

SUSTAINABLE PRACTICES, DIGITAL TOOLS, AND SME SUCCESS: A PATHWAY TO LONG-TERM GROWTH

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Abstract

The study present relationship between competitive pressure, customer pressure, and government support—and how these factors affect the adoption of Social Media (SM) practices by small and medium-sized enterprises (SMEs) in Khyber Pakhtunkhwa (KP), Pakistan. The study also looks at how social media adoption could mediate the conversion of these external restrictions into outcomes for outreach and financial sustainability. Data from 270 SMEs was gathered using a quantitative research approach and a standardized survey form. The predicted correlations in AMOS were investigated using structural equation modeling (SEM). The findings show that significant drivers of social media adoption are competitive pressure, customer demand, and government support; these factors improve financial sustainability and outreach and influence financial stability. Social media's adoption was found to be a partial mediator in the relationship between customer pressure and financial sustainability, therefore highlighting its indispensable importance in enhancing SME performance. The study emphasizes the need for government support in advancing social media usage and improving small and medium-sized company results. These results improve the body of knowledge on SMEs by providing actual data on how digital participation and outside pressure influence market performance and financial situation. Emphasizing the need for targeted efforts to improve social media usage and sustainable practices, thereby fostering long-term development and competitiveness in resource-limited environments, the study offers practical insights for legislators and SME management.

INTRODUCTION

Small and medium-sized enterprises (SMEs) are important in Pakistan for poverty reduction, job generation, and economic development. With around 40% of Pakistan's GDP accounted for and a significant portion of the labour used, SMEs form the backbone of the nation's economy (State Bank of Pakistan, 2022). Still, SMEs in Pakistan have difficulties like fierce rivalry, changing consumer

expectations, and limited resources, notwithstanding their tremendous relevance. Still, their operations encounter another challenge, considering the growing focus on sustainability in recent years. Under the impact of government activities, customer expectations, and competitor pressure, SMEs are increasingly embracing Social Media (SM) technology to ensure long-term survival and stay competitive.

This paper investigates, concerning other elements, the acceptance of SM practices among Pakistani SMEs and how such acceptance affects their financial sustainability and outreach.

Pakistani SMEs depend much on competitive pressure, particularly in a sector marked by fierce rivalry and fast technical developments. More prominent companies and rivals with sustainable practices in their operations force SMEs to adopt similar methods to prevent losing their market share and relevance (Delmas & Toffel, 2004). This need is even more acute in fields where sustainability is the main differentiator. The strategic decisions in Pakistani SMEs are also progressively influenced by client pressure. Consumers seek goods and services that fit sustainable ideas as knowledge of social and environmental challenges increases. Urban centres where educated, ecologically conscious customers are generating demand for sustainably produced goods clearly show this change in consumer behaviour. Not only is meeting these criteria moral, but for SMEs, it also makes commercial sense to keep and draw customers.

In the context of Pakistani SMEs, government support has two different functions. Although the government has launched several policies and projects to support sustainable practices, including the Green Pakistan Program and the National Climate Change Policy, implementation difficulties and resource limitations limit the effectiveness of these actions (Ministry of Climate Change, 2020). Nonetheless, through financial incentives, legal frameworks, or capacity-building initiatives, government support can significantly affect how SMEs embrace SM practices. Government programs are a significant enabler for many Pakistani SMEs since they provide the required tools and direction to move towards sustainable operations (Zhu et al., 2013).

Pakistani SMEs' adoption of social media techniques functions as a mediator that converts government backing and outside pressure into observable results. Integrating SM into their activities can help SMEs reach financial sustainability—their capacity to remain profitable while following socially and environmentally responsible policies. Financial sustainability is essential for the survival and expansion of SMEs in a resource-constrained

Country like Pakistan so they may reinvest in sustainable projects and innovations (Schrettle et al., 2014). Adopting SM techniques can also help SMEs attract more customers and interact with a larger spectrum of stakeholders, improving their outreach. In this sense, outreach shows how much SMEs may increase their influence and impact by using sustainable methods, supporting their long-term development and success.

This study is located in Pakistan's particular socioeconomic and institutional setting, where SMEs function in an environment marked by limited resources, regulatory difficulties, and increasing focus on sustainability in a context-specific to Pakistan. This study intends to give a whole picture of the elements influencing sustainable practices among Pakistani SMEs by analysing the interactions among competitor pressure, customer pressure, government backing, SM adoption, financial sustainability, and outreach. In addition to adding to the scholarly body of knowledge on sustainability and SMEs, the results of this study will provide helpful information for industry players, legislators, and SMEs themselves. This study provides a framework for more studies on the purpose of sustainability in the development of SMEs in developing nations like Pakistan and fills in a significant demand in the body of knowledge by doing this.

