



Enhancing Entrepreneurial Ecosystems in India: The Pivotal Role of Social Media in Fostering Small Business Growth

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ABSTRACT

In today's business landscape, social media networks have become indispensable for driving growth and expansion. While initially prominent among larger corporations, social media has increasingly become a crucial factor in the success of small businesses over the past several decades. As a result, the influence of social media extends across all sectors, including start ups, small enterprises, and large organizations. Its far-reaching impacts can be observed in various aspects of business operations, such as recruitment strategies, marketing initiatives, and customer relationships. This phenomenon has been anticipated globally. Nevertheless, the primary objective of this study is to investigate the notion of social media, identify the growth drivers of small organizations, examine the impact of social media in India, and explore the correlations between information systems and management sectors, specifically focusing on social networking for business growth. Furthermore, the successes achieved through social media involvement in developed nations serve as notable examples; however, it is equally important to recognize the approaches employed by developing countries like India to achieve significant progress. To better comprehend the role of social media in small business growth, this investigation employs a qualitative analytical framework, highlighting the diverse facets of social media and their influential characteristics for small businesses.

KEY WORDS

Social Media, Impact on Small Scale Business, Growth, MSMEs.

INTRODUCTION

Social media is experiencing rapid growth globally, with user numbers increasing exponentially each year. Notably, India's youthful demographics have contributed to significant expansion in recent years. Facebook has reported a substantial 54% annual increase, identifying India as a primary driver of its growth. Additionally, other social networks like Twitter are gaining traction, boasting over 20 million users. The proliferation of smartphones in India has concurrently facilitated the development of social media platforms. According to a recent report by Peer Reach, Facebook boasts 31 million active daily users in India who access the platform via mobile devices. While Facebook, Twitter, and Google+ remain prominent social media platforms in India, Pinterest and Instagram appear to have limited presence in the market.

In just three short years, the internet reached one million subscribers, while commercial TV took 13 whole years! And when it comes to social media, Facebook and Twitter blew up even faster - 50 million users in just one year, and 9 months respectively! It's evident that social media has grown into an unstoppable force, creating amazing potential for small businesses and entrepreneurs.

Since its inception, social media has been hailed as a game-changer for marketing and networking. But what really sets it apart is its affordability - perfect for small businesses with limited budgets who want to make the most of every dollar. Of course, there are some concerns about privacy and tech literacy, but overall, the benefits far outweigh the drawbacks.

A recent survey found that only 15% of working-class individuals use social media for professional purposes, leaving plenty of room for growth. Meanwhile, a whopping 37% of Facebook marketing efforts were deemed "very effective" by businesses, with even higher success rates for B2C and B2B marketers!

This research paper delves into the world of social media in India, exploring how small businesses can harness its power to drive growth. By examining the connections between information systems and management approaches, we'll uncover the secrets behind successful entrepreneurship. As entrepreneur Ravi Gulati so astutely noted, social networks and relationships are key drivers of entrepreneurial decisions - and our study aims to shed light on these vital linkages.

Understanding Micro, Small and Medium-Sized Enterprises (Msmes): A Definition

Small firms are essential to innovation, employment creation, and economic growth in the modern global economy. Because of their distinctive qualities and economic contributions, Micro, tiny, and Medium-sized Enterprises (MSMEs) are particularly significant among these tiny firms. In this article, we will delve into the definition of MSMEs, exploring what they are, how they differ from larger enterprises, and why they are crucial for sustainable development.

The term "Micro, Small, and Medium-sized Enterprise" was first introduced by the International Labour Organization (ILO) in 1972. The definition has since been adopted by various international organizations, governments, and industries worldwide. According to the ILO, MSMEs are defined as:

Table 1: A comparison of criteria used for defining MSMEs

	2006 Act		2015 Bill		2018 Bill	Cabinet (June 2020)
Criteria	Investment		Investment		Turnover	Investment and Turnover
Type	Manufacturing	Services	Manufacturing	Services	Both	Both
Micro	Up to Rs 25 lakh	Up to Rs 10 lakh	Up to Rs 50 lakh	Up to Rs 20 lakh	Up to Rs 5 crore	Investment: Upto Rs 1 crore Turnover: Upto Rs 5 crore
Small	Rs 25 lakh to Rs 5 crore	Rs 10 lakh to Rs 2 crore	Rs 50 lakh to Rs 10 crore	Rs 20 lakh to Rs 5 crore	Rs 5 crore to Rs 75 crore	Investment: Rs 1 crore to Rs 10 crore Turnover: Rs 5 crore to Rs 50 crore

