

## **The Role Played by Social Media Usage in Enhancing Financial Performance in the Egyptian Market**

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### **Abstract**

Despite growing global research interest in the area of social media usage, few studies have examined the impact of social media usage on the financial performance of Egyptian companies, particularly regarding liquidity as a financial performance indicator. Therefore, our research will try to fill this gap by examining how the use of social media by firms affects their value and financial performance in the Egyptian market. The study scrutinized the financial performance of Egyptian companies specifically the top thirty interactive companies on the Egyptian stock exchange market registered in EGX30 through monitoring social media interaction by manually gathering

shares, likes, and comments, then investigates the impact of these interaction on sales growth and profitability, calculating ROA and ROE and examining the firm's liquidity.

Additionally, the study utilized a questionnaire to gauge the impact of social media usage on sales volume, profitability, and liquidity, all of which serve as key indicators of a firm's financial performance. Findings showed that social media usage notably enhances sales growth, profitability, liquidity, and overall financial performance.

**Key words** Sales Growth, Profitability, Liquidity, Facebook, Instagram, Twitter

## 1. INTRODUCTION

Social media have become an essential part of people's everyday routines and have changed the way they communicate and interact with each other. It has also had a significant impact on businesses, particularly in the Egyptian market (Alalwan, et al., 2017). Businesses in Egypt are increasingly using social media for various functions beyond marketing. They are utilizing social media platforms for business networking, information search, and even crowdfunding for their ventures. This shift in Egyptian entrepreneurs' social media use has resulted in improved financial performance and enhanced innovation within their businesses (Basri, 2016).

Numerous studies emphasized that via social media, investors can get information about timely assessment of company performance, which permits shareholders to forecast the company's future value to make decisions (Hoti, 2015); (McCann & Barlow, 2015); (Henninger, et al., 2016); (Thongma, 2019) and (Yu, et al., 2013).

Thus, the power of social media enabled companies to customize their production of goods and services, marketing strategies, and customer and public relations to satisfy the specific needs of targeted consumer groups; this leads to an increase in customer engagement and can raise sales volume, which may have a positive impact on the financial and operational progress of firms. Social media applications on mobile phones ease the exchange of information among consumers, as the spread will happen quickly among millions (Kizildag & Altin, 2017).

The world's population passed 8 billion on November 15, 2022, and reached 8.01 billion at the start of 2023. A total of 5.44 billion people used mobile phones in early 2023, equating to 68 percent of the total global population. Unique mobile users have increased by just over 3 percent during the past year, with 168 million new users over the past 12 months. In Egypt, there were 46.25 million social media users in January 2023. This figure, which represents 41.4 percent of the total population, deviates from previous years' published figures. In the meantime, data published in the ad planning tools of top social media platforms

shows that 42.10 million users aged above 18 were using social media in Egypt at the start of 2023, which was equal to 60.9 percent of the total population aged 18 and above at that time. In January 2023, 57.3 percent of Egypt's total internet user base (regardless of age) used at least one social media platform, 39.1 percent were female, and 60.9 percent were male (Kemp, 2023).

According to research conducted in Egypt, the use of social media platforms by small and medium-sized enterprises has proven to be effective in reducing operational costs, lowering product/service prices, increasing public awareness and support, and opening new opportunities for business growth. Moreover, the utilization of social media has enabled these businesses to optimize innovative concepts, such as sharing, collaboration, and co-creation, ultimately leading to increased profitability and improved financial performance. Previous research has investigated the effect of social media usage on the financial performance of companies from various industries, such as banks (Suryani & Fernando, 2023), (Mahboub, 2018), (NababanI, et al., 2021) and (Njeri, 2014), tourism (Akmese, et al., 2016) and (Kizildag & Altin, 2017) and restaurants (Alalawneh, et al., 2022).

In various countries such as Kenya (Njeri, 2014), South Africa (Chikandiwa, et al., 2013), Istanbul (Akmese, et al., 2016), Indonesia (NababanI, et al., 2021), India (Malhotra, 2017), Saudi Arabia (Abed, et al., 2015) and Jordan (Alalawneh, et al., 2022).

However, a limited number of studies have investigated the influence of social media usage on the financial performance of Egyptian companies, specifically focusing on the liquidity dimension as one of our study's financial performance indicators. Therefore, our research will delve into the relationship between firms' use of social media and their liquidity, a gap we intend to fill. Our paper aims to examine how the use of social media by firms affects their value and financial performance in the Egyptian market. In the present study, we aim to explore the relationship between the interaction of firms and their customers through social media platforms and financial performance. The study scrutinized the financial performance of Egyptian companies registered in EGX30, monitoring social media interaction by manually gathering shares, likes, and comments, then investigating the impact of this interaction on sales growth and profitability, calculating ROA and ROE, and examining the firm's liquidity.

