

ABSTRACT

Social media usage in SMEs and the impact thereof is viewed as an essential part of modern day organizational operations for SMEs to promote their business both domestically and globally. Despite of the wide use of social media in Tanzania, micro and small business owners end up with low sells and poor business performance in general. It is from this context, this study sought to investigate the effect of social media in micro and small business performance in Arusha City. The study used the social cognitive theory and Gratification Model. The study used both quantitative and qualitative approaches so as to collect both quantitative and qualitative data. Data were collected through questionnaires and interviews from 93 respondents in the study area. Descriptive statistical analysis was used for data analysis. The results showed that most of the respondents are not exposed to or not pay much attention to social media as a tool that can make their micro and small business successful. But some respondents agreed that, social media have a lot to contribute in micro and small business. Results also showed that majority of the respondents do not use social media for promoting their business. But it doesn't mean they don't know if other people use social media in business. It might be due to the fact that they lack knowledge of the importance of social media in making their business great. From the results it has been seen that most respondents do not engage in social media in micro and small business in Arusha city. But most respondents know exactly the advantages of using social media in growth and development of their business. This has been possible because there are few respondents that use social media for business and other are learning from them. Therefore, when people engaged in micro and small business become aware of the use social media and understand why other people use them can open up new ideas and channels for engaging with their customers more effectively thus promoting their business growth.

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