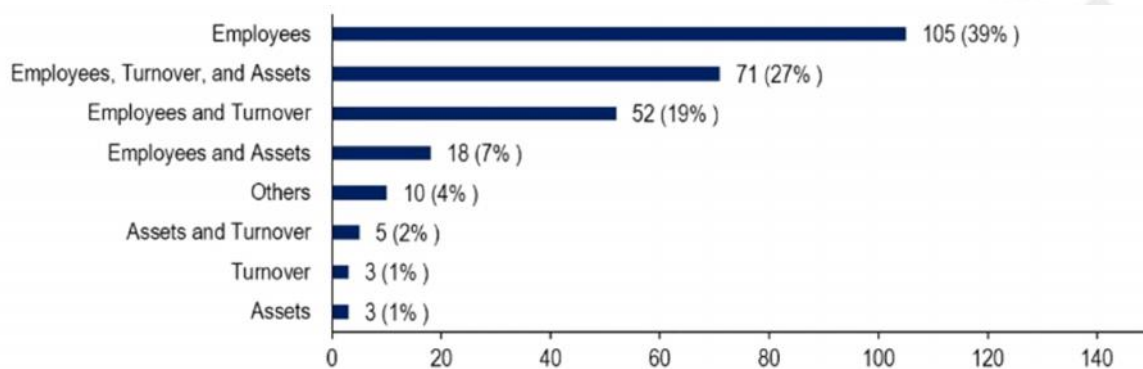
Medium	Rs 5 crore to Rs 10 crore	Rs 2 crore to Rs 5 crore	Rs 10 crore to Rs 30 crore	Rs 5 crore to Rs 15 crore	Rs 75 crore to Rs 250 crore	Investment: Rs 10 crore to Rs 50 crore Turnover: Rs 50 crore to Rs 250 crore
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(Source: MSME Development 2006 Act. MSME Development Amendment Bills 2015 and 2018, PIB update on cabinet approval: PRS.)

According to Global Trends in Criteria for Classifying MSMEs are as follows:

While India will now classify MSMEs based on investment and yearly sales, the number of workers is the most commonly utilized criterion worldwide. The National Treasury of India's Expert Board on MSMEs (2019) referenced an International Finance Corporation report from 2014 that examined 268 interpretations used by various agencies in 155 countries. The research study found that nations classified MSMEs using a variety of factors. Above thirty five percentage - of the categories included the number of workers as an element of the criteria for eligibility. Other frequently utilized factors were (i) volatility (49% in total) and (ii) Turnover asset worth (27%).

Figure 1: Various Criteria used for classification of MSMEs in the world as per IFC Report (2014)



(Source: MSME Country Indicators 2014; International Finance Corporation; Report of the Expert Committee on Micro, Small, and Medium Enterprises. Reserve Bank of India: PRS.)

These definitions serve as a benchmark for distinguishing MSMEs from large-scale corporations. While big companies often have extensive resources, economies of scale, and global reach, MSMEs operate under different constraints. They typically rely on family-owned or community-based structures, possess limited financial resources, and face challenges in accessing markets, technology, and skilled labor.

Notwithstanding these drawbacks, MSMEs make a substantial contribution to national economies by fostering innovation, entrepreneurship, and job creation.. They account for approximately 90% of all businesses globally, employing millions of people and generating substantial revenue. Moreover, MSMEs are more likely to be involved in local communities, fostering social cohesion and contributing to regional development.

To support the growth and sustainability of MSMEs, policymakers and stakeholders must recognize their importance and address specific needs. This includes providing access to finance, training programs, and mentorship opportunities. Governments can also implement policies aimed at reducing regulatory burdens, improving infrastructure, and promoting trade agreements that benefit smaller businesses.

In conclusion, understanding the definition of MSMEs is essential for acknowledging the critical role they play in modern economies. By recognizing the distinct characteristics and strengths of micro, small, and medium-sized enterprises, we can better support their growth, foster innovation, and promote inclusive economic development. As the world continues to evolve, it is imperative that we prioritize the success of MSMEs, ensuring that their entrepreneurial spirit drives progress and prosperity for generations to come.