Additionally, the study utilized a questionnaire to gauge the impact of social media usage on sales volume, profitability, and liquidity, all of which serve as key indicators of a firm's financial performance.

### **1.1 Problem Statement**

Social media is expressed as high-level quantifiable and attainable interaction techniques that allow an individual to communicate easily with other individuals, which permits

businesses to collect interaction, data, and content-sharing and allows companies to skillfully market their products, foster their brands and services, and interact to the new and current customers. Social media furnishes enormous advantages to companies, whether magnifying customer loyalty, generating marketplace intelligence, introducing companies to new markets, enlarging sales, reducing costs, and upgrading efficiency. In Egypt, there were 46.25 million social media users in January 2023. So, this paper aims to show in a scientific perspective how interaction on social media platforms can affect positively firms' financial performance. Thus, the research questions are as follows:

Q1: Does sales growth of Egyptian firms registered in EGX30 is affected by interaction of these firms on Facebook, Twitter and Instagram?

Q2: Does ROA of Egyptian firms registered in EGX30 is affected by interaction of these firms on Facebook, Twitter and Instagram?

Q3: Does ROE of Egyptian firms registered in EGX30 is affected by interaction of these firms on Facebook, Twitter and Instagram?

Q4: Does Liquidity of Egyptian firms registered in EGX30 is affected by interaction of these firms on Facebook, Twitter and Instagram?

## **1.2. Literature Review and Formulation of Hypotheses**

In the past years, the successful ways of linking individuals quickly increased to replace the traditional tools; through those, social media channels have taken up a significant interest to allow individuals, groups, and businesses to share and exchange information, ideas, and feedback (Daowd, et al., 2016). It provides a lot of potential for companies to become closer to customers, which will increase income and reduce costs.

With the rise of social media platforms, businesses around the world have recognized their potential as effective marketing tools (Basri, 2016). The Egyptian market is no exception to this trend. However, despite the growing popularity of social media among consumers in Egypt, many businesses have not fully utilized these platforms in their marketing activities and business strategies.

### ***1.2.1 Social Media Usage***

Kim et al. (2010), exemplified social media as online communities where users generate and distribute content (Kim, et al., 2010).

In another definition, social media is expressed as high-level quantifiable and attainable interaction techniques that allow an individual to communicate easily with other individuals, which permits businesses to collect interaction, data, and content-sharing and allows companies to skillfully market their products, foster their brands and services, and interact with new and

current customers. Social media is an Internet-based medium that eases the formation and exchange of data, ideas, career interests, and other forms of expression through virtual communities and networks (Carr & Hayes, 2015).

Investors use social media to transfer important information and to manage social communications. Social media platforms are considered a new interactive tool between customers and companies, which will provide a competitive advantage for businesses in the twenty-first century and can improve firms' performance (Chikandiwa, et al., 2013). The role of social media has become crucial because it led to a two-way direction of information instead of a one-way direction with the traditional ways of marketing (Gáti & Markos-Kujbus, 2012). Social media helps marketers build brand awareness, share knowledge and information, attract and retain customers, provide low-cost promotions, and allow information to spread (Bolotaeva & Cata, 2011); (Tarsakoo & Charoensukmongkol, 2020), (Kaplan & Haenlein, 2010).

Social media enhances the relationship between firms and their consumers, making it more intense and personal. Communication between firms and customers becomes easier through creating accounts on social media platforms (NababanI, et al., 2021). And provides enormous benefits to companies, such as increasing customer loyalty, generating market intelligence, introducing companies to new markets, expanding sales, reducing costs, and



improving efficiency. Various studies (Hoti, 2015); (McCann & Barlow, 2015); (Henninger, et al., 2016); (Thongma, 2019) and (Yu, et al., 2013) emphasized that via social media, investors can get information about timely assessments of company performance, which permits investors to forecast the company's future value to make decisions.

### ***1.2.2 Social Media Usage and Firm Financial Performance***

Suryani & Fernando (2023), examined social media impressions, and firms' financial performance, results showed no influence on financial performance when banks post a lot of their achievements and accomplishments. However, being a friendly bank can have a favorable impact on financial performance. This finding indicates that the more banks adjust their image to appear appealing and friendly, the more successful they will be. Banks can attribute the positive impact of the ingratiation category (friendly and affectionate) to a favorable perception of banks as a pleasant entity, which enhances the intimacy between the bank and its clients (Suryani & Fernando, 2023). On the contrary, Mahboub (2018) examined SMU (specifically Facebook usage) in the banking sector of twelve different countries in the Middle East and North Africa (MENA) region. The research findings indicated that SMU has a positive and significant impact on the financial and non-financial performance of banks in MENA countries in terms of profitability, growth, and environmental performance (Mahboub, 2018).

