



BEYOND SOCIAL MEDIA ADOPTION: EXPLAINING THE ADOPTION–OUTCOME DISCONNECT IN DIGITAL MARKETING VALUE CREATION AMONG INDIAN MICRO AND SMALL ENTERPRISES

Nelakuditi Krishna Veni¹, Prof. R. Siva Ram Prasad ².

¹ Research Scholar, Acharya Nagarjuna University, Guntur.

² Research Guide, Acharya Nagarjuna University.

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ABSTRACT

Social media marketing (SMM) gives micro and small enterprises (MSEs) relatively accessible ways to reach customers, communicate with markets and collect feedback, yet activity on social platforms does not necessarily produce equivalent customer or firm value. This study examines that distinction using survey evidence from 400 Indian MSEs that actively use SMM. The empirical design evaluates social media budget, time spent, posting frequency, platform breadth, content breadth and an adoption index in relation to customer engagement, brand loyalty and business performance. The outcome measures demonstrate exceptionally high internal consistency, with Cronbach's $\alpha=.990$ for customer engagement, $.986$ for brand loyalty and $.987$ for business performance. The high reliability supports measurement consistency, although it does not by itself establish construct validity or causal relationships. The regression evidence provides limited support for a direct adoption-to-outcome relationship. The customer-engagement model is not statistically significant ($R^2=.010$, $F(5,394)=.830$, $p=.529$), and the brand-loyalty model is likewise non-significant ($R^2=.004$, $F(5,394)=.301$, $p=.912$). The business-performance model explains 2.2% of the variance and is not statistically significant at the omnibus level ($F(5,394)=1.74$, $p=.124$). Two coefficient-level signals nevertheless warrant attention: time spent on social media is positively associated with performance ($\beta=.154$, $p=.025$), whereas the adoption index is negatively associated with performance ($\beta=-.143$, $p=.043$). Because the overall performance model is non-significant and the study is cross-sectional, these coefficients are treated as diagnostic signals rather than robust causal effects. The central finding is therefore not that SMM is ineffective, but that observable adoption intensity is an incomplete explanation of value creation. Platform presence, posting activity and broader adoption can create opportunities for interaction, but those opportunities require complementary capabilities such as content quality, responsiveness, customer insight, analytics and integration with customer-management routines. The paper consequently develops the concept of an adoption–outcome disconnect and positions it within the resource-based view and dynamic capabilities perspectives. The theoretical contribution lies in reframing SMM from a simple adoption problem to an adoption–capability–outcome problem and in treating weak direct effects as theoretically informative rather than as evidence of research failure. For managers, the implication is to evaluate social media through conversion measures response quality, meaningful engagement, customer retention, inquiries and business outcomes rather than platform count alone. Future research should test the proposed conversion logic directly through validated capability measures, mediation and moderation models, multi-source performance indicators and longitudinal designs. Methodologically, the study separates the descriptive evidence of adoption from the inferential evidence of outcomes and avoids treating individual significant coefficients as proof of a significant regression model. This distinction is important because the sampled firms are active adopters, meaning the analysis addresses variation in intensity among users rather than the initial decision to adopt social media. The findings also suggest that the performance consequences of digital activity may be contingent on managerial attention and the quality of organisational routines that surround social-media use. Accordingly, the paper contributes a more cautious interpretation of adoption–performance research and specifies measurable directions for future empirical testing. The resulting framework distinguishes digital presence, digital activity and digital capability as analytically different constructs.

KEYWORDS: Social Media Marketing; Micro and Small Enterprises; Customer Engagement; Brand Loyalty; Business Performance; Digital Marketing; Social Media Adoption.

1. INTRODUCTION

The rapid diffusion of social media has altered the architecture of firm–customer communication. Unlike conventional one-way promotional media, social platforms allow firms and customers to create, distribute, discuss and respond to content, making interaction part of the communication process itself. Kietzmann et al. (2011) describes social media through functional dimensions including conversations, sharing, presence, relationships and reputation, while Kaplan and Haenlein (2010) emphasise its participatory and interactive character. For MSEs, these properties can reduce the cost of market communication while also



providing access to customer feedback and market signals. The strategic value of those opportunities, however, depends on what firms do with them.

The central strategic issue is therefore not whether an enterprise maintains a Facebook, Instagram, YouTube or WhatsApp presence. It is whether social media activity is converted into customer and firm value. Prior studies frequently report positive associations between SMM adoption and SME performance. Chatterjee and Kar (2020), for example, provide evidence from India linking social media adoption with business outcomes, sales and customer connections. More recent evidence continues to report positive performance relationships, while also showing that adoption and performance depend on organisational and technological conditions (Fu et al., 2024; Tatik & Setiawan, 2025). Research on SMM capabilities further suggests that the value of social platforms depends on complementary marketing capabilities rather than on platform access alone (Laradi et al., 2024).

The present study begins with a different empirical observation. In the 400-enterprise dataset examined here, social media use is widespread, yet the reported regression models explain very little variation in customer engagement, brand loyalty and business performance. This pattern is theoretically useful because it challenges a common assumption in the literature: that more social media activity should naturally generate better outcomes. A weak direct relationship raises a more precise question what organizational processes are required for social media activity to become customer and firm value? Recent evidence supports the relevance of this question. Matosas-López (2024), for instance, shows that the predictive value of social-media customer engagement for SME operating revenue depends on how social media is managed, while research on digital competence similarly identifies capability as a mechanism through which digital activity can influence SME outcomes.

The paper therefore uses the term adoption–outcome disconnect to describe a condition in which observable SMM intensity does not, by itself, explain corresponding variation in customer or firm outcomes. The concept is deliberately narrower than a claim that social media has no value. Instead, it distinguishes between having access to digital resources, using those resources frequently, and possessing the capabilities required to convert activity into value. This distinction is consistent with the resource-based view (RBV), which argues that widely available resources become strategically valuable through complementary capabilities and organisational processes (Barney, 1991). It also accords with dynamic capabilities theory, which focuses on sensing opportunities, seizing them and transforming organisational routines in changing environments (Teece et al., 1997).

