

Impact of digital marketing on the growth of SME manufacturing businesses in Kosovo



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ABSTRACT

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This paper aims to investigate the impact of digital marketing on the growth of manufacturing SMEs and the impact of business size and managers' capability of using digital marketing tools as the most effective technique to communicate directly with clients. SPSS statistical software is used to process the data collected via the questionnaire instrument during the interviews with SME manufacturing managers and business owners. For the verification of statistical hypotheses, the respective patterns of linear multiple regression are constructed. The findings show that the use of digital marketing tools has a positive impact on the growth of annual business turnover. The impact of digital marketing on increasing employee numbers and business size is seen as positive, especially when it is associated with increasing levels of education among managers and owners of manufacturing SMEs. These results imply that manufacturing businesses need to use digital marketing tools and develop capabilities that enable them to increase their business in size and be financially competitive. This work extends the development of a different and comprehensive framework to understand how manager competencies and digital marketing tools affect manufacturing companies.

Contribution/Originality: This study presents a novel integrative viewpoint on the relationship between the success of the manufacturing sector and digital marketing tools based on empirical data. The study also emphasizes the importance of management capabilities and utilizing efficient digital tools to increase a company's size, profitability, and competitiveness.

1. INTRODUCTION

It is generally agreed that developing relationships with both current and potential clients at the right time and place is essential for businesses to succeed in a highly competitive environment. With the development of digital technology, growing dependence on the internet, and the amount of time we spend on it, a good way for businesses to inform their audiences about their products is through digital marketing.

According to Kotler and Armstrong (2013), marketing should be viewed in the context of satisfying customer demands rather than the outdated notion of "advertise and sell" to make a sale. Consumer needs change along with marketing environments, therefore marketers need to identify the best communication methods to address those needs (Davidavičienė, Raudeliūnienė, & Putrimas, 2019). One way to reach customers, develop real-time connections with them, and achieve customer satisfaction is to apply digital tools through digital marketing (Zahara, Ikhsan, & Farid, 2023). Digital marketing capabilities help businesses identify original ideas more quickly, enabling them to

develop novel products (Wardaya, Sasmoko, & Bandur, 2019). As a result, new marketing skills and an understanding of the relationship between digital marketing capabilities and market success are necessary to change from traditional to digital marketing (Gregory, Ngo, & Karavdic, 2019). New technologies lead to new value creation processes by generating markets and consumers with new expectations (Gielens & Steenkamp, 2019). However, according to Trainor, Krush, and Agnihotri (2013), investing in technology resources by itself is not sufficient to achieve improved market performance; therefore, new marketing abilities are needed. This is an unresolved issue that persists in small and medium production businesses in Kosovo. Moreover, there is a lack of research on the relationship between digital marketing capabilities and business growth in the context of Kosovan SMEs engaged in production.

Past research on SMEs has concentrated mainly on broad issues: the financial performance of the SME sector in Kosovo (Shabani, Morina, & Berisha, 2021), the effects of customs policies on the performance of SMEs (Kamberaj, Havolli, & Kamberaj, 2021), and the informal economy (Skenderi, Islami, & Mulolli, 2017). In the context of Kosovo and other developing nations with comparable circumstances, it is critical to connect the digital marketing capabilities of SME producers to business growth. The development of SMEs is crucial for Kosovo's economic growth and industrial development, and the production of these enterprises is of great importance (Morina & Gashi, 2016). Consequently, we have an incomplete picture of the way digital marketing is used by small and medium manufacturing businesses and its impact on their business.

Against this background, the purpose of this research is to answer the following questions:

1. Does the use of digital marketing tools and the education level of managers impact the growth of a business in view of its annual turnover?
2. Does the use of digital marketing tools and the education level of managers impact the growth of a business in view of its size?

More specifically, this research has three objectives:

1. Determine the factors that hinder the use of digital marketing by SMEs in the manufacturing industry.
2. Identify which digital marketing tools are used mostly by SMEs in the manufacturing industry.
3. Determine the impact of business size and level of education in applying digital marketing.

By examining the effects of particular digital marketing tools on the growth of the business of production SMEs in Kosovo, the study contributes to the discussion on digital marketing capabilities on market performance.

Strong economic ties to producers make knowledge essential to a country's success. Since marketing is contextual (Sheth, 2011), evidence from developing countries helps to make market knowledge more applicable and transferable. Understanding the digital marketing capabilities of Kosovo's producers adds to our understanding of SMEs and market performance. Therefore, presenting a novel integrative viewpoint on the relationship between the success of the production sector and digital marketing tools and capabilities is a crucial contribution to this field, considering that it has previously received little attention. Moreover, this is significant because SMEs' capabilities are never the same as those of larger corporations (Khan, 2017). To the best of our knowledge, this study is the first to establish a connection between manufacturing SMEs' growth and their use of digital marketing. The structure of the article is as follows: First, the introduction explains the effect of digital marketing tools on growth. Next, in the literature review, we examine existing studies and theories related to digital marketing tools and performance. This is followed by the research methodology and data analysis techniques. Then the findings are discussed and summarized, and the article concludes with a summary of the study, its contribution, and direction for future research.

2. LITERATURE REVIEW

2.1. Digital Marketing

The potential of small and medium-sized firms (SMEs) to integrate social media into their management is often overlooked since they tend to underestimate its power. Additionally, the SMEs did not fully capitalize on social media's capacity to offer a more flexible response to changes in the market (Belás, Amoah, Dvorský, & Šuleř, 2021).

Since technology and consumer behavior are changing rapidly, SMEs need to continuously improve their digital marketing strategies to stay competitive and profitable (Wang & Ahmed, 2007; Zahara et al., 2023). Davidavičienė et al. (2019) stated that consumer needs change along with marketing environments, therefore marketers need to figure out the best communication methods to address those needs. The growing dependence of consumers on online platforms for research and the purchase of goods and services has made digital marketing an essential component of marketing strategies (Bala & Verma, 2018; Hien & Nhu, 2022; Yasmin, Tasneem, & Fatema, 2015). In addition, marketers have a better chance of success when they build their digital and social media strategies in conjunction with a deeper investigation of human behavior and social network communication and keep an eye on the environment at all times to suit the needs of their customers (Dwivedi et al., 2021; Ziólkowska, 2021). This was also confirmed by Mithas, Tafti, and Mitchell (2013), who argue that by keeping an eye on consumer feedback and shifting market trends, businesses can improve their digital marketing strategies and maintain a competitive advantage. In-depth knowledge of digital measurements and analytics is needed, which can be used to track the achievement of marketing objectives and identify key performance indicators (García, Lizcano, Ramos, & Matos, 2019; Saura, Palos-Sánchez, & Suárez, 2017).

2.2. Marketing Digital Tools and Capabilities

Digital technology (DT) offers the ability for marketers to better understand difficult social and market trends more profoundly and innovatively. A company may be able to offer new products and services as a result of this shift, benefiting both the target market and the business itself (Pascucci, Savelli, & Gistri, 2023). Gregory et al. (2019) argue that a company's degree of distribution and communication efficiency is directly increased by e-commerce marketing skills, and this improves the performance of the export venture market. According to Trainor et al. (2013), investing in technology resources by itself is not sufficient to achieve improved market performance; new marketing abilities are needed.

