

To Identify and Analyze the Factors Influencing Social Media Use By SMEs

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ABSTRACT

This paper examines the key factors influencing social media adoption among small and medium enterprises (SMEs), recognising the growing importance of digital platforms in enhancing business competitiveness, customer engagement, and market visibility. Drawing on an extensive review and synthesis of recent literature, the study adopts the Technology–Organization–Environment (TOE) framework to provide an integrated understanding of how technological capability, organizational practices, and environmental conditions shape SMEs' social media adoption decisions. The findings indicate that digital competency and continuous training enhance SMEs' technological readiness, customer-centric strategies strengthen organizational engagement and trust, and financial support serves as a critical environmental enabler of sustained digital adoption. Importantly, the study highlights that these factors are interdependent rather than independent, suggesting that effective social media adoption emerges from their combined influence. By applying the TOE framework, this paper contributes to the existing literature by offering a holistic perspective on SME social media adoption and addressing gaps in prior studies that examine adoption factors in isolation. The study further provides practical insights for SME owners, policymakers, and industry stakeholders by identifying strategic areas for intervention to support sustainable digital adoption and strengthen SMEs' long-term competitiveness in the digital economy.

Keywords: SME, social media adoption, Qualitative Study

ABSTRAK

Kertas kerja ini meneliti faktor-faktor utama yang mempengaruhi penggunaan media sosial dalam kalangan perusahaan kecil dan sederhana (PKS), selaras dengan kepentingan platform digital yang semakin meningkat dalam meningkatkan daya saing perniagaan, penglibatan pelanggan dan keterlihatan pasaran. Berdasarkan sintesis literatur terkini, kajian ini menggunakan rangka kerja Technology–Organization–Environment (TOE) untuk menyediakan pemahaman bersepadu tentang bagaimana keupayaan teknologi, amalan organisasi dan faktor persekitaran mempengaruhi keputusan PKS dalam mengadaptasi media sosial. Hasil kajian menunjukkan bahawa kecekapan digital dan latihan berterusan meningkatkan kesediaan teknologi PKS, manakala strategi berfokuskan pelanggan memperkukuh penglibatan serta meningkatkan kepercayaan pelanggan. Selain itu, sokongan kewangan dikenal pasti sebagai faktor persekitaran yang penting untuk memastikan penggunaan media sosial dapat dilaksanakan secara berterusan. Dapatan kajian juga menegaskan bahawa faktor-faktor ini saling berkaitan dan tidak beroperasi secara berasingan, menunjukkan bahawa penggunaan media sosial yang berkesan terhasil daripada gabungan pengaruh teknologi, organisasi dan persekitaran. Dengan mengaplikasikan rangka kerja TOE, kajian ini menyumbang kepada literatur sedia ada dengan menawarkan perspektif holistik terhadap penggunaan media sosial dalam kalangan PKS, serta menyediakan panduan praktikal kepada pemilik PKS, pembuat dasar dan pihak berkepentingan industri dalam merangka intervensi strategik untuk menyokong penggunaan digital yang mampan dan memperkukuh daya saing jangka panjang PKS dalam ekonomi digital.

Kata kunci: SMEs, penyesuaian penggunaan media sosial, kajian kualitatif.

1.0 INTRODUCTION

Small and medium enterprises (SMEs) also play a critical part in the business world, serving as engines of job creation, innovation, and economic growth. SMEs in many developing and emerging economies contribute a substantial share of national output and employment, making their sustainability and competitiveness essential to their countries' long-term economic development. With the business environment becoming more dynamic and digitized by the day, SMEs are under increasing pressure to adopt digital tools to improve operational effectiveness, expand their markets, and deepen customer engagement.

The last few years have witnessed the emergence of social media as one of the most powerful digital media for business communication and marketing. Unlike the conventional marketing platforms, social media allows businesses to connect with consumers directly, build brand awareness, and receive real-time feedback in the market at relatively low cost. These qualities make social media an extremely appealing tool in the context of resource shortages and when SMEs are competing with larger companies. Social media will help SMEs to enhance brand awareness, enhance customer relationships, and increase market presence without geographical limitations. Regardless of the potential advantages, the adoption and use of social media are uneven among SMEs.

