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Factors influencing the use of social media by SMEs and its performance outcomes

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Abstract

Purpose – The purpose of this paper is to investigate the factors that influence Facebook usage among small and medium enterprises (SMEs). In addition, it examines the impact of Facebook usage on financial and non-financial performance of the SMEs.

Design/methodology/approach – Using integrated model, this study examined the influence of compatibility, cost effectiveness, interactivity and trust on Facebook usage and its subsequent impact on organizations performance. Statistical analyses were based on the data collected, through survey questionnaire from 259 SMEs in Malaysia. Partial Least Square (PLS) method was used to test the hypotheses.

Findings – The study revealed that Facebook usage has a strong positive impact on financial performance of SMEs; similarly it was also found that Facebook usage positively impacts the non-financial performance of SMEs in terms of cost reduction on marketing and customer service, improved customer relations and improved information accessibility. Additionally, factors such as compatibility, cost effectiveness and interactivity was identified as factors that influence Facebook usage among SMEs.

Research limitations/implications – This study is limited in selection of samples. The sample only covered one community of SME in Malaysia which limits generalizability of the findings. This study provided a clearer idea on the real importance of Facebook and its benefits. The results would motivate and guide organizations in the adoption of Facebook for business activities. The study also has various theoretical and practical contributions.

Originality/value – Very few empirical studies investigated the actual impact of Facebook usage among organizations. This study investigated the effect of Facebook usage on the financial performance of the organizations which is really important to study as it reveals the exact value of using Facebook for business activities.

Keywords Facebook, SME, Social media

Paper type Research paper

1. Introduction

Using social media or Facebook as a platform for business has become a must nowadays. With 13,589,520 Facebook users in Malaysia (Internet World Stats, 2012), Facebook is increasingly becoming a popular choice of promoting business as it allows communications to go beyond a private one-to-one conversation and now becomes a conversation of many-to-many (Derham *et al.*, 2011). Business owners can fully utilize

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Facebook functions for selling, advertising and marketing at a cheaper cost. They can use Facebook functions to promote their products, services and brands such as sharing, tagging, messaging, commenting and notifying. Bonsón and Ratkai (2013), Sarosa (2012) and Wong (2012) in their studies analysed the use of Facebook in businesses and they all stated that it is good for business to embrace it. Facebook can be implemented in any businesses without any additional resources if they are already connected. Thus, even small medium enterprises (SMEs) can use it for their daily transactions as the cost is minimal and requires low level of IT skills (Derham *et al.*, 2011).

In the past, studies on the social media particularly Facebook either focus on factors influencing usage (Akar and Topcu, 2011; Sin *et al.*, 2012), types of usage (Bonsón and Ratkai, 2013; Sarosa, 2012; Wong, 2012) or impact of usage (Chu *et al.*, 2012; Karpinski *et al.*, 2013). This study combines all three elements; hence the study aims to investigate the various factors that influence the usage of Facebook and its impact on organizational financial and non-financial performances among SMEs in Malaysia. This study concentrated on Facebook usage as it is the most widely used social media among Malaysian companies (Parveen *et al.*, 2013). On the other hand, SME's are chosen as the population of study as they contribute 32 percent of gross domestic product, 59 percent of employment and 19 percent of exports (SME Corporation, 2013). Thus, it becomes imperative that this study be conducted.

The study is based on the Diffusion Of Innovation (DOI) theory. The DOI theory plays an important role in increasing adoption intention and actual adoption of a technology. Innovation by definition includes change, either in the media we use or the means by which we engage a traditional process. Based on the DOI theory, the innovation attribute compatibility was examined in this study. Variables such as interactivity, cost effectiveness and trust on social media were also included.

The following section presents the Literature review and the hypothesis development. Subsequently, the Methods used to conduct the study are explained which is then followed by the description of the Data analysis, Results, and Conclusion and discussion.

2. Literature review and hypothesis development

2.1 Social media adoption

The use of internet technology has become a common practice in the workplace (Chen *et al.*, 2008). The internet enabled communication media, helps organizations to conduct business anytime from anywhere (Chen *et al.*, 2008). A number of studies investigated the use of Facebook among SMEs and found SMEs used Facebook for various organizational objectives such as marketing, communication, sales, advertising, innovation, problem resolution, customer service, human resources, information technology, driving cultural change (Bhanot, 2012), advertising on the social network (Beloff and Pandya, 2010; Handayani and Lisdianingrum, 2012) and internet marketing (Congxi *et al.*, 2010). Meske and Stieglitz (2013) indicated that SME uses social media technologies like Facebook as a way to communicate with their customers and support internal communication and collaboration.

