

THE RELATIONSHIP BETWEEN CUSTOMER ENGAGEMENT AND THE MODERATING ROLES OF SMES COMMITMENT FOR SOCIAL MEDIA TOWARDS PERFORMANCE OF SMES IN SERVICES SECTOR



Mazwina Hanim Abu Bakar
Siti Aishah Ab Jalil
Murugadas a/I Ramdas@Chelamuthu



THE RELATIONSHIP BETWEEN CUSTOMER ENGAGEMENT AND THE MODERATING ROLES OF SMES COMMITMENT FOR SOCIAL MEDIA TOWARDS PERFORMANCE OF SMES IN SERVICES SECTOR

Mazwina Hanim Abu Bakar
Siti Aishah Ab Jalil
Murugadas a/I Ramdas@Chelamuthu



ALL RIGHTS RESERVED

No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of Politeknik Sultan Salahuddin Abdul Aziz Shah.

THE RELATIONSHIP BETWEEN CUSTOMER ENGAGEMENT AND THE MODERATING ROLES OF SMES COMMITMENT FOR SOCIAL MEDIA TOWARDS PERFORMANCE OF SMES IN THE SERVICES SECTOR, SELANGOR

Special project by:

Mazwina Hanim Abu Bakar

Siti Aishah Ab Jalil

Dr. Murugadas a/l Ramdas@Chelamuthu

eISBN No: 978-967-0032-78-8

First Published in 2023 by:

UNIT PENERBITAN

Politeknik Sultan Salahuddin Abdul Aziz Shah

Persiaran Usahawan

Seksyen U1

10150 Shah Alam

Selangor

Telephone No. : 03-51634000

Fax No. : 03-55691903

PREFACE

Welcome to a journey into the world of small and medium-sized enterprises (SMEs), social media, and customer engagement in the services sector of Selangor, Malaysia. This book explores how SMEs in Selangor are using social media to connect with customers and how their commitment to social values impacts their success.

The services sector is a crucial part of the economy, and SMEs are essential players in this field. They face both exciting opportunities and challenges in the digital age. This book digs deep into the connections between customer engagement, social media, and SMEs' commitment.

As you read, you'll find valuable insights that can benefit researchers, business professionals, and anyone interested in how companies interact with customers in today's digital world. Our goal is to help you see how SMEs can thrive in the services sector by understanding and utilizing these important connections.

Thank you for choosing to explore these important themes with us. Your engagement with the ideas in this book will contribute to a better understanding of the role SMEs play in the services sector and their path to success in the digital era.

Contents

CHAPTER 1	4
1.0 INTRODUCTION.....	4
1.1 Background of the Study.....	4
1.2 Statement of the Problem	8
1.3 Research Objectives.....	10
1.4 Research Questions	10
1.5 Scope of the Study	11
1.6 Significant of the Study	11
1.6.2 Contribute to the practical implication	12
1.7 Limitation of the Study	12
1.8 Definition of Terms	13
1.8.1 Customer Engagement.....	13
1.8.2 Business Performance.....	13
1.8.3 Commitment	13
1.8.4 SMEs services sector	14
1.8.5 Social Media	14
1.9 Summary of the Chapter.....	14
CHAPTER 2	15
LITERATURE REVIEW	15
2.0 Introduction	15
2.1 Business Performance of SME	15
2.1.1 Financial Performance	17
2.2 Customer Engagement	17
2.3 Commitment	20
2.4 Social Media.....	22
2.4.1 Social Media Usage in Business	23
2.5 The Relationship between Customer Engagement and Business Performance.....	24
2.6 Conceptual Framework.....	27
2.7 Research Hypothesis.....	27

2.8	Summary of the Chapter.....	28
CHAPTER 3	29
METHODOLOGY	29
3.0	Introduction	29
3.1	Research Design.....	29
3.2	Sampling Frame	30
3.3	Population.....	30
3.4	Sampling Technique.....	30
3.5	Sample Size	30
3.6	Unit of Analysis	31
3.7	Data Collection Procedures.....	31
3.8	Instrument	31
3.9	Measurement of Variable	33
3.10	Validity of Instrument	35
3.11	Data analysis	35
3.12	Summary of the Chapter.....	36
CHAPTER 4	38
ANALYSIS AND RESULT	38
4.0	Introduction.....	38
4.1	Demographic Profile	38
4.2	The First Phase of Analysis.....	40
4.2.1	Reliability Analysis.....	41
4.2.2	Factor Analysis	42
4.3	The Second Phase of Analysis	44
4.3.1	Normality	44
4.3.2	Linearity	46
4.3.3	Homoscedasticity.....	47
4.4	The Third Phase Analysis.....	49
4.4.1	Multiple Regression Analysis	49
4.4.2	Hierarchical Regression Analysis.....	50
4.5	Summary of the Chapter.....	52

CHAPTER 5	53
CONCLUSION AND RECOMMENDATION	53
5.0 Introduction	53
5.1 Conclusion.....	53
5.2 Recommendation.....	55
REFERENCES.....	57

CHAPTER 1

1.0 INTRODUCTION

This chapter consists of seven sections. The background of the study is presented first. This is followed by a statement of the problem which highlight the issues to be investigated in this study. The purpose and objective of the study are explained in the third section, followed by research questions in section four. The significance of the study is discussed in the fifth section, followed by limitation of study in the sixth section. The final section will discuss the definition of terms in the study.

1.1 Background of the Study

Small medium enterprises (SMEs) are recognized as one of the main contributors to economic, development and employment growth. SMEs have an important role as the backbone of the economy in almost all countries in the world. SMEs contributed a significant 97% of business establishments in Malaysia and these businesses account for 65% of the country employment says CEO of SMEs Corporation.

According to Bank Negara publication in 2005, it shows that there are 518,996 SMEs representing 99.2% of business establishment in Malaysia, while large enterprises (LEs), numbering 4136 business establishments, made up the remaining. Over 411,849 micro enterprises made up 79.4% of the total SMEs and 78.7% of total business establishment in the country. Small enterprises accounted for 118.4% or 95,490

establishments, followed by medium enterprises, representing only 2.2 or 11, 657 establishments.

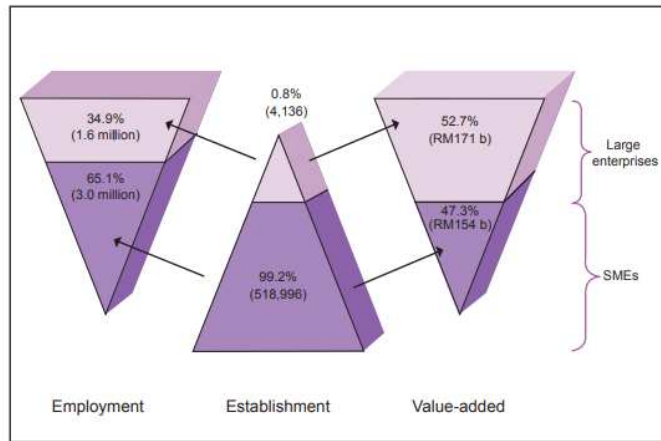


Figure 1.1: SMEs and Large Enterprises by employment, establishment and value-added (Source from BN 2005)

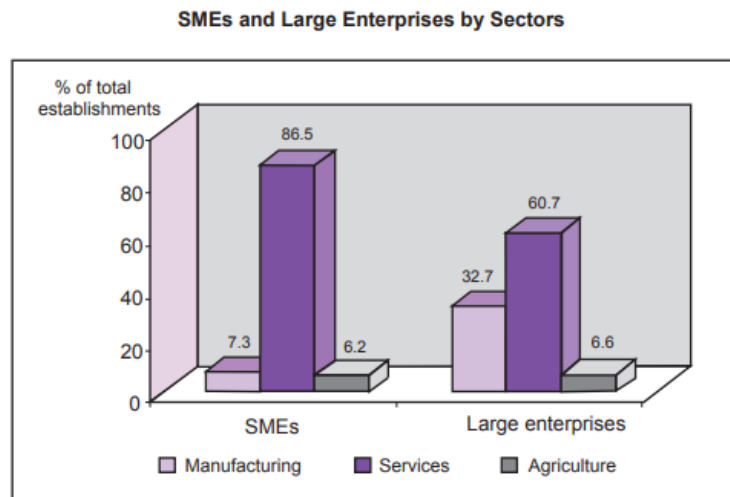


Figure 1.2 SMEs and Large Enterprises by sectors (Sources from BN 2005)

SMEs formed the bulk of business establishment in the three sectors are agriculture, manufacturing and services. SMEs in the services sector formed the largest category, with

over 449,004 SMEs (or 86.5% of total SMEs) engaged in the sector. The bulk of the SMEs is micro enterprises (80.4%), followed by small (17.6%) and medium (2.1%) enterprises respectively. Most of the SMEs are in the following services sub-sectors: retail, restaurant, wholesale, transportation and communication and professional services. There are 37,866 SMEs in the manufacturing sector, mostly in the textile and apparel, metal and mineral products and food and beverage production. About half of the SMEs in the sector are micro enterprises followed by small (39.5%) and medium (5.2%) enterprises. Meanwhile, there are 32,126 SMEs in the agriculture sector, primarily in food crops and market produce, horticulture and livestock. 93.3% of the SMEs in the agriculture sector are micro enterprises.

In Malaysia, SMEs are the dominant form of business establishments. More than three quarters of the total SMEs established where micro enterprise, followed by small enterprise and lastly medium sized enterprises. However, according to Bank Negara 2005, it also showed the result of productivity of SMEs and LEs. SMEs productivity was very much lower than that of large enterprises, even there is increasing the percentage of business establishments in SMEs. SMEs generated RM0.3 million of value-added and RM0.8 million output per establishment, compared with RM41 millions of value-added and RM127 million output per establishment for large enterprises.

This is shows SMEs has problem in increasing the productivity in their business life. Productivity closely related to the performance of SMEs. As it mention, SMEs usually have below than 75 employees. This might cause the factors of lower productivity or involves other factors because usually SMEs is directly approach to the customer in their areas.

Winning and keeping customers is a great challenge in today's business world. In a competitive business environment today, customer engagement is critical for companies to succeed. (Kumar et. al, 2010). "Engage or die" is the new marketing catchphrase. Customer engagement creates deep connections and long lasting relationship with customers that drive purchase decisions, interaction, and participant over time. Companies who engage with customers and markets can cultivate loyalty in ways never possible before and be long standing in business. (Wang, 2014)

Customer engagement activities are the long-term value of a customer. It is based on the idea that focusing efforts on an immediate sale may not be the best way to create an ongoing sales relationship with the customer. Somewhat, engagement over time may create a stronger relationship with greater organizational benefits. Likely, for most businesses today, creating customer-organization relationship, in which multiple sales are made, is part of their business strategy.

