Research Paper

The Effect of Social Networking Tools on the SMEs Domain: an empirical study in the Nineveh Governorate-Iraq

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Abstract

The main goal of this work is to reveal the effect of Social Networking Tools (SNT) on the Small and Medium Enterprises (SMEs) domain. The work has been done in the food field in Nineveh region-Iraq. The author has selected Facebook application as a tool of social network, this represents the independent variable. Whereas the dependent variables consist of customer retention and customer involvement. Standard questionnaire has been prepared in order to collect the data from the samples. Collected data have been analyzed using SPSS-20 software package. It was founded that the use of Facebook as a tool of SNT will rapidly increase the promotion and motivate consumers in order to engage with the respected industry. The results also illustrate that there is a relation and influence between SNT usage and both of; customer retention and customer involvement.

Keywords

Social Networking, Social Networking Tools, Customer Involvement and Retention, Small and Medium Enterprises.
ورقة بحثية
تأثير أدوات شبكات الاعلامية على مجال المشاريع المتوسطة والصغيرة: دراسة تجريبية في محافظة نينوى-العراق

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المستخلص

إن الهدف الرئيس من هذا العمل هو الكشف عن تأثير أدوات شبكات الاعلامية (SNT) في مجال عمل الشركات الصغيرة والمتوسطة (SMEs) في العراق. تم انجاز البحث الحالي في مجال الصناعة والتسويق الغذائي بمنطقة نينوى-العراق، حيث تم استخدام تطبيق فيسبوك أداة للشبكة الاجتماعية، والذي يمثل المتغير المستقل في حين أن المتغيرات التابعة هي كل من الاحتفاظ بالزبون ومشاركة الزبون. تم استخدام تطبيق فيسبوك أداة من أدوات شبكات التواصل الاجتماعي في الصناعة ذات العلاقة. توضح النتائج أيضاً أن هناك علاقة ارتباط وثيقة بين استخدام أدوات شبكات التواصل الاجتماعي وكلا من الاحتفاظ بالزبون ومشاركة الزبون.

الخلاصة

تأثير أدوات شبكات الاعلامية على مجال المشاريع المتوسطة والصغيرة: دراسة تجريبية في محافظة نينوى-العراق.

التصنيفات الرئيسية

- الشبكات الاجتماعية، أدوات شبكات الاعلامية، مشاركة واحتراف الزبون، المشاريع الصغيرة والمتوسطة.

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1. Introduction:

These days, utilization of “Information and Communication Technologies” ICT has made a big change in numerous facets of the humane lives and its effect is increasing in diverse sectors. This has been supported by the emerging of second generation of web-based communities like “blogs, wikis, and social networking tools” which is targeting the beginning of: collaboration, creativity, and sharing amongst customers instead of just sending and/or receiving emails and retrieve information. Depending on this, consumers will become more empowered throughout having data on the “Web 2.0.”, furthermore, customer relationships with the company that serves them will be improved (Anshari and Almunawar, 2012). The relationship with the consumer is more and more influenced by a consumer community existing on social networks. As a result, the method of association with the consumer is made has been changed throughout history course (Ngai, et al., 2015). The expansion of these days’ technologies has largely enabled clients to quickly and with fewer difficulties collect information about the supply of diverse goods and services. It will also make it easy for customers to find out the best with highest quality providers. The customer is capable to select and to make a decision about who will provide the best offer (Habul et al., 2012). This paper is keen to present a conceptual framework for which Nineveh’s SMEs adoption the tools of social networking in order to involvement consumers within its marketing activities and towards customer’s retention.

2. Literature Survey

In this section, author tried to demonstrate some of the related previous work. Cornejo in 2017, introduced his work under title “Social media impact on consumers food choice”. He examined the customers’ decisions before visiting any restaurant. This has been done through determination the type of food choice “behavior” of the customer. The main conclusion of the work was the possibility of food testing from consumers depending on what is sharing from food industry firms by social media tools. Ioanid et al., (2018) studied the impact of social networks on SMEs innovation potential. This study highlighted the involving other parties like consumers and suppliers into innovation process through using social network. Perumal et al.(2017) presented their study about the use of “social media in food and beverages industry”. The work examines the elements influencing utilization of social media being a marketing media. They highlighted that ‘brand awareness’ and ‘customer acquisition and retention’ have strong relationship with using of social media, whereas ‘information platform’ and ‘feedback’ have negative relationship with the using of social media. Öztamur and Karakadılar (2014) accomplished a work about the role of social media as a new marketing strategy tool in small and medium enterprises domain. The study highlighted this relation in the firm performance perspective. Facebook and Twitter were the social networking tools which have been used as a measurement. It was doing a comparison between four Turkish and American firms. The findings refer that the Turkish firms are quite better in terms of applying the required strategies and factors when compared to
3. Literature Review