Literature Review

In contemporary society, social media has become a vital element, enabling individuals to maintain connectivity and disseminate their thoughts, opinions, and ideas within a safeguarded environment. Additionally,

this medium serves as a valuable tool for promoting businesses, organizations, and charitable initiatives, while keeping users informed about prevailing events and trends. Social media also makes it easier to build meaningful connections and allows for worldwide contact, which both improve interpersonal relationships. In the end, it gives people a platform for self-expression, enabling them to share their stories and showcase their talents with others. Microblogging is preferred over Facebook, Twitter, and other social media platforms because of privacy concerns, the need for both online and offline networking, and the desire to build constructive connections.

“Social Media Platforms, Including Facebook, Instagram, and LinkedIn and Associated Websites: Concepts”

According to Belle Wong and Ashika Jain (2023) report approximately 492.7 million active internet users, Facebook holds the position of the second most widely used online platform in India, where 71.2% of internet users maintain personal profiles on the social media network. As the most preferred entity among Indian businesses, government institutions, and the general public, Facebook is poised to exert significant influence over the coming years.

Notably, Facebook remains the dominant force in the realm of social networking, with numerous prominent brands engaging with their followers through this medium. Other notable social media platforms gaining popularity in India include Twitter, which boasts a penetration rate of 42.9%, LinkedIn at 35.7%, Moj at 29.5%, Pinterest at 29%, and Moj Lite Plus, a relatively new entrant, with a penetration rate of 26.2%.

According to projections, by 2021, approximately 74.7 percent of Indian internet users will utilize Instagram, thereby solidifying its position as the leading social media platform within the country. Notably, this translates to a substantial number of active users, amounting to 516.92 million individuals. The majority of these users comprise young adults, including teenagers, who form a significant proportion of Instagram’s user demographic. As the parent company, Meta, having acquired Instagram for a sum of \$1 billion, has successfully transformed it into a financially rewarding platform for content creators and a valuable sales conduit for businesses alike.

According to Roopak Gupta (2022), Statistics on social media adoption and use demonstrate how deeply rooted it is in current life. As of 2022, almost 4.65 billion individuals worldwide utilize social media. In the United States alone, almost 70% of the population utilizes social networking sites.

According to Yohanna (2020), Social media platforms serve as primary channels for fostering interpersonal connections, exchanging information, and facilitating communication among individuals. Through these platforms, users engage with one another’s content by following, connecting, and responding to posts, thereby creating a more participatory and dynamic exchange compared to traditional forms of media. Moreover, social media allows users to establish virtual networks comprising acquaintances, including friends, relatives, colleagues, and even unknown entities. Notably, a multitude of social media platforms have surfaced, each with unique attributes and goals. Some illustrative instances of these platforms include. Facebook is one of the most widely recognized social media platforms, enabling individuals to establish personalized profiles, disseminate updates, images, and videos, as well as engage with acquaintances via commentaries and likes. Twitter permits users to transmit concise messages, known as “tweets,” within a predetermined character constraint. Users may subscribe to other accounts and respond to tweets by posting remarks or re-tweeting them. Instagram primarily revolves around the dissemination of photographs and videos. Users can upload visual content, apply filters, and utilize hashtags to locate and share content related to specific subjects. LinkedIn concentrates on the professional sphere, permitting individuals to construct business networks, share occupational experiences, and seek out career opportunities. YouTube, while commonly regarded as a video-sharing platform, incorporates social features that enable users to interact through commentaries, channel subscriptions, and video sharing with others.

According to Fluss (2013), social media will transform the business landscape for many firms in the next years. This is precisely the number of comments and postings on social media platforms is predicted to skyrocket. According to Fluss (2013), firms who invest in social media gain a significant competitive edge. According to Barnes et al, small businesses rely heavily on social media due to limited marketing resources.

Ellison et al.'s (2011) investigation into Facebook usage among college students reveals that the primary motivation for using social network sites is to maintain existing relationships rather than forge new connections.

Blake (2010) study conducted that the distinction between Facebook and microblogging is elucidated, who contend that Facebook is founded upon relational connections, where individuals can engage in communication subsequent to establishing a friendship. In contrast, microblogging allows users to follow others without necessitating a pre-existing bond.