Several SMEs still face a lack of digital knowledge, technical inadequacy, and financial constraints. Additionally, there are no clearly defined digital strategies, nor is there any managerial expertise, which diminishes SMEs' ability to incorporate social media into their overall business activities. Therefore, social media is mostly used in an emergent or trial manner rather than as a deliberate business tool. According to empirical studies, the success of social media adoption among SMEs is influenced by several interrelated factors. These factors include technological readiness, i.e., digital competency and access to the right tools, organizational, i.e., leadership support, internal preparedness, and customer practices related, and environmental, i.e., financial and regulatory compliance. If these determinants are not properly considered, SMEs may fail to achieve full-value social media adoption, thereby limiting the impact on business performance and sustainability.

Even though the available literature has examined various facets of SMEs' adoption of social media, a large proportion of the research examines determinants of adoption in isolation. This incoherent approach limits the insights into interactions among technological, organisational, and environmental factors that support the results of fitting adoption. Thus, a more connected vision is needed that reflects the intricacy of social media adoption among SMEs.

This paper will fill this gap by using the Technology-Organization-Environment (TOE) framework as a theoretical perspective. The TOE framework provides a holistic approach for analysing the importance of technological capabilities, organisational practices, and environmental conditions in influencing the adoption of technological innovations amongst firms. The proposed study seeks to provide an integrated understanding of the factors influencing social media adoption in SMEs by synthesising the available literature on the subject through the TOE framework. In particular, the present paper condenses recent empirical and theoretical studies to establish the critical growth factors in social media adoption, to assess the difficulties that SMEs have to overcome when utilising social media, and to emphasise the perspectives of improving the adoption of digital. The results add to the current knowledge base by providing a combined theoretical account of social media adoption among SMEs and offering practical insights to SME owners, policymakers, and other industry stakeholders who aim to support sustainable digital transformation in the SME sector.

2.0 LITERATURE REVIEW

Small and medium-sized enterprises and the proliferation of social media use have attracted more scholarly interest due to their alleged potential to improve competitive advantage, increase customer engagement, and expand market reach. Although antecedent research has generalized determinants involved in the adoption of social media, the determinants have often been investigated in isolation. To overcome this constraint, the current study is based on the Technology-Organization-Environment (TOE) model to combine the available literature and provide a comprehensive approach to the social media adoption of SMEs.

2.1 Technological context: digital competency and training programs

In the technological aspect of the TOE framework, the concept of digital competency is consistently cited as a requirement for the effective use of social media by SMEs. In addition to basic functional competencies, digital competency involves data analysis skills, adapting to the changing dynamics within platforms, and the aptitude to make sound strategic use of digital tools to achieve business outcomes. SMEs with high digital competency are better positioned to integrate social media into broader marketing and communication processes, rather than treating it as a promotional tool per se.

Sun et al. (2022) argue that organised training programs on digital platforms supplement SMEs' capabilities to generate attractive content and explain consumer behavioural trends, enabling more informed strategic decisions. Such claims are supported by Williams and Patel (2023), who show that SMEs with a sufficient analytical base can adjust posting schedules, increase the sharpness of their audience targeting, and improve other engagement metrics. In turn, digital competency seems to support the technological preparedness and the strategic orientation. Furthermore, recent studies confess the need to move on as a result of ongoing learning to maintain digital adoption. In their argument, Goh et al. (2024) suggest that continuous digital training will help SMEs develop individual approaches to marketing, thereby supporting brand identity and customer loyalty.

Kim and Lee (2021) warn in their article that the ever-changing nature of digital platforms renders fixed competencies outdated, necessitating continuous upskilling. Nevertheless, in the face of this accruing evidence, most studies still envision digital competency as a momentary operation input and not a strategic capability over an extended period, thus creating a conceptual gap that necessitates the idea of reconceptualizing digital competency as a dynamic technological resource within the TOE framework.

2.2 Organizational context: customer-centric strategies for social media engagement

Organization-wise, customer-focused approaches presuppose a crucial role in influencing the effectiveness of adopting social media by SMEs. The strategic approach to social media is viewed either as a tool of relationship building or a broadcasting channel, which is determined by organizational dedication to learn and act on the needs and requests of customers. When SMEs incorporate customer-centric values into their operations, they are more likely to successfully leverage social media to foster meaningful and sustainable relationships.

