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# KUVEMPU UNIVERSITY THE SOCIAL SCIENCE DIALOGUE

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EVIDENCES FROM YEMEN

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## The role of social media in SME's performance: Evidences from Yemen

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***Abstract:** This paper presents empirical evidence from Yemen (an underdeveloped economy) pertaining to the potential impact entrepreneurial orientation, entrepreneurial competencies of managers and adopting social media can have on the performance of SMEs. The primary data is collected from 330 SMEs in Yemen, and PLS-SEM analysis reveals a significant influence of all three variables on SMEs performance. Further, the results show that social media use is mediating the relationship between entrepreneurial orientation and performance, and does not mediate the relationship between entrepreneurial competencies of managers and SMEs performance.*

**Keywords:** Entrepreneurial Orientation, Entrepreneurial Competencies, Social Media Use, SMEs' Performance, Yemen.

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### Introduction:

Small and medium enterprises (SMEs) are the most common business form across the world, almost all economies consist of small and medium enterprises as major component when compared to others. They create the bulk of job opportunities in low and middle income countries (LMICs). Among Arab oil-exporting countries, where Yemen and Syria, are the minor oil exporters, major exporters are Kuwait, Saudi Arabia and Iraq, the stand alone importer being Jordan (United Nations, 1991).

The economy of Yemen is the most impoverished economy among the Middle East economies, which attempts to build new resources for income, which would potentially replace the declining oil production. However, the private sector is still at its basic stage of development. Micro, small and medium enterprises in Yemen constitute the major components of the Yemeni economy, they are considered as the principal employer in the country, generating job opportunities for people entering the labour market each year (DCED, 2017; Aliriani, 2013; Reeg, 2015).

Research indicates that the high growth of business, is largely associated with entrepreneurial behavior and entrepreneurial orientation. As entrepreneurial orientation leads to improving the growth of small and medium enterprises. Further, it impacts the growth of SMEs through other variables such as expansion based on new product/services, expansion based on focusing on new needs, and strategy (Moreno & Casillas, 2008).

Regardless of the fact that entrepreneurial orientation plays a significant role in the performance of SMEs, they find it difficult to manage obtaining required resources and due to the heterogeneity of business goals among owners and managers or family members in family businesses, it becomes a challenging task to adopt and apply entrepreneurial orientation. Therefore, SMEs thrive to adopt modern tools and techniques, such as adopting technology and social media and attain the benefit of attracting potential customer as well as keeping the existing customers. Regardless of the fact that adopting technology is a challenging task for small and medium enterprises, the emergence of social media and its use for the purpose of developing the business process is still a key factor in the hands of firms and companies in today's world (Sinclair and Vogus, 2011; Dahnil, et al., 2014). Adopting social media and technology is affected by many factors such as end-user, customers, organization, technology, management, and business environment (Dahnil, et al., 2014).

In the Yemeni context, there are scant literature available about entrepreneurship and entrepreneurial orientation. What has triggered the need, for an empirical investigation of the entrepreneurial orientation and competences of managers and how they are related to the performance of SMEs; and further, exploring the role of social media use in mediating the relationship of such variables. Hence, this research aims to investigate the role of

entrepreneurial orientation, entrepreneurial competences of managers and social media use among SMEs in performance of SMEs. Further, the study aims to investigate the mediating role of social media use in the relationship of entrepreneurial orientation and entrepreneurial competences of managers with SMEs performance. The importance of this study is its ability to add to the literature an investigation of such relationship with respect to least developed economies, and add to the scant literature in underdeveloped economies in general and Yemen in particular.

### **Literature review:**

#### **Entrepreneurial Orientation:**

Entrepreneurial Orientation (EO) is often accorded as an antecedent to growth, creating competitive advantage, and superior performance; and the prior empirical research has often shown a positive relationship present between EO and performance (Kraus, et al., 2012).

In order to answer the question of what the impact of entrepreneurial orientation is on the performance of SMEs, Kraus, et al. (2012) analyzed and reported that proactive firm behavior positively contributes to SME performance, even during the economic crisis. Further, the authors opined that innovative SMEs always outperform in instable environment, however they should focus on minimizing their levels of risk taking.

Keh, et al., (2007) investigated the impact of entrepreneurial orientation on the performance of small and medium-sized enterprises, and opined an objective entrepreneurial orientation always plays an influential role on the performance of SMEs.

