

**FACTORS INFLUENCING ADOPTION OF SOCIAL MEDIA ADVERTISING ON GROWTH  
OF SMALL AND MEDIUM ENTERPRISES: A CASE OF NAIROBI COUNTY, KENYA.**

**BY**

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## DECLARATION

This research project report is my original work and has not been submitted by any student in any other university.

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Date.

L50/65091/2010

This research project report has been submitted for examination with my approval as the University supervisor.

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## **DEDICATION**

This research project report is in memory of my late father George Kabue and my mother Josephine Waithera Kabue. Dedicated to my late mother in-law Mary Wanjiru and father in-law Joseph Wanjahi Gicheru for their inspiration words of wisdom and guidance. More importantly I also dedicate this research project to my lovely wife Joyce and our son Gift.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

CCK	Communication Commission of Kenya
CRM	Customer Relationship Management
GDP	Gross Domestic Product
GoK	Government of Kenya
ICT	Information Communication and Technology
IS	Information Systems
IT	Information Technology
NCBD	Nairobi Central Business District
PCs	Personal Computers
R&D	Research and Development
SMEs	Small and Medium Enterprises
SMC	Social Media Campaign
UK	United Kingdom
WWW	World Wide Web

## **ABSTRACT**

This study focuses on factors influencing adoption of Social Media Advertising towards growth of Small and Medium Enterprises (SMEs) in Nairobi County, Kenya. Four objectives guided this study. The first objective focused on factors influencing social media user skills towards growth of Small and Medium Enterprises. The second objective investigated on social media accessibility on growth among Small and Medium Enterprises. The third objective did examine the influence of time utilized by social media users on entrepreneurship growth among Small and Medium Enterprises. Last but not least the study did examine the influence of online advertising cost on entrepreneurship growth of Small and Medium Enterprises. In order to study these objectives, a conceptual framework was used to enhance the understanding of the factors that may influence adoption on social media advertising in growth of SMEs. A survey method was adopted as the research design since the data is collected without manipulation of any variable. A sample size of 190 SME was used as respondents out of a target population of 950 SMEs. A questionnaire was employed as the research instrument and pre-testing was conducted to determine its accuracy, clarity and suitability. Content validity was used to examine whether the instrument answered the research questions as intended. Instrument reliability was assessed using the results of piloting through test-retest technique. Data collected was coded and processed using the Statistical Package for Social Sciences (SPSS). The data collected was analyzed, interpreted and presented in form of tables. The study found out that most of the respondents have got access to internet and are making a huge presence in social media sites with less attention to undertaking online advertising. There is a huge unexploited opportunity of capturing online clients of small and medium enterprises. Small and medium enterprises just needs to switch from socializing with friends and start advertising their products and services through online. The study recommended that since most of the respondents lack social media skills, internet and computer courses be introduced in schools. This includes university and colleges where students will be prepared on how to transact online business and internet marketing.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Countries like United Kingdom, European Countries, United States of America and Asian have been using social media as their major marketing tool for their businesses which accounts for 60% of advertising. Schubert & Leimstoll (2007) conducted a quantitative study regarding the co-relationship between social media usage and Small and medium enterprises objectives and the result was positive. His research was conducted using 38,016 companies in Sweden with number of employees ranging from 10 to 249. His study shows that, 1) SMEs in Sweden are extensively using social media ICT in their daily business, especially in field of finance and accounting, human resource management; 2) there is a high degree of inter-organizational social media usage; 3) ICT social media is strongly rooted in management, that is high involvement and skills of managers; and 4) ICT social media successfully supports competitive strategies.” (Schubert & Leimstoll, 2007)

In African countries like South Africa, Nigeria, Congo and Zambia, the numbers of small and medium enterprises engaging with computers or other direct data access equipment in use of social media for marketing their businesses is shifting from individual task development purposes to business oriented purposes. Recently more and more computers are being connected to each other. This has brought gradual change in communication and coordination styles, it helps business people to become more effective and efficient in carrying out their operations. It has lowered the cost of communication and coordination between and within business entities. It has also affected market sales volume positively. Also, WWW (World Wide Web) based E-business has enabled local business persons to enhance their competition in both local and global business level (Barba-Sanchez, Martinez-Ruiz & Jimenez-Zarco, 2007).

In Kenya particular, use of social media network as a marketing tool for their businesses is slowly catching up though the move has been very gradual. Tan & Macaulay, 2007 adds that social media is important to small and medium enterprises because it helps in developing the efficiency on the way business operations are carried out. Small and medium enterprises role in the overall economy is important, because of its contribution to creating more jobs and development of the social-economy for the local community (Barba-Sanchez, 2007). Although all fast growing SMEs are not necessarily intense social media users (Locke, 2004), says that business growth itself can create new operational requirements which are best supported through social media. There are some interesting findings in recent studies in Kenya about how social media made a difference in business performance, for instance, firms using e-mail for customer communication grew 3.4% faster in terms of sales than those that did not use e-mail users.

## **1.2 Problem Statement**

In today's business environment, the ability to be available online through social media for your customer users 24/7 is increasingly seen as given. There is a very high presence of small and medium enterprises in the world of social media but very few business entities are using this social media platform to market and advertise their products and services online. This makes small and medium enterprises lose a lot of business trading by ignoring clients who are online friendly. As a result, small and medium enterprises need not just to make their appearance online through social media arena but work harder than ever to deliver high-quality user service and do so in an efficient and timely manner (Rasiah, 2006).

In addition to that Rasiah, (2006) continues to argue that these pressures of small and medium enterprises to appear online through social media are particularly intense. It is not easy for them to maintain and develop user loyalty in the face of fierce competition from larger rivals that have both the manpower and financial resources. This makes the delivery of fast and effective user service particularly crucial. In this context, the advent of social networking sites as a route to effective communication and interaction with customer users should be seen as a great and rare opportunity that should be utilized (Rasiah, 2006).

In summary of this regard, there is very little research that has been done on influence and use of social media marketing towards growth of small and medium enterprises. This study therefore,

attempted to fill the gap by establishing the influence of Social Media adoption on growth of Small and Medium Enterprises (SMEs) in Kenya.

### **1.3 Purpose of the study**

The purpose of this study was to investigate factors influencing adoption of Social Media advertising towards growth of Small and Medium Enterprises (SMEs).

### **1.4 Objectives of the study**

The study was guided by the following objectives:

1. To establish the influence of social media entrepreneurs skills towards growth of Small and Medium Enterprises.
2. To determine the influence of social media accessibility on growth of Small and Medium Enterprises.
3. To investigate the influence of time utilized by social media entrepreneurs on growth of Small and Medium Enterprises.
4. To examine the influence of online advertising cost on growth of Small and Medium Enterprises.

### **1.5 Research questions**

This study was guided by the following research questions

1. To what extent does Social Media entrepreneurs Skills influence growth of Small and Medium Enterprises?
2. How does accessibility of Social Media online services influence growth of Small and Medium Enterprises?
3. How much amount of time utilized by social media entrepreneurs that contributes to growth of Small and Medium Enterprises?
4. How does online advertising cost influence growth of Small and Medium Enterprises?

## **1.6 Significance of the study**

The study may be beneficial in a number of ways. It contributes to the body of research by exploring factors influencing adoption of online Social Media services on growth of Small and Medium Enterprises. The study is also useful to the Ministry of Finance and Ministry of Information and Communication and other government bodies like Communication Commission of Kenya (CCK) in decision-making process as they investigate opportunities of integrating ICT components in systems which forms economic pillar of vision 2030 of Kenya.

The information is critical to higher institutions of learning and college faculties in their efforts to better understand the influence of using Social Media and how it impacts on performance and growth of Small and Medium Enterprises. It is also hoped that various local and international investors will benefit from this study as they recognize how prominent Social Media Tool is towards performance and growth of Small and Medium Enterprises.

Lastly but not least the researcher expectations is that the study will add great value to the field of knowledge and the upcoming researchers may use it as a basis for further research.

## **1.7 Limitation of the study**

The study was limited by financial constraints. There was a lot of expenses in budgetary items like stationary, internet, transport, data collection and analysis costs, typing and printing, binding cost, research assistant etc. However, to overcome this limitation the researcher privately outsourced project funds and selected service providers who were professional experts and budgetary friendly.

## **1.8 Delimitation of the study**

The study focused on Small and Medium Enterprises within Nairobi County which is not expansive in size and businesses are not wide apart from each other. This therefore enabled the researcher to carry out the study without much transport problems.



## **1.9 Assumptions of the study**

The researcher made the assumption that the respondents who participated in the study through questionnaire filing gave genuine and honest responses without bias and prejudice.

## **1.10 Definition of significant terms used in the study.**

**Skills of Social Media Entrepreneurs:** This is defined as an expertise or ability to use online social media services and sites in a very constructive and efficient way for the benefit of small and medium businesses.

**Accessibility of Social Media:** Social media accessibility is the ability of primarily reaching and using digital technologies designed to collect, organize, store, process, communicate or share information with other online users sharing the same network.