As Lee and Wong (2023) note, the effectiveness of the digital marketing efforts will depend on the successful use of consumer-generated information. The interactive communication tools, along with polls, comments, replies, and one-on-one messages, provide SMEs with immediate feedback on customer preferences. The researchers also emphasize the usefulness of social listening services in observing the discussions on social media and understanding new trends on the market, thereby increasing the relevance of promotional campaigns (Ahmad et al., 2022).

Chong and Tan (2024) show that timely responsiveness and individual involvement increase customer satisfaction and confidence, especially in highly competitive digital spaces. All these results will paint a picture of how marketing shifted the focus from the product to the more relationship-focused digital marketing. However, the current body of career requires viewing customer engagement as a strategic marketing practice and not an organizational ability. The lack of focus on the potential impact of organisational structure, leadership support, and internal processes on the effectiveness of customer-centric strategies underscores the need to contextualise customer-centric engagement within the broader organisational parameters of the TOE framework.

2.3 Environmental context: financial support and investment in digital marketing

The environmental aspect of the TOE concept brings out the effects of external environments - especially financial support and availability of resources on the uptake of social media by SMEs. Although social media is often described as a cheap marketing option, recent research questions this assumption by highlighting the monetary costs required for effective, long-term implementation. As shown by Hassan et al. (2024), SMEs that receive government subsidies or external funding are better digitised than third-party national companies in the country, whose opportunities are limited to internal resources.

The financial support will enable SMEs to invest in paid marketing, professional content production, and analytics, making them more visible and competitive online. Roberts and Green (2023) also believe that the risks of digital experimentation associated with financial readiness will decrease, thereby promoting more sophisticated marketing practices among SMEs. Singh et al. provide evidence of a long-term relationship between investing in social media marketing and increases in brand recognition, customer loyalty, and revenue (Singh et al., 2022). Moreover, Johnson and White (2021) add that financial capacity makes it an easier task to adopt new technological solutions, such as an artificial intelligence-based marketing system that, in turn, enhances the digital presence of SMEs. Though these are pieces of understanding, the available literature has tended to discuss financial support as it is, without considering how it interrelates with organizational preparedness and technological proficiency. This piecemeal approach limits our understanding of SMEs' adoption processes for environmental aspects.

Singh et al. (2022) provide empirical evidence that sustained investment in social media marketing is associated with increased brand recognition, customer loyalty, and revenue growth. In addition, Johnson and White (2021) highlight that financial capacity facilitates the adoption of emerging technologies, such as artificial intelligence-based marketing systems, thereby further strengthening SMEs' digital presence. Despite these insights, existing research often examines financial support in isolation, overlooking its interaction with organizational readiness and technological capability. This fragmented approach limits understanding of how environmental factors shape adoption outcomes within SMEs.

2.4 Synthesis and research gap

Overall, the books and publications show that digital competency, customer-based strategies, and financial assistance are key factors in SMEs' adoption of social media. However, many prior studies examine these variables separately, leading to a fragmented explanation of adoption dynamics. Few studies use an integrated approach whereby all three factors, technological capabilities, organisational practices and environmental conditions are all taken into consideration at the same time. This gap is addressed by the present study, which uses the Technology-Organisation-Environment (TOE) model to synthesise the current literature and offer a comprehensive explanation of how social media has been adopted by SMEs. The TOE framework allows the systematic study of the interaction of technological readiness, organisational orientation and environmental support on adoption decisions. Such a

combination not only improves theoretical comprehension but also provides a stronger background for analysing results and drawing meaningful conclusions for SMEs, policymakers, and other industry stakeholders.

3.0 RESEARCH FINDINGS

Based on a synthesis of recent literature on social media adoption by small and medium enterprises (SMEs), several important findings emerge. These results indicate general tendencies toward similar outcomes in both the empirical and conceptual literature and suggest that the impact of digital competence, customer-oriented approaches, and financial resources has the potential to determine SMEs' capacity to adopt, use, and maintain social media initiatives. Notably, the results show that the adoption of social media is a multidimensional phenomenon that depends on technological preparedness, organisational orientation, and environmental factors, aligning with the Technology-Organisation-Environment (TOE) model.

3.1 Digital competency as a core enabler of social media adoption

Among the most consistent findings in the literature is that digital competency is an enabler of social media adoption among SMEs. Studies always indicate that those SMEs with better digital skills will be in a better position to utilize the social media platforms in a strategic manner than those that apply them in mere promotion strategies. Digital competence empowers SMEs to design appropriate content, examine customer expectations, and make informed decisions using social media analytics (Sun et al., 2022; Williams and Patel, 2023).