Mason, et al., (2015) opined that orienting competitive energy among small and medium enterprises has a significant and positive impact on driving performance of SMEs. Further, financial leverage is found to be moderating the impact of entrepreneurial orientation on the performance of small and medium enterprises. Brouthers, et al. (2015) in their works stated, when small and medium-sized enterprises (SMEs) possess greater entrepreneurial orientation (EO), they tend to have higher standards (global/international) performance. Furthermore, Alayo, et al. (2019) highlighted that entrepreneurial orientation plays a significant role in explaining/describing the degree of internationalization family firms have.

**Entrepreneurial Competences:**

Due to the limited resources for SMEs, entrepreneurial competences alone are not enough for their survival; however, they play a significant role in contributing towards the success of small and medium enterprises (Tehseen, & Ramayah, 2015).

Mitchelmore & Rowley, (2010) opined that the entrepreneurial competences is considered as a concept that is widely used by both Governments and the organizations to steer business development and successful performance. However, it still needs rigorous research for developing measures that would aid measurement and identifying its relationship with the performance of small and medium enterprises.

Ataei, et al. (2020) investigating the impact of entrepreneurial competences on the intention of youth to establish their new businesses, the authors found the strategic competences among them catches the most important competency that impacts the intention to launch an SME, while the leastinfluencing factor is opportunistic competences. Further, the authors explored the presence of variance (40%) in the intention of youth to establish their own SMEs explained by explained by entrepreneurial competences such as entrepreneurial vigilance, networking ability, individualism, tolerance of ambiguity, and market analysis.

Ibidunni, et al. (2018) stated where that the performance of SMEs is directly impacted by entrepreneurial competences. Further, this impact is moderated by entrepreneurial orientation.

Lopa & Bose, (2014) opined that all the entrepreneurial competences are considered essentialfor managers for enhancing the performance of small and medium enterprises in the short run, and the focus may differ across entrepreneurial competences; whereas in the long run, the focus should be essentially on all the entrepreneurial competences.

Ibidunni, et al. (2021) propelledthose entrepreneurial competencesbeing essential for managers of SMEs to realize and achieve high performance, and such entrepreneurial competencies are also useful in mitigating the environmental pressures resulting from operational turbulence and erratic policy changes.

**Social Media Use among SMEs:**

Ainin, et al. (2015) found that Facebook usage having a strong positive impact on financial and nonfinancial performance of SMEs; and explained how compatibility, cost effectiveness and interactivity factors influence the usage of social media among SMEs.

Wamba & Carter, (2016) in their study describe state that the social media adoption among SMEs is impacted by factors such as firm innovativeness, size of firm, manager's age and few other practices in the industry sector.

Saleh & Manjunath, (2021) investigating the use of social media among SMEs in two Yemeni cities explained that social media acts as a tool facilitating advertisement and reducing its cost but fails to solve these challenges posed by customer behavior and their recruitment needs. The study concluding that there is a moderate application of social media among SMEs in Yemen.

Öztamur & Karakadılar, (2014) opine using formal language and creating unattractive contents would lack the richness to attract new customers during customer communication through social media and further act as an obstacle hindering the performance and growth of Turkish SMEs.

**SMEs in Yemen:**

Until now, there is no specific and unique classification of small and medium enterprises in Yemen, this may be attributed to the absence of a specific authority dedicated to SMEs in the country (Saleh and Manjunath, 2021a). Small and medium enterprises in Yemen play an important role with respect to employment creation, income generation, and economic development. According to the statistical yearbook (CSO, 2017), small enterprises provide 44.5 percent of the employment and account for 21.3 percent of the total employees' compensations in the private sector, while the medium enterprises employ 19.5 percent of the total employment and 14.4 percent of the total employees' compensations in the private sector. Regardless of this, Yemen is still characterized of operating in traditional business context which has been known for ages now (Saleh & Manjunath, 2022). However, SMEsin Yemen face good number of challenges and obstacles in many aspects (Saleh et al., 2021), some of them being historical

(faced by SMEs in most economies) and other obstacles being emerging challenges/obstacles during the instability that Yemen is currently witnessing (Saleh and Manjunath, 2020).

**Methodology:**

Both descriptive and analytical research method is adopted for this study. Where the descriptive method is used to gain an insight into the extent and role of entrepreneurial orientation and social media use among SMEs and how they impact the performance of SMEs, the analytical method is used to analyze the collected data and test the hypotheses adopted for the study.

The research problem is stated as there is no much research investigating the role of entrepreneurial orientation and social media use among SMEs in underdeveloped economies. Investigating such aspect can provide an insight into how social media can be utilized for enhancing the performance of small and medium enterprises in the underdeveloped economies.

