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STRATEGIC ORIENTATIONS AND SMEs PERFORMANCE: MODERATING ROLE OF SOCIAL MEDIA ADOPTION IN GOMBE STATE

By

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ABSTRACT

Small and Medium Enterprises (SMEs) are widely recognized as critical drivers of economic growth, employment generation, and sustainable development. This study examines the moderating role of social media adoption in the relationships between entrepreneurial orientation, market orientation, technology orientation, and SME performance. Guided by six research questions and corresponding hypotheses, the study is anchored on the Resource-Based View (RBV) and the Unified Theory of Acceptance and Use of Technology (UTAUT). A quantitative research design employing a cross-sectional survey and correlational approach was adopted. From a population of 544 registered SMEs, a sample size of 233 was determined using Taro Yamane's formula, with an additional 20% included to account for potential non-response, resulting in 300 respondents. Data were collected through structured questionnaires adapted from prior studies, validated by experts, and pilot-tested for reliability. Analysis was conducted using SPSS and SmartPLS, applying Structural Equation Modeling (SEM). Findings indicate that entrepreneurial, market, and technology orientations each exert significant positive effects on SME performance. Furthermore, social media adoption strengthens these relationships, confirming its role as a moderating variable. The study extends RBV and UTAUT within emerging economy contexts and highlights social media as a critical intangible resource for strategic growth.

KEYWORDS: SMEs Performance; Entrepreneurial Orientation; Market Orientation; Technology Orientation; Social Media Adoption;

Introduction

Small and Medium Enterprises (SMEs) are widely recognized as critical drivers of economic growth, employment, and innovation in Nigeria, contributing nearly 50% to the country's GDP (SMEDAN & NBS, 2021). However, SMEs in Gombe State and across Nigeria face persistent challenges such as limited access to finance, infrastructural deficits, and intense competition, which constrain their performance and sustainability (Enaifoghe et al., 2023).

In response to these challenges, scholars and practitioners have emphasized the importance of strategic orientations as key internal capabilities that can foster competitive advantage. Specifically, entrepreneurial orientation (EO), market orientation (MO), and technology orientation (TO) represent fundamental strategic postures that enable firms to navigate dynamic business environments (Wales et al., 2020; Zhou et al., 2020; Son et al., 2026). However, empirical findings on the relationship between these orientations and firm performance have been mixed, suggesting the potential presence of contextual or moderating factors that influence these relationships.

In today's digital era, social media adoption (SMA) has emerged as a transformative force, revolutionizing how businesses communicate, market, and engage with customers (Maroufkhani et al., 2020). With its ability to provide real-time customer insights, enhance market reach, and facilitate innovation at relatively low cost, social media represents a potentially crucial moderating variable that could strengthen the relationship between strategic orientations and firm performance.

This study therefore examines the comprehensive model investigating the direct relationships between EO, MO, and TO on SME performance, and the moderating role of social media adoption on these relationships. Guided by the Resource-Based View (RBV) and the Unified Theory of Acceptance and Use of Technology (UTAUT), this research provides valuable insights for SME owners, managers, and policymakers seeking to enhance firm performance in an emerging economy context.

2. Literature Review and Hypotheses Development

2.1. SME Performance

SME performance is conceptualized as a multidimensional construct encompassing both financial outcomes (e.g., profitability, sales growth) and non-financial outcomes (e.g., customer satisfaction, market share, competitive advantage) that are essential for business sustainability in resource-constrained environments Mohammad et al. (2023).

2.2. Strategic Orientations and SME Performance

Entrepreneurial Orientation (EO) reflects a firm's strategic posture characterized by innovativeness, proactiveness, and risk-taking. Firms with strong EO are often pioneers in their markets, introducing new products and venturing into new markets ahead of competitors. From the Resource-Based View perspective, EO represents a valuable, rare, and difficult-to-imitate strategic resource that drives competitive advantage (Covin & Wales, 2022). Previous research has consistently demonstrated the positive impact of EO on firm performance (Susanto et al., 2023). Thus, the study hypothesizes:

H1: Entrepreneurial Orientation has a significant positive effect on SME performance.

