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Article

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The effect of external social media utilization on business performance of SMEs in Saudi Arabia: the mediating role of market orientation

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ABSTRACT

The impact of social media (SM) on small and medium businesses (SMEs) has received less focus, and the literature is mixed. This study examines how external SM utilization (ESMU) affects the performance of Saudi SMEs. According to contingency theory, ESMU and market orientation (MO) are expected to affect business performance (BP), which include profitability and customer satisfaction. MO is expected to affect BP and mediates the effect of ESMU on BP. This study covers Saudi Arabian SMEs in Al-Riyadh. Random sampling is used. This study included 451 SME managers, directors, and owners. The results of Smart PLS 4 showed that ESMU affected positively business performance, profitability, customer satisfaction, and MO. MO also affected business performance, profitability and customer satisfaction and mediated partially the effect of ESMU on business performance, profitability and customer satisfaction. Having a high level of ESMU and MO is critical for improving the BP of SMEs. The usage of ESMU and its application can be a beneficial tools for SMEs in Saudi Arabia to improve their BP.

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1. Introduction

In both developed and emerging economies, small and medium-sized businesses (SMEs) are seen as the backbone of economic progress and stability (Yigit & Kanbach, 2023). In recent years, there has been a growing consensus in the literature that SMEs play an important role in promoting both worldwide economic growth and local social well-being (Nurudeen Omonijo & Yunsheng, 2023). SMEs contribute significantly to income and jobs in many nations. The World Bank estimates that in developing countries, SMEs account for as much as 60% of total jobs and as much as 40% of national revenue, and make up more than half of all companies and jobs worldwide (The World Bank, 2021). The World Bank recently released a study stating that SMEs are under increasing pressure to boost employment opportunities as the demand for employment is expected to rise by 600 million by 2030 (The World Bank, 2021). This stress is related to SMEs' restricted access to capital and bank loans and the greater rivalry that SMEs are facing (Liu et al., 2022).

The coronavirus illness (Covid-19) epidemic has swept the globe, having a substantial impact on the economy (Patma et al., 2021). The COVID-19 consequences on the business environment might be particularly harmful to small- and medium-sized businesses (SMEs) (Yu et al., 2022). It is because they frequently lack the resources—both financial and human—to handle the difficulties brought on by the

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current coronavirus scenario (Aisjah et al., 2023; Arsawan et al., 2023; Yu et al., 2022). According to empirical research from throughout the world, 60% of SMEs are in danger of running out of financial reserves, and 50% of SMEs have temporarily stopped operating due to the shutdown (Bartik et al., 2020; Ramdan et al., 2022). COVID-19, however, has resulted in a change in business activities and the way in which businesses think.

SMEs must use technology to improve their business performance (BP) and to thrive in the current economic climate (Omotosh, 2023; Suryantini et al., 2023). One of the beneficial technologies is the usage of social media (SM). There is an increasing demand for SMEs to use SM (Patma et al., 2021). SM has the potential to boost revenue, client loyalty, cost efficiency, service quality, brand recognition, and website traffic (Makrides et al., 2020). In utilizing SM, companies differentiate between internal and external usage. Internal usage refers to the interactions within an organization, such as those between employees and management, and external is to the interactions with clients and suppliers (Mpandare & Li, 2020). Prior studies focused on identifying the predictors of using SM by SMEs (Ahmad et al., 2019), how SMEs use SM for business collaboration (Yu et al., 2022), SMEs sustainability (Patma et al., 2021), and commercial activities (Abed, 2020). Other research has contributed information on internal usage, while limited studies examined the external usage of SM by SMEs in developing countries (Abu Bakar et al., 2019; Corral de Zubielqui & Jones, 2022). ESMU allows SMEs to gather competing intelligence from rivals and clients (Corral de Zubielqui & Jones, 2022).

However, it is still not clear how the ESMU can affect the business performance. Prior studies indicated that the effect is mixed with positive, negative or no effect. This is because using ESMU requires companies to have hardware and software as well as staff who are knowledgeable and can operate the SM (Ahmad et al., 2019; Foltean et al., 2019; Gavino et al., 2019). There has been little exploration of the ways in which ESMU affects business outcomes (Kirchner et al., 2022). Researchers have also discovered that the impact of SM on company success is higher when it is used externally rather than internally (Alalawneh et al., 2022; Mpandare & Li, 2020). Therefore, this study examines the effect of ESMU on business performance.

Research has shown that marketing is increasingly crucial to the success of SMEs (Tolstoy et al., 2022). A company's performance rises when its market orientation (MO) is enhanced because it becomes more able to adapt to the ever-shifting demands of its customers (Tajeddini & Ratten, 2020). MO is the process of determining a client's wants and requirements and then satisfying those demands through the development of novel strategies (Narver & Slater, 1990). When applied externally, SM helps businesses meet customer demands and meet the obstacles they face in the marketplace. When used externally, SM has a sizeable impact on how well a company does and how well it communicates with its stakeholders (Ligaraba et al., 2023). It was discovered that using SM externally has a substantial impact on MO and that MO in turn mediates the impact of using SM externally on product innovation (Mpandare & Li, 2020).

In order to remain competitive, businesses must constantly evolve to meet the shifting demands of their industry. This includes adapting to shifting consumer preferences and competitor strategies (Faulks et al., 2021). This is due to the fact that consumers ultimately determine a business's success or failure. Efficient MO is a major and favourable predictor of BP of SME (Tajeddini & Ratten, 2020). With this in mind, SMEs are encouraged to embrace MO principles and put them into effect (Udriyah et al., 2019). Therefore, this study examines the direct and mediating role of MO.

The performance of SMEs in developed countries is higher than those in developing and emerging economies. For instance, SMEs contribute to Saudi Arabia's gross domestic product (GDP) by 20%, which is lower than the region of 22% and the global of 34% (Faridi & Malik, 2019). Saudi Vision 2030 supports SMEs to improve performance and benefit the economy and employment. Few studies have examined ESMU and its effects on MO and SMEs' BP in Saudi Arabia (Abed, 2020). Contingency theory suggests that companies must match and create a fit between internal and external factors to perform better. ESMU is an external factors that is related to the customers, suppliers, and business partners and understanding this variable can help in making MO and BP more effective. Thus, this study examines how ESMU affects MO and SMEs' BP as well as how MO affects the BP of SME and mediates the effect of ESMU on SMEs' BP. The next section discusses the literature as well as the methodology, findings, discussion implications, and conclusions.

2. Literature review

2.1. Theoretical framework

The contingency theory holds that no management method works for all companies in all situations (Otley, 2016; Safari & Saleh, 2020). The contingency theory suggests that companies must create a management system that is linked to the outside and inside environments and fit them together. This study uses contingency theory to explain how ESMU affects MO and BP. MO needs SM to obtain outside sources about customers, competitors, and business partners to make the right decisions about what products and services to offer. SME managers who grasp the climate and act in a way that meets client expectations will boost performance (Lutfi, 2020). Contingency theory in small businesses is rarely considered (Ngo, 2021). Market research using SM can help companies understand what people are saying about their brands, industry, and rivals (AlSharji et al., 2018). This information can enhance production efficiency and the marketing plan. Therefore, the contingency theory might be able to explain how ESMU and MO affect the BP of SMEs.

