

## **Factors Determining Social Media Marketing Adoption of Micro, Small and Medium Enterprises (MSMEs) in the Northern Province, Sri Lanka**

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### **Abstract**

MSMEs are the backbone of any nation. After the end of the civil war in 2009, people from the Northern Province of Sri Lanka started MSMEs, and that should be run on the virtual market and the physical market for business survival. This study explores the factors determining social media marketing adoption by MSMEs in the Northern Province of Sri Lanka. In this study, data were collected from 10 owners or managers of MSMEs in the research area using multiple case study-based qualitative methods of in-depth interviews. The research samples were selected using the purposive sampling technique. There were 12 factors explored such as perceived ease of use, internal and external influencers, technological factors, external institutional pressures, business sustenance, usage of smartphones, observability of market happenings, links among social media platforms, unique features, two-sided benefits, two-way cost reduction and new normal context as findings of the study.

**Keywords:-** Micro Small and Medium Enterprises (MSMEs), Social Media, Social Media Marketing Adoption, The Northern Province of Sri Lanka.

## 1. INTRODUCTION

In today's business world, Micro, Small and Medium Enterprises (MSMEs) have become more vital than large scale enterprises in both developed and developing countries. Gamage (2003) stated that the developing countries are promoted due to the SME sector's contributions such as the contributions to employment generation, domestic saving mobilization, poverty alleviation, income distribution, regional development and stimulation of other economic activities.

Organizations in almost all sectors have started to explore digital technologies and enjoy their advantages. Matt, Hess & Benlian (2015) stated that the adoption of digital technologies has an impact on an organization's processes, marketing channels and production chains. Enterprises under the SME sector can benefit at every stage of their business from the adoption of technological innovations in terms of competitive standing, access to the global market (Rassool & Dissanayake, 2019), communication and exchange of information with stakeholders (Ensari & Karabay, 2014) and payment systems (Acar, Koçak, Sey & Arditi, 2005).

Although the revolution of internet and communication technologies have changed the

way of doing business on virtual platforms, businesses under the SME sector have more barriers to adopt new technology (Dahnil, Marzuki, Langgat & Fabeil, 2014) in terms of poor financial capability, limited human resources, lack of organizational resources and poor technical knowledge of employees (Beier & Wagner, 2016; Gamage, 2003; Mustafa & Yaakub, 2018; Zaied, 2012.). Though MSMEs have technology adoption barriers, social media as an emerging new marketing strategic tool can be deployed by MSMEs due to its low cost (Michaelidou, Siamagka & Christodoulides, 2011) and minimal technical requirements (Ferrer, Bousoño, Jorge, Lora, Miranda & Natalizio, 2013).

### 1.1. Background of the study

Sri Lanka was facing 30 years of well-documented ethnic crisis which resulted in a civil war. After the end of a 30-year civil war, Sri Lanka is on the path to revitalizing its economy. In this endeavour, the SME sector has been playing a crucial role in contributing to the country's economic development (World Bank Group, 2011). In Sri Lanka, the SME sector includes Micro, Small and Medium Enterprises (MSMEs) and it is estimated that more than 90% of businesses fall under the SME Sector, which contributes 52% to the GDP and provides 45% of total

employment in the country (Ministry of Industry and Commerce, 2016). Moreover, about 2.25 million people in Sri Lanka, are employed by MSMEs (Gunawardana, 2016).

The Northern Province of Sri Lanka was affected severely compared to other parts of Sri Lanka due to the civil war. After that prevailed a pathetic situation which had come to end in 2009, and vulnerable people who were in the North part of Sri Lanka, started micro, small and medium scale businesses mainly for their daily livelihood. Although MSMEs in the Northern Province have been progressively developing their businesses gradually, due to the COVID-19 outbreak, they have become vulnerable.

Although the SME sector plays a vital role as an economic growth engine of Sri Lanka, there is a burning issue that lack of adoption or obsolete or inappropriate usage of technology that results in low productivity in the business (Gamage, 2003; Kapurubandara & Lawson, 2006; Samsudeen et al., 2021). Therefore, this impelled the MSMEs in Sri Lanka to embark on adopting technological innovations for communicating with stakeholders and doing business with existing and potential customers. In this regard, these SMEs may adopt social media marketing. Therefore, deciding on adopting

social media marketing would be a wise decision. However, the studies related to technology adoption including social media marketing adoption by MSMEs lack in Sri Lanka. Rasool & Dissanayake (2019) have reviewed journal articles and industry publications to identify key factors for MSMEs in Sri Lanka in transforming businesses into digital.

Many studies have attempted to examine the factors affecting Technological adoptions (Morgan, Colebourne & Thomas, 2006; Rahman, Taghizadeh, Ramayah & Alam, 2017) from the organizational point of view as well as the consumers' point of view (Abed, Dwivedi & Williams, 2016). Yet only a few studies have focused on social media marketing adoption (Dahnil et al., 2014). Further, most studies were conducted in developed countries (Ainin, Parveen, Moghavvemi, Jaafar & Shuib, 2015; Wamba & Carter, 2016) not in developing economies and based on large organizations (McCann & Barlow, 2015) but not on SMEs (Wamba & Carter, 2016).

