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Examining the Impact of Entrepreneurial Culture on SME Performance: The Role of Marketing Capabilities and Social Media

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Abstract

The present study examines the impact of entrepreneurial culture on the performance of small and medium-sized enterprises (SMEs) in Tehran Province, Iran, focusing on the mediating effect of marketing capacities and social media usage. A questionnaire of 25 questions, separated into four sections—"Entrepreneurial culture," "SMEs' performance," "Marketing skills," and "Social media usage"—was used to collect data. The replies of 80 SME owners or managers were collected by non-probability sampling, and the validity and dependability of the data were confirmed. For data analysis, the study applied structural equation modeling (SEM) with the partial least squares (PLS) technique and SmartPLS 4 software. The findings indicated that entrepreneurial culture has a favorable and substantial effect on the performance, marketing capacities, and social media usage of SMEs. In addition, marketing capabilities and social media usage have a positive and substantial effect on the performance of SMEs. Additionally, social media utilization has a good impact on marketing capabilities. The study demonstrated the indirect impact of entrepreneurial culture on the performance of SMEs through the mediating roles of marketing capabilities and social media usage. The article concludes with evidence-based, actionable recommendations based on the research findings.

Keywords: Entrepreneurial Culture, SMEs' performance, Marketing Capabilities, Social Media Usage

1. Introduction

SMEs are essential for fostering economic growth in both developed and developing countries, including Iran. Their effects are seen in the growth of the GDP, the creation of jobs, rising incomes, and the establishment of new businesses [1]. As a result, research on SME-related challenges has gained popularity in a number of sectors [2]. It is now even more important to understand entrepreneurship and the use of digital technologies, particularly social media, in order to improve the performance and productivity of SMEs after the COVID-19 pandemic had such a devastating impact on them [3]. In the post-pandemic era, Ratten [4] underlines the value of entrepreneurial expertise. SMEs in difficult circumstances may need to take entrepreneurial actions, such as refocusing innovation resources on obtaining practical insights, selecting the best options for the production or service delivery process, realigning business models with the changing needs and expectations of their customers, and implementing technologies to enhance their operations [5]. Like in any other nation, SMEs are the foundation of the Iranian economy. The success of SMEs is vital to the economic development of nations since they are acknowledged as the engine of economic growth in both developed and developing nations [6]. Even though they have many advantages, SMEs confront a number of common problems, including lower productivity, less legitimacy, and higher capital expenses. Regardless of the business climate they operate in, these challenges pose a danger to the viability and success of SMEs, leading to an alarming failure rate during the first few years of operation [7]. Long-term performance for even those that do survive is frequently only mediocre, which is worrying for both the economy and enterprises. Social and demographic changes are continually changing the entrepreneurial environment, and SMEs struggle to operate in a commercial world that is more controlled by technology. Iran's developing economy presents particular difficulties that call for reconsideration and a better understanding of Iranian business culture and performance. A definition of entrepreneurial culture (EC)

is a setting that fosters creativity and invention and is marked by a set of values, precepts, and anticipated behaviors. As a result, this culture encourages employees at entrepreneurial firms to be proactive and free-thinking when developing and implementing novel ideas. It also encourages a willingness to embrace uncertainty, take chances, and start new projects. As a result, these companies exhibit highly creative workplace behavior. In the quickly changing environment of the fourth industrial revolution, where innovation dynamics are bursting because of the open innovation paradox, understanding the function of EC in fostering inventive work behavior is extremely critical [8]. This study also answers Obschonka's [9] demand for additional research on EC in order to capitalize on unparalleled prospects for entrepreneurial activities while addressing twenty-first-century concerns [10]. In recent years, the marketing paradigm has shifted significantly as a result of the development of technology and the increased use of social media in marketing [11]. Consequently, it is considered that marketing capabilities (MCs) and social media usage (SMU) may impact the connection between EC and the performance of SMEs [12]. However, research on the relevance of these characteristics in the context of SMEs, particularly in developing nations, has been sparse [13]. MCs and SMU should be examined for two reasons. Initially, MCs can strengthen a company's competitive position and customer relationships, resulting in enhanced performance [2]. MC refers to a company's capacity to comprehend and predict the demands of its customers better than its competitors and to engage them successfully. Therefore, it is proposed that SMEs need marketing skills to develop a strong relationship between their EC and performance. In addition, MCs may serve as both a mediator and an influencer on EC performance. This dual role of MCs has not been investigated in the context of emerging markets [14], broadening our understanding of the responsibilities of MCs within the EC-SMEs' performance relationship. Second, SMU platforms such as Facebook, Instagram, WhatsApp, LINE, and WeChat offer multiple chances for SMEs to increase their competitiveness in the social media environment [15]. SMEs can use social media to identify new possibilities, strengthen customer relationships, increase collaboration within the business and with other entities, and advertise their products and services. In addition, social media plays a significant role in establishing consumer interactions, making it an essential part of marketing [16]. The association between EC and SME performance may therefore be moderated by the SMU. The prospective marketing activities via social media show that it can establish the link between EC and MC, and ultimately, EC and the performance of SMEs. Previous studies have neglected the possibility of a serial or double mediator between EC and SMEs' performance [17]. In order to examine the relationship between EC and SMEs' performance, the study has five objectives:

- Analyzing the connection between EC and SMEs' performance.
- Examining the role of MC as a mediator between EC and SME performance.
- Examining SMU as a mediator between EC, SMEs' performance, and MC.
- Examining SMU as a mediator between EC and the SMEs' performance.
- Examining the serial mediation of EC and SME performance via SMU and MC.

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2. Literature Review

2.1 Entrepreneurial Culture (EC)

EC is the combination of personal values, management expertise, experiences, and behaviors that determine an entrepreneur's spirit of initiative, risk-taking, innovative capability, and ability to manage a company's economic ties [18]. This concept is multifaceted and comprises numerous facets. Despite the fact that multiple features of EC have been found in the relevant literature [19-21], there is a lack of uniformity in how this term is defined and quantified across different disciplines. Leadership is likely the most frequently mentioned aspect of EC, since it entails managers encouraging their people to fulfill their full potential and fostering an entrepreneurial mindset among them. The second factor relates to the characteristics of EC, such as risk-taking and a tolerance for failure, as well as the adoption of innovative techniques by both the firm and its board of directors, as well as human resource (HR) policies and initiatives [10]. Bau and Wagner [22] highlighted four aspects of EC that encompass the aforementioned themes. These are "leadership quality and effectiveness" (LQE), "collaboration, information, and innovation" (CII), "product and market expertise," and "tasks and responsibilities." In addition, this concept incorporates some aspects that were not previously included in research, such as product and market expertise, teamwork, and information exchange [10].

In an entrepreneurial organization, the "LQE" component refers to the significance of competent leadership. This can appear in several ways, such as developing self-governing teams through clear instructions and objectives for all members (as advocated by Bell and Kozlowski [23]) or mentoring and guiding people to nurture innovative thought and the ability to see new opportunities (as proposed by Hisrich and Peters [24]).

The "CII" dimension refers to HR systems that empower employees to act independently and demonstrate entrepreneurial behavior through fostering collaboration, creativity, and information exchange [22]. This includes fostering a supportive workplace culture in which employees are encouraged to collaborate, adopting effective information technologies to allow communication and knowledge exchange, and providing an atmosphere that fosters innovation.

The "product and market expertise" dimension is a cultural quality that emphasizes the significance of having a thorough understanding of a company's goods, customer needs, and industry trends [22]. This includes a thorough understanding of the company's services, an awareness of the changing needs and desires of clients, and an awareness of the most recent industry advances and innovations.

The "tasks and responsibility" factor relates to the clarity with which employees comprehend their job responsibilities. This includes having a full understanding of their jobs and responsibilities, as well as their role within the business. Such clarity enables employees to align their own ambitions with the organization's objectives, thus assisting the organization in achieving its goals [22].

Based on this perspective, the following hypothesis is proposed:

- H1: EC is positively associated with SMEs' performance.