2.2. SME business performance

Performance is the main objective of every entrepreneur wishing to continue to be successful in business (Arsawan et al., 2023; Efrat et al., 2018). Performance is defined as an investor's, user's, team's, or company's ability to accomplish a particular objective through a series of actions (Laitinen, 2002). Business performance (BP) is a measurement of the achievement of organizational goals, and it is a key-dependent variable of interest to scholars in all management fields (Aisjah et al., 2023; Chi et al., 2023; Suryantini et al., 2023). BP shows how a company uses materials and intangible means to reach its aims (Zaragoza-Sáez et al., 2020). Profitability is a key sign of BP (Omotosho, 2023). It is the volume of profit or income that a corporation is capable of producing within its finite capital (Azhar et al., 2019). Profitability is a critical performance indicator that must be considered, as business growth is improbable to be sustained without profit available for future reinvestment. The important criterion that allows managers to build a successful company plan for SMEs is profitability (Gaganis et al., 2019).

Managers have realized that business success can be assessed when an organization achieves its goals with minimum resources, indicating efficiency in using resources for profit. Other non-financial Measures can define BP (Dwivedi, Ismagilova, Sarker, et al., 2021). Based on the balanced scorecard (BSC), customer satisfaction is a critical indicator of BP, and it falls under the non-financial indicator. Businesses use SM to strengthen their relationships with customers, which results in increased brand trust that leads to customer satisfaction and financial returns (de Oliveira Santini et al., 2020). Accordingly, in this study, customer satisfaction is used as one of the dimensions of the BP of SMEs. Therefore, in this research, performance is measured using profitability (financial indicator) and customer satisfaction (non-financial indicators). The use of customer satisfaction is due to the fact that ESMU and MO focus more on the satisfaction of customers.

Financial performance can be measured using either subjective or objective criteria, or perhaps both (Sarkees et al., 2010). Yet, previous research has found that most enterprises are more likely to disclose subjective information about their company's success. In this way, they are more likely to provide subjective indicators since the components are more adaptable, while also not overtly exposing sensitive information to others (Ramdan et al., 2022). Therefore, a thorough approach to analyzing corporate success should include financial and non-financial performance. Tsou and Hsu (Tsou & Hsu, 2015) define financial performance as a company's capacity to earn money from the primary sources of commerce, such as assets. Non-financial performance, on the other hand, involves long-term goals that emphasize the importance of establishing customer loyalty, acquiring new customers, and strengthening the firm's brand and credibility (Blazevic & Lievens, 2004; Tsou & Hsu, 2015). This research defines SMEs performance as the firm's capacity to meet stated objectives using a combination of financial and non-financial performance metrics (Blazevic & Lievens, 2004; Tsou & Hsu, 2015).

2.3. The external social media

The phrase 'social media' was first used in an online media environment in Tokyo in 1994 (Korcsmáros & Csinger, 2022). Yet, the notion of social media has developed over time, and several definitions are now

available. According to Kaplan and Haenlein (2010), SM has evolved into an effective commercial platform for people to share knowledge and develop networks. SM is a collection of websites where users can share ideas, images, videos, and hobbies (Jibril et al., 2019). Academics and practitioners have noted the growing relevance of consumer engagement in new product/service creation through a social network (F. Li et al., 2020). SM has altered commerce (Borah et al., 2022). Social media is defined as 'a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content' (Kaplan & Haenlein, 2010). SM supports all business functions. SM thus affects how and when people gather and use knowledge (Hitchen et al., 2017; Mpandare & Li, 2020). SM networks are used in business plans internally, between partners, and with clients.

ESMU has increased over the years. In 2023, more than 4.76 billion users have used SM, equivalent to 59.4% of the world's population, with an increase of 3% more than in 2022 (Kepios, 2023). Therefore, companies can target SM users to raise brand exposure due to their rapid growth. SM helps SMEs discover customer trends and needs for possible products (Mention et al., 2019). SM also strengthens SMEs networking by fostering useful joint information and effective knowledge sharing on new products and services, which may increase their competitiveness (Hitchen et al., 2017). In particular, ESMU promotes company aims by interacting with customers, vendors, and the public. Li et al. (F. Li et al., 2020), stated that 'social media platforms are becoming an important way for small firms to acquire business information'. SMEs in Saudi Arabia use SM applications to sell their products and services and interact with clients and business partners. This study assumes that SMEs should adopt SM as a goal for market success and the best innovative tool to boost company performance and the marketplace. Saudi SMEs need SM to benefit from this technology. Thus, this study analyzes Saudi SMEs' SM external use and its effects on MO and BP. This study defines external social media usage as the use of social media platforms by enterprises to connect with their external stakeholders. Interacting with clients via Facebook, Twitter, YouTube, and other comparable media is one of them (Mpandare & Li, 2020).

2.4. Market orientation

The intense interest in market orientation over the last three decades has resulted in a greater understanding of its complicated structure and performance results (Bodlaj & Čater, 2022). Nevertheless, research on the significance of market orientation in the literature is less explored, particularly in the context of SMEs (Bodlaj & Čater, 2022). MO refers to the organizational effort to understand and meet the needs of customers (Narver et al., 2004). MO deals with the company's information regarding its rivals, clients, and marketplaces. MO means that all employees are committed to continuously providing top value to customers (Narver & Slater, 1990). Companies that adopt MO concepts build customer loyalty to the company's products and generate top client value, resulting in improved BP. Therefore, it is necessary for SMEs, particularly those in developing countries, to welcome the concept of MO and its applicability in their line of operations if they want to be competitive (Bamfo & Kraa, 2019).

Studies that have examined the MO in the context of SMEs tend to use the dimensions of proactive market orientation (PMO) and responsive market orientation (RMO). Narver, Slater, and MacLachlan (2004b), distinguished between proactive and responsive market orientation; responsive market orientation helps organizations to discover current needs, but proactive market orientation is required to detect the future wants of clients. According to Atuahene-Gima, Slater, and Olson (2005), RMO demonstrates a firm's emphasis on maximizing the use of its present skills and knowledge. PMO, on the other hand, demonstrates a firm's concentration on discovering new information that differs dramatically from the company's current skills and expertise. For instance, Lim et al. (2016) who examined the effect of innovation as well as MO on financial performance, divided the MO to include responsive and proactive dimensions. In the SMEs context, the study of Petzold et al. (2019) deployed the two dimensions of MO and highlighted the lack of studies using these dimensions in the literature of SMEs. MO has been used as a mediator between knowledge management and product commercialization in the study of Ghahroudi et al., (2019). In this study, MO is expected to affect the BP of SMEs and mediate the effect of ESMU on BP.