**Time Utilized in Social Media:** The amount of time used by social media entrepreneurs also called “computer time” is defined as duration measured in terms of hours, minutes or seconds which is constructively used in serving online social media networking sites. This is done by means of marketing goods and services in which one interacts with people by creating, sharing, and exchanging information and ideas online.

**Online Advertising Cost:** This is the expense used for online advertising of goods and services offered by small and medium enterprises. Online advertising cost is also defined as expenses incurred by operators of small and medium enterprises when accessing online networking services for the purpose of marketing their business products and services.

### **1.11 Organization of the study.**

This project is organized into five chapters; Chapter one is the introduction dealing with the background of the study, problem statement, purpose of the study, objectives of the study, research questions, significance of the study, limitation of the study, delimitation of the study, assumption of the study, definition of significant terms and organization of the study. Chapter two contains literature review including the conceptual framework and operationalization of variables table. Chapter three covers research methodology, target population, sample size to be used, sampling procedures, research instruments and their validity, data collection procedures and techniques of analyzing data. Chapter four covers data analysis, presentation and interpretation. Chapter five contains summary of findings, conclusions, recommendations and suggestions for further research.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

According to Gall and Borg (1989) literature review provides one with means of getting to frontier in one's particular field of knowledge. Unless one learns what has been done by others in one's area of study, one may not develop a project that would contribute to additional knowledge. The literature review will focus on reviewing the factors influencing adoption of social media on growth of small and medium enterprises.

#### **2.2 Skills of Social Media users and growth of SMEs.**

To begin with, Mutula & Brakel (2006) says that there is a lack of knowledge and skills from users of social media users and strategies to support small and medium enterprises in achieving their business objectives should be formulated. As mentioned before small and medium enterprises face the challenge that generally they are owner managed and the owner makes all or most of the decisions about the business (strategic direction). Unfortunately the owner-manager's limitations become limitations of the business. This barrier of inadequate knowledge and skills of using social media can be classified as a strategic level problem. Social media needs to be considered a key player in the SME reaching its goals. As already expressed, the owner is the centre of the business, making all or most of the decisions in the small business, so the adoption of social media by the small business depends on the owner's ICT knowledge and skills, personality and attitude towards technology. IT-skills problem forms part of the bigger problem of a shortage of specialists in IT/ICT in Africa. In Kenya Ministry of Information and Technology has tried to increase ICT skills through government sponsored programs. However, the owner-managers' of small and medium enterprises attitudes towards Social Media and its value needs to change, and each SME needs expertise to work with. The ideal staff level for an SME that considers Social Media ICT to be the core of its business strategy is that of a high user group as described above. If SMEs have a well-trained ICT staff, then their likelihood to adopt and use social media is high and should be used as a competitive tool successfully. "Pervasive use of social media in the economy depends on well-trained human resources for developing relevant applications, supporting and maintaining systems" (Mutula & Brakel, 2006).

Secondly, Martin (2005) highlights his findings that successful Internet adoption depends on different roles of employees and uses combat names to describe them, such as warriors, interpreters, clerks and priests. The main aim for using such names was to make them easy to relate to and to give them the kind of responsibility and respect associated with those roles. The separate roles of well skilled social media users are described in the following ways: Warriors (*leading the way to adoption*). This role is the driver of the adoption process, and the person in this role should be passionate and support the adoption. This person does not necessarily need to be a technical person but needs to have a high purpose for the adoption (business reasons). Normally this person is the owner-manager. The second one is Interpreters (*translating the technology to the ordinary employee*). This role is that of the person who understands the technology and can sell this to the rest of the employees of the small business, enabling them to understand it. The third one is Clerk (*the administrator of the adoption process and documentation keeper*). This role is that of “bringing order to chaos” (Martin 2005). What this means is that this person should be an administrator and should organize the information of the adoption process and make sure that the staff know where to get what information in order to make it easy. The last but not least is the Priest (*technology specialist*). This role is that of the specialist, the person who gives direction with regard to technology best practices, which application to go with, turnarounds, and the like. The important thing here is that different roles are essential in achieving a good implementation and separation of duties. The roles can be named in any way that staff can relate to and understand. This stumbling block to the adoption of social media services can be classified under both the strategic and the organizational and behavioral levels of barriers. Getting the right skills is part of the strategic function of the organization, since understanding that social media networking plays a critical role in the business will help in planning the right budget, creating the right job description and knowing how to interview for Social Media ICT skills. The role creation covers behavioral aspects, making staff excited about Social Media ICT (Martin 2005).

Levy Powell & Yetton, (2001) adds by saying that small and medium enterprises need to define social media strategy for the business; this will help the business understand the potential of social media skills needed to aid implementation of business social media marketing strategies while outlining the processes and methods to be followed during adoption. Small and medium enterprises need to recognize the impact of social media on their business and should invest in

expertise and well qualified social media experts in efforts to take advantage of their services. The government has been busy with awareness campaigns and has set up non-profit organizations that should help small and medium enterprises obtain the necessary social media resources and advice. The owner-manager needs to understand that he cannot be everything in the business and needs to employ or the relevant advice from ICT experts and consultants in order to set up the ICT strategy outsource the Social Media ICT function. Software is becoming a service: a good example is some banks, which are providing a payroll solution to its SME clients. For the small and medium enterprises, this leads to a reduction in the costs of developing or acquiring payroll solutions, and means that maintenance and upgrading of the solutions is taken care of. Small and medium enterprises need to spend money and time on getting, based on the small and medium enterprises business strategy. By defining the strategic objective of the small and medium enterprises, the small and medium enterprises can decide which strategic investment to make. Levy Powell & Yetton, (2001) has found that investment in ICT expertise is successful when it takes one of the following two forms: providing efficiency and savings, or enabling added value. The former form is taken by small and medium enterprises in the Low and Medium user of ICT groups where ICT is used for transaction processing and does not play a huge role, while the latter is adopted by the High user of ICT group; here ICT is used for technical and operational integration and inter-organizational Integration. The small business would need to identify the quadrant into which it falls in the above focus-dominance model, by determining whether it's strategic focus is cost saving or value adding, and then determining whether the customer dominance is high or low. For example, if the majority of the clients of the small and medium enterprises (high customer dominance) use a specific technology, then it will influence the ICT adoption. Once the strategic positioning is done then the focus will be on getting the right tools and technology to achieve the strategy (Levy Powell & Yetton, 2001).

Robinson (1998) says that aligning social media users should match social media strategy with the business strategy will ensure that ICT is used to deliver on the small and medium enterprises objectives. The social media strategy design should be based upon the business strategy, as the small and medium enterprises should not be driven by technology needs but by business needs. Earlier research on this topic was focused more on the technology perspective and the management and organization of technology perspectives, overlooking the small firm's perspective, but now the focus is moving towards the relationship between small and medium

enterprises and social media from the small firm's point of view. Authors have begun to take the latter perspective more seriously because they have seen the importance of social media supporting the business process. Mutula Brakel (2006) writes that identification of the roles needed for adoption of social media platform will help the small and medium enterprises understand the skills and knowledge needed to adopt social media related campaign through online networking. The four roles discussed above are not only important in the adoption of Internet use but can be used in the adoption of technology in general. The group of high users of social media would have all four roles implemented, while the medium user of social media group would have some of those roles but not all of them (Robinson (1998).

### **2.3 Accessibility of Social Media and growth of SMEs**

Dixon, Thompson and MacAllister (2002) points out that government should be cautioned that the drive to adopt online social media services for marketing business is based on the assumption that adoption of social media infrastructure by small and medium enterprises must be a “good thing”. For this reason many governments around the globe have been pushing for the adoption of social media infrastructure for small and medium enterprises which could either be privately owned or publicly shared on a subsidized cost in order to ease accessibility of social media services. Government should assess the need for social media infrastructure for small and medium enterprises before implementing an adoption strategy.

Secondly, Martin and Matlay (2001) also caution the government that they should not adopt a “one-size-fits-all” approach as small and medium enterprises have got different characteristics and Social Media ICT infrastructure needs. These differences are mainly due to reasons such as annual turn over's, nature of businesses, number of employees, geographical locations, and ownership. He gives a good example of a case where online social media might not be as good as intended: “[A] case in point is remote small and medium enterprises in more marginal parts of the UK: although e-commerce can potentially provide global markets through “richness and rich”, the companies still requires the fundamental of distribution networks and direct markets to be successful” Dixon (2002).

In addition Dixon (2002) concludes his argument by saying that one of the small and medium enterprises stumbling blocks in access of online social media is by using social media infrastructure to their advantage is the need to be able to differentiate different aspect of social media infrastructure and to assess their individual needs, thereafter providing a suitable solution for that business. Taylor and Murphy (2004) reiterate the findings of Martin Matlay (2001) remarking that there is need for critical study on differentiating factors affects adoption of social media infrastructure by small businesses in order to increase accessibility on online social media services. Angrist & Lavy, (2002) says that entrepreneurs accessing social media networking sites are either categorized in the following groupings: general-user, production-integration, and market oriented groups. These categorizations relates to the roles of ICT or the strategic position that ICT can play within a particular small and medium enterprises.