The study by Pascucci et al. (2023) identified potential risks and barriers to DT encountered by firms and the difficulties of moving from traditional to digital marketing, especially for small firms. As a result, new marketing skills and an understanding of the relationship between digital marketing capabilities and market success are necessary for the changes from traditional markets to digital marketing (Gregory et al., 2019). This was also confirmed by Homburg and Wielgos (2022), who argue that, as a result of a marketing organization's digital transition, organizations must develop new digital marketing capabilities (DMCs) to remain competitive. But even with a lot of interest from academics and managers, it's still unclear how valuable DMCs are in comparison to the value that can be obtained with traditional marketing capabilities (TMC).

By using DMC services (data analytics, e-mail and social media marketing, content marketing, and e-commerce), companies can improve their search engine ranking, grow and engage social media followers, create, and speed up the buying process for customers (Terho, Mero, Siutla, & Jaakkola, 2022). However, the theory of dynamic capabilities states that businesses need to continuously innovate and adjust if they want to remain competitive in a changing market (Teece, Peteraf, & Leih, 2016).

2.3. Digital Marketing Performance

The use of digital marketing directly and favorably impacts the sustainable growth of SMEs (Bruce et al., 2023). Researchers in marketing have consistently connected marketing competencies and capacity to deliver highly targeted and personalized marketing messages to market performance and brand loyalty (Grewal, Levy, & Kumar, 2009; Mathews, Bianchi, Perks, Healy, & Wickramasekera, 2016; Morgan, Slotegraaf, & Vorhies, 2009; Qureshi, Aziz, & Mian, 2017; Teece et al., 2016). However, Low, Ullah, Shirowzhan, Sepasgozar, and Lin Lee (2020) highlighted that even though creative digital marketing can boost returns, some businesses are hesitant to accept and adopt new smart and sustainable digital marketing technology. SMEs tend to underestimate the power of social media, and thus

have unrealized potential for utilizing social media in their management. Furthermore, SMEs have not fully taken advantage of social media's ability to provide a more adaptable reaction to market developments. Belás et al. (2021) claim that in addition to having resources, skills are required to convert those resources into value profitably. Marketing capabilities are defined as sophisticated skills and relevant knowledge that effectively employ and update available resources (Day, 1994). Consequently, both internal and external marketing environments impact marketing capabilities (Qureshi et al., 2017). Khan (2017) adds that understanding the right digital marketing capabilities is crucial, as not all of them have the same impact on market success, especially when it comes to digital marketing, even though it is acknowledged that SMEs need different skills to larger organizations. Morgan et al. (2009) state that firms can gain a competitive advantage by strengthening their marketing capabilities, which can be acquired by consistently using knowledge, effort, and practice (Qureshi et al., 2017). In digital marketing environments, small and medium-sized agricultural processors require marketing expertise to recognize, evaluate, and seize opportunities and provide items that satisfy consumer needs (Day, 1994; Zhou, Mavondo, & Saunders, 2019). Marketing competencies and the formulation and execution capability of digital strategies are commonly acknowledged as important factors that influence a company's performance (Chinakidzwa & Phiri, 2020; Moorman & Day, 2016).

3. METHODOLOGY

This paper aims to study the impact of digital marketing on the financial and economic performance of SMEs in Kosovo, using (i) conclusions and suggestions derived from previous studies regarding the use of digital marketing as a relatively new tool for business growth and performance (Bruce et al., 2023), marketing expertise, skills as important factors that influence a company's performance (Chinakidzwa & Phiri, 2020; Moorman & Day, 2016), the hesitation of businesses to accept and adopt new digital marketing technology (Low et al., 2020), and (ii) conclusions and suggestions derived from the statistical study through methods of descriptive and inferential statistics using primary data collected by the questionnaire instrument completed during interviews with SME leaders and owners in Kosovo.

Descriptive statistics are used to build a picture of the degree of use of digital marketing in SMEs in Kosovo, the causes of non-use in cases where it is not used, and the perception of managers on the use of digital marketing in relation to business size and managers' education backgrounds.

The purpose of using descriptive statistics is also to identify the impact of digital marketing tools on business growth according to the perception of managers as well as the managers' perceptions of the elements that identify business growth in terms of the number of customers.

The use of inferential statistics consists of verifying the statistical hypotheses:

(i) H_0 : The tools used in digital marketing, the impact of digital marketing use, and the education level of managers are not positive factors in business growth in view of its annual turnover.

(ii) H_0 : The tools used in digital marketing, the impact of digital marketing use, and the education level of managers are not positive factors in business growth in view of its business size.

To verify the statistical hypotheses, respective multiple linear regression models were constructed. Regression analysis evaluates the model's predicted statistical strength (Parramore & Watsham, 1997). A multivariate regression coefficient indicates the difference in the value of the dependent variable when the value of the respective independent variable changes by one unit but keeping the other independent variables constant (Studenmund, 2014). Referring to the same source, we have used the following linear multiple regression equation:

$$Y_i = \beta_{0i} + \beta_{1i} * X_{1i} + \beta_{2i} * X_{2i} + \dots + \beta_{ki} * X_{ki} + \varepsilon_i$$

Y_i represents the dependent variable, i represents the degrees of freedom of the model, β_{ji} ($1 \leq j \leq k$) are the pattern coefficients, and ε_i represents the pattern error.

For hypothesis testing, two-sided (or two-tailed) tests are used. The H_0 hypothesis stands when $\beta = 0$ is rejected and its alternative H_a hypothesis stands when $\beta \neq 0$ (Studenmund, 2014). The two statistical hypotheses were tested

using multivariate linear regression models; the respective equations were used as dependent variables (Y_i) comprising "business size", which refers to the number of employees, and "annual turnover level". For the independent variables (X_{ki} , $1 \leq k \leq 3$), "tools", "impact" and "education level of leaders" were used.

The signification of these models accompanied by the number of degrees of freedom is confirmed through analysis of variance (ANOVA). The study addresses the statistical relationships between variables using Pearson bivariate coefficients, which interpret the nature (direction) of the signifying relationships between them. In terms of the direction of the relationship, a positive sign indicates a positive relationship (when one variable increases, the other does the same), while a negative sign indicates a negative relationship (when one variable increases, the other decreases) (Perinetti, 2019). SPSS statistical software is used to process the data.

By using the model mentioned above, our research differs from past studies on this subject, particularly in Kosovo where most research is based on secondary data from existing literature, online papers, academic articles, and reports (Shabani et al., 2021; Skenderi et al., 2017), whereas our research mainly is based on empirical primary data collected from managers in the production business. A significant advantage of primary research is that data is drawn from first-hand sources and will be highly accurate. Also, other models used in previous research that differ from our models are the Du Pont model (Shabani et al., 2021) and partial least squares structural equation modeling (Bruce et al., 2023).

3.1. Population and Sampling

According to Agency Statistics of Kosovo (n.d.), there are 6,136 active manufacturing SMEs in Kosovo. These businesses are run by their owners who also play the role of business manager or by managers employed by these businesses. For data collection, a sample of 275 SMEs represented by one of the two types of managers was used. The margin of error from the use of this sample size by the population of SMEs, calculated by the Raosoft sample size calculator, is 5.78% for a 95% confidence interval. The questionnaire consists of two parts; the first section collects general data about the manager and company, and the second section collects data regarding the SMEs' use of digital marketing.

