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Mini-Review

Impact of Social Media Applications on Small Business Entrepreneurs

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Impact of Social Media Applications on Small Business Entrepreneurs

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Abstract

The main objective of this paper is to investigate the impact of social media applications on small business entrepreneurs. It also examines how small business owners are motivated to use social media applications. Social media has completely transformed the way businesses are done. Social media applications in the present time have become the most efficient and effective tool for small business entrepreneurs, and normally all small businesses use social media platforms for the advertising and publicity of their products and services. They make fan pages for their followers, and they warmly welcome their suggestions and opinions, which help in improving their businesses. However, based on literature review, we conclude that there is a positive impact of social media applications on small business entrepreneurs as well as they are highly motivated to use these platforms.

Keywords: Social media applications; Small business; Motivation and publicity.

1. INTRODUCTION

The purpose of this paper is to determine the impact of social media applications on small businesses and how social media can help small businesses to spread out through its applications. Nowadays Internet surfing has become an essential part of our life from shopping to online communication to education. Internet is a very beautiful progression of technology, and when we talk about social media networks, they are extremely beneficial for every type of businesses and entrepreneurs, and they have become very common and widespread in the past few years. In today's world the majority of businesses use social media to enhance their relationships with consumers. Social media gives a new way to businesses that are communicating with the customers; it's totally transforming the way business is done. It is an online application that enables its users to interact with each other. It also includes creating and sharing contents for businesses. As compared with traditional media, which only delivers content, social media promotes active user participation. There is a great variety of social media ranging from social networks (Facebook, LinkedIn), private social networks (Yammer, Socialcast, Jive), content sharing websites (YouTube, Flickr) to wikis (Wikipedia), blogs (Blogger, WordPress), and microblogs (Twitter).

Social media networks are gateways for companies to make profit and grow in their industry. Companies are increasingly keen to use social media for business purposes, in particular as part of their communication, marketing, and recruitment strategy. Social networking has become daily practice in users' lives. It is not only offering extensive opportunities but also presenting significant challenges for employers. Small business entrepreneurs use social media applications to spread out their businesses by using a large range of weak ties, and the significance of weak ties in the network of small business owners is identified by Granovetter (1973) and Burt (2004). The purpose of weak ties is to collect information regarding businesses by small business owners. And the reason for using social media applications is to maintaining the connection with weak ties. It will help in building a good reputation for businesses. It helps to communicate with customers (current and potential) in terms of feedback, product development and definition, and customer service and support. Social media has become one of the easiest ways to improve productivity. However, Shabbir (2015a) elaborates that market innovation is a comprehensive tool to meet the needs and wants of businesses' target customers.

2. LITERATURE REVIEW

Since the inception of social networks in 1997, with the launching features of blogging and posting through web 2.0 named as six degrees.com. The basic purpose of this site was to facilitate people in terms of social connectivity via LinkedIn, Myspace as well as advance mode of Facebook and other software such as Orkut, GoogleTalk, Skype, Hangout, and What's Up. Cheung and Lee (2010, 28) state that "the decision to use online social networking technologies represents a social phenomenon that largely depends on the interactions" and conclude their observation that "the driving forces behind online social networks are connections and community, and the usage is largely depended on subjective norm and social identity." Mangold and Faulds (2009) define, "Social media is a hybrid element of promotion mix because in traditional sense it enables companies to talk [to] their customers while in a non-traditional sense it enables customers to talk directly to one another." The key factor behind the performance of management is based on teamwork, while the progress of an employee's growth within an organization depends on the leadership of the management. However, the term "management" is not only used at the firm level but also at institution, economy, and state levels (Shahzad and Rehman, 2015). With the help of social media, people enjoy their lives smoothly and remain connected with their loved ones. Also social media provides important information for different purposes (Blackshaw and Nazaro, 2004), and it can be called consumer-generated media, new media, and citizen media.

3. SOCIAL MEDIA THEORIES AND LAWS

There are many theories to explain the phenomenon of social media that hits an individual's life in one or the other way.

