



# Opportunities and Challenges for The Role of Social Media to Foster Small Business Development in Bangladesh

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**Abstract:** The use of social media is becoming a game changer in promoting small and medium sized enterprises (SMEs) in Bangladesh. As internet connects more people and so comes the increasingly common platforms like Facebook, Instagram SMEs also have made a shift towards digital channels where they can market their products, communicate with its customers in real time and generate name for themselves. The aim of this paper is to examine how the use of social networks can promote growth in young or female entrepreneurship and lead to business successes. It only talks about the benefits of low-cost marketing channels 1; communication mechanisms 2; payment systems 3; and funding resources such as crowd funding, etc. It then examines the main problems that have an impact on SMEs, including digital skills shortages, vendor lock-ins, internet access disparities, and cyber security vulnerabilities. This work aims to underline the importance of a more thorough research and identification of suitable, effective alternatives, as demonstrated by literature review and some successful examples in Bangladesh.

responses to targeted policy interventions, digital skills training initiatives, and better digital infrastructure to support sustainable development. Findings: Results support social media can be an important tool in the context of inclusive economic development and inclusive capitalism for SMEs if proper supports are provided in Bangladesh.

**Keywords:** Social media · SMEs · Bangladesh · Digital marketing · Entrepreneurship

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## I. Introduction

In the modern digital era that we find ourselves in, social media is virtually ubiquitous and is a critical aspect of communication, marketing, and growing your business [1,2]. In particular, platforms like social media are providing small and medium-sized enterprises (SMEs) in developing countries, such as Bangladesh, with low-cost alternatives for advertising their products, marketing to consumers, and enhancing brand perception [3,4]. New-media platforms such as Facebook, Instagram, and WhatsApp have enabled SMEs to reach out directly to potential customers and adapt their offerings more quickly to market trend shifts; at the same time, they have helped expand the range of services delivered by SMEs [5,6].

In Bangladesh, the number of people interested in using the internet is increasing daily, and many now want to learn more about how social media can be used for business promotions [7]. By the same token, most of this venturing is done by women and young entrepreneurs who take advantage of these platforms to start and grow home businesses with very little capital [8,9]. Via social media, apart from being a part of the marketing horizons, it has also been one of the side opportunities for money transactions, networking, and exploration [10].

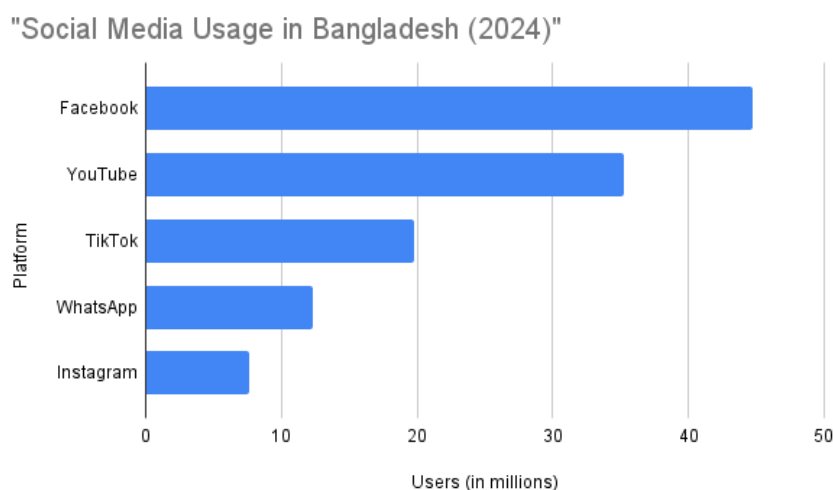
Despite its potential, social media is not without its challenges. SMEs are quite familiar with challenges such as low digital literacy, being restricted to a few platforms, facing cyber threats, and experiencing uneven access to the internet [11,12]. These trends present real opportunities and pose significant challenges that, if effectively addressed by nations, will enable them to make the best use of social media to promote entrepreneurship and achieve inclusive economic growth [13,14].