3.2. Variables

The independent variables used in this paper are education level (Q4), the fictitious "tools" variable, which is constructed using the average values of managers' perceptions for Q16, Q17, Q18, and Q19, which measure their level of perception regarding the impact of each digital marketing tool for business growth, and the fictitious variable "impact," which is constructed using the average values of the level of perception of the business managers for Q20, Q21, Q22, and Q23, which measure the levels of perception of managers on assessing business growth from the impact of digital marketing in terms of the factors that identify customer satisfaction. Business size (Q5) and annual turnover (Q7) were used as dependent variables, which measure business growth based on business size in terms of the number of employees and in terms of annual turnover.

4. RESULTS AND DISCUSSION

Figure 1 shows that only 48.36% of SMEs in Kosovo use digital marketing to promote and sell their products, meaning that 51.64% of businesses do not use digital marketing, and the reasons for this in 67.16% of cases are diverse. Only 8.96% believe that their finances are insufficient to incorporate digital marketing into their business, and 5.97% stated that there are technical reasons, but no business reported a lack of specialists in the field of information technology or marketing as a reason for the non-implementation of digital marketing. A significant number of managers (17.91%) see digital marketing as a waste of time for their business. This is in line with previous research which found that SMEs do not fully capitalize on the benefits of using social media (Belás et al., 2021), tend to

underestimate the power of social media, and are hesitant to accept and adopt new smart and sustainable digital marketing technology (Low et al., 2020).

Using the automation techniques of SPSS software, we refer to the descriptive results obtained from the group of managers who declared that they use digital marketing in their business. The proportion of businesses that do not use digital marketing is included in the inferential linear regression models using the fictitious variables "tools" and "impact," affecting their values, which are calculated as the average of the managers' perceptions.

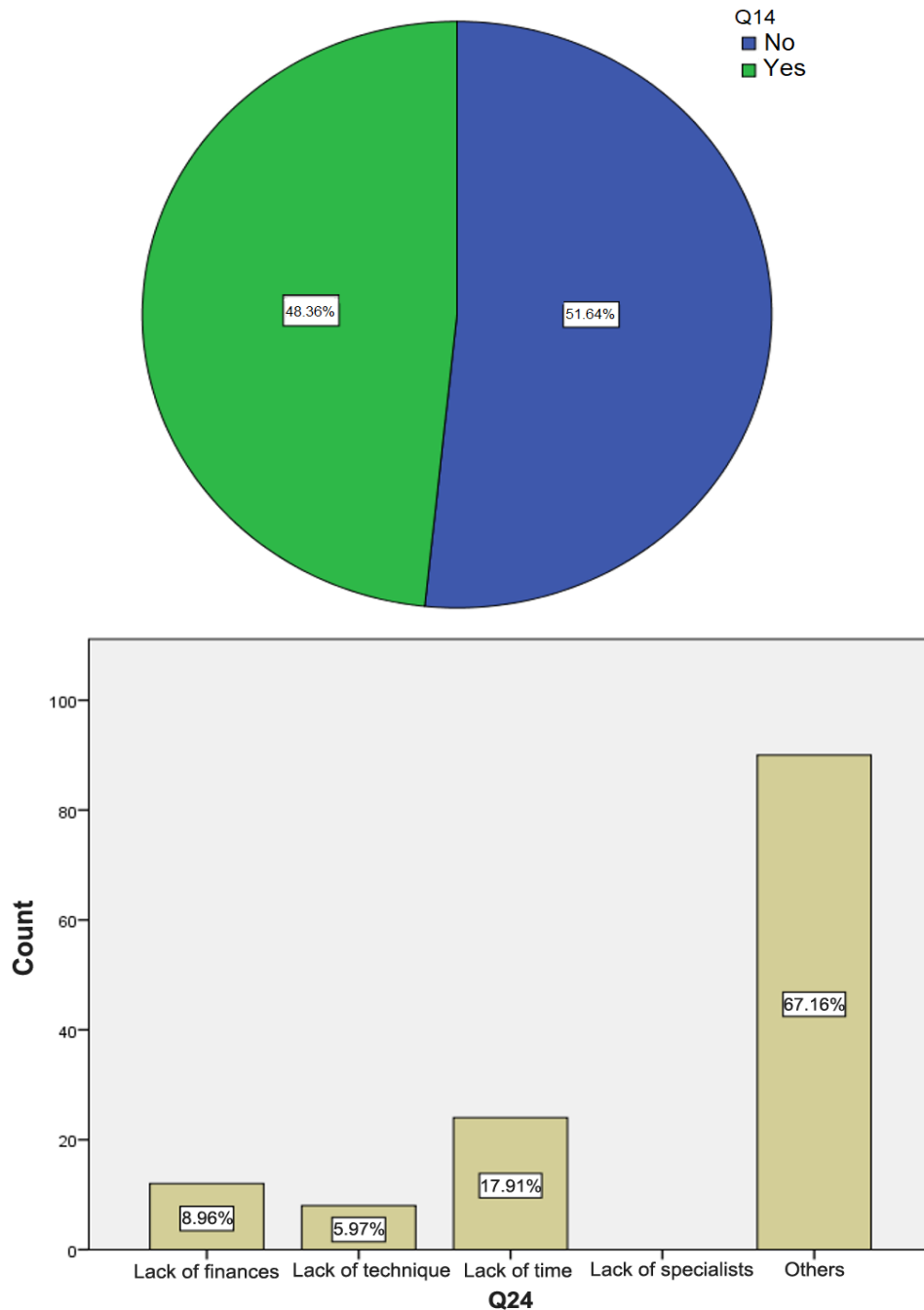


Figure 1. Distribution of use of digital marketing and reasons for not using digital marketing.

Regarding the distribution of the use of digital marketing in reference to business size, Figure 2 illustrates that micro and small business (MSEs) dominate (94.37%). Of the other two types (small enterprises and medium enterprises), only a negligible proportion of each do not use digital marketing (4.23% and 1.41%, respectively). Of the

businesses that use digital marketing, MSEs dominate again (77.44%), followed by small businesses (18.05%) and medium businesses (4.51%). Referring to the level of education of managers, 56.34% of managers educated to secondary school level do not use digital marketing as an opportunity for business growth. The lowest percentage not using digital marketing is business managers who have a master's degree and a PhD (7.04% and 5.63%, respectively). For businesses that use digital marketing, 77% are managed by leaders educated to middle-school or bachelor's level. Managers with a master's degree make up 18.8% of businesses that use digital marketing.