2.2 Factors influencing adoption

A study among the SME mangers in the USA, the UK, Australia and India indicated that firm innovativeness, age and geographic location have a significant impact on

Twitter adoption by SMEs (Wamba and Carter, 2013). On the other hand, Zeiller and Schauer (2011) indicated that SMEs will use social media if these applications provide a significant amount of relevant and high-quality up-to-date content. A number of studies indicated that factors such as compatibility (Wang *et al.*, 2010), cost effectiveness (Chong and Chan, 2012), trust (Chai *et al.*, 2011) and interactivity (Lee and Kozar, 2012) influence social media adoption. The following paragraphs describe the relationships.

2.2.1 Compatibility. Based on the DOI theory, compatibility refers to the degree to which innovation fits with the potential adopter's existing values, previous practices and current needs (Rogers, 1983). Compatibility has been considered as an essential factor for innovation adoption (Cooper and Zmud, 1990; Wang *et al.*, 2010). When technology is recognized as compatible with work application systems, firms are likely to consider the adoption of new technology. Many researchers have investigated the influence of compatibility on technology adoption, and found both positive and negative results. For instance, Brown and Russell (2007) highlighted the effect of compatibility on the adoption of radio frequency identification technology in the South African retail sector and argued that for the RFID adoption and implementation to be successful, it is necessary that organization develop a flexible IT infrastructure that will be able to accommodate RFID systems. Hsu, Lu and Hsu (2007) found the significant effect of compatibility in MMS adoption in the groups of potential MMS user and indicated that they will adopt MMS if they feel that using MMS in compatible with their values and beliefs. Wang *et al.* (2010), studied the influence of compatibility and found that it is a significant factor. Whereas Ramdani *et al.* (2009) in their study, found that compatibility is an insignificant factor in the adoption of enterprise systems. Similarly, another study that investigated the adoption of cloud computing (Low *et al.*, 2011) found that compatibility was found to have insignificant impact. Embedding social media in businesses would be a best-fit concept because it helps to niche the target customers effectively and businesses would be able to share the content of their products and services almost instantly (Derham *et al.*, 2011). Since the findings show inconclusive results, it is interesting to study the influence of compatibility on Facebook usage. Hence, in order to test the relationship the following hypothesis is proposed:

H1. Compatibility positively influences Facebook usage.

2.2.2 Cost effectiveness. Previous research highlighted the importance of cost in the adoption and utilization of the technology (Ernst and Young, 2001) and found direct and significant relationship between cost and adoption of technology (Alam and Noor, 2009). Studies have found cost effectiveness to be an important variable in the adoption of new technologies (Chong and Chan, 2012; Premkumar and Roberts, 1999). Social media is suitable for SMEs because of low cost, low barriers to participation and low level of IT skills required to use it (Derham *et al.*, 2011). Dixon *et al.* (2002) argued that the SMEs will less likely adopt ICT if its initial set-up cost is high. In the context of Malaysia, Alam (2009) found the cost of adoption have a significant effect on internet adoption among SMEs. In contrast, Tan *et al.* (2009) found that cost had no significant effect with the ICT adoption. In a similar study by Alam and Noor (2009) perceived cost was found to have no direct impact on ICT adoption. However, as social media is a cost effective technology and organizations can have direct communication with

customers at relatively low costs (Kaplan and Haenlein, 2010), it is most likely for an organization to use it. Hence, the following hypothesis is postulated:

H2. Cost effectiveness of Facebook positively influences social media usage.

2.2.3 Trust. Trust is a multidimensional construct. The authors have investigated different types of trust in their studies. The more suitable one for this research would be the institution-based trust. Mcknight *et al.* (1998) described two types of institution-based trust – situational normality and structural assurance. Situational normality refers to the belief that success is anticipated because the situation is normal. Whereas the structural assurances refer to the belief that favorable outcomes are likely because of contextual structures, such as contracts, regulations and guarantees.

Choudhury and Karahanna (2008) further extended McKnight *et al.*'s (2002) framework and suggested the existence of another form of trust, i.e. informational trust. Informational trust is defined as a users' belief about the reliability, credibility and accuracy of information obtained from Facebook and is an important factor that influence usage (Chai *et al.*, 2011). The essential success factor for the small business is a good customer relationship that is accommodated by social media. Expertise within the organization could share their ideas, opinions and knowledge based on the queries of their customers via the social media (Schaffer, 2013). In SMEs context, organizations post lot of information about their organization, products, services and other promotional activities and also obtain information from Facebook and gain knowledge from it. Hence there might be a need for structural assurance and informational trust in order to use Facebook for work-related purposes. Therefore, the following hypothesis is proposed:

H3. Trust on Facebook positively influences social media usage.