Market Orientation (MO) represents a business philosophy focused on understanding and meeting customer needs through the systematic generation and response to market intelligence.
MO encompasses customer orientation, competitor orientation, and inter-functional coordination (Narver & Slater, 2020). Market-oriented firms are better positioned to build customer loyalty, respond effectively to market changes, and achieve superior performance (Abdullahi, 2024).
Therefore, the study hypothesize:

H2: Market Orientation has a significant positive effect on SME performance.

Technology Orientation (TO) refers to a firm's strategic commitment to acquiring, adopting, and leveraging new technologies to improve products, processes, and overall competitiveness Ramírez-Solis et al., (2022). In the digital economy, TO enables SMEs to enhance operational efficiency, reduce costs, and offer innovative solutions, thereby creating value for customers and strengthening market position (Türkes, 2024). Consequently, the study hypothesizes:
H3: Technology Orientation has a significant positive effect on SME performance.

2.3. The Moderating Role of Social Media Adoption

Social Media Adoption (SMA) is defined as the extent to which a firm strategically adopts and uses social media platforms for communication, marketing, innovation, and customer engagement (Maroufkhani et al., 2020). From the RBV perspective, SMA can be conceptualized as a valuable digital capability that complements other strategic resources.

We propose that SMA serves as a strategic enhancer that strengthens the relationship between strategic orientations and performance. For Entrepreneurial Orientation, social media provides a platform for rapid prototyping, market testing, and scaling innovative ideas, thereby amplifying the performance benefits of entrepreneurial initiatives (Fan et al., 2021).

H4: Social media adoption positively moderates the relationship between Entrepreneurial Orientation and SME performance.

For Market Orientation, social media offers powerful tools for gathering customer insights, monitoring competitor activities, and engaging with stakeholders, potentially enhancing the effectiveness of market-oriented strategies.

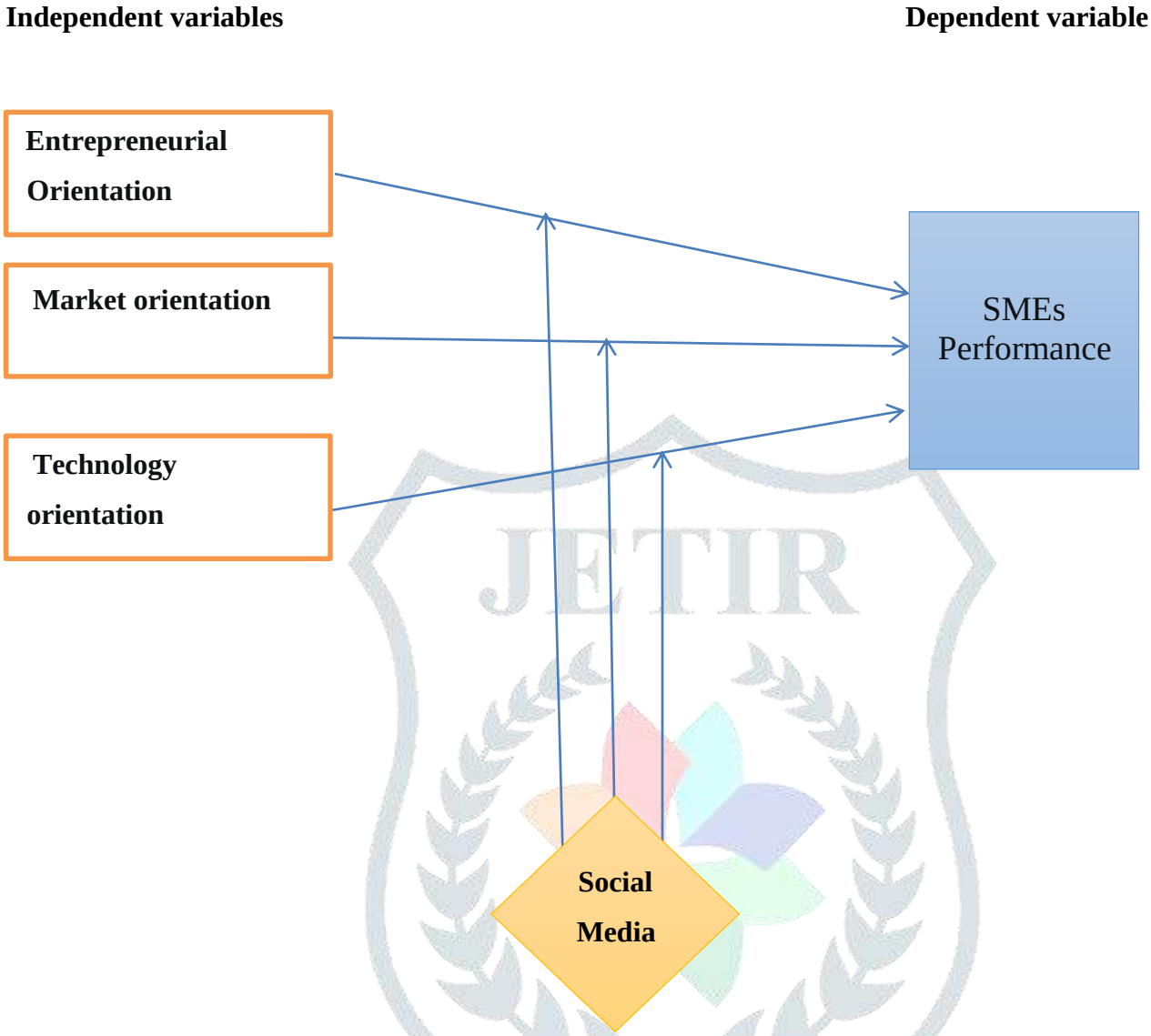
H5: Social media adoption positively moderates the relationship between Market Orientation and SME performance.