Also, Akmese, Aras, & Akmese (2016) examined and assessed the connection between effective social media use and financial success (market value, net sales, net profits, price/earnings ratio, etc.). According to the study's findings, social media tourism businesses listed on BIST (Istanbul Stock Exchange) have a positive effect on net profit, market value, market value to net sales ratio, and price-to-earnings ratio (Akmese, et al., 2016).

In addition, Ainin, Parveen, Moghavvemi, Jaafar, & Mohd Shuib (2015) researched the impact of social media on organizational performance. The findings established that social media improved the financial performance of the business, enhanced customer relations, and improved access to information about the market (Ainin, et al., 2015). A study conducted by Rodriguez et al. (2012) also confirmed a significant positive relationship between SM and financial performance (Rodriguez, et al., 2012), this finding was similar to those of Amoah & Jibril (2021), study that aimed to assess the use of social media on SME development, and its findings revealed that the use of social media as an advertising tool has a significant effect on a firm's financial performance as well (Amoah & Jibril, 2021).

In their investigation on the impact of social media on the financial performance of the banking sector, NababanI, SadaliaI, & Fachrudin (2021), found that platforms like Facebook and Instagram had a major effect on the banking industry's financial performance. This research validates that social media plays a

significant role in determining the financial performance of the banking sector in Indonesia (NababanI, et al., 2021), which was confirmed in Kenya by Njeri's (2014) study that sought to establish the effect of social media interactions on the financial performance of commercial banks in Kenya. The results confirmed that social media interaction has a significant impact on the financial performance of Kenyan commercial banks (Njeri, 2014).

Also, Kizildag & Altin (2017) presented results based on the review of considerable research results of 26 peer-reviewed scholarly publications from different research databases, such as EBSCO. Social media usage in hospitality and tourism companies significantly influences their financial results, both positively and negatively (Kizildag & Altin, 2017).

In addition, Malhotra (2017) conducted a study comparing the use and effectiveness of Facebook pages in public and private banks in India. The results revealed several significant differences between bank profiles with Facebook pages and those without. Most of the time, Facebook user banks are more profitable and rely less on traditional sources of financing. As a result, Facebook banks' financial performance is better than non-Facebook banks (Malhotra, 2017).

Ravaonorohanta & Sayumwe (2020) investigated the relationship between corporate performance and the firm's existence on Twitter, specifically financial performance and operating

performance. Results showed a positive impact on financial performance and operating performance (Ravaonorohanta & Sayumwe, 2020).

Moreover, Alalawneh et al. (2022) explored the complex relationships between social media platform usage and organizational performance concerning small and medium-sized restaurants in Jordan. The study concluded that social media platforms have a great positive effect on restaurants' financial performance (Alalawneh, et al., 2022).

### ***1.2.3 Social Media Usage and Firm Sales Growth***

Social media is a marketing research tool (Jeong & Jeon, 2008) that can focus on assessing clients and comments on social media that provide the firm managers with plans for comprehensive business performance that will have a positive effect on sales growth (Harrigan, et al., 2016). This was confirmed by Pourkhani et al. (2019) study that stated that using social media positively affects firm growth (Pourkhani, et al., 2019).

Sales performance is explained as the profit level of collections by comparing different periods. Every firm's primary goal is to increase sales volume, which is determined by its revenues and profits. Sales profits directly contribute to a firm's growth; the goal is to increase the number of interactions via advertising strategies between prospective clients and firms. For instance, strategies such as sales promotion, public relations, creating new sales channels, or creating new products and advertisements can

significantly boost a company's sales. Consequently, these activities can lead to an increase in sales through improved customer service and satisfaction (Rodriguez, et al., 2012).

Marketing activities through social media have various benefits. First, social media allows a company to enhance innovation. Second, information acquired from social media allows the firm to predict the future sales of the products more precisely (Kim & Ko, 2012). Thirdly, social media enhances brand recognition and fosters consumer loyalty (Hanaysha, 2017). Finally, social media can also contribute to the continued growth and development of businesses (Alalwan, et al., 2017).

Businesses have discovered the importance of using social media platforms because of their ability to engage in effective and efficient customer interactions (Jibril, et al., 2019). In this context, social media offers the potential advantage of tracking the online sales of a specific product, potentially resulting in a sales boost (Pinho & Soares, 2011). Furthermore, Tajvidi & Karami (2021) advised that social media helps in achieving other non-financial performance such as cost reduction, value creation, and brand awareness (Tajvidi & Karami, 2021). Moreover, using social media significantly facilitates reaching a larger audience, which extensively leads to an increase in sales (Jibril, et al., 2019). Social media ensures competitive advantages from firm sales by equipping them with better approaches to determining links that attract customers (Evans & McKee, 2010). According

to Stelzner (2024), the annual social media marketing report concluded that decreased marketing expenses and increased sales were the top benefits of social media marketing (Stelzner, 2024). The brands most extensively engaged in social media marketing show increasing revenue growth, gross margins, and net margins compared with those not involved brands.