Today, SMEs is seeing more adoption of technology and communication channel in their daily life. Aligned with SMEs masterplan 2012-2020 which focus more on innovation and technology adoption, SMEs more use technology and communicate more in internet especially in social media areas. According to latest statistic there is a significant increase in the use of information and communication technology (ICT) in SMEs, especially in the years 2014 to 2016.

In a survey conducted by SMEs, the finding shows the numbers of respondents who use the internet have increased significantly to 90.1% that shows the commitment of SME to use social media. This is supported in a report issued by SAP survey retailers and SMEs between April and May 2016 that indicated all SME retailers use at least one social

media channel as an important tool for their future growth. This is proven by the statistics released by the Companies Commission of Malaysia in July 2017 where about 53,285 companies' online registration.

Malaysia Development Entrepreneurs Center have their own program known as eUsahawan™ where social media is used as marketing tools in their business activity. Therefore, the purposes of this study is to investigate the relationship between the impact of customer engagement and performance of SMEs in Selangor and to examine the moderating role of SMEs commitment for social media on customer engagement and performance SMEs in Selangor.

1.2 Statement of the Problem

Performance of SMEs is crucial as they will transform Malaysia into a high-income and knowledge-based economy through their contribution to the national GDP. Despite of their important contribution to exports, employment and economic growth, the total number of SMEs has decreased from 17,157 firms in 2010 to 16,893 firms in 2011 according to the SME information provided by the Department of Statistics of Malaysia. Besides, the productivity of SMEs much lower than large enterprise even SMEs contribute to Malaysia GDP rose to 37% last year.

In the previous studies about performance of SMEs mostly focused on literature analysis of how to measure the performance of SME (Carlyle, 2013; Gerba, T. Y. and Viswanadham, P., 2016) whether in subject measure or in objective measure (Zulkifli, S. and Perera, N., 2011), performance in a social networks perspective (Tung, 2012) rather focused on the impact of performance of SMEs. Besides, most of the studies focused on

the manufacturing sectors of SMEs (Terziovski, M, 2010; Merrilees, B., Rundle-Thiele, S., & Lye, A., 2011) and tourism area (Morrison, A. and Teixeira, R., 2004) rather than services sectors of SMEs.

Customer is important to for company especially to sustain company's growth and increase performance of company. According to (Mamun, Mohiuddin, Fazal, & Ahmad, 2018), as the focal point of customer engagement is satisfying the needs of consumer, it could be argued that an innovative and effective customer engagement programme increase the number of satisfied and loyal customers and in turn enhance the firm's financial performance. Therefore, this study need to be conducted as to find out whether customer engagement give impact to performance.

The second issues why this study to conduct because social media allow customers to comment, review, create and share content across online network. They also allow customers direct access to organizations, brands and marketers (Chau & Xu, 2012). This show that SMEs commitment for social media to ensure they engage with customers in real-time and manage the significant amounts of incoming customer data. It is also supported by Carr (2017) showed that company commitment for social media is required in order to make an impact in customer engagement on business performance.

Even though, SMEs commitment for social media is seen not as an actual factor but it influences the relationship between customer engagement and business performance especially the existence of social media. It is because using social media for customer engagement allow company to communicate with customers inside the markets. Thus it is believe that SMEs commitment for social media is a moderator in the study. Therefore,

there is a need to find out whether SMEs commitment for social media give impact on the relationship between customer engagement and performance.

1.3 Research Objectives

The aim of this study is to identify the relationship between customer engagement and the moderating roles of SMEs commitment for social media towards performance of SMEs in the services sector, Selangor. The objectives of the study are:-

RO1: To investigate the relationship between impact of customer engagement and performance of SMEs in services sector, Selangor

RO2: To examine the moderating role of SMEs commitment for social media in customer engagement and performance SMEs in services sector, Selangor.

1.4 Research Questions

For this purpose, the study analyses the relationship between customer engagement and the moderating role of SMEs commitment for social media towards performance of SMEs in services sector, Selangor. The research questions of the study are:-

RQ1: What is the relationship between customer engagement and performance of SMEs in services sector, Selangor?

RQ2: Does SMEs commitment for social media moderate the relationship between customer engagement and performance of SMEs in services sector, Selangor?

1.5 Scope of the Study

This study is focused on identifying the relationship between customer engagement and the moderating role of SMEs commitment for social media towards performance of SMEs in services sector, Selangor. This study wants to determine the relationship between customer engagement and performance of SMEs. This study is also wants to examine the moderating role effect of SMEs commitment for social media on the relationship between customer engagement and performance of SMEs in services sector. In order to investigate this entire dimension, this study is deciding to distribute the survey questionnaire to the owners of SMEs in Selangor who have online business in social media.

1.6 Significant of the Study

The study analyzed the relationship between customer engagement and the moderating role of SMEs commitment for social media towards the performance of SMEs in the services sector, Selangor. It has some significance when conducting the study. The significant will contribute:

1.6.1 Contribute to the body of knowledge

This study can provide fresh insight into the relationship between customer engagement and business performance and the moderating roles of SMEs commitment for social media by quantifying and measuring the returns from customer engagement in terms of financial performance. The study also will contribute to the literature on SMEs by enriching the understanding the impact of customer engagement on their performance. Besides, this study will create new framework be added to new study of

customer engagement and performance of SMEs and the moderating role of SMEs commitment for social media.

1.6.2 Contribute to the practical implication

The contribution on managerial practice is the study will provide guidelines for SMEs on how to take advantages of social media usage in their business strategies in order to retention the existing customers and to gain new customers. Besides, it is provide also the new knowledge in increasing their performance in the market by making more engagement toward their customers' offline and also online using social media. It is also provide new awareness for SMEs that giving full commitment to use social media will help them engaged with their customers.

1.7 Limitation of the Study

This study has several limitations. The study is limited in the SMEs owner in services sector only. Beside, this study is focusing only on companies who run micro, small and medium business in the Shah Alam, Selangor. They belong to this category if they run offline and online business and have social media account for their business purposes. The number of employees is between five to 75 employees. The age of the business should not exceed 20 years old. Therefore, the finding will be applicable for SMEs only and the result of the might be different if the study conducted in different industries. The variables used in this study are limited to customer engagement and SMEs commitment for social media. These variables are not comprehensive but considered as the major determined of performance of SMEs especially in services sectors. The study used questionnaire as a

method of collecting data. Thus, the procedure would limit the response from the respondents whereby respondents could not give an open answer or opinion beyond the items stated in the questionnaire and findings of the result are limited to generalize.

1.8 Definition of Terms

The definitions of the factors or dimensions that includes in this study area:

1.8.1 Customer Engagement

Customer engagement refers to the state that reflects consumers' positive individual disposition towards the community and the focal brand as expressed through varying levels of affective, cognitive and behavioral manifestations that go beyond exchange situations. (Gummerus et al., 2012)

1.8.2 Business Performance

It is defined by Smith and Reece (1999) as “the operational ability to satisfy the desires of the company's major shareholder and it must be assessed to measure an organization's accomplishment.

1.8.3 Commitment

Commitment as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it, that is the committed party believe the relationship is worth working on to ensure that it endures indefinitely (Morgan and Hunt, 1994).

1.8.4 SMEs services sector

The definition of SME in this study conforms to that issued by the Malaysian government in 2005 (National SME Development Council) and reviewed in 2013. SMEs are identified according to the number of employees and sales turnover by industry sector. In the services sector, enterprises with more than 5 employees but less than 75 employees are classified as small. The sub-sectors of services are retails, restaurant, whole, transportation, communication, professional service and ICT.

1.8.5 Social Media

It is defined by Kaplan and Haenlain (2010) 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.

1.9 Summary of the Chapter

As conclusion, Chapter One discusses on the overview about the topic, the basis of the research problems, researcher objectives and followed by the fourth section that discussed on the research questions and scope of the research study. The next section is including significance of the study and the limitations of this research work. And for the last part, it is explained the definition of the dimensions in order to build the conceptual framework.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

The second chapter discusses on the literature review. It is related work and theories of the different author expressed in their study is used to explain the purpose and also answer the statement of the problem in this research study. First, it start with describing the dependent variable that related to the study. Second, it discusses on the independent variable dimension and followed by the explanation of the moderating variable. Since the study involves two areas which are customer engagement and business performance of SME, how business performance of SME is measured will be discussed first as dependent variable.

2.1 Business Performance of SME

Every business will want to grow over time and become more and more successful. So, business must measure their business performance. Measuring business is a critical issue for academic scholar and practicing manager. Traditionally, it is a reflection from the perspective of management researchers, business performance operationalized in terms of economics criteria such as profitability or market based measures of financial performance. Profits, return on investment, turnover of number of customer are usually regular indicator used to measure business performance.

Smith and Reece (1999) in Zulkiffli and Perera (2011) stated that business performance are defined as the operational ability to satisfy the desires of the company's major shareholder and it must be assessed to measure an organization's accomplishment. While according to Knight and Mc Cabe (1997) in Al-Ansari, Pervan and Xu (2013), business performance determines how well a firm manage its internal resources and adapts to its external environments and it will reflects the achievement of strategic objectives and goals. It was agreed by Hofer and Schendel (1978) in Jogarathnam (2016) which states that business performance is considered to be a time test of any business strategy.

Business performance is the result of the interplay among actions taken in relation to competitive forces that allow a firm to manage its internal resources and adapt to its external environments, thereby integrating the concepts of efficiency and effectiveness (Keizer et al., 2002; Miller, 1988). Despite, in enterprise management, Moullin (2003) defines an organization's performance as how well the organization is managed and the value the organization delivers for customers and other stakeholders.

Therefore, the best definition of business performance is how well organization managed the resources and how it achieved the organization goal. There are many way to measures business performance of SMEs in other studies. In this study, business performance of SMEs will be measured by financial performance using subjective measures (scale of satisfaction) due to difficulties in obtaining objective financial data. Manager often refuse to provide accurate, objective performance data to researchers. By using subjective measures, the indicator focus on financial overall performance.

2.1.1 Financial Performance

Measuring performance is a multi-dimensional concept. Financial indicators are still the first choice for most SMEs. Key financial indicators are:-

- i. Profit – one of the most importance indicators for SME in determining the health and success of the business. The key profit indicators include return on sales, net profit margin, and price to earnings.
- ii. Growth– the importance indicator for SME to determine process of development of an enterprise or the expansion. The key growth indicator include sales growth, income growth, profit growth, cost growth and margin growth.

However, in this context of study, financial performance will refers to profit of the SMEs which determine the success of business and the indicators are return on sales, net profit margin, overall performance and price to earnings.

2.2 Customer Engagement

Customer engagement has been discussed and defined in the field of marketing by many scholars and business practitioners. As traditional marketing methods become less effective, customer engagement is the currency by which companies are measuring their effectiveness. According to Shiri et al. (2012) customer engagement is the intensity of an individual's participation in and connection with an organization's offerings or organizational activities, which either the customer or the organization initiates. Guesalaga (2016) defined customer engagement as the extent to which organization's customer are active in using social media tools.