Four objectives guide the study. First, it describes the level and profile of SMM activity among Indian MSEs. Second, it examines whether budget, time, platform breadth, content breadth and adoption intensity directly predict customer engagement and brand loyalty. Third, it evaluates whether these activity measures predict business performance. Fourth, it uses the observed direct effects including weak and non-significant relationships to develop a capability-oriented explanation and identify specific priorities for mediation, moderation, construct validation and longitudinal research. The empirical analysis is therefore positioned as a diagnostic test of direct relationships, while the broader conversion mechanism remains a theoretical proposition for subsequent testing.

Research question: To what extent does social media adoption intensity translate into customer engagement, brand loyalty and business performance among Indian MSEs, and what does a weak direct relationship reveal about the capabilities and organisational processes required to convert SMM activity into value?

2. LITERATURE REVIEW

2.1 social media as an interactive business capability

Social media provides MSEs with a communication environment in which promotion, customer service, relationship development and market sensing can occur through connected interactions. Customers can ask questions, provide feedback, share experiences and influence other users, while firms can observe market responses in near real time. These functions make social media more than a promotional channel; they create an information and interaction infrastructure. Yet the infrastructure itself is widely accessible. The strategic distinction therefore lies in the routines that govern content creation, responsiveness, learning and integration with other customer-facing activities. This capability perspective is consistent with research that treats social media technology as an enabler of customer relationship processes rather than as an automatic source of performance (Trainor et al., 2014).

2.2 SMM adoption and SME performance

Much empirical research reports positive associations between social media use and SME outcomes. Odoom et al. (2017) linked interactivity, compatibility and cost effectiveness to social media usage and performance benefits, while Chatterjee and Kar (2020) provided evidence from Indian SMEs. Recent studies continue to report positive relationships between SMM and SME/MSME performance, including evidence using SEM and capability-oriented models (Fu et al., 2024; Tatik & Setiawan, 2025). These findings establish an important baseline for the present study. At the same time, they leave open a measurement question: does adoption intensity capture the organisational capability through which social media creates value? If platform count, posting frequency and time are treated as equivalent to strategic capability, models may overestimate what adoption indicators can explain. The present study addresses this issue by testing direct activity–outcome relationships and then interpreting weak effects through a capability lens.



2.3 Customer engagement as a conversion mechanism

Customer engagement extends beyond exposure or the frequency with which content is displayed. It encompasses cognitive attention, emotional involvement and behavioural participation and can therefore serve as an intermediate mechanism between SMM activity and downstream outcomes. Social platforms provide the infrastructure for engagement, but engagement depends on the relevance of content, interaction quality, responsiveness and the firm's ability to learn from customer signals. Recent SME evidence reinforces this conditional view: Matosas-López (2024) found that social-media engagement could forecast operating revenue for some SMEs when social-media management was outsourced and integrated with other digital marketing activities, but not for SMEs using internal, non-specialised management. The implication for the present study is important: aggregate adoption measures may omit the managerial mechanisms through which activity becomes meaningful engagement.

2.4 Brand loyalty and business performance

Brand loyalty represents a downstream relationship outcome and is unlikely to depend on social media activity alone. Repeated digital interactions may strengthen familiarity, trust and advocacy, but loyalty is also shaped by product quality, price, service experience, trust and switching costs. Consequently, a weak direct association between SMM activity and loyalty is theoretically plausible when complementary determinants are not included in the model. The same logic applies to business performance: sales, profitability and growth reflect multiple operational and market conditions. A direct adoption coefficient should therefore not be interpreted as a complete account of performance creation. The capability perspective predicts that social media is more likely to contribute to loyalty and performance when firms possess the routines required to interpret customer signals and integrate them into broader marketing and service processes.

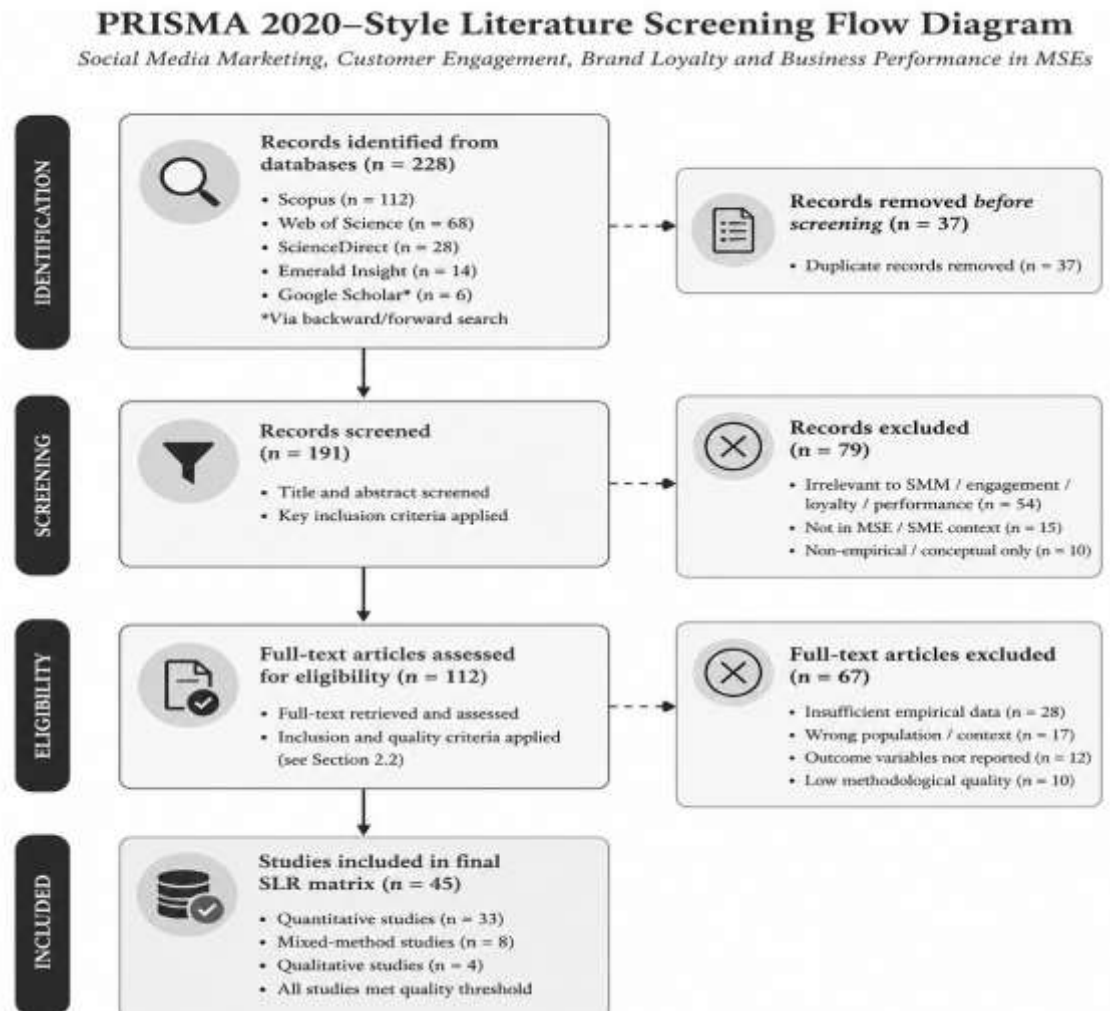
2.5 Systematic literature review evidence