Rodriguez, Peterson, and Krishnan (2012) revealed that using social media marketing positively affects sales processes (providing opportunities and relationship management) and relationship sales performance (Rodriguez et al., 2012). Marzouk (2016) also found that social media usage has a positive relationship with firms' sales, market shares, high-profit margin product sales, and new product sales (Marzouk, 2016).

Wanyoike and Kithae (2019) investigated the impact of social media networks on the performance of SMEs in the international arena, with a particular focus on SMEs in the Kamukunji areas of Nairobi County. The findings revealed that the use of social media has a significant impact on the growth of SMEs. The use of social media aids in retaining customers as well as sourcing inputs, which contributes to SMEs' growth. As a result, SMEs must use social media to establish strong relationships with customers and suppliers (Wanyoike & Kithae, 2019).

In addition, FakhrEldin, Shahn, & Miniesy (2020) investigated the functionality of social media and its effect on the financial and non-financial growth of MSMEs in Egypt. According to the

findings, social media supported the MSMEs' increase in sales volume, as well as having a positive effect on customer engagement and brand performance (FakhrEldin, et al., 2020).

#### ***1.2.4 Social Media Usage and Firm Profitability***

Due to social media's widespread recognition, earlier studies found a strong correlation between a company's sales and profit and its use of social media to share information and foster consumer certainty. According to a study of the 100 most valuable brands in the world as determined by Business Week and Interbrand's "Best Global Brands 2008," companies with the highest levels of social media interaction typically saw a rise in revenue of 18%, while those with lower levels of activity had a 6% decline in sales in 2008 (Zhao & Zhao, 2014).

Ramkumar, Kumar, Janakiraman, & Bezawada (2013) found that customers' participation in corporate social media increased the number of shopping visits (Ramkumar, et al., 2013). Halil Akmesse (2016) discovered that the tourism sector's effective use of social media positively impacts financial performance, including market value, net sales, net profits, and price/earnings ratio (Akmesse, et al., 2016).

Previous studies explained that using social media as a tool to execute marketing activities can benefit financial performance as it helps firms create more sales. In this regard, companies with a high level of social media marketing ability are expected to verify higher financial performance (Tarsakoo &

Charoensukmongkol, 2020).

Theoretically, the value of a company's social media ranking indirectly influences its profitability, as a higher ranking signifies increased brand recognition due to its large number of followers. The company's sales level and profits will increase as the number of followers on its social media accounts increases, as this is considered the company's market for selling its products (Miqdad & Oktaviani, 2021). It is expected that as positive comments on social media increase over time this will lead to an increasing level of consumer loyalty (which will be reflected in more stable cash flows from current customers (Srivastava, et al., 1998). Consequently, this will increase the willingness of customers to pay a higher price premium which will increase cash flows both of these outcomes will result in increased shareholder value.

Jagongo & Kinyua (2013), showed that effective social media usage will lead to higher financial performance levels, which is exhibited by an expressive return on investment (ROI). The higher the firm value, the more prosperous the shareholders will be (Jagongo & Kinyua, 2013). According to Hirdinis (2019), firm value is the measure of a firm's total value. It measures the entire market value, not just the equity value, incorporating all ownership returns and asset interests from both debt and equity. The main goal of a company is to increase profit or wealth, particularly for its shareholders, in the form of attempts to increase the market value of the company's share price (Hirdinis, 2019).



Using social media applications positively affects the financial performance of SMEs by increasing the sourcing assistance through the quality relations created between the firm and the clients (Pinho & Soares, 2011). The study by NababanI, SadaliaI, and Fachrudin (2021) provides empirical evidence about the influence of social media use on company value, profitability, and company growth in the banking industry on the Indonesia Stock Exchange (NababanI, et al., 2021). Moreover, Li Lin & Biao Luo (2022), found that the usage of social media has a positive and important effect on the profitability of the firm (Li Lin & Biao Luo, 2022), which confirms Zhao & Zhao, (2014) findings that indicated that the proper corporate use of social media impacts positively corporate revenue and profit, whereas the improper corporate use of social media affects negatively corporate revenue and profit (Zhao & Zhao, 2014).

### ***1.2.5 Social Media Usage and Firm Liquidity***

Social media interactions significantly affect firm liquidity by influencing trading behaviors and information dissemination. Studies show that increased social media activity, such as forum posts and personal tweets by executives, positively correlates with liquidity (Dong, 2024); (Peng, et al., 2022); (Chen, et al., 2016). Furthermore, social networks can strengthen a firm's liquidity by reducing its cost of capital, increasing valuation, and attracting institutional investors, ultimately improving liquidity and trading activities (Peng, et al., 2022). Overall, social media interactions and regulatory changes have a tangible impact on a

firm's liquidity, emphasizing the importance of monitoring and leveraging social networks for improved market performance.

