



Mediating Role of Social Media Applications on the Relationship Between Entrepreneurial Orientation and the Performance of Enterprises in Matale District

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ABSTRACT

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In today's competitive business landscape, small and medium enterprises (SMEs) face constant pressure to adopt innovative strategies to enhance performance. This study explores the mediating role of social media applications in the relationship between entrepreneurial orientation (EO) and enterprise performance in the Matale District of Sri Lanka. Using a convenience sampling method, data were collected from 200 enterprises across manufacturing, retail, wholesaling, and services sectors. The study employed descriptive, correlation, regression, and mediation analyses. The findings reveal that EO significantly enhances enterprise performance and that social media applications play a crucial mediating role in this relationship. This highlights the importance of integrating social media into entrepreneurial strategies for improved business outcomes.

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1. Introduction

Small and medium-sized enterprises (SMEs) play an essential role in promoting economic growth in countries around the world, including developing nations like Sri Lanka. The contribution of SMEs is ultimately reflected in increased Gross Domestic Product (GDP), more employment opportunities, rising incomes, and the creation of new businesses (Sopha, Jie and Himadhani, 2021). Given their importance to the economy, SME-related issues have become a prevalent subject of research across various domains.

In advanced countries, SMEs are regarded as key drivers of competition, job creation, and financial growth (Ndubis et al., 2020). SME strategies play a critical role in advancing the corporate mission, maintaining vision, and establishing a company's competitive advantages (Jardioui et al., 2019). These businesses do not need to allocate massive marketing budgets or pursue large-scale resources to remain competitive. However, effective methods must be implemented to achieve higher objectives and improve performance.

SMEs must adopt innovative initiatives to create potential advantages when existing strategies become obsolete (Liñán et al., 2019). SMEs should challenge conventional management styles in developing countries and strive to transform these into constructive, highly successful, and value-added strategies. In the Sri Lankan context, SMEs need to implement solutions that generate value-added technologies for both consumers and businesses (Alrubaishi & Robson, 2019).

In this context, orientation is one of the most critical aspects of strategy. Previous research has demonstrated the value of entrepreneurial, market, and technological orientations in boosting the efficiency of SMEs (Alnawas & Farha, 2020). Corporations must pursue competitive strategies that anticipate and respond to external developments in their market environment. In practice, strategic advice has significant repercussions for SMEs by fostering new and innovative perspectives in their sectors (Rizan et al., 2019). Currently, the critical role that entrepreneurial orientation plays in fostering creativity, encouraging proactive action, and facilitating risk-taking in SMEs is well-recognized. Entrepreneurial orientation helps organizations develop competitive advantages, enhance innovation performance (Ferreira et al., 2020), and improve organizational response speed and agility (Kohtamäki et al., 2020). Moreover, strategy has a significant impact on both economic development and organizational growth (Alnawas & Farha, 2020).

The influence of entrepreneurial, market, and technological orientations on SME efficiency in developing economies has been extensively studied over the past two decades (Abdulrab et al., 2020). While social network theory and institutional theory can complement each other in explaining the complex impacts of social media on firm performance, previous research has rarely integrated these two theoretical perspectives to offer a more comprehensive view of the combined effects of social media on firm performance within the SME context. This highlights the critical need to assess the causal relationship between Entrepreneurial Orientation (EO) and firm performance, particularly under the mediating effects of social media usage. Additionally, previous research has often overlooked the effects of entrepreneurial, market, and technological orientations on the performance of SMEs. The current study aims to address these gaps by investigating the mediating role of social media applications in the relationship between entrepreneurial orientation and the performance of SMEs.

Problem Statement

The dynamic and competitive business environment today demands that organizations, particularly SMEs, adapt to rapid innovations to enhance firm performance. Social media has emerged as a vital tool for fostering entrepreneurial activities, especially for SMEs that contribute significantly to economic development. While previous research indicates that a strong entrepreneurial orientation (EO) positively impacts firm performance, particularly in the context of globalization and increasing competition, much of this understanding remains limited to developed economies. The relationship between EO and firm performance is well-documented, but there is a gap in understanding how EO impacts performance in emerging markets, particularly in developing countries like Sri Lanka. Furthermore, the role of mediating factors like social media

(SM) in this relationship has been underexplored, despite the growing influence of SM on business operations.