So far a limited number of researches are available in the contexts of SMEs, facing COVID-19 pandemic issues and social media marketing adoption (Effendi, Sugandini & Istanto, 2020). Hitherto, little notable researches have been done by academics on social media

marketing adoption by MSMEs in the Sri Lankan context explicitly (Pemarathna, 2019).

In line with the above discussions, the MSME related applied oriented and outcome-based researches in the context of technology adoption including social media marketing adoption lack in Sri Lanka. Therefore, it is intended to conduct this study by focusing on determining factors that may influence the adoption of social media marketing.

In addition, a pilot study was conducted by using an in-depth interview with four experts who are senior academics who have completed PhD in SME development, a well-tenured owner of an SME, an expert from the Department of Industries and an expert from the Industrial Development Board (IDB) to ensure whether the research problem of this study is existing and to be solved in the Northern Province of Sri Lanka. According to the in-depth interview with the experts, it was found that MSMEs in the Northern Province of Sri Lanka have little or no awareness of social media marketing adoption. The experts further continued that a solution to the MSMEs for the problem of less attention on adapting social media marketing has to be resolved through researches. In this manner, as an initial stage, exploring the determining factors of social media marketing adoption for SMEs in the

Northern province of Sri Lanka is necessary.

In the light of the research problem identified by the researcher and through the pilot study, this study aims at answering the research question “What are the factors determining social media marketing adoption of MSMEs in the Northern Province of Sri Lanka?”.

This study has the potential to make a valuable contribution by pursuing a holistic attempt to explore the factors which might influence the adoption of social media marketing in the SME context with a special reference to the Northern province, Sri Lanka.

Also, this research would be helpful for the policymakers to develop strategies to enhance the rate of social media marketing adoption among SMEs. Moreover, SMEs can get a strategic idea in adopting social media marketing to deal with the consequences of extreme events such as the COVID-19 outbreak.

## **1.2. Research objectives**

This study seeks to achieve the following research objectives:

1. To identify the factors determining social media marketing adoption of MSMEs in the Northern Province of Sri Lanka

from the theories and previous studies.

2. To explore the context-specific factors determining social media marketing adoption of MSMEs in the Northern Province of Sri Lanka
3. To develop a modified theoretical model on factors determining social media marketing adoption.

### **1.3. Literature review**

#### **1.3.1. Social media and social media marketing**

Kaplan & Haenlein (2010) defined social media as “A group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and allow the creation and exchange of user-generated content”.

Dwivedi, Kapoor & Chen (2015) defined social media marketing as “a dialogue often triggered by consumers/ audiences, or a business/ product/services that circulate amongst the stated parties to set in motion a revealing communication on some promotional information so that it allows learning from one another’s use and experiences, eventually benefitting all the involved parties”.

#### **1.3.2. Micro Small and Medium Enterprises (MSMEs)**

The Micro, Small and Medium Enterprises (MSMEs) do not have a universally accepted definition (Mc Cartan-Quinn & Carson, 2003; Ramdani, Chevers & Williams, 2013; Wong, 2012) which is defined in different ways by countries, regions and institutions within countries (Gamage, 2003). Commonly used criteria to define SMEs are the total number of employees, total investment, annual return and balance sheet.

MSMEs in Sri Lanka is defined based on two criteria such as the total number of employees and the annual turnover. A micro-sized manufacturing enterprise is one with 10 or less than 10 employees and a turnover of Rs. 15 Mn or less than Rs.15 Mn. A small-sized manufacturing enterprise is one with 11- 50 employees and turnover from Rs. 16 Mn to Rs. 250 Mn and a medium-sized manufacturing enterprise is the one with 51-300 employees and the turnover from Rs.251 Mn to Rs.750 Mn. A micro-sized service providing enterprise is the one with 10 or less than 10 employees and the turnover of Rs. 15 Mn or less than Rs. 15 Mn, a small-sized service providing enterprise is the one with 11-50 employees and the turnover from Rs. 16 Mn to Rs. 250 Mn and a medium-sized service providing enterprise is the one with 51-200 employees and

the turnover between Rs. 251 Mn to Rs. 750 Mn (Gunawardana, 2016).

### **1.3.3. Adoption of technological innovations by SMEs during COVID-19 pandemic crisis**

The outbreak of COVID-19 has caused significant havoc to SMEs with adverse effects (Aladejebi, 2020; Humphries, Neilson & Ulysea, 2020; Liguori & Pittz, 2020; Okolocha, Okolocha & Ezejiofor, 2020; Omar, Ishak & Jusoh, 2020).