The objective of this research is to examine the impact of entrepreneurial orientation, entrepreneurial competencies of managers and social media use on the performance of SMEs.

Further, this research aims to identify the mediating role of social media use among SMEs in the relations to SMEs performance with entrepreneurial orientation, entrepreneurial competences of managers.

The sample of this research is drawn from managers of small and medium enterprises in two cities of Yemen namely Sanaa and Aden. Non probability sampling is followed due to lacking the characteristics about the study population. Data has been collected through questionnaire that was distributed among SMEs managers. The total respondents that returned valid and complete questionnaire are 330 which is the sample taken for this study. The table below illustrates the demographic details of the sample.

| Demographic Variables (N = 330) |                    | Count | Percentage |
|---------------------------------|--------------------|-------|------------|
| City                            | Sana'a             | 187   | 56.67%     |
|                                 | Aden               | 143   | 43.33%     |
| Field                           | Manufacturing      | 125   | 37.88%     |
|                                 | Service            | 69    | 20.91%     |
|                                 | Trade              | 136   | 41.21%     |
| Age of enterprise               | Less than one year | 100   | 30.30%     |
|                                 | 2 to 5 years       | 98    | 29.70%     |
|                                 | 6 to 10 years      | 34    | 10.30%     |
|                                 | More than 10 years | 98    | 29.70%     |
| Scope                           | Domestic           | 130   | 39.39%     |
|                                 | National           | 131   | 39.70%     |
|                                 | International      | 69    | 20.91%     |
| Number of employees             | 1 to 9 employees   | 131   | 39.70%     |
|                                 | 10 to 19 employees | 106   | 32.12%     |
|                                 | 20 to 29 employees | 93    | 28.18%     |

Table 1: Demographic profile of respondents. Source: primary data.

The measurement used to measure the variables in the study are adopted from (Zhou, 2007; Knight & Cavusgil, 2004; Yu, Xiao, and Bo, 2018), where respondents are asked to give their opinion on the given statements on a five-point Likert scale. Structural equation modeling is adopted for this study, SmartPLS is used to conduct SEM analysis and mediation analysis. All measures of reliability and validity and other results are addressed in the result section.

## Results:

This section of the study presents the results of analysing the collected data to identify the relationships across variable as well as testing the hypotheses.

## Descriptive statistics:

The table below presents the descriptive statistics related to the variables used in the study. As shown in the table, almost all the statements are moderately agreed upon, as the mean scores of all statements are ranging between 3.37 and 3.83 ( $\cong 4$ ). Which indicate that

for each factor, for instance entrepreneurial orientation or entrepreneurial competences of managers are not largely observed among the sampled SMEs.

| <b>Items</b>   | <b>Mean</b> |
|--|-------------|
| My time and efforts are dedicated towards assignments no matter what the conditions are.     | 3.62        |
| I have many chances to learn from others and from working with them.                         | 3.53        |
| I Possess the necessary skills to succeed entrepreneurially.                                 | 3.50        |
| My plans are adjustable according to the needs of the enterprise.                            | 3.80        |
| I prefer being independent in my decisions and take their responsibility.                    | 3.45        |
| Using social media tools help the firm to increase sales to existing and potential customers | 3.77        |
| Using social media tools help the enterprise to identify internal and external talent        | 3.65        |
| Using social media tools help the firm to understand market shifts                           | 3.83        |
| Using social media tools help the firm to get new ideas                                      | 3.74        |
| Using social media tools help the firm to attract new customers.                             | 3.66        |
| Our management always encourages new product idea.   | 3.50        |
| Our management is very receptive to innovative ways of exploiting market opportunities.      | 3.39        |
| Our management believes in exploiting the opportunities provided by markets.                 | 3.51        |
| Our management continuously searches for new markets.  | 3.49        |
| Our management is willing to consider new suppliers/clients in the market.                   | 3.37        |
| Our managers usually spend in the market for the aim of business development.                | 3.64        |
| Our management regularly monitors the trend of business markets.                             | 3.47        |
| Our management actively seeks contact with suppliers or clients in the market.               | 3.64        |
| The current performance of the enterprises compared with other                               | 3.66        |

enterprises is satisfactory.