Grounded in the resource-based view (RBV) theory, this study seeks to investigate how social media applications mediate the relationship between entrepreneurial orientation and the performance of enterprises in the Matale District. As SMEs in Sri Lanka are at an early stage of growth and play a crucial role in the economy, understanding how they can leverage EO and SM for enhanced performance is essential. While the direct relationship between EO and performance has been studied in developed countries, this research will explore how social media applications influence this dynamic in a developing country context, providing SMEs with insights to inform future strategies and improve their performance.

2. Literature Review

In this section, we outline our theoretical framework. We begin by introducing the concept of entrepreneurial orientation and its significance in fostering innovation and competitiveness among firms. Next, we explore the role of social media applications in enhancing business operations and consumer engagement. Finally, we discuss the impact of performance metrics on evaluating enterprise success, particularly within the context of SMEs in developing regions.

Overview of Entrepreneurial Orientation

Entrepreneurial Orientation (EO) refers to a firm's strategic posture and entrepreneurial decision-making traits aimed at enhancing competitive advantage and performance (Aftab et al., 2024). Miller (1983) initially identified three core dimensions of EO: innovation, risk-taking, and proactivity. These were later expanded to include autonomy and competitive aggressiveness. EO represents a firm's ability to develop innovative products, undertake risky ventures, and compete assertively within its market (Zhang, O'Kane and Chen, 2020). From a theoretical perspective, EO is considered a unique resource under the Resource-Based View (RBV), one that is embedded within the organization and difficult for competitors to replicate (Isichei, Emmanuel and Odiba, 2020). The Dynamic Capability view, on the other hand, emphasizes EO's role in helping firms adapt to changing environments.

Research consistently demonstrates the positive impact of EO on organizational performance, particularly through the dimensions of risk-taking, innovation, and proactiveness, which have been strongly linked to financial success (Tajeddini and Mueller, 2019). The dimensions of autonomy and competitive aggressiveness have produced varied outcomes. Additionally, the effectiveness of EO may be shaped by mediating factors like teamwork and strategic flexibility (Su, 2022). Additionally, the dimensions of EO can operate independently of one another (Hughes et al., 2022). For example, innovation is critical for developing new ideas and solutions, proactiveness is tied to the firm's ability to seize emerging opportunities, and risk-taking involves venturing into uncertain, potentially rewarding activities. Autonomy promotes employee-driven initiatives, while competitive aggressiveness focuses on outperforming market competitors (Al Mamun and Fazal, 2018).

Understanding Social Media Usage

Social media refers to a wide range of internet-based applications built on Web 2.0 that enable the creation and exchange of user-generated content (Shah and Dave, 2021). While businesses recognize the benefits of social media, small and medium-sized enterprises (SMEs) have been slower to adopt these tools compared to consumers (Papachristos et al., 2014). Common social media strategies employed by SMEs include managing fan pages, promotions, public relations, and conducting market research. Popular platforms such as Facebook, X (formerly Twitter), YouTube, LinkedIn, and WhatsApp are frequently used for sales, marketing, enhancing brand image, and raising brand awareness (Sharma, Agarwal, and Aggarwal, 2023). Social media, often referred to as Web 2.0, has become a crucial tool for improving SME operations (Chatterjee & Kar, 2020). As a competitive resource, it enables companies to compete more effectively within their industries through online channels (Tripopsakul, 2018). The adoption of social media is largely influenced by a company's commitment to innovation.