A PRISMA 2020-style literature screening process was used to organise the evidence base. The review identified 228 records, removed 37 duplicates, screened 191 records, excluded 79 at the screening stage, assessed 112 full texts, excluded 67 at eligibility and retained 45 studies in the final matrix. The review indicates that SMM is frequently associated with engagement, loyalty and performance, while integrated empirical testing within Indian MSEs remains comparatively limited. Recent review evidence likewise points to the need for clearer outcome frameworks and stronger attention to capability and context in digital marketing research (Tran et al., 2024). The review is used here to establish the research problem and map the literature rather than to claim that the present study is itself a systematic-review meta-analysis. This distinction is important because the empirical contribution of the paper rests on the 400-enterprise survey and its regression analysis.

Figure 1. PRISMA 2020–Style Literature Screening Flow

Note: The screening counts are reported as supplied in the study materials.

Source: Authors' compilation based on the literature search and screening procedures of the present study; reporting structure adapted from PRISMA 2020 (Page et al., 2021).



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Table 1. Synthesis of the literature and research problem.

Theme	Established insight	Unresolved issue
SMM practices	Cost-effective reach, flexibility and interactivity help MSEs compete.	Practice intensity is often studied without downstream capability mechanisms.
Customer engagement	Content quality, responsiveness and interaction influence engagement.	Engagement is often treated as an endpoint rather than a conversion mechanism.
Brand loyalty	Repeated interaction and relationship quality can strengthen loyalty.	Direct effects may be confounded by trust, product and service quality.
Business performance	Social media can improve reach, sales and customer connections.	Adoption volume does not guarantee measurable performance value.
Digital capability	Competence can enable more effective digital activity.	Capability may operate as a threshold or boundary condition rather than a direct driver.

3. RESEARCH GAP AND THEORETICAL FOUNDATION

3.1 Research gap

Three related gaps motivate the study. First, social media research often uses adoption as an explanatory construct without adequately separating behavioural intensity from strategic capability. Second, customer engagement and brand loyalty are frequently treated as outcomes without sufficient empirical attention to the mechanisms connecting activity with downstream value. Third, evidence from Indian MSEs remains less developed than evidence from larger firms and other national settings. A fourth

methodological issue follows from these gaps: cross-sectional direct-effect models can identify associations but cannot establish whether engagement, loyalty, digital competence or organisational readiness transmit the effects of SMM activity over time. The present study addresses the first three gaps empirically and uses the fourth to define a focused future research agenda.

3.2 Resource-Based View

The resource-based view provides a useful starting point because social media accounts, platform access and basic digital tools are widely available and therefore do not constitute distinctive resources by themselves. Competitive value is more plausibly associated with complementary resources and capabilities, including customer knowledge, content design, analytics, responsiveness, managerial attention and the ability to integrate digital interactions with business processes. This logic also explains why adoption intensity may be a weak proxy for performance capability: two firms can use the same platforms with similar frequency while possessing very different abilities to interpret feedback, tailor content and act on customer information. The present findings are consistent with this possibility, but they do not independently prove the RBV mechanism; that mechanism requires direct measurement of capability constructs in future research.

3.3 Dynamic capabilities perspective

Dynamic capabilities extend this reasoning by focusing on organisational processes for sensing changes, seizing opportunities and transforming routines. Social media can generate real-time information about customer preferences, complaints, competitor actions and emerging trends, but information has value only when the firm can interpret it and respond. Recent research likewise treats SMM capability as a strategic resource whose relationship with firm performance depends on the capabilities embedded in social-media management (Laradi et al., 2024). Accordingly, a higher number of platforms may increase activity without increasing value when the organisation lacks routines for prioritisation, content adaptation, response management and learning.

