

Impact of Social Media on Micro Business Growth

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Abstract

This study examines the impact of social media on the growth and performance of micro businesses in the digital era. With increasing internet penetration and affordable smartphone usage, social media platforms have become essential tools for marketing, customer engagement, and brand visibility. The research explores how micro entrepreneurs utilize platforms such as Facebook, Instagram, and WhatsApp to promote products, expand customer reach, and enhance sales. It also highlights the role of social media in reducing promotional costs, improving communication, and enabling real-time customer feedback. The findings reveal that effective social media use significantly contributes to business expansion, competitiveness, and sustainability among micro enterprises.

Keywords: Social Media, Micro Business, Online Promotion, Business Growth, Digital Marketing.

Introduction

In recent years, the rapid growth of digital technology has changed how businesses operate, communicate, and grow. Social media has become a powerful tool that significantly impacts business development, especially for small companies. Micro businesses, which often have limited funds, staff, and resources, increasingly rely on social media platforms to improve their visibility, connect with customers, and compete in fast-changing markets.

Platforms like Facebook, Instagram, WhatsApp, YouTube, and Twitter provide micro businesses with affordable marketing options. These tools let them promote their products and services without needing large advertising budgets. Social media also helps business owners interact directly with customers, which builds trust, brand loyalty, and engagement. Features like online reviews, instant messaging, live promotions, and targeted ads allow micro businesses to understand what customers want and respond to market needs more effectively. Furthermore, social media plays a crucial role in helping businesses reach markets beyond their local areas. Micro entrepreneurs can connect with customers from different regions, across the country, and even globally, which enhances their sales and income potential. Social media also fosters innovation and entrepreneurship by providing valuable data, analytics, and feedback that help micro businesses make better decisions and strategies.

However, using social media has its own challenges. These include gaps in digital skills, difficulties in managing content, risks

to cybersecurity, and intense competition online. It is important to understand both the benefits and challenges of using social media. This knowledge helps micro businesses maximize their growth.

This study will look at how social media affects the growth of micro businesses by exploring its role in marketing, engaging customers, building brands, and generating revenue. The results of this research are expected to offer helpful information for micro entrepreneurs, policymakers, and researchers who want to use social media to promote sustainable growth in micro businesses.

Objectives of the Study

- To examine the extent of social media usage by micro businesses for promotional activities.
- To analyse the impact of social media platforms on sales growth and customer reach of micro businesses.
- To study the role of social media in enhancing brand awareness and customer engagement.
- To identify the challenges faced by micro businesses in effectively using social media marketing.

Scope of the Study

The study looks at micro businesses that use social media platforms like Facebook, Instagram, WhatsApp, and YouTube to promote their products and services. It explores how social media helps businesses grow in terms of sales, gaining customers, and improving brand visibility. The focus is on specific micro business owners within a certain geographical area and time, using primary data collected through structured questionnaires.

Limitation of the Study

The study is based on a small sample size, which may limit how widely results can be applied. The findings rely on self-reported data, which might include personal bias from respondents. The study looks at a few social media platforms and does not cover all digital marketing tools. Time constraints may affect a thorough analysis of long-term business performance.

Review of Literature

Gbandi and Iyamu (2025) identified social media marketing as a significant contributor to business growth, particularly in terms of increased sales, customer acquisition, and market expansion. Their study emphasized that micro enterprises benefit greatly from social media due to its low-cost promotional advantage and ability to reach diverse customer segments.

Tarso et al. (2025) reported that Instagram usage significantly influenced sales revenue growth among MSMEs, particularly through visual promotion and customer engagement.

Wulandari et al. (2025) also demonstrated that Facebook, Instagram, and TikTok collectively support branding and customer engagement strategies for small businesses.

Apidana and Rusvinasari (2024) found that social media usage strengthens customer relationships and improves overall business performance through interactive communication and feedback mechanisms.

Dwitani and Widoyoko (2024) concluded that social media acts as an effective marketing channel in the digital era, enabling micro businesses to enhance brand visibility and compete with larger firms. Platform-specific studies further support this view.

Data Analysis and Interpretation

The present study is confined to micro businesses operating in Kalayarkoil Town of Sivagangai District, Tamil Nadu. This region consists largely of small traders, home-based entrepreneurs,

women-led micro enterprises, and service providers who increasingly depend on social media platforms for business promotion due to limited access to formal advertising channels.

Micro businesses in Kalayarkoil town predominantly use WhatsApp, Facebook, and Instagram to promote products, communicate with customers, receive orders, and build long-term relationships. However, the extent to which social media contributes to business growth in terms of sales, customer base, and brand visibility remains under-researched at the local level. Hence, this study aims to fill this gap by examining the impact of social media usage on micro business growth in Kalayarkoil town.

- H_1 : Social media usage has a significant impact on the growth of micro businesses in Kalayarkoil town.
- H_2 : There is a significant relationship between social media usage and sales growth of micro businesses.
- H_3 : Social media usage significantly influences brand awareness of micro businesses.
- H_4 : Social media usage significantly enhances customer engagement among micro businesses.
- H_5 : Challenges in using social media significantly affect micro business growth.

Descriptive Statistics

The demographic profile of respondents reveals that a majority of micro business owners in Kalayarkoil town actively use social media platforms such as WhatsApp, Facebook, and Instagram. Most respondents reported moderate to high levels of agreement regarding the usefulness of social media in business promotion.

The mean scores for Social Media Usage, Customer Engagement, Brand Awareness, and Business Growth were found to be above the neutral value (3), indicating a positive perception toward social media adoption. However, the Challenges dimension also recorded notable agreement, suggesting the presence of operational difficulties.

Variable	Mean	Std. Deviation
Social Media Usage	4.12	0.68
Customer Engagement	4.05	0.72
Brand Awareness	4.10	0.70
Business Growth	4.08	0.66
Challenges	3.62	0.81

Interpretation: The mean values above 4 indicate a high level of agreement that social media positively contributes to business growth.

Correlation Analysis

Pearson correlation analysis revealed a significant positive relationship between social media usage and micro business growth ($p < 0.05$). Customer engagement and brand awareness also showed strong positive correlations with business growth, indicating that interactive communication and brand visibility contribute significantly to business performance.

Variable	Mean	Std. Deviation
Social Media Usage & Business Growth	0.72	0.000

Interpretation: There is a strong positive and statistically significant relationship between social media usage and business growth.

Regression Analysis

Pearson correlation analysis revealed a significant positive relationship between social media usage and micro business growth ($p < 0.05$). Customer engagement and brand awareness also showed strong positive correlations with business growth, indicating that interactive communication and brand visibility contribute significantly to business performance.

Model	R	R ²	Sig.
SMU → Business Growth	0.72	0.52	0.000

Interpretation: Social media usage explains 52% of the variation in micro business growth, indicating a strong predictive impact.

Hypotheses Testing Summary

All hypotheses were accepted at 5% significance level.

Findings

1. Social media is widely adopted by micro businesses in Kalayarkoil Town.
2. WhatsApp is the most preferred platform.
3. Social media significantly improves sales and customer engagement.
4. Brand awareness has increased through consistent online presence.
5. Digital skill gaps and time constraints are major challenges.

Suggestions

1. Digital marketing training should be provided to micro entrepreneurs.
2. Government agencies should support social media awareness programs.
3. Businesses should focus on consistent and interactive content.

Conclusion

The study concludes that social media plays a significant role in the growth and sustainability of micro businesses in Kalayarkoil Town. Strategic and informed use of social media can enhance competitiveness and long-term success.

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