In the context of the COVID-19 outbreak, many types of research have revealed that the adoption of digital technologies plays an important role in responding to the new normal situation (Akpan, Udoh & Adebisi, 2020; Fitriyasari, 2020; Guo, Yang, Huang & Guo, 2020 )

### **1.3.4. Theoretical background: factors influencing echnological Adoption Identifieda from theories / models**

Davis (1985) originally formulated the Technology Acceptance Model (TAM). TAM was formulated based on two constructs such as perceived ease of use and perceived usefulness (Davis, 1985), which can be used as determining factors of measuring users' behavioural intention in term of adopting a technology (Günther, Krasnova, Riehle & Schondienst, 2009)

The UTAUT2 model was formulated by Venkatesh, Thong & Xu in 2012. The UTAUT 2 model consists of seven factors such as performance expectancy, effort expectancy, social influence, facilitating conditions, price value, hedonic motivation and habit (Venkatesh et al., 2012) to determine the adoption of technology.

TOE framework was introduced by Tornatzky, Fleischer & Chakrabarti in 1990. TOE Framework consists of three constructs such as technological, organizational and environmental contexts to determine the adoption of technological innovation.

DiMaggio & Powell (1983) introduced Institutional Theory. DiMaggio & Powell (1983) identified three external institutional pressures such as coercive, mimetic and normative pressures which lead organizations to adopt processes, structures and strategies that others have already adopted, and thus, make them more similar (institutional isomorphism).

## **2. METHODS**

### **2.1. Research approach**

This study used an inductive approach as this study was conducted to explore factors determining social media marketing adoption in the context of SMEs.

## **2.2. Research strategy**

To conduct this study, the researcher decided that case study based qualitative data collection through in-depth interviews is more appropriate. A multiple case study investigating two or more cases gives more convincing and reliable empirical data (Eisenhardt & Graebner, 2007). Thus based on the multiple case study, this study selected 10 SMEs in the Northern Province of Sri Lanka.

## **2.3. Sampling**

The sample elements of this study are the owners or managers of SMEs in the Northern Province of Sri Lanka. Manufacturing, service providing and trading MSMEs in the Northern Province of Sri Lanka were selected as the sample unit. Under the non-probability sampling technique, the purposive sampling method was applied to select the respondents from the study population. The researcher has selected 10 cases (SMEs) in the Northern Province of Sri Lanka, holding positions such as owner or manager.

## **2.4. Time**

This study was conducted during the months from September 2020 to February 2021.

## **2.5. The research instrument**

A semi-structured interview is used in this study. Key questions

were made in advance to gain in-depth insight into the research area, and there were also some follow-up questions about interesting topics related to the research study when interviewing respondents.

## **2.6. Data collection and analysis**

In this study, primary data were used. The study was conducted in-depth with face to face and telephone interviews with respondents from SMEs in the Northern Province of Sri Lanka. Each interview took 45 minutes and was recorded and then transcribed, which contributed to a solid data collection for analysis.

The researcher has done thematic analysis to analyze the data in this study. NVivo software (version 10) as a data management tool, was chosen to conduct data analysis because it helps to graphically represent the relationships between codes (Weitzman, 2000).

## **3. RESULTS**

### **3.1 Respondents' Profile**

In this study, respondents who were either owner or manager category people were selected from different types of SMEs in the Northern Province of Sri Lanka.



**Table 1: Distribution of respondents (District Gender)**

District	Gender	
	Male	Female
Jaffna	1	2
Killinochchi	1	1
Mullaithevu	1	1
Vavuniya	1	1
Mannar	0	1
Total	4	6

There were 10 people selected as respondents of this study. According to the selection of respondents, almost equal number (1) of respondents were selected from males and females from each district except that one male and two females were selected from the Jaffna District and only one female was selected from Mannar District.

**Table 2: Distribution of respondents (position held)**

Gender	Positions	
	Owner/s	Manager/s
Male	3	1
Female	5	1
Total	8	2

According to the table, there were three males who held the position as owners and one male who held the position as a manager. Out of six females, five were owners and one was a manager. Therefore, among the selected respondents, social media marketing is handled mostly by the owners of SMEs.

### 3.2. Analysis of categories

Referring to the three research objectives, several questions were made, and answers of respondents were evaluated considering thematic analysis.

The first objective of the study is illustrated using four themes.

#### Theme 1: Perceived ease of use

In the interviews, participants often mentioned that “Easy to handle” is one of the reasons to adopt social media for accomplishing more of their marketing activities.

The followings quotations were said by the owners or managers of SMEs interviewed.

*“My employees are very supportive in social media marketing due to its simplicity. Moreover, as it is easy to operate social media, I can do the marketing myself without others’ help. [Respondent 7, Personal Interview, 2021]”*



*“When I started to market my products on social media platforms, I didn't know even how to create a business page on a social media platform. But now I feel that it is easy to handle” [Respondent 10, Personal Interview, 2021]*

She was the participant who spoke about retrieving customers' information at any time when required. This point is closely associated with perceived ease of use.

*“If the customers contact us through social media, their contact details can be recorded permanently and they can be contacted at any time” [Respondent 7, Personal Interview, 2021]*

A respondent told that due to the limited requirement of technical knowledge to handle social media, he has adopted social media marketing.

*“Even though my knowledge in social media technology is limited, I am not handicapped because my existing knowledge is sufficient to handle my business” [Respondent 5, Personal Interview, 2021]*

A respondent who was a SMEs' owner told that it was easy to become skilful at handling social media.