3.1. Social Cognitive Theory

According to this theory, individuals are good observers as they learn from others via observation. For example, in 1960s Albert Bandura (1986) (a pioneer in social cognitive theory) argued that when people see someone else awarded for their behavior, they tend to behave the same way to attain an award. People are also more likely to imitate those whom they identify with.

3.2. Social Presence Theory

This relates to how much intimacy we can achieve using technology. In 1990 Fulk, Schmitz, Steinfield argued basically that the more physical contact we have, the greater the presence. Greater presence causes greater intimacy. The less the personal communication, the less social value it has. For example, e-mails, text messages, and chat room interactions will have less value than phone conversations which in turn have less value than conversations that are had across the table.

3.3. Media Richness Theory

It was presented by Daft and Lengel in 1986. And they argued that through communication, problems/ambiguities can be solved. For example, a phone call cannot produce gestures. This makes it less rich than video conferencing, which is able to communicate gestures to some extent but richer than e-mails.

4. MEDIA LAWS

Some of the important media laws are as follows:

4.1. Sarnoff's Law

David Sarnoff, who is a pioneer in the broadcasting business and a founder of NBC, presented this law. This law states that "the value of a network increases linearly the more people on that network," which means a network with one hundred participants is worth ten times more than a network with only ten members. However, the drawback of Sarnoff's law is that it is applicable only for one-way media, such as television and radio, where there is no interaction between the sender and receiver.

4.2. Metcalfe's Law

In 1980 Robert Metcalfe presented this law. This law states that the value of a network goes up when more and more nodes are connected to each other. But according to Evans (2008) the disadvantage of this law is that it is applicable only to interactions and two-way communication, such as e-mails and telephone conversations.

4.3. Reed's Law

Postulated by David P. Reed, this law is also known as "The Law of the Pack." It is a mathematical explanation of the power of a network. Reed's law states that the network value increases when new individuals join the same network. Evans (2008) states that the value of a network increases more than preceding two laws through the formation of groups and communities via the interconnections among themselves. He states that Reed's law has considerably more coverage as it reinforces subsequent layers of groups, such as in social network sites, which include groups and communities. According to Evans (2008), typical examples of Reed's law are social media and the communities formed there in. However, a drawback of the absence of human elements in computer networks is that it presumes an unlimited number of senders and receivers and complete interaction.

5. SOCIAL MEDIA AND SMALL BUSINESS

Almost all businesses take into consideration the usage of social media in order to market/brand their products. Small businesses use social media application as a marketing tool for the branding and marketing of their products. A practical approach has been followed by Karkkainen, Jussila, Vaisanen (2010) who investigated general companies to actually see how much of the social media application has actually penetrated the nontechnology and traditional organizations. Based on survey results, they have found the adoption of social media by businesses is inclined more toward communication to the customer in the traditional sense, such as branding, public relations, and lead generation, rather than communication with the customer, understanding the customer, and internal communications. The strategies of small businesses are to adopt microblogging to make direct connection with individuals who have some interest in their businesses (Shabbir, 2015b). Gunther *et al.* (2009) say that social media helps small business entrepreneurs to build their limited community over that media for smooth interaction with their partners.

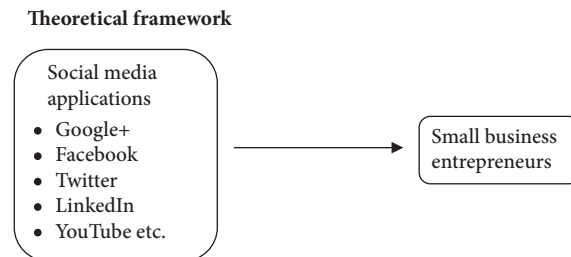
The motivation for adopting microblogging by small business entrepreneurs has been to make connections more appropriately directed connection with people who have same or common business interest and hence the businesses especially small and medium enterprises are trying to adopt micro blogging as evident from the studies of Gunther *et al.* (2009), Meyer and Dibbern (2010), Fischer and Reuber (2010), and Riemer and Richter (2010). There is a new trend of using Facebook by small business entrepreneurs due to cost saving and time saving in promoting their products as well as due to its use in connecting themselves with weak ties and career advancement. Fischer and Reuber (2010) say that "in the relatively few scholarly studies that consider how such social media may benefit firms, the majority has focused on social media as marketing tools" and also suggest to entrepreneurs who have used twitter that "entrepreneur learned that he could connect to his customers even more effectively than he had been doing."