2.2 Social Media Usage (SMU)

Social media is a readily accessible external resource that any SME can utilize. The amount of benefit derived from social media mostly depends on the talents, methods, habits, and decision-making abilities of SME owners [5]. The rise of social media as a meaningful and innovative tool for corporate growth and sustainability has been the subject of extensive academic and managerial discussion [25]. Consequently, entrepreneurship researchers have acknowledged the growing significance of social media, especially for SMEs [26]. Utilizing their real-time market knowledge, resource-matching

abilities, networking, social media customer relationship management (CRM), co-creation of products and services, and overall MCs, social media can provide valuable market intelligence to bridge the resource gap and reduce uncertainty for SMEs [2]. As noted by Sigala [27], the usefulness of social media in increasing SME performance is contingent on the company's total utilization of multiple technologies and the synergy produced between these technologies and the company's internal resources. In addition to utilizing corporate IT resources, social media provides opportunities for networking, knowledge and information sharing between businesses and customers, and other advantages, as mentioned by Trainor et al. [28]. According to this perspective, SMU can strengthen the impact of EC on SMEs.

Effective two-way communication with consumers and the development of long-term relationships are essential to a company's success because they result in enhanced customer happiness, business goodwill, and profitability. By leveraging SMU, SMEs may effectively communicate with customers and collect information about their requirements and problems, enabling them to better comprehend real-time expectations and fluctuating product and service demand. Furthermore, SMU enables SMEs to access wider client groups and demographics, which can increase overall performance. The favorable mediation effects of social media marketing on organizational and brand performance discovered by Wang and Kim [29] and Odoom and Mensah [30], respectively, suggest that SMU likely impacts the relationship between EC and SME success. According to Mason et al. [31], social media marketing has been actively exploited throughout the COVID-19 epidemic.

Therefore, our hypotheses in this stance are as follows:

- H2: EC is positively associated with SMU.
- H3: SMU is positively associated with SMEs' performance.
- H4: EC has an indirect positive effect on SMEs' performance through SMU.

2.3 Marketing Capabilities (MCs)

MCs are the abilities and skills that enable firms to identify and comprehend the needs of their customers and the market through interactions. By exploiting these competencies, businesses can proactively adapt their approach to market conditions and achieve specific performance goals [32]. As a result, MCs have been identified as a crucial company performance determinant [33].

MCs are regarded as an internal asset because it is the obligation of the decision-maker to decide when to engage, publicize, and react. SMEs require an entrepreneurial mindset to produce exceptional results through their MCs. These skills permit the integration of improved services that suit consumer needs, ultimately resulting in stronger customer connections [34]. Utilizing MCs enables SMEs to maximize their potential profit and gain a competitive advantage over other organizations. Consequently, incorporating the market capability element into the interaction between EC and SME is essential for strengthening the model and gaining a thorough grasp of its dynamics. In addition, a number of research papers, including those by [35], [33], and [36], have examined the relationship between MCs and corporate performance. These studies have collectively established a strong and positive association between MCs and organizational performance. Therefore, it is logical to conclude that SMEs could improve their performance by enhancing their MCs. Khan et al. [37] found a positive correlation between entrepreneurial competencies and the performance of enterprises during the COVID-19 pandemic.

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- H5: EC is positively associated with MC.

- H6: MC is positively associated with SMEs' performance.
- H7: SMU is positively associated with MC.
- H8: EC has an indirect positive effect on SMEs' performance through MC.

After building a theoretical basis and assumptions, we suggest the research framework represented in Figure 1.

