



THE IMPACT OF SOCIAL MEDIA ON SMALL AND MEDIUM-SIZED ENTERPRISES (SMES): EXTENDED BACKGROUND WITH UZBEKISTAN PRACTICE (2017-2025)

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Annotation

This research investigates the impact of social media on small and medium-sized enterprises (SMEs), focusing on global trends and Uzbekistan's experience from 2017 to 2025. The study analyzes how platforms such as Telegram, Instagram, and TikTok contribute to SME marketing, customer engagement, and business growth. By combining international literature with Uzbekistan's digital transformation practices, the study provides a comprehensive understanding of social media's role in SME development and offers recommendations for enhancing digital capability and competitiveness.

Key words: Social media; SMEs; digitalization; marketing; customer engagement; Telegram; Instagram; digital economy.

Аннотация

В данном исследовании изучается влияние социальных сетей на малые и средние предприятия (МСП), с акцентом на мировые тенденции и опыт Узбекистана за период с 2017 по 2025 год. В исследовании анализируется, как такие платформы, как Telegram, Instagram и TikTok, способствуют маркетингу МСП, взаимодействию с клиентами и росту бизнеса. Объединяя международную литературу с практикой цифровой трансформации в Узбекистане, исследование обеспечивает всестороннее



понимание роли социальных сетей в развитии МСП и предлагает рекомендации по повышению цифровых возможностей и конкурентоспособности.

Ключевые слова: социальные сети; МСП; цифровизация; маркетинг; взаимодействие с клиентами; Telegram; Instagram; цифровая экономика.

Annotation

Ushbu tadqiqot ijtimoiy media vositalarining kichik va o'rta biznesga ta'sirini o'rganadi, global tendensiyalar va O'zbekistonning 2017-yildan 2025-yilgacha bo'lgan tajribasiga e'tibor qaratadi. Unda Telegram, Instagram va TikTok kabi platformalar KO'B marketingi, mijozlar bilan aloqalar va biznes o'sishiga qanday yordam berishi tahlil qilinadi. Xalqaro adabiyotlarni O'zbekistondagi raqamli transformatsiya amaliyotlari bilan integratsiyalash orqali tadqiqot ijtimoiy media vositalarining kichik va o'rta biznes rivojlanishidagi rolini har tomonlama tushunish imkonini beradi va raqamli imkoniyatlar va raqobatbardoshlikni oshirish bo'yicha tavsiyalar beradi.

Kalit so'zlar: ijtimoiy media; Kichik va o'rta biznes; raqamlashtirish; marketing; mijozlar bilan aloqalar; Telegram; Instagram; raqamli iqtisodiyot.



1. Introduction

In the last decade, social media has evolved from a leisure-oriented communication tool into a central strategic resource for organizations of all sizes. For small and medium-sized enterprises (SMEs), social media offers an opportunity to overcome traditional resource limitations by providing low-cost marketing channels, facilitating direct communication with customers, and enhancing overall market visibility. As global markets become more digitized, SMEs are increasingly required to leverage social media not merely as a promotional tool but as an integral part of their business strategies. While the potential benefits of social media are widely recognized, its actual impact on SME performance continues to generate academic discussion. This study seeks to explore both the advantages and the challenges associated with social media use, including its implications for SMEs operating in emerging economies such as Uzbekistan.

2. Background and Rationale of the Study

SMEs are crucial contributors to economic growth, employment, and innovation across the world. However, these enterprises often operate under financial, technological, and human resource constraints, making it difficult to compete with larger firms using traditional marketing tools. Social media platforms—such as Facebook, Instagram, Telegram, YouTube, and TikTok—have emerged as attractive alternatives due to their low cost, wide reach, and ability to support interactive marketing.

In Uzbekistan, the role of social media in SME development has grown significantly since 2017, following the government's economic liberalization and digital transformation reforms. Platforms like Telegram, Instagram, TikTok, and Facebook have become central tools for Uzbek entrepreneurs,



especially in retail, services, food delivery, education, and e-commerce sectors. Telegram channels, in particular, have become a unique regional phenomenon: many SMEs in Uzbekistan rely on Telegram bots, online storefronts, and broadcast channels as primary tools for customer communication and sales.