The sale of our enterprise and how it is expected to grow in future is satisfactory. 3.64

We have high perceptions for the potential of our enterprise to develop in the future. 3.51

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*Table 2: Descriptive statistics of responses. Source: primary data. Mean = weighted average mean.*

As for entrepreneurial competences, all statements are observed to have moderate to low agreement among respondents, as their mean scores range from 3.45 to 3.80. This indicates that the entrepreneurial competences are not fully possessed/utilized among managers in Yemeni SMEs.

Similarly, as for social media use for business purposes among SMEs, the results show low to moderate use of social media for the purpose of business development. The mean scores of the statements related to social media use range from 3.65 to 3.83. This unveils that SMEs in Yemen are in a need to further utilize social media for improving the chances of their business growth.

When considering entrepreneurial orientation among SMEs, it is explored that entrepreneurial orientation is not largely adopted by managers of SMEs. The mean scores of the statement related to entrepreneurial orientation range from 3.37 to 3.64. This indicates a low to moderate level of adopting entrepreneurial orientation which further creates the need for attention to be paid towards employing entrepreneurial orientation among SMEs to realize competitive advantages.

The performance of the sampled SMEs is found to be ranging from low to moderate in its level. The mean score of the statements related to performance ranges from 3.51 to 3.61; this unveils a low level of performance development among SMEs in Yemen. This also creates the need for further efforts to develop the performance of enterprises to contribute towards inclusive development and economic welfare in the society.

To conclude, a low level of adhering to the four variables in this study, i.e.,

entrepreneurial orientation, entrepreneurial competences of managers, social media use among SMEs for business purposes, and the performance of small and medium enterprises is observed. Therefore, a status of “lagging behind” in adopting such practices for the purpose of facilitating the opportunities of development and growth of small and medium enterprises, which are supposed to play a significant role in income generation and employment creation in an underdeveloped economy (such as the case of Yemen) is evidential.

### **Confirmatory factor analysis (The measurement model):**

This section presents the inferential statistics related to the research model where confirmatory factor analysis is applied to examine and validate the relationships across variables and the reliability and validity of the research tools used to measure the relevant variable. The measurement variable involves the assessment of factor loadings, reliability and validity.

### **Factor loadings:**

| Construct                      |      | Factor loadings |
|--------------------------------|------|-----------------|
| Entrepreneurial<br>Competences | EC1  | 0.865           |
|                                | EC2  | 0.847           |
|                                | EC4  | 0.915           |
|                                | EC5  | 0.876           |
|                                | EC7  | 0.795           |
| Entrepreneurial<br>Orientation | EO1  | 0.709           |
|                                | EO10 | 0.802           |
|                                | EO11 | 0.841           |
|                                | EO2  | 0.702           |
|                                | EO4  | 0.834           |
|                                | EO5  | 0.755           |
|                                | EO7  | 0.816           |
|                                | EO8  | 0.840           |
| SMEs                           | Per1 | 0.895           |

|                  |      |       |
|------------------|------|-------|
| Performance      | Per2 | 0.877 |
|                  | Per3 | 0.870 |
| Social Media Use | SMU1 | 0.849 |
|                  | SMU2 | 0.826 |
|                  | SMU3 | 0.810 |
|                  | SMU4 | 0.887 |
|                  | SMU6 | 0.835 |

Table 3: Factor loadings. Source: primary data. The factor loadings are generated by the PLS algorithms which means their contribution towards their latent factors as the acceptable value should be greater than 0.7.

As shown in the table above, Factor loadings are within the recommended level (>0.708). This indicates how the items in each construct correlate together to contribute towards their factor, which also indicates that the remaining item included in the model are fit to be used to measure the concerned variable.

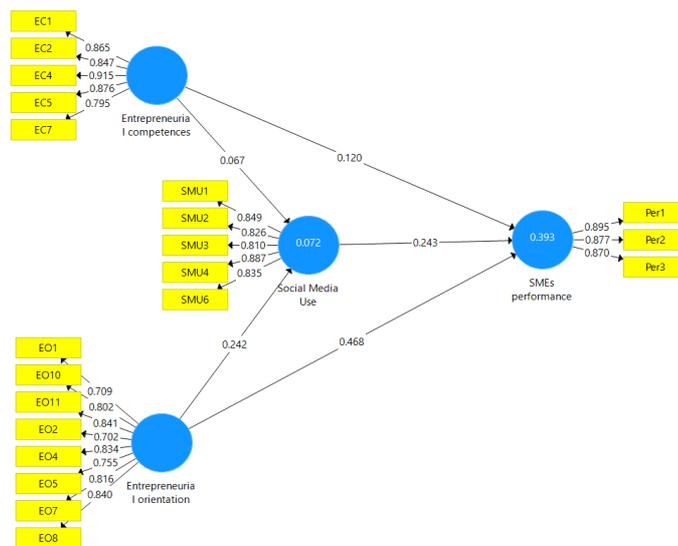


Figure1: The measurement model with factor loadings and beta values. Source: primary data.