2.2.4 Interactivity. Previous studies have found that the design and implementation of the information systems considers the successful interaction between human and technology as a key factor (Lee and Kozar, 2012). Among the various design characteristics, interactivity stands out as a key and distinguished factor that impacts users' response to new technologies including web sites (Agarwal and Venkatesh, 2002; Jiang and Benbasat, 2007). Social media like Facebook is considered as an interactive media. It enables two-way communication rather than one-directional transmissions or distributions of information to an audience (Mayfield, 2008). Handayani and Lisdianingrum (2011) investigated adoption and use of Facebook in two Indonesian SMEs, and argued that Facebook can be used as effective free online marketing tool if can be well managed. Therefore, considering the interactive nature of Facebook, the interactivity construct might have a strong influence on Facebook usage thus the formulation of the following hypothesis:

H4. Interactivity of Facebook positively influences Facebook usage.

2.3 Impact of social media on organizational performance

Despite many advantages of using Facebook, organizational-level research on Facebook and its impact on organizational performance has not grown as rapidly (Lovejoy and Saxton, 2012; Shahizan *et al.*, 2012). Therefore this study investigates the various factors that influence Facebook usage among organizations and its impact on organizational performances.

Facebook usage in this study is measured using the system-centered fashion where the measures of system usage are based on the various tasks for which the system is used (Burton-Jones and Gallivan, 2007). In order to investigate the usage of Facebook among organizations, the informed effective use of Facebook was considered, as this was an important indication of technology success, which in turn has an impact on organizations (DeLone and McLean, 2003). Based on the DeLone and McLean IS success model, organizational performance refers to the actual benefits organizations received from using Facebook in terms of both financial and non-financial performances.

Previous studies have investigated organizational usage of Facebook, however only few studies have examined the impact of Facebook on organizational performance. For instance, Rodriguez *et al.* (2014), provided evidence that social media technologies like Facebook positively impacts the customer-orientated processes which in turn impacts the sales performance of an organization. Ferrer *et al.* (2013) demonstrated that the use of social media technologies positively impacts the social capital of an organization and therefore its performance. In addition, Wong (2012) found out that Facebook usage has a positive impact on SME business (Wong, 2012). This is supported by finding from Kwok and Yu (2013) who found that sales can be increased with Facebook usage. When organizations use Facebook, it is likely to have a positive impact in terms of both financial and non-financial performances. This can be empirically tested by setting the following hypothesis:

H5. Facebook usage will have positive impact on non-financial performance.

H6. Facebook usage will have positive impact on financial performance.

Figure 1 outlines the theoretical model that guides this research.

3. Research methodology

The participants for this study are SME owners in Malaysia who uses Facebook for their business. SME can be defined by sales turnover or number of employees. Micro business are businesses with sales turnover less than RM300,000 or full-time employees less than five. Small business are those with sales turnover from RM300,000

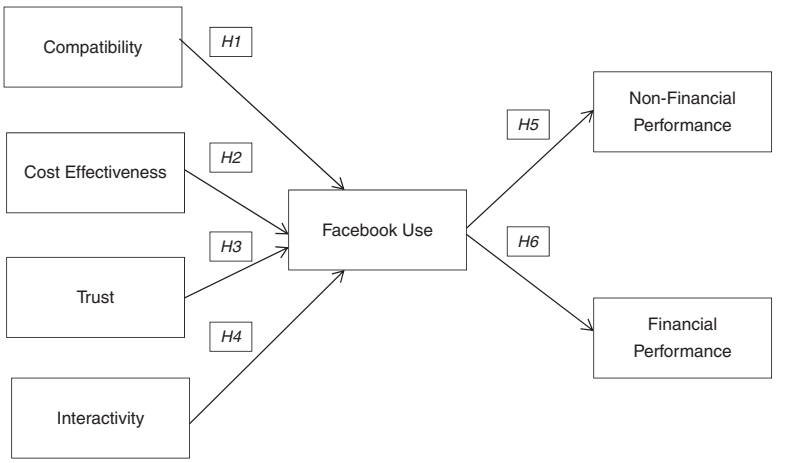


Figure 1.
The research model

to less than RM3 million or full-time employees from five to less than 30 while medium business are those with sales turnover from RM3 million to not exceeding RM20 million or full-time employees from 30 to not exceeding 75 (SME Corp. Malaysia, 2013). The targeted respondents were the owners of the businesses taken from one online SME community consisting of 937 members. The questionnaire was posted via the community's portal and they were invited to participate in the survey using Survey Monkey.

Before conducting the survey, interviews were conducted with the head of marketing or head of social media of six Malaysian organizations that have been using Facebook. They were identified from their web sites. Initial contacts were made to invite them to participate in the interviews. The objectives of the interviews were two prong: first, purpose of using Facebook; and second, perceived impact of Facebook usage on organizational performance. Based on the interviews, Facebook usage was categorized as information search, visibility and building customer relations whereas non-financial performance was divided into three: cost reduction, improved customer relations and improved information accessibility.