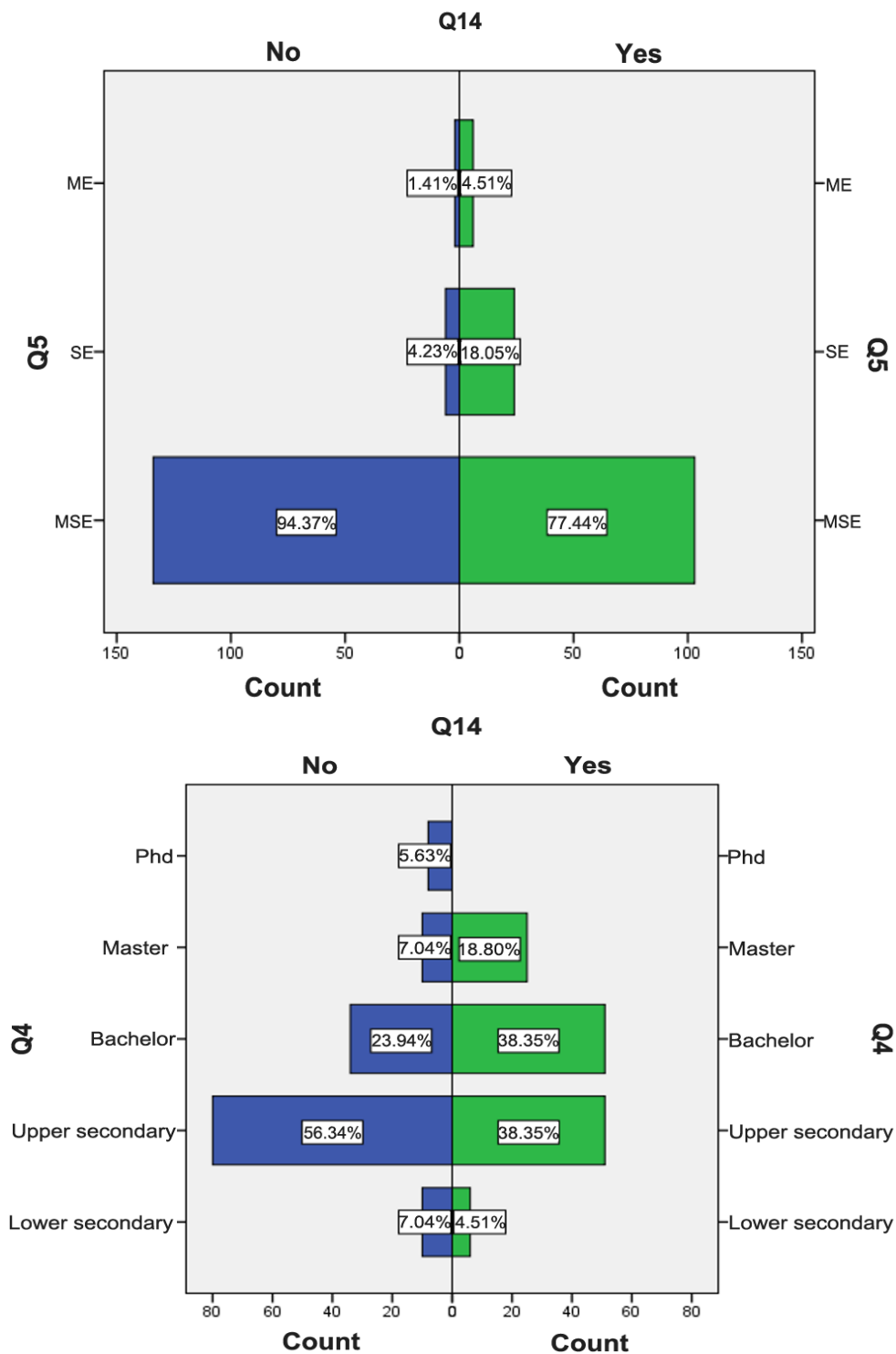


Figure 2. Comparative distribution of digital marketing usage by business size and manager education level.

Figure 3 illustrates that among the digital marketing tools commonly used by businesses, social media is the most popular (85.71%), while the other three together do not exceed 15% of the total of businesses that use digital marketing. A comparison of the distribution of this phenomenon by business size shows that MSEs, despite the dominance of social media, use all types of digital marketing tools. Small companies mainly use social media (95.83%) and e-mail (4.17%). The medium businesses that use digital marketing prefer only social media as an option for digital marketing applications.

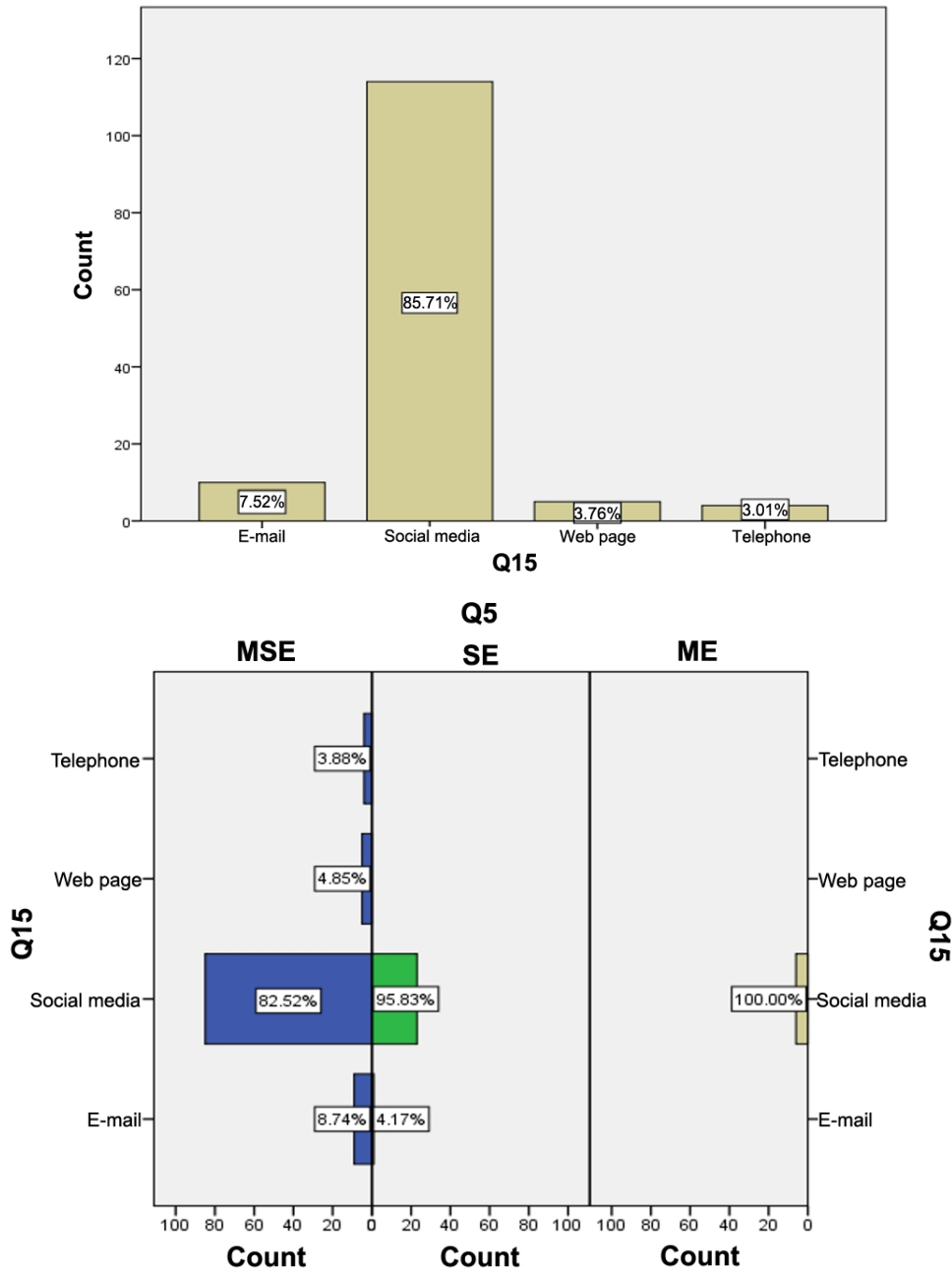


Figure 3. Distribution of digital tools used and distribution by business size.

