



The Use of Social Media Applications on Business Performance in the Covid 19 Era: A Study of Selected MSMEs in Nairobi Central Business District

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Article history

Received: August 13, 2020

Received in revised form: August 23, 2020

Accepted: November 23, 2020

Available online: <https://research.lukenyauniversity.ac.ke/>

ABSTRACT

The use of social media applications in business and marketing is not new, yet it has not been fully embraced by most organizations. The reason is that it is still misunderstood and taken as a campaign tool for publicity rather than marketing for purposes of business growth. However, society has no choice especially in the wake of pandemics such as the Covid 19; where traditional methods of business are no longer popular due to disease outbreak. As such, organizations that have embraced social media marketing are making profits. The general purpose of this study was to investigate the use of Social media applications on business performance among Micro, Small and Medium Enterprises (MSMEs) in Nairobi Central Business District (CBD). With the increasing level of entrepreneurial activities in the country, the pandemic issue and client knowledge base, the work of training and improving business networking cannot be left only to academic

staff or trainers, but to the whole society. The study sought to address the following objectives: To determine the use of social media applications for marketing among MSMEs and to investigate the effects of Social media applications on business performance among MSMEs in Nairobi CBD. The study was conducted in Nairobi CBD and made use of a descriptive research design approach. The study population was business owners/entrepreneurs in Nairobi CBD and a sample size of 270 was used for the study. The data was collected by use of semi-structured online questionnaires and analyzed by use of descriptive statistics and presented in the form of tables. Findings indicated the following: That there was a statistically significant influence between social media use and business performance represented by a p-value of 0.001. Those who used social media to conduct business during the Covid era between March and July 2020 reported improvements.

Keywords: Covid 19, Business Performance, MSMEs, Social media applications.

1.0 INTRODUCTION

Internet use is common in almost every sphere of life today and businesses have not been left behind. It allows many functions to run despite geographical locations and distance. People are not limited to one location and hence business activities can be transacted with relative ease. Of paramount importance is the use of social media marketing which has now become a common tool in advertisement campaigns and marketing activities worldwide. Facebook has been recorded to be more attractive in social media marketing than the other Social media applications due to its ability to support multiple applications and provide several links (Stavrova, 2012). Despite the growth and excitement for social media use, many organizations are unable to fully utilize social media applications in marketing and advertising. The returns from social media advertisement are also not fully quantifiable making it difficult to track purchases and profits against hits made on the applications (Ahlberg, 2010).

In the current business environment, firms are in great competition for consumers' attention. If customer attention is well captured, it may translate to actual sales. Many factors play a role including but not limited to consumer knowledge, changing times, pandemics (such as the current Covid-19), globalization, liberalization among others. Competition has made it necessary for marketers to try more innovative and untraditional methods to get the customers'

attention and hence make purchase. There is a lot of competition for customers online and companies are now turning to friends and colleagues for advice on the use of online platforms and social media platforms to advertize their products (Scarborough & Norman, 2015). It is for this reason that this research sought to examine the use of social media applications for marketing in the Covid-19 era

Statement of the Problem

The world was at the height of a crisis that had not been experienced before, known as Covid-19 pandemic. The pandemic was affecting every sector of the economy and society at large. The pandemic, was in the form of a virus that had no known cure. It was spreading easily through droplet infection and contamination of surface areas (World Health Organization, 2020). The virus attacked the respiratory system, and in severe form, could be fatal; hence the need to stay indoors and isolate. It was for this reason of staying under mandatory lockdown that businesses that were traditionally stable, (i.e. through face-to-face purchase and selling) had difficulties in operating. Some ended up closing shop, (United Nations Development Programme, 2020).

The outbreak of the Covid 19 pandemic exerted pressure on the economy and in particular the Kenyan economy which was relying heavily of physical marketing and trading (Odhiambo, Weke, & Ngare, 2020). The Kenya shilling, due to the curfew and lockdown could no longer stand against the dollar. This in turn led to poor business between foreign countries and Kenya. There

was shortage of products in the country due to lack of exports making the Kenya shilling very vulnerable to the dollar especially from March, 2020 when the 1st case of Covid 19 was detected in the country. However, for businesses that had adopted online marketing and use of social media in advance, operations continued unhindered. It is due to the above reasons that this study sought to investigate the use of social media marketing in business performance in Nairobi County.