*“As it is easy to operate social media, I can do the marketing*

*myself without others' help” [Respondent 7, Personal Interview, 2021]*

When non-adopters are concerned, the reason for non-adoption is not “difficulty to use social media”.

*“I used a social media page a few years ago and felt that marketing through social media is cheaper and easier” [Respondent 1, Personal Interview, 2021]*

*“I didn't leave the social media, not because of difficulty in handling it but because of some others reasons” [Respondent 2, Personal Interview, 2021].*

## **Theme 2: Internal and external influencers**

Most of the participants of the study started their answers by stating the internal and external parties' influence on making them adopt social media marketing.

The following quotations are stated to substantiate this:

*“Customers, friends and society urged me often to post my products in the social media and reckon my business as high rated because of the social media” [Respondent5, Personal Interview, 2021]*

*“My employees share my posts on their personal social media pages to make me reach more” [Respondent 7, Personal*

*Interview, 2021]*

*“Some business consultants, experts and web designers, after observing me as an active marketer in the social media have come forward voluntarily to help me.” [Respondent 4, Personal Interview, 2021].*

### **Theme 3: Technological factors**

The majority of the respondents believe the security protocols in social media for conducting their marketing activities without fear. Moreover, they feel that if any risk comes in social media, it can be easily tackled.

Providing similar concern over security, a respondent who is an owner of an SME expressed as follows:

*“I have not faced any risks so far in social media marketing either in respect of job or technically” [Respondent 5, Personal Interview, 2021]*

A respondent told that she could adopt social media marketing with the available infrastructure with her.

*“No more additional infrastructure facilities that are available with me are required to market through social media” [Respondent 5, Personal Interview, 2021]*

Another respondent who was a non-adopter of social media marketing expressed his

viewpoint on why he didn't adopt social media marketing.

*“I thought that I have to invest more capital for infrastructure facilities to adopt social media marketing. I don't know how I can use social media with very few infrastructure facilities which are cost-effective” [Respondent 3, Personal Interview, 2021]*

### **Theme 4: External institutional pressure**

To adopt social media marketing, pressures may come from external institutions.

A response related to the external institutional pressure from a manager of an SME as follows:

*“My customers refer my pages often and remark that they hope to purchase more products of mine” [Respondent 5, Personal Interview, 2021]*

The second objective of the study is illustrated using eight themes as below:

### **Theme 5: Business sustenance**

In this study, most of the SMEs insisted that they have started to adopt social media marketing for their business continuity and they continued their talk about the business continuity issues due to the COVID-19 pandemic crisis.

There were four respondents (Respondent 6,7,9) who directly stated that they adopt social

media marketing for their business survival.

*“Customers view my products through social media and come home to purchase them. Thus my business goes on without any break” [Respondent 6, Personal Interview, 2021]*

*“If not for the social media, the businesses would have been closed due to COVID-19 pandemic crisis” [Respondent 7, Personal Interview, 2021]*

*“It is very difficult to carry products to supermarkets during COVID-19 and other shops. Thus social media plays an important role in sustaining my business” [Respondent 8, Personal Interview, 2021]*

*Business sustenance is possible through social media during this COVID-19 period. [Respondent 9, Personal Interview, 2021]*

#### **Theme 6: Usage of Smart Phones**

The usage of smartphones induced SMEs to adopt social media marketing to get various benefits.

The data given by a respondent related to the usage of smartphone in the adoption of social media marketing is given below:

*“As I always possess a smartphone with me, I’m ever*

*ready to respond to customers’ request. [Respondent 7, Personal Interview, 2021]*

#### **Theme 7: Observability of market happenings**

A respondent who was an owner of an SME strongly believed that she could observe the competitors’ moves in the social media platforms.

*“I often observe the competitors’ products in the social media. Then I come to know to what extent I can supply trendy products” [Respondent 4, Personal Interview, 2021]*

Similarly, another respondent commented as follows:

*“Many of my competitors are already doing business through social media. So the customers compare my business with others in the social media and prefer mine” [Respondent 10, Personal Interview, 2021]*

#### **Theme 8: Links among social media platforms**

Links are existing among social media platforms to optimize the usage of available social media platforms.

A respondent’s response regarding the link among social media platforms was extracted from the interviews

*“from a social media platform, we can verify what type of business product or service trend is expected by the customers. With such knowledge, the products can be sold according to the demand” [Respondent 4, Personal Interview, 2021]*

By abiding by the response given by the above respondent, another respondent stated that:

*“I usually observe the current trend in Pinterest and promote my business through Facebook and WhatsApp” [Respondent 9, Personal Interview, 2021]*

#### **Theme 9: Unique features**

The respondents revealed that because of the unique features available on social media platforms, they had the intention to adopt them.

A respondent revealed that language is not a barrier handle social media.