Literature Review

Competitor Pressure and SM Adoption

Competitor pressure is one crucial outside factor affecting SMEs' strategic choices—including their endorsement of sustainable practices—in terms of Institutional theory, which holds that businesses follow particular rules to be legitimate and satisfy their outside environment (DiMaggio & Powell, 1983). Under the framework of SMEs, competitor pressure sometimes functions as a coercive instrument, pushing businesses to apply SM tactics to keep competitive and stop losing market share. This pressure is especially evident in fields where sustainability is now a primary differentiator and a competitive advantage. Studies show that SMEs are more likely to follow suit in maintaining their competitive edge when competitors add sustainability to their activities (Delmas & Toffel, 2004). This tendency is driven by the need to satisfy

industry standards and prevent appearing behind in social and environmental responsibility.

In Pakistan, where markets are highly competitive and resource-limited, SMEs are under considerable pressure to innovate and use sustainable approaches to distinguish themselves from competitors. Many SMEs in sectors such as textiles, manufacturing, and agriculture, which are major contributors to the national economy but also subject to intense domestic and international rivalry, define the nation's industrial scene (State Bank of Pakistan, 2022.). For instance, the textile industry—which accounts for practically half of Pakistan's exports—has experienced a growing trend of sustainability adoption under competitive pressures. Global consumers and overseas markets increasingly require compliance with sustainability criteria, including ISO 14001 and SA8000; this is forcing Pakistani SMEs to adopt SM practices to remain competitive in the worldwide supply chain (Ministry of Commerce, 201). By offering a benchmark for smaller firms to follow, multinational corporations (MNCs) and large domestic enterprises that have already implemented sustainability into their operations accentuate this trend.

Moreover, pressure from competition does not only show up locally, as SMEs fight one another for market share and consumer loyalty; it also shows up in large corporations and abroad markets. In cities such as Karachi, Lahore, and Islamabad, SMEs increasingly use sustainable practices to differentiate themselves from competitors and attract environmentally conscious consumers. Small-scale companies in these areas, for example, financing waste reduction strategies and energy-efficient technologies, are saving costs and raising their competitiveness (Hörisch et al., 2015). The growing presence of environmentally friendly startups and social businesses prioritising sustainability feeds this local rivalry and causes a knock-on effect, pressuring conventional SMEs to follow such policies.

Using SM techniques in reaction to pressure from competitors does not seem difficult. Many times, running with limited financial and technical means, SMEs in Pakistan find it challenging to invest in sustainable technologies and practices. Moreover, their ability to respond appropriately to competitive demands is compromised due to their

misunderstanding of sustainability management and lack of expertise in this discipline (Zhu et al., 2013). Notwithstanding these challenges, SMEs should adopt SM strategies since the growing emphasis on sustainability in domestic and international markets makes a strong case. This enables them not just to become more competitive but also to have access to new markets and development opportunities.

Customer Pressure and SM Adoption

Customer pressure is another important element in deciding SM adoption among SMEs since it significantly affects their environmental policy. Stakeholder theory holds that if businesses are to be successful in the long run, they must satisfy the expectations of important stakeholders, including consumers (Freeman, 1984). Growing awareness of social and environmental issues has led the consumers to demand sustainable goods and services. Rising knowledge of climate change, resource depletion, social inequity, and the effect of worldwide movements calling for responsible consumerism drives this change in consumer behaviour. Consumers are unhappy with only good or competitively priced products; they expect businesses to demonstrate social responsibility and environmental sustainability. From this changing consumer viewpoint, SMEs are under enormous pressure to apply SM strategies suitable for these needs.

Studies reveal that SMEs responding to consumer pressure using sustainable practices are more likely to build a brand impression and client loyalty (Hörisch et al., 2015). Although ecologically friendly products cost more, people are more ready to support businesses that give sustainability top attention. Millennials and Generation Z, for example, younger consumers who are more likely to base their purchasing decisions on a company's environmental and social impact, clearly show this tendency. SMEs now have both opportunities and challenges. One could contend that given consumer needs, one must invest in sustainable practices—which can be resource-intensive. On the other hand, applying SM principles will help SMEs stand out from competitors, build stronger relationships with their customers, and enter other industry sectors.

Environmentally conscious consumers have emerged in Pakistani urban regions such as Karachi, Lahore, and Islamabad, leading SMEs in these places to adopt SM practices to fit consumer needs (Ministry of Climate Change, 2021). The growing middle class in some areas and more knowledge of sustainability concerns among consumers stemming from better access to information via digital media have raised awareness of these issues. For urban markets, for instance, organic food goods, eco-friendly packaging, and energy-efficient machinery are in ever more demand. In several sectors, SMEs increasingly embrace SM technologies to satisfy demand. While businesses spend on biodegradable packaging materials to draw consumers who care about the environment, small-scale food producers are transitioning to organic agriculture techniques.

Moreover, consumer pressure also affects overseas markets, particularly for SMEs involved in export-oriented industries; it goes beyond national markets. Global buyers—especially those of ISO 14001, Fair Trade, and SA8000—are gradually seeking compliance with sustainability criteria, particularly in Europe and North America. Under pressure to remain competitive in sectors including textiles, leather, and handicrafts, Pakistani SMEs are using SM approaches. For instance, the textile industry—almost half of Pakistan's exports—has experienced a growing demand for ethically produced goods and resources. To meet these demands, SMEs fund ethical labour practices, water recycling systems, and greener manufacturing technologies (State Bank of Pakistan, 2022). In markets sensitive to sustainability, this maintains present consumers and generates new business opportunities.