The questionnaire (see Table AI) consists of two parts. Part 1 contains questions on the constructs of interest to this study namely trust, interactivity, compatibility, cost-effectiveness, social Media usage and organization performance. All the statements were measured using multiple items, on five-point Likert scale items anchored with, "1 = Strongly Disagree" and "5 = Strongly Agree."

The items of compatibility were adapted from Rogers (1995), Teo *et al.* (1997-98) and Teo and Pian (2003). The items of cost factor were adapted from Chong and Chan (2012), and modified to the context of Facebook. The conceptualization of trust was measured using items adapted from Chai *et al.* (2011), interactivity from Lee and Kozar (2012), usage from Papastathopoulou and Avlonitis (2009), Elliot and Boshoff (2005), Moen *et al.* (2008) and Teo and Choo (2001), social media impact (non-financial performance) from Apigian *et al.* (2005), Teo and Choo (2001), Mirani and Lederer (1998), Elliot and Boshoff (2005) and Molla and Heeks (2007) and financial performance from Ainin *et al.* (2012). The second part of the questionnaire focussed on respondents' demographics information. Pilot test was conducted with 33 responses, in order to ensure the validity of the questions and structures. Some minor revision were made and subsequently, the survey was conducted online using Survey Monkey. It was conducted for two months from July 2013 to August 2013. The link for the questionnaire was posted on the community forum. Follow-up reminder was sent to the respondent as individual private message on Facebook. For data analysis, PLS technique was used to test the hypotheses of the study.

4. Results

Among the 937 questionnaire distributed, 259 usable responses were received showing a response rate of 28 percent. About 85 percent of the organizations employed less than five employees, 11.6 percent employing five to ten employees and 1.5 percent employing more than 20 employees. This shows that almost all the organizations that responded to the survey are small, with less than 20 employees. In terms of business, about 26 percent of organizations sell clothing, 25 percent selling beauty and health-related products, 13 percent of organizations sell food products, 11 percent of organizations sell accessories and 2 percent organizations are involved in communication, design, digital, tourism and finance-related businesses.

4.1 Facebook usage

About 29 percent of the organizations have been using Facebook for about one to two years, 28.6 percent for less than six months, 21.6 percent for a period of six months to one year, 12.7 percent for two to three years and 4.2 percent for three to four years. This illustrates that most of the SMEs surveyed have been using Facebook for a reasonable period of time thus they were able to provide the answers related to the organizational impact.

More than half (63.3 percent) of the organizations reported that they post information on their organizations' Facebook page twice a day, 17.8 percent post once a day and 10.4 percent post information at least twice a week. In addition, more than half (53.3 percent) of the organizations replied that they respond to any enquiries within an hour, and 35.1 percent responded within a day. The results indicate that the SMEs are serious to enhance their customers' relationship via Facebook.

The results also showed that 61.4 percent of SMEs do not use any other social media tool other than Facebook, while 38.6 percent of SMEs reported that they do use other social media tools such as Twitter, Instagram and Blogs, etc. Hence, the focus of this study is substantiated.

4.2 Assessment of measurement model

This study uses the Partial Least Square (PLS) technique to analyse data by using SmartPLS 2.0 software for validating measurements and testing the hypothesis. The two-stage approach was used to assess the second-order constructs. This method provides the advantage of estimating a more parsimonious model on the higher level analysis without the Lower Order Constructs (LOCs) (Becker *et al.*, 2012). The evaluation of the measurement model is based on the assessment of internal consistency (composite reliability), indicator reliability (outer loadings), convergent validity (average variance extracted (AVE)) and discriminant validity.

In order to retain an item in the measurement model, it must have significant outer loadings. The indicator outer loadings should be higher than 0.708. Figure 2 illustrates the measurement models of the study and the factor loadings (outer loadings) of the constructs. As mentioned, the study uses the two-stage approach. In the first stage, Figure 2 shows first-order constructs such as FBUsage1, FBUsage2, FBUsage3 of Facebook usage construct; cost reduction (CR), improved customer relations (Cust. Rela), enhanced information accessibility (Info. Acess) of non-financial performance constructs are directly connected with other constructs of the study.

As illustrated in Figure 2, all of the indicators' outer loadings are above the threshold value of 0.708. The values of composite reliability and AVE to test the reliability and validity of the constructs are reported in Table I. Results of the study revealed that the values of the composite reliability are > 0.6 and AVE is greater than 0.5 for all the constructs, thus construct reliability and convergent validity is achieved. The next evaluation criterion for reflective models is to check for discriminant validity. The results of Fornell-Larcker criterion showed that the square root of AVE for the constructs is greater than other inter-constructs' correlation value (refer Table AII). Therefore, discriminant validity is achieved.