In addition to that the small and medium enterprises owner needs to understand the value that social media marketing can add to the business and then place it within one or more of the following groups:

The first category is General-user Social Media Group: This is the basic Social Media ICT implementation which includes emails and internets. The rates of adoption at this level are generally high and do not depend on the size of business. In this category SMEs uses Social Media tools like facebook, LinkedIn, YouTube in order to market their products online. At this level the technology is being introduced in to the business in small doses and is not coordinated. This also includes standalone ICT, meaning “PCs used for the purpose that does not require communication technology”. Galloway & Mochrie (2005) adds that emphasis should be on adopting standalone Social Media ICT applications can meet specific need of the business like financial planning, customer record-keeping and developing marketing material. Many author on this topic, point out that the use of standalone Social Media ICT, or in this case general Social Media ICT, is not prolific. But the use of standalone ICT can be viewed as an entry point into the new economy meaning it does not necessarily give competitive advantage but gives access to being competitive.

The second category is Production-integrating social media group: These are more advanced than the general-user ICT as these ICTs are either linked to the production processes carried out

within the firm or based on international relationships. They are expensive and require relevant technological skills to carry them out. According to the levels defined by Ritchie & Brindley (2005), they would form part of the strategic plans of the business for achieving business goals and enhancing or changing business processes. The use of ICT infrastructures such as networks; product data management; local area network; wide area networks; e-business; e-commerce etc. are expected to change the process of knowledge creation, embodiment and reuse. Applications under this group rely on networked technologies and this has transformed the capacity of SMEs to share and transfer information (Ritchie & Brindley).

The third category is Market-oriented Social Media group: Fink & Kenny (2003) says that this represents SMEs web presence, displaying the goods and the business information on the World Wide Web. Some websites might have e-commerce functionality such as offering the ability to place orders. This relates to the marketing aspect of the business. The World Wide Web can be a powerful platform for expanding and reaching new markets. It gives small and medium enterprises access to 24 hours of trading, borderless market space, and leverage to compete against big companies of the same platform. So by positioning small and medium enterprises within an appropriate grouping, the owner manager can change the small and medium enterprises business processes. In an attempt to establish the adoption status of Social Media ICT by small and medium enterprises in Kenya it is crucial to understand the critical areas or view point that authors on this topic have been taking. Authors on this topic of social media marketing adoption by small and medium enterprises hold three view points which are: the technology perspective; management and organization of technology perspective; and small firm and social media perspective. Southern and Tilley (2001) discusses the views as follows.

**Technology view:** This perspective examines social media adoption from the technology point of view. The focus is mainly on technology aspects like internet or e-mail technology in order for small and medium enterprises to benefit from social marketing through Facebook, Twitter, LinkedIn etc. The focus therefore should be on the success of the technology driving the business. Consideration of the small and medium enterprises is not made; success is measured from a technology point of view and not on the success of the business. This perspective holds the dangers for both small and medium enterprises and large businesses. There are a number of things that organizations need to consider when implementing technology, for instance,



organizational culture should be technology oriented; business processes needs to be flexible in order to consider technology; one need to check the availability of IT skills needs for implementing the technology, and so on. Lack of consideration of these factors might cause failures in the adoption processes (Southern and Tilley, 2001).

Management and organization of technology view: This view is similar to the one discussed above, but with a greater emphasis of management and organizational aspects. This view lays emphasis on the strategic approach to by small and medium enterprises and on capabilities and structures of small and medium enterprises (Southern and Tilley, 2001).

Small firms and On-line Social Media view: This view focuses on small and medium enterprises and how they use technology as a tool to improve their competitiveness. This perspective takes into consideration the vision of the small and medium enterprises. Many authors on this topic are now starting to place emphasis on this viewpoint (Southern and Tilley, 2001). The approach of this project research will be based on this last perspective, looking at the owner-managers and how they factor technology into the strategy of their business in order to help their business become more competitive. It is also important to understand the characteristics and differentiating factors of small and medium enterprises.

#### **2.4 Time utilized in Social Media advertising and growth of SMEs**

The research, conducted by Akbaba, & Kurubacak, (1998) indicates that close to 40% of small and medium enterprises use social media marketing services but only 20% are active. Worse yet, most are doing social-media marketing in a vacuum, since they're not tracking results. The data seem to indicate we're at a point where entrepreneurs of small and medium enterprises definitely think they need to be in social media but are not taking any actions in regard to Social Media Marketing. CEOs are pouring more time and money into it nearly half spend over six hours a week at it, and another quarter of respondents spend six to ten hours posting to various social-media sites.

Akbaba, & Kurubacak, (1998) continues to pose a question that what do small business owners do in social media? Mostly Facebook two-thirds are regulars on that platform. About half are regular users of Twitter. Google+ has yet to catch on with small business owners in a big way. One point of surprise: Half of the small and medium business owners said they never use

LinkedIn. Seems foolish not to have a presence on LinkedIn, especially when the platform demands so much less of you than Facebook or Twitter. A weekly status update and maybe a few questions answered or comments made in groups, and you're good. But only six percent of owners said they're on LinkedIn once a week and others were there even less.

To add in the knowledge of time utilized in social media marketing Howard, (1997) says that one of the big problems facing many owners of small and medium enterprises is lack of quality content to share with their social media peeps — and lack of time to create that great stuff that viral dreams are made of. Only just over half the small and medium enterprises owners reported they have a blog, which makes you wonder what the others are sharing that builds their brand (hopefully not nothing but “buy our stuff now!” type messages). He continues to ask that what's the return on investment for all this time? Most businesses don't know. Only 36 percent said they use paid analytical or scheduling tools. That means a lot of tweeting and posting in the dark, without a clear sense of whether the social-media activities are helping to build lead lists, bring in new clients, or close more sales. Or of which forms of social media activity are more worthwhile (Howard, 1997).

Schubert and Leimstoll (2007) agrees with Howard, (1997) by touching on an important question, that of social media time value. According to them there are two schools of thought in regard to the issue of time value on small and medium enterprises. The one, known as Porter's theories, says that more time spend on social media adds value to small and medium enterprises and the other, known as Millar's theories, believes that time spend on social media does not really add any value since it is a commodity, just like electricity, available to everyone. In conclusion they agree that competitiveness of a small and medium enterprise depends on the ways in which social media services is used to support business processes. So having social media services implemented in a business does not necessarily give the business any competitive advantage, but having it linked to the business processes and strategy will most likely give a competitive advantage.

In summary, Taylor and Murphy (2004) says that it appears that small and medium enterprises that employ more time constructively on social media according to the critical success factors below have a better chance of becoming commercially successful. The critical success factors in

relation to time used in surfing social media are as follows: owners motivation, experience and management skills, expertise in managing growth, access to resources (money, technology and people), innovation, competitive advantage and flexibility, close contact with customers, focus on profit rather than sales, strong demand and operating in a growth market. In order to achieve the above critical success factors, the small and medium enterprises need to embark on the following: they need to have a clear social media strategy that will govern the adoption process within that particular small and medium enterprise, they need to make sure the social media strategy is aligned with the business strategy, which means that the strategy should support and achieve business goal, the small and medium enterprises should make sure that it employs the right skills (permanent or contracted) and identifies the roles that these skills will play in making sure that the small and medium enterprises is successful in leveraging social media (Taylor and Murphy, 2004)

## **2.5 Online advertising cost and growth of SMEs.**

Koretz, (1997) argues that social media is perceived to be expensive by small and medium enterprises and so they often do not have a budget for it. Social media solutions are generally associated with millions of rands and stories of social media solutions are synonymous with running over budget. The other problem with regard to the cost of social media services is that small and medium enterprises may invest in unnecessarily big solutions due to sale pitches, hype of specific products or market patterns without considering their real need. Often they could have purchased a less complicated, smaller package or programme to meet their needs, and thus paid less. This would be like a farmer buying a 10 ton truck to deliver 200 kg of vegetables – it will work, but be inefficient and a waste of money. These are the kind of things that give small and medium enterprises the impression that the adoption of social media campaign is very expensive. Hawarth, (1997) adds that there are different types of costs associated with Social Media ICT: product/solution, development, connectivity, hardware, software, maintaining workforce and hidden costs such as annual license fees, upgrade fees, training fees etc. These costs can be overcome by having the right knowledge and know-how. For example, there are lots of open source software programmes available – these are free or low cost ICT tools and solutions written by open source communities. These solutions can be used to support business. In terms of internet connectivity the Kenyan government, just like many others, is driving the cost of

communication down through bodies such as CCK. Such bodies are constantly forcing telecommunication companies like Telkom to reduce their rates and make communication affordable to everyone. Mobile operators also offer broadband technologies such as 3G or high speed downlink packet access at a cheaper rate – these are accessible anywhere in Kenya but very few small and medium enterprises are aware of this (Hawarth, 1997).