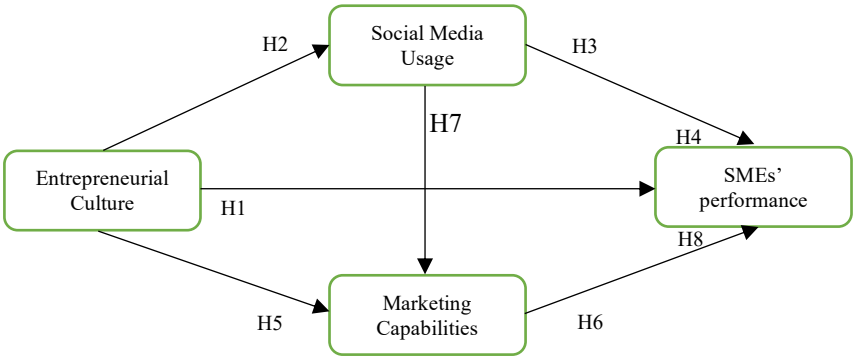

Figure 1: Research Conceptual Model

3. Research Method

This study design adopts a quantitative methodology with closed-ended survey questions. The organizational level will serve as the unit of analysis for this investigation of SME proprietors and managers in Tehran Province, Iran. Due to a dearth of data, this study employed the technique of purposive sampling based on government-defined criteria for SMEs. The research team circulated 90 questionnaires via research assistants and enumerators and gathered 80 completed surveys, which met Hair et al.'s [38] sample requirements. PLS-SEM (partial least squares structural equation modeling) was used in this study to test the conceptual framework and hypotheses. Given the mediation hypothesis, Hair et al. [39] indicated that PLS-SEM was an appropriate approach. For the PLS-SEM analysis, SmartPLS 4 software was utilized.

This study utilized a five-point scale that varied from "strongly disagree" (1) to "strongly agree" (5) for measuring responses. The choice of a five-point scale was made to encourage respondent engagement and reduce the amount of time needed to complete the questionnaire, as compared to an open-ended approach [40]. To verify the validity and reliability of the metrics, each item was adapted from earlier SME research and field-tested in emerging economies.

We used the measurement items for "EC" from Nguyen et al. [10] due to their effective implementation and validation in previous studies on SMEs in developing countries. The "EC" variable consisted of a total of 9 items, including 2 items pertaining to leadership and quality of exchange, 3 items pertaining to creativity, innovation, and risk-taking, 2 items pertaining to product and market knowledge, and 2 items pertaining to task management and responsibility. This variable contains the example "My employer encourages and supports my career development."

To measure "MC", we utilized the measuring items created and validated by Susanto et al. [5], consisting of a total of 4 items. In accordance with their research, we also evaluated a multidimensional construct of "SMU" comprising three dimensions: information search, marketing and branding, and customer relations. Each dimension was measured with two items, for a total of six items derived from Susanto et al. [5].

To assess "SME performance" (PER), we utilized the measurement items created by Susanto et al. [5], which consist of a total of six measures that are centered on efficiency, growth, and profitability.

As a result, a questionnaire with 25 questions was distributed. Prior to dissemination, we did a pilot test of the survey with a small sample of SME owner-managers to check that there were no phrasing, grammar, or readability errors. The pilot study included 30 managers or owners of SMEs, which is regarded as an appropriate quantity according to Hertzog [41] as the minimal criterion for a pilot study. No problems were discovered during the pilot research.

4. Results

4.1 Demographic Statistics

84 out of 90 surveys were returned, for a response rate of 93.3 percent. Eighty percent of the submitted surveys were useful, while the rest could not be utilized due to unanswered questions. Following the recommendations of Hair et al. [38], we are sure that our sample size and response rate are enough for conducting the analysis.

On the basis of a questionnaire given to SME owners and managers, the demographic characteristics of the respondents were identified. These statistics indicate that 56 percent of respondents are male and 44 percent are female. In addition, the ages of the respondents are as follows: 11% are between the ages of 25 and 34, 59% are between the ages of 35 and 44, 21% are between the ages of 45 and 54, and 9% are over the age of 54. Regarding marital status, 63% of respondents are married, while 27% are single. 35 percent of respondents own a bachelor's degree, 55 percent possess a master's degree, and 10 percent possess a doctorate.

In conclusion, the questionnaire issued to SME owners and managers found that the majority of respondents were male, between the ages of 35 and 44, married, and master's degree-educated. However, there was also significant participation from other age groups and educational backgrounds, showing the existence of a broad community of SME owners and managers.