The purpose of this paper is to analyze the use of social media for the promotion and development of SMEs in Bangladesh. The article explains how entrepreneurs can effectively utilize different platforms to attract

customers, the challenges they face in this field, and the solutions to help them remain profitable through digital marketing [15,16].

## II. Literature Review

As one study has found, social media has assisted small and medium-sized enterprises (SMEs) in Bangladesh to grow and become modern [17]. and the study also agree that Facebook, Instagram, and YouTube websites provide SME owners with inexpensive marketing tools that can be utilised by all users, particularly by women and youth [18]. In this manner, they will be able to serve more customers and develop their businesses.



**Figure 1:** Social media use 2024 (Billions of dollars)

Social media users in Bangladesh are growing at a rapid rate, particularly those who are young and those who are doing businesses. As illustrated in **Figure 1**, Facebook (44.7 million), YouTube (35.2 million), and TikTok (19.8million) are listed as the three most preferred platforms among Irish people [3]. Due to the many people on such sites, social media has emerged as one of the most favored locations to communicate to customers and market products. Facebook is also being used to promote small businesses at a low cost, get a response fast to the customers and establish an online store [19] The increase in usage is related to the broader shift by customers toward digital shopping which presents them with new opportunities as well as new challenges to small companies in Bangladesh. The study does not count the experiences of having a preexisting condition or experiences of staffing served as works. Works in the study are not counted as the concomitant effect of having an existing condition [20]. A survey indicates that Social Media eased the process and efforts of the young female entrepreneurs to market their goods and services which is helping them through barriers formerly held in Bangladesh [21]. The online proficiency has increased the number of women venturing into businesses. According to [22], the person is presented with numerous ways of speaking which is further supported by their differentiation in terms of male and female. The other way social media is beneficial to small businesses is, it accelerates innovation. Since entrepreneurs can communicate with customers, obtain feedback, and alter their products or services easily, they will be able to accommodate the market needs more quickly [23]. This real-time interaction is a competitive advantage among the startups and small- to medium-sized companies (SMEs). The social media promotes peer learning. Entrepreneurs are able to absorb new technology skills by participating in digital communities [24] These networks expose the owners of businesses to the resources, partners and support that takes their businesses to the next level. The other advantage is branding. This can stimulate a brand image and long-term customer loyalty by continuously being involved with customers on social media [25]. The social media systems and mobile financial services are now able to benefit to ease the transactions. SMEs are able to categories orders and to sell without friction, owing to digital payments. This holds the key to the development of e-commerce in Bangladesh [26]. In Bangladesh, small enterprises are attempting an innovative way of finance. Increasingly, SMEs look to crowdfunding: raising funds by using the donation of numerous people. Social media is the key platform where such campaigns can be conducted, and that allows SMEs to connect to broader networks [27]

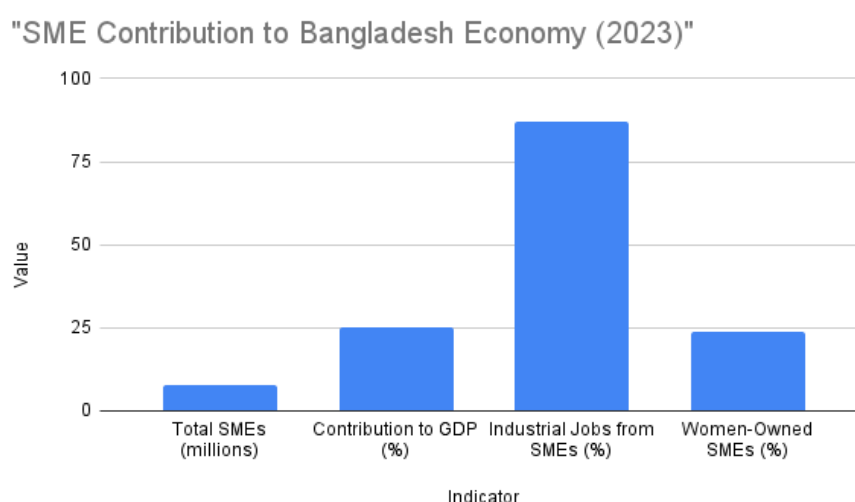
Nevertheless, there are certain issues left. Any slower pace in the gradual expansion of digital businesses may exist because of skills mismatch with digital skills, platform lock-ins, and increased competition [28].