Hawarth (1997) debates that small and medium enterprises with the right knowledge can use solutions such as Skype (for free calls), Turbo cash (accounting software) and others can be combined to offer a total solution for all the business processes. The perceived high cost of accessing social media online services can be classified as a strategic and/or technological barrier. Technology can be expensive or cheap, depending on which technology platforms are chosen. Once more, understanding the role of social media will make it easier for the business to achieve its goal. But the key thing here is understanding technology.

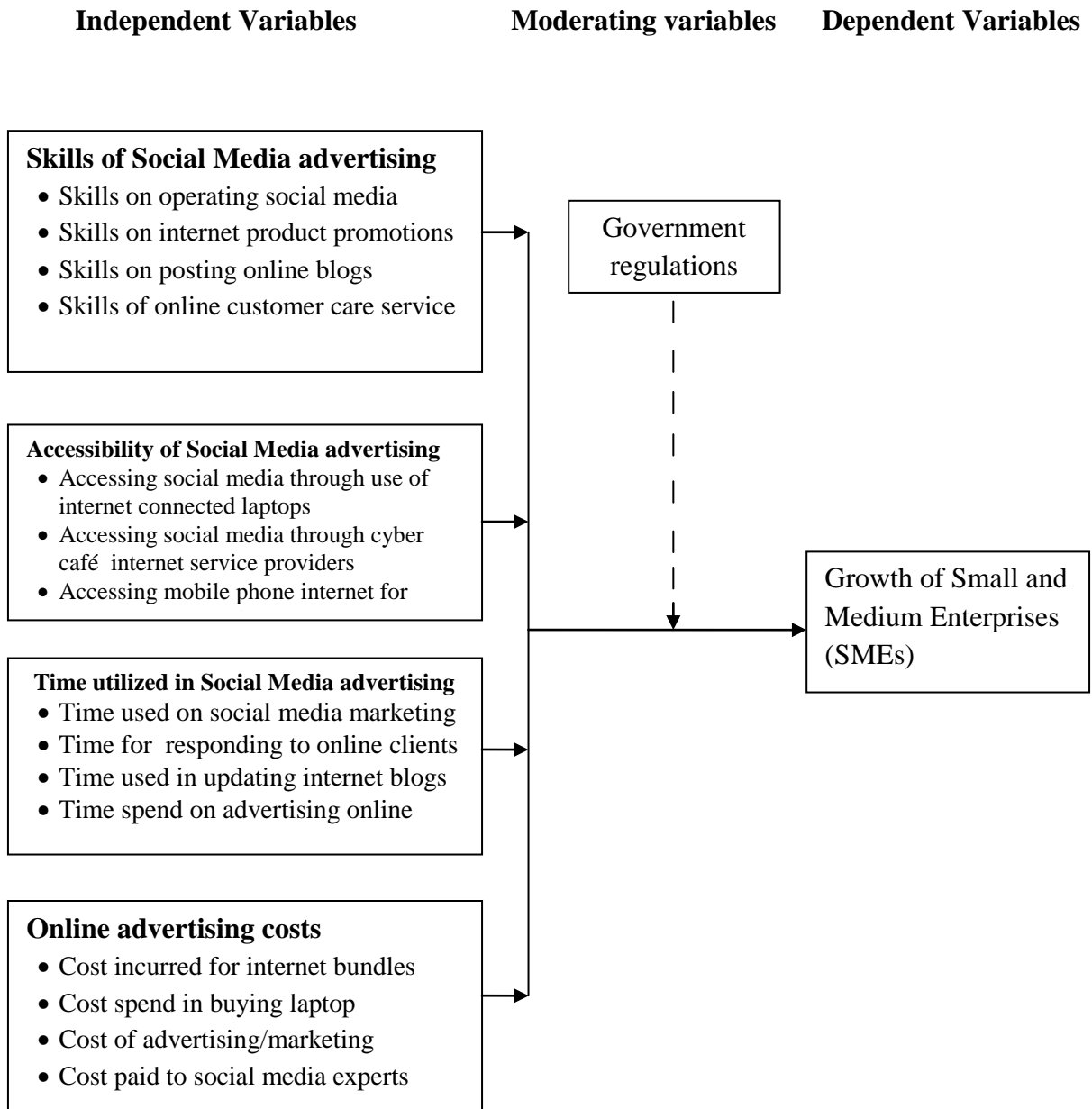
Further to this knowledge, Mutula, (2007) says that the drive to adopt online social media networking is based on the perception that ICT will bring about specific benefits. These benefits differ from business to business. The possible benefits of accessing online social media within small and medium enterprises include the ability to: reduce cost and operational efficiency, work remotely, reduce the price by increasing turn-around period or using open source software and grow the market share by exposure to a wider client base. Alexander (2008), add that some of the technologies or tools that a small and medium enterprise utilizes through online social media networking will realize the above benefits are: Video conferencing. Alexander, (2008). This enables “real time, face-to-face communication with partners, clients, contractors and employees over a broadband network”. *Video conferencing* can benefit the small and medium in a number of ways by, for example, reducing costs because of fewer expensive trips and hotel stays, reducing time spent travelling and away from work, still providing the rich content that you would receive from a normal phone call, and allowing meetings to be held more regularly than trips can be planned. Alexander (2008) points out that video conferencing promotes greater communication in the following ways: you can see non-verbal signals that you do not get through a normal phone; you can present more information, for instance with slide shows; demos and training can be done through video conferencing; and staff in different geographical areas can benefit. In this case SME does not need to invest in expensive equipment – it can use

platforms such as Skype. Using these technologies can save the small business travelling expenses.

Alexander, (2008) argues that *Extension mobility* is another cost cutting online services “Wireless and mobile technologies increase efficiency and productivity by extending the footprint of your office, delivering information and applications to your employees when and where they need it”. This enables one to work remotely with a “virtual office”. The benefit to the SME is a saving on rental space, and, if a job requires staff to be on site at the client’s premises, the faster deployment of work to staff while they are on the road. This can be done through the use of IP networks, VoIP tools, the cell phone as a tool, and web-based solutions. Once again the cost of these solutions is cheap compared with normal telephone or travelling costs. *Customer relationship management (CRM)* according to Alexander (2008), is another technology that is designed to help the business cut cost. In this case the SME, have a better understanding of its clients via online. CRM is often described as having a 360 degree view of the customers, meaning knowledge of all the touch points (communication) that the customer makes with the business and the ability to analyze them to gain a better understanding of the customer’s future needs. For example, knowing that a client has done a certain kind of transaction with the business, allows the business to follow up on the last service and offer more related solutions. He explains that you can link your CRM solution with your IP phone, so when a client calls, it pops up the client’s history window. Thus before you answer you already know a lot about the person phoning, and you can address them by name, thus improving the customer’s experience (Alexander (2008)).

Lastly, *Unified messaging* “is a solution that streamlines business communication enabling employees to send and retrieve their voice mail, e-mail and fax messages from one device either their computer or IP phone” The main benefit of unified messaging is saving time and money by viewing all messages on one device. There are free or very cheap solutions that can be downloaded from the World Wide Web (Alexander, 2008).

**Fig. 2. Conceptual framework**



## **2.6 Summary of literature review.**

The literature review highlighted the change of the economic environment into the new economy (knowledge economy). The lifeblood of this new economy is brought by social media through information and communication technology, while small and medium enterprises play an important role within the Kenyan economy. In order for them to continue playing this role in the future they need to adopt social media online strategy. The Kenyan Government, like other developing countries' governments, is pushing for the small and medium enterprises to adopt online advertising strategy as part of ensuring that they participate in the global economy.

According to Republic of Kenya (1997), *Master Plan on Education and Technology*, the current status of Kenya is that the number of small and medium enterprises adopting Social Media ICT technologies is rising, especially in the urban areas, but at a slow rate. The aim is to accelerate it in order to reduce the digital divide. There are some stumbling blocks that we need to overcome: the two key issues are the lack of knowledge about the strategic use of Social Media ICT and the lack of necessary IT skills.

The next chapter is the data collection and analysis chapter; it will discuss the data collection methodology and the kind of questionnaires that will be applied to gather information about the Kenyan SMEs. Then it will discuss the techniques that will be used to classify the findings and analyze them. Finally it will discuss the findings of the questionnaires.

## CHAPTER THREE

### RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter contains the following sections; Research design, target population; sample size and sampling techniques, research instruments, validity of the instruments, reliability of the instruments, data collection procedures and data analysis techniques.

#### 3.2 Research design

This study adopted a survey research design. According to Cohen and Manion (1989), a survey gathers data at a particular point in time with the intention of describing the nature of existing conditions identify standards against which existing conditions can be compared and determines the relationships that exist between specific events. In survey design variables are observed without manipulation by the researcher and therefore this design was appropriate for this study because variables like age, gender and academic qualifications of social media users were not manipulated.

#### 3.3 Target population

According to Borg and Gall (1989), target population refers to all members of a real set of people, events or objects to which we generalize hypothetical results of the research.

The target population for this study included 950 entrepreneurs operating SMEs within Nairobi County.