3.4 Adoption–outcome disconnect

The paper conceptualises SMM effectiveness as a conversion process rather than a simple adoption-to-performance relationship. Adoption activity provides the behavioural input; content quality, responsiveness, customer learning and digital integration represent potential conversion capabilities; customer engagement and loyalty represent intermediate relational outcomes; and business performance represents a downstream outcome. The present data permit testing of the direct activity–outcome relationships, but they do not permit a definitive test of the complete sequential pathway. The adoption–outcome disconnect is therefore proposed as a theoretical and empirical diagnostic construct, not as a fully validated causal mechanism. This boundary is central to the paper's contribution: weak direct effects motivate a more complete model in which capability and relational mechanisms can be tested explicitly through CFA/SEM, mediation, moderation and longitudinal designs.

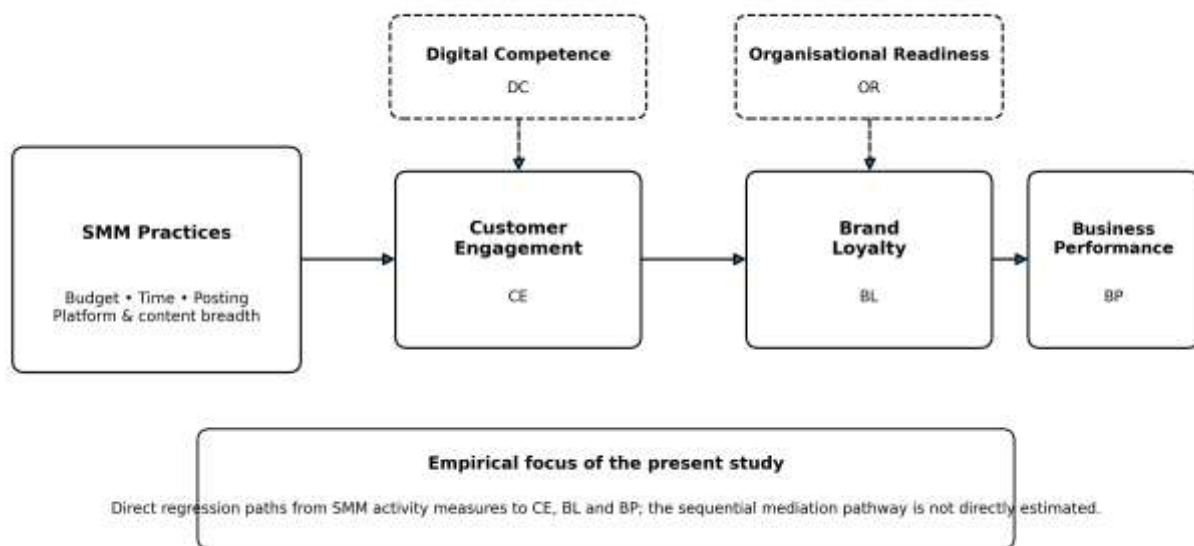


Figure 2. Conceptual Model of SMM Activity and Customer–Firm Value

Source: Authors' compilation based on the theoretical framework and empirical relationships examined in the present study.

4. HYPOTHESES DEVELOPMENT

Table 2. Hypotheses and theoretical rationale.

Code	Hypothesis	Rationale
H1	SMM budget significantly influences customer engagement.	Financial investment can increase reach and content quality.
H2	Time spent on SMM significantly influences customer engagement.	Managerial attention enables interaction, monitoring and response.
H3	Platform breadth significantly influences customer engagement.	Multiple touchpoints can increase opportunities for interaction.
H4	Content breadth significantly influences customer engagement.	Broader content formats can support varied customer responses.
H5	SMM budget significantly influences brand loyalty.	Sustained visibility can reinforce familiarity.
H6	Time spent on SMM significantly influences brand loyalty.	Continuous interaction can support trust and relationship continuity.
H7	Platform breadth significantly influences brand loyalty.	Cross-platform exposure can reinforce recall.
H8	Content breadth significantly influences brand loyalty.	Varied content can support relational reinforcement.
H9	SMM budget significantly influences business performance.	Investment may improve promotional reach.
H10	Time spent on SMM significantly influences business performance.	Time enables monitoring, adaptation and customer response.
H11	Posting frequency significantly influences business performance.	Consistent visibility can support recall and conversion.
H12	Adoption intensity significantly influences business performance.	Broader adoption should increase the potential for digital market reach.

5. RESEARCH METHODOLOGY

The study adopts a quantitative, descriptive and analytical cross-sectional design. The unit of analysis is the individual MSE represented by an owner, manager or marketing decision maker. Purposive sampling was used to identify operational enterprises that actively used SMM, making the sample appropriate for examining variation among adopters rather than adoption versus non-adoption. Seven platforms were considered: Facebook, Instagram, Twitter/X, YouTube, WhatsApp, Pinterest and LinkedIn. The questionnaire used five-point Likert items for the major perceptual constructs. Because the design is cross-sectional and purposive, the analysis is intended to identify associations within the sampled adopter population rather than establish causal effects or statistical generalisation to all Indian MSEs.