**Construct reliability:**

To ensure the reliability of the constructs adopted in the model, two steps are followed in ensuring the same, the first step is relevant to ensuring the convergent reliability which is related to ensuring the all the items in each construct are correlated and measuring the relevant

factor. And in the second step discriminant validity is assessed to ensure that each construct in the research model is independent from the other constructs in the model.

### Convergent Reliability:

The table below shows the reliability measure of the measurement model. The measures used to validate the model are Chronbach's Alpha, Composite reliability, and rho\_a (also known as Raykov's rho) where the minimum value should be equal to or exceeding 0.70 (Cicchetti, 1994); and the average variance extracted (AVE) is used as a measure of reliability of the research model where its value must exceed 0.50. As shown in the table below, all the values are within the recommended level which unveil that the model used in the research is reliable to measure the four variables in the study namely; entrepreneurial orientation, entrepreneurial competences of managers, social media use in the enterprise and the performance of SMEs.

|                             | Cronbach's<br>Alpha | rho_A | Composite<br>Reliability | Average<br>Variance<br>Extracted<br>(AVE) |
|-----------------------------|---------------------|-------|--------------------------|---|
| Entrepreneurial Orientation | 0.913               | 0.919 | 0.929                    | 0.623                                     |
| Entrepreneurial competences | 0.912               | 0.922 | 0.934                    | 0.74                                      |
| SMEs performance            | 0.856               | 0.858 | 0.912                    | 0.776                                     |
| Social Media Use            | 0.898               | 0.908 | 0.924                    | 0.709                                     |

Table 4: Convergent reliability Measures. Source: primary data.

### Discriminant validity:

Further measure used to examine the reliability of the measurement model is the discriminant validity for the purpose of ensuring that each construct in the model is independent from other construct. Fornell & Larcker criteria (Fornell & Larcker, 1981) where the square root of AVE of each construct should be greater than the intra item correlations. The table shows that the square root of AVE is higher than the relevant construct correlations, which indicates the discriminant validity is established.

| Construct | Entrepreneurial | Entrepreneurial | SMEs | Social |
|-----------|-----------------|-----------------|------|--------|
|           |                 |                 |      |        |

|                             | Orientation  | competences | performance  | Media Use    |
|-----------------------------|--------------|-------------|--------------|--------------|
| Entrepreneurial Orientation | <b>0.789</b> |             |              |              |
| Entrepreneurial competences | 0.289        | <b>0.86</b> |              |              |
| SMEs performance            | 0.566        | 0.289       | <b>0.881</b> |              |
| Social Media Use            | 0.261        | 0.137       | 0.382        | <b>0.842</b> |

Table 5: Discriminant Validity. Source: primary data.

#### Assessment of the structure model:

The following table shows the statistics related to the variance inflation factor (VIF), which is used to assess the existence of the collinearity problem in the data, where the value of VIF should be less than 3.3 to ensure that there is no collinearity or high correlation in the data. The VIF values, as shown in the table below, are below 3.3 indicating that the collinearity is not a problem in the data used in this study.

| Construct                   | SMEs performance | Social Media Use |
|-----------------------------|------------------|------------------|
| Entrepreneurial Orientation | 1.154            | 1.091            |
| Entrepreneurial competences | 1.096            | 1.091            |
| Social Media Use            | 1.078            | -                |

Table 6: Variance Inflation factor (VIF). Source: primary data.

#### Explanatory power of the structure model:

The table below shows the values of RSquare, Adjusted RSquare and QSquare, which are used as measure for the explanatory power of the research model. As shown in the table, more explanatory power is observed on SMEs performance as a dependent variable than in social media use as a mediating variable, where the R square reveal that around 40% of SMEs performance is explained by the independent variables. Similarly, Qsquare is calculated through using the blindfolding technique in the PLS Algorithms, where part of the data is deleted and predicted again using the available data. The Q square value indicates that after deleting part of

the data (1/7 which is the default value in the PLS Algorithms), 28% of the SMEs performance is explained by the independent variables.

| Endogenous variables | R Square | R Square Adjusted | Q <sup>2</sup> |
|----------------------|----------|-------------------|----------------|
| SMEs performance     | 0.393    | 0.388             | 0.285          |
| Social Media Use     | 0.072    | 0.067             | 0.045          |

Table 7: Explanatory power of the model. Source: primary data.