On the other hand, some other studies conceptualize engagement as a psychological state that reflects a customer's particular psychological state induced by the individual's specific interactive experiences with a focal engagement object (e.g. a brand) (Brodie et al., 2011, 2013; Vivek et al., 2012). For example, Hollebeek (2011, p. 785) defines customer brand engagement as "the level of a customer's motivational, brand related and context dependent state of mind characterized by specific levels of cognitive, emotional and behavioural activity in brand." It is also supported by Bowden (2009), conceptualized customer engagement as a psychological process comprising cognitive and emotional aspects that lead to loyalty for both new and existing customers.

Similarly, Patterson et al. (2006) define customer engagement as a psychological state that is characterized by a degree of vigour, dedication, absorption and interaction. Customer engagement is a means by which a company creates a relationship with its customer base. By engaging the customer, firms are able to develop brand-centric communities in such a way that ties customers to their product.

Van Doorn et al. (2010) define customer engagement as behaviours that go beyond transactions, and may be specifically defined as customer's behavioral manifestations that have a brand or firm focus, beyond purchase, resulting from motivational drivers. There are five dimensions of customer engagement behaviors were proposed by van Doorn et al. (2010):

- i. Customer's resources: Customer engagement can be expressed in terms of the resources (e.g. time) that customers engage.
- ii. Outcome: Customer engagement can result in different types of outcomes for the customer (e.g. improvements in the service).

- iii. Scope: The scope of customer engagement differ, and it can be momentary, such as complaint or ongoing behavior.
- iv. Nature of Its Impact: Different customer engagement can result in varying (positive/negative) impact on the firm and peers
- v. Purpose: Customer engage with firms for different reasons.

On the other hand, Kumar et al. (2010) argues that non-transactional behavior manifestations should not be ignored. The valuation of the customers can be potentially mistaken if non-transactional behavior is not taken into account. Kumar et al. (2010) then introduces a new metrics for customer valuation by including both transactional and non-transactional behavior, extending the customer value management framework to “Total Customer Engagement Value”. Kumar et al. (2010) also suggested that customer engagement consists of four core dimensions:

- i. Customer purchasing behavior: It refers to repeat purchase or additional purchases through up-selling and cross-selling
- ii. Customer referral behavior: Companies initiate and incentivize referral programs among existing customers to acquire new customers.
- iii. Customer influencer behavior: Customer have great influence on other existing customers and prospects (e.g. word-of-mouth).
- iv. Customer knowledge behavior: companies can be benefitted from customers’ feedback, which contributes to idea generation for innovation and improvement as well as to knowledge development.

In this context of study, customer engagement refers to the state that reflects consumers' positive individual disposition towards the community and the focal brand as expressed through varying levels of affective, cognitive and behavioral manifestations that go beyond exchange situations. The study will look at the following customer engagement behavior – read messages, use “like” option, write comments and share post. (Gummerus et al., 2012)

2.3 Commitment

According to Gundlach et al. (1995) in Li et al. (2015) commitment refers to the willingness of partners to use effort on the relationship and implies future orientation, which is the desire to build the relationship and solve unanticipated problems. Moorman et al., (1992) define commitment as an enduring desire to maintain a valued relationship, which is based on positive emotional bonds and is characterized as affective social identity (Dholakia et al., 2004 in Zhou and Amin, 2014).

Commitment also defined as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it, that is the committed party believes the relationship is worth working on to ensure indefinitely (Morgan and Hunt, 1994 in Sahara and Gyao, 2014). The definition given by Gundlach et al., (1995) commitment is the willingness of partner to use effort on the relationship and build it and implies future orientation and solve unanticipated problems.

To maintain successful long-term value relationship, commitment is viewed as an essential ingredient (Gundlach et al., 1995; Moorman et al., 1992 and Li et. al., 2015). Commitment is also recognized as attitudinal components that indicated an intention

toward developing and sustaining a long-term relationship (Li et al., 2015). Commitment improves the sustainability of relationships since business partner are more likely to continue to work with their exchange partners (Fischer and Reynolds, 2010 in Sahara and Gyau, 2014). This reduces transaction costs to search for alternative exchange partners and to analyses trading partner's credibility and reliability (Sahara and Gyau, 2014).

Dwyer et al., (1987) found that commitment is the desirable aspect of relationship that is also an important buyer-seller partnership. Researcher founded that customers are likely to reduce choice of engaging in on-going loyalty relationship with marketer. It was agreed by Zhao et al., (2008) in Li et al., (2015) that commitment from supplier involves the intention of sharing information and communication, ensure future exchange and lower the probability of customer leaving.

In the literature, two views of organizational commitment have dominated and aligned with this study. The first view, is that commitment is an affective state of mind an individual or partner has toward a relationship with another individual partner. The second view sees commitment as calculative based on inputs like investment and allocation of resources specifically for the relationship between two partners (Williamson, 1985 in Wetzels et al, 1998). Calculative commitment holds when internal cost are less than external cost. Therefore, owing to the importance of commitment in the development of relationship, there are three antecedents of commitment which are:-

- i. Service quality and satisfaction – recognize as crucially important in marketing practice and service quality is antecedent of consumer satisfaction
- ii. Trust – defined as one party's belief that its needs will be fulfilled in the future by action undertaken by other party (Anderson and Weitz, 1989 in Wetzel, 1998).

- iii. Dependence – referred to as asymmetry in relationship between two partners. A company dependence on a partner traditionally has been defined in channel as the company's need to maintain a relationship with the partner to achieve its goals (Kumar et al., 1995 in Wetzel, 1998)

Commitment has been defined and measured in different ways over the years, and its antecedent are based mainly on studies of dyadic relationships between individuals or business (E, Lundberg, & Roxenhall, 2012). Commitment also is viewed as critical in the literatures of organizational and buyer behavior. Organizational commitment is one type of relationship commitment that is critical to the firm in its internal relationship. In this context of study, commitment is defined by Morgan and Hunt (1994) as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it, that is the committed party believe the relationship is worth working on to ensure that it endures indefinitely. For the purpose of the study, commitment is refers to SMEs commitment in using and maintaining social media for their marketing used.

2.4 Social Media

There are many definitions of social media founded in studies. According to Negri and Vigola (2016), social media have been described as communication systems that enable their social actors to communicate along dyadic ties. While Kaplan and Haenlain (2010) in Merckaert (2013) define social media as a group of internet-based application that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of User Generated Content. Social media is also known as user

generated communication that now represent a prevalent source of information; it has changed the tools and strategies companies use to communicate highlighting that information control now lies with the customer (Mangold and Faulds, 2009). Social media is a concept that evolved in the modernized era. People communicate using mobile devices and build the relationship in the virtual world besides regular socializing with gathering and meet-ups people. It provides opportunities in business promotions which have to face-to-face with customers in the business premises.

2.4.1 Social Media Usage in Business

In today business world, use of social media has resulted in a more favorable sales and profitable business entrepreneur whether entrepreneurs of small-scale or large-scale as well as to influence the progress and development of the country (Derham, 2011). Social media is able to minimize and close the gap between strategy and implementation of the strategy that has been designed to be implemented. It is shown in the findings from Tripathi (2014) that SMEs can successfully use social media to promote their business due to the increasing number of users on social media nowadays.

Social media is the best application use by SME on marketing activities. Marketing online using social media applications are able to provide a new and better platform to the entrepreneurs, especially in the field of small and medium industries. Marketing via online social media allow companies and customer discuss and share information with each other (Ainin et. al., 2015 and Silvestre et al, 2011). Putting social media marketing into place is effective because of the convenience of the Internet itself, whose benefits can be enjoyed by all walks of society, the nation and wherever either in or outside the country (Stelzner,

2016). Social media is known as an interactive platform that enables business to engage with existing customer, reach new customer, and increase more sales (Bhanot, 2014).

Facebook, Twitter, and other social media as their favorite in introduce businesses and products through Internet (Merchaert, 2013). Social media are used by business firms and governmental organizations as communication tools (William, David & Zhang, 2016). These entities actively make use of social media for advertising and marketing, communicating with customers, building relationship with customers, branding etc., (Kim & Ko, 2011).

2.5 The Relationship between Customer Engagement and Business Performance

Customer engagement refers to an enterprise's ability to adapt innovative approaches toward client portfolio management, which facilitates an intimate long-term relationship with customer (Sashi, 2012). Customer can interact with and create value for firms in variety way, including direct transactions (Kumar, 2010). Recent research spotlight that the long-term sustainable competitive advantage of a firm depends on its capability to retain, sustain and nurture its existing consumer. Engagement customer not only remain as stakeholder of the firm but also contribute to the value-adding process to better satisfy their own needs and the needs of other consumer.

Customer engagement recognizes that buyer's actions related to the organizations are important that it will influence business performance (Carr, 2017). Social media enables SMEs to communicate with customers get feedback about their product and services. It is also supported by Skoumpopoulou, Vlachos and San Jone (2014) who stated customer engagement should be included in companies to achieve objectives. It is also

support by Amit and Schoemaker (1993), where the outputs of such approach should naturally result in superior performance. Specially, it is an organizational culture that understands and anticipates customers' needs and preferences, and then delivers superior customer values, thereby inducing better performance for firms. (Slater & Narver, 2000)

Customer engagement is influential for firms in several way including financial, brand and competition (Van Doorn et al 2010, Yang and Kankanhalli, 2014). Financial consequence refers to the purchase behavior of consumers as well as the cash flow and profit generated. Positive customer engagement behavior in the form of "like" positive word-of-mouth, and positive review contribute to new consumer acquisition and enlarging the consumer base. It also discuss by Vaishnav (2015), when the consumer base is enlarge, the organization can use the data to customer satisfaction (Gummerus et. al., 2012) which also considered as improve organizational performance. Thus, the increase of consumer engagement may lead to more sales and increase business performance.

Besides, customer engagement sees two parties, the customer and the organizations working towards achieving an end. (Forrester Consulting, 2008). There are two soecitic parties in the definition, the customer and the organization, who should be working in close interaction for a specific purpose. With the advent of new social media technology, the link between engagement and technology particularly social media technologies is also impossible to ignore.

Customer engagement is important for company especially to sustain company's growth and increase the performance of company. It is supported by Invespero.com (2016), that customer engagement save cost and increase sales volume. It is also supported by

Economic Intelligence Unit (2007b) article interviewed 80% of the professional stated that customer engagement can result 76% in increasing revenues, 75% in increasing profit.