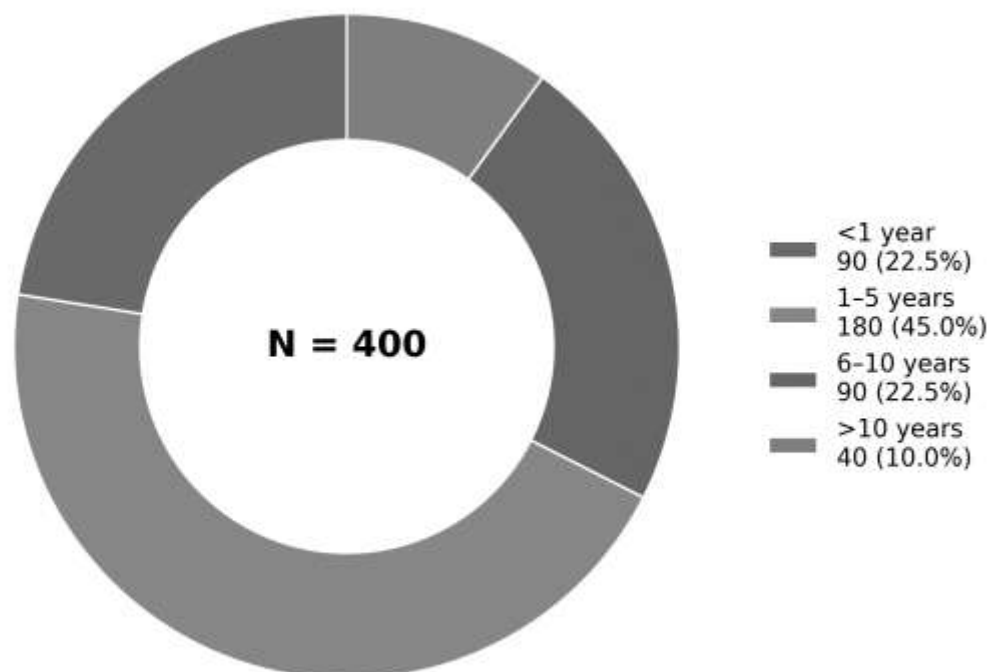
A total of 700 responses were received, of which 400 were complete and valid for the final analysis, giving N=400. The data were screened for incomplete and inconsistent responses and analysed using SPSS. Descriptive statistics, reliability analysis, correlation analysis and multiple linear regression were used to evaluate the proposed direct relationships. The analytical sequence is deliberately aligned with the study's contribution: descriptive statistics establish the adoption context, reliability evaluates internal consistency, correlations provide preliminary diagnostics and regression tests whether adoption-related activity measures explain customer engagement, brand loyalty and business performance. No causal interpretation is assigned to the cross-sectional coefficients.

Table 3. Research design and analytical snapshot.

Design Element	Specification
Research philosophy	Positivist
Approach	Deductive
Design	Cross-sectional quantitative survey
Unit of analysis	Micro or Small Enterprise
Sampling	Purposive sampling of active SMM users
Usable sample	400 MSEs
Measurement	Five-point Likert scale
Software	SPSS
Core analyses	Frequencies, reliability, correlations and multiple regression

Table 4. Demographic and Organisational Profile of the Sampled Micro and Small Enterprises.

Sample characteristic	Category	n	%
SMM use	<1 year	90	22.5
SMM use	1–5 years	180	45.0
SMM use	6–10 years	90	22.5
SMM use	>10 years	40	10.0
Primary industry	Food & Beverage	110	27.5
Primary industry	Apparel & Accessories	80	20.0
Primary industry	Home Furnishings & Décor	70	17.5
Primary industry	Childcare Products	40	10.0
Primary industry	Hospitality Services	50	12.5
Primary industry	Others	50	12.5
Ownership	Proprietorship	160	40.0
Ownership	Partnership	80	20.0
Ownership	Pvt. Ltd.	60	15.0
Ownership	Family-run	60	15.0
Ownership	Cooperative/Other	40	10.0


Figure 3. Social Media Marketing Adoption Experience among Sampled MSEs (N = 400)

Source: Authors' compilation based on survey data from 400 MSEs.

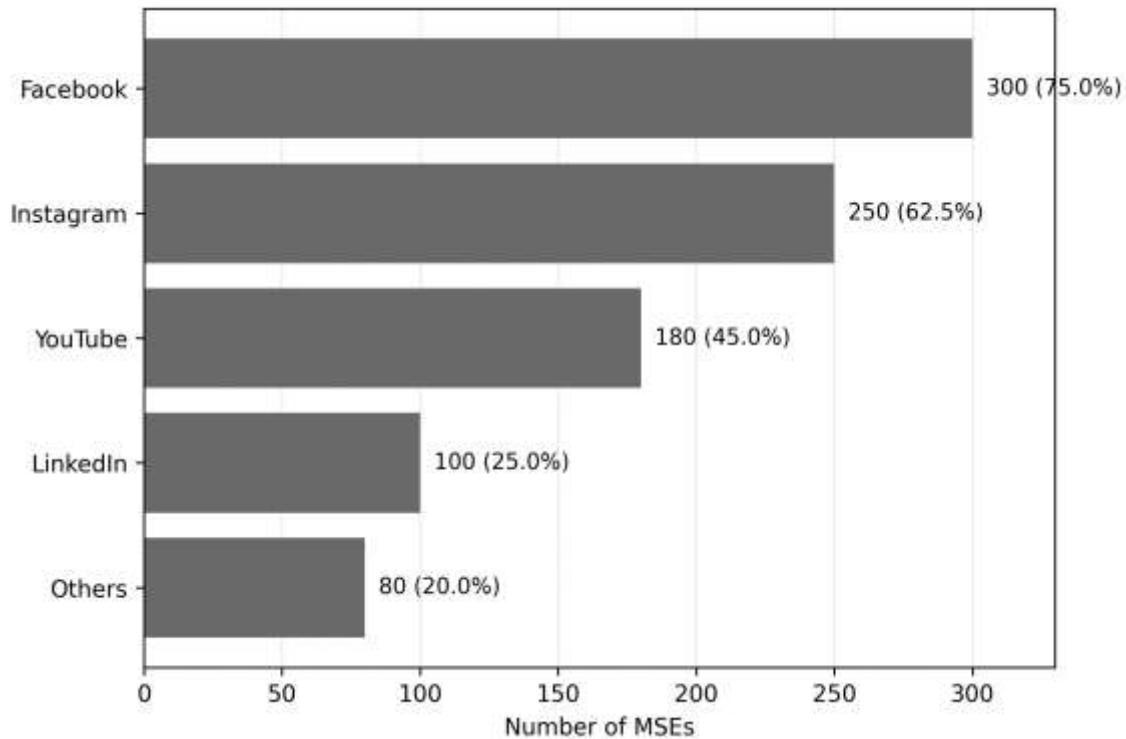


Figure 4. Social Media Platforms Used by Sampled MSEs (N = 400)

Source: Authors' compilation based on survey data from 400 MSEs.