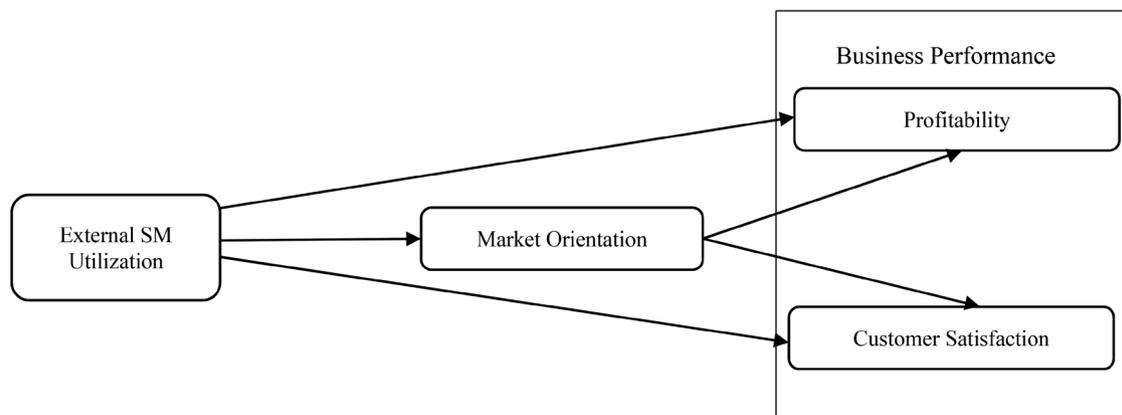


Figure 1. Conceptual framework of the study.

2.5. Conceptual Framework

Based on contingency theory, this study proposes that the effect of ESMU on profitability, customer satisfaction, and market orientation to be positive. The study proposed a direct effect of market orientation on profitability and customer satisfaction and a mediating role of market orientation between ESMU and BP (profitability and customer satisfaction). BP is a second order variable that is measured using profitability and customer satisfaction. The use of MO as a mediator and examining its effect on business performance is in line with other researchers (Kurniawan et al., 2021). Figure 1 shows the conceptual framework of this study.

2.5.1. External SM utilization and SMEs performance

ESMU is defined as the interactions with clients and suppliers using SM (Mpandare & Li, 2020). It involves using SM to react to client views, customer comments, or complaints, develop the company's image or sell goods, and collaborate with consumers to create new services or products (Corral de Zubielqui & Jones, 2022). Thus, ESMU has improved company performance by linking firms with a large number of possible consumers worldwide, boosting sales, growth, and revenue (Alam et al., 2023; Alsaad et al., 2023; Tajvidi & Karami, 2021). In particular, Borah, Iqbal, and Akhtar (2022) illustrate how SMEs obtain feedback from clients via social media, which favourably improves company communication and performance. Additionally, Amoah and Jibril (2021) indicated that SME performance is strongly influenced by social media use. Absah et al. (2018) found that the usage of SM in SMEs' business plans improves market success. A study by Gartner in 2015 as mentioned by Y. Li et al. (2021) reveals the widespread use of ESMU to support organizational processes, but varying results in terms of quantifiable advantages at the organizational level. More study is needed to learn how ESMU impacts business results (Y. Li et al., 2021).

Therefore, studies of ESMU are still limited in the literature and prior literature indicated that there are mixed findings in terms of the effect of ESMU on BP. In the study of Gavino et al. (2019), they found no significant direct effect of SM on the revenue of companies in the US. Similarly, Ahmad et al. (2019), in UAE found that the usage of SM did not affect the BP of SMEs. Moreover, Foltean et al. (2019) did not find a direct effect of SM on firm performance (sales/market share/profitability growth). In addition, academics call for further conceptual refinement and empirical study of the impacts of business SM use on firm success (Dwivedi, Ismagilova, Rana, et al., 2021). The use of SM has made running a company easier and more efficient compared to how things were done in the past and when conventional business practices were employed (Jibril et al., 2019). This study makes the following hypotheses:

- H1: ESMU positively influence the BP of SMEs.
- H2: ESMU positively influences the profitability of SMEs.
- H3: ESMU positively influences customer satisfaction of SMEs.

2.5.2. External SM utilization and market orientation

Companies can use SM networks to rapidly respond to consumer requests and foresee their needs in the market (P. Li & Noor, 2022). Thus, SM networks help SMEs to achieve responsive and proactive MO. Research shows that a company's MO will be bolstered by its investment in and improvement of its technological infrastructure (Borges et al., 2009). Adhikari and Gill (2011) found that technological adoption had a similarly profound effect on the MO of Indian businesses. Saavedra, Criado, and Andreu (2014) indicated that heavy SM use has an effect on MO. Using a method very similar to this one, recent research discovered that SM use by businesses positively impacts MO (Mpandare & Li, 2020). In a similar vein, Ali and Ahmed (2022) found that SM use significantly affected MO among UAE businesses. For this reason, it is of interest to further develop the business SM literature by exploring how ESMU impacts the MO strategy of a firm (Mpandare & Li, 2020). This study found that the widespread use of SM was the most effective marketing technique. Most recent research in the field of marketing has concluded that SMEs are increasingly reliant on SM usage as a primary tool for MO (Alarcón et al., 2018; Ali & Ahmed, 2022; Bhimani et al., 2019). Therefore, the purpose of this research is to investigate how MO is impacted by the ESMU. Because of this, the following is postulated:

H4: ESMU affects the MO of SMEs.

2.5.3. Market orientation and SME business performance

Market orientation is defined as an organizational approach that is a very successful and efficient technique of developing the behaviours required to provide better value and continuous outstanding performance to customers (Narver & Slater, 1990). Previous research on the impact of market orientation on business performance has shown conflicting results (Jamaludin et al., 2022). Several empirical studies in the past investigated the relationship between MO and BP of SMEs. Adams et al. (2019) claimed that a positive impact on innovation performance is achieved when a company's MO is established. Udriyah et al. (2019) reveal that, if MO rises, BP improves as well. In marketing, the research process is critical to improving BP (Riswanto et al., 2020). The study of Mankgele and Fatoki (2020) found a positive relationship between MO and BP of SMEs. Bamfo and Kraa (2019) revealed that the MO variable of customer orientation positively and significantly predicts BP. However, negative or insignificant findings were reported. Ho et al. (2018) in emerging economies found that there is no significant relationship between MO and BP. Similarly, Royo-Vela, Amezcua Salazar, and Puig Blanco (2022) found that MO did not significantly influence marketing performance. It is evident that most studies found a positive relationship between MO and BP of SMEs in developed countries. This study proposes that the MO will have a significant impact on the BP of SMEs in Saudi Arabia. Hence, the following hypothesis will be examined empirically:

H5: Market orientation positively influences the BP of SMEs.

H6: Market orientation positively influences the profitability of SMEs.

H7: Market orientation positively influences customer satisfaction of SMEs.

2.5.4. Mediation role of market orientation

SM usage adds value for SMEs through effective MO and a new way to engage with customers. MO enables better strategies for marketing by increasing the capability of firms to predict and respond to customers' needs, which helps firms to boost performance by increasing sales, growth, and profitability (Aichner & Jacob, 2015; Wamba & Carter, 2015). Few of the previous studies examined MO as a mediator. Kurniawan et al. (2021), found that MO mediated the effect of networking capabilities on BP. Similarly, Kurniawan et al. (2020a), also found that MO mediated the effect of agile project management and firm performance. It is possible that a market-oriented business that uses SM effectively may be more likely to see improved performance. Additionally, a market-oriented business may be more likely to understand how to use SM in ways that align with its overall marketing strategy, which can lead to improved performance. Accordingly, in this study, the effect of SM external utilization on SMEs' BP is expected to be mediated by MO. Thus, it is hypothesized:

H8: MO mediates the positive effect of ESMU on BP of SMEs.