*“Though I don’t know the English Language, in the social media I handle social media page in my mother tongue (i.e. Tamil language). Customers who know only Tamil language deal with me without any hesitation” [Respondent 6, Personal Interview, 2021]*

A respondent came out with her points by saying that a feature of social media induced her to adopt social media marketing:

*“There is a feature called “insights” in Facebook. I do the market research through it and collect information in a summary and observe customers’ responses” [Respondent 9, Personal Interview, 2021]*

#### **Theme 10: Two-sided benefits**

SMEs benefit from social media marketing adoption in two ways such as customer-side benefits and business-side benefits

To support the customer- side benefit, a perceived customer side benefit is “Increasing customer base” which was supported by several respondents.

*“After our product became popular we were able to increase sales and increase our customers not only locally but abroad, too” [Respondent 4, Personal Interview, 2021]*

*“I embarked upon social media marketing to enhance customers. It has helped me to popularize my business among foreign customers and export goods to them” [Respondent 5, Personal Interview, 2021]*

*“My main purpose of adapting social media is to increase the number of customers for my business.” [Respondent 7, Personal Interview, 2021]*

SMEs view the customer-side benefits in terms of building customers’ trust through social media marketing.

***“I was awarded Lanka Achievers’ award last year. By posting the recognition on my page on social media I was able to attract more and more customers who trusted me” [Respondent 3, Personal Interview, 2021]***

Few respondents told that through social media marketing, they could get feedback from customers very quickly. Their responses as follows:

***“It becomes possible to expedite customers’ contacts and get customers’ feedbacks quickly” [Respondent 6, Personal Interview, 2021]***

***“When I market products through social media I can get customers’ feedbacks soon” [Respondent 8, Personal Interview, 2021]***

***“I get quick feedbacks for my social media postings and I am enthused to become famous in future through social media” [Respondent 10, Personal Interview, 2021]***

Another customer-side benefit expressed by the respondents was trace customers’ expectation which is more accurate and useful to plan for business.

A respondent who was an owner of an SME told about tracking customers’ needs and desires through social media.

***“Due to the close contacts between my customers and social media I can know customers’ needs and desires” [Respondent 6, Personal Interview, 2021]***

As a business-side benefit, SMEs believed that they could get benefits in terms of enhancing the business productivity, leveraging customers to the business website and handling multi-business simultaneously.

***“I have become keen to improve my products and I am doing so” [Respondent 6, Personal interview, 2021]***

A respondent who was an owner stated that she was induced to enhance her business.

***“I have registered my business and have a physical outlet. But more than 90% of my orders for my products and services are received from social media and I can enhance my business substantially by carrying it out by practical means” [Respondent 9, Personal Interview, 2021]***

A respondent who has a business website optimizes customers from social media business page to the business website.

***“I have a website for my business. People who prefer to buy through online service do so through credit card or debit card. Our website link is inserted in our social media pages. Thus***

*the number of customers who purchase through our website has increased” [Respondent 4, Personal Interview, 2021]*

*“I can induce customers to visit my business website by marketing through social media” [Respondent 8, Personal Interview, 2021]*

