

Social Networks as an approach to accelerate business strategy

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Abstract

This paper reviews the importance of business strategies and the imperative effects of their effective execution. This article was shaped in order to understand the dynamics of the interconnectivity of current and potential stakeholders with businesses, and presents a discussion regarding the use of social networks, such as Facebook and Twitter. Four questions were posed, 1) Can the use of social networks accelerate business strategies? 2) Can social networks provide a globalized reach, connecting the organization with current and potential interested parties? 3) Can social networks increase profitability? and 4) Can social networks lead an organization toward the path of business sustainability? To answer these questions an exploratory research (Stebbins, 2001) was conducted where previous literature focused on strategy, networking and social networks was analyzed, as well as the activity of four organizations that utilize social networks.

Key words: Social networks, business strategies, and execution acceleration.



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I. Introduction

Organizations are continuously seeking and are somewhat pressured to find new ways to become the leader in their respective industries. Thus, organizations have been striving for success, attempting to achieve ultimate performance. According to Dee (2010), a high performing organization “Is responsive to customers’ needs and wants and to the environment in which it operates. It is resourceful in times of scarcity, adaptable in times of change, and beneficial to others through its own prosperity”. Therefore, a high performing organization will tend to and anticipate current and potential stakeholder’s needs.

The design and execution of opportune strategies fit for an organization’s market and overall industry have proven elemental in objective and goal achievement. Steiner & Miner (1977) established that “Strategy is the foregoing of company missions, setting objectives for the organization in light of external and internal forces, formulating specific policies and strategies to archive objectives, and ensuring their proper implementation so that basic purposes and objectives of the organization will be achieved”. Hence, correct implementation of strategies will, to a large extent, determine an organization’s direction in the search for satisfactory performance.

Science has provided an incessant evolution of technology, which has supplied a series of beneficial tools and equipment for organizations. Internet revolutionized commerce with the development of company websites, e-business, e-commerce, among others, resulting in substantial advancements. Lee & Lee (2010) stated that “Internet allows people to encounter mass audiences by extending the boundary of social networks in real life to virtual places, and therefore fosters global interaction with people who have common interests”. Lüders (2008) articulated that “Privately produced content is accessible to anyone with an internet connection, yet the possibility of more or less symmetrical social interaction remains”. The boom of company websites allowed businesses to present themselves, whereby their mission, vision, objectives, goals, services and products became accessible to all interested parties for the first time.

Today, social networks are the name of the game, as they have rapidly become a platform for organizations to interact with current and potential stakeholders. The incessant changes and modifications that technology presents, provides challenges for decision makers, therefore, for the optimal survival of organizations. This paper suggests the use of social networks to accelerate various business strategies based on six propositions; to do so, four questions were posed, 1) Can the use of social networks accelerate business strategies? 2) Can social networks provide a globalized reach, connecting the organization with current and potential interested parties? 3) Can social networks increase profitability? and 4) Can social networks lead an organization toward the path of business sustainability?

II. Hypotheses

The following exploratory research (Stebbins, 2001) was performed in order to grasp the underlining effects of social network use as a means to accelerate strategies. Four hypotheses were determined on the grounds that using social networks accelerates business strategies:

H1: The use of social networks allows organizations to accelerate business strategies effectively.

H2: The use of social networks will provide a globalized reach, as the interconnection a company will have with current and potential customers and suppliers will increase significantly.

H3: The use of social networks is profitable, as a company will experience the reduction of the impact on costs.

H4: The use of social networks allows a company to work its way towards a sustainable business.

Due to the shortage of theory regarding the issue at hand, the main source of information was obtained through previous literature. Said literature was focused on strategy, networking and social networks, including their nature and potential. Also, the activity of four organizations that have implemented the use of Facebook and Twitter, were analyzed.