As seen in Figure 4, managers' perceptions of the impact of each digital marketing tool on business growth represents a picture that correlates qualitatively with the total distribution of the level of use of digital marketing tools. Of all the business managers involved in the study, approximately 30% of them agree or fully agree that the use of social media positively affects business growth. Skepticism among managers regarding the use of social media, represented by partial agreement, remains dominant (50.81%). Only 20.16% of all managers disagree with the view

that the use of social media can affect their business growth. Regarding the use of e-mail as a digital marketing tool, the sample is split: 66.66% disagree or completely disagree that e-mail can be used as a marketing tool to grow their business, the rest (33.34%) agree or completely agree that e-mail can be used as a marketing tool to grow the business.

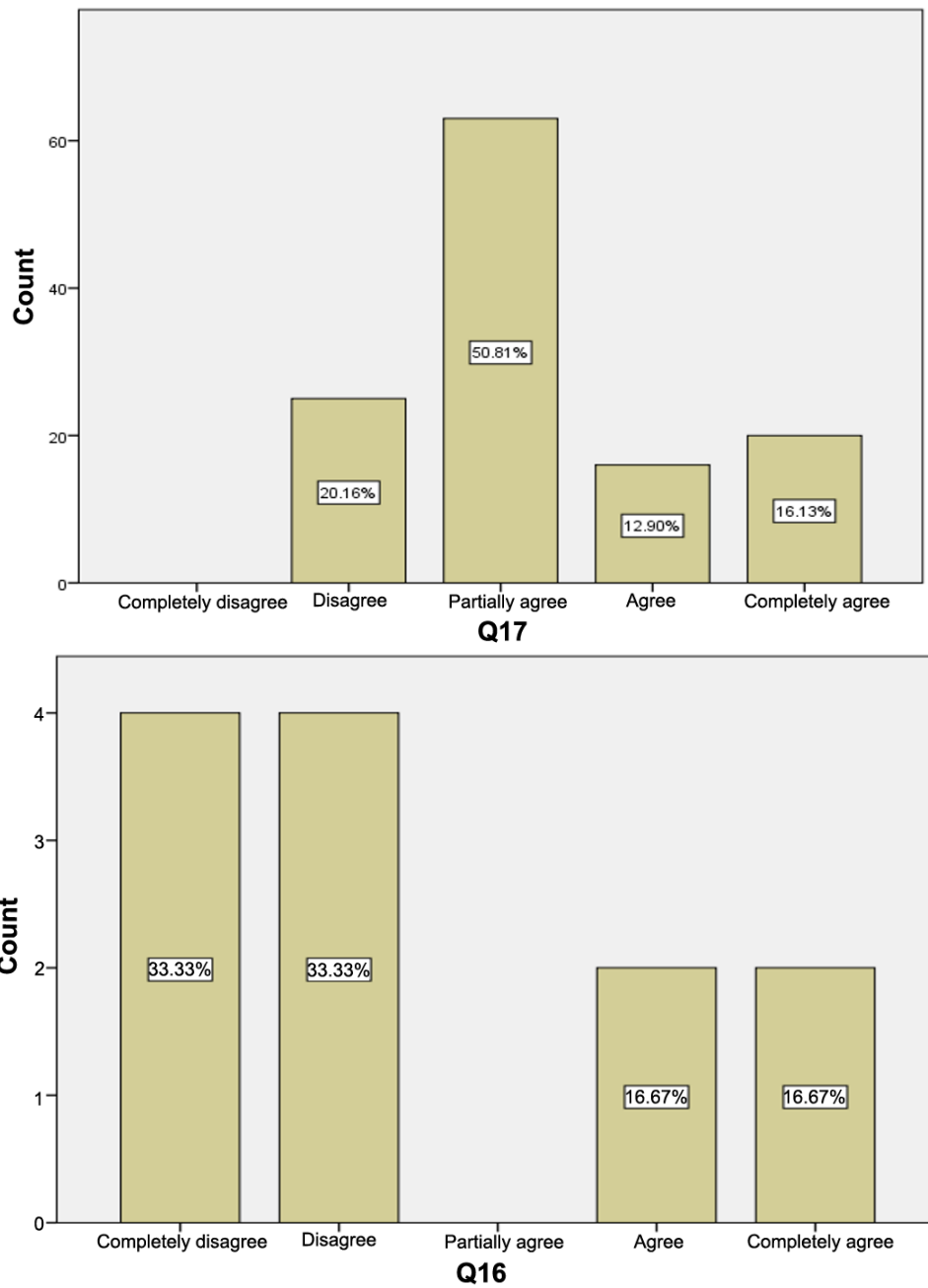


Figure 4. Has the use of social media and e-mail affected business growth?

Regarding the managers' perceptions of the use of web pages and cell phones for business growth, this perception does not show clear trends of optimism (see Figure 5); 47.06% and 25%, respectively, partially agree that these two tools can influence business growth if they are used as digital marketing tools.

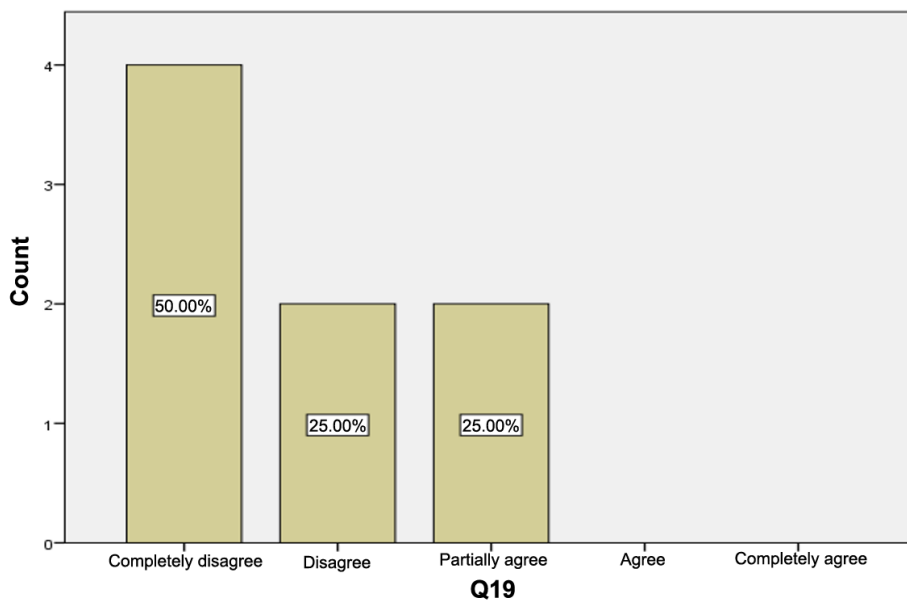
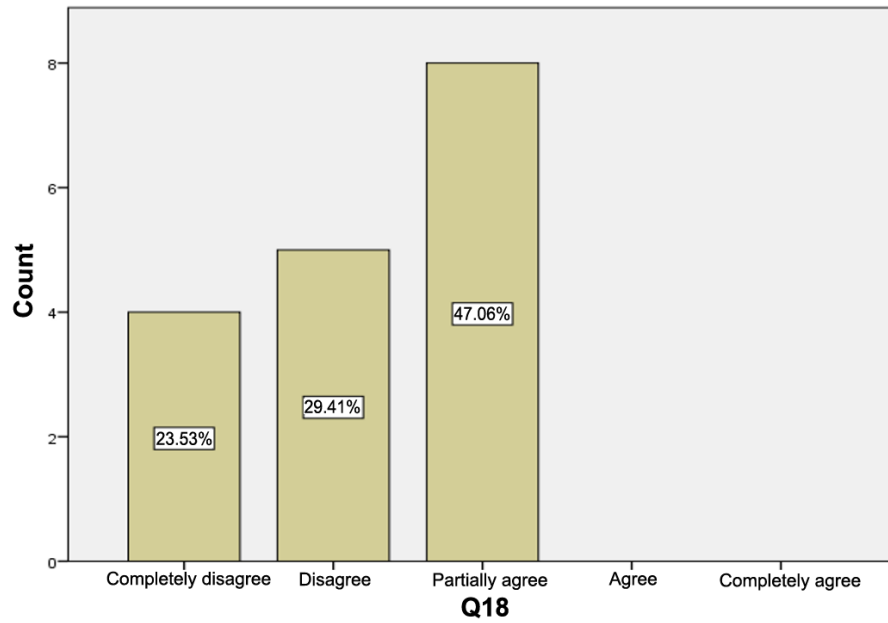


Figure 5. Has using web pages and cell phones affected business growth?