Recently, in most countries, Small and medium-sized enterprises (SMEs) are imperative to financial development in terms of pushing the improvement wheel and making unused employments, particularly high-growth ones decreasing recessionary pressures and maintaining survival. In developing countries SMEs segment become one of the latest key issues since this sector may sustain the livelihood of many people directly or indirectly (Al Baghlanl, 2018). Johansson and Corvera (2012) emphasizes that the key advantages for applying SNT in SMEs daily activities are cost savings and getting closer to the customer. Furthermore, SNT can provide SMEs sector a vast opportunity in order to raise their presence and enlarge their sales (Rugova and Prenaj, 2016).
3.1. Social Networking Tools

Social Networking Tools (SNT) represent online social relations focused on connection which empower customers in order to construct online profiling toward digital media. Generally, the prevalent types of SNT services could be expressed from mailing list community, e-mail service, and instant messenger. Newly, SNT which is based on “Web 2.0 technology” like, Twitter, LinkedIn, Myspace, Facebook, Friendster, etc., have speedily facilitate ease of networking social, ease of participation, and peer-to-peer collaboration (Anshari and Almounawar, 2012). Furthermore, SNT represents a very good way toward build and control online community which brings people together. In recent information era, SNT allows individuals to be connected and manage existing relationships even with the companies (Ramsaran-Fowdar, 2013). SNT are exchangeable used as Social networking sites or Social Media. Its applications empower users to associate by making individual data profiles, allowing friends to access those profiles, and enabling them to send and receive emails messages between each other (Kaplan and Haenlein, 2010). SNT empower all people having internet to entrance any pages created by organizations and communicate about personal things (Palmer and Lewis, 2009). The quick development of social commerce is primarily due to the fast dissemination of SNT like Facebook and Twitter. This will change conventional firm processes by giving better client shopping understanding such as “access to friends purchasing experiences, real-time sharing of purchase actions with friends before final purchase decisions” (Zhou et al., 2011). This will help organizational staff to find out costumer’s thoughts about enterprises products, services, and brands. Furthermore, a positive experience of the organization’s output will be given to the Internet users (Srinivasan et al., 2011).

3.2. Facebook Application

First of all, the author has preferred to depend on Facebook as a tool of SN. This, because this tool is the most popular among the social media users around the country. The new phenomena related to the communication between individuals has been widely separated in 2004. A young student called Mark Zuckerberg and his colleagues in Cambridge University, produced a new method of the interaction in order to allow the students to connect together. This technique named “Facebook”. In the beginning the range of the application was only for the use in the Universities. After that, business world has paid great attention to the possibility of benefiting from the technology. The Creation of profile page including personal information, was the crucial condition for personal interactive to be done (Brügger, 2015). It has a great capacity in order create personal relations and direct individuals to enter an unfamiliar social environment. Facebook application, allows people to express themselves, seek information, and interact together (Ainin et al., 2015). Organizations can easily take an advantage from creating their own profile on Facebook. This step will help to disseminate data and information related to the firm’s products and services. This action will be a very good way in order to transfer from the target of build a relationship with the clients to the target of reaching them.
directly. Furthermore, such community is relevant to the marketers, as they will be able to identify consumers Desires and needs. This will help them to formulate marketing strategies besides creating market segmentation (Ramsaran-Fowdar, 2013).

3.3 Customer Involvement

This term implies involving the client in activities related to development and improvement of new goods including; advertise assessment, supply chain, market evaluation, and technical meetings. Customer involvement represents a platform in order to get better understanding of the future market demands (Ghafari et al., 2011). It represents the main key character of any service, besides gaining more competitive advantage. Customer involvement emphasizes a close-up relationship between organizations and clients. As a result, the enterprises will have benefits from customer participation throughout improvements of firm performance (Anning-Dorson, 2018). Moreover, consumes could be involved with the organization business activities through firms’ efforts towards building and controlling online community which brings clients around products and services. In today’s information age, customer involvement lets individual to be connected and managed depending on the current relationship even with the companies (Ramsaran-Fowdar, 20013).

3.4 Customer Retention

It has been referred that the customer satisfaction represents a main key of the customer retention. Satisfaction is a priority of the consumer decision for continue or terminate a business relationship. Social networks can play a high role towards direct accountability around customer groups and addressing the particular problems of customer’s discontent, thus increasing the retention rate. At the same time, Social networks can empower organizations efficiently and effectively towards retaining customers (Anning - Dorson, 2018). In the same context, organizational social networks tools could be a helpful way in the enhancement of consumer self-service and enables them which let the organizations to decrease costs through managing and increasing number of customer’s transactions effectively (Anshari and Almunawar, 2012). There is no doubt that the process of consumer retention has a direct and great effect on the making profitability. As well as, customer retention could be more difficult and more expensive comparing with get new client. The difficulties reason is due to the high competition towards those customers. The reality is that the Customer Relationship Management (CRM) represents the main way to help companies in leveraging the information and experience in retention and development of a profitable consumer portfolio (Yilmaz and Ferman, 2017).