Another measure of assessing the structure model is assessing the predictive power of the model which can be done by applying the PLSPredict function in the PLS algorithm which compares the PLS model with the naïve LM benchmark based on the prediction errors. If the prediction errors of the dependent variable are found symmetrical, the root mean square error (RMSE) is used to compare the models, while if the prediction errors are not found symmetrical in their distribution, mean absolute error (MAE) is used to compare the models. The following charts illustrate the distribution of the prediction error of the dependent variable’s items. Even though the three items seem to have tails from both sides, their distribution can not be considered symmetrical, therefore, RMSE is used to compare the model for the purpose of identifying the predictive power of the model.

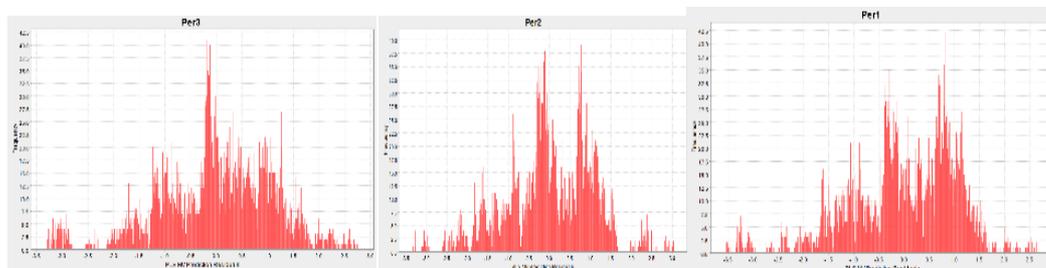


Figure2: Prediction Errors distribution. Source: primary data.

The following table shows the difference between the LM as well as PLS models, where the errors of the PLS model are way less than the errors of the naïve LM benchmark (PLS–LM), therefore, the model is said to have a higher predictive power.

| Item | PLS Model |                         | LM model |                         | MAE      |
|------|-----------|-------------------------|----------|-------------------------|----------|
|      | MAE       | Q <sup>2</sup> _predict | MAE      | Q <sup>2</sup> _predict | PLS - LM |
| Per1 | 0.85      | 0.291                   | 0.851    | 0.288                   | -0.001   |
| Per2 | 0.835     | 0.225                   | 0.847    | 0.212                   | -0.012   |
| Per3 | 0.859     | 0.236                   | 0.886    | 0.209                   | -0.027   |
| SMU1 | 0.896     | 0.074                   | 0.923    | 0.028                   | -0.027   |
| SMU2 | 0.928     | 0.027                   | 0.947    | -0.024                  | -0.019   |
| SMU3 | 0.988     | 0.016                   | 1.016    | -0.019                  | -0.028   |
| SMU4 | 0.971     | 0.043                   | 0.988    | 0.025                   | -0.017   |
| SMU6 | 0.969     | 0.039                   | 0.982    | 0.01                    | -0.013   |

Table 8: Predictive power of the model. Source: primary data.

### Hypotheses testing:

#### Direct effect:

This section investigates the direct effect across the variables to identify the impact of the independent variables. It is observed that entrepreneurial orientation is significantly impacting SMEs performance ( $\beta = 0.468$ ,  $p = 0.001$ ) and social media use ( $\beta = 0.242$ ,  $p = 0.001$ ), while entrepreneurial competences of managers are found to significantly impact SMEs performance ( $\beta = 0.120$ ,  $p = 0.025$ ) but not impacting social media use ( $\beta = 0.067$ ,  $p = 0.258$ ). Further, it is found that social media use among SMEs is significantly impacting the performance of SMEs ( $\beta = 0.243$ ,  $p = 0.001$ ).

| Relationship                                    | Beta  | T Statistics |        | P     |        |
|---|-------|--------------|--------|-------|--------|
|   |       | ( O/STDEV )  | Values | 2.50% | 97.50% |
| Entrepreneurial Orientation -> SMEs performance | 0.468 | 8.549        | 0.001  | 0.361 | 0.573  |
| Entrepreneurial Orientation -> Social Media Use | 0.242 | 4.356        | 0.001  | 0.135 | 0.35   |

Entrepreneurial competences ->

SMEs performance 0.12 2.471 0.013 0.025 0.214

Entrepreneurial competences ->

Social Media Use 0.067 1.132 0.258 -0.047 0.184

Social Media Use -> SMEs

performance 0.243 4.526 0.001 0.137 0.345

Table 9: Direct Effects. Source: primary data.