Figure 6 illustrates that the perceptions of SME managers show a similar distribution in terms of the increase in the number of customers and their loyalty to the business as an impact of the use of digital marketing. About 24% of managers agree or completely agree that the use of digital marketing has influenced the increase in the number of customers, approximately 27% of managers disagree or completely disagree that digital marketing has influenced the increase in the number of business customers, and the majority of managers (about 49%) partially agree that digital marketing affects the increase in the number of customers. The opposite picture occurs in terms of the perception of customer loyalty concerning the use of digital marketing. The percentage of managers who agree or completely agree (about 35%) is higher than those who believe that digital marketing has had a positive impact on strengthening customer loyalty. Less than 20% of managers disagree or completely disagree that this type of marketing has increased the level of customer loyalty to the business. About 46% of managers were not able to determine with confidence that the increase in loyalty is a result of digital marketing.

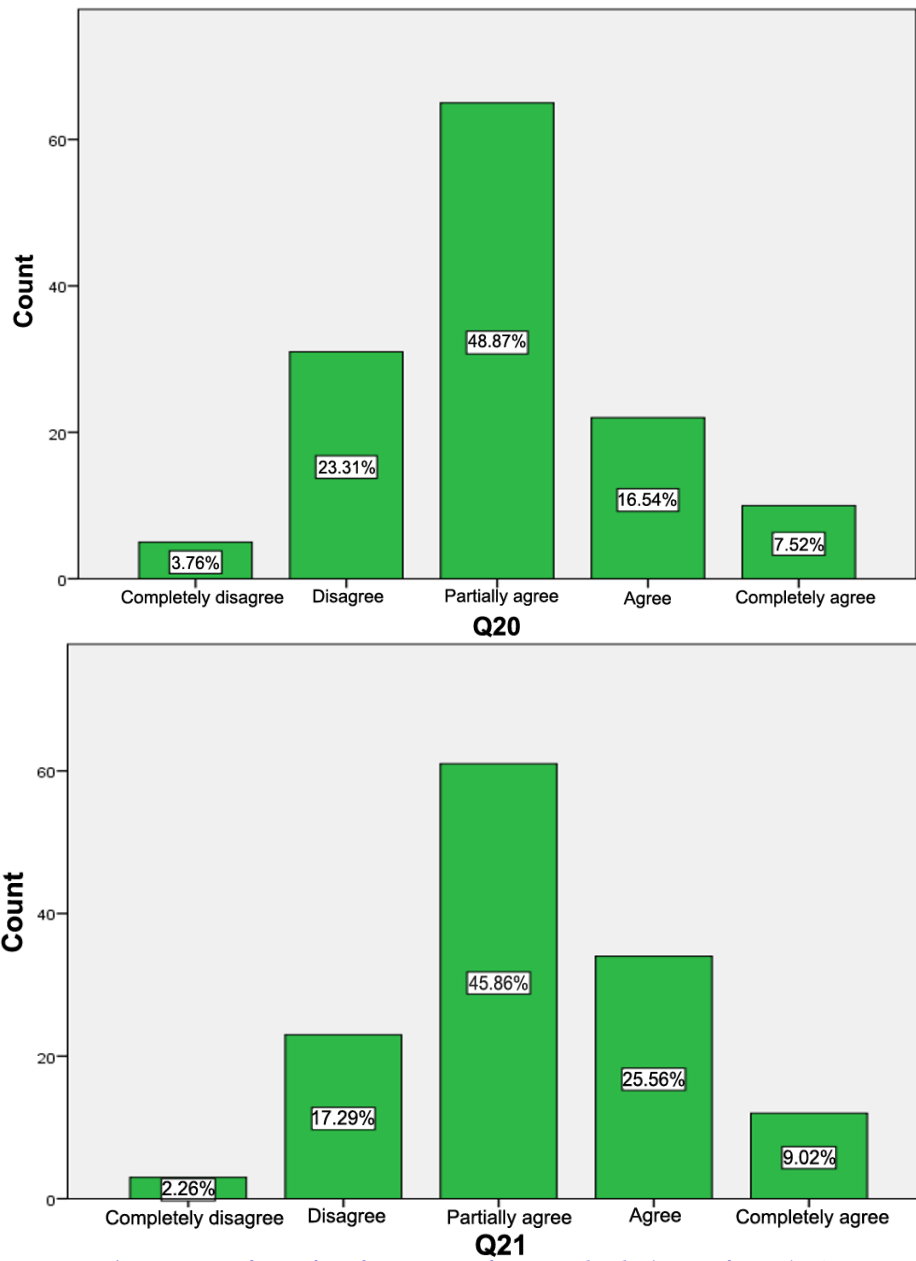


Figure 6. Have the number of customers and customer loyalty increased over time?

Figure 7 illustrates a similar situation in the distribution of managers' perceptions regarding purchasing power and purchasing preferences of customers as a result of the use of digital marketing. Almost 25.5% of managers agree or strongly agree that purchasing power has increased as a result of using digital marketing, while almost 24% do not agree or do not agree at all that this happens in their business. Even in this case, the percentage of managers who do not have a positive or negative opinion is relatively high (50.38%). The development of SMEs is crucial for economic growth and industrial development in Kosovo. Additionally, the production of these enterprises is of significant importance and relatively high (50.38%). For customers' purchasing preferences, nearly 23% of managers think they have grown as a result of using digital marketing, about 26% disagree that this is happening in their business, and 51.15% agree that digital marketing has positively affected their customers' purchasing preferences.