Evaluating Enterprise Performance

Performance refers to how effectively a company generates income and acquires resources (Taouab and Issor, 2019) and can be defined by the benefits gained from business activities and processes (Khan et al., 2014). It encompasses both financial and non-financial outcomes (Holt et al., 2017). Taouab and Issor (2019) argue that performance measurement is essential for informed decision-making, as it allows organizations to assess their effectiveness in various areas. To further understand this concept, Holt et al. (2017) identified two dimensions of performance: subjective (staff and customer perceptions) and objective (financial metrics such as sales growth and market share). Sethibe and Steyn (2016) categorizes performance into several areas, including financial, operational, enterprise, employee satisfaction, and growth. Quantitative measures like return on capital employed, assets, and investment reflect financial health (Krstić, Bonić and Stojanović, 2023). Increased sales enhance overall returns and organizational adaptability (Muda and Rahman, 2021). Furthermore, return on assets (ROA) serves as a key income-generating metric (Muda and Rahman, 2021). This study emphasizes financial and non-financial performance, particularly efficiency, growth and profit, as critical indicators for assessing SME performance.

3. Research Methodology

Figure 1 presents the conceptual framework developed for this study, where entrepreneurial orientation serves as the independent variable. Entrepreneurial orientation is recognized as a key driver of organizational success, significantly enhancing business outcomes (Singh et al., 2019). It influences the execution, processes, and decision-making in new and growing enterprises (Rauch et al., 2009) and strengthens strategic advantages (Brouthers, Nakos and Dimitratos, 2015). Enterprise performance is the dependent variable, representing a company's ability to generate income, accumulate resources and benefit from its business activities and processes (Khan et al., 2014). Performance also measures the efficiency in wealth creation and resource acquisition. Social media applications act as the mediating variable in this model. Defined as a collection of internet-based applications built on Web 2.0, social media enables user-

generated content creation and exchange (Kaplan and Haenlein, 2010). Reuber and Fischer (2011) highlights that many businesses now integrate social interaction into their operations via social media platforms.

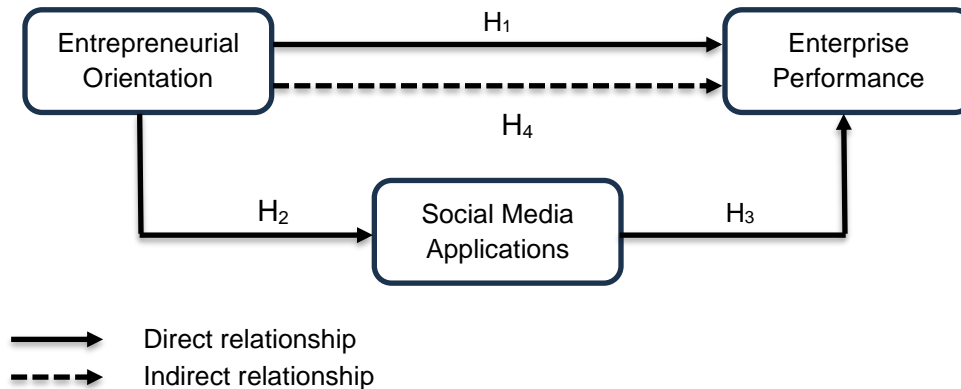


Figure 1: Conceptual Framework

Source: Susanto et al. (2023)

Research by Miller (1983), Lumpkin and Dess (1996, 2001), Wiklund and Shepherd (2003), Covin and Miller (2014), Wach (2015), and García-Villaverde et al. (2018) highlights the crucial role of Entrepreneurial Orientation (EO) in enhancing firm performance. EO is associated with market expansion (Shane & Venkataraman, 2000), improved overall company performance (Wiklund & Shepherd, 2005; Covin & Wales, 2012), and increased internationalization (Wales et al., 2021). Studies consistently show that firms driven by entrepreneurial leadership tend to outperform those that do not pursue innovative strategies (Covin & Slevin, 1986; Hult, Snow and Kandemir, 2003; Wiklund & Shepherd, 2003; Rauch et al., 2009; Wardi et al., 2018; Manzano-García & Ayala-Calvo, 2020). However, some research presents a more nuanced view: Dimitratos, Lioukas and Carter (2004), Lumpkin and Dess (2001), and Zahra (1991) report only a modest relationship between EO and performance, while Covin, Slevin and Schultz (1994) and George, Robley Wood and Khan (2001) find no significant correlation. Despite these inconsistencies, the majority of studies conducted in emerging economies support a positive link between EO and firm performance (Mahrous & Genedy, 2019; Njoroge et al., 2020; Vaitoonkiat & Charoensukmongkol, 2020). Based on this, the following hypothesis is proposed:

H1: Entrepreneurial orientation positively influences enterprise performance.