4.3 Evaluation of second-order constructs

This study modeled two second-order constructs namely Facebook usage and non-financial performance. The composite reliability, AVE, and outer loadings were

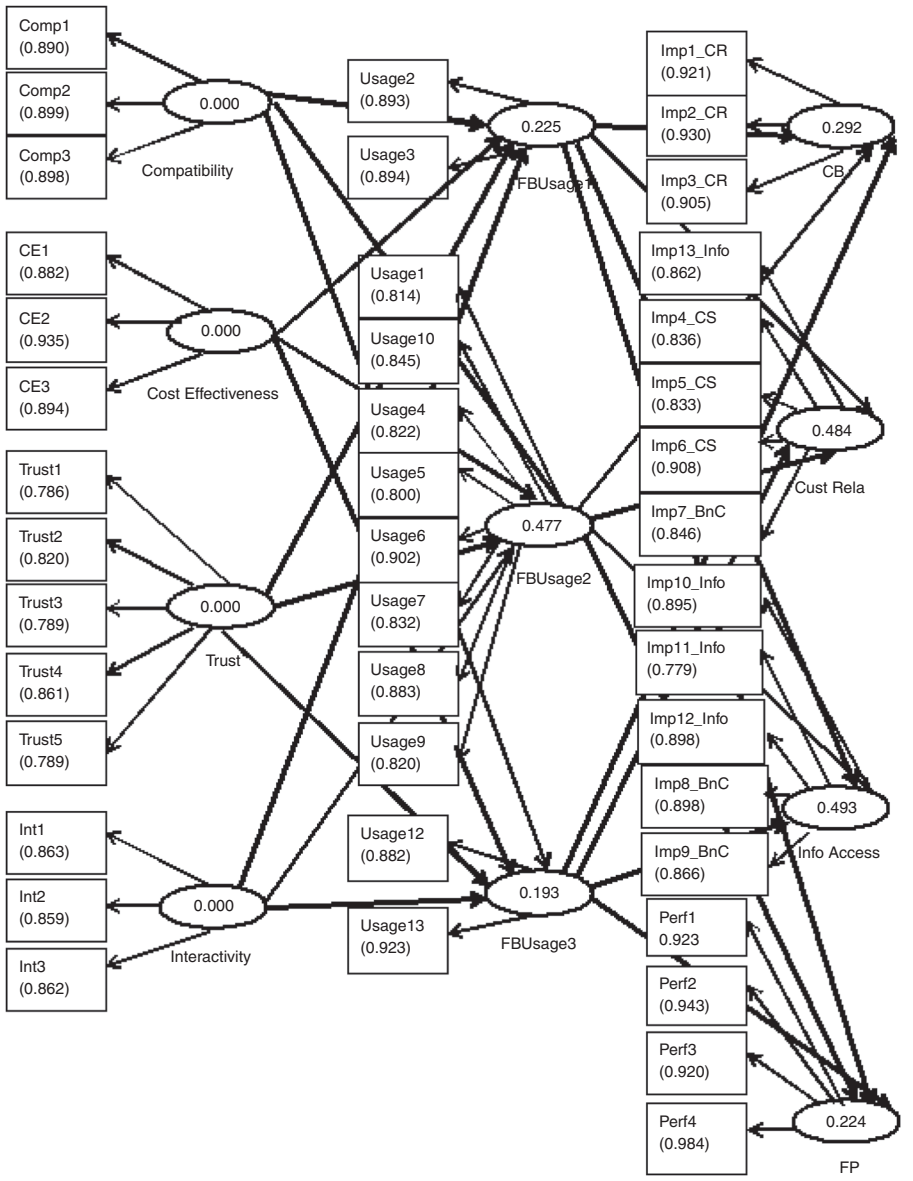


Figure 2.
Measurement model with factor loadings

evaluated for the second-order reflective constructs during second stage of analysis. The Tables II and III summarizes the evaluation results of the second-order constructs.

The AVE of non-financial performance was 0.8065, and Facebook usage was 0.7099 which shows that the values of both the second-order constructs were well above the cut-off value 0.5. The composite reliability of non-financial performance was 0.9258, and Facebook usage was 0.8797 which were above the threshold of 0.70 thus

Table I.
Construct reliability and convergent validity

Constructs	AVE	Composite reliability
CR	0.8446	0.9422
Compatibility	0.8023	0.9241
Cost Effectiveness	0.8169	0.9304
Cust. Rela	0.7349	0.9326
FB Usage1	0.7981	0.8877
FB Usage2	0.7276	0.9552
FB Usage3	0.8145	0.8977
FP	0.8651	0.9625
Info. Access	0.7428	0.9351
SM Interactivity	0.7424	0.8963
Trust	0.6552	0.9047

Table II.
Evaluation of second-order constructs

Constructs	AVE	Composite reliability	R^2	Cronbach's α
FB Usage	0.7099	0.8797	0.4268	0.7985
Non-financial performance	0.8065	0.9258	0.4434	0.8797

Table III.
Evaluation of second-order constructs (significance test)