1.2 Objectives of the Study

- i. To examine the use of Social media applications for marketing among MSMEs in Nairobi CBD
- ii. To investigate the effects of Social media applications on business performance among MSMEs in Nairobi CBD

1.3 Null hypothesis

H₀: There is no significant influence of social media application usage on business performance among MSMEs in Nairobi CBD

2.0 LITERATURE REVIEW

2.1 Theoretical Review

Technology Acceptance Theory of Adoption

Technology Acceptance Model (TAM) according to Chau and Hu (2001) explains how the user can select innovations from a broad range of technologies and apply them in their daily activities. Some individuals will more readily adopt certain innovations than others due to past experiences, ease of use, ability to learn etc. (Frambach & Schillewaert, 2002). The model is therefore

important for this study since it will explain acceptance for different social media.

Social Network Theory

Kadushin (2004) explains that communication comes from a network of relations and interactions. The customer or client is able to access information concerning a product and goes ahead to purchase it or understand the functions that the product may offer. The marketer is able to disseminate information in a way that the customer will understand the product, its use and make an informed choice to purchase and consume it. Social media makes it possible for this communication to be relayed quickly, far, cheaply and almost at the same time.

2.2 Empirical Review

Challenges Facing MSMEs

The MSMEs in Kenya have faced a number of constraints that need to be addressed to enable them to improve and grow. A major concern for microenterprises is lack of business cushioning in times of crisis or during accidents among others. Kenya lacks specific legislation and set of regulations to guide or govern the operations of business sectors and specific mechanisms to support small micro enterprises during crisis. This makes most of the businesses unable to carry out operations effectively, advertisements, or proper marketing and diversification or opening of branches. The businesses are also unable to grow or expand to international markets, hence remain local in most part of their existence (Bowen, Morara, & Mureithi, 2009)

Social Media as a Marketing Tool

People are now able to communicate widely with one another concerning many issues on life, organizations and products (Lewis, 2010). Social networking has become an everyday business idea hence the need for involvement in this area for purposes of purchases and selling (Kaplan & Haenlein, 2010). The Social media applications can be used because they enable companies to communicate directly with customers about their products and with one another in the shortest time possible.

This type of communication has created customer freedom and improved consumer knowledge on products. The customers are now in control of information and can decide what to purchase without undue influence or much persuasion but through easy navigation of gadgets (Keller, 2009). It is therefore up to the firm/organization to know how to productively engage the consumer to be able to drive sells and to be able to manage the information sent as well as the information received.

Social networking forums are also good platforms where free responses from users to advertising campaigns can be freely exchanged to create value for the firm. Most perceptions on products and services are however influenced by group norms, celebrity opinions and group identity, and could be misleading. It is for this reason that the marketer and the firm has to be careful on how to handle, comment, inform the public or place advertisement campaigns (Barnes & Barnes, 2009). As Traditional channels and methods of marketing are gradually being

dissolved and replaced by more modern and technical methods fuelled by the internet, firms have to be careful on how to go about this particular social network forums (Pugh, 2010).

Measures of Business Performance

Many factors have been used to measure business performance such as: Business turnover, number of employees in a firm, number of branches, international presence, capital invested, market share, adoption of innovation and existence of business in the community among others. The turnover is that which indicates improved profits in the subsequent year as compared to previous years. The increase in number of employees in an organization also signifies growth of a business as well because the company is able to pay salaries and wages as explained by Mason, Bishop and Robinson (2009).

The more money a firm invests in the business, the larger the business and this includes the market share of the firm (Marram, 2003). Growth needs to be measured not just by market share and firm presence but also by the economic activity these firms are generating through the flexible use of people, technology and services. Companies that use their existing assets improve business performance and indicate a mark of continuity as described by Mark Hart and Colin Mason (2010). Idle assets are an indicator of poor performance and lack of adequate work or struggle in the business. Mason, Bishop and Robinson (2009) also explain that adoption of innovation or new product development is

considered as an indicator of improved business performance.