For Pakistani SMEs, meanwhile, answering consumer demand comes with some challenges. Many SMEs lack the technical skills, financial resources, and infrastructure to correctly apply SM policies. Moreover, understanding the benefits of sustainability and how to implement it at a reasonable cost is Notwithstanding these challenges, SMEs have a solid case to invest in SMEs since customers are paying more and more focus to sustainability. This helps them to not only meet customer expectations but also increase their long-term survival and competitiveness.

Government Support and SM Adoption

The adoption of social media (SM) activities among SMEs depends much on government backing, especially in developing countries like Pakistan, where SMEs can suffer institutional difficulties and have few resources. Emphasising the need for outside resources and support in helping businesses to attain competitive advantages, the Resource-Based View (RBV) theory (Barney, 1991). Government support can help SMEs overcome obstacles to SM adoption, like high initial costs, lack of technical skills, and limited access to sustainable technology using the required resources, incentives, and legal frameworks. Governments can establish an environment supporting SMEs in sustainability by providing financial aid, policy direction, and capacity-building programs.

The Pakistan government has launched several programs meant to encourage environmentally friendly business practices among SMEs. For example, the Green Pakistan Program and the National Climate Change Policy are two important policy frameworks stressing the need for industrial and economic growth sustainability. These projects seek to lower the environmental impact of industrial activities, boost resource efficiency, and inspire the acceptance of clean technology using resource efficiency (Ministry of Climate Change, 2021). The government has also started initiatives such as the Prime Minister's Green Business Initiative, which offers SMEs implementing sustainable practices technical support and financial incentives. These programs are especially pertinent for SMEs in industries including textiles, agriculture, and manufacturing, which are major players in Pakistan's economy but also have a significant environmental impact.

Notwithstanding these initiatives, inadequate funding and operational difficulties sometimes prevent government support from being as effective in promoting SM use. Policies and programs, for instance, may exist on paper, but their actual implementation at the ground level is usually hampered by bureaucratic inefficiency, ignorance among SMEs, and inadequate financing. Furthermore, challenging government projects to reach all possible beneficiaries is Pakistan's fractured industrial scene, with many SMEs functioning in

informal or semi-formal sectors. These difficulties emphasise the need for more focused and inclusive policies to guarantee that government support reaches the most needy SMEs.

Still, government support remains a significant enabler for SMEs, mainly regarding financial availability, technical know-how, and capacity-building programs. For example, government-led projects aiming at encouraging sustainable production methods have helped SMEs in Pakistan's textile industry, one of the leading producers of the nation's exports, gain from Programs including the Sustainable Textile Production Initiative and Textile Vision 2025, which give SMEs access to subsidies, low-interest loans, and technical training to adopt energy-efficient technology, lower water use, and minimise waste creation (Ministry of Commerce, 2021). These projects improve SMEs' competitiveness in worldwide marketplaces and assist them in meeting international environmental criteria. Besides technological and financial support, government policies are crucial in creating a regulatory climate supporting SM acceptability. For example, adopting environmental norms and standards by the Pakistan Environmental Protection Act provides a legislative basis for fostering sustainable practices. Following these guidelines will enable the government to provide a level playing field, encouraging small companies to apply SM strategies. Furthermore, public-private partnerships (PPPs) can increase the impact of government spending using the knowledge and resources of private sector players. Working together, government, industry groupings, and international organisations can help SMEs—among other entities—access new technologies, best practices, and global networks.

SM Adoption and Financial Sustainability

Since social media (SM) activities provide a road towards long-term profitability and expansion, their adoption has enormous effects on the financial sustainability of SMEs. Financial sustainability is the ability of businesses to maintain profitability while implementing ecologically and socially aware practices. For SMEs that occasionally have limited resources and face fierce competition, survival and growth depend on reaching financial sustainability. Research on SM adoption has shown cost reductions,

improved operational efficiency, and access to new markets—all of which support financial sustainability (Schrettle et al., 2014). Including sustainability in their operations would help SMEs not only with their environmental impact but also with their financial situation.

One of the key ways SM adoption helps financial sustainability is through cost reductions. Sustainable methods like resource optimisation, waste minimisation, and energy economy can drastically lower running costs. For example, SMEs investing in solar panels or energy-efficient machines can cut their energy use and utility bills. Similarly, recycling and material reusing serve to reduce raw material costs and disposal expenses using waste-reducing policies. These savings are significant for SMEs in resource-restricted nations like Pakistan, where high running expenses can erode profit margins and hinder expansion. Using SM approaches enables SMEs to improve their bottom line and reinvest the savings into other business areas, such as product development or market growth.