III. Discussion

Strategy

Strategy has been organization's focal point for decades, where many have defined it and presented its importance and implications. Mintzberg (1978) posited that "Strategy is a pattern in a stream of decisions". While Porter (1980) argued that "Every firm competing has a strategy, whether explicit or implicit". On the other hand, the execution of the strategies is equally important as their design; Bossidy & Charan (2002) established that "Execution has to be a part of a company's strategy, its goals and culture", therefore, the way businesses execute strategies is directly reflected on their overall performance.

According to Andrews (1997) corporate strategy:

"...Determines and reveals the objectives, purposes, or goals, produces the principal policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and noneconomic contribution it intends to make to its shareholders, employees, customers, and communities."

While business strategy "Defines the choice of product or service and market of individual businesses within the firm...it is the determination of how a company will compete in a given business and position itself among its competitors." (Andrews, 1997) Thus, both corporate and business strategies must create a primary and unifying action and decision making path to effectively promote the development and growth of the organization.

Digitalization as a strategy

Technology has introduced a source for the innovative design and implementation of corporate strategies. Prahalad & Hamel (1994) argued that "...The revolution in the computer industry is driven as much by structural changes brought by technology and customer expectations." Being as customers expect organizations to constantly seek a foremost position, that is, an *avant-garde* reputation, working with technology will help organizations accelerate various strategies and appeal to current and potential stakeholders.

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Digitalization has increased business opportunities allowing processes and procedures to be more efficient. Lüders (2008) established that "...With the digitalization and widespread use of personal media, some characteristics that were previously applied to mass media are also pertinent descriptions of personal media". Today, mass media is being notably used by individuals; nevertheless, organizations have begun to take advantage of it. According to Thompson (1995), there are five common characteristics to digitalization,

"...Technical and institutional means of production and diffusion, commodification of symbolic forms, structured break between the production and reception of symbolic forms, extended availability of symbolic forms in space and time; and media products are available in principle to a plurality of recipients".

Understandably, some believe that the use of social networks provides more disadvantages than benefits, nonetheless, Ellison, Steinfield, & Lampe, (2007) argued that "Online interactions do not necessarily remove people from their offline world but may indeed be used to support relationships and keep people in contact, even when life changes move them away from each other". Benefits of social networks begin with social capital, and therefore, the social behavior of those interacting. Lee & Lee (2010) argued that social capital "Emphasizes the social network and interaction, which promote norms of shared responsibility and reciprocity among people". Similarly, Ellison, Steinfield, & Lampe (2007) stated that "Social capital allows a person to draw on resources from other members of the networks to which he or she belongs".

Raven (1965) defined social behavior as "A change in a person's cognition, attitude, or behavior, which has its origin in another person or group". While Leenders (2002) posited that "When an actor adapts his behavior, attitude, or belief, to the behaviors, attitudes, or beliefs of other actors in the social system, social influence has occurred". Social behavior is observed differently in various cultures, regions, and groups, etcetera; nonetheless, social networks have created an identifiable particular language and conduct. It is clear that social networks have provided a social movement that, in turn, has influenced millions of people and organizations around the world.

Social networks as a strategy

Interconnectivity, the underlying principal of social networks, is not a contemporary invention. The sociogram, coined by Jacob L. Moreno, is a diagram-graph that is designed to represent social links among people based on a given criteria. (Figure I. illustrates a sociogram) Moreno (1948) stated that "Sociometry is...the mathematical study of psychological properties of populations; the measurement of person to person, person to group and group to group relations." Thus, as can be appreciated, the origins of social networks take place during the beginning of the twentieth century, as human behavior and social connectivity stirred the curiosity of an assortment of scholars and practitioners.

Boyd & Ellison (2007) articulated that social networks allow individuals to "(1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system". As social networks' main purpose is to provide the interconnection of people throughout the world, then organizations may share

information, demonstrate their leadership on the market and/or industry, and establish organic relationships, among others, through the effective use of these tools.