Kaplan and Haenlein (2010) propose that social network sites can serve diverse purposes, including professional networking, job searching, and sharing information, as exemplified by platforms like LinkedIn.

Ambrose Jagongo and Catherine Kinyua(2009) assert that policymakers should prioritize favorable internet access rates and e-commerce policies to stimulate technological advancements, thereby enhancing the growth potential of small and medium-sized enterprises (SMEs).

Vivian Richard, Ms. Sri Jothi,(2009) and others concur that social networking platforms play a significant role in facilitating communication and interaction among stakeholders, while also keeping customers informed about market trends. However, they emphasize the need to investigate consumer behavior online to better understand their needs.

According to Dimicko's (2008) research suggests that professionals utilize internal social networks to strengthen relationships with acquaintances and expand their professional networks.

Joinson's (2008) study identifies seven key gratifications driving social media adoption, namely social connection, shared identity, content consumption, social network exploration, status updates, and shared interests. Social networking sites like Facebook help firms build strong and weak links with one another. Companies are free to make sites that are public so that users may "like" and engage with them; but, they are not required to reply.

According to Boyd and Ellison (2008), the term "friend" can be misleading, as some users may "like" business pages solely to access relevant information, while others may do so to stay informed about industry developments and postings from competitors.

Additionally, researchers Merrill et al. point out that tiny enterprises may now use the internet to efficiently reach a large worldwide audience. Social media marketing has grown in popularity as an online advertising tactic used by business owners. Furthermore, research by Malik Shahzad Shabbir and Muhammad Saarim Ghazi shows that small company owners benefit directly from having a presence on social media, which encourages them to use these platforms..

“Entrepreneurs - The Significance of Connections, Influencers, and Network Intersections in Social Media”

In the realm of entrepreneurship, the notion of connections and relationships within the context of social media assumes significant importance.

According to Minniti's definition (2005), networks comprise sets of ties binding multiple actors together. Jack (2010) posits that these ties serve not only as means of communication but also as mechanisms for facilitating the exchange of information and resource acquisition, taking into account the social context.

Research has consistently demonstrated that networking capabilities play a critical role in determining the survival prospects of businesses, particularly startups (Bruderl & Preisendorfer, 1998; Tom & Willem,

2003; Zhao & Aram, 1995). It is essential to recognize the significance of ties in social media interactions, including their varying strengths.

Ties can be classified based on their frequency of interaction, with Granovetter (1973) proposing that strong ties involve regular contact, occurring at least twice weekly. Studies have shown that strong ties tend to offer greater benefits in business settings, characterized by reliability, detail, and cost-effectiveness. However, Jack (2005) argues that weak ties, comprising infrequent contacts, may still hold value in certain contexts, such as specialized fields like taxation consulting. In the end, strong and weak relationships are necessary for businesses to succeed since social media platforms offer a complete environment for growth and cooperation.

Objective of the Study

This article aims to explore the influence of social media networks on small company growth in the Indian market. The goal is to study the growth variables for small enterprises in India.

The study aims to explore the influence of social media on company growth in India. Understanding the relationship between information systems and the management sector.

Methodology of the Study

Using a qualitative analytical approach, the study collected secondary data from books, journals, websites, research papers, and articles.

Scope of the Study

This research looks at how social networking sites like Google Plus, Facebook, Twitter, Whatsapp, and soon impact the expansion of small companies in India.

Social Media for Business Growth

Social Media Websites for Business Growth	Statistics
INSTAGRAM	Worldwide people used 1.4 billion
INSTAGRAM	517 million used
LINKEDIN	67 million active Company Pages
LINKEDIN	124,000 School Pages
LINKEDIN	94 % of recruiters use to vet candidates and more than 400,000 jobs available
TWITTER	Business awareness (83%) Drive traffic to their digital properties (68%) engage with existing customers (75 %), and find new leads (62%)
FACEBOOK	Worldwide 3.065 billion people use the platform daily.
FACEBOOK	84% of job seekers have a Facebook profile. (Time Business)
FACEBOOK	50% of users say a brand's Facebook page is more useful than its website
FACEBOOK	81% of jobseekers want to see job opportunities posted to Facebook career pages
Google plus	On average, top brands have more fans on Google+ than on YouTube, Pinterest, and Instagram combined

The Significance of Social Media

1. **Enhanced Client Understanding:** Small enterprises gain valuable insights into their target audience through social media platforms, where customers freely provide feedback and opinions about products and services. By engaging with these online interactions, businesses can better comprehend consumer needs and preferences.
2. **Improved Customer Service:** Social media gives businesses the ability to react quickly to questions, issues, and grievances from customers, which builds customer happiness and confidence. As to Forbes,

a majority of 71% of contented consumers who get prompt replies on social media platforms are inclined to suggest the brand to others.