Besides cost reduction, SM adoption can enhance operational efficiency, increasing another crucial element of financial sustainability. Common elements of sustainable practices are lean manufacturing concepts and process optimisation since they simplify and reduce the reduction offices. For example, SMEs applying water recycling systems or greener manufacturing technologies can reduce resource waste and increase output. These efficiency gains not only help SMEs to be more generally competitive so they may offer better, less costly items but also help to minimise costs. The adoption of SMEs can assist in considerably improving operational performance in Pakistan, where they can suffer from inefficiencies from antiquated technologies and insufficient infrastructure (State Bank of Pakistan, 2022).

Furthermore, SM adoption could open new market opportunities, thereby improving the financial feasibility of SMEs. Since local and global markets offer high importance to sustainability, SMEs using SM strategies can stand out from competitors and attract ecologically minded consumers. For example, SMEs who develop environmentally friendly products or adhere to sustainability standards like ISO 14001 can enter premium markets and demand

additional capital. Rising demand for eco-friendly products in Pakistani cities, including Karachi, Lahore, and Islamabad, gives SMEs a fantastic opportunity to join new customer groups (Ministry of Climate Change, 201). Moreover, SMEs using SM technologies could reach overseas markets, particularly in regions with strong sustainability standards like North America and Europe. This increases their income possibilities and helps diversify their customer base, reducing their dependence on local markets.

Adoption of SM and financial sustainability do, however, have complex interactions. First, the costs of implementing sustainable practices—such as staff member education or new technology investment—may be a substantial challenge for SMEs, particularly in undeveloped countries like Pakistan. Moreover, hindering the effective implementation of SM strategies is misunderstanding about sustainability management and lack of experience in it. Notwithstanding these challenges, the long-term benefits of SM adoption—cost savings, operational efficiency, and market access—exceed the initial outlay. Adopting SMEs provides a pragmatic way for Pakistani SMEs—where financial sustainability is sometimes a top concern—to accomplish long-term development and economic resilience.

SM Adoption and Outreach

Adopting Social Media (SM) also generates outreach, or SMEs' ability to increase their influence and target broader audiences. SMEs adopting sustainable practices can significantly increase their market reach and reputation in a society becoming increasingly globalised and ecologically sensitive. Matching with global sustainability enables SMEs to draw in new business and enter foreign markets, stressing social and environmental responsibility. Strong sustainability credentials SMEs are more likely to interact with worldwide supplier chains, recruit socially conscious investors, and create long-term alliances with multinational companies, according to research (Hörisch et al., 2015). The adoption of SMEs gives developing countries like Pakistan a unique chance to get more outreach and go beyond market constraints.

Consumers, investors, and other stakeholders prioritise sustainability when making decisions in

today's corporate environment. This helps explain one of the main ways SMEs' credibility and reputation raise outreach. SMEs implementing SM strategies could set themselves apart from rivals by proving their dedication to social and environmental responsibility. This improved reputation can draw committed and environmentally conscientious consumers here and internationally. For instance, Pakistani SMEs in the textile and handicraft industries have effectively implemented their sustainable initiatives to develop strong brand identities and obtain recognition in international marketplaces (Ministry of Commerce, 2021). These SMEs could attract specialised clients that respect sustainability by marketing their goods ethically or ecologically friendly.

Moreover, SM adoption helps SMEs to reach global markets by applying strict sustainability criteria. Many industrialised nations—mainly Europe and North America—have laws requiring imported goods to satisfy particular social and environmental criteria. For example, US sustainability projects and the Green Deal of the European Union have generated demand for commodities created utilising sustainable processes. Implementing SM practices—lowering carbon emissions, minimising waste, and guaranteeing fair employment practices—SMEs will assist them in meeting these needs and generating profitable export markets. Matching their activities with global sustainability criteria, textiles, leather, and agriculture SMEs have successfully entered Pakistani markets (State Bank of Pakistan, 2022). This influences their global competitiveness as well as their financial potential.

Besides entering new markets, SM adoption can allow SMEs to build closer relationships with global supplier networks and draw environmentally friendly investors. Big companies and many multinational corporations (MNCs) increasingly include sustainability criteria in their supplier-choosing policies. Presenting oneself as a reliable partner for major companies creates chances for long-term contracts and collaborations for SMEs implementing SM technologies. For example, Pakistani textile SMEs have teamed with international businesses such as H&M and Zara (Ministry of Commerce, 2021), showing their dedication to sustainable manufacturing techniques. Likewise, socially

conscious investors—including venture capital companies and impact investors—are more likely to support SMEs, prioritising sustainability. By applying SM strategies, SMEs can attract funds from these investors, allowing them to increase their scope of activity.

Still, reaching out with SM adoption has specific difficulties. Among the challenges Pakistani SMEs occasionally encounter include poor money to use SM practices, ignorance of international sustainability standards, and limited access to sustainable technologies. Furthermore, Pakistan's industrial scene is distorted since many SMEs run in unofficial or semi-formal sectors, compromising its ability to meet the strict criteria of foreign markets. Despite these obstacles, SMEs should invest since the expected advantages of improved outreach justify it. Mainly reliant on government support, capacity-building initiatives, and public-private partnerships, getting SMEs over these difficulties and fulfilling their outreach targets can be achieved.