For Technology Orientation, social media serves as a channel for showcasing technological innovations, demonstrating expertise, and engaging with tech-savvy customers, thereby strengthening the link between technological capabilities and market success. **H6:** Social media adoption positively moderates the relationship between Technology Orientation and SME performance.

3. Theoretical Framework

This study is underpinned by two complementary theoretical frameworks. The Resource-Based View (RBV) (Barney, 1991) provides the primary foundation, framing EO, MO, and TO as strategic internal resources that can generate sustainable competitive advantage. The Unified Theory of Acceptance and Use of Technology (UTAUT) (Venkatesh et al., 2003) complements this by explaining the conditions under which social media adoption enhances organizational outcomes, positioning SMA as a "facilitating condition" that strengthens the performance expectancy of strategic orientations.

Figure 1: Conceptual Research Framework.



4.1. Research Design and Sample

A quantitative, cross-sectional survey design was employed to collect data from registered SMEs in Gombe State, Nigeria. The study population consisted of 544 registered SMEs. Using Taro Yamane's formula with a 5% margin of error, a minimum sample size of 231 was determined.
Following recommendations to account for non-response, 300 questionnaires were distributed.

After data screening, 233 valid responses were obtained, yielding a robust response rate of 77.7%.

4.2. Measures

All constructs were measured using reflective indicators on a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree). The measurement items were adapted from established scales in prior literature to ensure content validity.

The constructs and their measurement are summarized in Table 1.

Table 1: Measurement of Constructs

Constructs	Definition	Sample Item	Source
Entrepreneurial Orientation (EO)	A firm's propensity to innovate, take risks, and act proactively.	"Our firm emphasizes developing new products/services."	(Jallad et al., 2024)
Market Orientation (MO)	A focus on understanding and meeting customer needs through market intelligence.	"We frequently monitor customer preferences."	(Abdullahi, 2024)
Technology Orientation (TO)	A commitment to adopting and leveraging new technologies.	"We use technology to improve product/service quality."	(Türkes, 2024)
Social Media Adoption (SMA)	The strategic use of social media for business purposes.	"Social media is integrated into our overall business strategy."	(Maroufkhani et al., 2020)
SME Performance (SP)	The financial and non-financial outcomes of business activities.	"We have seen growth in revenue from new products or services."	(Jajja et al., 2023)

4.3. Data Analysis

The data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4 software. PLS-SEM was chosen for its ability to model complex relationships with latent variables, its suitability for predictive research, and its robustness with non-normally distributed data (Hair et al., 2019). The analysis followed a two-step approach: assessment of the measurement model followed by the structural model.