Chandra, Styles and Wilkinson (2009) emphasize that EO is closely linked to the adoption of advanced technologies, boosting business capabilities and competitive advantage. Social media has become essential for business growth and sustainability (Karjaluo et al., 2015; Jabbour et al., 2019) and is gaining increasing attention among entrepreneurship scholars (Jones, Ludi and Levine, 2010; Wamba & Carter, 2016). For SMEs, social media provides valuable market intelligence, real-time market insights, resource matching,

networking opportunities, and enhanced CRM capabilities, helping businesses bridge resource gaps and reduce uncertainty (Harrigan & Miles, 2014; Omar et al., 2020). EO has been found to positively influence social media adoption (Sahaym, Datta and Brooks, 2019; Fan et al., 2021), encouraging firms to use social media for customer engagement, marketing, competitive analysis, and environmental scanning (Bughin, Byers and Chui, 2011; Sahaym, Datta and Brooks, 2019). Based on these insights, the following hypothesis is proposed:

H2: Entrepreneurial orientation positively influences the usage of social media applications.

Social media is a cost-effective tool that can significantly enhance business performance, especially for SMEs. By bridging the gap with previously inaccessible groups, it helps SMEs overcome limitations related to limited partners and geographic constraints. Ainin et al. (2015) emphasize that social media lowers advertising costs, contributing to improved financial performance. Studies by Parveen, Jaafar and Ainin (2016) and Dodokh and Al-Maaitah (2019) affirm the positive impact of social media on firm performance, while Rodriguez, Peterson and Ajjan (2015) suggest it can enhance consumer orientation and sales. More recent research by Amoah et al. (2021) indicates that most SMEs leverage social media to drive business improvements. Based on this evidence, the following hypothesis is proposed:

H3: Social media applications positively influences enterprise performance.

Effective customer interaction and enhanced marketing communication through social media boost overall satisfaction, fostering long-term relationships, business goodwill, and profitability. SMEs adopting social media can more effectively engage with customers, gather insights into their needs, and adapt to real-time expectations, which contributes to improved performance. Social media usage enhances entrepreneurial efforts by providing additional channels for innovation, risk-taking, and proactiveness key dimensions of EO. As a result, social media serves as a vital tool that amplifies the impact of EO on business outcomes. Research by Wang and Kim (2017) and Odoom and Mensah (2019) supports this, showing that social media marketing mediates the relationship between EO and performance by enabling better customer engagement, market adaptation, and brand management. Therefore, it is plausible to propose that social media applications mediate the relationship between EO and enterprise performance:

H4: Social media applications mediate the relationship between entrepreneurial orientation and enterprise performance

Data Collection

This research employed a survey-based, quantitative design utilizing close-ended questions. The target population comprised either SME owners or managers in the Matale district of Sri Lanka, with the unit of analysis being the organization (i.e., SMEs). Due to the lack of a readily available sample frame from official agencies, a non-probability sampling method was employed, specifically convenience sampling. The criteria for defining SMEs followed the government's definition provided by the Ministry of Industries, where a

business qualifies as an SME if it has no more than 300 employees and its revenue does not exceed 750 million LKR. A sample size of 250 SMEs was selected, given its importance in ensuring the validity of the findings. As per Hair et al. (2014), the minimum required sample size should range between 5 and 20 observations/items to achieve a statistical power of 0.8 at a significance level of 0.05. Multiple regression analysis was used to evaluate the conceptual framework and test the hypotheses in this study.