6. RESULTS

6.1 Descriptive profile of adoption

The adoption profile shows that 45.0% of enterprises had used SMM for one to five years, while 22.5% had less than one year of experience and another 22.5% had six to ten years of experience. Only 10.0% reported more than ten years of SMM use. The distribution indicates that SMM is established within the sampled MSEs but remains relatively recent for many firms. Facebook was used by 75.0% of firms, Instagram by 62.5%, YouTube by 45.0%, LinkedIn by 25.0% and other platforms by 20.0%. The platform profile therefore indicates broad exposure to social media, particularly mainstream consumer-oriented channels, but platform presence alone does not demonstrate strategic effectiveness.

The profile also reports that 65.0% of firms manage SMM internally or through the owner, while 35.0% use an external agency. Text/images were reported by 70.0% of firms, videos by 62.5% and interactive content by 30.0%. In terms of time, 27.5% spent two to five hours per week and 25.0% spent six to ten hours. Posting was most commonly one to two times per week (30.0%) or once every one to two days (25.0%). These figures establish a meaningful level of activity, but they should be read as behavioural indicators rather than evidence of capability or effectiveness. This distinction is central to interpreting the subsequent regression results.

6.2 Measurement reliability

Table 5. Reliability statistics for the major outcome constructs.

Construct	Items	Cronbach's α	Item-total correlation
Customer Engagement	Q25–Q30	0.990	.956–.972
Brand Loyalty	Q31–Q35	0.986	.952–.963
Business Performance	Q36–Q40	0.987	.954–.964

All three outcome scales show exceptionally high internal consistency. Customer engagement records $\alpha=.990$, brand loyalty $\alpha=.986$ and business performance $\alpha=.987$. These coefficients establish strong internal consistency, but reliability alone does not establish construct validity, discriminant validity or predictive validity. The very high alpha values also warrant attention because coefficients approaching .99 can indicate overlapping or highly redundant items. Future validation should therefore examine factor loadings, composite reliability, average variance extracted and discriminant validity, preferably through confirmatory factor analysis. The present study treats the scales as reliable measures while avoiding the stronger claim that reliability by itself validates the constructs.

6.3 Descriptive statistics

Table 6. Descriptive statistics for predictors and outcomes.

Variable	N	Min	Max	Mean	SD
Budget allocation index	400	1.00	6.00	3.64	1.68
Time spent	400	1.00	5.00	3.09	1.39
Posting frequency	400	1.00	5.00	3.03	1.42
Platform count	400	1.00	4.00	1.76	0.90
Content count	400	0.00	5.00	1.63	1.15
Customer engagement	400	1.00	5.00	2.99	0.83
Brand loyalty	400	1.00	5.00	2.99	0.84
Business performance	400	1.00	5.00	3.00	0.85

6.4 Correlation evidence

The correlation analysis provides an important diagnostic for the paper's central argument. The adoption index is strongly associated with time spent ($r=.634$, $p<.01$) and posting frequency ($r=.657$, $p<.01$), and it is also related to budget allocation ($r=.275$, $p<.01$) and platform count ($r=.118$, $p<.05$). These relationships indicate that the index captures an intensity dimension of SMM activity. In contrast, the outcome variables show weak or non-significant relationships with the adoption index. Customer engagement has a near-zero association with the adoption index ($r=.041$), while brand loyalty and business performance also show weak relationships. The contrast between strong interrelationships among activity indicators and weak activity–outcome relationships provides the clearest descriptive evidence for the adoption–outcome disconnect.

6.5 Multiple regression

Table 7. Multiple regression results.

Predictor	Engagement β (p)	Loyalty β (p)	Performance β (p)
Budget	.012 (.834)	NS	-.035 (.520)
Time	-.112 (.106)	NS	.154 (.025)
Platform count	-.015 (.770)	NS	-.037 (.463)
Content count	.003 (.951)	NS	-.012 (.803)
Adoption index	.110 (.121)	NS	-.143 (.043)
Model R^2	.010	.004	.022
Model p	.529	.912	.124
Model F	.830	.301	1.74

Note: NS indicates that the relationship was not statistically significant in the reported model output.

The customer-engagement model is not statistically significant, $F(5,394)=.830$, $p=.529$, with $R^2=.010$, and none of the predictors reaches conventional statistical significance. The brand-loyalty model is likewise not significant, $F(5,394)=.301$, $p=.912$, with $R^2=.004$. For business performance, the overall model is not statistically significant, $F(5,394)=1.74$, $p=.124$, with $R^2=.022$. Two individual coefficients are statistically significant: time spent is positive ($\beta=.154$, $p=.025$), while the adoption index is negative ($\beta=-.143$, $p=.043$). These coefficient-level signals should be interpreted cautiously because the omnibus model is non-significant. They are best treated as diagnostic evidence that may guide future model development rather than as robust evidence of a general performance effect.

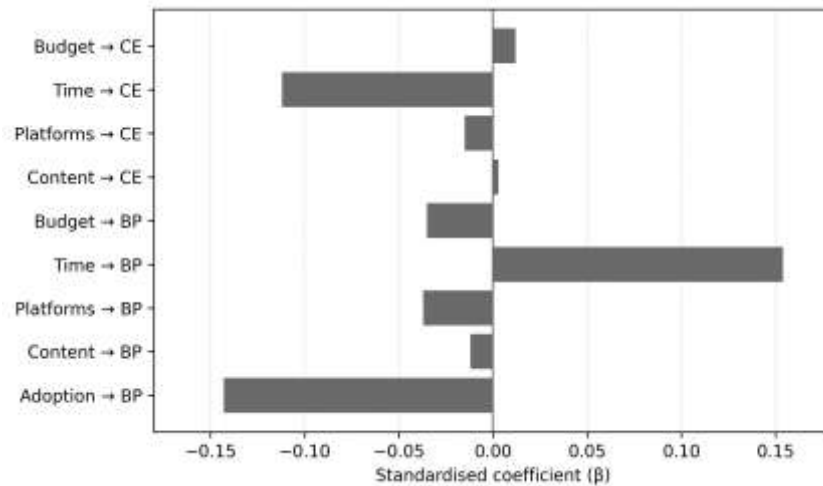


Figure 5. Standardised Regression Coefficients for Reported Direct Paths

Source: Authors' compilation based on the multiple regression results reported in the study.