Similar to respondent 4, a respondent gave the response as follows

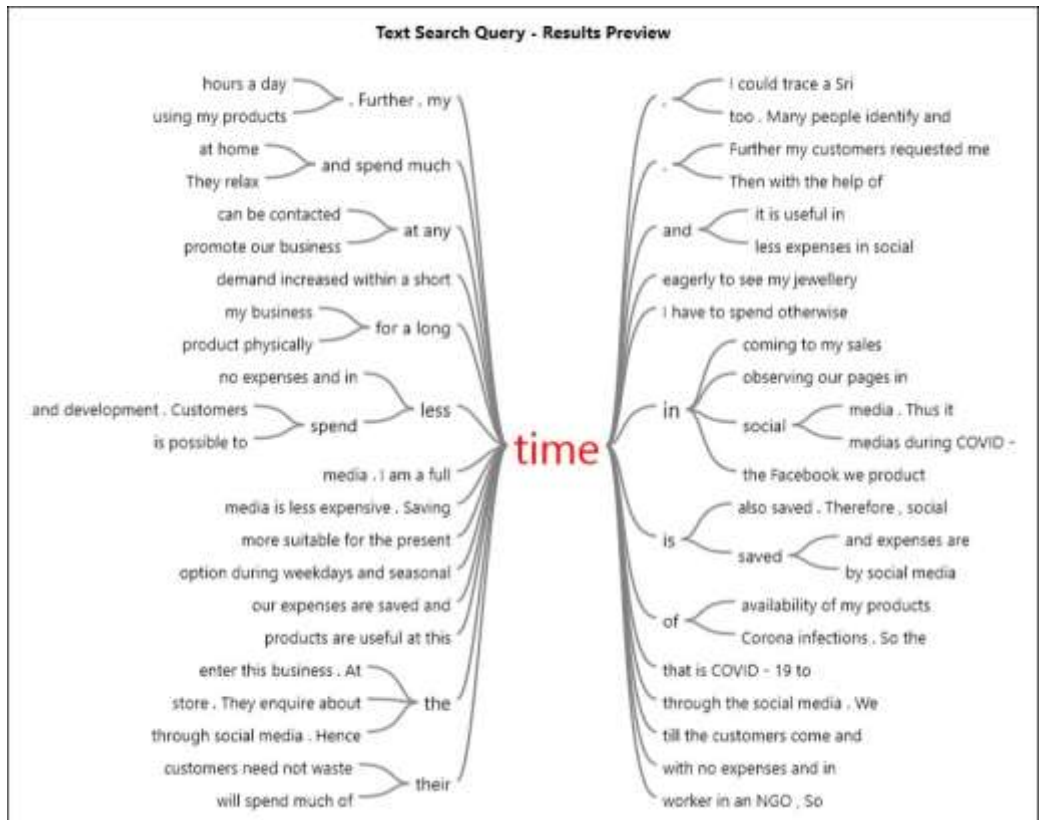


Figure 1: NVivo Word Tree- Time



**Theme 11: two-way cost reduction**

SMEs are benefitted in two ways (1) money saving (2) time-saving. Due to the adoption of social media marketing, cost-effectiveness in terms of money and time was found from the interviews with SMEs.

A responded told that she is benefitted from cost-effectiveness in terms of money and time.

*“It is possible to spend less time and fewer expenses in social media marketing. Further, investment in marketing is much less” [Respondent 5, Personal Interview, 2021]*

Similar to the above respondent, another respondent revealed her answers as follows:

*“I can boost my business in a wide range with only a little expense. I can reduce my losses by timely preparation of products as it becomes possible to ensure the actual demand through social media” [Respondent 9, Personal Interview, 2021]*

A respondent stated that the cost-effectiveness in term of money and time induced her to adopt it.

*“I invested only a small amount when embarking on social media marketing (i.e. internet connection, data cost). Our products can be easily introduced to customers without*

*any initial expenses through social media. Further, my time is saved by social media marketing” [Respondent 7, Personal Interview, 2021]*

A respondent expressed her viewpoint in terms of cost-effectiveness especially for advertising through the social media platforms

*“By making use of the Ads option during weekends and seasonal time in the Facebook we do our business with fewer expenses to reach many customers” [Respondent 10, Personal Interview, 2021]*

According to the responses taken from non-adopters of social media marketing, they shared their view on social media marketing by insisting on the cost of adoption.

*“I felt that social media is a technology-related platform, it may be the unbearable cost to adopt. But after you explain the basic aspects of cost savings through the social media marketing, I am willing to adopt it” [Respondent 2, Personal Interview, 2021]*

**Theme 12: New normal context**

All the responses related to the new normal situation which induced the SMEs to adopt social media marketing include the COVID-19 was the main inducing factor to adopt the social media marketing.



A respondent told the consequences of COVID-19 in his business field and why he adopted the social media market in an interesting way

***“It is very difficult to carry products to supermarkets during COVID-19 and other shops. But local and foreign customers view my social media pages and place orders and credit advances to my bank account. I then transport their required products by buses or courier” [Respondent 8, Personal Interview, 2021]***

A respondent told that due to the negative effects of COVID-19 she faced problems and how social media marketing made her overcome those negative effects

***“Even though businesses are dull due to COVID-19, it has become possible to observe customers’ responses through social media perpetually and maintain ties with customers.” [Respondent 6, Personal Interview, 2021]***

An interesting answer was received from a respondent who was a manager of an SME as follows:

***“Only after corona erupted, I felt the need to do the marketing through virtual media. Only four months back I started doing my marketing based on social media because the situation has***

***compelled people to purchase products from their homes through social media” [Respondent 10, Personal Interview, 2021]***

A response was taken from a non-adopter of social media marketing as follows:

***“Due to the COVID-19 situation only I have realized the importance to have the business both on the physical market and virtual market like social media marketing.”***