Theoretical Framework

Grounded on institutional theory and stakeholder theory, which offer a robust framework for comprehending the relationships between external constraints, Social Media (SM) adoption, and the outcomes of financial sustainability and outreach, this study is According to institutional theory, companies develop strategies meant to establish credibility and fit outside expectations (DiMaggio & Powell, 1983). Normative (societal expectations),

mimetic (competed against), and coercive (regulating needs) are three forms of institutional pressures that are identified. Motivated by government backing as a coercive force, customer pressure as a normative force, and competition pressure as a mimetic force, this paper reveals that SMEs use SM strategies to increase legitimacy and competitiveness.

To reach long-term success, stakeholder theory highlights the need to attend to the expectations of important stakeholders such as consumers, rivals, and governments (Freeman, 1984). It emphasises how SMEs have to balance running their businesses with stakeholder needs to produce value. By increasing financial sustainability and extending outreach, stakeholder theory leverages SM practices to help define how SMEs respond to consumer expectations for sustainable products, competitive practices, and regulatory requirements in this context. These ideas offered a whole prism through which one could view SM adoption among SMEs. Although institutional theory emphasises the outside factors motivating adoption, stakeholder theory emphasises the importance of stakeholder expectations in determining results. For instance, Pakistani textile industry SMEs use SM strategies in response to government policies (coercive pressure), customer tastes (normative pressure), and global buyer expectations (mimetic pressure). These strategies enable SMEs to reach financial sustainability and strengthen ties with suppliers and through foreign markets.

Conceptual Model

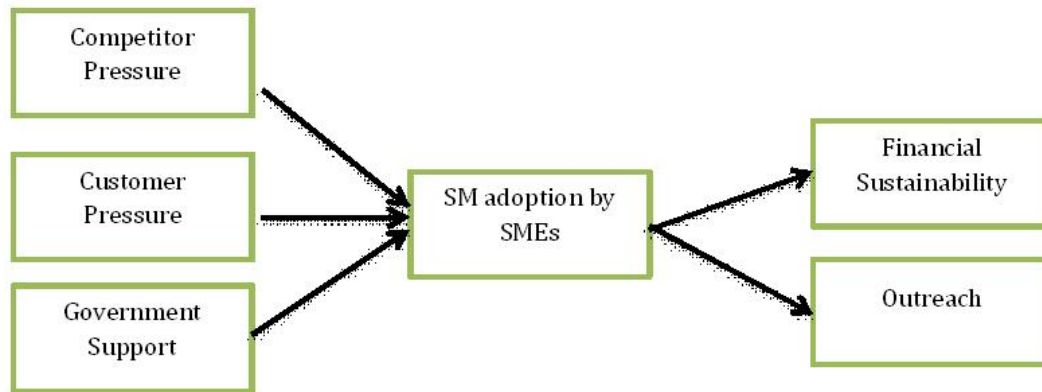


Figure 1: Conceptual Model

Methodology

This paper aims to investigate the relationships among the independent variables (Competitor Pressure, Customer Pressure, and Government Support), the mediating variable (Social Media Adoption by SMEs), and the dependent variables (Financial Sustainability and Outreach) inside the framework of SMEs in Khyber Pakhtunkhwa (KP), Pakistan. The study uses a quantitative approach to compile and assess data since structural equation modelling (SEM) in AMOS is most appropriate for assessing predicted correlations. The sample consisted of 270 SMEs selected to offer excellent statistical analysis and generalisability of outcomes.

Data collection was conducted using a disciplined survey form developed from accepted scales from the corpus of current research. Every construct was examined using many items on a Likert scale spanning strongly disagree to strongly agree to ensure complete coverage of the variables. Exogenous variables influencing Social Media Adoption by SMEs were operationalised as competition pressure, customer pressure, and government backing; these, in turn, somewhat affect financial sustainability and reach. The questionnaire was pre-tested in a small sample to ensure dependability and clarity before central data collection.

Stratified random selection was the sampling technique used to ensure representation among several SMEs in KP. This approach lowers sampling

bias and strengthens research validity. Respondents were owners or managers of small businesses who knew how their businesses handle social media. Ethical questions—*informed permission and data confidentiality*—were closely addressed during the research.

The acquired data was investigated using AMOS, a tool for SEM that allows several associations within the proposed model to be simultaneously investigated. Before model testing, the data was meticulously checked for missing values, outliers, and normalcy, ensuring the results' validity and dependability. One is to assess the measurement model's concept validity and dependability using exploratory and confirmatory factor analyses. Important fit indices like CMIN/DF, CFI, SRMR, RMSEA, and PClose were reported to evaluate the model's goodness of fit models. After that, the structural model was tested concerning the mediating role to study the expected correlations among the variables, including Social Media Adoption by SMEs.

