marketing. MSMEs need to follow the footsteps of large enterprises in the Maldives, which adopt social media marketing as part of their future vision.

Implications and Limitations

This study explored social media marketing adoption by Maldivian MSMEs. The outcomes of this research provide useful and important academic as well as managerial implications. This study validates empirically the relationship between adoption of social media marketing and MSME performance. This study gives clear evidence for social media marketing adoption by MSMEs in the Maldives.

However, there are certain limitations of this study. Firstly, this study was focused on the Greater Malé region and the data for this study was only collected from MSMEs that have adopted social media marketing. In order to have a better understanding of social media marketing adoption in the Maldives, future studies could cover MSMEs across all regions in the Maldives.

Secondly, this research is only a quantitative study. Using a qualitative or triangulation approach could have identified additional factors which influence adoption of social media marketing, and barriers and challenges to social media marketing, as well as provide data on effective strategies which have been used by companies for effective social media marketing.

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