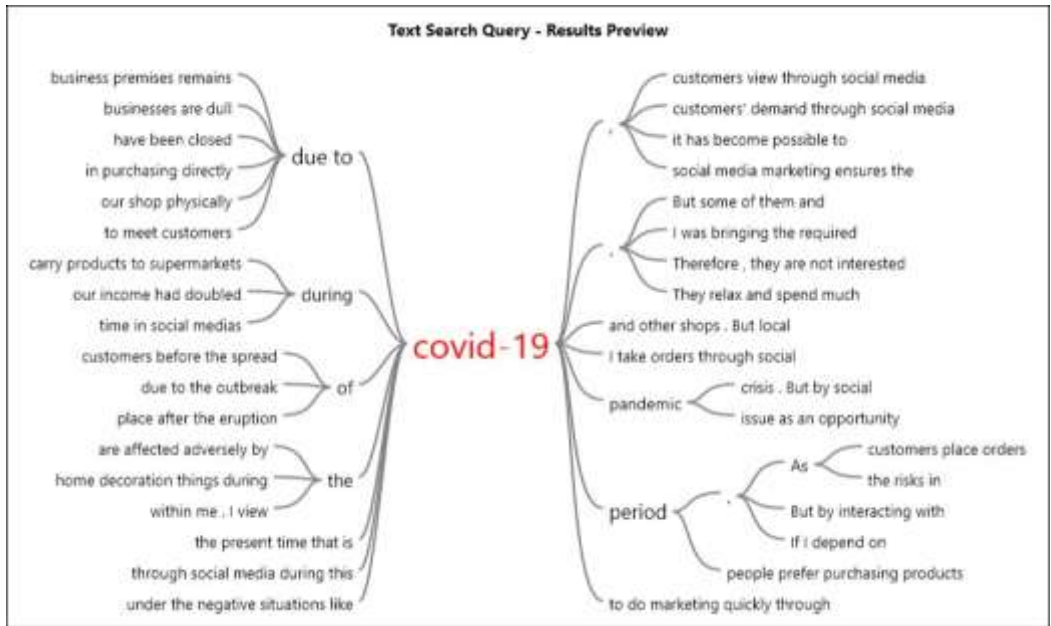
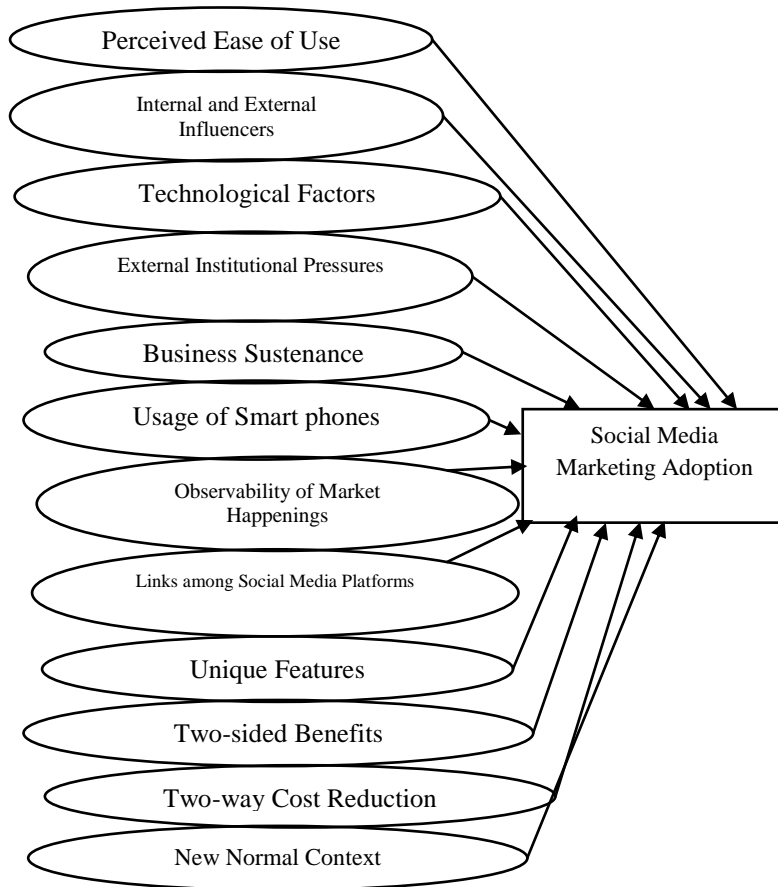


Figure 2: NVivo Word Tree- COVID-19

The third objective of the study can be illustrated using the

following framework which was developed by the researcher.



**Figure 3: Theoretical model of social media marketing adoption**

#### 4. DISCUSSION

In the past studies, there were several studies carried out in the field of marketing on the factors influencing the adoption of various technological innovations such as cloud computing (Alshamaila, Papagiannidis & Li, 2013), e-collaboration (Chan, Chong & Zhou, 2012), Inter-Organization System (IOS) (Fu, Chang, Ku, Chang & Huang, 2014) and so on. Moreover, in the SME sector, there were considerable studies carried out

to identify the factors that influence the adoption of social media marketing (Chatterjee & Kumar Kar, 2020; Effendi et al., 2020).

In this study, the researcher has identified four determining factors of social media marketing adoption such as (1) perceived ease of use (2) internal and external influencers, (3) technological factors (4) external institutional pressures which were already proved in the past studies in the context of SMEs.

Moreover, in this study, eight more new factors are influencing the social media marketing adoption by the SMEs in the Northern Province of Sri Lanka identified from the in-depth interview data. Those newly identified factors were (1) business sustenance (2) usage of smartphones (3) observability of market happenings (4) links among social media platforms (5) unique features (6) two-sided benefits (7) two-way cost reduction and (8) new normal context.

The Factors determining the adoption of social media marketing are discussed below:

#### **Factor 1: Perceived ease of use**

Social media marketing is user friendly and it paves benefits for easily retrievable customers' information, easy imparting of training to employees and ease of promotion. A finding of this study is supported by Ahamat, Ali, & Hamid (2017) and Salloum, Mhamdi, Al Kurdi & Shaalan (2018).

#### **Factor 2: Internal and external influencers**

When adopting technological innovation, information sharing attitude and users' behaviour are highly affected by social influence. Family members, friends, society, relations, known people, neighbours, customers, business consultants, experts and

web designers act as the internal influencers who influenced the SMEs (adopters and non-adopters) to adopt social media marketing. AlSharji et al. (2018) found that organizational constructs had a significant effect on social media adoption. Based on this study, employees, business partners are the internal organizational influencers who induced the SMEs to adopt social media marketing.