4. Methodology

SMEs represents a main component of the resent economy and spite of the SMEs marketing approaches might be differ from big organizations, SMEs represent more than 80 % of the total number of establishments in the processed
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Zaker

food section. In Iraq, the number of employs for small enterprises is between 1-9 employs and for medium enterprises it’s between 10-29 employs. The focuses of this work have been done in food industries. This work included members of Business to Costumer (B2C) SMEs. Actually, as we know the SMEs spending ability on advertising is less than big organizations. This vision could be the main reason to adopt SNT in SMEs domain. Data were collected from the selected SMEs members in Nineveh Governorate-Iraq. Questioners have been randomly distributed among samples. The author tested the adoption of a specific social networking tool, the “Facebook” tool. The samples were asked to explain how their enterprises were engaging with the tool using five-point Likert scale. Target respondents were the employees of the selected SMEs. 69 individual staffs taken randomly. As 69 questionnaires distributed, 56 of them have been collected. 13 of them have been excluded due to missing some data in the questionnaire. The questionnaire has been developed through apply five-point Likert scale in order to measure respondents’ ratings. The rating scale included five levels, 5 is “highest” and 1 is the “lowest” ratings. While 2, 3, and 4 are “I don’t agree”, “Neutral”, and “Agree”. The questionnaire consists of 15 items about the study; Social Networking Tools (the independent variable) to the Customer Involvement and Customer Retention (the depended variable). It included: (A) 8 items relating to Social Networking; (B) 7 items relating to the Customer Involvement and Customer Retention. All the questions of the questionnaire have been formulated by the author adapted from Anshari and Almunawar (2012), Zhou et al. (2013), Srinivasan et al. (2011), Chan et al., 2010 and Ghafari et al., 2011.

The methodology of this work could be clarified throughout the coming main features:

4.1 Problem determination

As the best knowledge of the author there are on works have been studied (locally) the exact idea of the present study. This has motived the author to take a first step in this regard. As the same time this could be considered as the originality of the work. The work problem can be recognized throughout the two main questions:

(a) Is there a “relationship” between Social Networking Tools with both; Customer Involvement and Customer retention in the selected SMEs in Nineveh Governorate?

(b) Does Social Networking Tools have an influence on the Customer Involvement and Customer retention in the selected SMEs in Nineveh Governorate?

4.2 Hypothesis

The questions posed in the research problem could be answered throughout the next hypotheses:

H1: There is a “significant relationship” between Social Networking Tools with both; Customer Involvement and Customer retention in the selected SMEs in Nineveh Governorate.
H2: There is a “significant influence” of Social Networking Tools on the Customer Involvement and Customer retention in the selected SMEs in Nineveh Governorate.

4.3 Purposes

This research aims to realize some objectives, such as:

1. To discover “the relationships” between Social Networking Tools with both; Customer Involvement and Customer retention in the selected SMEs in Nineveh Governorate.
2. To discover “the influence” of Social Networking Tools on the Customer Involvement and Customer retention in the selected SMEs in Nineveh Governorate.

5. Data Analyses and Results Dissections

5.1 Analyzing Sample Characteristics

Table -1- presenting the characteristics of the respondents targeted in this work:

<table>
<thead>
<tr>
<th>Table (1) : Demography characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Age</td>
</tr>
<tr>
<td>Below 25</td>
</tr>
<tr>
<td>25-35</td>
</tr>
<tr>
<td>35-45</td>
</tr>
<tr>
<td>Above 45</td>
</tr>
<tr>
<td>Education</td>
</tr>
<tr>
<td>Graduate</td>
</tr>
<tr>
<td>diploma certificate</td>
</tr>
<tr>
<td>High School-Graduate</td>
</tr>
<tr>
<td>other qualification</td>
</tr>
<tr>
<td>Period of Establishment</td>
</tr>
<tr>
<td>3-5 years</td>
</tr>
<tr>
<td>6-10 years</td>
</tr>
<tr>
<td>11 years and above</td>
</tr>
</tbody>
</table>

Source: Elaborated by author

- Gender

Out of 56 distributed questionnaires, it has been observed that “males” were 67.86% (n=38) while the “females” were 32.14% (n=18). We conclude from this that the males formed the largest proportion by 67.86%.