4.2 Measurement Model Evaluation

In accordance with Hair et al. [39], we utilized SEM-PLS to develop a reflecting measurement model (algorithm) and a structural model (bootstrapping). The initial phase entails assessing the quality of measurement, which requires a review of validity and reliability measures to ensure that criteria are met. According to the measurement test and quality standards established by Hair et al. [39], it has been confirmed that each item has a loading factor greater than 0.70. We used the PLS-SEM algorithm to assess the measurement model's internal consistency (Cronbach's alpha, composite reliability), convergent validity (loading factors, average variance extracted), and discriminant validity (e.g., Fornell-Lacker Criterion and Heterotrait-Monotrait ratio/HTMT) in accordance with Hair et al.'s [39] recommendations.

Table 1 provides proof that the measuring model meets the necessary standards. Cronbach's alpha and composite reliability for each construct, which both surpass 0.70, indicate that the internal consistency is dependable. In addition, the average variance extracted (AVE) exceeds 0.50, indicating adequate convergent validity.

Table 1: the status of convergent validity and internal consistency reliability

Construct	AVE	CR	Cronbach's alpha
EC	0.574	0.892	0.866
MC	0.711	0.873	0.863
PER	0.573	0.872	0.840
SMU	0.717	0.926	0.921

Table 2 demonstrates that the square roots of the AVE values are bigger than the correlation between constructs in terms of discriminant validity. Further, Table 3 demonstrates that the HTMT ratio falls

below the crucial value of 0.90, suggesting that discriminant validity is obtained. These outcomes permitted us to proceed with the evaluation of the structural model.

Table 2: the status of discriminant validity (Fornell-Lacker criterion)

	EC	**MC**	**PER**	**SMU**
EC	*0.888*			
MC	0.856	*0.843*		
PER	0.850	0.818	*0.857*	
SMU	0.743	0.800	0.841	*0.847*

Note: The correlation of the latent construct is lower than the square roots of the AVE values (italicized).

Table 3: the status of discriminant validity (Heterotrait-Monotrait ratio (HTMT))

	EC	**MC**	**PER**	**SMU**
EC	-			
MC	0.824	-		
PER	0.873	0.861	-	
SMU	0.765	0.855	0.884	-

4.3 Structural Model Evaluation

According to Hair et al. [39], the evaluation of the structural model consists of a set of consecutive processes. Among these are measuring collinearity, identifying the significance of route coefficients, calculating the R-squared value (R2), and checking predictive significance (Q2). Prior to doing the study, it is essential to test for collinearity using variance inflation factor (VIF) values. The findings of the internal VIF suggest that each construct (EC, MC, and SMU) has a value less than 3 (EC = 2.23, MC = 1.000, and SMU = 2.33), showing that collinearity is not a concern [39].

The coefficient of determination (R^2) reflects the predictive accuracy of MCs (0.845) and SME performance (0.897), which both exhibit high levels of accuracy, while SMU (0.552) demonstrates moderate levels of accuracy. According to [39] and [42], R^2 values of 0.19, 0.33, and 0.67 imply weak, moderate, and strong levels of in-sample predictive power [43]. Our blindfold tests utilizing the cross-validated redundancy method [39] indicated Q^2 values for exogenous constructs (EC) to be greater than zero, suggesting their predictive validity for endogenous constructs (SME performance and MC).

These outcomes suggest that the structural model evaluation requirements have been satisfied. We utilized PLS-SEM bootstrapping with a subsample of 5,000 and used bias-corrected accelerated (BCa) bootstrapping and two-tailed to determine path coefficient significance. We established a significance criterion of 5 percent with a p-value less than or equal to 0.05. The path coefficients can be classified as direct or indirect (mediation) coefficients, which are reported in Table 4.

Figure 2 displays the coefficients and t-values of the model's relationships.