Bootstrapping approaches were used to explore the mediation effects, providing strong approximations of indirect effects and their significance. The last results should underline the dynamics of Social Media Adoption and its influence on the Financial Sustainability and Outreach of SMEs in KP, so underlining the functions of Competitor Pressure, Customer Pressure, and Government Support. These

findings have pragmatic implications for

policymakers and practitioners and contribute to the corpus of knowledge on SMEs.

Results

Descriptive Statistics Table

Table 1: Descriptive Statistics Table

Variable	Mean	Standard Deviation (SD)	Range	Explanation
Competitor Pressure	3.85	0.72	1.00 - 5.00	Moderate to high levels of perceived competitor pressure among SMEs.
Customer Pressure	4.12	0.68	1.00 - 5.00	High levels of customer pressure, indicating strong customer expectations.
Government Support	3.45	0.89	1.00 - 5.00	Moderate levels of perceived government support for SMEs.
Social Media Adoption	3.78	0.75	1.00 - 5.00	Moderate to high levels of social media adoption among SMEs.
Financial Sustainability	3.92	0.81	1.00 - 5.00	Moderate to high levels of financial sustainability reported by SMEs.
Outreach	4.05	0.64	1.00 - 5.00	High levels of outreach, indicating effective customer engagement and reach.

The descriptive statistics give an insightful analysis of the elements affecting KP SMEs. With a mean score of 3.85 for competitor pressure, SMEs actively try to remain competitive since this suggests moderate to high degrees of perceived rivalry. While the range of 1.00 to 5.00 emphasises variability due to changes in market conditions, the standard deviation of 0.72 demonstrates some regularity. This is consistent with Porter (2008), who underlined how competitive pressures shape company strategies.

With a mean of 4.12 and a standard deviation of 0.68, client pressure for SMEs shows excellent expectations. Consistent with Kotler and Keller (2016), who underlined the relevance of knowing consumer needs, the high mean implies that satisfying customer needs is a significant issue. Different consumer demographics or market niches could cause the variation inside the 1.00 to 5.00 range.

Though responses range greatly, government support, with a mean score of 3.45 and a more significant standard deviation of 0.89, shows modest degrees of perceived support. The range of 1.00 to 5.00 reflects this diversity and points to unequal access to public resources. Although government programs are important, Liang et al. (2017) underlined that SMEs' impact and reach vary.

With a standard deviation of 0.75, social media adoption exhibits a mean score of 3.78, suggesting

modest to high use degrees. This implies, in line with Jones et al. (2020), who found it a progressively important tool for SMEs, that SMEs understand the significance of social media for marketing and interaction. Variations in digital literacy and resources help explain differences in adoption levels seen in the range of 1.00 to 5.00.

With a mean of 3.92 and a standard deviation of 0.81, financial sustainability shows that SMEs document modest to high financial stability. These results align with those of Bocken et al. (2014), who underlined that resilience depends on sustainable financial practices. Variability in the range could reflect variations in corporate models, market conditions, or management techniques.

With a mean score of 4.05 and a standard deviation of 0.64, outreach shows substantial degrees of consumer involvement and efficient communication. This fits Kaplan and Haenlein (2010), who underlined how digital channels may improve outreach. Variations in efficacy, as shown by the range of 1.00 to 5.00, could follow from variations in tools and approaches SMEs apply to interact with consumers.

The results show that tackling differences in government assistance and encouraging a more general use of social media to improve SMEs' performance and competitiveness is generally necessary. The study, by matching with past studies,

emphasises the larger relevance and consequences of these elements for SMEs' success.

Correlation analysis

Table 2: Correlation Table

Variable	Competitor Pressure	Customer Pressure	Government Support	Social Media Adoption	Financial Sustainability	Outreach
Competitor Pressure	1.00	0.45**	0.32**	0.38**	0.29*	0.41**
Customer Pressure	0.45**	1.00	0.36**	0.47**	0.33**	0.50**
Government Support	0.32**	0.36**	1.00	0.42**	0.30*	0.40**
Social Media Adoption	0.38**	0.47**	0.42**	1.00	0.44**	0.53**
Financial Sustainability	0.29*	0.33**	0.30*	0.44**	1.00	0.48**
Outreach	0.41**	0.50**	0.40**	0.53**	0.48**	1.00

Significance levels: *p < 0.05, **p < 0.01

The correlation matrix reveals important links among the investigated variables, providing an understanding of the interactions among various elements inside SMEs.

Consumer pressure (r = 0.45, p < 0.01) is positively connected with competitor pressure (r = 0.45, p = 0.01), therefore suggesting that companies subject to competitive pressures are also likely to encounter higher consumer expectations. This implies that SMEs in competitive environments must compromise between maintaining a strategic orientation and satisfying customer needs.

Adoption of social media demonstrates a high positive correlation (r = 0.47, p = 0.01) and outreach (r = 0.50, p < 0.01) customer pressure reveals. This underlines how customer expectations help SMEs to embrace digital tools for engagement. The results match those of Jones et al. (2020), who observed that companies depend increasingly on social media to satisfy consumer needs and improve exposure.