H9: MO mediates the positive effect of ESMU on the profitability of SMEs.

H10: MO mediates the positive effect of ESMU on customer satisfaction of SMEs.

3. Research methodology

The study deploys a positivist paradigm. The study is deductive in nature. The population of this study is SMEs in Saudi Arabia. A sample of SMEs in Al-Riyadh, the capital of Saudi Arabia, has the largest number of SMEs in the target population. The selected sample for this study constitutes SME owners, directors, and managers in Saudi SMEs organizations located in Al-Riyadh city. According to the report of Monsha'at (SMEs General Authority) in 2022, the number of SMEs in Saudi Arabia is 892,063 (SME MONITOR, 2022). The report shows that the latest number of SMEs in Al-Riyadh province equals 264,030 -which constitutes 35.4% of the total number of SMEs in Saudi Arabia. This study is using a simple random sampling technique. This sampling technique is more time effective, simple, and easy to implement (Sekaran & Bougie, 2019). One of the most cited approaches in calculating samples is the formula provided by Yamane, (1967), which is depicted as: $n = \frac{N}{1 + N e^2}$ where n = sample size, N =the population of the study, e =Error margin. The result of Yamane's formula $n = 400$. To avoid a low response rate, researchers suggested doubling the sample size. In this study, following the suggestion of Hassan & Ghazali, (2012), the actual sample is doubled. This makes the sample size of this study account for 800 respondents.

The data was collected using a questionnaire. This method is widely used by researchers to increase the response and generalize the findings (Appolloni et al., 2021; Arsawan et al., 2023; Sovacool et al., 2018). Measurements in the study used a five-point scale from 'strongly disagree (1) to strongly agree (5)'. Compared to an open-ended question, it was easier for respondents to answer and required less time to completion (Gilbert A. Churchill, 1979). The measurements of the variables were adopted from prior literature. The measurement of ESMU (18 items) was adopted from (Mpandare & Li, 2020), the measurement of MO consisting of ten items was adopted from (Narver et al., 2004). The measurement of profitability (5 items) was adopted from (Doris et al., 2013) while the measurement of customer satisfaction (3 items) was adopted from (Agnihotri et al., 2016). The back-to-back translation was conducted to translate the questionnaire into Arabic. Five experts validated the English and Arabic versions of the questionnaire. No changes were reported in the measurement of the variables except for translation and demographic information where three questions were added. A pilot study was conducted by inviting managers of SMEs in different regions of Saudi Arabia to participate in the study.

After completing the validity and correcting the questionnaire based on the suggestion of the experts, some items were modified. A pilot study was conducted to ensure that the measurements are reliable. A total of 50 questionnaires were distributed to executive employees working in SMEs in Saudi. A total of 42 complete and valid responses were collected. Table 1 shows the results of the pilot study. It shows that the measurements have an acceptable Cronbach's Alpha greater than 0.70.

Data collection was conducted using a hybrid approach. The online questionnaire resulted in a minimal rate of response. Only 24 responses were collected. As an alternative, the paper-based questionnaire was distributed to SMEs' owners, managers, and CEOs, because they are the ones who are most familiar with the company's culture, structure, and market conditions (Lubatkin et al., 2006), and this increased the response to 471 with a response rate of 58.8% (800/471). The data was refined based on missing values, outliers, normality, and multicollinearity. To examine the missing value, researchers such as (Hair et al., 2017) suggested that a frequency analysis using SPSS can show whether the data is missing value

Table 1. Reliability analysis of pilot study ($N=42$).

| Variable | Number of items after validation | Cronbach's Alpha | Remark |
|-----------------------|----------------------------------|------------------|----------|
| ESMU | 18 | 0.902 | Reliable |
| MO | 10 | 0.851 | Reliable |
| Profitability | 5 | 0.882 | Reliable |
| Customer Satisfaction | 3 | 0.821 | Reliable |

Table 2. Result of normality and multicollinearity.

| | Normality | | Collinearity Statistics | |
|-----------------------|-----------|----------|-------------------------|-------|
| | Skewness | Kurtosis | Tolerance | VIF |
| ESMU | -.668 | -.897 | .940 | 1.064 |
| Market Orientation | -.744 | -.804 | .831 | 1.204 |
| Profitability | -.635 | -.751 | - | - |
| Customer Satisfaction | -.610 | -.471 | - | - |
| Business Performance | -.801 | -.732 | - | - |

^aDependent Variable: SME Business Performance.

Table 3. Profile of the respondents.

| Variable | Label | Frequency | Percent |
|---------------|---------------------|-----------|---------|
| Gender | Male | 363 | 80.5 |
| | Female | 88 | 19.5 |
| Position | CEO | 165 | 36.6 |
| | CMO | 55 | 12.2 |
| | SME manager | 88 | 19.5 |
| | Owner | 143 | 31.7 |
| Qualification | High school or less | 50 | 11.1 |
| | Diploma | 121 | 26.8 |
| | Bachelor | 236 | 52.3 |
| | Master | 33 | 7.3 |
| Experience | Ph.D. | 11 | 2.4 |
| | 1–4 years | 22 | 4.9 |
| | 5–9 years | 165 | 36.6 |
| | 10–14 years | 242 | 53.7 |
| | 15 years and above | 22 | 4.9 |

Note: 451.

or free from this issue. The rule as stated by Hair et al. (2017), responses with less than 5% per indicator should be replaced by the mean value. Seven responses have missing values greater than 15%. These seven responses were removed from the dataset. To examine the outliers, the mean score values of the variables were computed. Next, the variables on an individual basis were entered into the analysis. The findings indicated that there were 13 responses that were identified as outliers. These responses were deleted. Accordingly, by deleting the 13 responses, the complete and usable responses in this study remain at 451 (464–13=451). Researchers suggested examining the normality by examining the Kurtosis and Skewness. Hair et al. (2017), considered the value of Skewness and Kurtosis less than the absolute one (1) as a normal distribution. The value of Skewness and Kurtosis are less than the absolute one (1), supporting the normality of the data as shown in Table 2. To confirm the variables are free from multicollinearity, the Variation Inflation Factor (VIF) must be less than 5 and the tolerance must be greater than 0.20 Hair et al. (2017). Table 2 shows that these two conditions were met, and the variable is free from multicollinearity issues.

4. Findings

4.1. Descriptive information

After ensuring that the data is complete and usable, the information that is related to the respondents is presented. In this section, the profile of the respondents who have participated in this study is presented in Table 3. The majority of respondents are males (80.5%) with CEOs making the largest percentage of 36.6% and qualification of bachelor's degree (52.3%) and experience between five to nine years (36.6%).