The age of a business or number of years of existence of a business is a good indicator of business performance. If the business has been in existence for some time, then it means it is performing well. Most high-growth firms are aged more than five years and are well known by their brand or business names by their customers (Sen & Willem te Velde, 2007)

3.0 METHODOLOGY

The study was descriptive in nature. The respondents were a random cohort selected from within Nairobi CBD consisting of 270 business owners/representatives. The respondents represented MSMEs in Nairobi between the period of March 2020 and July 30th 2020. The 270 clients were arrived at by use of the Cochran sample size formula: $N_0 = Z^2pq/e^2$. Hence $N_0 = (1.645)^2 \times (0.5) (0.5) / (0.005)^2 = 270$. The questionnaires were circulated through an online platform to different groups and business forums and 191 responses were received; which was a 70.3% response rate

4.0 KEY FINDINGS AND PRESENTATION

4.1 Demographic information of respondents

Majority of respondents (97%) had above ‘O’ level education qualification. They were certificate holders, diploma holders or university education; an indication of highly qualified business owners. Respondents were above 18 yrs of age and 58% were between the ages of 30 years to 40 years of age;

signifying a youthful population of business owners.

Type of Businesses Owned by the Respondents

The study established that the respondents sampled by the study were involved in various business activities. According to the results, majority of the respondents were operating businesses in; catering / baking and hotel management, supplies; Clothing/ uniforms/boutique, Salon and hair accessories, agri-business, Insurance, Mpesa outlets, Building and construction/hardware, photography, Jewelry and beauty products and sale of groceries as was presented by the percentages of 27.1, 25.0, 6.25, 10.25, 6.3, 8.3, 6.3, 2.1, 2.1, 2.1, 4.2 respectively.

4.3 Forms of Business Ownership

The study established that the most respondents operated legalized businesses as indicated below. Business name (37.5%), Group business was represented by 12.5% (either self help group of registered support group), family owned businesses were represented by 12.5% and still all were also registered either as a company name or business name; companies were represented by 12.5%; and sole proprietors (not registered or registered as business name were represented by

Table 1: Forms of Business Ownership

Business ownership	Number	Frequency %
Business name	71	37.5
Group business	24	12.5
Family business	24	12.5
Company	24	12.5
Sole proprietor	48	25
Total	191	100

4.4 Business Location

Respondents had both online and physical business locations. Majority of respondents represented by 73.5% used social media platforms on frequent basis as well as physical locations. The rest represented by 26.5% were purely online businesses most of which were not more than 3 years old.

4.5 Social Media Applications commonly used by respondents for Marketing

The researcher sought to find out the commonly used social media tool use by respondents and got the following responses: Watsapp (62.5%), Instagram (50%), Facebook (25%), Twitter (25%), LinkedIn (12.5%), snap chat (0%) and Youtube were at 0%. Respondents used a combination of two or more of the tools at any one time but Watsapp app was highly preferred as an application for marketing.

Extent to which use of Social media applications Influenced Business Performance

The study sought to establish the respondents' level of agreement on whether use of Social media applications improved business performance and 70.9% of respondents were in agreement that social media had improved business performance.

Table 2: Social media applications Influence on Business Performance

	Frequency	Percent	Cumulative Percent
Yes	134	70.2	70.9
No	31	16.2	87.3
Not sure	24	12.6	100.0
Total	189	99.0	
Not indicated	2	1.0	
Total	191	100.0	

4.7 Measures of Business Performance

The respondents agreed that there were benefits of using the Social media applications in improving business performance as indicated below: The respondents were able to reach target audience at 27.7%, online orders improved (38.7%), home deliveries improved as represented by 25.7% and communication with clients improved as reported by 6.8% of respondents.

Table 3: Measures of business performance

	Frequency	Percent	Cumulative Percent
Not indicated	2	1.0	1.0
Reached target audience	53	27.7	28.8
Online orders improved	74	38.7	67.5
Home deliveries improved	49	25.7	93.2
Communication with clients improved	13	6.8	100.0
Total	191	100.0	

4.8 Statistical analysis

Regression analysis was used to predict the value of Y for each given value of X. Correlation was used to analyze the degree of relationship between individual factors and business performance.