In addition to simply learning the skills, the literature highlights the need for planned and ongoing digital training programmes. Those SMEs that invest in continuous learning programs are also better able to adjust to changing digital platforms and algorithmic updates. Such flexibility increases their ability to create customized marketing texts, which help to increase customer loyalty and build a stronger brand profile (Goh et al., 2024). Moreover, ongoing digital studies enhance SMEs' responsiveness to technological disruptions, thereby achieving greater organisational stability in the changing digital world (Kim and Lee, 2021).

These results imply that digital competency is not an organisational input but a lasting capacity that contributes to effective, continuous social media adoption.

3.2 Customer-centric strategies strengthen engagement and trust

The other important discovery is the role of customer-focused approaches in improving SMEs' social media results. According to the literature, the most successful cases of establishing interactive relationships with online audiences are SMEs that actively use consumer insights and emphasise interaction. The interactive posts, feedback, and direct communication channels, which are all typical of customer-centric practices, enable trust-based relationships and perceived brand authenticity (Lee and Wong, 2023).

Besides, social listening tools are considered essential for SMEs to gauge customer sentiment and understand what the market requires. Through online feedback and discussion analysis, SMEs will be better positioned to make effective changes to promotional campaigns and respond to customers, thereby enhancing engagement (Ahmad et al., 2022). Responsiveness and personal communication are known to be linked to higher customer satisfaction and loyalty scores, especially in competitive digital markets (Chong and Tan, 2024). All of this is evidence of a distinct shift in the product-based marketing strategies in favour of consumer-based online

strategies. The customer-focused interaction highlights the role of relational value creation as one of the major results of social media implementation by SMEs

3.3 Financial Support and Investment Drive Digital Adoption Outcomes

The other decisive factor leading to adverse outcomes in the adoption of social media among SMEs is financial capability. All of the literature reports that SMEs with access to government grants, subsidies, or external financing have a higher rate of digital adoption and maturity than those that rely solely on internal resources (Hassan et al., 2024). The investment in paid ads, analytics, professional content creation, and other innovative digital technologies can be supported with the financial assistance of SMEs.

Moreover, there is a long-term financial commitment to social media marketing for brand exposure, customer loyalty, and revenue growth (Singh et al., 2022; Roberts and Green, 2023). SMEs that are financially supported are more likely to take risks with the latest digital solutions, such as artificial intelligence-based marketing systems, which further enhance their presence on the Internet and competitive positioning (Johnson & White, 2021). These results contradict the widely accepted belief that adopting social media is relatively low-cost and prove that, to implement it effectively and durably, it is essential to plan financial expenditure.

3.4 Interrelated nature of adoption factors

Another interesting overall conclusion is that digital competency, customer-centric, and financial support cannot act in isolation. Instead, the corresponding literature reveals that these factors are highly interrelated and mutually supportive. The more SMEs have strong leadership to support them, the more likely they are to invest in digital training and adopt customer-centred practices, and sufficient financial resources help implement strategies at the next level of sophistication. The interplay among environmental support, organisational capability, and technological readiness underscores that social media adoption in SMEs is a complex issue. Research indicates that effective adoption cannot be achieved through specialization in one dimension, but rather through a combination of elements that build a competitive advantage and sustainability (Rahman et al., 2023; Sun et al., 2022; Hassan et al., 2024).

Overall, the results of the study, based on the literature, show that effective adoption of social media by SMEs is determined by the complexity of ongoing development of digital competencies, an approach to the formation of a customer-oriented strategy, and sufficient financial resources. The factors are interdependent and, in sum, affect SMEs' ability to use social media to grow their businesses. The results also underscore the necessity of using an integrated approach, in line with the TOE framework, to gain a deeper understanding of the multifactorial nature of social media adoption in the context of SMEs.

4.0 DISCUSSION

The current study has attempted a literature review to question the factors related to the adoption of social media among small and medium enterprises using The Technology-Organization-Environment (TOE) model as a conceptual framework. The resulting discussion situates the findings at the technological, organisational, and environmental levels and compares them with previous research to clarify the academic contribution of this study.