Nowadays, small businesses use an assortment of applications on social media to enhance their business growth as well as for publicity. As a large number of related fields join their pages, they have the potential to earn more and share knowledge with each other, resulting in the expansion of their businesses. With the passage of time, no doubt that technology is becoming faster and faster as well as making the lives of individuals easier, but on the other hand, people seeking opportunities take advantage of technology and bring new ideas to the fore. Entrepreneurs use Facebook to connect with their weak ties or try to increase contact with existing strong ties. Small businesses use social media more because it is all about socializing and sharing opinions. These opinions can be expressed as written entries in the form of blog posts or comments, video presentations, and votes on social media sites. Also, these opinions are direct and unfiltered (Shabbir, 2014). The openness of these opinions is one of the main changes social media introduced to the relationship between businesses and customers.

Entrepreneurs use social media as a marketing tool because through this tool they can build quickly a network of supporters, which is vital for business growth. These supporters keep bringing new customers/

businesses for small business entrepreneurs by referring them to others. Social media helps to create a long-term relationship between businesses and customers. But there are some issues related to social media. First businesses concerning the implementation of social media lack consensus on how to implement different activities as the platforms and the technologies are so dynamic, and there has not been a clear guideline for businesses on how to utilize them. Mostly businesses use their own experimental approach to achieve a better result and this has somehow made the task more challenging. Second implementing Social Media is the task of setting a clear objective and a large number of businesses join the social media every year. But those who maintain their online presence effectively are relatively low; this is because many of those businesses launch their social media campaigns without clear strategic goals. Gillin (2009) explains that probably most businesses want to experiment with the technology or maybe they are attracted by the low cost of entry. And he suggests experimenting is better than inaction but it is better to have a plan. Tuten (2008) suggests if a business is to benefit from social media marketing, the first step in the process should be to set objectives for the campaign, as setting objective is a critical step in any communication and marketing planning process. According to him, any marketing campaign without an objective cannot be measured and evaluated, and unless we are able to measure the performance, it can be considered a waste of effort.

6. THEORETICAL FRAMEWORK



The above theoretical framework elaborates that small business entrepreneurs are treated as dependent variables and social media applications, such as Google+, Facebook, Twitter, LinkedIn, and YouTube, as independent variables. It is noted that every social media has its own importance in the market, and it's also dependent upon usage and demand of the people. Some of the small business entrepreneurs don't have a proper website, and they create their business pages on these social medias to catch with the demands of target customers in a cheaper way.

7. CONCLUSION

Social media applications in today's world have become an effective tool for small business entrepreneurs. Normally all small businesses use social media platforms for the advertising and publicity of their products. Also they make fan pages for their followers and they warmly welcome their suggestions and opinions, which help in improving their businesses. Based on theories and laws, it is clear that if small businesses employ social media tools with the right approach and clear goals, they can easily reach to their target customers. With the right approach, social media helps businesses to build a long-term relationship with customers. Social media provides an opportunity to both consumers and business entrepreneurs to communicate effectively. It also can help small businesses to spread out by providing them a large range of weak ties, but there are some issues with social media, such as high dynamics of technologies and the lack of a clear guideline for businesses on how to utilize them. Also businesses launch social media campaigns without clear strategic goals. So as per our observation through literature review, social media applications have positive impact on small business entrepreneurs. Entrepreneurs are highly motivated to use these platforms, because they require a minimum budget or are even offered free, to advertise their products, and social media creates a interaction and customer perception is inclusive and participatory and social media provides real time feedback handling opportunities.

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