There is no study of SMEs commitment for social media as the moderator between customer engagement and business performance. However, there are evidence which shows that commitment being a moderator in other relationship. It was in previous study (Sui, 2012) that commitment has been a moderator between occupational stressor and well-being of Chinese employees. It indicate positive significant influence between both variable in the study, (Glazer and Kruse, 2008) where commitment has a moderating initial reaction and intention to leave. It is also support by Ahluwalia, R. Burnkrant, R. E., and Unnava, H. R. (2000) that commitment has moderating effect on the relationship between consumer responded to negative publicity. The reason commitment is used as moderator is because in order to make effective use of social media the company need to give full commitment. Therefore the study has suggested that commitment is a moderator between social media usage and business performance of SMEs.

2.6 Conceptual Framework

The study attempts to identify the relationship between customer engagement and the moderating role of SMEs commitment for social media towards performance of SMEs in services sector, Selangor. Hence, the study proposed the following conceptual framework where customer engagement is the independent variable, dependent variable is performance of SMEs and moderator is SMEs commitment for social media.

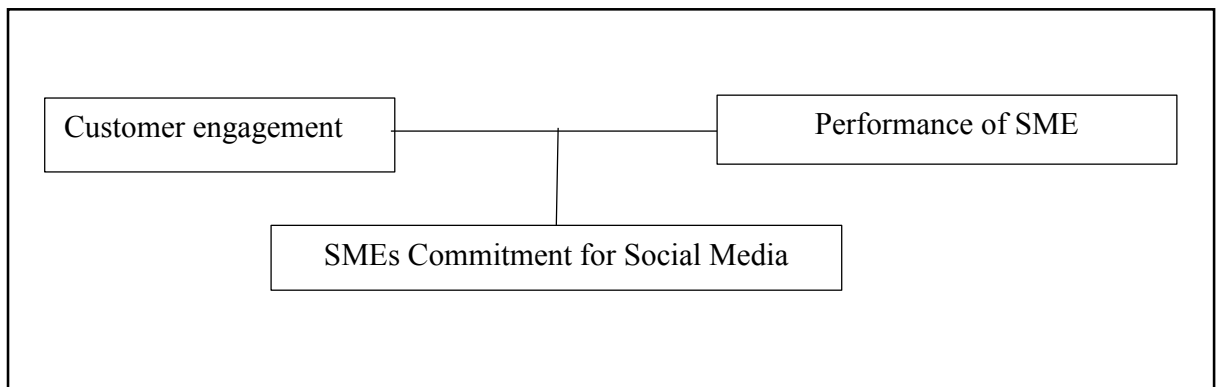


Figure 2.1: Proposed conceptual framework of the relationship between Customer Engagement and Performance of SMEs with SMEs Commitment for Social Media as moderator

2.7 Research Hypothesis

From the literature review, two hypotheses will be develop in this study:-

H1: There is a significant relationships between customer engagement and performance of SMEs.

H2: SMEs commitment for social media moderates the relationship between on customer engagement and performance of SMEs.

2.8 Summary of the Chapter

As a conclusion, Chapter TWO discussed the literature review on performance of SMEs, customer engagement and SMEs commitment for social media.

CHAPTER 3

METHODOLOGY

3.0 Introduction

This study focuses on identifying the relationship between customer engagement and moderating role of SMEs commitment for social media towards performance of SMEs in services sector, Selangor. This chapter represents the methodology that used to conduct this study. This chapter also describes the techniques and methods that were used to accomplish the aims of study. It includes the research design, sampling frame, population, sampling technique, sample size and unit of analysis, instrument, validity of instrument, data collection procedures as well as data analysis.

3.1 Research Design

Research design is the set of methods and procedures use in collecting and analyzing measures of variable specific in the research problem in study. It is the detailed of the plan of work to be done to complete the project and follow the design of research. The research design for this study is correlational study which uses quantitative methods. It is suitable because it explain a linear relationship between two or more variables without any hits of attributing the effect of one variable on another the purpose of this study is to examine the relationships between customer engagement and business performance of SMEs.

3.2 Sampling Frame

Sekaran and Bougie (2013) stated that the sampling frame or known as working population is a list of elements from which a sample may be drawn. Since the study want to investigate the impact of customer engagement on the business performance of SMEs in Selangor, SMEs Corporation list name of company sampling frame is employed.

3.3 Population

Population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate (Sekaran and Bougie, 2009). For this study, the population is the company register under SMEs Corporation in Selangor. There are company in Selangor register under SMEs Corporation by services sector. The population is 161,283.

3.4 Sampling Technique

Sampling is the process of selecting a sufficient number of elements from the population so that by studying the sample and understanding the characteristics of sample subjects, it would be possible to generalize the result. For this study, systematic sampling technique is suitable to be used.

3.5 Sample Size

Survey are directed at sample of company register under SMEs in Selangor area. The guidelines suggest by Krejcie and Morgan's (1970) is use to determine the sample size for this study. As the population is 161,283 it will be accumulated to 161,300. The sample size for this study is 384 companies.

3.6 Unit of Analysis

The unit of analysis is the major entity that is being analyzed in a study which typical unit of analysis include individuals, group, social organization and social artifacts. In this study, the unit of analysis is the company who run offline and online business in Selangor.

3.7 Data Collection Procedures

Data collection methods are an important part of the research design. Questionnaire is being used to obtain data from the respondent. The data for this study are collected from Selangor using SME Corporation data which consists 161,283 company. Then, sampling technique will be used to select respondent. Then, questionnaire will be distributed by hand in the area PKNS, Anggerik Mall, SACC Mall, shop lot area section 24 and section 18. Then, the respondent will be given one week to answer the questionnaire. After one week, researcher will go back to respondent to ensure that all respondent have answer and returned the questionnaire. If the respondents were unable to fill the questionnaires, they are given another three days to fill it.

3.8 Instrument

Instrument is the generic term used by the researcher to measure finding in the study. For this study, questionnaire is used as instrument to get data from respondent. The questionnaire is designed according to the research objectives and will answer the question from research questions. The questionnaire was given to owner of company in Selangor. The questionnaire used in this study was adapted and adopted from previous research. All

the data of the respondents were kept in private. There are two language will be used in the questionnaire that will be English and Malay. The questionnaire consist of closed-ended question and using Likert Scale. Three types of Likert scale being used in this questionnaire, level of satisfaction, level of agreement and level of likelihood. The questionnaire was divided into four sections which are:

Section A is about demographic information basic questions such as the respondent's gender, number of employee, years of operation, types of business, years of using social media, social media site most preferred to used.

Section B questions focused on the independent variable of the study, which is customer engagement where the focus more how and what customer behavior engaged with SMEs. The question for this section will be adopted from previous researcher that relates to this variable. In this section, the researcher use the level of Likelihood Likert scale questions from never to all the time.

Section C questions focused on the dependent variable of the study which is performance of SMEs where focus on financial performance. In this section, the researcher use the level of satisfaction Likert scale question from very dissatisfied to very satisfy.

Section D questions focused on the moderating variable of the study which is SMEs commitment for social media. In the section, the research use the level of agreement Likert scale question from strongly disagree to strongly agree.

3.9 Measurement of Variable

Structured questionnaires were used to measure variables. The questionnaires were self-administrated and being provided for respondents to select one most suitable answer from the number of five point Likert scale. The questionnaires set was used to establish their existence in the population sample chosen for the study. Respondents were asked to respond to the statement by: indicating the extent to which they agreed with for customer engagement, performance and commitment in their life.

For each statement respondents were asked to circle one of the five alternatives which were:

Section B *Customer Engagement*: Never (1), almost never (2), sometimes (3), often (4), all the time (5)

Section C *Performance*: Very dissatisfied (1), dissatisfied (2), slightly satisfied (3), satisfied (4), very satisfied (5)

Section D *Commitment*: Strongly disagreed (1), Disagreed (2), Neutral (3), Agree (4), strongly agree (5)

The measurements were:-

- Customer engagement derived Schivnski. B, Christodoulides. G, & Dabrowski, D (2013)
- Performance derived from Wu (2008)
- Commitment derived from Morgan & Hunt (1994)

Table 3.1 Measurement of variable

Items	Operational definition	Questions	Scale
Customer Engagement	The extent to which owner know the engagement of customer in social media	Q: My customer visit our social media site? Q: My customer noticed posts in our social media site Q: My customer read posts of our social media site Q: My customer “like” posts of our social media site Q: My customer share posts from our social media with their friends Q: My customer comment at our social media site wall Q: My customer give feedback on our social media sites	1) Never 2) Almost never 3) Sometimes 4) Often 5) All the time
Performance	The extent to which owner satisfied with their financial performance	Q: Overall financial performance of company Q: Return of asset of company Q: Return of sales of company Q: Net profit of company Q: Price earning of company	1) Very dissatisfied 2) Dissatisfied 3) Slightly satisfied 4) Satisfied 5) Very Satisfied
Commitment	The extent to which owner clarified their commitment to social media	Q: Social media is something we are very committed to Q: Social media is something my firm intends to maintain indefinitely Q: We put maximum effort to maintain social media	1) Strongly disagreed 2) Disagreed 3) Neutral 4) Agree 5) Strongly Agree

Q: It would be too expensive for us to use social media
Q: it would take too much time to manage social media

Table continued

3.10 Validity of Instrument

Validity is the extent to which an instrument measure what it is supposed to measure and performs as it is design to perform. To ensure the measures developed in the instrument is relevant and appropriate; the instrument must be test for its validity. Content validity is a measure of how well the items represent the entire universe of items (Salkind, 2014). In this study, the instrument used in this study was tested for validity and it was done by experts in the field. The questionnaire had been validate by the supervisor (study advisor) of the researcher for this study, Dr. Rohani binti Mohd from Faculty Business and Management to ensure that the content of the study is perfect without any mistake and to ensure this study will have validity in the instrument.

3.11 Data analysis

Analysis of data is a process of inspecting, cleaning, transforming and modeling data with the goal of discovering useful information, suggesting conclusion and supporting decision-making. In the study, the data will be analyzed using Statistical Package for Social Science (SPSS) after obtained the data from questionnaire. Before the data been analyze using SPSS, each result of the questionnaire will be examined for completeness. The study was analyzed in three stages, which are:

- i. Demographic Profile – will be analyzed using descriptive analysis.
- ii. Determined of goodness fit of data – reliability test, factor analysis, normality test, linearity test and homoscedasticity test.
- iii. Hypotheses testing – will be analyzed using multiple regression which answer research objectives

Table 3.2: Analysis plan

Research Objectives	Research Question	Scale	Statistic
To investigate relationship between customer engagement and business performance of SMEs in Selangor	What the relationship between customer engagement and business performance of SMEs in Selangor?	Interval	Mean and Standard Deviation
To examine the moderating role of SMEs commitment for social media in customer engagement and performance SMEs	Does SMEs commitment for social media moderate the relationship between customer engagement and performance?	Interval	Mean and Standard Deviation

3.12 Summary of the Chapter

This chapter discusses the methodology that used in this study. The study the relationship between customer engagement and the moderating roles of SMEs commitment for social media towards performance of SMEs in the services sector, Selangor. The population of the study is within Selangor area with 161,238 company. Guideline provided by Krejcie and Morgan's (1970) are used in determining the sample size for the study. The distribution questionnaire is in Selangor area. The data had been analyzed by using SPSS and the instruments used are from various instruments. The measurement involved were

using customer engagement (Schivnski. B, Christodoulides. G, & Dabrowski, D, 2013), performance (Wu, 2008) and commitment (Morgan and Hunt, 1994).