4.1 Technological Context: Digital Competency and Training

From a TOE perspective, the technological context plays a central role in determining SMEs' ability to adopt and leverage social media effectively. The findings reaffirm previous studies that identify digital competency as a critical enabler of social media adoption (Sun et al., 2022; Williams & Patel, 2023). SMEs with structured training programs are better positioned to create engaging content, utilise analytics, and implement data-driven marketing strategies.

Beyond confirming prior research, this study extends the literature by emphasising that digital competency functions as an ongoing organizational capability rather than a one-time investment. In line with Kim and Lee (2021), the rapidly evolving nature of social media platforms necessitates continuous skill development. Within the TOE framework, this highlights that technological readiness is dynamic and must be continually reinforced to sustain competitive advantage.

4.2 Organizational Context: Leadership and Internal Readiness

The organizational dimension of TOE underscores the importance of leadership support and internal readiness in shaping adoption outcomes. Consistent with Rahman et al. (2023), proactive leadership fosters a digital-oriented culture that encourages experimentation and innovation. SMEs whose leaders actively support digital initiatives are more likely to allocate resources for training and integrate social media into strategic planning.

This study contributes to the organizational adoption literature by illustrating that leadership not only facilitates adoption but also strengthens the interaction between technological capability and environmental responsiveness. When leadership aligns digital objectives with organizational goals, SMEs demonstrate greater adaptability to market changes (Chen et al., 2022; Li & Zhang, 2021). Thus, organizational readiness acts as a catalyst that amplifies the effectiveness of technological investments.

4.3 Environmental Context: Customer Pressure, Financial Support, and Regulation

Within the environmental context of TOE, customer expectations and financial support emerge as significant drivers of social media adoption. The findings align with Lee and Wong (2023) and Ahmad et al. (2022), who emphasize that customer-centric strategies enhance trust and engagement through interactive communication and social listening. These practices allow SMEs to respond promptly to market needs, reinforcing relational value in digital environments.

Financial support further strengthens adoption outcomes. Consistent with Hassan et al. (2024) and Singh et al. (2022), SMEs with access to grants and external funding demonstrate higher levels of digital maturity. This study extends prior findings by positioning financial capacity as a moderating environmental factor that enables SMEs to fully exploit technological and organizational capabilities. Additionally, regulatory compliance influences adoption by shaping SMEs' confidence and willingness to engage in online activities.

4.4 Integrated TOE Perspective and Scholarly Contribution

A key contribution of this study lies in its integrated application of the TOE framework. Rather than examining technological, organizational, and environmental factors in isolation, the findings demonstrate their interdependent nature. Digital competency alone is insufficient

without leadership support, and customer engagement strategies are less effective without financial resources.

By synthesising the literature through a TOE lens, this study addresses a gap in prior research, which often treats adoption factors in isolation. The integrated perspective provides a more holistic understanding of SME social media adoption and offers a theoretically grounded explanation of how competitive advantage is achieved in digital environments.

4.5 Conceptual Model of Social Media Adoption Based on TOE Framework

Conceptually, this study proposes a TOE-based model to explain social media adoption among SMEs. Within this model, the technological context comprises digital competency and continuous training, which determine SMEs' ability to utilise social media tools strategically. The organizational context encompasses leadership support, internal readiness, and customer-centric practices that shape how social media is integrated into business operations. The environmental context includes financial support, customer expectations, competitive pressure, and regulatory considerations that influence both motivation and capacity for adoption.

The model suggests that social media adoption outcomes are not driven by a single factor, but emerge from the interaction between technological capability, organizational alignment, and environmental support. Technological readiness enables effective platform usage, organizational readiness ensures strategic implementation, and environmental conditions facilitate sustainability and scalability. This conceptualisation reinforces the view that SMEs must adopt an integrated approach to social media to achieve long-term competitive advantage in the digital economy.

5.0 CONCLUSION

Altogether, the adoption of social media in the context of SMEs depends on the interaction of digital competency, customer-centred interactions, and financial resources. Never-ending digital education is strengthening technological preparedness; client-oriented approaches are increasing participation and confidence; and financial aid is facilitating long-term investment in digital programs. These aspects are mutually responsible, and this is an indicator that SMEs need to take a concerted approach to skills training, customer relationships, leadership support, and financial capabilities to survive in the ever-digitised economy.

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