Table 4 shows the profile of the companies that have been involved in this study. It shows the sector, age, number of employees, SM usage, external SM usage SM use duration, and SM usage. A total of 451 SMEs participated in this study. These SMEs are distributed over five sectors. The highest number of SMEs, 231 or 51.2% are from the retail business. A total of 56.1% or 253 of the SMEs are older than 10 years and less than 15 years with 220 or 48.8% of SMEs in this study having a number of employees between 6 to 49 and all the SMEs in this study are users of SM. Respondents who are using a single SM application indicated that 80 or 17.7% are using Instagram, 73, or 16.2% are using Twitter, 56, or 12.4%

Table 4. Profile of SMEs.

| Variable | Label | Frequency | Percent |
|---------------------|--|-----------|---------|
| Sector | Service sector | 66 | 14.6 |
| | Manufacturing sector | 11 | 2.4 |
| | Retail business | 231 | 51.2 |
| | Construction business | 121 | 26.8 |
| | Technological sector | 22 | 4.9 |
| Company Age | Less than 5 years | 44 | 9.8 |
| | 5–10 years | 143 | 31.7 |
| | 11–15 years | 253 | 56.1 |
| | More than 15 years | 11 | 2.4 |
| Number of employees | 1–5 employees | 77 | 17.1 |
| | 6–49 employees | 220 | 48.8 |
| | 50–249 employees | 154 | 34.1 |
| | | | |
| SM usage | Yes | 451 | 100.0 |
| | No | 0 | 0 |
| External SM usage | Facebook | 246 | 12.4 |
| | Instagram | 80 | 17.7 |
| | YouTube | 7 | 1.6 |
| | Twitter | 73 | 16.2 |
| | TikTok | 18 | 4.0 |
| | WhatsApp | 12 | 2.7 |
| | Facebook, Instagram, Twitter, Snapchat | 53 | 11.8 |
| | Facebook, Instagram, YouTube, WhatsApp | 131 | 29.0 |
| | Facebook, Instagram, Twitter, TikTok, Snapchat | 21 | 4.7 |
| | | | |
| SM use duration | 1–2 hours per day | 176 | 39.0 |
| | 3–4 hours per day | 233 | 51.7 |
| | Others | 42 | 9.3 |

are using Facebook, 18, or 4% are using TikTok, and 12, or 2.7% are using WhatsApp. A total of 233 of 51.7% are using SM between three to four hours daily (3–4 hours), while 176 or 39% are using SM for one to two hours (1–2 hours) daily. A total of 42 or 9.3% of respondents who selected others indicated that they use SM whenever there is a need to post a new post or to respond to customers.

4.2. Descriptive statistics of variables

The minimum, maximum, mean, and standard deviations were calculated to provide a summary of the variables. A five-point Likert scale was used to evaluate all research variables. In this research, the five-point Likert scale was divided into three groups: low, moderate, and high. Low values were defined as those below 2.33 [$4/3 + \text{lowest value (1)}$], high values as those above 3.67 [$\text{highest values (5)} - 4/3$], and moderate values as those in the middle, between 2.34 and 3.66. Similar and helpful for this research is the categorization proposed in Noor & Kumar, (2014) for interpreting the five-point Likert scale. Table 5 shows the descriptive statistics of ESMU, customer satisfaction, profitability, and market orientation. The levels of most of the statements are high. The mean of ESMU is 3.90 which is considered high. In addition, the level of market orientation (MO) is 3.82, which can be interpreted as high. The level of profitability is high with a mean of 3.78. Customer satisfaction also has a high level of agreement with a mean of 3.91.

4.3. Smart PLS analysis

The data of this study are analysed using Smart PLS version 4. Using this software, there are two main stages of analysis. The first is the measurement model evaluation and the second is the structural model evaluation.

4.3.1. Measurement model

Based on the suggestions of Hair et al., (2017), the measurement model is evaluated based on five criteria. First, the factor loading has to be larger than 0.70. Acceptable values of Cronbach's Alpha (CA)

Table 5. Level of the variables.

| Code | Statement | Mean | Std | Level |
|--|---|------|------|----------|
| ESMU1 | We use external social media to communicate with customers | 3.93 | 1.00 | High |
| ESMU2 | We often use external social media to contact our customers | 3.98 | .67 | High |
| ESMU3 | We frequently use external social media to ask customers questions | 3.87 | .88 | High |
| ESMU4 | We frequently use external social media to answer customer questions | 3.88 | .80 | High |
| ESMU5 | Employees often socialize with customers on the social media platform | 3.80 | .72 | High |
| ESMU6 | We regularly use social media to maintain and strengthen communication with customers in my work. | 3.89 | .78 | High |
| ESMU7 | We use external social media to collaborate with customers | 3.87 | .87 | High |
| ESMU8 | Many customers respond to discussions on the social media platform | 3.91 | .79 | High |
| ESMU9 | We actively exchange ideas with customers on social media. | 3.77 | .80 | High |
| ESMU10 | We use external social media to share knowledge with customers | 4.07 | .82 | High |
| ESMU11 | We frequently use external social media to share pictures and videos with customers | 3.81 | 1.00 | High |
| ESMU12 | We often use external social media to obtain work related information and knowledge | 3.91 | .86 | High |
| ESMU13 | New content and knowledge are shared or posted frequently on the platform | 3.99 | .95 | High |
| ESMU14 | Customers can obtain abundant content and knowledge from the social media platform. | 3.90 | .91 | High |
| ESMU15 | There are many people viewing discussions on the social media platform. | 3.77 | .86 | High |
| ESMU16 | We use social media for learning purposes. | 3.88 | .80 | High |
| ESMU17 | Employees learn from social media discussions. | 3.90 | .92 | High |
| ESMU18 | Discussions and posts on the social media platform assist employees in understanding customers' needs and wants | 4.12 | .84 | High |
| Overall mean of External SM Utilization | | 3.90 | – | High |
| MO1 | The staff in my company constantly monitor our level of commitment and orientation to serving customer needs | 3.79 | .58 | High |
| MO2 | The strategy of my company for competitive advantage is based on our understanding of customers expressed needs. | 3.79 | .75 | High |
| MO3 | The company measures customer satisfaction systematically and frequently. | 3.73 | .76 | High |
| MO4 | The company is more customer focused than our competitors | 3.78 | .75 | High |
| MO5 | The company periodically review our products/services development to ensure that they are in line with customers' needs | 3.79 | .92 | High |
| MO6 | The company help our customers anticipate developments in their markets | 3.64 | 1.03 | Moderate |
| MO7 | The company try to discover additional needs of our customers of which they are unaware | 3.76 | .80 | High |
| MO8 | The company use brainstorming technique to understand how customers use our products and services | 3.95 | .92 | High |
| MO9 | The company search for opportunities in areas where customers have a difficult time expressing their needs | 4.01 | .78 | High |
| MO10 | The company are aware that customers' hidden, and future needs are important to growth business | 3.94 | .75 | High |
| Overall mean score of market orientation | | 3.82 | | High |
| PR1 | The company exceeded the minimum profitability target during the past three years in comparison to known competition | 3.79 | .96 | High |
| PR2 | The company exceeded the minimum profitability target average from total assets during the past three years | 3.82 | .98 | High |
| PR3 | The company exceeded the minimum profitability target during the past three years | 3.96 | .92 | High |
| PR4 | The company achieved average profitability target from ownership capital during the last three years | 3.67 | 1.13 | High |
| PR5 | The company achieved average profitability target from total sales during the last three years | 3.70 | 1.10 | High |
| Mean of profitability | | 3.78 | 1.11 | High |
| CS1 | Overall, I feel that my customers are satisfied with my performance | 3.93 | 1.04 | High |
| CS2 | My clients feel they have an extremely effective working relationship with me | 3.91 | .87 | High |
| CS3 | Overall, my clients feel our relationship is productive | 3.90 | 1.03 | High |
| Mean of customer satisfaction | | 3.91 | 1.02 | High |