Correlation Analysis

Table 4 below shows the correlation matrix between use of social media and business performance. According to the result, there is a highly statistically significant positive relationship between use of social media and improved profits ($r=0.238$, $p<001$) at 99% confidence level, even though the relationship is weak.

Table 4: Correlation matrix on use of Social media applications on business performance

Correlation		Use of social media	Improved profits
Use of social media	Pearson Correlation	1	.238**
	Sig. (2-tailed)		.001
	N	191	191
Improved profits	Pearson Correlation	.238**	1
	Sig. (2-tailed)	.001	
	N	191	191

** . Correlation is significant at the 0.01 level (2-tailed).

Regression Analysis on use of Social media applications on business performance

The study conducted regression analysis to establish the relationship between the study variables which were influence of Social media applications on business performance. The information on table 5 below shows the adjusted R square of 0.052 means that the variables studied contribute to 5.2% of the factors that influence business performance hence other factors contribute to 94.8 %. Since the R square is 0.057, a conclusion can be made that Social media applications are positively correlated with business performance but the relationship is very weak since R is close to 0.

Table 5: Model Summary

Model	R	Adjusted R Square	Std. Error of the Estimate
1	.238 ^a	.057	.876

a. Predictors: (Constant), Use of social media apps

ANOVA results

From the ANOVA table 6 below, the $p < 0.001$; meaning rejection of the null hypothesis that there is no significant influence of social media use on business performance. This implies that there is a statistically significant influence of social media use on business performance.

Table 6: ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	8.749	1	8.749	11.392	.001 ^b
1 Residual	145.156	189	.768		
Total	153.906	190			

a. Dependent Variable: Improved business performance

b. Predictors: (Constant), Use of social media

Regression Coefficients

From the coefficient model below (table 7) we can conclude that on average, a unit increase in use of social media leads to a 0.305 increase in business performance.

Table 7: Coefficients

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.
	B	Std. Error	Beta	
(Constant)	1.674	.142		11.753
1 Use of social media	.305	.090	.238	3.375

a. Dependent Variable: Improved profits

5.0 Conclusion and Recommendations

5.1 Conclusion

The study concludes that the innovative use of several social media platforms and applications influenced business performance significantly. The hypothesis test was significant which led to rejection of the null hypothesis that there was no

significant influence of social media on business performance ($p < 0.001$).

Roles played by entrepreneurs had an influence on the adoption of innovation, especially during the Covid-19 period when businesses were not fully operational physically. Of great influence was the ability of the business owners to engage clients online as well as revive old communication networks which saw past clients accessed. The owners reported improved business as well as use of multiple communication channels to deliver goods to clients both at homes and work places. Business people who were able to use social media to reach clients and customers reported improved profits and business operations during the period.

Marketers reached clients and were able to address their needs beyond selling. Some of the needs that were met include the following: Getting feedback on training programs that would be beneficial during the pandemic period; feedback on business activities that would be beneficial during the Covid-19 period, methods of improving profitability and ability to retain the customers. Others include access to financial investments; how to improve customer satisfaction and reduce customer complaints among other benefits. The study concluded that there was need to promote social media training to staff and usage at all levels of business.

5.2 Recommendations

The study recommends that there is need for the members to adopt and equip themselves with more innovative and recent social media applications. Businesses should make use of

faster friendlier applications for the purpose of cutting costs while at the same time, meeting customer satisfaction during the period.

There is need for entrepreneurial and social media training programs to improve social media usage. However, since social media is cheaper and accessible, it should be fully adopted by all businesses since it is a cheap way of conducting business.

Customers should be part of the social media adoption processes and be encouraged to give feedback since they are the 'owners' of the products. Training for staff should go beyond the class room mode or face to face mode but should be done online as well so that all employees of the organization are up to date concerning current innovative ideas.

The study should be run over a period of 6 months to one year for the purpose of collecting information that can be quantitative in terms of financial returns from social media usages/applications or hits made to quantify business performance on capital invested.

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