The result of the direct effect assessment unveil that both independent variable are significantly impacting the performance of SMEs in Yemen.

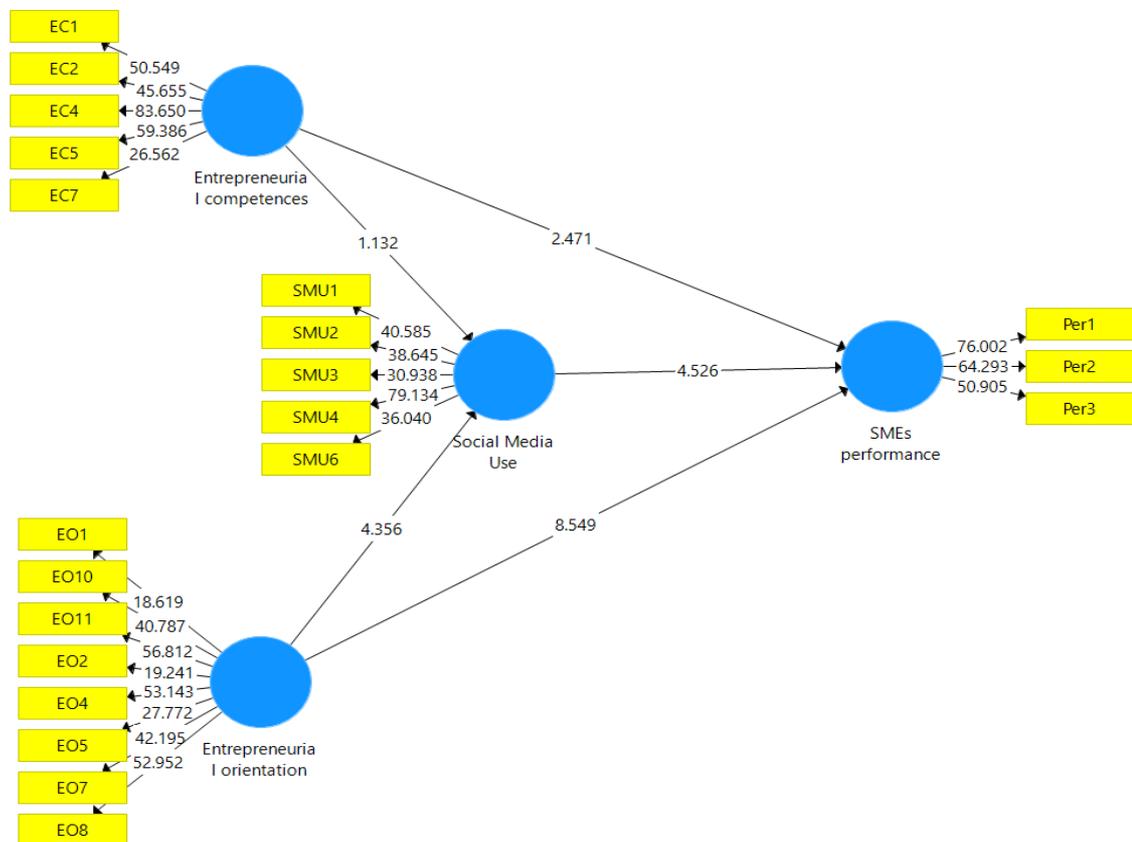


Figure3: The structure model along with t values. Source: primary data

**Indirect effect:**

For the purpose of mediation analysis, the indirect effects are assessed, as the aim is to

identify the mediating role of social media use in relationship with the independent variables and the performance of SMEs. Two indirect effects are assessed, the first one is the indirect impact of entrepreneurial orientation on SMEs performance through social media use, which is found to be significant ( $\beta = 0.059$ ,  $p = 0.001$ ), and the second indirect effect is the effect of entrepreneurial competence of managers on the SMEs performance through social media use which is found insignificant ( $\beta = 0.016$ ,  $p = 0.291$ ).

These results indicate that there is a mediating role of social media use in relationship between entrepreneurial orientation and SMEs performance, on the other hand, there is no mediating role of social media use in relationship between entrepreneurial competence of managers and SMEs performance.

| Relationship                   | Beta  | T Statistics |        | P      |         |
|--------------------------------|-------|--------------|--------|--------|---------|
|                                |       | ( O/STDEV )  | Values | 2.5%CI | 97.5%CI |
| Entrepreneurial Orientation -> |       |              |        |        |         |
| SMEs performance               | 0.059 | 3.245        | 0.001  | 0.027  | 0.099   |
| Entrepreneurial competences -> |       |              |        |        |         |
| SMEs performance               | 0.016 | 1.056        | 0.291  | -0.01  | 0.05    |

Table 10: Indirect Effects. Source: primary data.