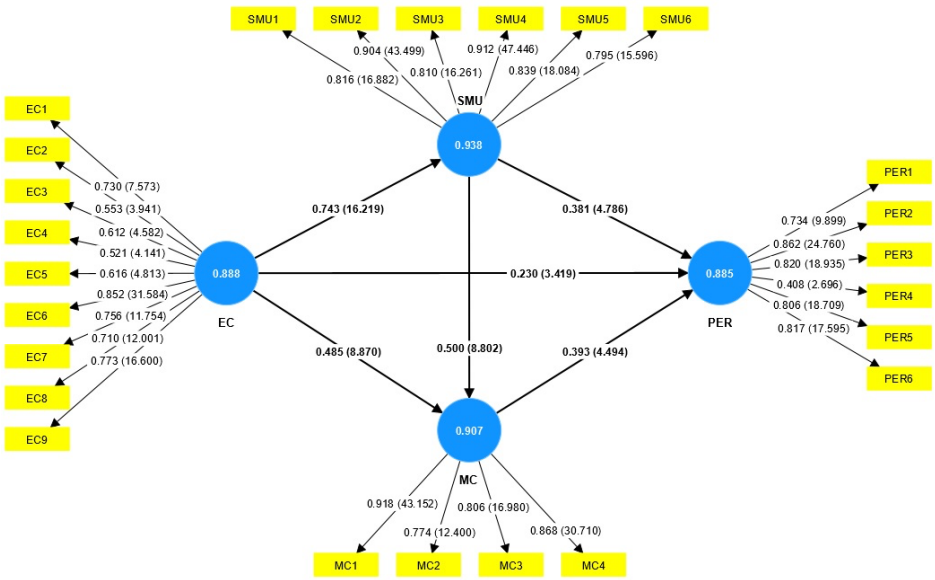

Figure 2: Result of the structural model including path coefficients (t-values)

Table 4: Results for direct effects, mediating effect

Hypotheses	Relationships	β	STDEV	t-value	p-values	Decisions
H1	EC → PER	0.230	0.067	3.419	0.001	Supported
H2	EC → SMU	0.743	0.046	16.219	0.000	Supported
H3	SMU → PER	0.381	0.080	4.786	0.000	Supported
H4	EC → SMU → PER	0.283	0.059	4.779	0.000	Supported
H5	EC → MC	0.485	0.055	8.870	0.000	Supported
H6	MC → PER	0.393	0.088	4.494	0.000	Supported
H7	SMU → MC	0.500	0.057	8.802	0.000	Supported
H8	EC → MC → PER	0.191	0.056	3.418	0.001	Supported

5. Discussion

The study suggests that the presence of an EC can have a significant and positive effect on the performance of SMEs. The statistical analysis demonstrates that the hypothesis H1 is supported, as evidenced by the statistically significant effect size (β = 0.230, p-value = 0.001). This means that SMEs with a greater degree of EC will likely do better. The study underlines the positive impact of EC on the success of SMEs, which may be promoted through a set of values, beliefs, attitudes, and behaviors that encourage innovation, risk-taking, and proactive decision-making. As SMEs are viewed as economic development, job creation, and innovation engines, this conclusion is especially crucial for policymakers, entrepreneurs, and researchers. Thus, organizations should seek to foster an environment that supports innovation and risk-taking, as well as provide the resources necessary to pursue new ideas. In addition to providing financial help, policymakers can assist SMEs by fostering an entrepreneurial mindset. Overall, EC contributes to improved organizational performance, which fosters economic expansion and innovation. This finding is similar to prior research, such as those of [44], [45], and [10], which discovered that businesses with high entrepreneurial behavior are likely to enjoy more success. In addition, this study contradicts previous studies, which revealed only a moderate association between EC and firm performance ([46, 47]).

The study demonstrates that hypothesis H2 is supported, as EC has a significant and positive effect on SMU (β = 0.743, p-value = 0.000). This result suggests that an increase in EC will likely result in a wider SMU for business purposes. Additionally, Amoah et al. [48] have investigated the SMU for business reasons. With an estimated effect size of β = 0.743 and a statistically significant p-value of 0.000, the finding implies that there is a strong association between EC and SMU. This suggests that

individuals or firms with a better entrepreneurial spirit are more likely to use SMU platforms for marketing, networking, and consumer communication. The study also underlines the significance of developing an EC in the digital age in order to capitalize on the potential benefits of SMU. This research provides organizations and governments with useful insights to consider when building policies to promote innovation, growth, and engagement via social media channels.