**Table 3.1 Target population**

Nature of SMEs	No. of SMEs
Consultancy and Service industry	420
Product and Goods industry	530
<b>Total</b>	<b>950</b>



### 3.4 Sample size and Sampling procedure

A sample is a subset or portion of the total population to which research intends to generalize the results (Wiersma, 1989). The researcher employed simple random sampling technique (Probability Sampling Technique) to select the respondents for the study.

Gay (1976) suggests that a sample of 20% of the population is adequate though he notes that the larger the sample the better. The researcher opted for the recommended sample of 20% by use of simple random sampling. The numbers of respondents were derived by calculating 20% of the total number of SMEs entrepreneurs from Nairobi County. Simple random sampling was then used to sample 84 out of 420 SMEs entrepreneurs dealing with consultancy and service industry while 106 sample out of 530 SMEs entrepreneurs dealing with product and goods industry. The total number of respondents was therefore being expected to be 190. (Table 3.2)

**Table 3.2 Sample population**

<b>Nature of SMEs</b>	<b>Population</b>	<b>Percentage</b>	<b>Sample</b>
Consultancy and Service industry	420	20%	84
Product and Goods industry	530	20%	106
<b>Total</b>	<b>950</b>	<b>20%</b>	<b>190</b>

### 3.5 Research instruments

This study employed questionnaire as the instrument of research to collect data. The questionnaire contained open-ended and close ended-questions. The questionnaire was divided into two sections: (a) demographic details (b) respondent's opinion on matters regarding use of social media online advertising towards growth of SMEs. The questionnaire was appropriate in this study because it was quick to administer and the researcher was able to collect information from many respondents simultaneously. It was also more impersonal and hence provided more anonymity than other communication modes.

### 3.5.1 Pilot testing - Validity of the instruments.

Content validity of the research instrument was established in order to make sure that they reflect on the content of the concept variables in question. A research instrument is considered valid if it actually measured what it was supposed to measure and data collected should accurately represent the respondent's opinion (Amin, 2005). The validity of the instrument was ascertained by conducting a pilot study. The objective of the pilot was to eliminate any ambiguous items, establish if they were problems in administering the instrument, test data collection instructions, establish feasibility of the study, anticipate and amend any logical and procedural difficulties regarding the study.

In this study, content validity was determined by consulting the judgment of professional experts or research supervisors within the University of Nairobi. Professional experts/supervisors then recommend for improvements and verified the extent to which instruments would address the objectives of the study.

### 3.5.2 Pilot testing – Reliability of the instruments.

In the study, reliability was assessed through the results of piloting, which was done using test-retest technique. The research instrument was administered to the same group of subjects twice in the pilot study. A two week lapse between the first and the second test was allowed. The scores from both tests were correlated to get the coefficient of reliability using Pearson's product moment formulae as follows: Pearson's coefficient of correlation  $r$

$$r = \frac{N \sum xy - (\sum X)(\sum Y)}{\sqrt{[N \sum X^2 - (\sum X)^2][N \sum Y^2 - (\sum Y)^2]}}$$

Where

N      number of respondents

X      scores from the first test

Y      scores from the second test

Horst, P. (1963) in his book entitled Matrix Algebra for Social Scientist states that the product moment coefficient  $r$  is strongly positively correlated when it ranges from 0.65 to 0.99. The product moment coefficient  $r$  of this research was sought to be 0.72 and since it was strongly positively correlated according to Horst, P. the researcher therefore went ahead and used the instrument.

### **3.6 Data collection procedures**

The researcher got an authorization clearance letter and introductory letter from the University of Nairobi. The researcher then organized a two days training targeting research assistants on the content of the questionnaire. The researcher and research assistants created rapport with the small and medium entrepreneurs and explained the purpose of the study and meaning of items that proved unclear. The respondents then were visited and left with research instruments in order to respond to them appropriately. After giving out the questionnaires to the respondents during the pilot and the main study, the researcher picked them immediately after they were filled up. Thereafter, the research assistants then submitted to the researcher the already filled questionnaire every evening of the data collection exercise.

### **3.7 Data analysis technique**

The questionnaires gathered both qualitative and quantitative data. The quantitative data was analyzed by the use of frequency tables and percentages. The qualitative responses from the questionnaire was tabulated, coded and processed by use of the Statistical Package for Social Sciences (SPSS) version 18 computer software for windows program. This will make it easy to generate frequency tables and percentages. All the open ended questions were analyzed and reported by descriptive narrative. The results of the study were compared with the literature review to establish the factors influencing use of social media online advertising on growth of Small and Medium Enterprises.

### **3.8 Ethical Considerations**

Before the start of the interview sessions with respondents, the researcher and research assistants adequately brief them about the aim of the study. This was done to avoid any misunderstandings that could crop up during the interview about the purpose of the research. Respondents were then interviewed at their own consent. During the entire study confidentiality of the respondent's opinions was highly maintained. Where need arose, respondents anonymity were guaranteed.

**Table 3.1: Operationalization of variables table.**

<b>Objective</b>	<b>Variable</b>	<b>Indicators</b>	<b>Measurement</b>	<b>Scale</b>	<b>Data Collection Method</b>	<b>Statistical technique</b>
To determine the influence of social media accessibility on growth among Small and Medium Enterprises.	<b>Independent variable</b> Accessibility of social media	Use of networking computers, laptops and internet mobile phones.	Number of entrepreneurs attending cyber café or serving with laptops and mobile phones	Ordinal	Questionnaire	Tables Percentage
To investigate the influence of time utilized by social media users on growth among Small and Medium Enterprises.	<b>Independent variable</b> Time utilized in social media	Active social media sites.	Number of hours or minutes spent per day in serving social media sites using internet.	Ordinal	Questionnaire	Mean Percentages
To examine the influence of online advertising cost on growth of Small and Medium Enterprises.	<b>Independent variable</b> Cost of using social media	Internet bill paid.	The amount of Kenya Shillings paid (Ksh)	Ordinal	Questionnaire	Tables Percentages
To establish the influence of social media user skills towards growth of Small and Medium Enterprises.	<b>Independent variable</b> Skills of social media users	Expertise	Frequency use of computers by internet serving.	Ordinal	Questionnaire	Tables Percentages

## CHAPTER FOUR

### DATA ANALYSIS , PRESENTATION AND INTERPRETATION

#### 4.1 Introduction

This chapter contains data analysis and interpretation of research findings. It involves analysis of the respondents' demographic information as well as their responses to research questions on the adoption of social media advertising on growth of small and medium enterprises operating within Nairobi County. Data analysis refers to examining what has been collected in a survey or experiments and making deductions and inferences. The researcher therefore examined the data and interpreted the research findings hence answering the research questions. Data collected was collated and report is presented in form of tables.

#### 4.2 Questionnaire return rate

Questionnaire return rate is the proportion of the sample that participated as intended in all the research procedures. Out of the 190 small and medium enterprises sampled across Nairobi County, 181 (95%) returned the questionnaires. This percentage deemed adequate for the study and the researcher went ahead and analyzed the research findings.

#### 4.3 Demographic Information

The demographic information of the respondents was sought in section A of the questionnaires in order to help researcher have background information of the respondent.

##### 4.3.1 Gender of the respondents.

The researcher sought to find out gender participation in research findings.

**Table 4. 1 Gender of the respondents.**

Gender	Frequency	Percentage
Male	101	56%
Female	80	44%
<b>Total</b>	<b>181</b>	<b>100%</b>

The study sought to establish the gender of the respondents and as shown in the Table 4.1 above, the female respondents were less with 44% compared to men who had a percentage of 56%. Based on the findings, there is a possibility that more men are into business as unlike to women.

#### 4.3.2 Age of the respondents

The researcher wanted to know the age of the respondent in order to find out how much technological exposure is gained.

**Table 4. 2 Age of the respondents.**

Age of respondent	Frequency	Percentage
Above 40 years	25	14%
31-40 years	43	24%
26-30 years	64	35%
Under 25 years	49	27%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The studies sought to identify the age bracket of the respondents and according to Table 4.2 above, majority of the respondents are between the ages of 26-30years with 35%, followed by those who are under 25years with 27%. 31 34 years had a percentage of 24% while the age bracket with the least was 40 years and above with 14%. The respondents below the age of 30 have the highest percentage in undertaking activities. This age bracket is young, creative, and innovative and risk takers.

#### 4.3.3 Marital status of the respondents

The researcher sought to identify marital status of the respondents in order to obtain their perception on social media advertising.

**Table 4. 3 Marital Status of the respondents.**

Marital status	Frequency	Percentage
Married	79	44%
Single	67	37%
Widowed	18	10%
Divorced/Separated	17	9%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The marital status of the respondents was of significance to the study and according to Table 4.3 above, majority of the respondents are married having 44% followed by those who are single having 37%. Those who are widowed had 10% while those who are divorced / separated had 9%. The married respondents are likely to commit more time doing online marketing of their small and medium enterprises as they will leave no chance to anything adding value to their business. .

#### 4.3.4 Number respondents children

The researcher was keen to know how many children's respondents have since young adults forms the highest number of online social media users.