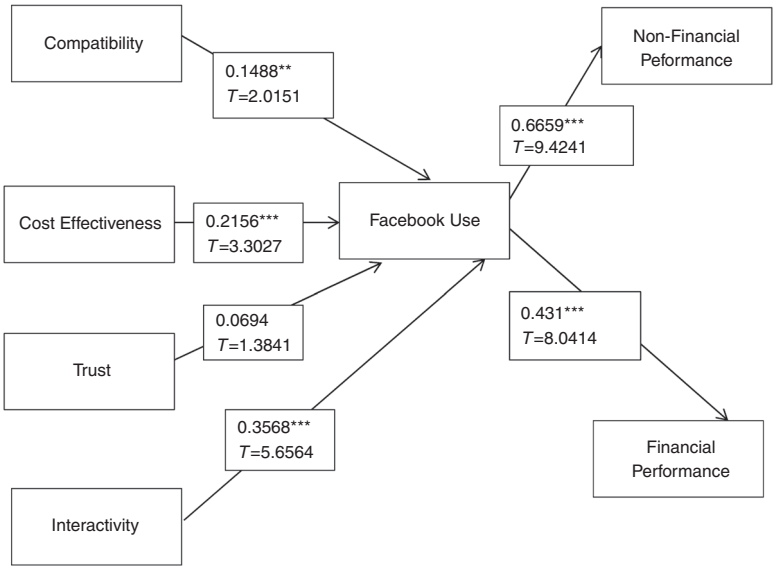
Second-order sub-constructs	Outer loadings	*t*-value	Significance level
FB usage			
FB Usage1	0.8248	20.516	***
FB Usage2	0.9137	87.022	***
FB Usage3	0.7839	16.243	***
Non-financial performance			
CR	0.8294	18.796	***
Cust. Rela	0.9285	59.295	***
Info. Access	0.9325	74.943	***

Note: ***$p < 0.01$ (> 2.58)

supporting internal consistency reliability. During the second stage of the analysis, the latent variable scores (LVS) of the first-order constructs were used as indicators for second-order constructs. Table III shows that the outer loadings of the sub-constructs of usage and non-financial performance were well above the critical value of 0.708. Similarly the significance level showed that all the sub-constructs of usage and non-financial performance were significant at 1 percent, as the *t*-values are clearly above 2.58. Therefore the analysis of the indicators of second constructs showed significant results and therefore appropriate to be included in the study for further analysis.

4.4 Assessment of structural model

The important criterion to assess the structural model was the estimates of path coefficients and R^2. The estimated values for path relationships in the structural model should be evaluated in terms of sign and magnitude. The significance of the hypothesized relationship was estimated through bootstrapping. Figure 3 shows the structural model with path coefficients, *t*-values and R^2 value.



Notes: ***$p<0.01$ (>2.58); **$p<0.05$ (>1.96); $p<0.01$ (>1.645)

Figure 3.
Assessment of structural model

The main criterions to assess the structural models are the R^2 of endogenous latent values. R^2 values of 0.67, 0.33 or 0.19 for endogenous latent variables in the inner path model were described as substantial, moderate or weak by Chin (1998). This study shows the R^2 value for the endogenous latent variables Facebook usage was 0.43 and non-financial performance was 0.44, which is considered as moderate. The R^2 for Financial performance is 0.19 which is considered weak. Another important criterion to assess structural model is the estimates of path coefficients. The estimated values for path relationships in the structural model should be evaluated in terms of sign and magnitude. The study results showed that except for the relationship between Trust and Facebook usage (0.068) which is weak, other relationships are strong. Therefore, in order to test the significance of the hypothesized relationship, bootstrapping was applied which provides the *t*-value that indicates whether the corresponding path coefficient is significantly different from zero (Hair *et al.*, 2006).

The result of the path coefficients and *t*-values (Table IV) showed that compatibility with *t*-value > 1.96 at 5 percent significance level, cost effectiveness and interactivity with *t*-value > 2.67 at 1 percent significance level significantly influences Facebook usage among organizations. Similarly, Facebook usage with *t*-value > 2.67 at 1 percent significance level have an impact on both financial and non-financial performance of the organization. Therefore *H1*, *H2*, *H4*, *H5* and *H6* are supported in the study. Table IV. Summarizes the results of hypotheses testing.