CHAPTER 4

ANALYSIS AND RESULT

4.0 Introduction

The chapter discuss the analyses involved in this study. The chapter started with the introduction of demographic profile of respondents. This is followed by the first phase of analysis that was to determine the goodness of the measurement employed for the research. The second phases which was on the determination of goodness fit for the data was conducted next. Finally, the hypothesis testing was conducted last. Statistical Package for Social Science (version 22) is used to analyze the data. The sample of this study consisted of 384 respondents who are SMEs companies around Selangor. However, only 203 questionnaire were valid to be analyzed; the others were not relevant or were not returned.

4.1 Demographic Profile

A total of 384 sets of questionnaire were distributed to the SMEs owner in Selangor. The process of distributing and collecting all the questionnaires took about one month (October – November 2018). However, out of 384 questionnaire distributed, only 203 questionnaire were returned, which means the total return rate was only 52.86%.

Table 4.1, it shows that 153 (75.4%) respondents were female and 50 (24.6%) respondents were male. The number of employees in this study can be divide to three groups according to the types SMEs, micro enterprise below 5 employees, small enterprise

5 to 30 employees and 31 to 75 employees. It shows that 168 respondents (82.7%) fall to micro enterprise, 28 respondents (13.7%) is small enterprise and 7 (0.03%) respondents from medium enterprise.

In the term of years of operation business, most of the respondent were below 5 years which constitute 123 respondents, representing 60.6% of total respondent. Next, business operate 6 -10 years constitute 22.2% (45 respondents) followed by business operate 11 – 15 years at 8.9% (18 respondents) and business operate more than 15 years constitute 8.4% (17 respondents).

It is also shows most of the types of business of respondent is food and beverage with 86 respondent (42.4%). It was followed by clothing business with 61 respondent (30%) and others that consist of ICT business, workshop and printing with 35 respondents (17.2%). Beauty and health business is constitute 10.3% (21 respondents).

In the context of years of using social media for business purpose, most of the respondents have use social media 2 – 3 years at 40.4% or 82 respondents, 27.1% or 55 respondents have use social media within 1 year, 35 respondents (17.2%) have use social media more than 5 years and lastly 31 respondents (15.3%) have use social media for business purpose for 4 – 5 years. Regarding which social media site mostly prefer to used, 128 respondents or 63.1% used Facebook, followed by Instagram with 56 respondents (27.6%) and Twitter with 17 respondents (8.4%). The other 1% (2 respondents) use Whatpps.

Table 4.1: Respondents' Profile

Variable	Description	Frequency	Percent
Gender	Male	50	24.6
	Female	153	75.4
No. of Employee	< 5 employees	168	82.7
	5 - <30 employees	28	13.7
	30 - <75 employees	7	0.03
Years of Operation Business	Below 5 years	123	60.6
	6 – 10 years	45	22.2
	11 – 15 years	18	8.9
	More than 15 years	17	8.4
Types of Business	Food and Beverage	86	42.4
	Clothing	61	30.0
	Beauty and Health	21	10.3
	Other	35	17.2
Years of using Social Media	Within 1 year	55	27.1
	2-3 years	82	40.4
	4-5 years	31	15.3
	More than 5 years	35	17.2
Social Media site Preferred used	Facebook	128	63.1
	Twitter	17	8.4
	Instagram	56	27.6
	Others	2	1.0

4.2 The First Phase of Analysis

In this phase of analysis was to ensure if the measure we use for the study was good. This involved two analyses: reliability and factor analysis. The following sub topic were the discussion on the two analyses.

4.2.1 Reliability Analysis

Reliability is the extent to which the researcher can rely on the sources of the data and the data itself. Reliability happens when a test measure the same thing more than once and result in the same outcome (Salkind, 2014). Reliable data is dependable, trustworthy, authentic, genuine and reputable. Consistency is the main measure of reliability. Therefore, reliability analysis is the analysis of the data identify the level of reliability for the variable. Table 4.2 shows the rules of reliability as stated by Salkind (2009).

Table 4.2: Result for Cronbach's Alpha

Variable	No. of Item	Cronbach's Alpha (α)	Item Numbered Deleted	New Cronbach's Alpha (α)
<u>Dependent Variable (DV)</u>				
Performance	5	.945	None	.945
<u>Independent Variable (IV)</u>				
Customer Engagement	7	.905	None	.905
<u>Moderating Variable (MV)</u>				
Commitment	5	.715	C4,C5	.902

The Cronbach's coefficient alphas were used to determine the consistency of each item measurement. As in the table 4.2, the Cronbach's coefficient alpha for Performance (.945), Customer Engagement (.905) and Commitment (.902) after removed 2 item which are C4 and C5 because is not reliable . All the items measuring the intended variables have high reliability coefficients indicating acceptable level of internal consistency with the coefficient value the range between .902 and .945.

4.2.2 Factor Analysis

Principal Component Factor Analyses with oblique rotation were utilized to identify the underlying structure or dimensions in the independent variables, moderating variable and dependent variable in the study. Factor analysis is a data reduction method and the aim of the analysis is to reveal any latent variables that cause the manifesting variable to covary (Costello & Osborne, 2005). Factor analysis is also used to understand the underlying structure in the data matrix, to identify the most parsimonious set of variables, and also establish the goodness of measure for testing the hypothesis. (Hair, Black, Babin, Anderson & Tatham, 2006).

In Table 4.3 shows the factor analysis for customer engagement (IV), performance of SMEs (DV) and SMEs commitment for social media (MD). There were initially 17 items in the scale of three variables: customer engagement (7 items), performance (5 items) and commitment (5 items). Factor analysis with oblique rotation was used to determine factors' component. The result of the analysis is reveal that only 15 items form 3 structured different from the original structure. The 2 items that have been deleted are 1) C4- It would be too expensive for se to use social media and 2) C5- It will take too much time to manage social media.

A clear three structure was produced explaining 74.65% of the total variance. The Kaiser-Meyer-Olkin (KMO) value of .864 indicates that the correlation matrix is acceptable for factor analysis to be conducted. Bartlett's Test of Sphericity shows a significant value Approx. Chi Square = 2579.382($p < .001$) indicating the significance of the correlation matrix and appropriateness for factor analysis. For individual MSA values, it range from .712 - .918, indicating that the data matrix was suitable for factor analysis.

The result shows that a total of two items were removed due to high cross loading or the loading fall under components different from the proposed concepts. The remaining 15 items formed 3 factor resembling the original conceptualization of the concepts; 7 items held together representing customer engagement explaining 29.573% of variance, 5 items held together representing performance explaining 28.013% of the variance and 3 items held together representing commitment explaining 17.069% of the variance.

Table 4.3: Result for Factor Analysis of Customer Engagement, Performance and Commitment

	Component		
	1	2	3
CE1: <i>My customer visit our social media site</i>	.704		
CE2: <i>My customer noticed posts in our social media site</i>	.837		
CE3: <i>My customer read posts of our social media site</i>	.806		
CE4: <i>My customer "like" posts of our social media site</i>	.797		
CE5: <i>My customer share posts from our social media with their friends</i>	.710		
CE6: <i>My customer comment at our social media site wall</i>	.772		
CE7: <i>My customer give feedback on our social media sites</i>	.721		
P1: <i>Overall financial performance of company</i>		.810	
P2: <i>Return of asset of company</i>		.852	
P3: <i>Return of sales of company</i>		.912	
P4: <i>Net profit of company</i>		.914	
P5: <i>Price earnings of company</i>		.917	
C1: <i>Social media is something we are committed to</i>			.870
C2: <i>Social media is something my firm intends to maintain indefinitely</i>			.901
C3: <i>We put maximum effort to maintain social media</i>			.881
Variance Explained (74.65%)	29.573	28.013	17.069
Kaiser-Meyer-Olkin Measure of Sampling Adequacy			.864
MSA			.712-.918

Bartlett's Test Of Sphericity	Approx	2579.382
	Chi-Square	
	df	105
	Sig.	.000

Table continued

4.3 The Second Phase of Analysis

This second phase of analysis was to determine of the goodness fit of the data was conducted next. This involved three analyses: normality, linearity and homoscedasticity. The following sub topic were the discussion on the three analyses.

4.3.1 Normality

Before conducting Multiple Regression Analysis, it is the advantage of doing inferential analysis whereby can check the assumption of normality in the study (Coakes et al., 2010). To check for normality in this study, the use of skewness and kurtosis are very important. According to Coakes et al. (2013), from the shape of distribution, skewness and kurtosis can be determined. Skewness and kurtosis can be zero value if the observed shape of distribution is closely normal. It is more peaked compared to a normal distribution the shape show positively skewed being represented by positive value for skewness and kurtosis. In order to satisfy the multivariate model, all of variable must be not exceed the absolute value -3/+3 for skewness and kurtosis (Hair et al., 2010).

Table 4.4 shows the normality result of skewness, kurtosis and normality value for all variable, customer engagement, performance and commitment. Result shows that the

data were normally distributed since the value of each variable are in the suggested range.

So the assumption of normality is met and the variables are ready for further analysis.

Table 4.4: The result of skewness and kurtosis

		Statistic	Std. Error
Customer_Engagement	Mean	3.7340	.05078
	Skewness	-.342	.171
	Kurtosis	.489	.340
Performance	Mean	3.7980	.04865
	Skewness	-.046	.171
	Kurtosis	-.292	.340
Commitment	Mean	4.1330	.05642
	Skewness	-1.260	.171
	Kurtosis	2.396	.340

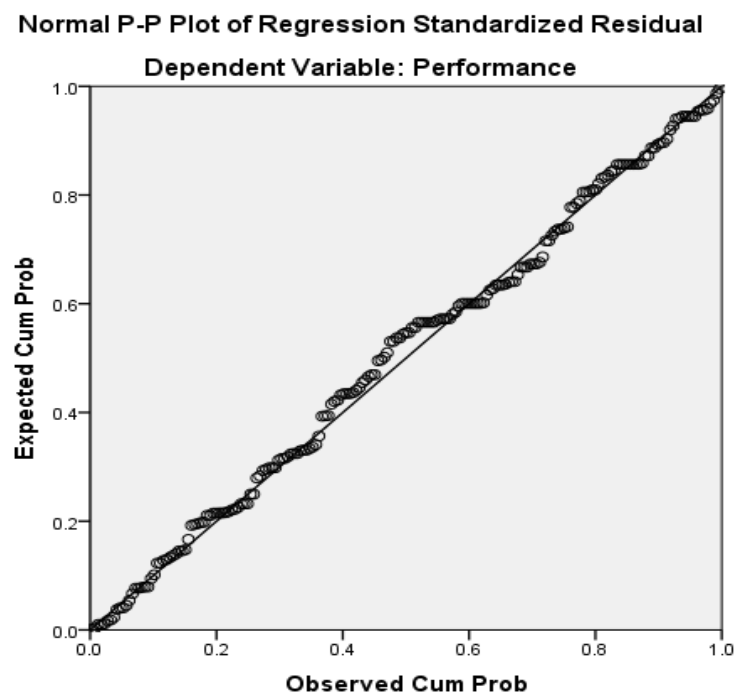


Figure 4.1: Normality graph of Performance

4.3.2 Linearity

According to Coakes, Steed and Ong (2010), the relationship between two variables should be linear. The result of correlation will not be accurate if the dependent variable and independent variable has no linear relationship (Coakes et al., 2010). The linearity can be checked via scatterplots that represent the linearity between independent and dependent variable that have been examined. Therefore, based on the scatterplots, the linearity assumption of correlational analysis was not violated for the purpose of the study.