6.6 Hypothesis assessment

Table 8. Hypothesis assessment based on coefficients.

Code	Path	Evidence	Decision
H1	Budget → Engagement	$\beta=.012, p=.834$	Not supported
H2	Time → Engagement	$\beta=-.112, p=.106$	Not supported
H3	Platforms → Engagement	$\beta=-.015, p=.770$	Not supported
H4	Content → Engagement	$\beta=.003, p=.951$	Not supported
H5	Budget → Loyalty	Not significant	Not supported
H6	Time → Loyalty	Not significant	Not supported
H7	Platforms → Loyalty	Not significant	Not supported
H8	Content → Loyalty	Not significant	Not supported
H9	Budget → Performance	$\beta=-.035, p=.520$	Not supported
H10	Time → Performance	$\beta=.154, p=.025$	Supported at coefficient level; model-level caution
H11	Posting frequency → Performance	Not significant	Not supported
H12	Adoption intensity → Performance	$\beta=-.143, p=.043$	Supported at coefficient level; model-level caution

The hypothesis table should be read together with the omnibus regression tests. The evidence does not support a general claim that the specified SMM activity variables jointly explain customer engagement, brand loyalty or business performance. H1–H9 and H11 are not supported by the reported direct effects. H10 and H12 show statistically significant individual coefficients for business performance, but the overall performance model is not significant; consequently, these hypotheses should not be presented as evidence of a robust model-level effect. The more defensible conclusion is that managerial time and adoption intensity generate signals worthy of further investigation, particularly in models that measure capability, test non-linear effects and separate direct from mediated pathways.

7. DISCUSSION

7.1 The adoption–outcome disconnect

The central empirical pattern is a separation between SMM activity and customer or firm outcomes. The sampled MSEs are active social media users: Facebook is used by 75.0% of firms and Instagram by 62.5%, while video and other content formats are also common. Yet the direct models explain only 1.0% of the variance in engagement and 0.4% in loyalty. The finding should not be interpreted as evidence that social media lacks value. Rather, it indicates that platform presence and activity intensity are weak substitutes for the capabilities that determine how firms use those platforms. This interpretation is consistent with recent capability-oriented research showing that SMM capability can be related to performance even when simple adoption measures do not capture the relevant mechanisms (Laradi et al., 2024).

7.2 Why time matters more than adoption volume

The positive coefficient for time spent on SMM and business performance is more consistent with a managerial-attention explanation than with a simple platform-count explanation. Time can include answering customer questions, monitoring feedback, adjusting



content, resolving complaints and interpreting analytics activities that platform counts do not capture. The coefficient therefore offers a useful hypothesis for future research: managerial attention may be a more informative indicator of strategic involvement when it is directed toward customer learning and response. It should not, however, be interpreted as evidence that spending more hours causes higher performance in the present cross-sectional sample.

7.3 The negative adoption coefficient and diminishing returns

The negative adoption-index coefficient should not be interpreted as evidence that social media is harmful. The overall performance model is not statistically significant, the study is cross-sectional and the index is an activity measure rather than a validated capability construct. A plausible interpretation is that broader activity can become inefficient when it exceeds a firm's capacity to plan, produce relevant content, monitor responses and maintain consistency. The result therefore raises the possibility of diminishing returns, platform overload or an omitted capability mechanism. These explanations remain hypotheses for future testing rather than conclusions established by the current coefficient.

7.4 Why customer engagement may remain neutral

Customer engagement may remain weakly related to adoption intensity because presence and exposure are not equivalent to meaningful interaction. The descriptive profile indicates substantial activity, yet activity measures do not reveal whether content is relevant, whether responses are timely or whether customer feedback changes subsequent decisions. Evidence from SMEs also suggests that the relationship between engagement and business outcomes can depend on how social media is managed and integrated with other digital activities (Matosas-López, 2024). The present findings therefore support a capability-based interpretation while recognising that engagement quality, rather than engagement opportunity, is the more plausible conversion mechanism.

7.5 Implications for integrated models

The theoretical framework proposes a sequential relationship from SMM activity through customer engagement and loyalty toward business performance, with digital competence and organisational readiness potentially shaping the strength of those paths. The present direct regression evidence does not establish that complete chain. This is a strength rather than a weakness if the boundary is stated clearly: the current study identifies where the direct adoption model performs poorly and uses that empirical pattern to specify what future models should test. CFA/SEM can examine construct validity and mediation; PROCESS or SEM can test conditional effects; and longitudinal or multi-source designs can address temporal ordering and common-method concerns.

7.6 Comparison with prior evidence

The findings should be interpreted as a qualification of, rather than a rejection of, prior positive evidence. Chatterjee and Kar (2020) reported performance benefits from SMM adoption among Indian SMEs, while Odoom et al. (2017) linked usage motivations to performance benefits. More recent studies similarly report positive SMM–performance relationships in SME/MSME settings (Fu et al., 2024; Tatik & Setiawan, 2025). At the same time, capability-oriented research shows that the value of social-media activity can depend on how firms manage and integrate it (Laradi et al., 2024; Matosas-López, 2024). The present study adds a specific qualification: adoption intensity is not necessarily an adequate proxy for the capabilities through which digital activity becomes value.

