

Impact Of Social Media On Entrepreneurship Growth: A Case Of Lahore, Pakistan

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Abstract: This manuscript has been written for the proven of the relationship of social media and entrepreneurship growth in Pakistan specifically in Lahore. This study raises different questions about the use of social media in the third world country, where technology and its literacy arrives late as compare to the rest of the world. The research was conducted to observe the difference between entrepreneur's growth who are using social media for the promotion of the products & services, and who are not using. This study used regression analysis to investigate the impact of social media on entrepreneurial growth. The study clearly concluded that the companies of Lahore who are on social media are more popular among the masses as compare to those who are not using internet for the advertising purpose.

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Introduction:

Entrepreneurs are defined as person who can identify a situation, determine the prospects and use those opportunities after proper assessment. Entrepreneurs are known as separate identity that has started their own business, in assembling and manufacturing for the product. This study investigates and concludes the empirical literature on the influence of social media on the commercial growth of businesses run by individuals.

The internet is playing crucial role for the growth of business by using different tools of social media, for example Facebook, twitter etc. Millions of people are using social media not only daily basis but on hourly basis, so it is considered a good source to publicize their business among general mass (Qualman, 2009). But it also has changed a lot the entire system of business world, as it creates direct relationship with customers and company personals for instant feedback of the products and services. It builds both positive and negative impact of business in the corporate world. Therefore companies face appreciation and criticism both in very short time period (Postman, 2009). Here the question arises that whether internet playing important role in positive or negative manners as compare to that era when internet was not available or it was rare to use, because of instant response of the users. Big firms with heavy budget are well aware the importance internet and its fast communication around the world by using YouTube, Facebook and Myspace for their brands (Mangold & Faulds, 2009).

According to Kantar Media top ten French advertisers have been diverted their advertising towards internet rather on television or any other source. It means internet is getting importance on television nowadays. Currently Entrepreneurs are using social media for multipurpose, they are using it for not only selling but also as customer awareness and relationship managing tool.

Although there are a lot of benefits has been discussed about the internet and social media for the growth of the business for the entrepreneurs but still it has to prove its credibility for the benefits of the business and the individuals who are running that business (Miller, 2010; Sterne & Egger, 2001).

There are two school of thoughts are exist up till now, one who are strongly in the favor of using internet for the promotion of their product while bringing innovations and new horizons for the instant feedback from the customers. The practical example has been seen through the case study of the private firm established by (Zacharias et al., 2010) experienced a positive illustration for the company, as they publicize their product through face book and you tube and got great result in response. Whereas other school of thought not considered social media as important as other are taking, according to them it is not serious platform to discuss and promote products here. As anybody can comment and criticize the product without any permission and authenticity (Dunn, 2010). small and medium enterprises are playing vital role for the promotion of the product and for the building of good relationship with their

customers, as it is affordable and easy to access by any company with heavy and low budget for the advertising (Zacharias et al., 2010) the basic purpose of social media to advertise the products and awareness about the things among general mass.

The purpose of this research to determine the importance of social media for the promotion of the products in the world of business. Specifically, this paper tries to open the fact about the products and role of internet SME's of Pakistan. This article will help to the policy maker of the small and medium enterprises to make the policies about their companies at national and international level. This study helps to take decision about the importance about the social media for the SME's as compare to large companies. However, the role of social media by small and medium enterprises is still need to be discovered. The need of businesses to develop meaningfully has become a reality, with the help of Web tools. Social networking is being credited for being a medium that has increased contacts, accelerated business operations, enhanced customer relationships with entrepreneurs, low or discounted prices, and hiring of competent intellectuals (Jagongo & Kinyua, 2013). The use of social media provides power to Small Medium Enterprises, because it has developed tools for creating and attaining a sustainable competitive advantage. This media is one of the many tools and therefore research is required to understand the impact that it has on the progress of SMEs. The use social media at global level has changed the whole scenario forcing many businesses to extend to where their customers/consumers are paying close attention. Currently, the core of customer activity is becoming virtual, located inside a social media or such networking site (Heller Baird & Parasnis, 2011).

The entrepreneurs rely on certain methods in business to meet the requirements of societies. Different researchers found that social media has been useful in many businesses and also given significant benefits and encouragement to entrepreneurs. (Hite & Hesterly, 2001) explored in their study that social media has helped in increasing profits from investments and also given growth to the businesses, especially for new companies. All these examples highlight the importance of vital role by factors such as social networks, can play in entrepreneurship.

Objectives of the Study

- To determine the effect of social media on the entrepreneurship growth.