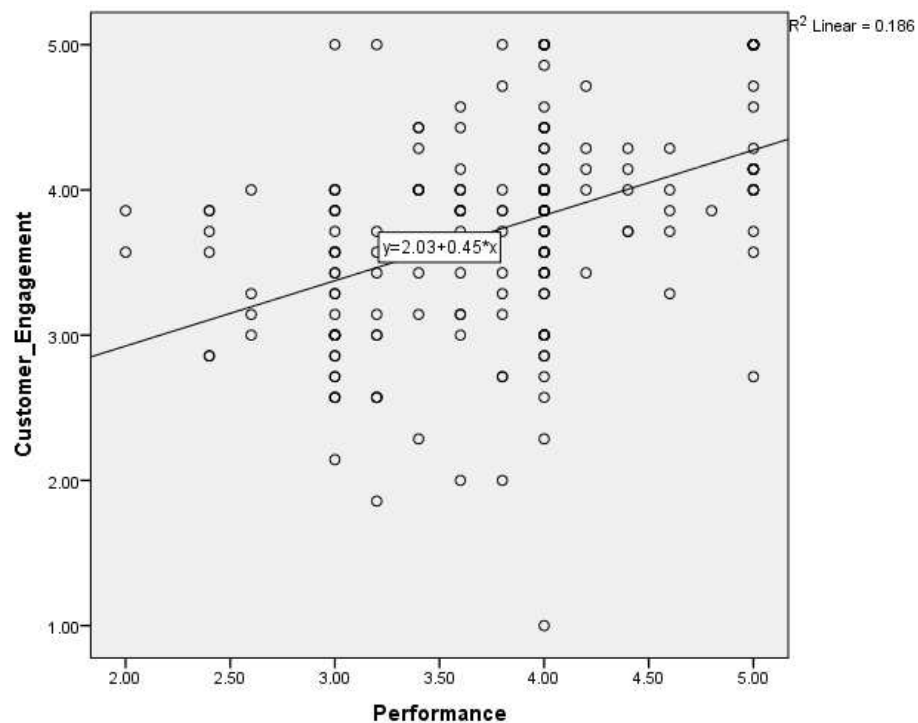


Figure 4.2: Linear assumption between customer engagement and performance

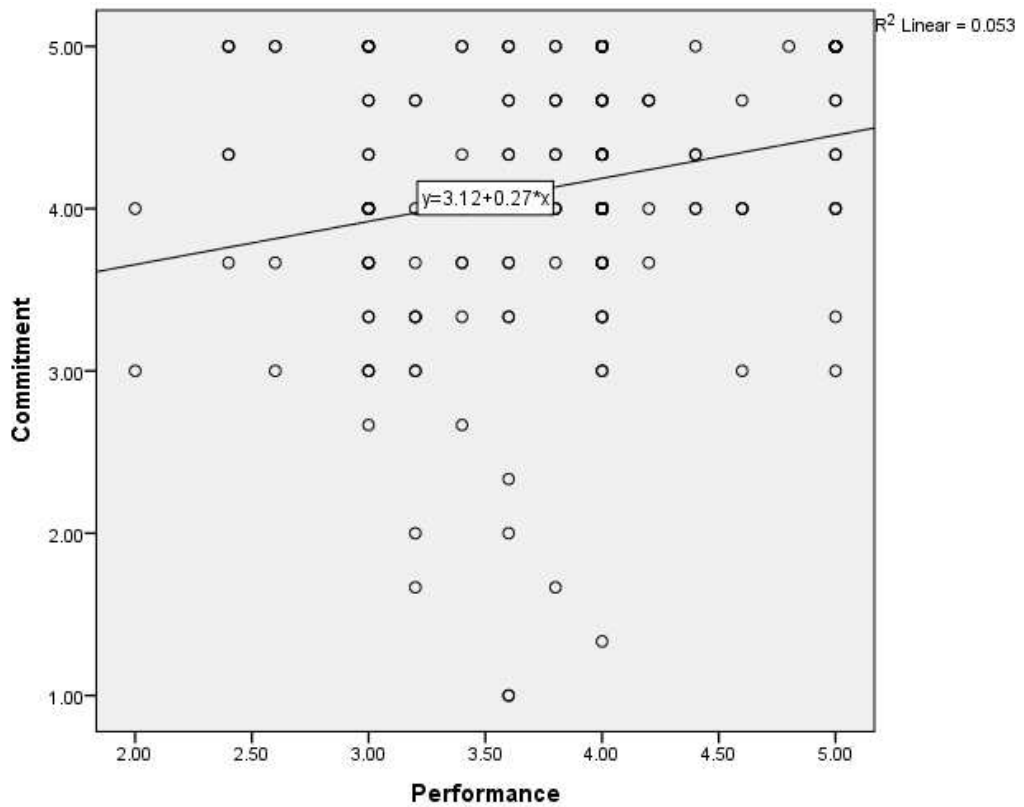


Figure 4.3: Linear assumption between Commitment and Performance

4.3.3 Homoscedasticity

According to Coakes et al. (2010) homoscedasticity assumption is where the variance of the residuals about one variable score should be roughly the same for all values of the other sources. Homoscedasticity is concerned with how the scores cluster uniformly about the regression line (Coakes et al., 2010). Scatterplot graph was use to examine homoscedasticity. If the scores cluster around regression line between each variables, it was homoscedasticity violated.

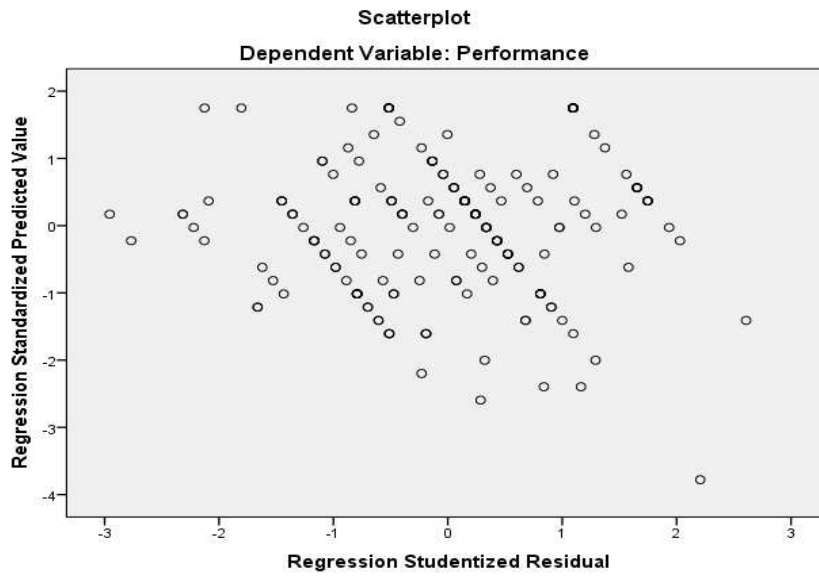


Figure 4.4: Homoscedasticity assumption for Customer Engagement and Performance

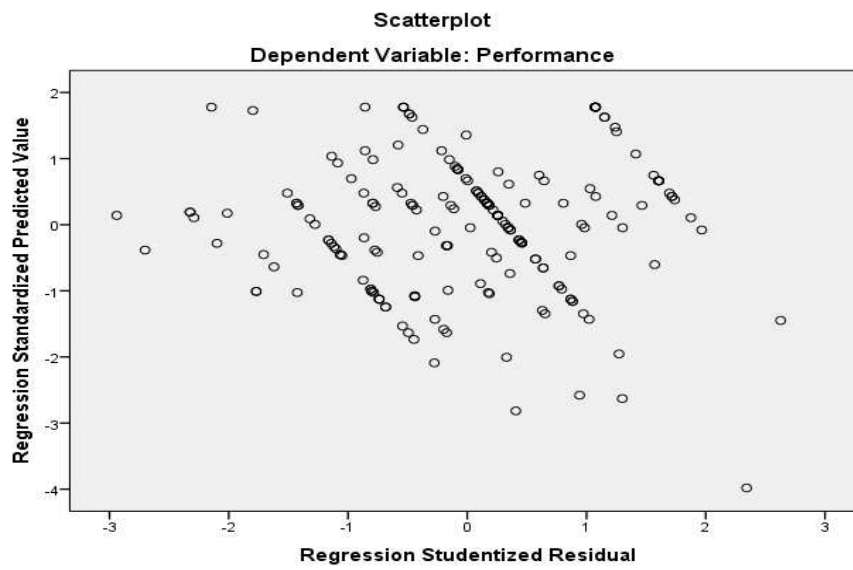


Figure 4.5: Homoscedasticity assumption for commitment and Performance

4.4 The Third Phase Analysis

The third phase to test hypothesis for the study by using multiple regression. The aim of this study is to provide the relationship between customer engagement and performance of SMEs and to provide an understanding of moderating effect of SMEs commitment for social media on the relationship between customer engagement and performance of SMEs in service sector in Selangor.

4.4.1 Multiple Regression Analysis

This part of hypothesis testing is examine the influence of the customer engagement on the performance of SMEs and the moderating role of SMEs commitment for social media. To test the influence of customer engagement and performance of SME and the moderating role of SMEs commitment toward relationship between customer engagement and performance of SMEs, a series of multiple regression analyze were performed.

Research Question 1: What are the relationship between customer engagements on performance of SMEs in service sector in Selangor?

For answering Research Question 1, this study had tried to test one hypothesis in order to know and interpret the relationship between independent variable, customer engagement with the dependent variable which is performance of SMEs. For this study, it used multiple regression to test the hypothesis either accepted or rejected. The research hypothesis was:

H1: There is a significant relationship between customer engagement and performance of SMEs.