- Age

Out of 56 respondents, 14.29% (n=8) are above 45 years, 42.86% (n=24) fall between 25-35 years, 21.43% (n=12) fall below 25 years and 21.42% (n=12) fall between 35-45. As a result, it has been observed that the majority of respondents belong to age between 25-35. This means the most enterprises are managed by young people.
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- **Education**
Out of 56 workers, 66.07% (n=37) were “graduate”, 5.36% (n=3) were having diploma certificate, 19.64% (n=11) were High School Graduate, 8.93% (n=5) were having other qualification. This means that the majority of the respondents are having high qualification which is helping their enterprises to take benefits from different internet applications.

- **Period of Establishment**
Regarding the period of starting the enterprise, the results have shown the following time categories respectively; 48.21% (n=27) fall between (3–5 years), 32.14% (n=18) fall between (6–10 years), and 19.64% (n=11) fall between (11 years and above).

5.2 **Reliability**
Cronbach’s Alpha has been used in order to test the “internal consistency” as it’s shown in the below table.

<table>
<thead>
<tr>
<th>Table (2): Reliability Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reliability</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

The “alpha coefficient” calculated in the table 1, was 0.80. This indicates that the items have comparatively high internal consistency. Therefore, it would be considered this rate is convenient for the study done.

5.3 **Hypotheses Testing**
**Hypothesis 1:**

<table>
<thead>
<tr>
<th>Table (3): The correlation between the independent variable “Social Networking Tools” and dependent variables: Customer Acquisition and Customer retention</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Independents variable</strong></td>
</tr>
<tr>
<td>Social Networking Tools</td>
</tr>
</tbody>
</table>

**Correlation is significant at 0.01 level N= 56**

Source: SPSS Results.

In order to verify the main hypothesis one, the author implemented correlation test. Main hypothesis one states that “there is a significant relationship between Social Networking Tools and both; Customer Involvement and Customer retention in the selected SMEs in Nineveh Governorate”. The table (2) shows that there is a correlation between Social Networking Tools and both; Customer Involvement and Customer retention, as the value of r = .42 for the customer involvement which is significant at 0.01 level. As such, the value of r = .35 for the customer retention.
which is significant at 0.01 level. According to the correlation, first hypothesis has been accepted.

**Hypothesis 2:**

### Table 4

**Model Summary of “Regression analysis” between Social Networking Tools with Customer Involvement and Customer retention**

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Social Networking Tools</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R²</td>
</tr>
<tr>
<td>Customer Involvement</td>
<td>.182</td>
</tr>
<tr>
<td>Customer Retention</td>
<td>.127</td>
</tr>
</tbody>
</table>

**Correlation is “significant” at 0.01 level N= 56**

Source: SPSS Results.

The results denoting that Social Networking Tools being affect Customer Involvement and Customer retention which is clarified in table (3), it has been detected that the coefficient $R^2$ pointed that the explain difference proportion in Customer Involvement due to the “influence” of Social Networking Tools for Customer Involvement is 18.2%, $F(1,54) = 12.01, p < 0.01$, beta is 2.55 beside t value of 3.46, this is significant at 0.01 level. Also it has been detected that the specifying coefficient $R^2$ pointed that the explain difference proportion in Customer retention due to the “influence” of Social Networking Tools for Customer Involvement is 12.7%, $F(1,54) = 7.82, p < 0.01$, beta is .26 beside t value of 2.79 this is significant at 0.01 level. According to the results second hypothesis has been accepted.

**Conclusions:**

In current environment, consumers can organize their associations with companies and achieve power in order to influence other clients in their social network. In the light of the growing dissemination of social networking tools within business environment, it is essential that the organization take in mind the benefits and obstacles associated with their adoption and use. Therefore, it is vital for SMEs to recognize social networking tools such as Facebook, Youtube, Twitter, etc. and trying to apply and use these tools for business growing. This work attempted to highlight the social networking tools that are using and applying from the selected Small and Medium Enterprises in Nineveh Governorate-Iraqi. In general, the contribution of Small and Medium Enterprises in the Iraqi economy remains a neglected area. However basic governmental support to SMEs has been lately started. Based on this work, results have indicated that there is a significance relation between social networking tools and customer involvement, customer retention respectively.

**Research limitations and further works:**

This study focused on the SMEs working in the field of food and investigated the relation between adopting of Facebook as a tool of social network
and customer retention beside customer involvement. The main limitation of the work is the small sample under test beside the geographical location only in Nineveh, Iraq. So, the generalization of the study will be limited. It’s better for the future works to be more general in different provinces. Furthermore, the study could be applying in another industries. Also, the researchers my investigate other tools of SNT like YouTube, Snapchat etc., in order to study the relationship amongst them. Future works could be advised to discover and study the applying of SNT in order to improve and engage with the strategic implementation in SMEs and in other sectors.

References