According to Cade's study (2018), investors' assessment of corporate communication through social media has an expressive positive effect on stock movements; the materiality of information provided in social media activities also positively influences securities prices, returns, and information asymmetry (Cade, 2018). Lam, Yeung, & Cheng (2016) support this, concluding that a firm's intangible valuable assets, such as the information and reputation represented through its social media, can serve as its competitive advantage (Lam, et al., 2016). Thus, the presence of a firm on social media to provide feedback, reactions, and verification of information left by several parties on social media accounts will affect the decisions made by the investors and also be a positive or negative indicator, which will then motivate a change in prices.

Therefore, the following research hypotheses are formulated based on the theoretical review presented:

*Hypothesis 1. Social media usage has a significant impact on firms' financial performance.*

*Hypothesis 1a. Social media usage has a significant impact on companies' sales growth.*

*Hypothesis 1b. Social media usage has a significant impact on firms' profitability.*

*Hypothesis 1c. Social media usage has a significant impact on a firm's liquidity.*

**Table 1 represents the research variables and measurements**

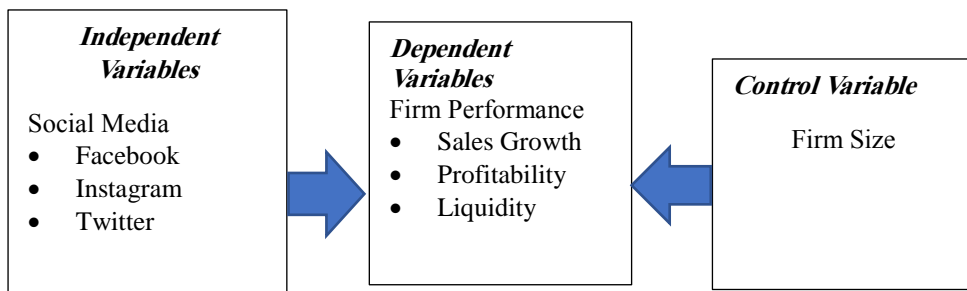
**Table 1 Research variables**

Variables	Measurements
<b>Independent variable</b>	
Social media usage (SMU)	Likes, comments, and shares on Facebook, Instagram, and Twitter
<b>Dependent variables</b>	
Sales growth	Sales growth (change in sales)
Profitability	Profitability (ROA and ROE)
Liquidity	Current assets/current liabilities
<b>Control variable</b>	
Firm size	Natural logarithm of Total assets

Research variables consist of dependent variables, independent variables, and control variables. The dependent variable is financial performance represented by Sales growth, Profitability, and liquidity indicators that are examined by the ratios of the return on assets and return on equity, the shift in sales volume, and the current assets / the current liabilities.

Social media usage is an independent variable measured through the number of posts, likes, shares, and comments on Facebook, Twitter, and Instagram that were manually collected to measure firms' social media usage. Firm size is the control variable measured by the natural logarithm of total assets.

**Figure 1 illustrates the research conceptual framework**



**Figure 1 Research conceptual framework**

## **2. RESEARCH METHODOLOGY**

### **2.1 Sample and Procedures**

As indicated previously, the present research focused on firms listed in EGX 30 in the Egyptian stock market in Egypt. So, to investigate the Role Played by Social Media Usage in Enhancing Financial Performance in the Egyptian Market, an empirical study and survey method were conducted to obtain the data required. To conduct a quantitative study, likes, shares, and retweets on Instagram, Facebook, and Twitter of the companies that are listed in the stock market index (EGX30) were manually collected, and their financial statements were reviewed using ROA, ROE, change in sales volume, Current assets/current liabilities to obtain their actual financial performance.

Regarding the survey method, a questionnaire was conducted and distributed. Social marketing specialists were chosen as respondents due to their knowledge of their companies. The

fieldwork was carried out from 2017 to 2022. In sum, 117 questionnaires were received, of which all were complete and usable.

This research took the whole population of the EGX30 Index which are 30 companies. To collect the data, a questionnaire was sent to the social marketing specialist of each company of the selected EGX30. The questionnaire consists of two sections. The first Section gathers general information about the respondents. The second section of the questionnaire consists of items relating to the study variables. The questionnaire was developed through literature review. The Google Forms application was used to collect the data. The survey link was sent to the targeted participants via electronic means. Subsequently, the database with the survey's results was treated in SPSS 25. The researchers applied correlation and regression statistical method to determine the relation between the dependent variables which are represented by the number of shares, likes, retweets of firms and the independent variables which are presented by the ROA, ROE, change in sales volume and current assets/current liabilities.