Table 4.6 below shows the result of multiple regression independent variable (customer engagement) and dependent variable (performance of SMEs). Regarding performance of SMEs, the regression model is significant with R^2 of 0.188, indicating that 18.8% of the variance was explained by the customer engagement ($F = 23.125$, $p=.000$). Durbin Watson value is 1.875 means that it is within the acceptance range, indicating that there is no issue of auto correlation.

Table 4.5: Result of Multiple Regression Analysis (Customer Engagement and Performance)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.257	.232		9.734	.000
	Customer Engagement	.413	.061	.431	6.767	.000
	R					.431
	R^2					.186
	F value					45.789
	Significance of F value					.000
	Durbin Watson					1.875

The results indicate that customer engagement ($\beta = .408$, $p < .000$) is the main predictor of performance of SMEs. Therefore H1 was supported at the $p < .01$ significance level. So, it shows that this study rejected the null hypothesis.

4.4.2 Hierarchical Regression Analysis

It is used in order to measure the relationship between independent variable and moderating variable. This method also may be used to examine the degree of standardized unit change to the criterion for every standardized unit change in the predictor variable when holding all the other variables in the model constant (at their mean) as indicated by

coefficient (standardized partial regression coefficient) (Petrocelli, 2003). In addition, this method also used to answer the research question for this study which is if commitment moderate the relationship between customer engagement and performance of SMEs.

Research Question 2: Does SMEs commitment for social media moderate the relationship between customer engagement and performance?

For answering Research Question 2, this study had tested second hypothesis in order to know and interpret the relationship between customer engagements (independent variable) with the performance of SMEs (dependent variable) as moderated by SMEs commitment for social media. For this study hierarchical regression analysis to test the hypothesis either to accepted or rejected. The research hypothesis was:

H2: SMEs commitment for social media moderates the relationship between on customer engagement and performance of SMEs.

Table 4.6 shows the role of moderating variable in affecting the relationship between the independent and dependent variables. The regression model shows the considerable percentage of variance in the dependent variable of the performance of SMEs as explained by SMEs commitment for social media. Table below shows the considerable percentage of variance in the dependent variable of performance of SMEs as explained by customer engagement. Based on the finding, the significance level is 0.001. Model 1 indicates that 18.6% of the variance on the dependent variable performance. Model 2 shows the additional variance explained by commitment and Model 3 explains the increment of variance explained by the interaction term of customer engagement and commitment indicate that 23.6% of the variance on the dependent variable performance.

Table 4.7: Result of Hierarchical Regression Analysis

Variable	Model 1	Model 2	Model 3
<i>Independent variables</i>	Std Beta	Std Beta	Std Beta
	Coefficients	Coefficients	Coefficients
Customer_Engagement	.431**	.408**	-.391
<i>Moderating variables</i>			
Commitment		.053	-.705*
<i>Interaction Terms</i>			
CustomerEngagementXCommitment			1.335*
R	.431	.433	.484
R ²	.186	.188	.234
Adjusted R Square	.181	.180	.222
R ² Change	.186	.002	.046
F Change	45.789	.561	11.995
Sig. F Change	.000	.455	.001
Durbin-Watson			1.860

The result shows that Model 1 and Model 3 are significant. It is show that there is significance moderating effect of commitment on the relationship between customer engagement and performance of SMEs ($\beta = 1.335, p < .001$). Therefore H2 was supported. So, this study reject the null hypothesis.

4.5 Summary of the Chapter

As to summarize to this chapter, the researcher found that both of objective of the study has been met. Finding shows that customer engagement has positive impact on the performance of SMEs in services sector in Selangor. Based on second hypothesis, it shows that SMEs commitment for social media has positive and moderating effect on the relationship between customer engagement and performance of SMEs.

CHAPTER 5

CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter concludes the whole study on the relationship between customer engagement and moderating roles of SMEs commitment for social media towards performance of SMEs in services sector in Selangor. This chapter discussed also the findings of the analysis specified in Chapter 4 and these findings answered all two research questions raised in Chapter 1. The research question were generated from a comprehensive review of the literature relating customer engagement and performance of SMEs. The discussions covered based on the research objectives and the main finding were discussed in light of the past research. This was followed by the recommendation for future research and the implications of the study.

5.1 Conclusion

The main purpose of the study is to provide an understanding of moderating effect of SMEs commitment for social media on the relationship between customer engagement and performance of SMEs in services sector in Selangor. The entire variables analyzed and interpreted to identify the relationship. Generally, the section of conclusion discuss the findings from the previous chapter.

A set of 384 questionnaires were distributed, however only 203 questionnaire were returned. The result shows that most of the respondents were female and the most of respondents come from micro enterprise and years of operation business is below five years old. Most of the respondents come from food and beverage business. The finding shows most of respondents have using social media for business purpose 2 to 3 years. It is indicate that respondents committed in using social media for their business. The social media site was preferred to use by respondent is Facebook. This is because Facebook have some interface for business purpose rather than other social media sites.

From the results of Multiple Regression Analysis in Chapter Four, finding shows that customer engagement has impact of the performance of SMEs in services sector in Selangor. It shows that customer engagement has positive impact on the performance of SMEs in services sector in Selangor. Thus, the hypothesis of this study is successful accepted. This study have proved that customer engagement gives impact on the performance of SMEs. It shows that what previous studies is acceptable in SMEs areas. Based on Musa et al, (2016) customer engagement has positive effect on performance of SMEs and also supported by (Evans et al., 2000; O'Grady & Lane, 1996) that psychic engagement is positively related to performance. Customer engagement is influence for firms in several way including financial, brand and competition (Doorn et al 2010 in Yang and Kankanhalli, 2014).

Based on second hypothesis, it shows that SMEs commitment for social media has positive and moderating effect on the relationship between customer engagement and performance of SMEs. Thus, the study has proved that commitment is a moderater in this relationship. It is consistent with other previous like Ahluwalia, R. Burnkrant R. E, and

Unnava H. R, (2000) shows the result that commitment has proved to moderate the relationship customer response and negative information. It is also same with the results in Amodio D. M, and Showers C. J, (2006) stated the level of commitment moderate similarity breeds liking and it indicate positive significant influence between both variable in the study, (Glazer and Kruse, 2008) where commitment has a moderating initial reaction and intention to leave.

5.2 Recommendation

The findings of this study show the importance of customer engagement in performance of SMEs in services sector in Selangor. The term “engage or die” is important in today business. The owner of SMEs should give more attention to their customer because it hard to retain the customer if they not communicate with them. Communication is not only during the purchase session but also after purchase so customer will trust and loyal. Owner of SMEs should engage more with their customer to retain existing customer and to gain more new customer to increase their financial performance of the business. It is because by engaging with them, trust level toward SMEs business is increase and have intention to purchase more in the future.

Besides, when owner SMEs inform customer about the new product or any information regarding their business toward, customer fell more attach with the business because they feel important toward business. The customer can also get feedback and respond from the business during the engagement process. It will build the strong relationship between buyer and seller. Thus, it will increase the sales of the business as well as the financial performance of SMEs.

Moreover, in the study shows that SMEs commitment for social media plays important part as moderating role between customer engagement and performance of SMEs. So, owner of SMEs should pay more attention to use social media in order to engage with their customers. Using social media, it create opportunities for organization to interact with customers and for customer to interact with other customers. In this way, social media enable marketers and consumers to co-create content. Today, customers have more choice to choose the best for them because of existence of social media. Thus, owner of SMEs should focused more on the social media as marketing strategies in order to gain customer as well as the increase of financial performance. It will ensure their presence in social media as well as in business to introduce their brand. They also have to understand different social media will have different level of engagement by customer.

Furthermore, because of only 23.8% of the variance explain by the dependent variable, there were 77% explain by the other factors that was not explain in the study. Therefore, the researcher suggested that for future research to find the other factors that will be influence the performance of SMEs such as brand awareness, product innovation, and market orientation and the leadership of the owner.

Lastly, future studies should look into more parameters of customer engagement and see if the frequency of engagement of engaging in these has any significant effect on the use of social media as marketing strategies for SMEs. It would also be interesting if for future studies to combine quantitative questionnaires with qualitative interview or focus group with some of the respondent in order to acquire deeper knowledge regarding customer engagement. It also would be interesting for future studies to look into other industries other than SMEs such as private sector or large enterprise.

REFERENCES

- Aaker, D.A. & Jacobson, R. (1994). Study shows brand building payoffs for stockholders. *Advertising age*, 65(30),p.18.
- Aaker, D.A. (1991). Managing brand equity. *The Free Press*, New York,pp. 15-100.
- Ainin, S., Parveen, F., Moghavvemi, S., Jaafar, N. I., & Mohd Shuib, N. L. (2015). Factors influencing the use of social media by SMEs and its performance outcomes. *Industrial Management & Data Systems*, 115(3), 570-588.
- Al-Ansari, Y., Pervan, S., & Xu, J. (2013). Innovation and business performance of SMEs: the case of Dubai, Education, Business and Society: Contemporary Middle Eastern Issues, 6(3/4), 162–180.
- Aremu, M. A. and Adeyemi, S.A. (2011).Small and Medium Scale Enterprises as A Survival Strategy for Employment Generation in Nigeria.Journal of Sustainable Development, Canadian Center of Science and Education. Vol. 4(1):200- 2006.
- Bhanot, S. (2014). A study on impact of social media on company performance. In *proceedings of Third International Research Conference held at MGMIMSR, Navi Mumbai in April*.
- Bowden, J. L. H. (2009). The process of customer engagement: a conceptual framework. *The Journal of Marketing Theory and Practice*, 17(1), 63-74. *Brisbane, Australia: Pacific-Asia Conference on Information Systems (PACIS2011)*, 7-11 July 2011.
- Brodie, R. J., Hollebeek, L. D., Juric, B., & Ilic, A. (2011). Customer engagement: conceptual domain, fundamental propositions, and implications for research. *Journal of Service Research*, 1094670511411703
- Brodie, R. J., Ilic, A., Juric, B., & Hollebeek, L. (2013). Consumer engagement in a virtual brand community: An exploratory analysis. *Journal of business research*, 66(1), 105-114.
- Carr, P. (2017). Whole Enterprise Social Media for Business Performance. In *Phantom Ex Machina* (pp. 25-35). Springer International Publishing.