8. THEORETICAL CONTRIBUTIONS

- Reframes SMM from a simple adoption variable into an adoption–capability–outcome problem, separating behavioural intensity from the organisational processes that can convert activity into value.
- Shows that high activity levels do not automatically imply stronger customer engagement, brand loyalty or business performance in the sampled Indian MSEs, while avoiding the unsupported conclusion that SMM itself is ineffective.
- Identifies managerial time as a potentially more informative signal of strategic involvement than platform breadth, while explicitly treating the observed coefficient as a diagnostic association rather than causal evidence.
- Uses RBV and dynamic capabilities to explain why widely available digital resources may require complementary organizational routines customer knowledge, responsiveness, analytics and integration before they create differentiated value.
- Establishes a defensible basis for future mediation, moderation, non-linear and longitudinal testing without claiming that the present direct regressions validate the complete conversion mechanism.

9. MANAGERIAL IMPLICATIONS

Table 9. Managerial diagnostic for MSE social media strategy.

Problem	Recommended managerial response	Indicative measure
Too many platforms	Prioritise platforms with identifiable customer value.	Engagement per active platform.
High activity, low response	Allocate protected time for replies and feedback.	Response time; unresolved queries.
Posting without learning	Use monthly content-performance reviews.	Reach-to-engagement conversion.
Weak analytics	Track a small set of decision-relevant metrics.	Inquiry, repeat purchase, retention.
Owner-managed SMM	Define roles or selectively outsource production.	Hours spent vs. output.
Expansion without returns	Test incremental platform value before expansion.	Marginal performance by platform.

For MSE owners, the practical implication is to manage social media as an integrated business process rather than as a collection of platform activities. A firm does not need to maximise the number of channels it operates; it needs to identify where customers actually interact, assign clear responsibility for responses, produce relevant content, review performance regularly and connect social activity with customer-management and sales processes. Managers should track measures such as response time, unresolved enquiries, engagement per active platform, inquiry-to-purchase conversion and repeat purchase rather than relying on platform count or posting frequency alone. Where several platforms are used, each should have a defined customer purpose and an evidence-based reason for continuation. This approach is consistent with the study's central finding that activity volume is an incomplete indicator of strategic value.

10. LIMITATIONS AND FUTURE RESEARCH

The study has several limitations that should guide interpretation. Its cross-sectional design prevents temporal and causal conclusions, while purposive sampling limits statistical generalisation to the wider population of Indian MSEs. The measures rely substantially on respondent perceptions, which may introduce common-method and recall bias. The adoption index captures behavioural intensity but is not itself a validated measure of SMM capability. The regression models also omit potentially important determinants such as product quality, customer experience, trust, competitive intensity, industry structure, digital competence and organisational readiness. Finally, the very high internal-consistency coefficients indicate that future work should examine item redundancy and construct validity rather than relying on Cronbach's alpha alone. These limitations do not invalidate the reported associations; they define the boundary of the claims that can be made from the current design.

Future research should move from direct-effect testing toward explicit conversion models. A multi-stage design could measure SMM activity and capability at T1, customer engagement at T2, loyalty at T3 and business performance at T4, allowing stronger tests of temporal ordering. Confirmatory factor analysis should establish the measurement structure, followed by SEM or PROCESS-based mediation and moderation analysis. Non-linear models should test whether platform expansion produces diminishing returns, while multi-source performance indicators can reduce common-method bias. Researchers should also compare sectors because the value of visual content, messaging, video and platform breadth may differ across food, retail, hospitality and professional services. Finally, capability measures should distinguish content quality, responsiveness, analytics use, customer insight and digital integration from simple adoption indicators.

11. CONCLUSION

Social media marketing is widely accessible to Indian MSEs, yet accessibility should not be equated with effectiveness. In the present sample, SMM adoption intensity does not significantly explain customer engagement or brand loyalty, and the overall business-performance model is also non-significant. At the coefficient level, managerial time shows a positive association with performance, while the adoption index shows a negative association; because the omnibus performance model is non-significant and the design is cross-sectional, these coefficients should be treated as signals for further investigation rather than causal effects. The principal contribution is therefore a sharper distinction between adoption activity and value-creating capability. Social media can create opportunities for reach, interaction and learning, but those opportunities require organisational routines that convert information and interaction into customer and firm value. The adoption-outcome disconnect consequently provides a focused platform for future research on capability, mediation, moderation, non-linearity and longitudinal change.

12. RESEARCH AGENDA GENERATED BY THE FINDINGS

The empirical pattern generates a focused research agenda rather than a conclusion that SMM does not work. Future studies should first distinguish adoption intensity from SMM capability by separating behavioural indicators such as platform count, posting frequency and time spent from capability dimensions such as content quality, responsiveness, analytics use and customer insight.



Second, researchers should test whether customer engagement and brand loyalty transmit the effects of SMM activity to business performance. Third, non-linear models should examine whether the negative adoption-index coefficient reflects diminishing returns, platform overload, inconsistent messaging or reverse causality. Fourth, sector comparisons should test whether the value of visual content, direct messaging and video differs across food, retail, hospitality and professional services. Fifth, longitudinal designs should examine whether firms improve outcomes after periods of experimentation and learning rather than at a single cross-sectional point. Finally, multi-source and objective performance indicators should be used wherever possible to reduce common-method bias.

Table 10. Research agenda generated by the empirical findings.

Research question	Why it matters	Recommended method
Does SMM capability mediate activity→performance?	Tests the conversion mechanism proposed in the study	SEM / PROCESS
Are there diminishing returns to platform expansion?	Explains the negative adoption-index coefficient.	Non-linear regression / panel data
Does engagement transmit value?	Separates communication from customer relationship effects.	Longitudinal mediation
Do sectors differ?	Platform value is likely context dependent.	Multi-group SEM
Does analytics use change the relationship?	Tests whether learning converts activity into value.	Moderated mediation
Does managerial time capture hidden capability?	Clarifies why time outperforms platform breadth.	Time-use measures + performance data

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