Literature Review:

There are many businesses of small and medium enterprises running by individuals now converting their advertising management on internet through face

book and you tube etc. For the betterment of the business and their products promotion social media is considered very fruitful and helpful because it creates direct relation with the masses and they can leave their comments to make better product according to their requirement. Mark Zuckerberg founder of Facebook also in the favor of social media because of its fast growing information through shrinking world in to global village and advertise the product instantly. This is hour to realize for upcoming business men to utilize fastest internet technologies for the promotion of the product (Maymann & Rolsted, 2008). It is considered that social media not only attracts to the existing customers but it also grabs the attention of the potential customers to develop their interest about their product (Mangold & Faulds, 2009).

Customer relationship management is very important tool for the progress of any business as it is considered as back bone of the business. Earlier customers were given privileged their choices by their liking and disliking of products, but now social media has made everything easy for taking decisions and making better products for their existing and potential customers (Samb et al., 2010). Social media has made life very convenient that existing and potential customers can give opinions and their customized wishes to help company managers to make their product and services better (Evans, 2010). Now trend is changing a lot as companies are more focusing on hiring of those employees who can understand of using social media for the betterment of the products and services to make strong relationship with their products. The need of the hour is to provide latest technology, Internet to their employees that they can help their customers to meet their utility level at optimum (Evans, 2010). Social media has made life easier as employees can improved their products with help of comments of people but at the same time people can destroy the good will of the company's products and services to boost their rival's products and services through bad wording (Pantti, Wahl-Jorgensen, & Cottle, 2012).

Social media plays another important role by bringing innovation in their business and products. The use of social media gives new thoughts and ideas to discover new horizons of their product through new technologies and other experiments according to their customers demand (Evans, 2010).

According to the feedback of the costumers and consumers services and products can be improved and dreams can be transforming into reality which cause growth of the financial assets and growth of business as well. Vivid and clear results are shown in those businesses who are now transforming themselves towards Social media for the advertising of the products. Now a day's both companies and customers

have transferred themselves to internet for the discussion forum on regular and fastest communication, as instant response received by companies are more fruitful to bring changes according to world's standard and demand. On spot response are appreciated and encouraged in business world for bringing innovations and fruitful results according to demand (Papasolomou & Melanthiou, 2012).

Today Social media is an evolution of internet which was initially created as a channel or medium to exchange information between the users (Kietzmann, Hermkens, McCarthy, & Silvestre, 2011). Networking dates back to 1980s with the name of Bulletin Board Systems (BBS). This BBS permitted the users the software and data that is shared and also allowed them to send messages from one individual to another (private) and messages that can be posted on public boards (Zarella, 2009).

Social media networking sites are world wide web based services that allow one person to make a profile that is public or it can be semipublic profile also within a system that is bounded (Valenzuela, Park, & Kee, 2009). Ancu and Cozma (2009) expresses it as group in which there are many other users and with them they share a connection, and view and go over their list of own connections and also go through the lists of others users that are in the same system. The idea and terminology of these connections differs from on site to another site. The social networking sites that are utilized today are Facebook, Instagram, LinkedIn are among many others. Each site plays a special impact in their strategy. Through Facebook, publicity of the product is very cheap and easy to handle for the companies (Ellison, 2007). Another source of communication is checkmyhead.net. Companies can visit online social networks. On the other hand BLOGS are the source to write complete information about the product and services, people have equal chance to speak about the pros and cons of the product. Once the company has a "Fan" or "Friend" they try to attract their fans through different methods, for example special discount available on online shopping, and company uses YouTube as a channel to provide video tutorials to facilitate their customers at their door step. They also made videos about their product knowledge which become viral on internet and different social media (Brown, Broderick, & Lee, 2007). The company uses Twitter in two very different forms: in one side they monitor what people say about the company in social networks on the flip side they promoting all the other social tools. "Twitter is especially more convenient and easy to use, because there is no need for sending friend request first to write comment for the product or

service of the particular company. The use of twitter and Face book things become viral on internet.

Research Design And Methodology:

Build a strategy and build to explore the responses of the questionnaire (Rose et al., 2008). To see the result of the effect this tool on the progress of SMEs, the design of evocative investigation will be used. The target populations of this study will be SMEs in Lahore, Pakistan.

The details aimed at selection are due to reduced costs, collection speed in speed from population. Random sampling is used. This pleases the law of numerical symmetry, which says that if a sample is chosen randomly, on average, it will have the same physiognomies and configuration of the populace (Rose et al., 2008). This ensures that all entity had an the same chance of selection and thereby avoid a biased selection.

A structured questionnaire was administered to 300 SME managers. The questionnaire includes both closed questions to improve the issues of uniformity and open to ensure that the maximum data was collected. For the purpose of confirming factor analysis of the validity of the data was performed using the PCA technique while using the methodology of Varimax rotation. The results of this method are presented in Table 1, 2 and 3. I used two techniques was a KMO measure of adequate sample and the other was Bartlett's sphericity test to confirm if my data is quite reasonable to apply this analysis. KMO of techniques shows the level of force between variables while Bartlett technique refers to separate the information contained in the built data elements. These above techniques reduce the large data size for a reduced number of data.