Measurement Items

The study utilized a five-point Likert scale, ranging from "strongly disagree (1)" to "strongly agree (5)," for its measurements. This scale was chosen for its ease of use and because it required less time for respondents to complete compared to open-ended questions (Churchill, 1979). All measurement items were adapted from previous studies focusing on SMEs and tested in emerging economies to ensure validity and reliability. The items measuring Entrepreneurial Orientation (EO) were drawn from Susanto et al. (2023), Boso, Story and Cadogan (2013), Jambulingam and Doucette (1999), and Smith and Jambulingam (2018), as these items have been widely tested in the context of SMEs in developing countries. The EO variable was assessed using seven items, and following Covin and Wales (2012), it was treated as a uni-dimensional construct to align with the definition of EO.

For social media applications, a multi-dimensional approach was adopted, as seen in the studies by Susanto et al. (2023), Parveen, Jaafar and Ainin (2016), and Dodokh and Al-Maaitah (2019). The dimensions of social media applications included information searching (3 items), marketing and branding (3 items), and customer relations (4 items), with measurement items taken from Susanto et al. (2023). SME performance was measured using items from Murphy Trailer and Hill (1996) and Li, Huang and Tsai (2009), focusing on efficiency, growth, and profitability, with a total of seven items. To ensure internal consistency, Cronbach's alpha values were calculated for EO (0.761) (see Table 1), social media applications (0.894), and performance (0.851), all of which exceeded the minimum acceptable threshold of 0.7, indicating strong reliability (Hair et al., 2014).

Regression Models and Data Analysis

The following four conditions should be tested to confirm the mediation effect (Baron and Kenny, 1986):

If M mediates an X-Y causal relationship then:

- (1) X significantly predicts Y (path **c** is significant)
- (2) X significantly predicts M (path **a** is significant)
- (3) M significantly predicts Y in the presence of X (path **b** is significant)
- (4) When M is in the model, the effect of X on Y is reduced (**c'** is less than **c**). With complete mediation, path **c'** is zero.

In order to test the above conditions, two regression models (Black box model and the mediation model) were developed as shown in Figure 2 & 3.

A conceptual model of how entrepreneurial orientation impacts upon enterprise performance provides a useful framework for testing the effectiveness of the independent variable. This relationship can be

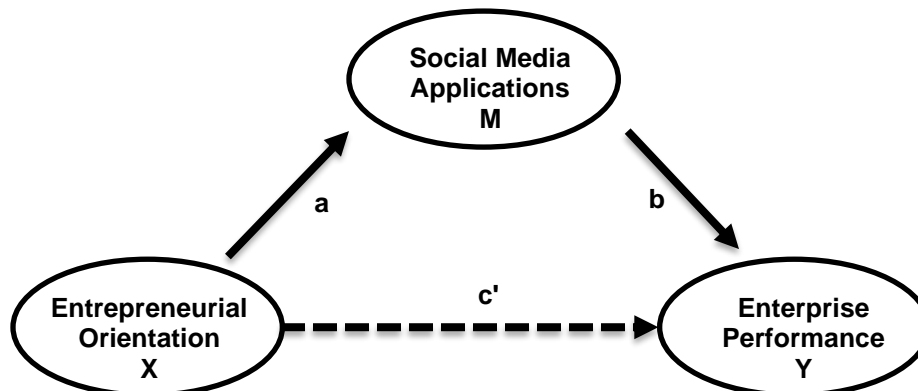
conceptualized as a causal model where the entrepreneurial orientation has a direct causal impact on enterprise performance, as shown in Figure 2. A limitation of this simple 'black box' model is that it provides little information on how the entrepreneurial orientation produces its effect.



c = regression weight on X when predicting Y

Figure 2: Black Box Model

A more sophisticated theoretical model identifies processes by which the entrepreneurial orientation is presumed to have effects. This model can be conceptualized as a causal model where the entrepreneurial orientation (X) has an impact on social media applications (M), which in turn has an impact on the enterprise performance (Y), as shown in Figure 3.



a = regression weight on X when predicting M
 b and c' are the regression weights on M and X, respectively, when both are used together to predict Y

Figure 3: Mediation Model

Decision criteria: If the entire effect of the entrepreneurial orientation operates through the social media applications, the regression weight c' is zero (No mediation). If c' is smaller than the regression weight c in the first model, then M is said to 'partially mediate' the effects of X on Y.