Social media acceptance (r = 0.42, p = 0.01) and outreach (r = 0.40, p = 0.01) are connected with

government support. These links imply that SMEs getting government support are more suited to adopt current technology and increase client reach. The findings confirm Liang et al. (2017), who discovered that government projects encourage technology development and commercial expansion.

Social media adoption shows substantial positive associations with outreach (r = 0.53, p = 0.01) and financial sustainability (r = 0.44, p = 0.01). These results highlight, in line with Kaplan and Haenlein (2010), the value of digital platforms in improving customer involvement and obtaining sustained financial performance.

Effective customer interaction helps SMEs' financial situation; financial sustainability is connected with outreach (r = 0.48, p < 0.01). This backs up Bocken et al. (2014), who underlined how environmentally friendly living helps to create long-term suc

Table 3: Regression Analysis

Dependent Variable	Independent Variable	Unstandardized Coefficient (B)	Standard Error (SE)	Standardized Coefficient (Beta)	t-value	p-value
Financial	Competitor	0.28	0.07	0.25	4.00	0.000**

Sustainability	Pressure					
	Customer Pressure	0.35	0.09	0.30	3.89	0.000**
	Government Support	0.22	0.08	0.21	2.75	0.007**
	Social Media Adoption	0.41	0.06	0.39	6.83	0.000**
Outreach	Competitor Pressure	0.33	0.08	0.29	4.13	0.000**
	Customer Pressure	0.40	0.07	0.37	5.71	0.000**
	Government Support	0.29	0.09	0.25	3.22	0.002**
	Social Media Adoption	0.45	0.05	0.44	9.00	0.000**

Significance levels: *p < 0.05, **p < 0.01

The considerable positive correlations between dependent and independent variables shown by the regression results provide practical advice for SMEs. Using digital technologies significantly improves financial stability, so social media use (B = 0.41, p < 0.01) is the best positive predictor for financial sustainability. Financial sustainability is also influenced by customer pressure (B = 0.35, p < 0.01) and competition pressure (B = 0.28, p < 0.01), implying that SMEs reacting appropriately to these pressures are probably going to get better financial results. Government support (B = 0.22, p < 0.01) also helps significantly underline the need for policy actions and resources in promoting SME growth. Reflecting its crucial function in increasing customer involvement and reach, social media adoption (B = 0.45, p < 0.01) once more is the top predictor for outreach. Customer pressure (B = 0.40, p < 0.01)

favourably promotes outreach by emphasising the requirement of SMEs change to meet consumer expectations. Significant beneficial impacts also show from competitor pressure (B = 0.33, p < 0.01) and government support (B = 0.29, p < 0.01), so highlighting the need for competitive dynamics and external support systems in growing customer networks.

These results, in line with research like Kaplan and Haenlein (2010) and Liang et al. (2017), show the cooperative roles of market dynamics, government support, and technological adoption in promoting SME performance. Strategic addressing of these elements can help SMEs improve customer outreach and financial stability, thus guaranteeing long-term competitiveness and expansion.

Table 4: Mediation Analysis

Path	Unstandardized Coefficient (B)	Standard Error (SE)	t-value	p-value	Interpretation
Path a (IV → Mediator)	0.47	0.06	7.83	0.000**	Customer pressure positively and significantly predicts social media adoption.
Path b (Mediator → DV)	0.39	0.05	7.80	0.000**	Social media adoption significantly predicts financial sustainability.
Path c (IV → DV)	0.35	0.09	3.89	0.000**	Customer pressure significantly predicts financial sustainability directly.
Path c' (IV → DV)	0.18	0.07	2.57	0.011*	Social media adoption partially

DV via Mediator)					mediates the relationship between customer pressure and financial sustainability.
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Indirect Effect

$B=0.47 \times 0.39=0.18$ $B = 0.47 \times 0.39 = 0.18$, significant at $p < 0.05$.

The mediation analysis shows that social media acceptance partially mediates the relationship between customer pressure and financial sustainability.

Direct Effect (Path c): Customer pressure directly and favourably predicts financial sustainability ($B = 0.35$, $p < 0.01$), implying that directly fulfilling customer expectations helps SMEs to be financially strong.

The indirect effect via social media adoption ($B = 0.18$, $p < 0.05$) is especially noteworthy since it indicates that some of the effects of customer

pressure on financial sustainability run via higher social media adoption. This emphasises how digital involvement may be a means of converting consumer needs into commercial results.

These results coincide with earlier studies, such as Kaplan and Haenlein (2010), which underlined the use of social media as a strategic tool for controlling consumer connections and reaching company goals. The findings imply that SMEs might improve their financial viability by using social media channels to adequately react to client pressure.

Including social media acceptance into their plans helps SMEs meet consumer needs and improve their financial situation, guaranteeing resilience in cutthroat markets.