## **2.2 Scale Description**

The study developed a questionnaire based on theoretical literature and previous studies. Respondents were asked to provide their perceptions of each construct in the research model on a 5-point Likert scale that ranged from 1 = strongly disagree

to 5 = strongly agree. The questionnaire used in this study was a self-reported questionnaire of 117 items. It includes three questions to measure demographic characteristics and 16 questions to measure the relationship among research variables. This study employed financial performance as the dependent variable that is represented by Sales Growth, Profitability, and liquidity indicators that are examined through the ratios of the return on assets and return on equity, the shift in sales volume, and the current assets / the current liabilities. Social media usage is the independent variable measured through the number of posts, likes, shares, and comments on Facebook, Twitter, and Instagram that were manually collected to measure firms' social media usage while Firm size is the control variable measured by the natural logarithm of total assets.

### **2.3 Data Analysis**

For data analysis, SPSS 25 was used for descriptive analysis, exploratory factor analysis (EFA), reliability, and correlation. Before that, the data was analyzed for normality, outliers, and missing values in SPSS 25, and upon detection, it was corrected.

### 3. RESULTS and DISCUSSION

#### 3.1 The Field Study

**Table 2 Descriptive Statistics (Mean, Standard Deviation, and Coefficient of Variation) for the impact of social media on revenue growth**

Items	Mean	Std.	C.V.	Rank
To what extent would you disagree that social media posts contributed to revenue growth	4.08	0.984	0.968	
Facebook likes, comments, and shares contributed to revenue growth	4.21	0.767	0.588	1
Twitter posts, likes, and retweets contributed to revenue growth	3.69	0.950	0.903	3
Instagram posts, likes, and replies contributed to revenue growth	4.00	1.051	1.105	2

**As shown in Table 2, it is apparent that:**

The trend of the sample for the impact of social media on revenue growth indicates that it is towards the (Agreement), with a mean (4.08) and coefficient of variation (96.8%).

Facebook has the greatest impact on revenue growth, followed by Instagram and Twitter.

**Table 3 Descriptive Statistics (Mean, Standard Deviation, and Coefficient of Variation) for the impact of social media on Profitability**

Items	Mean	Std.	C.V.	Rank
To what extent would you disagree that social media activities and posts contributed to the profitability of the firm?	4.03	0.932	0.868	
Facebook likes, comments, and shares contributed to the profitability of the firm	4.05	0.944	.892	2
Twitter posts, likes, and retweets contributed to the profitability of the firm	3.56	1.021	1.042	3
Instagram posts, likes, and replies contributed to the profitability of the firm	4.15	0.904	0.818	1

**As shown in Table 3, it is apparent that:**

The trend of the sample for the impact of social media on profitability indicates that it is towards the (Agreement), with a mean (4.03) and coefficient of variation (86.8%).

Instagram has the greatest impact on profitability, followed by Facebook and Twitter.



**Table 4 Descriptive Statistics (Mean, Standard Deviation, and Coefficient of Variation) for the impact of social media on generating immediate cash**

Items	Mean	Std.	C.V.	Rank
To what extent would you disagree that social media activities and posts contributed to generating immediate cash for the firm?	3.74	1.019	1.038	
Facebook likes, comments, and shares contributed to generating immediate cash for the firm	3.77	1.012	1.024	2
Twitter posts, likes, and retweets contributed to generating immediate cash for the firm	3.41	1.019	1.038	3
Instagram posts, likes, and replies contributed to generating immediate cash for the firm	3.79	0.978	0.957	1

**As shown in Table 3, it is apparent that:**

The sample trend for the impact of social media on generating immediate cash for the firm indicates that it is in agreement, with a mean of 3.74 and a coefficient of variation of 86.8%.

Instagram has the greatest impact on profitability, generating immediate cash, followed by Facebook and Twitter.

### 3.2 The Applied Study

#### 3.2.1 Statistic and Correlation Analysis

This subsection presents the descriptive statistics of the main variables used in this paper in Table 4. Table 5 reports the correlation analysis of the dependent and explanatory variables used in this study.