4. Analysis and Discussion

Descriptive Statistics

Out of 250 distributed questionnaires, 206 were returned, resulting in a response rate of 82.4%. Of these, 200 were deemed usable, while the remaining were excluded due to incomplete responses or missing data.

Following the recommendations of Hair et al. (2014), we consider our sample size and response rate sufficient for analysis. A majority of the firms (66%) have been in operation for more than 5 years. In terms of industry distribution, 13.5% of the sampled firms are in manufacturing, 31% in wholesaling, 29.5% in retailing, and 26% in the service sector. Regarding respondent demographics, 61.5% are male, with 48% falling into the 31-40 age group. Additionally, 80.5% of respondents are married, and nearly half (49.5%) have educational qualifications below the G.C.E. Ordinary Level. Descriptive data (means and standard deviations), reliability coefficients and inter-correlations among the focal variables for the whole sample are displayed in Table 1.

Table 1: Descriptive data for focal variables ($n = 200$)

Variables	Mean (SD)	1	2	3
1 Entrepreneurial Orientation	3.881 (0.667)	(.761)		
2 Social Media Applications	3.931 (0.679)	.838**	(.894)	
3 Enterprise Performance	4.053 (0.680)	.858**	.871**	(.851)

Note. Cronbach's (1951) alpha reliability coefficients appears in the diagonals.

** $p < .01$.

Inspection of the Table 1 reveals correlations between entrepreneurial orientation, social media applications, and enterprise performance ranged from moderate to high levels, $r = .838$ to $r = .871$. Furthermore, all Cronbach's Alpha Coefficients surpass the 0.7 threshold, indicating a high level of internal consistency for the scale, as indicated by Hair et al. (2014).

Regression Analyses of Mediation Models

Two regression models were developed and tested to evaluate the conditions as proposed by Baron and Kenny (1986) to statistically prove the mediation effect. Results of the analyses are shown in Table 2. Using the statistics from Table 2, all the four conditions of mediation relationship were tested in four steps.

Step 1: Significance of path **c** (X significantly predicts Y)

Results from Model 2 – Step 1 (see Table 2) was used in this step. Findings indicate that entrepreneurial orientation significantly impacts enterprise performance ($\beta = 0.874$, $p < 0.001$), supporting Hypothesis 1. This means that a one-unit increase in entrepreneurial orientation leads to a 0.874-unit increase in enterprise performance. Additionally, the R^2 value shows that 73.7% of the variation in enterprise performance is explained by entrepreneurial orientation. Thus, the first condition necessary for mediation has been satisfied.

Table 2: Standard Multiple Regression (n = 200)

Model 1	
Predictor/s	Social Media Applications β
Entrepreneurial Orientation (EO)	.853***
R ²	.703
F (1,198)	468.618***
Model 2 – Step 1	
Predictor/s	Enterprise Performance β
Entrepreneurial Orientation (EO)	.874***
R ²	.737
F (1,198)	554.043***
Model 2 – Step 2	
Entrepreneurial Orientation (EO)	.438***
Social Media Applications (SMA)	.511***
R ²	.814
F (2,197)	431.364***

* $p < .05$; ** $p < .01$; *** $p < .001$.

Step 2: Significance of path **a** (X significantly predicts M)

The results from Model 1 (see Table 2) were used in this step. Findings indicate that entrepreneurial orientation significantly impacts the usage of social media applications ($\beta = 0.853$, $p < 0.001$), supporting Hypothesis 2. This shows that a one-unit increase in entrepreneurial orientation results in a 0.853-unit increase in the use of social media applications. Additionally, the R^2 value reveals that 70.3% of the variation in the usage of social media applications is explained by entrepreneurial orientation. Thus, the second condition for mediation has been satisfied.