### III.Key Discussion Analysis

Social Media helps Bangladeshi SMEs to Modernize Business Entrepreneurs have embraced the technology and due to the sharing economy, online marketplaces (including Facebook, Instagram, and WhatsApp) play a vital role in the promotion of their products and customer communications [29]. Social Media has major advantages to small business owners including its low cost marketing. Traditional advertisement may prove to be costly and beyond reach of many, particularly business people operating in rural areas and at homes. Social media allows one to reach particular targets without having to spend large amounts of money. It is unrestricted or inexpensive and is essential in developing an audience [30]. It is also possible to engage in live communication between the business owner and the customers using social media. It assists the founders in learning the desires of the customers, acquiring feedback, and developing long-time relationships in the process. In Bangladesh, many SMEs use their Facebook pages and groups to launch new products, receive orders, and offer instant responses to the questions [31]. Social media has assisted the female entrepreneurs very well. It is adopted by many home-based business women so that they can reach customers and at the same time perform their household duties. The said application of social media has not only garnered women financial freedom, but also stimulated at large economic development in the nation [32]

#### 3.1 Why are SMEs important to Bangladesh Economy?

The reason why small and medium-sized enterprises (SMEs) are important in national development is that they provide employment and contribute towards the enhancement of economic output.



**Figure 2:**Key indicators of SME contribution to the Bangladeshi economy (Source: SME Foundation, 2023)

According to **figure 2** The SME Foundation (2023), SMEs contribute to approximately 25 per cent of the GDP of Bangladesh and contribute more than 87 per cent of the industrial employment. The country has roughly 78 lakh SMEs. The participation of women in the business set up and expansion exhibits significant disparities between men and women with only 24 percent of SMEs owned by women in Bangladesh. Social media and other digital platforms have potential to give additional opportunities to women to open home-based businesses and scale them. Women can be informed about digital tools and given access to financial services in programmes that can help with this inclusive growth.

SMEs continue to encounter huge challenges. Digital literacy is one of such challenges: not all business owners are well-versed in the application of social media. Such proprietors are also challenged in writing persuasive texts, interpreting statistics about customers and making sure that their businesses are never attacked by cybercriminals [34].

Dependency on platforms is another issue. When SMEs are relying on a single or two social networks- such as Facebook- any update to the algorithms or policies can reduce their reach and earnings. It is essential to expand on online marketing channels to facilitate sustainable development in the long term [35]. Social media is congested and its noise to differentiate. Most businessmen do their online postings with the hope of gaining as well as retaining clientele. As Akter (2025) and Rashid et al. The connection of mobile money with social media of high popularity has enabled more people to be able to pay and receive payments in a shorter time frame. Customers in the digital payment system feel more confident about the services. This means that it does not have to use cash anymore [36].

Increasingly, crowdfunding is being driven through social media. Through this means, Bangladeshi businesspersons obtain money as an alternative to the conventional bank lending [37]

In general, social media has transformed the advertisement sector of small and medium-sized businesses, by reducing the expenditure, gaining a bigger audience and retaining customers. To ensure that such benefits are actualized, policymakers and other stakeholders ought to be concerned with digital skills training, better infrastructure development, and programming support [38].

### **3.2 Social media branding presents a challenge for small and medium-sized enterprises (SMEs).**

Social media has the capacity to assist entrepreneurs in Bangladesh although most business people do not embrace it. The motives are evident, as well as the advantages.