**Table 4 Summary statistics**

	Summary statistics			
	Mean	Std. dev.	Min	Max
FB likes	133622.35	524496.008	0	3588194

<i>FB comments</i>	23923.95	98855.965	0	629484
<i>FB shares</i>	11070.47	55173.209	0	454878
<i>Insta Posts</i>	120.12	289.943	0	1770
<i>Insta likes</i>	17614.34	64426.171	0	446946
<i>Insta reply</i>	928.96	3298.250	0	19521
<i>Twitter posts</i>	36.04	92.893	0	488
<i>Twitter likes</i>	724.43	2880.519	0	15063
<i>Twitter retweet</i>	51.50	166.384	0	822
<i>Growth</i>	19.9091	38.5485	-74.2977	197.6382
<i>Firm size</i>	21.8741	1.7846	16.6438	25.4590
<i>Liquidity</i>	13.5252	49.5439	0.1672	443.9587
<i>ROA</i>	-50.2045	474.0292	-4676.6739	246.2306
<i>ROE</i>	-58.3365	468.3926	-4660.7302	125.0647

Table 5 Correlation analysis

	<i>FB likes</i>	<i>FB comments</i>	<i>FB shares</i>	<i>Insta Posts</i>	<i>Insta likes</i>	<i>Insta reply</i>	<i>Twitter posts</i>	<i>Twitter likes</i>	<i>Twitter Retweet</i>	<i>Growth</i>	<i>Firm size</i>	<i>Liquidity</i>	<i>ROA</i>	<i>ROE</i>
<i>FB likes</i>	1													
<i>FB comments</i>	.986**	1												
<i>FB shares</i>	.929**	.881**	1											
<i>Insta Posts</i>	.645**	.730**	.392*	1										
<i>Insta likes</i>	.797**	.841**	.541**	.910**	1									
<i>Insta reply</i>	.628**	.719**	.317*	.949**	.939**	1								
<i>Twitter posts</i>	.846**	.843**	.552**	.556**	.572**	.727**	1							
<i>Twitter likes</i>	.213	.127	.172	.049	.069	.096	.194	1						
<i>Twitter Retweet</i>	.366	.283	.260	.139	.162	.225	.390*	.975**	1					
<i>Growth</i>	-.019	-.023	-.022	-.001	.002	.003	.006	.017	.070	1				
<i>Firm size</i>	-.411**	-.446**	-.335**	-.350**	-.394**	-.399**	-.392*	.135	.072	.034	1			
<i>Liquidity</i>	-.067	-.086	-.055	-.115	-.085	-.089	-.120	.396*	.344	-.133	.113	1		
<i>ROA</i>	.045	.038	.016	.072	.054	.056	.011	.561**	.521**	.066	.008	-.255**	1	
<i>ROE</i>	.003	-.011	-.007	.070	.052	.054	-.056	.563**	.511**	.070	.004	-.252**	.999**	1

\*\* Correlation is significant at the 0.01 level \* Correlation is significant at the 0.05 level.

### **3.2.2 Regression Results**

Table 6 reports the regression results of the correlation between social media interaction and firm growth. The empirical results demonstrate that social media explains 79.2% of the variation in the firm's growth, 37.6% of the variation in the firm's liquidity (current assets to current liabilities), 81.8% of the variation in the firm's performance (return on assets), and 77.6% of the variation in the firm's performance (return on equity).

The results also indicated that Twitter likes and retweets have a positive and significant effect on firm growth and performance (ROA and ROE).

The results align with the questionnaire's findings, indicating that social media interactions impact the firm's performance. However, there is a discrepancy between the questionnaire's findings, which indicated Facebook had the greatest impact, while, the applied study's findings, indicated that Twitter had the most noticeable impact.

**Table 6 The relationship between social media interaction and firm performance**

Variables	Growth		Liquidity		ROA		ROE	
	Coefficient	t-statistic	Coefficient	t-statistic	Coefficient	t-statistic	Coefficient	t-statistic
Firm Size	2.241	0.346	1.780	0.384	1.294	0.787	.394	.201
Twitter Posts	-0.517	-0.791	-0.101	-0.216	-0.042	-0.254	-.070	-.354
Twitter Likes	0.175**	3.688	0.036	1.070	0.026**	2.121	.027**	1.885
Twitter Retweet	3.439**	3.438	-0.719	-1.003	0.503**	1.980	.541**	1.787
FB Likes	-0.001	-0.819	0.002	0.769	0.000	1.260	.001	1.354
FB Comments	0.002	0.749	-0.003	-0.151	0.000	-0.383	-.001	-.755
FB Shares	-0.002	-0.182	-0.004	-0.633	-0.001	-0.372	-.001	-.431
Instagram Posts	0.267	0.910	-0.185	-0.879	-0.092	-1.232	-.103	-1.160
Instagram Likes	0.001	0.269	0.003	0.940	0.001	0.963	.001	.805
Instagram Reply	-0.011	-0.166	-0.053	-1.072	0.024	-1.403	-.024	-1.150
Constant	-29.971**	-0.212	-17.927**	-2.177	-15.350**	-0.427	0.543**	0.013
F value	1.857		2.663		2.229		1.670	
Prob > F	0.000		0.000		0.000		0.000	
R <sup>2</sup> (within)	79.2%		37.6%		81.8%		77.6%	