Step 3: Significance of path **b** (M significantly predicts Y in the presence of X)

The results from Model 2 – Step 2 (see Table 2) were used in this step. Findings indicate that the usage of social media applications significantly impacts enterprise performance while controlling for entrepreneurial orientation ($\beta = 0.511$, $p < 0.001$), supporting Hypothesis 3. This shows that a one-unit increase in the usage of social media applications, while controlling for entrepreneurial orientation, leads to a 0.511-unit increase in enterprise performance. Additionally, the R^2 value shows that 81.4% of the variation in enterprise performance is explained by all independent variables in the regression model (entrepreneurial orientation and social media applications). Thus, the third condition for mediation has been satisfied.

Step 4: Confirming the Mediation Effect

According to the decision criteria, if the entire effect of entrepreneurial orientation operates through social media applications, the regression weight **c'** should be zero (indicating no mediation). If **c'** is smaller than **c** from the first model, then the variable M is said to 'partially mediate' the effect of X on Y. The results from Model 2 – Step 2 (see Table 2) show that entrepreneurial orientation significantly impacts enterprise

performance while controlling for social media applications ($\beta = 0.438$, $p < 0.001$). Thus, $c' = 0.438$, indicating that a one-unit increase in entrepreneurial orientation, while controlling for the usage of social media applications, leads to a 0.438-unit increase in enterprise performance. Since c' is not zero and is smaller than c (0.874), we can statistically confirm that the use of social media applications partially mediates the relationship between entrepreneurial orientation and enterprise performance, supporting Hypothesis 4. The mediation effect (indirect effect) can be calculated as the reduction in the regression weight for entrepreneurial orientation on enterprise performance when social media applications are included in the model: $c - c' = (0.874) - (0.438) = 0.436$. Alternatively, the mediation effect can also be calculated as the product of the indirect paths from entrepreneurial orientation to enterprise performance through social media applications: $a * b = 0.853 * 0.511 = 0.436$. The total effect equals the direct effect plus the indirect effect: $0.874 = 0.438 + 0.853 * 0.511$ in the notation of mediation analysis, where $c = c' + a * b$

In summary, the total effect of entrepreneurial orientation on enterprise performance is 0.874, comprising a direct effect of 0.438 and an indirect effect of 0.436 through the use of social media applications. The pictorial representation of these findings is shown in Figure 4.

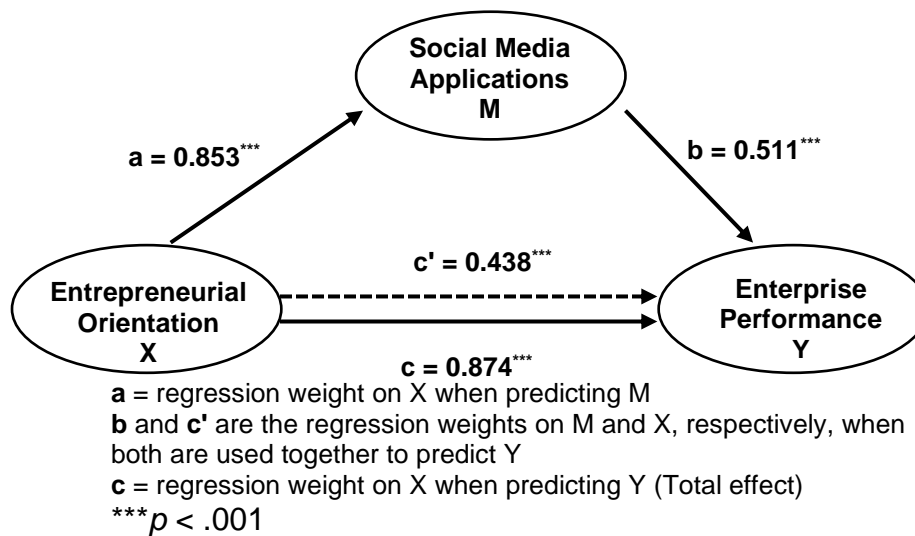


Figure 4: Mediation Model

This study set out to explore the mediating role of social media applications in the relationship between entrepreneurial orientation (EO) and the performance of enterprises in the Matale District. The results provide robust evidence that EO positively and significantly influences enterprise performance, as well as the usage of social media applications, which, in turn, significantly impacts enterprise performance. These findings are consistent with much of the existing literature, although they provide a novel perspective by highlighting the role of social media as a mediator in a developing country context.