### Total effect:

In order to identify the type of mediation that social media use play in relationship between entrepreneurial orientation and SMEs performance, total effects are assessed. As shown in the table below, the total effect of entrepreneurial orientation on SMEs performance is found to be significant ( $\beta = 0.527$ ,  $p = 0.001$ ), therefore, it can be said that there is a partial mediation of social media use among SMEs in relationship expressed between entrepreneurial orientation and SMEs performance

| Relationship                        | Beta | T Statistics |       | P      |         |
|-------------------------------------|------|--------------|-------|--------|---------|
|                                     |      | ( O/STDEV )  | Value | 2.50 % | 97.50 % |
| Entrepreneurial Orientation -> SMEs | 0.52 | 10.256       | 0.001 | 0.425  | 0.626   |

|   |      |       |       |       |       |
|---|------|-------|-------|-------|-------|
| performance                                 | 7    |       |       |       |       |
| Entrepreneurial Orientation -> Social Media | 0.24 |       |       |       |       |
| Use   | 2    | 4.356 | 0.001 | 0.135 | 0.35  |
| Entrepreneurial competences -> SMEs         | 0.13 |       |       |       |       |
| performance                                 | 6    | 2.712 | 0.007 | 0.039 | 0.236 |
| Entrepreneurial competences -> Social       | 0.06 |       |       | -     |       |
| Media Use                                   | 7    | 1.132 | 0.258 | 0.047 | 0.184 |
|   | 0.24 |       |       |       |       |
| Social Media Use -> SMEs performance        | 3    | 4.526 | 0.001 | 0.137 | 0.345 |

Table 11: Total Effects. Source: primary data

### Discussion:

The aim of this study being to investigate the impact of entrepreneurial orientation, entrepreneurial competences of managers and social media use the performance of SMEs in an underdeveloped economy. The result show that all the three variable have a significant impact on the performance of SMEs. This is consistent with the result of previous research highlighted in the relevant literature, where, the performance of SMEs is influenced by many factors and entrepreneurial orientation, social media use and managers' competencies are as significantly influential factors.

Further, the study aimed at investigating how social media use can mediate the relationship between entrepreneurial orientation, competence and the performance of SMEs. The results show that social media use mediates the impact of entrepreneurial orientation but not entrepreneurial competences on SMEs performance. This can be reflected on the type of attitude managers have towards social media and its impact in an underdeveloped economy. It also unveils that managers are not keen on employing social media for the purpose of developing their business process.

In general, the result exhibits low to moderate levels of entrepreneurial orientation, entrepreneurial competences, social media use and performance level among SMEs in Yemen. This can be reflected on the current situation, instable environment, in which SMEs are functioning, this impacts the chances of improvement of SMEs in such environments (Saleh &

Manjunath, 2020a), and also gets reflected on the abilities and capabilities to function with limited resources – which hinder their ability to overcome the challenges (Saleh & Manjunath, 2020b).

Based on these results, the study suggests that along with training provision for SMEs owners and managers, official attention from policy makers and international development partners to ease the opportunities of access to required resources for SMEs becomes essential. Further, building a reliable infrastructure and establishment of a conducive environment that leach the ability of SMEs to compete and grow as a key player the Yemeni business sector.

**Conclusion:**

It is concluded that SMEs in Yemen barely possess the resources and ability to adopt entrepreneurial orientation and competences of managers that help in thriving the business development and growth. It is also concluded, that managers' competencies are in need for specific attention that helps in reviving up such competences so they can be employed and invested by managers for the purpose of developing business process. The awareness of social media and its benefit for enriching the goals of SMEs is very limited in underdeveloped economies. This puts pressure on SMEs to thrive for development and reach customers in challenging missions.

This paper adds to the limited literature about entrepreneurial orientation and SMEs performance in underdeveloped economies and Yemen in particular. It is also a valuable source of information for policy makers in respect to the status of entrepreneurial orientation and social media use among SMEs and how they are used for developing the business process and activities.

The limitation of the study is that it is conducted in an instable environment that is witnessed in Yemen, further research can compare such output with other environments in underdeveloped economies.

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