Methodology of KMO said the legitimacy of the data for the application of factor analysis. Its values range from a minimum of 0 to a maximum of 1. The closer it is to zero the amount of dispersion is greater in data correlation and principal component analysis cannot be performed. The farm is one tells us that the correlation factor is compact. The basic rule is that the values down 0.5 or less are poor, 0.6 is acceptable and values above 0.6 or closer to it are better and wanted.

Bartlett test of Sphericity is done to verify the importance of the relationship between the elements of analysis in major construction components cannot be executed if there is no relationship between the data elements. Null hypothesis of no correlation is assumed. In this test values below 0.05 was considered as the best value for the correlation.

Result and discussion:

In Table 1 the results of KMO measures adequate sample show the level of acceptance of values, social

media is 0.888 and entrepreneurship, it is 0.792, between 0.6 and 0.7 is better, any value falling nearly 1 is good but when a value falls to 0.500 or below, then it is poor in terms of acceptance. In Table 1 in the case of social media and entrepreneurship, the significance level drops below 0.001, which is less than 0.05, which proves the null hypothesis of no correlation in data and now I can continue with analysis. In Eigen values general rule is that values above 1 are used for further analysis. Eigen value says

Age % of a single component on all components. It shows the level of variance. Table 2 contains Eigen values of all components and the total variance explained. Eigen values of all components are greater than 1. A component was extracted at a time of both components using the extraction method of the principal component analysis. Social media which consisted of 15 items showed 69.252% variance, entrepreneurship with 10 items showed 72.727% variance.

(Table # 1)

Constructs	No. of Items	KMO Measure of Sample Adequacy	Bartlett's Test of Sphericity Chi-Square	Bartlett's Test of Sphericity Sig.
Social Media	15	.888	1005.157	.000
Entrepreneurship	10	.792	1128.97	.000

KMO and Bartlett's Test

(Table # 2) Eigen values and Total Variance Explained

Constructs	Components	Total	Initial Eigen values	
			% of Variance Explained	Cumulative % of Variance Explained
Social Media	Comp1	6.225	69.252	69.252
Entrepreneurship	Comp1	7.936	72.727	72.727

Factor Loading/Component Loading

In order to load all the elements minimum value must be greater than 0.40 and in the case of transverse loading members maximum level can be 0.40. In the case of two components of the higher value will be the main component. Table No. 3 of the matrix component shows the values of both components with all elements load values. In the case of social media with 15 items, different load factors are presented in

the table, ranging from 0.831, 0.864, 0.848, 0.887, 0.847, 0.852, 0.877, 0.813, 0.832, 0.818, 0.851, 0.907, 0.921, 0.783.911 In case of entrepreneurship with 10 items load factors vary from 0.723, 0.693, 0.607, 0.781, 0.657, 0.772, 0.594, 0.655, 0.661.627 and Social media factor loadings and entrepreneurship are presented in the following table. All load factor values of all components is greater than 0.40.

(Table # 3)

#	Social Media	SM
1	Social media sites that you use frequently.	.831
2	You able to get all the required knowledge of product/service.	.848
3	You have positive or negative perception about a product or service prior purchase?	.887
4	You look out for the information on social media before buying something.	.852
5	Social media has effect on you regarding any purchase?	.877
6	Social media advertisement influences you to buy new thing.	.813
7	Social media is a great medium to attract new or old customers.	.832
8	You depend on the data available on media if you have any uncertainty about shopping.	.818
9	Social media help you change initial purchase.	.851
10	You share comments with family or friends after making the purchase.	.907
11	Positive comments convince you purchase something?	.921
12	Social media's positive comment affect you purchasing behavior.	.783
13	Social media is a great forum for communication among peers.	.911

	Entrepreneurship	ENT
1	You use any social media website for business purpose.	.723
2	Social media is beneficial for your enterprise.	.693
3	I will use social media in future for my entrepreneurial purposes.	.607
4	Social media increased my product or service sale/demand.	.781
5	Your company has a presence on all of the popular social-media networks.	.657
6	You post new content regarding a product or service on social networks.	.772
7	You support social media to provide customer service.	.594
8	You think social-media followers can be converted into customers.	.655
9	The use of social media increased market share for your company.	.627
10	You think social media is a new paradigm for entrepreneurship growth.	.661

All the above tables prove the validity of data.