It has been determined that hypothesis H3 is supported since SME performance is positively affected by SMU ($\beta = 0.0381$, p-value = 0.000). This result is consistent with earlier studies that have proved the significance of social media in increasing the marketing efforts and consumer involvement of businesses. By exploiting social media channels to communicate with customers and advertise their products or services, SME performance and market competitiveness can potentially be enhanced. These findings emphasize the need for SMEs to incorporate social media strategies into their business planning in order to fully enjoy the benefits of these communication channels. It is essential to remember, however, that effective SMU necessitates careful planning and execution, as well as continuous evaluation of its impact on business outcomes. Several past studies have corroborated the positive effects of SMU on the performance of businesses, as have our findings. In particular, [5], [49, 50], and [51, 52] have shown comparable outcomes. In addition, Amoah et al. [48] have backed this view by acknowledging that corporations have been utilizing social media to conduct specific operations.

Table 4 confirms that EC has a favorable indirect influence on SME performance via SMU ($\beta = 0.283$, p-value = 0.000). The result that EC has a positive indirect effect on the performance of SMEs through the SMU underscores the significance of fostering a strong, innovative, and risk-taking culture in SMEs. Such an EC encourages people to take risks, be innovative, and investigate new business ideas. This may result in greater SMU channels for brand promotion and customer outreach. SMU can improve the exposure and reach of SMEs, which has a positive effect on their financial success. Therefore, entrepreneurs should seek to cultivate a culture that fosters innovation and risk-taking while embracing social media platforms to improve the performance of their SME.

The supported hypothesis H5 suggests an association between EC and MC ($\beta = 0.485$, p-value = 0.000). This conclusion emphasizes the significance of developing a culture of innovation and risk-taking in SMEs. When SMEs encourage employees to think creatively, take risks, and investigate new business models, they are more likely to develop robust MCs. This allows them to effectively identify their target market, craft a persuasive message, and design customer-resonating promotional techniques. Entrepreneurs should attempt to construct a culture that supports creativity, innovation, and risk-taking while investing in developing excellent MCs. This can ultimately result in an increase in consumer engagement, brand recognition, and financial performance for the SME.

By accepting hypothesis H6, it was determined that MCs are positively related to SME performance ($\beta = 0.393$, p-value = 0.000). This discovery is a significant advance in our understanding of what makes SMEs successful. This shows that SMEs that invest in enhancing their MCs will likely perform better than those that do not. This is consistent with prior studies that have shown how good marketing tactics may assist organizations in achieving their objectives and gaining a competitive advantage in their respective marketplaces. This conclusion emphasizes the need for SMEs to prioritize and invest in the development of their MCs in order to improve their overall success. Multiple studies have investigated how the MCs of a company or manager can facilitate the appraisal of market needs and the achievement of both financial and non-financial goals ([53, 54]; [33]). Khan et al. [37], who examined the effects of COVID-19, and our own findings are consistent. In addition, the positive influence of MCs on SME performance gives additional support for prior studies, such as [5], [33], [35, 36], and [53] among others.

According to Table 4, hypothesis H7 is supported since SMU is positively linked with MC ($\beta = 0.50$, p = 0.000). The result that SMU is positively linked with MC is not surprising. With the rising significance of social media platforms in the digital age of today, it has become essential for businesses to develop a strong online presence and utilize social media platforms for marketing reasons. When businesses actively connect with customers on social media, not only can they enhance brand exposure, but they may also get vital insights about customer preferences and behavior. This allows businesses to better customize their marketing tactics and offers to their target audience's requirements and expectations. Therefore, it is essential for businesses to cultivate their social media community managers in order to

remain competitive in the market and promote development. This conclusion is consistent with those of [31] and [5], who found that marketing via social media platforms attracted more attention.

Finally, hypothesis H8 results show that EC has an indirect positive effect on SMEs' performance through MC ($\beta = 0.191$, p-value = 0.001). This discovery provides a fresh perspective on how MCs mediation impacts the relationship between EC and SME performance, thereby enriching the research findings of previous studies such as [55-57], [14], and [5]. This finding highlights the importance of nurturing a culture of entrepreneurship in SMEs. The study suggests that firms with a strong EC are better equipped to develop effective MCs, which in turn leads to improved business performance. This indicates that investing in developing an entrepreneurial mindset among employees and fostering a culture of innovation can yield significant benefits for SMEs. By recognizing the mediating role of MCs, policymakers and managers can focus on building a robust marketing function within their organizations and provide opportunities for employees to enhance their entrepreneurial skills. Overall, this finding underscores the need for SMEs to prioritize the development of an EC as a critical foundation for achieving sustained growth and success.