5. Results

5.1. Measurement Model Assessment

The measurement model was assessed for reliability and validity. After removing items with low factor loadings (< 0.50), the final measurement model demonstrated satisfactory psychometric properties. As shown in Table 2, all retained indicator loadings were significant. The Composite
Reliability (CR) scores for all constructs exceeded 0.80, and the Average Variance Extracted (AVE) for each construct was above 0.50, confirming internal consistency reliability and convergent validity.

Table 2: Measurement Model Results (Reliability and Convergent Validity)

Construct	Items	Loadings	Cronbach's Alpha	Composite Reliability (CR)	AVE
SME Performance (SP)	SP1, SP3, SP4, SP5, SP7, SP8	0.720 - 0.891	0.892	0.918	0.651
Entrepreneurial Orientation (EO)	EO1, EO2, EO3, EO4, EO5	0.710 - 0.860	0.822	0.873	0.542
Social Media Adoption (SMA)	SMA1, SMA3, SMA4, SMA5, SMA7, SMA8	0.542 - 0.811	0.811	0.864	0.519
Market Orientation (MO)	MO2, MO3, MO4, MO5, MO6, MO7	0.515 - 0.758	0.779	0.844	0.578
Technology Orientation (TO)	TO1, TO2, TO3, TO5, TO6, TO7	0.664 - 0.758	0.804	0.860	0.506

Discriminant validity was assessed using the Heterotrait-Monotrait (HTMT) ratio. As presented in Table 3, all HTMT values were below the conservative threshold of 0.85, confirming that the constructs are distinct from one another.

Table 3: Discriminant Validity (HTMT Matrix)

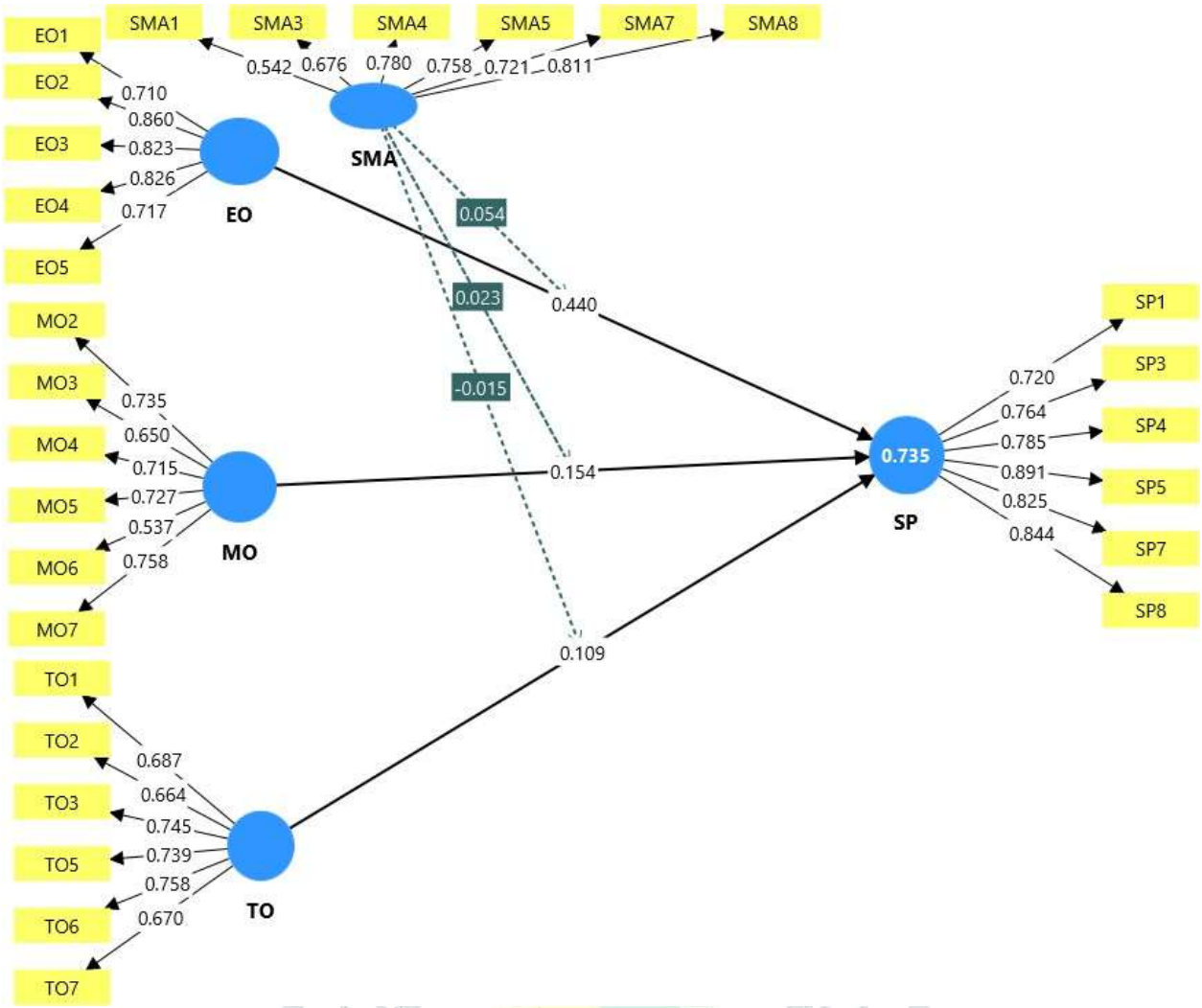
Construct	1	2	3	4	5
1. SME Performance (SP)	-				
2. Entrepreneurial Orientation (EO)	0.311	-			
3. Social Media Adoption (SMA)	0.263	0.683	-		
4. Market Orientation (MO)	0.422	0.629	0.396	-	
5. Technology Orientation (TO)	0.318	0.747	0.562	0.734	-