The results affirm the positive association between EO and enterprise performance, resonating with a large body of prior research. Foundational studies by Miller (1983) and Covin and Slevin (1986) demonstrated that firms with high EO exhibit superior performance due to greater market expansion, competitive advantage, and adaptability. This finding aligns with works by Lumpkin and Dess (1996, 2001) and Wiklund and Shepherd (2003), who documented that entrepreneurial proactiveness and innovativeness drive success, especially in environments with fewer resources, such as the Matale District. While a few studies indicate mixed results in the EO-performance relationship, findings from emerging economies tend to highlight a stronger link, reinforcing the relevance of EO in resource-constrained settings.

The positive link between EO and social media usage observed in this study aligns with findings that entrepreneurial firms are more inclined to adopt innovative digital tools. Prior research (Chandra et al., 2009; Karjaluoto et al., 2015) suggests that EO facilitates technology adoption, enabling firms to stay competitive and responsive to market shifts. Social media, in particular, is seen as an accessible, cost-effective tool for reaching customers and expanding brand presence. Especially for SMEs, social media adoption supports EO-driven initiatives by enhancing agility and providing platforms for customer engagement, market insights, and competitor analysis.

This study's results further confirm the impact of social media applications on performance, supporting research that shows social media as a vital driver of business outcomes. For SMEs, social media can overcome geographic and resource limitations, as it allows firms to better understand customer needs and respond dynamically, contributing to improved sales and consumer orientation (Rodriguez, Peterson and Ajjan, 2015; Amoah et al., 2021). Previous studies by Ainin et al. (2015) and Parveen, Jaafar and Ainin (2016) have similarly shown how social media lowers advertising costs and fosters better customer relationships, ultimately enhancing firm performance.

The main contribution of this study is the identification of social media applications as a partial mediator between EO and performance. While EO independently drives firm performance, the introduction of social media as a mediating factor significantly enhances this effect, as suggested in prior studies (Wang & Kim, 2017; Odoom & Mensah, 2019). This mediating role illustrates how social media applications empower firms to leverage EO more effectively, bridging the gap between limited local resources and broader market access by enhancing customer engagement, brand loyalty, and real-time adaptability. The results underscore the strategic advantage of social media as a tool that amplifies EO's influence on business success.

5. Conclusion

In summary, this study confirms the critical role of EO in driving enterprise performance in the Matale District, with social media applications playing a significant mediating role. These findings suggest that SMEs seeking to enhance their performance should not only foster an entrepreneurial orientation but also leverage social media applications as a strategic tool. The use of social media amplifies the benefits of EO, providing

businesses with the means to reach new markets, improve customer engagement, and adapt to changing market conditions.

This study has several limitations that should be acknowledged. The research was limited to the Matale District, which restricts the generalizability of the findings to other regions or the entire country. Additionally, the study focused specifically on the mediating role of social media applications in the relationship between entrepreneurial orientation and enterprise performance, leaving out other potentially influential factors within the industry. The relatively small sample size of 200 respondents may also affect the robustness of the results, as a larger sample could yield more comprehensive insights. Moreover, the study's reliance on a quantitative approach limited the scope of information gathered.

For future research, it is recommended to expand the geographical scope of similar studies to other districts in Sri Lanka to provide a broader understanding of the dynamics at play. Additionally, future research could explore other regions or focus more deeply on specific industries to examine whether sector-specific differences exist in the relationship between entrepreneurial orientation, social media use, and performance. Future studies should also consider refining the tools used for measuring entrepreneurial orientation and enterprise performance, enhancing the results' precision and validation. Expanding both the sample size and research focus could provide a more holistic understanding of the factors that drive enterprise performance.

Competing interests: The authors declare that they have no competing interests, and this manuscript is free from any such influences.

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