First Digital skills are poor. The majority of small and medium-sized enterprise (SME) owners are unable to develop the contents that are eye-catching, read information about online customers, conduct targeted advertisements, and employ search-engine optimization (SEO). Lack of this training restricts developments [39]. Second What is on the big platforms is regulated. It is not always that the Facebook or Instagram feed is depended upon by many business owners. When such sites alter their policies, the visibility declines, and so does the customer interaction [40].

Third The competition is mounting very rapidly. A greater number of small businesses are entering social media and it is difficult to get paying clients. In order to remain competitive SMEs experiment with new things, enhance customer experience and increase digital marketing [41].

Fourth Connectivity in the internet is poor. Low quality service/ service in rural or semi-urban places delays the responses of customers and it is difficult to update goods and transactions online (SME Foundation, 2023).

In spite of these challenges, social media has potent advantages :

It is quick and cheap in reaching large number of people. It assists in brand and customer relationships development. It is an applicable method of trying out new ideas. It assists detecting new suppliers and partners. Using a site, an SME is able to manage its internet appearance.

Due to these reasons, social media is a concern of the Bangladeshi entrepreneur. All they have to do is to overcome these problems that keep them at bay. It is critical to maintain low cyber threats. The fact is that most small business owners mistakenly make these errors and therefore render their companies an easy target to phishing attack, scams, loss of data, and financial fraud. Such mistakes destroy customer confidence and are particularly toxic to small-scale ventures with little brand perceptions, as described [42]

They can be assisted by governments, non-governmental organizations (NGOs) and training institutions. Due to digital education programs, the modernization of the internet infrastructure, and even awareness training of cybersecurity, these businesses will be able to utilize social media more rationally to promote long-term prosperity, as demonstrated [43]

## **IV. Conclusions and Recommendations**

The small and medium-size enterprises (SMEs) in Bangladesh have been fortunate to have social media. The use of social media has enabled the enormous expansion of entrepreneurship in both metropolitan and rural regions of the country as it has lowered the barriers to entry and offered convenient marketing channels, which enable businesspersons, particularly women and youths, to start and expand their organizations. The introduction of social media marketing that goes hand in hand with creative financing such as Mobile Financial Service (MFS) and wholesale supply chain financing is most likely to ensure that SMEs succeed in a thriving digital economy.

The number of benefits social media has is very great, yet its potential is caged in by a lot of serious challenges. The fact that entrepreneurs are digital illiterate makes them unable to create effective content and monitor strategies through analytics. By only relying on a few major players in the social media world, businesses face the risk of algorithm or policy shifts of those players, and in both cases, the situation may change dramatically in relation to their level of security and customer satisfaction. Some of the challenges have included infrastructure shortages, of which even up to today, leaves a huge section of the country with inadequate or no internet coverage at all which limits the accessibility of businesses to the digital economy as well as their engagement therein. There is also the announced grievance by the small businesses when it comes to security, and the perpetual tight insurance of an advertising budget inhibits them against the full expression of social media.

Devising a more accessible and sustainable development model by coming out of these issues is going to require the hard work of cooperation by all involved parties. The first on the list should be the development of broadband internet infrastructure, especially in the poor rural areas, but done digitally. Development and training ought to be oriented in helping entrepreneurs produce content, sell online, and go online. Business support organizations and finance entities, especially can help speed up the process by providing improved financing opportunities and stimulus to invest in digital tools and platforms. It is also necessary that SMEs

should diversify more by using other digital channels on the bigger social media networks to ensure that their marketing solutions are not exposed to the risk of platform dependence. Considering all these, I would like to remind you about the significance of best practices and adequacy in security so that confidence could be created and as well as businesses and consumers could be safeguarded against cyber threats.

All this makes social media a very valuable tool that can be utilized to boost development of the SME sector in Bangladesh, but only when considered in its entirety, alongside the development of infrastructure, capacity building, financial means, and the overall will and change in policy. When these actions are put into practice appropriately, SMEs will manage to take advantage of digitalization to grow their services, add more clients, inject their competitiveness, stabilize their peers, and contribute immensely to the economic agenda and social inclusion of the country.

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