**Table 4. 4: Number respondents children**

Number of children	Frequency	Percentage
None	54	30%
1-2 children	73	40%
3-4 children	32	18%
5-6 children	14	8%
Above 7 children	8	4%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The number of respondent's children was also of keen interest to the study as shown in the Table 4.4 above. Most of the respondents had 1-2 children with 40%, followed by those without any children having 30% while 3-4 and 5-6 children had 18% and 8% respectively. The respondents with 7 children and above had the least percentage. Commitment to children will also affect the likelihood of the respondents to utilize their time and resources towards online advertising of their small and medium enterprises.

#### 4.3.5 Employment status of the respondents

Employment status of the respondents was sought to aid the researcher in analyzing the perception of both small and medium enterprises owner and employees.

**Table 4. 5 Employment Status of the respondents**

Employment status	Frequency	Percentage
Business owner	93	51%
Employed staff	88	49%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Table 4.5 above shows the employment status of the respondents and as shown in the figure above, majorities are business owners of small and medium enterprises with 51%. They have a high possibility of investing on e-marketing of their business products and services in order to cater for these unique digital clients who spends significant time online. This is unlike those who are employed by small and medium enterprises who consist of 49%.

#### **4.3.6 Number of years in business profession**

It was critical for researcher to know the experience held by operators of small and medium enterprises.

**Table 4. 6 Status of experience**

Years of experience	Frequency	Percentage
Below 5 years	51	28%
6-10 years	59	33%
11-15 years	36	20%
16-20 years	18	10%
21-25 years	11	6%
Over 26 years	6	3%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The table above shows the experience of the respondents in regard to small and medium enterprises; majority have experience of 6-10 years having 33%, followed with those below 5 years who had 28% and those with 11-15years had a percentage of 20%. The respondents pointed that small and a medium enterprise is a venture that requires young mind with positive attitude since is a risk like any other. In this regard the respondents expressed their views that this business venture is more attracting to youthful people.



#### 4.3.7 Respondents' level of education

Respondent's level of education was analyzed in order to relate how it influences use of social media advertising of small and medium enterprises.

**Table 4. 6 Educational level of the respondents.**

Level of education	Frequency	Percentage
Primary school	20	11%
Form four leaver	33	18%
Certificate level	30	17%
Diploma level	51	28%
Bachelor degree level	28	16%
Master's degree and above	19	10%
<b>Totals</b>	<b>181</b>	<b>100%</b>

According to the table 4.7 above, majority of the respondents operating small and medium enterprises are diploma graduates with 28% followed by form four leavers with 18% while certificate graduates followed suit with 17%. Undergraduate class scored 16%. The respondents expressed that certificate and diploma graduates are not given priority in white cola job and the only option left is for them to venture in business.

#### 4.4 Skills of Social Media Advertising.

This section sought to find out the skills attained by social media users in order to find out how it influences the use of social media advertising of small and medium enterprises.

##### 4.4.1 Enrollment for computer courses in primary/secondary school.

The researcher wanted to find out if respondents had an opportunity to attend computer packages in primary or secondary school.

**Table 4. 7. Computer background in primary/secondary school.**

Respondent	Frequency	Percentage
Yes	60	33%
No	121	67%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The respondents were asked whether if they ever enrolled for computer courses in their primary or secondary school curriculum. 67% did not while 33% went through computer module in their respective primary/secondary schools. The researcher wanted to find out the level of exposure to computer operations and analyze when this exposure began.

#### 4.4.2 Enrollment for computer modules in college.

One of the researcher’s main goal was to find out if respondents enrolled for computer classes in college.

**Table 4. 9 Whether respondent enrolled for computer classes in college**

Respondent	Frequency	Percentage
Yes	133	73%
No	48	27%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Majority of the respondents who participated in this study have undertaken computer studies in college with 73%, while 27% did not enroll for computer classes. The respondents indicated that their enrollment for computer classes in college is due to the fact that these courses were not offered in primary and secondary schools and there is a great need for basic technology skills as world is going digital.

#### 4.4.3 Whether computer courses had an internet module.

Among the respondents who attended computer classes in college, did the module had internet topic? This is what the researcher sought to find out.

**Table 4. 10 Whether respondent possess relevant internet skills**

Respondent	Frequency	Percentage
Yes	115	86%
No	18	14%
<b>Totals</b>	<b>133</b>	<b>100%</b>

Out of 133 respondents who took computer courses in college 86% went through internet module while 14% did not. The idea was to gauge the capacity of using social media sites effectively to market online products and services by small and medium enterprises.

#### 4.4.4 Does respondents belong to any social media sites.

The researcher analyzed all the respondents view in regard to users and non-users of social media sites.

**Table 4. 11 Respondent using social media sites**

Respondent	Frequency	Percentage
Yes	145	80%
No	36	20%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Majority of respondents with 80% are in social media sites while 20% have no presence in social media world. The idea behind this question was to determine how many small and medium entrepreneurs have presence in social media world.

#### 4.4.5 Main reason for surfing internet.

The researcher sought to find out the main reasons for surfing social media.

**Table 4. 12 Respondents main aim in surfing social media sites.**

Respondent	Frequency	Percentage
Socializing with friends	98	54%
Business purposes	39	22%
Just for fun	18	10%
Academic and research	26	14%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The table 4.12 above analyzed the findings of the main reason for small and medium entrepreneurs in social media sites. Majority of the respondents with 54% engage in social media activities with the aim of socializing with friends followed by 22% who utilize it for business purposes. Others use social media sites for academic and research and just for fun with 14% and 10% respectively.

#### **4.4.6 Education level verses use of social media.**

The researcher wanted to find out how educational level of the respondents influences use of social media marketing.

#### **4. 13 Education determines how well one uses of social media.**

Respondents	Frequency	Percentage
Yes	109	60%
No	72	40%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Table 4.13 above indicates that most respondents believed that the level of education determines how efficient one is in using social media sites with 60% while the those who feel education level does not play a role in using social media sites was only 40%.

#### **4.5 Accessibility of Social Media on-line services.**

This section aims at providing feedback from respondents in regard to how easy or difficult is it to access social media online services.

##### **4.5.1 Possession of internet connected personal computers.**

The researcher wanted to know how many respondents have connected personal computers in order to analyze if they are being used for advertising small and medium enterprises.

#### 4. 14 Respondents with internet connected personal computers

Respondents	Frequency	Percentage
Yes	77	43%
No	104	57%
<b>Totals</b>	<b>181</b>	<b>100%</b>

57% of the respondents do not have internet connected laptops while 43% indeed have. The respondents who have laptops expressed their concern about high prices of internet bundles and hence ends up not using laptop internet but opting for other sources.

#### 4.5.2 Internet accessibility

The respondents view on internet availability.

#### 4. 15 Respondents view on internet availability.

Respondents	Frequency	Percentage
Yes	112	62%
No	69	38%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Accessibility has been rated highly by the respondents with 62% while those who felt internet is not readily available within our environment were only 38%. By majority of small and medium entrepreneurs having access to internet services gives them a platform to advertise their products and services online.

#### 4.5.3 Internet speed.

The researcher sought to find out how fast or slow is the internet bandwidth while surfing social media sites.

#### 4. 16 The speed of the internet.

Respondent	Frequency	Percentage
Very Fast	15	9%
Fast	21	12%
Average	42	23%
Slow	66	36%
Very Slow	37	20%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Slow internet is rated highly by the respondents with 36% followed by 23% who expressed that internet surfing speed is average. Respondents who felt internet speed was very slow constituted of 20% while 12% said it was fast and 9% very fast. Majority of the respondents expressed their opinion that internet speed is very slow with limited broad band bundles.

#### 4.5.4 Most accessible social media platforms.

The respondent's most convenient platform of surfing social media services and its frequency was obtained and analyzed.

#### 4. 17 Means of accessing social media.

Respondent	Frequency	Percentage
Mobile phones	79	44%
Office internet	21	12%
Cyber café	52	29%
College computer lab	13	7%
Others	16	8%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The respondents have access to most of the locally available internet services centers. However according to our findings most of the respondents with 44% access their internet services through

mobile phones while 29% access the internet services through cyber café. The respondents who access internet services through office is only 12% while others accounts for 8%. Mobile phones and cyber café accounts for the highest number of respondents who access internet services.

**4.5.5 Social media is beneficial to business when used for marketing.**

Does respondent feel marketing and advertising of their small and medium enterprises online is beneficial?

**4.18 Social media is an effective marketing strategy.**

Respondent	Frequency	Percentage
Very beneficial	47	26%
Minimally beneficial	45	25%
Somewhat beneficial	37	20%
Not beneficial	52	29%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Use of social media platform to network and advertise small and mediam enterprises is not beneficial at all according to the highest number of respondents which constituted 29% while 26% think it is very beneficial and 25% indicating minimally beneficial. Only 20% felt it’s somewhat beneficial.

**4.6 Time utilized on Social Media.**

This section sought to obtain feedback from the respondents on how much time they spend in surfing social media.

**4.6.1 Most appropriate time of the day to surf.**

The respondent sought to find out the most appropriate of the day to surf social media.