- Celine, A. R. C. A. (2012). Social Media Marketing benefits for businesses. *Master of International Marketing*.
- Chau, M. & Xu, J. (2012). Business Intelligence in Blogs: Understanding consumer interactions and communities. *MIS Quarterly*, pp 1080-1087
- Chheda, S. (2014). Impact of Social Media Marketing on Performance of Micro and Small Business. *Master of Philosophy in Business Management*.
- Clansy, H. (2015). Confirmed: Social media requires significant time commitment. Retrieved from www.zdnet.com/blog/small-business-media on 3 July 2017
- Cummins, S., Peltier, J. W., Schibrowsky, J. A. and Nill, A. (2014), "Consumer behavior in the online context", *Journal of Research in Interactive Marketing*, Vol. 8 No. 3, pp. 169-202.
- Dahnil, M. I., Marzuki, K. M., Langgat, J., & Fabeil, N. F. (2014). Factors influencing SMEs adoption of social media marketing. *Procedia-Social and behavioral sciences*, 148, 119-126.
- Derham, R., Cragg, P. & Morrish, S. (2011). Creating value: An SME and social media.
- Dessart, L., Veloutsou, C., & Morgan-Thomas, A. (2015). Consumer engagement in online brand communities: a social media perspective. *Journal of Product & Brand Management*, 24(1), 28-42.
- Doom, J. V., Lemon, K. N., Mittal, V., Nass, S., Pick, D., Pirner, P., Verhoef, P., C. (2010). Customer Engagement Behavior: Theoretical Foundations and Research Directions. *Journal of Service Research*, 13(3), 253-266
- Dr.R.Srinivasan, Prof. Resham Bajaj & Dr. Sandeep Bhanot (2016) "Impact of Social Media Marketing Strategies used by Micro Small and Medium (MSMEs) on Customer Acquisition and retention," *Journal of Business and Management*., vol 18, no 1, pp 91-101
- E, A., Lundberg, H. T., & Roxenhall. (2012). Designing for commitment in regional strategic networks. *Manage. Res. Rev*, 531-552.
- Guesalaga, R. (2016). The use of social media in sales: Individual and organizational antecedents, and the role of customer engagement in social media. *Industrial Marketing Management*, 54, 71-79.
- Gummerus, J., Liljander, V., Weman, E., & Pihlström, M. (2012). Customer engagement in a Facebook brand community. *Management Research Review*, 35(9), 857-877.

- Hanna, R., Robin, A., Crittenden, V.L., 2011. "We're all connected: The power of the social media ecosystem". *Business Horizons* (2011) 54, 265-273
- Harrigan, P., Evers, U., Miles, M., & Daly, T. (2017). Customer engagement with tourism social media brands. *Tourism Management*, 59, 597-609.
- Hollebeek, L. D., Glynn, M. S., & Brodie, R. J. (2014). Consumer Brand Engagement in Social Media: Conceptualization, Scale Development and Validation. *Journal of Interactive Marketing*, 28(2), 149-165.
- Homburg, C., Klarmann, M., & Schmitt, J. (2010). Brand awareness in business markets: When is it related to firm performance? *International Journal of Research in Marketing*, 27(3), 201-212.
- Homburg, C., Ehm, L. and Artz, M. (2015), "Measuring and managing consumer sentiment in an online community environment", *Journal of Marketing Research*, Vol. 52 No. 5, pp. 629-641.
- Hoyer, W. D., & Brown, S. P. (1990). Effects of brand awareness on choice for a common, repeat-purchase product. *Journal of consumer research*, 17(2), 141-148.
- Huang, R., & Sarigöllü, E. (2012). How brand awareness relates to market outcome, brand equity, and the marketing mix. *Journal of Business Research*, 65(1), 92-99.
- J. H. Kietzmann, K. Hermkens, I. P. McCarthy, and B. S. Silvestre, "Social media? Get serious! Understanding the functional building blocks of social media," *Bus. Horiz.*, vol. 54, no. 3, pp. 241–251, May 2011.
- Jones, N., Borgman, R., & Ulusoy, E. (2015). Impact of social media on small businesses. *Journal of Small Business and Enterprise Development*, 22(4), 611-632.
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business horizons*, 53(1), 59-68.
- Keller, K.L. (2008). Strategic branding management: building, measuring and managing brand equity. *Prentice Hall*. 3 rd ed.
- Keller, K.L.(1993). Conceptualizing, Measuring and Managing brand equity. *Journal of Marketing*. 57(1), pp. 1-22.
- Kim, A.J and Ko, E. (2011). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brand. *Journal of Business Research*,doi:10.1016/j.jbusres.2011.10.014.0.

- Knights, D. and McCabe, G. (1997), How would you measure something like that quality in a retail bank. *Journal of Management Studies*, Vol. 34 No. 3, pp. 371-388.
- Kumar, V. Aksoy, L., Donders, B., Venkatesan, R., Wiesel, T., & Tillamannas, S. (2010). Undervalued or Overvalued Customers: Capturing Total Customer Engagement Value. *Journal of Service Research*, vol 13 No 3, pp. 297-310.
- Kumar, V. A. (2010). Undervalued or overvalued customers: capturing total customer engagement value. *Journal of Service Research*, 297-310.
- Mamun, A. A., Mohiuddin, M., Fazal, S. A., & Ahmad, G. (2018). Effect of entrepreneurial and market orientation on consumer engagement and performance of manufacturing SMEs. *Management Research Review*, 133-147.
- Mangold, W. G. & Faulds, D. J. (2009). Social media: The new hybrid element of the promotion mix. *Business Horizons*, 52, 357-365.
- Marquis, J. F. (2016). Starbucks... or How to turn ordinary customer experience into extraordinary Retrieved May 26, 2017, from <http://smbp.uwaterloo.ca/2016/02/starbucks-or-how-to-turnordinary-customer-experience-into-extraordinary/>
- Merckaert, K. (2013). The use of social media by Flemish SMEs.
- Michaelidou, N., Siamagka, N. T., & Christodoulides, G. (2011). Usage, barriers and measurement of social media marketing: An exploratory investigation of small and medium B2B brands. *Industrial marketing management*, 40(7), 1153-1159.
- Moorman, C., Zaltman, G., & Deshpande, R. (1992). Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of marketing research*, 29(3), 314.
- Morgan, R. M., & Hunt, S. D. (1994). The commitment-trust theory of relationship marketing. *The journal of marketing*, 20-38.
- Moullin, M. (2003). "Defining Performance Measurement." *Perspectives on Performance* 2(2): 3
- Murimi, J. G. (2016). Antipiracy Practices and Their Effectiveness on Firms Performance In Online Firms In Nairobi, Kenya.
- Negri, F., & Vigolo, V. (2016). An exploratory analysis on firms' satisfaction about social media performance. *Management in a Digital World. Decisions, Production, Communication*.

- Ogaro (2012). Impact of Social Media to Corporate Organization in Kenya: A Case of Safaricom Limited. Nairobi
- Öztamur, D., & Karakadılar, İ. S. (2014). Exploring the role of social media for SMEs: as a new marketing strategy tool for the firm performance perspective. *Procedia-Social and behavioral sciences*, 150, 511-520.
- Parveen, F., Jaafar, N. I., & Ainin, S. (2015). Social media usage and organizational performance: Reflections of Malaysian social media managers. *Telematics and Informatics*, 32(1), 67-78.
- Peltier, J.W., Zahay, D. and Lehmann, D.R. (2013), “Organizational learning and CRM success: a model for linking organizational practices, customer data quality, and performance”, *Journal of Interactive Marketing*, Vol. 27 No. 1, pp. 1-13.
- Pomirleanu, N., Schibrowsky, J. A., Peltier, J. W. and Nill, A. (2013), “Are view of internet marketing research over the past 20 years and future research direction”, *Journal of Research in Interactive Marketing*, Vol. 7 No. 3, pp. 166-181.
- S. Tripathi, “Factors Influencing the Technology Acceptance of Social Media in India: A Literature Review and Research Agenda for Future,” *Adv. Comput. Sci. Inf. Technol.*, vol. 1, no. 2, pp. 43–47, 2014.
- Sashi, C. (2012). Customer engagement, buyer-seller relationships and social media. *Management Decision*, 253-272.
- Skoumpopoulou, D, Vlachos, I and San Jose, J (2014). Social Media Impact on Marketing and Operations of Small and Medium Companies: A Delphi study. Unspecified 2nd International Conferences on Contemporary Marketing Issues (ICCM)
- Slater, S. F., & Narver, J. C. (2000). The positive effect of market orientation on business profitability a balanced replication. *Journal of Business Research*, 69-73.
- Smith, T. M. & Reece, J. S. (1999). The relationship of strategy, fit, productivity, and business performance in a services setting. *Journal of Operations Management*, 17(2): 145-161
- Smits, M., & Mogos, S. (2013). The Impact Of Social Media On Business Performance. In *ECIS* (p. 125).
- So, K. K. F., King, C., Sparks, B. A., & Wang, Y. (2016). The role of customer engagement in building consumer loyalty to tourism brands. *Journal of Travel Research*, 55(1), 64-78.

- Van Doorn, J., Lemon, K. N., Mittal, V., Nass, S., Pick, D., Pirner, P., & Verhoef, P. C. (2010). Customer engagement behavior: theoretical foundations and research directions. *Journal of Service Research*, 13(3), 253-266.
- Vásquez, G. A. N., & Escamilla, E. M. (2014). Best practice in the use of social networks marketing strategy as in SMEs. *Procedia-Social and Behavioral Sciences*, 148, 533-542.
- Victor Barger, James W. Peltier, Don E. Schultz, (2016) "Social media and consumer engagement: a review and research agenda", *Journal of Research in Interactive Marketing*, Vol. 10 Issue: 4, pp.268-287, <https://doi.org/10.1108/JRIM-06-2016-0065>
- Vivek, S. D., Beatty, S. E., & Morgan, R. M. (2012). Customer engagement: Exploring customer relationships beyond purchase. *Journal of Marketing Theory and Practice*, 20(2), 122-146.
- Wang, C. (2014). Increasing business to business customer engagement through social media.
- Wirtz, J., Den Ambtman, A., Bloemer, J., Horváth, C., Ramaseshan, B., Van De Klundert, J., & Kandampully, J. (2013). Managing brands and customer engagement in online brand communities. *Journal of service Management*, 24(3), 223-244.
- Wisdom, E. (2015). The impact of e-marketing on business performance: A case study of the Midlands Meander Association members. *Master of Technology: Marketing*
- Wu, D. (2009). Measuring performance in small and medium enterprises in the information and communication technology industries.
- Yang, Y., & Kankanhalli, A. (2014). The Impact of Social Media Marketing on Online Small Business Performance. In *PACIS* (p. 63).
- Zahay, D., Peltier, J. W., Krishen, A. S. and Schultz, D. E. (2014), "Organizational processes for B2B services IMC data quality", *Journal of Business & Industrial Marketing*, Vol. 29 No. 1, pp.63-74.
- Zulkiffli, S. N. A. (2014). Business Performance for SMEs: Subjective or Objective Measures?. *Review of Integrative Business and Economics Research*, 3(1), 371.
- Zulkiffli, S. N. A., & Perera, N. (2011). A Literature Analysis on Business Performance For SMEs: Subjective or Objective Measures?



Terbitan:



SULTAN SALAHUDDIN ABDULAZIZ SHAH

e ISBN 978-967-0032-78-8



9 789670 032788