#### **Factor 3: Technological factors**

Technological factors focus on technological aspects of a technological system. The protecting features (i.e. privacy, blocking, security settings) available in the social media platform are used by SMEs nowadays to tackle these risks.

Compatibility is considered an essential factor for SMEs and they could adopt social media marketing with the existed basic technological infrastructure. Ahmad, Bakar & Ahmad (2019) found the result that compatibility as one of the technological factors has a significant influence on an SME's decision to adopt social media.

#### **Factor 4: External institutional pressures**

External institutional pressures lead to the organizational structure and actions. The three environmental pressures are coercive, normative and mimetic pressures (Scott & Christensen,

1995). The coercive pressures to adopt social media marketing appears due to the suppliers' presence in the social media platforms and government authorized and non-government organizations or departments. Moreover, firm-supplier association, firm-customer association and customer-social media association are identified as normative pressures to the SMEs in adopting social media marketing. Further, the competitors' presence is also a pressure for the SMEs to adopt social media marketing.

#### **Factor 5: Business sustenance**

Under the negative situation due to the COVID-19 pandemic, adopters and non-adopters of social media marketing opine that depending only on the physical way of marketing rather than a virtual way of marketing (including social media marketing) is not practicable during this COVID-19 pandemic. Therefore, they realized the importance of social media marketing to sustain itself in the market without any break.

#### **Factor 6: Usage of smartphones**

Nowadays, From the customers' side and markers' side, there is a great use of smartphone which allows both the parties (customers and marketers) to get benefits in various ways. Due to this heavy usage of smartphones, marketers (SMEs in this study) also feel comfortable accessing

social media for marketing purposes and customers access marketers at any time to place orders, inquire about the price of the products and ask for other information at any time.

#### **Factor 7: Observability of market happenings**

The factor "Observability of market happenings" was identified from the interview where the respondents answered from the perspectives of themselves and customers. Say for examples, how far customers observe and compare businesses and to what extent marketers observe customers' responses and competitors' activities.

#### **Factor 8: Links among social media platforms**

Due to the link among social media platforms, SMEs were induced to adopt social media marketing. After identifying the trends in one social media platform (say for an example, from "Pinterest" which is a social media platform, burning trends among customers can be identified), SMEs could sell appropriate products according to the preferences of customers in another social media platform.

#### **Factor 9: Unique features**

SMEs adopt social media marketing because of the available unique features such as analytics, ads, multi-language

usage, messaging phase, insights and so on.

#### **Factor 10: Two-sided benefits**

The two folded benefits induced SMEs to adopt social media marketing. One is customers' side benefits (i.e. attracting customers, expediting customers' contacts, increasing customer base locally and globally, building customers' trust, tracing customers' expectations etc.) and the other is business side benefits (i.e. handling multi-businesses simultaneously etc.)

#### **Factor 11: Two-way cost reduction**

Due to the adoption of social media marketing, cost-effectiveness in terms of money and time was found from the interviews with SMEs. Although financial cost (money cost) has been already proved in past studies (Chatterjee & Kar, 2020), time cost reduction is also found in this study as a determining factor for SMEs for the adoption of social media marketing.

#### **Factor 12: New normal context**

After the eruption of COVID-19, due to the new normal situations, customers prefer to search the products and place the orders through social media platforms while they are at home or office. As businesses are dull due to the outbreak of COVID-19, SMEs which are the adopters of social media marketing intensified their

marketing activities on it and those who are the non-adopters have realized the importance to adopt it. Respondents who are the adopters of social media marketing view the COVID-19 pandemic as an opportunity to increase customers, sales and profit in a definite way.

### **5. CONCLUSION**

The present study explored the determining factors of social media marketing adoption, appropriate to a unique context (The Northern Province of Sri Lanka).

The interview data have been processed through qualitative thematic analysis by coding the similar data chunks into two steps (i.e. first cycle coding and second cycle coding). After that, the main themes were identified. In the initial coding phase, the researcher found 357 initial codes. In the second phase, which was the axial coding phase, 52 categories were identified. At the next phase of analysis, 12 major themes such as perceived ease of use, internal and external influencers, technological factors, external institutional pressures, business sustenance, usage of smartphones, observability of market happenings, links among social media platforms, unique features, two-sided benefits, two-way cost reduction and new normal context were identified as the factors determining social media marketing adoption by the

SMEs in the Northern Province of Sri Lanka.

This study can be a base for future studies in this field of research. However, the depth of the effects in the other parts of Sri Lanka would be different compared to the Northern Province of Sri Lanka. Therefore, it would be interesting to replicate this research in a wide variety of MSMEs spread over other provinces of Sri Lanka and other countries, to facilitate generalization of the results and comparison of results between other parts of Sri Lanka and other countries. Nevertheless this study is qualitative and explorative in nature and does not claim any generalizability.

This study was done in a qualitative way of Exploratory Factor Analysis (EFA). Future researchers can conduct a quantitative way of Confirmatory Factor Analysis (CFA) to confirm the explored factors from this study in the same context (The Northern Province of Sri Lanka) or else in other parts of Sri Lanka.

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