Research conducted by Uzbekistan's Ministry of Digital Technologies (2022–2024) indicates that more than 70% of SMEs actively use social media for marketing or customer relations. This trend has accelerated with the rise of online marketplaces such as *OLX*, *ZoodMall*, *Uzum Market*, and *Ko'cha E-commerce*, which are heavily integrated with social platforms. As a result, even microbusinesses—such as craftsmen, clothing boutiques, beauty salons, and delivery services—use social media to build brand recognition, engage clients, and increase revenue.

However, many Uzbek SMEs still lack structured digital strategies. Social media adoption often occurs spontaneously or informally, driven by market pressure rather than strategic planning. Many enterprises rely on freelancers or inexperienced staff for social media management, which increases exposure to reputational risks and inconsistent branding. Additionally, Uzbekistan faces challenges such as low digital literacy in rural regions, limited access to advanced analytics tools, and inadequate protection against online fraud and misinformation.

These dynamics make Uzbekistan an important case for understanding how social media influences SME performance in emerging markets.

3. Problem Statement

Although social media offers significant potential for SMEs globally and in Uzbekistan, many small firms use these platforms inconsistently and without strategic direction. A lack of digital skills, insufficient organizational



structures, and minimal understanding of risk management often reduce the effectiveness of social media engagement. In Uzbekistan, this issue is further compounded by unequal access to digital resources across regions and high reliance on informal marketing practices.

The central problem addressed in this study is the gap between the potential benefits of social media for SMEs and the uneven effectiveness observed in practice, both globally and in the context of Uzbekistan.

4. Purpose of the Study

The primary purpose of this research is to analyze the impact of social media on SME performance by examining:

How social media enhances marketing efficiency, customer engagement, and market expansion.

The organizational and digital capabilities required for effective social media use.

The unique opportunities and challenges experienced by SMEs in Uzbekistan.

A strategic framework to help SMEs leverage social media more systematically and sustainably.

5. Significance of the Study

The study contributes to academic literature by offering a holistic understanding of both the advantages and risks of social media adoption among SMEs. Prior research often emphasizes marketing benefits while neglecting operational and strategic dimensions. This study provides a more integrated perspective.

This research is especially valuable for Uzbekistan for several reasons:



Rapid digitalization: Uzbekistan has undergone fast digital transformation, with smartphone penetration above 80% and social media usage growing by more than 20% annually. SMEs are increasingly dependent on platforms like Telegram and Instagram for visibility and customer acquisition.

Emergence of digital entrepreneurship: Thousands of micro-entrepreneurs, online boutiques, and creative businesses rely entirely on social media platforms instead of physical stores.

Policy relevance: The government's "Digital Uzbekistan – 2030" strategy emphasizes SME digitalization. Insights from this study can support policies promoting digital skills, entrepreneurship training, and safer online business environments.

Reputational and regulatory challenges: Many Uzbek SMEs face issues such as fake reviews, online fraud, unclear advertisement regulations, and reputational damage due to viral content. Understanding these risks helps develop better protective mechanisms.

Thus, this study not only adds global academic value but also aligns directly with Uzbekistan's economic modernization priorities.

6. Conceptual Overview

Social media affects SMEs in Uzbekistan and worldwide through three primary dimensions:

1. Marketing and Communication

Social media provides SMEs with inexpensive tools to advertise products, run targeted campaigns, and expand their market reach. In Uzbekistan, Instagram and Telegram are particularly influential for product showcasing and customer inquiries.

2. Customer Engagement and Relationship Management



Two-way interaction through comments, private messages, customer feedback, and product reviews helps SMEs build trust and loyalty. Uzbek SMEs often rely on Telegram bots to manage customer service and automate orders.

3. Organizational Capabilities and Digital Risks

Effective social media usage requires digital literacy, content management, and strategic planning—skills that many SMEs in Uzbekistan are still developing. Risks include reputational damage, cyber threats, and privacy violations, especially in a rapidly digitizing yet unevenly regulated environment.

Conclusion

Social media has become a vital component of SME operations worldwide, offering unique opportunities for growth, visibility, and customer engagement. In Uzbekistan, social media platforms—especially Telegram and Instagram—play an exceptionally important role in supporting entrepreneurial activity and enabling SMEs to reach wider audiences at minimal cost. However, both globally and in Uzbekistan, successful usage depends heavily on digital skills, strategic planning, and risk management. This study lays the groundwork for understanding the complex interactions between social media adoption and SME performance, providing insights that are academically valuable and directly relevant to Uzbekistan's digital economic development.

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