5. Discussion and conclusion

Findings of the study suggested that interactivity, compatibility and cost effectiveness are significantly related to Facebook usage. On the contrary, trust was found not to be significantly related to Facebook usage. The results also showed that Facebook usage had a positive impact on Malaysian SME's in terms financial performance and non-

Table IV.
Summary of hypotheses testing

Hypothesis	β	t-Value	Result
H1. Compatibility positively influences Facebook usage	0.1488**	2.0151	Supported
H2. Cost effectiveness positively influences Facebook usage	0.2156***	3.3027	Supported
H3. Trust positively influences Facebook usage	0.0694	1.3841	Not Supported
H4. Interactivity positively influences Facebook usage	0.3568***	5.6564	Supported
H5. Facebook usage will have positive impact on non-financial performance	0.6659***	9.4241	Supported
H6. Facebook usage will have positive impact on financial performance	0.431***	8.0414	Supported

Notes: ***$p < 0.01$ (> 2.58); **$p < 0.05$ (> 1.96)

financial performances such as cost reduction, enhancement in customer relations and information accessibility.

The factors such as compatibility ($p < 0.005$) and cost effectiveness ($p < 0.001$) of Facebook were found to be the significant factors that influenced Facebook usage in organizations. Anyone with internet connection can use Facebook. It is very compatible with existing infrastructure as the technology is very simple and easily adoptable by any organization. The study result on compatibility was consistent with the previous studies which found that compatibility is a significant factor in the adoption of technology (Wang *et al.*, 2010; El-Gohary, 2012). Similarly, cost effectiveness found to have significant relationship with Facebook usage. Since SME's have limited financial resources, they can reach large number of audiences through advertisements, promotions and campaigns on Facebook without huge investment. The result is consistent with previous studies (Chong and Chan, 2012; Alam, 2009).

The results also revealed that interactivity of Facebook is an important factor that determined Facebook use in organizations ($p < 0.001$). The result could be interpreted as that the interactive nature of Facebook that enabled two-way communications with the public had greatly influenced the organizations to use it. Previous studies also provided consistent results that interactivity of the technology has a strong effect on technology adoption (Lee and Kozar, 2012; Pituch and Lee, 2006).

Trust was found to have insignificant relationship with Facebook usage. The result was consistent with Wu and Liu (2007) study. The possible interpretation for this result would be that since social media service providers like Facebook are well known all over the world and the features of these sites are quite consistent and common to all users, trust may not be an issue. Also the cost associated with the adoption of Facebook is very little, so the organization might adopt Facebook without considering the trust factor. Therefore the study result suggests that trust is not a significant factor that influenced Facebook usage in organizations.

The results also revealed that Facebook usage has a very strong positive impact on organizations' performance ($p < 0.001$) both financial and non-financial. The study found that Facebook usage has a strong positive impact on performance of the organizations in terms of increase in sales transactions, sales volume, sales enquires and number of customers. Facebook usage also has a positive impact on non-financial performance of the organization. The result is consistent with previous findings that found positive relationships between technology usage and organizations' performance (Shuai and Wu, 2011; Stone *et al.*, 2007; Apigian *et al.*, 2005).

In today's era the digital advertisements especially in Facebook had reduced the cost of advertising to a great extent which is an important impact factor for SME's considering their financial constraints. Customer relations are improved by allowing customers direct access to information for which they would previously have had to telephone, or e-mail. Moreover, organizations can get the information about their potential customers, their tastes, their wants easily from the conversations in the Facebook pages. By becoming a fan of other organizations' Facebook pages, they can also get information about their competitors, their activities, their tactics and their brand sentiments.

5.1 Implications of the study

During the past few years, studies have been conducted to investigate the antecedents and consequences of various IT systems (Lee *et al.*, 2010; Salwani *et al.*, 2009; Stone *et al.*, 2007; Zhu and Kraemar, 2005). But in the context of Facebook, there is a lack of studies that investigated the organizational usage of Facebook in an integrated model (Akar and Topcu, 2011; Lovejoy and Saxton, 2012) especially not many studies had studied the impact of Facebook usage on both financial and non-financial performance of the organization. Therefore from a theoretical perspective, the results provide a better understanding of the innovative information systems usage theory in the context of social media. To the researchers' knowledge, this study is among the first that use an integrative model to examine the determinants of Facebook use, the extent of Facebook use, and its impact on organizational performances.

From a professional perspective, results provide a snapshot of how organizations are organizing their Facebook pages for communication and providing information to their customers. Social media platforms, more specifically in the context of the study, Facebook, provide numerous ways for consumers to interact, express, share and create content about organizations' products and services (Camarero and San José, 2011). Thus, corporate brand profiles on Facebook should be managed to enhance the interest of customers while encouraging them to create content and share information with others (Muntinga *et al.*, 2011). Brand managers should incorporate Facebook as part of their marketing communication agenda (Laroche *et al.*, 2012). Marketing and brand managers must recognize that social media are an essential aspect of the internet, and many consumers use them in their daily routines. Social media offer organizations the opportunity to engage with consumers and even to influence their conversations, which result in enhanced customer relation (Amichai-Hamburger, 2008). Organizations use the sharing of tasks strategy the least frequently in their Facebook communication, reinforcing the findings of Williams and Brunner (2010). They are most frequently using relationship cultivation strategies which focus on openness and disclosure and access to information that exemplify one-way communication (O'Neil and Schieffer, 2014).