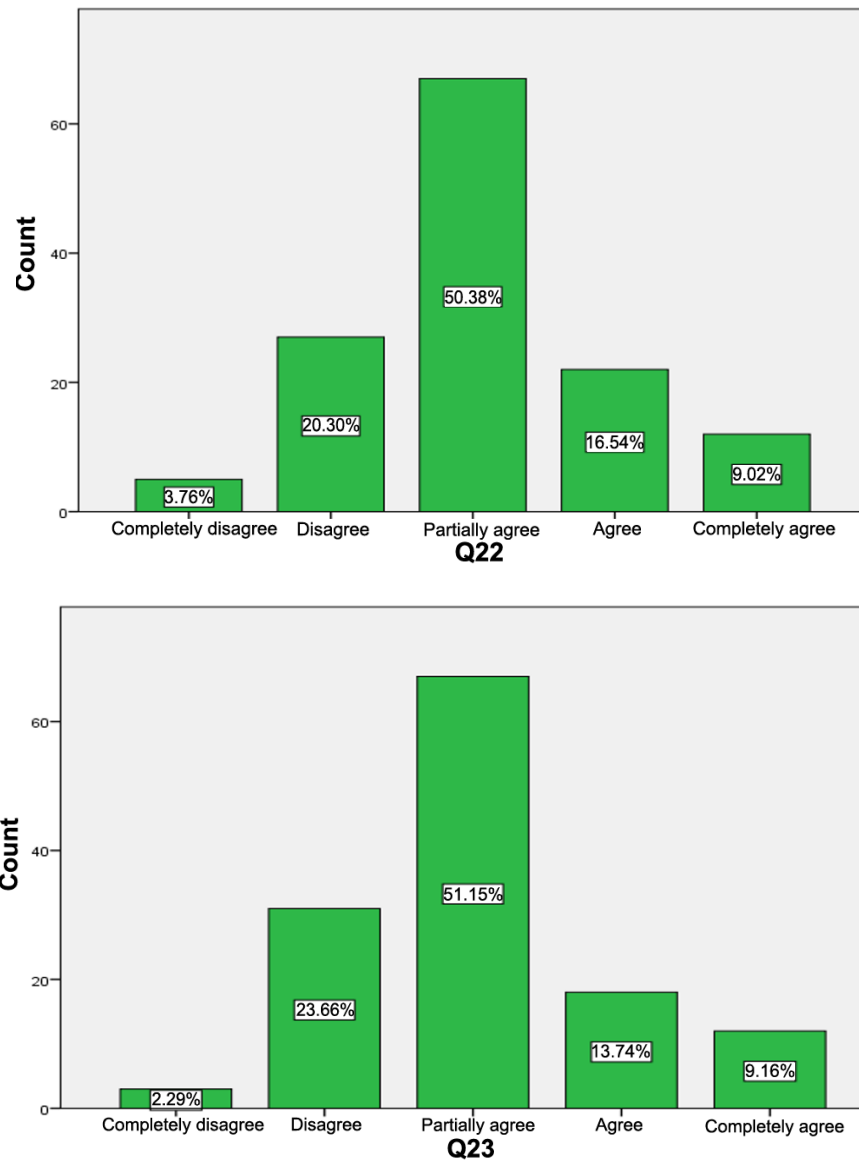


Figure 7. Has the purchasing power and purchasing preferences of customers increased over time?

Verification of the statistical hypotheses: (i) The tools used in digital marketing, the impact of digital marketing use, and the education level of managers are positive factors in the growth of businesses in view of their annual turnover; and (ii) the tools used in digital marketing, the impact of digital marketing use, and the education level of managers are positive factors in business growth in the view of business size in terms of employee numbers.

Table 1. Bivariate correlations between variables.

Correlations						
Bivariate correlations according to Pearson's C		Q4	Q5	Q7	Tools	Impact
Q4	Pearson correlation	1				
	Sig. (2-tailed)					
Q5	Pearson correlation	0.154*	1			
	Sig. (2-tailed)	0.011				
Q7	Pearson correlation	0.028	0.240**	1		
	Sig. (2-tailed)	0.648	0.000			
Tools	Pearson correlation	0.060	0.233**	0.267**	1	
	Sig. (2-tailed)	0.318	0.000	0.000		
Impact	Pearson correlation	0.077	0.260**	0.258**	0.958**	1
	Sig. (2-tailed)	0.205	0.000	0.000	0.000	

Note: * Correlation is significant at the 0.05 level (2-tailed).
 ** Correlation is significant at the 0.01 level (2-tailed).

The results of the bivariate correlations according to Pearson indicate positive significant relationships between the variables used in the linear regressive models with dependent variables Q5 and Q7. The only independent variable that does not match other dependents, except Q5, is Q4, which represents the education level of business managers. As noted in Table 1, all other variables correlate positively with each other, so despite the value of the correlation coefficient being small, the variables attract each other in the direction of their development. The correlation between the two fictitious variables "tools" and "impact" is interesting. The correlation coefficient is at a very high level ($0.958 \approx 1$), indicating a very strong connection between these two variables, an almost functional connection.

As can be seen in the significant models, SPSS software with the stepwise method only keeps the variable that has the most direct influence on the dependent variable.

Table 2. ANOVA of the statistical relationship of the Q7 variable to Q4, "tools" and "impact" variables.

ANOVA ^a						
Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	24.194	1	24.194	20.999	0.000 ^b
	Residual	314.533	273	1.152		
	Total	338.727	274			

Note: a. Dependent variable: Q7.
b. Predictors: (Constant), tools.

The ANOVA table (Table 2) of the linear regression model with independent variable Q7 (which represents business growth in view of annual turnover level) and independent variables (Q4), "Tools" and "Impact" indicates an optimal significance level (Sig. = 0.000) with 274 degrees of freedom (df = 274) indicating that all results of the sample of managers are included in the study.

Table 3. Table of linear regression coefficients between Q7 and Q4 variables, "tools" and "impact".

Coefficients								
Model		Unstandardized coefficients		Standardized coefficients	t	Sig.	95.0% confidence interval for B	
		B	Std. error	Beta			Lower bound	Upper bound
1	(Constant)	2.992	0.192		15.581	0.000	2.614	3.370
	Q4	0.013	0.067	0.011	0.189	0.850	-0.119	0.144
	Tools	0.156	0.132	0.243	1.185	0.237	-0.103	0.415
	Impact	0.016	0.137	0.024	0.118	0.906	-0.254	0.286

Note: Dependent variable: Q7.

The linear regression model coefficients and other parameters in Table 3 show that the inclusion of the three independent variables does not provide the signifying coefficients of linear regression ($\text{Sig}_{Q4} = 0.85 > 0.05$; $\text{Sig}_{\text{Tools}} = 0.237 > 0.05$; $\text{Sig}_{\text{Impact}} = 0.906 > 0.05$), except for the model constant ($\text{Sig}_{\text{Constant}} = 0.000 < 0.05$). For this reason, the results presented in Table 4 have been obtained through the stepwise method that enables SPSS software to automatically exclude variables that disrupt the signification of the model.

Table 4. Table of linear significant regression coefficients of Q7 and Q4 variables, "tools" and "impact".

Coefficients ^a								
Model		Unstandardized coefficients		Standardized coefficients	T	Sig.	95.0% confidence interval for B	
		B	Std. error	Beta			Lower bound	Upper bound
1	(Constant)	3.025	0.087		34.815	0.000	2.854	3.196
	Tools	0.171	0.037	0.267	4.582	0.000	0.098	0.245

Note: a. Dependent variable: Q7.

The table shows that the only independent variable that remains significant in the linear regression model is "Tools" ($\text{Sig}_{\text{Tools}} = 0.000 < 0.005$) and the constant of the model. $\text{Sig}_{\text{Constant}} = 0.000 < 0.05$ shows that the positive impact of the "Tools" variable is 0.171 when the model includes the constant (with an unstandardized coefficient) and 0.267 when the constant does not participate in the model (with standardized coefficients). The linear regression equation, according to the results of Table 4, has the form:

$$Q7 = 3.025 + 0.171 * (\text{Tools}) + \varepsilon, \text{ where } \varepsilon \text{ represents the model error.}$$

The interval assessment of the regression coefficient for the independent variable is (0.098, 0.245), which is all positioned in the positive part, showing that even in the worst case, the impact of the use of digital marketing tools on the level of annual turnover is positive, and the increase in the use of digital marketing tools increases a business's tendency to increase its annual turnover.