6. Conclusion

SEM-PLS was utilized to analyze the association between EC and the performance of Iranian SMEs. The study also considered the mediating effects of MC and SMU. The primary result of this study is that the European Union has a positive effect on the performance of Iran's SMEs. In addition, the SMU and MC impact the interaction between the two as intermediary factors.

SMEs that develop an atmosphere that supports innovation, risk-taking, and creativity are more likely to achieve greater levels of company success, according to the research. In addition, this study emphasizes the significance of social media and management communication in mediating the link between an EC and SME performance. By effectively utilizing social media platforms and implementing effective marketing strategies, SMEs can increase their reach and visibility, attract new customers, and ultimately improve their bottom line. These findings have important implications for policymakers and business leaders in Iran. Not only can encouraging the growth and development of entrepreneurship assist individual enterprises, but it may also contribute to the economic growth and development of the nation as a whole. Governments can support this by providing funding and resources for entrepreneurial training programs and incentives for starting small businesses.

For SME owners and managers, this research underscores the need to focus not only on product or service quality but also on creating a supportive environment that fosters innovation and creativity. Additionally, investing in MCs and building a strong online presence can be crucial for achieving long-term success. This study contributes to the expanding body of knowledge regarding the importance of entrepreneurship and innovation for economic progress and growth. By understanding the factors that facilitate SME success, policymakers and business leaders can make informed decisions that promote sustainable business growth and create a thriving economy.

Overall, this study indicates that SMEs should concentrate on enhancing their MCs and social media abilities in order to boost sales, profitability, and sustainability. Social media may give real-time market intelligence, enabling proactive analysis and the implementation of suitable measures to establish customer connections and enhance corporate performance. Additionally, it might be advantageous to encourage entrepreneurs to create company concepts and provide social marketing training to those who lack the necessary abilities. Social media networks such as Facebook, Twitter, and Instagram may connect clients and expedite business transactions, particularly when paired with a home delivery service, due to the prevalence and widespread usage of smartphones and Internet-based applications. Therefore, SMU and MC are crucial for both consumer connections and commercial transactions.

According to the results of this study, here are some practical recommendations for SMEs in Iran to improve their performance:

- Foster an EC: It is important for SMEs to cultivate a culture that encourages innovation, risk-taking, and creativity. This can be achieved by promoting a work environment that values ideas and encourages employees to take initiative.
- Improve social media presence: Since SMU and MCs serve as intermediate variables between an EC and a SME's success, it is suggested that SMEs concentrate on enhancing their social media presence and MCs. They can do this by creating engaging content, using relevant hashtags, collaborating with influencers, and analyzing their metrics to determine what works best.
- Ensure work-life balance: It is essential for small business owners to consider their own and their workers' health. This can be done by establishing clear boundaries between work and personal life and providing flexible working arrangements.
- Seek policy support: SMEs can benefit from policy support that provides them with access to resources and facilitates their growth. Therefore, it is recommended that SME owners seek out policies and initiatives that support the development of SMEs in Iran.

Future research recommendations are as follows:

- Consider niche categories: Future study can investigate particular elements, such as cost issues, that may be critical to the sustainability of each SME group. In order to make decisions that will contribute to their company's growth and long-term viability, SME owners need conduct research and gain a thorough awareness of their industry's distinctive qualities.
- Longitudinal design testing: Since the current study is based on cross-sectional data, it is suggested that future research employ a longitudinal design to examine the mode. This will result in a more accurate grasp of the model's genuine dynamic effects.
- Compare and contrast emerging markets: The market in Iran is the topic of this investigation. However, future research may concentrate on other emerging areas in order to simplify the comparison and contrast of SME behavior in these markets. This will enable SME owners to acquire insight into the methods that worked for their competitors in other marketplaces and adopt them within their own enterprises.

Contribution of Researchers

All researchers have contributed equally to writing this paper.

Conflicts of Interest

The authors declare no conflict of interest.

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