Table 5: Model Fit Indices

Fit Index	Value	Threshold	Interpretation
CMIN (Chi-Square)	54.32	Lower values preferred	Acceptable; indicates a good fit given the complexity of the model.
DF (Degrees of Freedom)	30	N/A	Relevant for computing other indices.
CMIN/DF	1.81	< 3.00	Good; indicates an acceptable ratio of model complexity to fit.
CFI (Comparative Fit Index)	0.96	≥ 0.95	Excellent; shows a close fit between observed and hypothesized models.
SRMR (Standardized Root Mean Square Residual)	0.041	≤ 0.08	Excellent; residual differences between observed and predicted values are low.
RMSEA (Root Mean Square Error of Approximation)	0.045	≤ 0.06	Excellent; indicates a close fit of the model with the population data.
PClose	0.723	> 0.05	Good; indicates the RMSEA is not significantly different from zero.

The Chi-Square value (54.32) is relatively low, and the CMIN/DF ratio (1.81) falls within the reasonable range, suggesting a decent balance between model complexity and data fit.

Comparative Fit Index: With a value of 0.96, the CFI value above the 0.95 threshold attests to a great fit.

Standardised Root Mean Square Residual: At 0.041, the SRMS value is much below the 0.08 threshold, suggesting that there are tiny residual variations between observed and expected values.

While the PClose value of 0.723 indicates the conclusion that the RMSEA is not substantially different from zero, the RMSEA value of 0.45 reveals a close fit between the model and the data.

The indices generally highly support the fit of the expected mediation model. This suggests that the model structure fairly reflects the interactions among consumer pressure, social media acceptance, and financial viability.

Conclusion

Examining the interactions between customer pressure, social media usage, and financial sustainability helps the study shed important light on the dynamics of small and medium-sized businesses (SMEs). The results show that financial sustainability is immediately and favourably influenced by consumer pressure, therefore stressing the need to adjust to customer needs in reaching financial goals. The adoption of social media is a major mediator; it partially explains how customer pressure supports more financial sustainability. This emphasises how significant digital technologies are to contemporary corporate operations.

Excellent fit indices of the mediation model confirm the strength of the expected relationships and verify the data's validity. These results are consistent with earlier studies, like Kaplan and Haenlein (2010), which underline social media's role in raising financial results through better consumer interaction. SMEs are urged to use social media channels to meet consumer expectations, strengthening their competitive posture and financial performance.

This paper emphasises how closely digital interaction and market dynamics interact to support SMEs. By prioritising customer requirements and deliberately using social media, SMEs can reach financial sustainability and flourish in challenging markets. Future studies could investigate moderating elements such as industry type and technology preparedness to offer a more complex knowledge of these interactions

Implications of the study

The study clarifies the role of customer pressure, social media adoption, and financial sustainability in SMEs through several theoretical, pragmatic, and managerial consequences.

The results complement the body of knowledge already in publication by underlining the mediating function of social media adoption in transforming consumer demand into financial sustainability. This underlines the importance of digital interaction as a necessary mechanism in contemporary corporate operations, and past studies stress the strategic value of technology in satisfying market expectations. It helps us better grasp how outside pressure could

support internal technological adoption, improving corporate results.

The results point to doable strategies for SMEs to negotiate challenging markets. To satisfy customer demand and maintain a competitive advantage, SMEs should prioritise investments in social media platforms and associated tools. All of these support financial stability, and social media could be a low-cost and efficient approach to interacting with consumers, advertising products, and creating long-term partnerships.

The study underlines the need to actively approach client comments to include them in strategic decisions. Managers should use systems to monitor client expectations and social media to instantly address needs. Digital tools and analytics employee training programs can enable employees to maximise social media's opportunities for client interaction and performance development.

Policymakers might also benefit from this study. Policies supporting digital literacy, technology adoption for SMEs, or subsidies for digital marketing operations can enable SMEs to overcome social media use obstacles. Such initiatives can enhance their financial viability and economic value to society.

Limitations and Future Research Directions

This study has limits even if it provides insightful analysis. First, it concentrates just on SMEs in a given area, therefore restricting the generalisability of the results to other sectors or settings. Future research could overcome this restriction by extending the geographical and industrial scope, enabling a more complete knowledge of how consumer pressure and social media usage affect financial sustainability across several environments.

Second, the study uses cross-sectional data, which records relationships simultaneously. This method ignores causal links across time or dynamic changes. Particularly in fast-changing market conditions, longitudinal research could offer a more thorough understanding of the shifting effect of consumer pressure and social media use on financial sustainability.

Third, the study mainly regards social media acceptance as a mediator but does not investigate

possible moderating factors, including company size, sector type, or technological readiness. Future studies could examine these elements to determine how they affect the strength of the associations found in this work.

Fourth, the study addresses customer demand as an external element but does not explore other external factors, such as supplier ties or legislative changes. Including these factors will help present a more complete picture of SMEs' difficulties and possibilities.

Ultimately, even if the study highlights the importance of social media, it does not look at the particular sites or tactics that might have the most significant influence. Future studies should examine the efficacy of many social media channels and content types to offer more exact advice for SMEs.

Dealing with these constraints in the following studies will improve the generalisability and robustness of the results and give SMEs and legislators more customised and practical insights to negotiate the complexity of contemporary business environments.

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