(Table No.4) Demographic Profile of Respondents:

Respondents Demographics	Frequency	%
Age		
○ Under 18	18	6
○ 18-21	18	6
○ 22-25	44	14.7
○ 26-30	74	24.7
○ 30+	120	40
○ 40+	14	4.7
○ 50+	12	4
Gender		
○ Female	70	23.3
○ Male	210	70
Qualification		
○ Graduate	70	23.3
○ Post Graduate Level	212	70.7
○ Post Master Level and Above	6	2
Income Level		
○ Rs. 20,000/-	42	14
○ Rs. 21,000 - 30,000/-	130	43.3
○ Rs.31, 000 - 50,000/-	110	36.7
○ Rs.51, 000 - 75,000/-	2	.7
○ Rs. 75,000/- and Above	4	1.3
Missing	44	

Descriptive Statistics of Survey Items:

This study was based on survey of 2 items. The minimum and maximum values fall between 1 and 5.

Table # 5 also shows the number of respondents on a particular item. Mean values in all components range from 3.59 to 4.52. Values of standard Deviation fall between .709 and 1.313.

Table # 5 Descriptive Statistics

Items	N	Min	Max	Mean	Std Deviation
Social Media					
Social media sites that you use frequently?	288	1	5	4.45	.737
you able to get all the required knowledge of product/service?	300	1	5	4.43	.748
You have positive or negative perception about a product or service prior purchase?	294	1	5	4.27	.841
You look out for the information on social media before buying something?	288	1	5	3.92	1.034
Social media has effect on you regarding any purchase?	294	1	5	4.07	.967
Social media advertisement influences you to buy new thing.	272	1	5	3.77	.916
Social media is a great medium to attract new or old customers.	270	1	5	3.27	.916
You depend on the data available on media if you have any uncertainty about shopping.	299	1	5	3.93	.916
Social media help you change initial purchase.	281	1	5	4.16	.916
You share comments with family or friends after making the purchase.	283	1	5	3.53	.916
Positive comments convince you purchase something?	276	1	5	3.25	.916
Social media's positive comment affect you purchasing behavior.	271	1	5	4.21	.916
Social media is a great forum for communication among peers.	288	1	5	3.77	.987
Entrepreneurship					
You use any social media website for business purpose.	292	1	5	3.59	1.123
Social media is beneficial for your enterprise.	290	1	5	3.80	.966
I will use social media in future for my entrepreneurial purposes.	292	1	5	3.65	.932
Social media increased my product or service sale/demand.	292	1	5	3.49	1.123
Your company has a presence on all of the popular social-media networks.	292	1	5	3.60	.966
You post new content regarding a product or service on social networks.	296	1	5	3.62	.832
You support social media to provide customer service.	292	1	5	3.54	1.313
You think social-media followers can be converted into customers.	288	1	5	3.61	.946
The use of social media increased market share for your company.	290	1	5	3.34	.923
You think social media is a new paradigm for entrepreneurship growth.	294	1	5	3.71	.956

(Table #6) Reliability Analysis:

Constructs	N	Number of Items	Cronbach's Alpha
Social Media	294	15	.870
Entrepreneurship	294	10	.777

Reliability analysis is done to check the internal consistency of the measures. In table number 5 Cronbach's alpha values are varying from 0.777 to 0.870. If the value is closer to 1 than it's considered

reliable. SM' Cronbach's alpha = 0.870, ENT's Cronbach's alpha=0.777.

Regression Analysis:

Entrepreneurship Growth is a dependent variable.

Regressor	Coefficient	Standard Error	t Ration
Constant	-0.005	0.037	-0.18
Social Media	0.69	0.023	23.09*

(Table # 6.1)

R2	Adjust R2	F Statistics	Prob of F Statistics
0.66	0.65	455.259	0.000

Significance of the coefficient at less than 1%. Results of Regression analysis in Table No.6 shows the effect of social media on entrepreneur's business growth. Analysis shows the effect of social media on entrepreneurship growth is 0.69. This effect is positive and significant at less than 1%. Valued of Adjusted R2 0.65 F test (F Statistics 455.259) and P value 0.000 reflects the effect of variable of social media is good. Overall findings support this theory. The finding of study is that most entrepreneurs are well aware of importance of social media and social networks for staying in contact with customers, suppliers to make their brand well aware around the globe. It ultimately helps business owners to strive for the best and improve the quality of their products. Even the data analysis support that, there is positive relationship of social media and entrepreneurs as well. Social media is the source not only to generation of awareness of the product but they can also create a platform to get feedback of products instantly.

Conclusion & Recommendation:

From the research is proved that mostly entrepreneurs are not well aware about the importance of social media. They are still working on orthodox style. But those who are accepting and using modern ways of the world are gaining growth when it comes to their business sales or market share. This study supports that social media helps in removing boundaries and makes the product or service popular around whole world.

On the foundation of these findings we recommend that such regulations and policies should be formulated that enables or support the culture of the use of social media more productive and easy. Social media should be free of all factors that make its use difficult, because in future the use of social media for business purposes will be a key of success.

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