and composite reliability (CR) are greater than 0.70. In addition, the validity of the measurement is assessed using convergent validity and discriminant validity. The convergent validity is assessed using the Average Variance Extracted (AVE). The acceptable value of AVE is 0.50. As shown in Table 6, all the items have loading higher than 0.70 except for ESMU1 which has low loading and was removed. In addition, Table 6 shows that CA and CR are greater than 0.70, indicating that the measurement model has acceptable CA and CR. The AVE is greater than 0.50 supporting the fact that the variable is having convergent validity.

Table 6. Factor loading, reliability and validity.

| Variable | Item | Factor loading | CA | CR | AVE |
|-----------------------------------|--------------------|----------------|-------|-------|-------|
| Profitability | PRO1 | 0.933 | 0.945 | 0.957 | 0.82 |
| | PRO2 | 0.907 | | | |
| | PRO3 | 0.878 | | | |
| | PRO4 | 0.875 | | | |
| | PRO5 | 0.932 | | | |
| Customer satisfaction | CS1 | 0.913 | 0.92 | 0.924 | 0.862 |
| | CS2 | 0.949 | | | |
| | CS3 | 0.924 | | | |
| External Social Media Utilization | ESMU2 | 0.8 | 0.958 | 0.961 | 0.6 |
| | ESMU3 | 0.846 | | | |
| | ESMU4 | 0.832 | | | |
| | ESMU5 | 0.738 | | | |
| | ESMU6 | 0.718 | | | |
| | ESMU7 | 0.717 | | | |
| | ESMU8 | 0.762 | | | |
| | ESMU9 | 0.729 | | | |
| | ESMU10 | 0.715 | | | |
| | ESMU11 | 0.752 | | | |
| | ESMU12 | 0.735 | | | |
| | ESMU13 | 0.894 | | | |
| | ESMU14 | 0.757 | | | |
| | ESMU15 | 0.795 | | | |
| | ESMU16 | 0.78 | | | |
| | ESMU17 | 0.759 | | | |
| | ESMU18 | 0.807 | | | |
| | Market orientation | MO1 | | | |
| MO2 | | 0.875 | | | |
| MO3 | | 0.824 | | | |
| MO4 | | 0.742 | | | |
| MO5 | | 0.769 | | | |
| MO7 | | 0.764 | | | |
| MO8 | | 0.709 | | | |
| MO9 | | 0.778 | | | |
| MO10 | | 0.717 | | | |

Table 7. Heterotrait-Monotrait Ratio (HTMT).

| | Customer Satisfaction | External Social Media Utilization | Market Orientation | Profitability |
|-----------------------|-----------------------|-----------------------------------|--------------------|---------------|
| Customer Satisfaction | – | | | |
| ESMU | 0.677 | | | |
| Market Orientation | 0.679 | 0.729 | | |
| Profitability | 0.612 | 0.659 | 0.621 | – |
| Second Order | | | | |
| BP | BP | ESMU | | MO |
| BP | – | | | |
| ESMU | 0.699 | | | |
| MO | 0.659 | 0.729 | | – |

For the second order variable BP, the CR= 0.907, CA= 0.901, and AVE = 0.731. For the discriminant validity, the measurement is considered to have discriminant validity when the Heterotrait-Monotrait Ratio (HTMT)'s correlation is lower than 0.85. As can be seen in Table 7, the value of correlation is less than 0.85 thus, the variables have adequate discriminant validity.

4.3.2. Structural model

Smart PLS 4 suggested researchers examine three criteria including the R-square (R^2), path coefficient (β), and effect size (F^2) (Hair et al. 2019). Values of R^2 such as 0.25, 0.50, and 0.75 are considered weak, moderate, and substantial respectively. In this study, the R^2 is assessed for the dependent variables. The R^2 for profitability is 0.452 while for customer satisfaction is 0.482 and for MO is 0.490. This indicates that ESMU and MO can explain 45.2% of profitability and 48.2% of customer satisfaction while ESMU alone can explain 49% of MO. Figure 2 shows the structural model of this study. R^2 of the model is shown as well as the β .

Figure 3 shows the structural model with BP as a second order variable. It shows the effect of ESMU and MO on BP.

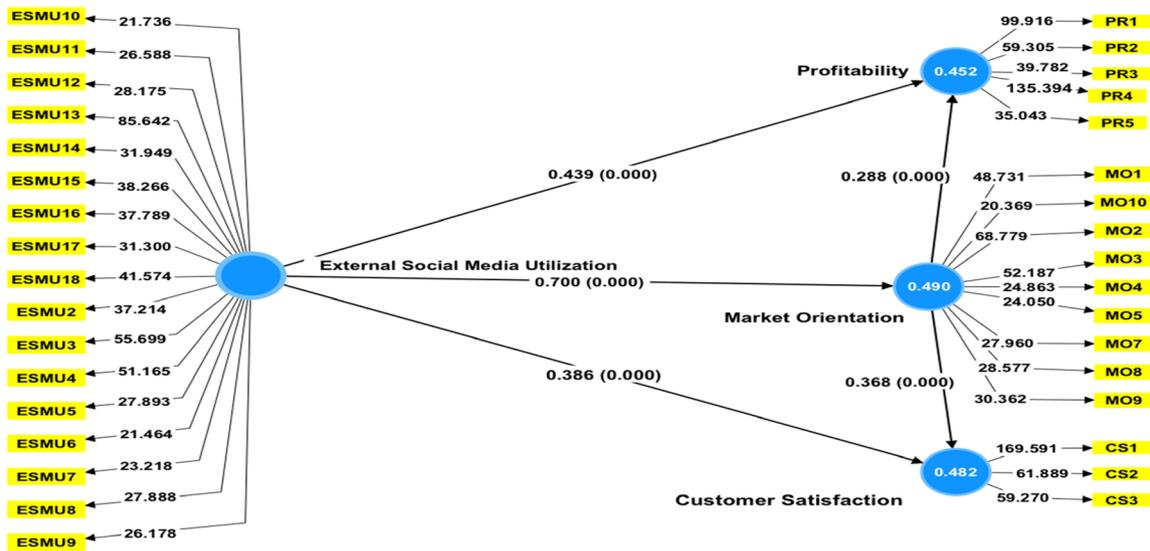


Figure 2. Structural model.