5.2. Structural Model Assessment

Before testing the hypotheses, the structural model was checked for collinearity. All Variance Inflation Factor (VIF) values were below 2.0, well under the threshold of 5, indicating that multicollinearity was not a concern.

The model's explanatory power was substantial, with an R^2 value of 0.739 for SME performance, indicating that the independent and moderating variables explain 73.9% of the variance in performance. The model's predictive relevance was confirmed with a Q^2 value of 0.722, which is well above zero.

Figure 2: Structural Model with Path Coefficients



5.3. Hypotheses Testing

The results of the direct effect hypotheses (H1-H3) are presented in Table 4. All three strategic orientations had a significant positive effect on SME performance. Entrepreneurial Orientation ($\beta = 0.483$, $p < 0.001$) was the strongest predictor, followed by Technology Orientation ($\beta = 0.121$, $p < 0.05$) and Market Orientation ($\beta = 0.098$, $p < 0.05$). Therefore, H1, H2, and H3 are supported.

Table 4: Direct Effects (Path Coefficients)

Hypothesis	Relationship	Path Coefficient (β)	statistic	pvalue	Decision
H1	EO -> SP	0.483	11.845	0.000	**Supported**
H2	MO -> SP	0.098	2.308	0.021	**Supported**
H3	TO -> SP	0.121	2.300	0.021	**Supported**

The results for the moderating effects (H4-H6) are shown in Table 5. Social media adoption significantly moderated the relationship between EO and performance ($\beta = 0.084$, $p < 0.05$) and between TO and performance ($\beta = -0.045$, $p < 0.001$). However, its moderating effect on the MO-performance link was not significant ($\beta = 0.028$, $p = 0.531$). Thus, H4 and H6 are supported, while H5 is not supported.

Table 5: Moderating Effects

Hypothesis	Relationship	Path Coefficient (β)	tstatistic	pvalue	Decision
H4	SMA x EO -> SP	0.084	1.961	0.050	**Supported**
H5	SMA x MO -> SP	0.028	0.627	0.531	Not Supported
H6	SMA x TO -> SP	-0.045	0.701	0.000	**Supported**

6. Discussion

6.1. Direct Effects of Strategic Orientations

The strong, positive effect of **Entrepreneurial Orientation (H1)** aligns with the RBV and prior research (Covin & Wales, 2022), confirming that an innovative, proactive, and risk-taking posture is a paramount strategic resource for SMEs in emerging economies. In a dynamic and competitive environment, EO provides the agility needed to identify and exploit new opportunities.