This study investigated various factors to study its influence on Facebook usage. Future researchers can investigate the impact of Facebook usage based on the categorization of the impact factors identified in this study and prove the results in different contexts. Due to the existing debate on the positives and negatives of Facebook, most of the organizations are in a confused state regarding the adoption of Facebook. Therefore this study will provide a clearer idea on the real importance of Facebook and its benefits. The results would motivate and guide organizations especially SMEs in the adoption of Facebook for business activities. The identified influential factors for Facebook usage provides a clearer understanding for the decision makers to concentrate on the important factors that influence the Facebook usage in organization.

This study is limited in selection of samples. The sample only covered one community of SME in Malaysia. Future research should include respondents from various communities and different size of organizations to enhance the findings on the impact of Facebook usage and to improve the possibility of generalization. This study used a cross-sectional sample to collect data. Future researchers can conduct a longitudinal study to investigate the relationship between the various adoption factors and usage. Similarly, the relationship between Facebook usage and impact on performance in different times can be investigated to examine whether there are any changes in results between time periods.

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Appendix

My organization use Facebook to […]	
Usage1	Advertise and promote product and services
Usage2	Create brand visibility
Usage3	Conduct marketing research
Usage4	Get referrals (word of mouth via likes, shares and followers in Facebook)
Usage5	Develop customer relations
Usage6	Communicate with customers
Usage7	Conduct customer service activities
Usage8	Receive customer feedback on existing product/services
Usage9	Receive customer feedback on new/future product/services
Usage10	Reach new customers
Usage11	Search for general information
Usage12	Search for competitor information
Usage13	Search for customer information
Facebook provides […]	
Trust1	Adequate measures to safeguard information posted
Trust2	A robust and safe environment to transact information
Trust3	Adequate legal and technological measures to overcome usage problems
Trust4	Reliable information
Trust5	Dependable knowledge
Int1	Features for interactive communication with customers
Int2	Appropriate amount of interactive features (e.g. graphics, pop-up windows, animation, music, voices)
Int3	Features for vivid responses
Facebook usage in the organization had […]	
Imp1_CR	Reduced the cost of communication with customers
Imp2_CR	Reduced the cost of advertising and promotion
Imp3_CR	Reduced the cost of customer service and support
Imp4_CS	Enhanced customer service
Imp5_CS	Increased customer loyalty and retention
Imp6_CS	Improved customer relationship
Imp7_BnC	Improved brand visibility
Imp8_BnC	Improved company image
Imp9_BnC	Improved competitive position
Imp10_Info	Enabled easier access to customer information
Imp11_Info	Enabled easier access to competitor information
Imp12_Info	Enabled easier access to market information
Imp13_Info	Enabled faster delivery of information to customers
Compatibility and cost effectiveness of Facebook […]	
Comp1	Facebook usage is compatible with the company's IT infrastructure
Comp2	Facebook usage is consistent with the company's beliefs and values
Comp3	Facebook usage is consistent with the company's business strategy
CE1	Facebook is more cost effective than other types of marketing or customer service technologies
CE2	Organization can avoid unnecessary cost and time by using Facebook
CE3	Facebook saves costs (time and effort in marketing, branding and customer service)

Indicate the organizations' performance after using Facebook

		5-10%	11-15%	16-20%	> 20%
Perf1	Increase in sales transactions				
Perf2	Increase in sales volume				
Perf3	Increase in sales enquiries				
Perf4	Increase in number of customers				

TableAI.
Survey questionnaire

Table AII.
Fornell-Larcker criterion

	CR	Compatibility	Cost effectiveness	Cust. Rela	FB Usage1	FB Usage2	FB Usage3	FP	Info. Access	SM interactivity	Trust
CR	0.919										
Compatibility	0.5292	0.895									
Cost Effectiveness	0.5821	0.7373	0.903								
Cust. Rela	0.6526	0.6852	0.649	0.857							
FB Usage1	0.3384	0.3797	0.376	0.3855	0.893						
FB Usage2	0.5393	0.5531	0.5955	0.6915	0.6387	0.852					
FB Usage3	0.3314	0.3255	0.3255	0.4057	0.4957	0.5732	0.902				
FP	0.3841	0.3605	0.3645	0.3836	0.3354	0.4686	0.2397	0.934			
Info. Access	0.6485	0.6771	0.6334	0.826	0.4251	0.6767	0.5371	0.3575	0.861		
SM Interactivity	0.467	0.5119	0.5439	0.6686	0.4314	0.5987	0.4107	0.3067	0.6571	0.861	
Trust	0.1533	0.3828	0.2618	0.4173	0.2494	0.3725	0.2712	0.2165	0.3492	0.5044	0.809