3. **Cost-Effective Marketing:** For small businesses operating within limited budgets, social media offers an affordable means of marketing and promoting their products. Platforms like Facebook, Twitter, and Pinterest allow businesses to share content without significant financial investment, making social media a cost-effective advertising channel.
4. **Market Research and Feedback:** Through social media, businesses can stay connected with their customers and gather valuable information about their evolving preferences, lifestyle changes, and requirements. This data enables corporations to adapt their strategies and tailor their offerings accordingly.
5. **Brand Awareness and Image Building:** In order to spread awareness of a brand's identity and values, social media is essential. Businesses may develop a favorable brand image and increase recognition within their target demographic by creating a strong online presence.
6. **Increased Sales:** The increased visibility afforded by social media drives traffic to a company's website, ultimately converting potential customers into paying customers and contributing to increased sales.

Need of Social Media for Growth of Small Scale Industry

There are several aspects that influence the growth of enterprises. When working with the small-scale industry, it is vital to understand the best solution with the lowest cost. Considering these factors, there are five key areas to focus on:

1. Community building.
2. Business promotion.
3. Brand reputation.
4. Increased traffic.
5. Feedback.

Table 2: Five Key Areas to Focus on

Social Media Network	Key Areas	Growth Factor For Small Business
<ul style="list-style-type: none"> • Twitter • Facebook • Google Plus • Instagram • LinkedIn 	<ul style="list-style-type: none"> • Community Building • Business Promotion • Brand Reputation • Increased Traffic • Feedback 	<ul style="list-style-type: none"> • Branding • Hiring Strategy • Marketing Strategy • Customer relation • Promotional tools

According to Ogilvy's social media national leader, K. Srinivasan, social media should represent individuals communicating with one another. Planned reach, like on Facebook, and WhatsApp typically occurs at the community level. At this stage, the individual adds his distinct personality to the post. This humanizes the brand. To promote your business, provide discount programs like '10% discount if bring this tweet along'. Social interactions shape a brand's reputation and create its identity. This promotes the growth, improvement, and expansion of small enterprises. For service-based businesses like software, consultants, and tax agents, social networking allows for efficient and cost-effective consumer interactions.

Successful product launches depend on taking social media users' feedback into consideration. It may be applied to marketing strategy development, customer happiness, and enhancement. Analyzing reviews of comparable products before starting your own business can help you grasp what customers and the market want. Consequently, social media is most helpful in these areas because it has a social component. Collaborating social media with business strategy may lead to additional development, but it must align with corporate objectives. According to Adhvith Dhuddu, founder of Bangalore-based social media business Alive Now, a company's social media strategy should align with its objectives.

Building an online community, generating leads, boosting store traffic, gathering information, making money, offering product information, or developing a customer service platform might be the objectives..

Recommendations for Enhancing Business Development through Social Media and Technology Literacy

To optimize the utilization of social media and social networks for business expansion and growth, we recommend enhancing internet and technology literacy across various industries in India, including manufacturing, wholesale, and other sectors. By leveraging technological advancements, businesses can reap numerous benefits, thereby facilitating rapid market growth at minimal costs. Furthermore, this approach will enable us to extend our reach to rural and family-owned businesses, motivating them to scale up their operations. Ultimately, this initiative will enrich the Indian market's global presence and provide a platform for showcasing its vast potential.

CONCLUSION

The rapid proliferation of social media in India has emerged as a crucial catalyst for the growth and expansion of small-scale enterprises. As these platforms continue to evolve, they offer a range of functionalities, including talent acquisition, branding initiatives, and customer engagement through channels like Twitter, Instagram, Facebook, and Google+. It is evident from this analysis that the increasing reliance on the internet in India will likely result in a heightened dependence on social media as a vital component of successful business strategies.

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