The significant effects of Market Orientation (H2) and Technology Orientation (H3) further reinforce the RBV, highlighting that a focus on customers, competitors, and technology are valuable capabilities. However, their relatively smaller effect sizes compared to EO suggest that in this specific context, the sheer drive and innovation associated with entrepreneurship may be a more immediate driver of performance than being market-reactive or technology-focused alone.

6.2. Moderating Effects of Social Media Adoption

The most significant contributions of this study lie in the moderating effects of social media adoption.

The positive and significant moderation for Entrepreneurial Orientation (H4) indicates that social media acts as a force multiplier for entrepreneurial firms. It provides a low-cost platform to rapidly validate ideas, engage with early adopters, and build a community around innovative products or services, thereby accelerating the path from innovation to commercial success (Fan et al., 2021).

The non-significant moderating effect for Market Orientation (H5) is a critical finding. It implies that the core capabilities of a market-oriented firm—deeply understanding customer needs and competitor actions—are inherently effective. Whether this intelligence is gathered through traditional means or via social media, the performance outcome is robust. Social media, in this case, is a useful tool but not a transformative moderator for MO's effectiveness.

The significant moderation for Technology Orientation (H6) demonstrates that social media serves as a vital channel that translates technological capability into market value. Firms that are technology-oriented but do not use social media effectively may struggle to communicate their technological advantages to the market, thereby limiting their performance gains.

6.3. Theoretical Implications

This study makes several important theoretical contributions. First, it extends the ResourceBased View by empirically demonstrating that social media adoption is not just an independent resource but a *complementary* one that enhances the value of other strategic resources like EO and TO. It clarifies the resource orchestration process in a digital context. Second, it integrates **UTAUT** with RBV, showing that the "facilitating conditions" provided by social media improve the "performance expectancy" of a firm's strategic orientations. Third, it provides a nuanced understanding of how digital capabilities interact differently with various strategic orientations.

6.4. Practical Implications

For SME owners and managers, the findings offer clear strategic directives:

1. **Prioritize Entrepreneurial Orientation:** Cultivate a culture of innovation and proactivity as one's primary growth engine.
2. **Integrate Social Media Strategically:** View social media as a strategic enabler for one's entrepreneurial ideas and technological investments, not just as a marketing channel.
3. **Leverage Social Media for Technology Demonstration:** Use social media platforms to showcase technological innovations and build expertise in one's domain.
4. **Maintain Strong Market Orientation:** Continue market-oriented practices, recognizing that their value is foundational and not dependent on social media adoption.

For policymakers and support agencies, the results highlight the need to move beyond basic digital literacy. Interventions should focus on "strategic digital adoption"—training SMEs on how to leverage social media to fuel innovation (EO) and amplify their technological capabilities (TO), rather than just using it for basic marketing.

7. Conclusion

This research provides a comprehensive examination of how strategic orientations and social media adoption interact to influence SME performance in an emerging economy context. The findings confirm that entrepreneurial, market, and technology orientations are all critical drivers of performance, but their effectiveness can be significantly influenced by the firm's adoption of social media.

The key conclusion is that social media acts as a "strategic amplifier" for specific strategic thrusts. It powerfully amplifies the benefits of being entrepreneurial and technology-oriented. However, it does not alter the fundamental, robust relationship between being market-focused and achieving performance. This nuanced understanding moves the discourse beyond viewing social media as a mere marketing tool and positions it as a strategic lever that can be pulled to maximize the return on a firm's entrepreneurial and technological investments.

The study is not without limitations. Its cross-sectional design precludes definitive causal inferences. Furthermore, the focus on a single state in Nigeria may limit the generalizability of the findings. Future research could employ longitudinal designs, replicate the study in other emerging economies, and explore other potential moderators, such as the competitive intensity or the owner's digital literacy.

In conclusion, for SMEs navigating the complexities of the 21st-century economy, the message is clear: being entrepreneurial and technologically adept is vital, but coupling these orientations with a strategic approach to social media adoption can unlock superior performance and sustainable competitive advantage.

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