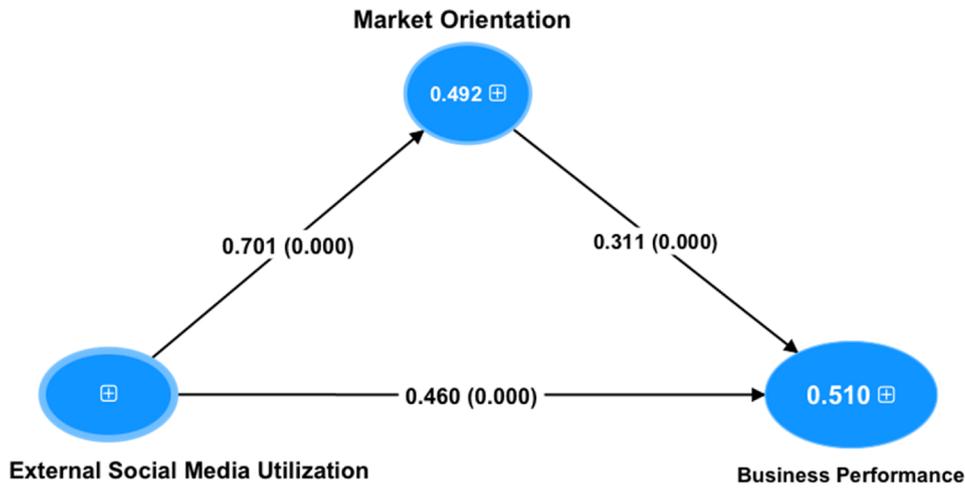


Figure 3. Structural model of second order.

Table 8. Result of hypotheses testing.

| H | Path | β | Std | T | P | f^2 |
|-----|--|---------|-------|--------|-------|-------|
| H1 | ESMU -> Business Performance | 0.460 | 0.067 | 6.861 | 0.000 | 0.191 |
| H2 | ESMU-> Profitability | 0.439 | 0.067 | 6.591 | 0.000 | 0.180 |
| H3 | ESMU-> Customer Satisfaction | 0.386 | 0.069 | 5.624 | 0.000 | 0.147 |
| H4 | ESMU-> Market Orientation | 0.701 | 0.044 | 16.001 | 0.000 | 0.960 |
| H5 | Market Orientation -> Business Performance | 0.311 | 0.063 | 4.964 | 0.000 | 0.133 |
| H6 | Market Orientation -> Profitability | 0.288 | 0.061 | 4.691 | 0.000 | 0.077 |
| H7 | Market Orientation -> Customer Satisfaction | 0.368 | 0.063 | 5.823 | 0.000 | 0.133 |
| H8 | ESMU -> Market Orientation -> Business Performance | 0.218 | 0.05 | 4.353 | 0.000 | - |
| H9 | ESMU-> Market Orientation -> Profitability | 0.201 | 0.049 | 4.105 | 0.000 | - |
| H10 | ESMU-> Market Orientation -> Customer Satisfaction | 0.257 | 0.052 | 4.915 | 0.000 | - |

Note. H8, H9, H10 were derived from the 'specific indirect effect' in SmartPLS 4.

The accepted value of f^2 ranged between 0.02 (small), 0.15 (medium), and 0.35 (large) as suggested by Hair et al., (2017), all the paths as shown in Table 8 have acceptable f^2 . Based on Figure 2, Table 8 shows the results of testing the hypotheses. The table shows the hypothesis (H), β , the standard deviation (Std), the t-statistics (T), and the P-value or level of significance (P), as well as the f^2 .

ESMU was proposed to have a significant effect on the BP of SMEs (H1-H3). The findings in [Table 8](#) showed that ESMU has a positive and significant effect on BP ($\beta=0.460$, $T=6.861$, $P<0.001$), profitability ($\beta=0.439$, $T=6.591$, $P<0.001$) and customer satisfaction ($\beta=0.386$, $T=5.624$, $P<0.001$). This indicates that when SMEs focus on using SM to connect with customers and conduct marketing activities using SM, the BP of these SMEs will increase. For H4, ESMU also affected positively MO ($\beta=0.700$, $T=16.001$, $P<0.001$). Accordingly, SMEs in Saudi Arabia that deploy the SM contributes to the MO of these SMEs. H5, H6, and H7 of this study predicted that the MO will affect positively the performance of SMEs in Saudi Arabia. The findings in [Table 8](#) showed that MO affected positively BP ($\beta=0.311$, $T=4.691$, $P<0.001$) profitability ($\beta=0.288$, $T=4.691$, $P<0.001$) and customer satisfaction ($\beta=0.368$, $T=5.823$, $P<0.001$). Therefore, the study concluded that MO is one of the variables that contribute to the BP of SMEs in Saudi Arabia.

MO was proposed to mediate the effect between ESMU and BP of SMEs. The direct effects of ESMU on SMEs' performance, profitability and customer satisfaction are positive and significant as shown in [Table 8](#). In addition, the direct and indirect effect of ESMU on SMEs' BP (profitability and customer satisfaction) via the mediator market orientation (H8-H10) is also significant. Accordingly, market orientation partially mediated the effect of ESMU on business performance, profitability and customer satisfaction.

5. Discussion

This study was conducted to examine the effect of ESMU on BP and MO as well as to examine the effect of MO on BP and its mediating role between ESMU and BP. The findings of this study indicated that ESMU has a significant positive effect on SMEs' BP. This finding supports the conclusion that when the level of ESMU increases, the SMEs' BP in Saudi Arabia will increase. The positive effect of ESMU on SMEs' BP could be due to the fact that SMEs have been using SM for reaching customers and marketing their products and services. SMEs in Saudi Arabia use SM as a means of communicating with and learning about their clients so that they can better meet their requirements. The SM is on hand to help with any questions or concerns clients may have and to facilitate productive working relationships. The beneficial impact of ESMU on SMEs' BP may be attributable, in part, to the actions of SMEs in Saudi Arabia and their engagement with consumers using SM. This study's results are consistent with those of another research. SMEs can benefit from SM because it is well-suited to their business strategy, allowing them to promote their products and services to a wider audience at a lower cost, thereby increasing their BP and decreasing their operational expenses (Appolloni et al., 2021; Arsawan et al., 2023; Sovacool et al., 2018; Tajvidi & Karami, 2021). Similarly, prior literature found that the effect of ESMU on business performance is positive and significant (Dwivedi, Ismagilova, Rana, et al., 2021). However, the findings is in contract with the findings of other literature which found insignificant effect (Ahmad et al., 2019; Foltean et al., 2019; Gavino et al., 2019).

The findings indicated that there is a positive effect of ESMU on the MO of SMEs in Saudi Arabia. This finding supported the hypothesis of the study and led to a conclusion that ESMU is critical for the MO of SMEs in Saudi Arabia. SMEs that utilize SM for external purposes are more able to respond to market changes. The idea that SMEs are using SM to understand the shifts in the market and anticipate the demand for a new product or service underpins the favourable impact of ESMU on MO. Bhimani et al. (2019) stressed the relevance of SM as a tool for producing rich data and developing novel customer-focused solutions. SM improves marketing efficacy and market reaction (Ali & Ahmed, 2022; Corral de Zubielqui & Jones, 2022; Mpandare & Li, 2020). Thus, SMEs in Saudi Arabia can better meet present and future needs when they use SM externally.