#### 4.19 Convenient time of surfing internet.

Respondent	Frequency	Percentage
Early Morning	20	11%
Morning	31	17%
Lunch Time	63	35%
Afternoon/evening	67	37%
<b>Totals</b>	<b>181</b>	<b>100%</b>

From the table 4.20 above 37% which is the highest number of respondents prefer to serve the internet in the afternoon and evening hours followed by 35% of respondents who uses internet services during lunch hour. This is attributed to the fact that people take advantage of lunch break to serve social media sites and part of the afternoon and evening. 17% and 11% utilize their morning and very early morning time to serve social media sites respectively.

#### 4.6.2 Number of hours utilized in surfing internet.

The respondent's number of hours spent on surfing social media per week.

#### 4.20 Number of hours in surfing internet per week.

Respondent	Frequency	Percentage
Above 16 hours	17	9%
11-15 hours	24	13%
6-10 hours	41	23%
Less than 5 hours	99	55%
<b>Totals</b>	<b>181</b>	<b>100%</b>

From the table 4.21above most of the respondents with 55% spend less than 5 hours per week surfing social media sites while 23% spending between 6-10 hours and 13% makes use of 11-15 hours surfing social media sites per week. Those respondents who spend above 16 hours per week were the least with only 9%. The research found that atleast respondents spend quit



significant time surfing social media sites and this shows the level of commitment towards internet usage.

#### **4.6.3 Respondent use social media for marketing.**

The respondent sought to inquire the frequency of using social media sites for advertising and marketing.

#### **4.21 Respondents frequency in use of social media for marketing.**

Respondent	Frequency	Percentage
Very Great	26	14%
Great	39	22%
Little	39	22%
Very Little	53	29%
None	24	13%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The majority of the respondent stated categorically that they put very little effort to advertise their small and medium enterprises online with 29% followed by 22% stating little effort. Another 22% of the respondents with great effort to advertise online while 14% stated very great and 13% do not spend any of their time to advertise their business. The respondents expressed their views that marketing online through social media sites is uncommon.

#### **4.6.4 Online surfing is convenient for customer care.**

The respondent sought to identify if online surfing is the most convenient way to gain new clients and retain old clients.

#### **4.22 Online surfing is the most convenient ways to retain and gain new clients.**

Respondent	Frequency	Percentage
Yes	97	54%
No	84	46%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The respondent were asked if online surfing is the most convenient way to retain and gain new clients and 54% were in agreement while 46% disagreed. Even if some of the respondents may not be using online services to advertise their services and products, they know it's the most convenient way.

#### **4.6 Online Advertising Cost.**

This section sought to analyze the respondents online advertising cost of small and medium enterprises.

##### **4.7.1 Number of businesses with websites or in social media sites.**

The researcher sought to identify the number of small and medium enterprises with websites or in social media sites.

##### **4.23 Businesses with websites or social media sites.**

Respondent	Frequency	Percentage
Yes	65	36%
No	116	64%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Out of 181 respondents interviewed 64% do not have websites or social media sites for their small and medium enterprises while 36% market their businesses online.

##### **4.7.2 Worth of investing in social media advertising.**

The respondent view on investment spending on social media advertising

##### **4.24 Respondents view on investing in social media marketing.**

Respondent	Frequency	Percentage
Yes	104	57%
No	77	43%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Table 4.25 above reveals that the greatest percentage of 57% believes it's very important to invest in social media marketing of small and medium enterprises while 43% do not see the need to invest in online marketing.

#### **4.7.3 Budget for social media marketing.**

How much budget allocation is made towards marketing and advertising of small and medium enterprises?

#### **4.25 Budget for investing in social media advertising.**

Respondent	Frequency	Percentage
61 and above	8	4%
41-60 %	16	9%
21-40%	17	10%
0-20 %	45	25%
None	95	52%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The respondents were asked how much they spend on online marketing of their small and medium enterprises and majority with 52% do not spend budget on online marketing while 25% spend between 0-20 percentage budget and 21-40 percentage budget is used by 10% of the respondents. The remaining 9% of the respondents spends a budget of 41-60 percentage and those who spend a budget of 61% and above are only 4%.

#### **4.7.4 Hindrances of using social media advertising.**

The researcher sought to identify the major stumbling block in using social media as a marketing tool.

#### 4.26 Stumbling block in using social media marketing.

Respondent	Frequency	Percentage
Lack of ICT knowledge	7	4%
Ignorance	105	58%
Time consuming	41	23%
Very expensive	28	15%
<b>Totals</b>	<b>181</b>	<b>100%</b>

The respondents were asked the reasons why they do not engage their small and medium enterprises in online advertising and majority of the respondents with 48% indicated ignorance followed by 23% who cited its very time consuming to advertise online. Some respondents with 15% believe it's very expensive to advertise small and medium enterprises online while 4% believe its lack of ICT knowledge.

#### 4.7.5 Competing globally using online marketing.

Respondents view on global competition of small and medium enterprises through social media platform.

#### 4.27 Competing globally via online marketing.

Respondent	Frequency	Percentage
Agree strongly	90	50%
Agree moderately	23	13%
Agree slightly	7	4%
Disagree lightly	45	24%
Disagree moderately	10	6%
Strongly Disagree	6	3%
<b>Totals</b>	<b>181</b>	<b>100%</b>

Table 4.28 above indicates that respondents strongly agreed that small and medium enterprises must compete globally via online marketing with 50% while 24% disagreed slightly and 13% agreed moderately. Those who disagreed moderately were 6% and respondents who agreed slightly and strongly disagreed are 4% and 3% respectively.

## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.1 Introduction**

This chapter summarizes the whole research process. A brief summary of the whole study is given. It also provides a summary of the main findings of the study, conclusions of the study, recommendations and suggestions for further research.

#### **5.2 Summary of the study findings.**

The purpose of this study was to investigate the influence of social media on growth of small and medium enterprises in Nairobi County. The research formulated four objectives and four research questions to guide the study. Descriptive survey design was adopted for the study. A sample of 190 small and medium enterprises out of 950 was selected for the study. Questionnaire was used as the instrument of research. The questionnaire return rate was 95% and this was considered satisfactory for the study. The researcher visited all the 17 constituencies within Nairobi County that were sampled for the study and administered 11 questionnaires per constituency. Before the main study, a pilot study was carried out so as to test the validity and reliability of the instrument using test-retest method. A correlation of 0.72 was obtained and the researcher being satisfied with the reliability of the instruments, carried out the main study.

#### **Accessibility of social media.**

From the study it can be depicted that majority number of the respondents has access to internet while minority of the respondents do not access internet freely. This is a good indicator as entrepreneurs can use this opportunity to market their small and medium business online. The research revealed that almost half of the respondents do not own a laptop, personal computers, tablets or iPod connected to internet and so depends upon other internet services media for accessing social media. This is unlike few respondents who have got internet connected laptops and personal computer for accessing social media services. Most of the respondents agreed that internet speed is slow with some felt that internet speed is fast.

Pertaining the question of which form of media used by the respondents for accessing social media sites, majority of the respondent's access social media internet through mobile phones while few respondents use cyber café. Few respondents use office internet while others uses others sources like college computer laboratory. When respondents were asked if they believe that using social media online advertising is beneficial to small and medium enterprises minority of them said it's not beneficial followed by majority who believes it very beneficial.

### **Time utilized in social media.**

Respondents who participated in this study spend most of their afternoon and evening surfing social media sites during lunch time. Few of the respondents prefer morning hours and early morning. This is a clear indication that majority of social media users prefer to utilize their free time to surf the internet. Majority of the respondents prefer to spend less than 5 hour surfing the social media internet per week while some spends between 6-10 hours and least of the respondents spends above 16 hours per week. According to the outcome of this research there is the level of commitment to spending some time to surf social media sites.

When the question of using social media for online marketing was probed, 29% of the respondents said they give very little attention to advertising online while 22% had a tie between those giving little and great attention. Online advertising of small and medium enterprises is the most convenient way to retain and gain new clients with majority of the respondents agreeing with this concept.

### **Online advertising costs.**

Majority of the respondents do not have websites for their small and medium enterprises nor using social media sites for online advertising while minority makes use of social media platform to advertise their businesses online. Almost half of the respondents feel it's very important to spend lot of budget doing online advertising since it's a worth course while some do not think it's important.

The study found that 52% of the respondents do not spend any budget for online advertng while 25% spends between 0-20% of their budget for online advertising. Few of the respondents allocate and spends budget of small and medium enterprises well.

The research revealed that majority of the respondents do not advertise online due to ignorance while few think online advertising using social media sites is very time consuming. The respondents who felt doing online advertising through social media is very expensive for small and medium enterprises are only 15% while those for the idea that absence of small and medium enterprises in social media fraternity is only 4%.

### **5.3 Discussion of Research Findings.**

This study aimed at investigating the influence of social media towards growth of small and medium enterprises. Analysis on the research data pertaining accessibility of social media revealed that most business persons operating small and medium enterprises have access to internet. The study revealed that the avenues for accessing internet services in order to serve social media sites includes mobile phones with the highest percentage followed by cyber café. However most respondents said that although accessibility to internet services is high it should be noted that internet speed is very slow. As discussed in the literature review, government should increase accessibility of social media services by subsidizing the cost of adopting social media infrastructure by small and medium enterprises (Dixon, Thompson and MacAllister, 2002).