The existence of different coefficients in the linear regression model rejects the null hypothesis (H_0 : The tools used in digital marketing, the impact of digital marketing use, and the education level of managers are **not** positive factors in the growth of the business in view of its annual turnover) and therefore confirms the sustainability of the alternative statistical hypothesis H_a : *The tools used in digital marketing, the impact of digital marketing use, and the education level of managers are positive factors in the growth of a business in view of its annual turnover.* This is in line with previous studies that show that social media positively affects the growth and performance of enterprises (Alam, Asdar, Munizu, & Mappanyompa, 2023; Samat, 2020).

Table 5. ANOVA of the statistical relationship of the Q5 variable to Q4, "tools" and "impact" variables.

ANOVA ^a						
Model		Sum of squares	df	Mean square	F	Sig.
1	Regression	4.795	3	1.598	8.749	0.000 ^b
	Residual	49.510	271	0.183		
	Total	54.305	274			

Note: a. Dependent variable: Q5.
b. Predictors: (Constant), impact, Q4, tools.

As in the case of the Q7 dependent variable, the ANOVA of the linear regression model with independent variable Q5 (Table 5), which represents business growth in view of business size by the number of employees and independent variables Q4, "Tools" and "Impact" indicates an optimal significant level ($\text{Sig.} = 0.000$) with 274 degrees of freedom ($df = 274$) that indicates that the model contains all the results of the sample of managers in the study.

Table 6. Linear regression coefficients between Q5 and Q4 variables, "tools" and "impact".

Coefficients ^a								
Model		Unstandardized coefficients		Standardized coefficients	t	Sig.	95.0% confidence interval for B	
		B	Std. error	Beta			Lower bound	Upper bound
1	(Constant)	0.912	0.076		11.974	0.000	0.762	1.062
	Q4	0.060	0.026	0.133	2.276	0.024	0.008	0.112
	Tools	-0.046	0.052	-0.178	-0.877	0.381	-0.149	0.057
	Impact	0.113	0.054	0.421	2.067	0.040	0.005	0.220

Note: a. Dependent variable: Q5.

The linear regression model coefficient table and other parameters presented in Table 6 show that the inclusion of the three independent variables makes the "tools" variable in the model not significant for the linear regression model ($\text{Sig}_{\text{Tools}} = 0.381 > 0.05$), but the two other independent variables appear to be significant ($\text{Sig}_{\text{Q4}} = 0.024 < 0.05$; $\text{Sig}_{\text{Impact}} = 0.040 < 0.05$), and the constant is significant ($\text{Sig}_{\text{Constant}} = 0.000 < 0.05$). To exclude the independent variable "tools", the stepwise method was used, which further increases the level of the signification of the independent variables in the model.

Table 7. Linear regression coefficients of Q5 and Q4 variables, "tools" and "impact".

Coefficients ^a		Unstandardized coefficients		Standardized coefficients	t	Sig.	95.0% confidence interval for B	
		B	Std. error	Beta			Lower bound	Upper bound
2	(Constant)	0.907	0.076		11.948	0.000	0.757	1.056
	Impact	0.067	0.016	0.250	4.294	0.000	0.036	0.097
	Q4	0.061	0.026	0.135	2.320	0.021	0.009	0.113

Note: a. Dependent variable: Q5.

From Table 7 it is understood that the significant independent variables in the linear regression model are "Impact" ($\text{Sig}_{\text{Impact}} = 0.000 < 0.005$), and Q4 ($\text{Sig}_{\text{Q4}} = 0.021 < 0.05$) as well as the model constant ($\text{Sig}_{\text{Constant}} = 0.000 < 0.05$). The positive impact of the "Impact" variable is level 0.067 when the model includes a constant (with an unstandardized coefficient) and 0.250 when the constant does not participate in the model (with standardized coefficients), while the positive impact of the independent Q4 variable is level 0.061 when the model includes the constant (with an unstandardized coefficient) and 0.135 when the constant does not participate in the model (with standardized coefficients). The linear regression equation according to the results in Table 7 have the form:

$$Q5 = 0.907 + 0.067 * (\text{Impact}) + 0.061 * (\text{Q4}) + \varepsilon, \text{ where } \varepsilon \text{ represents the model error.}$$

The interval assessment of the regression coefficient for the independent variable "Impact" is (0.036, 0.097), whereas for the independent Q4 variable it is (0.036, 0.097). Both these interval assessments are positioned in the positive part, which indicates that even in the worst case, the impact of the use of digital marketing tools on business growth in terms of the number of employees is positive, and the increase in the use of digital marketing tools accompanied with the increased education level of business managers increases a business's tendency to increase its number of employees and, consequently, changes its size classification.

The existence of zero and positive coefficients in the linear regression model rejects the null hypothesis (H_0 : The tools used in digital marketing, the impact of digital marketing use, and the education level of managers are **not** positive factors in business growth regarding business size) and proves the sustainability of the alternative statistical hypothesis H_a : *The tools used in digital marketing, the impact of digital marketing use, and the education level of managers are positive factors in business growth regarding business size in terms of employee numbers.*

5. CONCLUSIONS

SMEs are significantly impacted by digital marketing. It provides useful channels for interacting with and gaining exposure among potential customers. The study's findings revealed a degree of uncertainty among Kosovo's manufacturing SMEs regarding the use of digital marketing for promoting and marketing their goods. The reasons for this skepticism ranged from technical issues to financial concerns. However, the lack of specialists in the field of information technology and marketing is not seen as an obstacle to the implementation of digital marketing. Social media holds a strong position among the digital marketing platforms that firms frequently use. However, uncertainties regarding social media's beneficial impact on company expansion have surfaced for many of the managers. But while most managers acknowledge that digital marketing has an impact on client acquisition, a sizable number remain skeptical about its effect on customer loyalty. Most of the variables analyzed have a positive impact, indicating that changes in one variable are often associated with similar changes in other variables. The use of digital marketing tools has a positive impact on the growth of annual business turnover and increases the number of employees and the size of the business, especially when it is accompanied by an increase in the level of education of managers. Overall, the data analysis suggests that the use of digital marketing can have a positive impact on business performance and development, but there are still some concerns and skepticism that need to be addressed to achieve

better results. Additionally, managers of SMEs must boost their confidence in the positive influence of digital marketing on the overall improvement of their competitive advantage and financial growth.

5.1. Limitation

The study was limited due to it being carried out in a specific geographical context (the northern part of Kosovo is not included) and only looks at SMEs in the manufacturing sector. As such, generalization of the study's findings is not possible.

5.2. Implication

This study explores the impact of digital technology on the sustainable development and functioning of Kosovo's SMEs. It is one of the first to examine the significance of digital tools for the sustainable growth of production businesses. The research provides insights into how SMEs can use digital tools and marketing capabilities for business growth, expanding the literature on SMEs' use of digital marketing. It also encourages managers to rethink their motivations for adopting digital tools to market their products.

5.3. Future Research

The limitations of the study provide possibilities for additional investigation. Therefore, different SME sectors and informal businesses could be included to look at the phenomena from a different angle.

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Data Availability Statement: Upon a reasonable request, the supporting data of this study can be provided by the corresponding author.

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