MO has a significant impact on the performance of SMEs in Saudi Arabia, indicating that the increase in the level of MO of SMEs will result in a positive increase in the performance of SMEs in Saudi Arabia. Possible reasons for the link between MO and the BP of Saudi Arabia's SMEs include the fact that these companies are always on the lookout for niches where consumers have trouble articulating their wants and needs. The positive impact of MO on the BP of SMEs in Saudi Arabia may be the result of these companies' familiarity with the local market and their ability to anticipate their customers' wants and needs. This study confirms past research that MO improves company success.

Effective MO improves BP (Adams et al., 2019). Effective MO can link company operations to market-needed goods and services, supporting strategic business thinking. Udriyah et al. (2019) found that MO improvement boosts BP.

Marketing orientation mediates the positive effect of ESMU on the BP of SMEs (profitability and customer satisfaction). The mediation partially supports the notion that part of the relationship between ESMU and profitability as well as customer satisfaction can be explained by MO. One possible explanation for MO's mediating role is that MO is linked to the market's receptivity and proactivity. A market-focused company that makes good use of SM may have better results than a non-market-focused company that fails to employ SM well. Therefore, MO and ESMU can be combined to improve the BP of SMEs in Saudi Arabia. This conclusion is in line with prior literature (Kurniawan et al., 2020a, 2020b; Mpandare & Li, 2020) who confirmed the mediating role of MO.

6. Implications

6.1. Theoretical implication

The study contributed to the literature by examining the performance of SMEs in emerging economies. Prior literature has mainly focused on identifying the predictors of using SM by SMEs. This study contributed to the literature by examining the effect of ESMU on multiple dependent variables such as MO, profitability, and customer satisfaction. The study solved the contradiction in the findings regarding the mixed results and confirmed the positive effect of ESMU on the MO and BP of SMEs. Several studies noted the need for SMEs to be market oriented. However, limited studies examined empirically these associations between MO and BP of SME. The study has contributed to the literature in terms of testing the mediating role of MO. By doing so, the study has provided academia with empirical findings regarding the role of MO as a mediator as well as a predictor of SMEs' BP.

The study contributed to the literature by testing the validity of contingency theory in the context of SMEs. Most prior literature focuses on using this theory in the context of large-scale companies and few examined their applicability in the context of SMEs. The study also contributed by conducting a study on SMEs in Saudi Arabia, which has the potential to help in providing the community with a study that enriches their understanding of the role of ESMU and MO. This study has significant implications for decision-makers in Saudi Arabia. Based on the findings of this study, ESMU is critical for the BP of SMEs. Therefore, decision-makers in Saudi Arabia are recommended to improve the level of ESMU. This can be done by involving and engaging customers more by creating games and spreading a survey with a reward of discount or promotion so that the SMEs can better understand the needs and wants of their customers.

6.2. Practical implications

The findings also showed that ESMU affected significantly MO. Marketers at SMEs can utilize access to customers to understand their needs and wants. This can be done in several ways. One of which is to reward a true and authentic survey. It can be also done by providing samples for customers to try and let them express freely their experience and opinion with the product or the services. MO is critical indicating that SMEs should pay more attention to MO, and this can be done by creating intimacy with customers. A competition where rewarded questions asked by SMEs and answered by customers has the potential to increase the awareness of the product and services of SMEs and create a better relationship with customers. Adopting customer relationship management and integrating it with SM is also a suggestion to improve communication with customers and identify the trend in the market. This study is important for decision-makers of SMEs in Saudi Arabia because it enriches their understanding regarding the role of ESMU and MO in the context of SMEs' BP. The study is in line with the government agenda of shifting from an oil to a non-oil economy. The findings of this study are critical for achieving the vision of 2030 in Saudi Arabia and considering these findings by SMEs contributes to their performance and the GDP of the country as well as employment.

7. Conclusion, limitations and direction for future work

7.1. Conclusion

The present study was conducted in the dynamic context of Saudi Arabia, specifically emphasizing Riyadh, the thriving and energetic capital city of the kingdom. The main aim of this research was to investigate the complex relationship between ESMU and BP as well as MO specifically focusing on SMEs. Additionally, the research aimed to examine the mediating role of MO. The study's results provide insight into the significant influence of ESMU as a predictor in determining the performance of SMEs across several dimensions. Significantly, it has been shown that ESMU has a crucial role in influencing the profitability of SMEs, as well as their levels of customer satisfaction and overall MO. Furthermore, the research revealed an additional level of importance beyond the direct impact of ESMU on SMEs. MO has emerged as a significant aspect in the equation. MO has been shown to have a significant influence on the productivity and customer happiness of SMEs. This suggests that companies that prioritize a strong MO are more likely to achieve higher levels of performance and maintain greater customer satisfaction. Nevertheless, the real understanding is in the revelation that MO functions as a mediating factor, connecting ESMU with profitability and customer satisfaction. Essentially, MO functioned as a mediator between these two variables.

7.2. Limitations

This study has limitations that are worthwhile to be mentioned here for a better understanding of the findings of this study. Firstly, this study was conducted exclusively in Riyadh, Saudi Arabia, which means that the findings are inherently limited to this specific city. Secondly, the study's results cannot be readily applied to large-scale companies due to the substantial differences in organization, structure, financial resources, and regulatory requirements between SMEs and larger enterprises. Thirdly, the study primarily relied on the perspectives of managers, owners, directors, and top management within SMEs, potentially missing out on a more comprehensive view of the subject matter. Based on the results of this study as well as the limitations that were mentioned earlier, there are several paths of future work to expand the findings of this study.

7.3. Future work

There are several avenue to expand the findings of this study. Firstly, future studies can benefit from duplicating this study in other nations, with a particular focus on the Gulf Cooperation Council (GCC) area or other emerging economies. Through the expansion of research to other geographical settings, researchers have the opportunity to evaluate the applicability of the results and investigate possible deviations impacted by a range of economic, cultural, and regulatory situations. Secondly, in order to enhance the depth of knowledge about the influence of ESMU and MO, it is recommended that future researchers expand the range of their studies to include organizations of significant size. Examining and comparing the impacts of these characteristics on SMEs and large enterprises provide significant insights into the divergent dynamics experienced by organizations of different sizes. Thirdly, although this study included SMEs from many sectors, it is suggested that future research might be enhanced by adopting a more sector-specific perspective. Researchers have the option to establish and focus their attention on a particular area, such as the service sector, retail sector, or construction sector to offer comprehensive insights on the effects of ESMU and MO on enterprises operating within the industry. Last but not least, to strengthen the explanatory power of the model, it is recommended that future studies integrate new variables, thereby expanding upon the existing research framework. Environmental uncertainty, a crucial factor in the contemporary dynamic business environment, may be included as an independent variable to enhance the comprehension of SMEs' business performance.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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