As discussed in the literature review, time spends by small and medium enterprise in social media sites is quite high. Though time resource spend in social media sites is high, Akbaba & Kurubacak (1998) said that only 40% of this time is utilized in social media advertising while 20% of this is not active. He concluded by arguing that the active percentage do not track results and are working in a vacuum. That was the reason as to why the research findings revealed that more than half of the respondents spends less than 5 hour per week and few of the respondents spends between 6-10 hours per week surfing social medias sites while majority preferred to surf internet during the lunch time while others in the afternoon/evening. Lunch time and afternoon/evening time used by most of the respondents to serve social media sites is a clear indication that the purpose for surfing the internet is for socialization and not online advertising. Research showed that majority of time spends surfing social media sites for personal gains and not advertising their small and medium enterprises online.



As discussed in the literature review, Koretz, (1997) argued that social media advertising is perceived to be very expensive by small and medium enterprises and so they often do not have a budget for it. The above statement is confirmed by research findings in which most of the respondents believed that it's not worth to invest in online advertising while some do not have a budget for online advertising and least of the respondents have a budget between 0-20%. However majority of the respondents with the highest score expressed ignorance as the main reason for not advertising online followed by some respondents who felt its time consuming and lastly least of the respondent who view it as high cost of doing online advertising.

According Gay, L.R (1976), social media user's skill is vital and core in determining the success of doing online advertising through social media platform. Expertise is needed for any small and medium enterprises to effectively and efficiently advertise online products and services. Respondents with highest score of the research findings said that the level of education determines once ability to use social media sites. Few privileged respondents did computer courses in primary/secondary schools while majority of the respondents enrolled for computer modules in colleges which had internet topic. Out of this majority, of the respondents are in social media sites. The greatest challenge is that few of the respondents use social media for business purposes while majority use it for socialization and having fun.

#### **5.4 Conclusions**

Firstly the study concludes that there is a huge unexploited opportunity of capturing online clients of small and medium enterprises. Since accessibility of social media sites is very high, small and medium enterprises needs to switch from socializing with friends and start advertising their products and services through online.

Secondly, small and medium enterprises needs to change the perception that online advertising is expensive since they will use the same social media expenses for socialization to advertise their businesses. Small and medium should develop an online marketing strategy which will guide the business on how to advertise their products online in a very cost effective way. Social media experts should be employed for such related activities. Online advertising should not be considered time consuming since it has an economic gain compared to time spend socializing with friends which has no economic benefit.

Lastly, we are living in a digital world where most of the activities are carried out in a technological way. In this regard, small and medium enterprises sampled had the highest number of respondents being under the age of 40 years. This is a group of business persons who are creative, innovative, technology oriented and most of which are already in social media sites.

### **5.5 Recommendations**

The study explored the influence of social media towards growth of small and medium enterprises and come up with the following recommendations:

1. Government through ministry of Information and Communication Technology and Communication Commission of Kenya (CCK) should consider formulation of policies and laws which would regulate pricing of internet service providers in Kenya. Internet billing is very costly which results to slow internet speed which hangs more often.
2. Majority of primary and secondary schools to consider introducing computer subjects in order to create early exposure to pupils. The current initiative by government to introduce laptops to standard one pupil is a positive move but more need to be done. This will create as firm foundation for students since we are living in technology world.
3. Colleges and universities offering business oriented courses like bachelor of commerce to introduce online advertising modules, social media marketing and internet customer care courses. This will encourage graduates who later ventures into business profession to transact online business deals which are effective and efficient when well managed.

### **5.6 Suggestions for Further Research.**

This study was conducted to explore influence of social media towards growth of small and medium enterprises. In this regard there is still room for further investigation in this area, with the following suggestions for further studies being outlined below.

- I. Influence of social media online advertising on growth of multinational limited companies.
- II. The impact of education on the implementation of online social media advertising among small and medium enterprises.

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## APPENDICES

### APPENDIX 1: LETTER OF TRANSMITTAL

University of Nairobi  
College of Education and External Studies  
Department of Extra Mural Studies  
Nairobi

May, 2013

Dear Sir/Madam,

#### **RE: REQUEST FOR YOUR PARTICIPATION IN A RESEARCH PROJECT**

I am a student pursuing Masters of Arts (MA) degree in project planning and management at the University of Nairobi. I will be expected to submit a research project on influence of Social Media on entrepreneurial growth of Small and Medium Enterprises (SMEs).

Kindly assist in completing the attached questionnaire. I sincerely assure you that the information you provide is purely for academic purposes and will be treated with utmost confidence. Please do not write your name on the questionnaire.

Should you be interested in the findings of this research, this will be availed to you on request. A copy will also be available at the University of Nairobi library.

Thanks in advance for your cooperation.

Yours Faithfully,

John N. Kabue.  
L50/65091/2010



## APPENDIX II: QUESTIONNAIRE

**Topic:** Influence of social media on growth. The case of small and medium enterprises in Nairobi County, Kenya.

This questionnaire is meant to collect research data on current state of using social media online advertising for small and medium enterprises.

**Instructions:** Please tick [ ] or fill the spaces provided. Your response should be honest as possible.

### Section A: Demographic Information

Please check the personal data below that currently apply to you:

1. Gender: Male [ ] Female [ ]
  
2. Age: under 25 [ ] 26-30 [ ] 31-40 [ ] Above 41[ ]
  
3. Marital status: Married [ ] Single [ ] Widowed [ ] Divorced/Separated [ ]
  
4. Number of Children: None [ ] 1-2 [ ] 3-4 [ ] 5-6 [ ] Above 7 [ ]
  
5. Employment status:
  - A) Business Owner [ ]
  - B) Employed Staff [ ]
  
6. Years on the Business Profession:  
 Below 5 years  
  
 6-10 years

11-15 years

16-20 years

21-25 years

Over 26 years

7. Kindly tick appropriately your current professional qualification from the list given below.

Masters Degree Level or Above	
Bachelors Degree Level	
Diploma Level	
Certificate Level	
Form Four Leaver	
Primary School Graduate	

## Section B

### I: Skills of Social Media Users

1. Did you attend computer courses in primary or secondary school?

Yes

No.

2. Have you ever enrolled for computer packages, IT or any ICT courses in college?

Yes

No.

3. Year enrolled \_\_\_\_\_

4. (a) In your computer packages, IT or ICT related modules undertaken did you learn a lesson on internet usage?

Yes

No.

(b) If your answer above (4a) is yes, do you think your lesson on internet usage has made you better in your social media serving?

Yes

No.

5. Are you on any Social Media Sites?

Yes

No.

If Yes, tick all the Social Media Sites below that are applicable to you.

Face book

LinkedIn

Google+

Yahoo Chat

YouTube

Micro Blogs

Flickr

Skype

Twitter

Specify others.....

.....

6. What is your MAIN reason for engaging in Social Media activities?

A} Socializing with friends

B} Business purposes

C} Just for fun

D} Academic and Research

7. Educational level determines how well one uses Social Media Services?

Yes

No.

**II: Accessibility of Social Media on-line services.**

1. Do you own a laptop, personal computer, a tablet or an iPad connected to internet? Yes

Yes

No

2. Do you think internet is freely accessible within your environment?

Yes

No

3. How fast is the internet you use when serving? Tick appropriately.

Very slow  Slow  Average  Fast  Very Fast

4. Among the listed ICT tools below, which one among them is easily accessible to you in use of social media services through internet?

Mobile phone

Public Cyber Café

Office internet

College computer labolotary

Specify others.....

5. Do you think social media is beneficial to business when used as one of the marketing strategy?

Very beneficial

Somewhat beneficial

Minimally beneficial

Not beneficial

### III: Time utilized on Social Media.

1. Which is the most appropriate time of the day for you to effectively use internet?

Early morning  Morning  Lunch time  Afternoon Evening

2. On average, how many hours do you spend of internet per week.

Less than 5 hrs  6-10hrs  11-15hrs  16 hours and above

3. To what extent do you use internet social media services as an online business marketing tool?

Very great  Great  Little

Very little  None

4. Online marketing is the easiest way to gain new customers and retain old clients of Small and Medium Enterprises due to its efficiency.

Yes  No

### IV. Online Advertising Cost.

1. Is your business on any social media sites or does it have a website?

Yes  No

2. Is it worth to spend a lot of budget on Small and Medium Enterprises online marketing?

Yes  No

3. How much of the total budget of the business should be allocated to social media online marketing campaign?

None  0-20%  21%-40%  41%-60%  61% and above

4. What hinders many businesses from using social media online marketing?

Lack of IT knowledge

Very expensive

Ignorant

Time consuming

5. Social media online marketing is **MADATORY** for any SMEs with a desire to compete globally.

Strongly disagree

Disagree moderately

Disagree lightly

Agree slightly

Agree moderately

Agree strongly