**Note:** \*\*\* $P < 0.01$ ; \*\* $P < 0.05$ , \* $P < 0.1$ .

#### 4. CONCLUSION

The study investigated the influence of social media usage on the financial performance of Egyptian firms, focusing on the top thirty interactive companies listed on the Egyptian stock exchange market (EGX30). The research involved a questionnaire and an applied study, which concluded that the most significant effect of using social media on sales growth is Facebook, followed by Instagram, and then Twitter, which aligns with the findings of (NababanI, et al., 2021). The research findings indicate that social media usage significantly contributes to sales growth, in line with the findings of previous studies. (Rodriguez, et al., 2012); (Marzouk, 2016); (Pourkhani, et al., 2019); (Wanyoike & Kithae, 2019) and (FakhrEldin, et al., 2020). The significant effect of using social media on profitability is Instagram, Facebook, then Twitter. Additionally, research findings indicate that social media usage significantly contributes to profitability, a finding that is consistent with studies by (Zhao & Zhao, 2014); (Akmese, et al., 2016); (Miqdad & Oktaviani, 2021); (NababanI, et al., 2021) and (Li Lin & Biao Luo, 2022). The most significant effect of using social media on generating immediate cash is Instagram, followed by Facebook, and then Twitter. The results also indicated that Twitter, likes, and retweets have a significant positive effect on firm growth and performance (ROA and ROE). The results

align with the questionnaire's findings, indicating that social media interactions have a significant impact on firms' performance. However, the questionnaire's findings suggest that Facebook has the most impact, while the applied study indicates that Twitter has a noticeable impact, aligning with the findings of the (Ravaonorohanta & Sayumwe, 2020) Study. In addition, research findings showed that social media usage plays a significant role in liquidity, which aligns with (Chen, et al., 2016); (Lam, et al., 2016); (Cade, 2018); (Peng, et al., 2022) and (Dong, 2024).

The research findings reveal that social media usage significantly impacts financial performance in the Egyptian market. These findings align with the global research on the use of social media, affirming that it is an effective strategy for increasing revenue, profitability, and liquidity. So, it can be concluded that social media usage plays a significant role in enhancing financial performance in the Egyptian market, as confirmed by (Rodriguez, et al., 2012); (Njeri, 2014); (Ainin, et al., 2015); (Mahboub, 2018); (Amoah & Jibril, 2021) and (Alalawneh, et al., 2022). Therefore, businesses in Egypt must leverage social media platforms to improve their financial performance and remain competitive in the market.

## 5. IMPLICATIONS FOR PRACTITIONERS

The findings of this study provides valuable insights for practitioners operating in the Egyptian market. Here are several key implications to consider:

1. **Develop a Robust Social Media Strategy:** Businesses should create comprehensive strategies for utilizing social media platforms, particularly Facebook and Instagram. These platforms have been shown to significantly boost sales and profitability, so engaging with customers effectively on them is crucial.
2. **Tailor Content to Each Platform:** The research highlights the strengths of different platforms, with Facebook being effective for driving sales and Instagram excelling in profitability. Companies should customize their content and engagement strategies to align with the unique features and audience preferences of each platform.
3. **Track Engagement Metrics:** It's essential for businesses to monitor their social media performance, including metrics such as likes, shares, and comments; especially on Twitter. Analyzing this data can provide valuable insights into customer behavior and preferences, allowing firms to fine-tune their marketing approaches.

4. **Invest in Employee Training:** Companies should allocate resources for training their marketing and social media teams on best practices and emerging trends in social media usage. Equipping employees with up-to-date knowledge can enhance the effectiveness of social media efforts.
5. **Focus on Immediate Revenue Generation:** Since Instagram appears to significantly impact immediate cash flow, businesses might consider leveraging this platform for promotions and campaigns that encourage quick purchases, such as flash sales or special limited-time offers.
6. **Encourage Customer Interaction:** Increasing avenues for direct interaction with consumers via social media can help build brand loyalty and improve customer satisfaction. Quick responses to inquiries and proactive engagement can further enhance sales outcomes.
7. **Stay Adaptable to Trends:** The social media landscape is always changing, so it's vital for businesses to remain flexible and responsive to new trends. This could involve using new features such as live content, stories, or partnerships with influencers to engage audiences effectively.



### **8. Integrate Social Media with Overall Marketing Efforts:**

To maximize impact, businesses should consider integrating their social media campaigns with broader marketing initiatives. A cohesive brand message across various channels can enhance overall effectiveness and reach.

By implementing these strategies, firms can harness the power of social media to improve their financial performance and maintain a competitive edge in the dynamic Egyptian market.

## **6. FUTURE RESEARCH**

Future research could explore the long-term effects of social media engagement on financial performance, compare different industries within Egypt, assess the role of content quality and type of social media platforms used, and examine consumer perception and engagement beyond direct financial indicators.

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