Social networks present a growing opportunity for businesses. Ellison, Steinfield, & Lampe (2007), argued that “In addition to helping student populations, this use of technology could support a variety of populations, including professional researchers, neighborhood and community members, employees of companies, or others who benefit from maintained ties”. Thus, except for those who lack access to social networks, no one is excluded. As Porter (1996) stated, “Strategy is the creation of a unique and valuable position, involving a different set of activities”, thus, the use of social networks is a clear strategy for all types of organizations.

The origin of social networks, as we know them, dates back to 1997, with the launch of SixDegrees.com. It was based on the interconnection of people, with their acquaintances and those of others. Since then, various innovators and entrepreneurs have upgraded the contributions of the first social network. The creation of Friendster, MySpace, LinkedIn, Hi5, and XING followed, each offering improved applications. Understandably, the incessant technological advancements and continuous increase of Internet penetration and access provided the necessary tools and resources to create the foundation for Facebook and Twitter.

Founded in 2004, Facebook is a networking website designed to connect people around the world. Facebook’s mission is to “Make the world more open and connected. People use Facebook to stay connected with friends and family, to discover what’s going on in the world, and to share and express what matters to them”. (Facebook, 2012) It currently has more than eight hundred million active users, and serves all types of customers. Facebook is a platform on which people befriend others with whom they share interests. Pictures, videos, comments, messages, and hyperlinks to other websites may also be shared, and an assortment of games is available as well.

Twitter, founded in 2006, is a social networking and microblogging service designed to provide a space to answer the question, *what are you doing?* Twitter’s mission is to “Instantly connect people everywhere to what’s most important to them”. (Twitter, 2012) Such service has more than one hundred million monthly active users worldwide. Twitter is a platform in which people send “tweets”, a message composed of one hundred and forty characters, to “followers”, friends, acquaintances, and/or people with whom they share interests. Also, hyperlinks are utilized to share videos, pictures, and other websites.

Both Facebook and Twitter have taken notice of the increased needs of businesses and created solutions for their endeavors. The most obvious benefit of said networks is based on the positioning of businesses on an extremely accessed platform. Mejias (2009) posed that “Social network services can map already existing networks or they can map new networks of people who were previously unconnected but who are brought together by a common interest”. Also, because both have applications (apps) for mobile telephones, businesses may interact with millions simultaneously as they log online. There are many more benefits which will be discussed further on.

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“Acceleratable” strategies

As mentioned earlier, several strategies such as communication, customer support, marketing and advertisement, sales and purchases, product development and personnel recruitment and selection, may be accelerated by the use of Facebook and Twitter. (Figure II presents a framework of acceleration of business strategies) The process of communication is improved as businesses may take advantage of “friends¹” of “friends”, and “followers²” of “followers”. Ellison, Steinfield, & Lampe (2011), stated that “After creating a profile on a SNS such as Facebook, users typically invite others into their network, thus, giving one another increased access to profile information and more communication options”. Therefore, the business’s “business card” is put forward onto a boundless platform built with millions of potential stakeholders.

Customer service and support strategies may also be accelerated, “Facebook Pages let you talk to your customers, expand your reach, learn and grow;” (Facebook for Business, 2012) while “Twitter can be used to broadcast company's latest news and blog posts, interact with customers, or to enable easy internal collaboration and group communication”. (Twitter, 2012) Once a business has emerged in the latter and communication has increased, connecting with customers is a straightforward task. As Facebook and Twitter have an application which allows for all “friends-followers” to visualize updates, then once a customer poses a question and it is answered by the business queried, others may acquire the same information just by logging on; therefore, posting responses to questions may significantly improve customer satisfaction. Thus:

P1: Social networks improve the internal and external communication process and create a global word of mouth.

Marketing and advertisement strategies may also benefit from the use of social networks. Organizations typically invest significant resources towards the development and implementation of market research activities. And, as they are able to receive direct feedback regarding current or new products and/or services, the processes of developing market research instruments is reasonably simplified. Hence, organizations may obtain substantial results by conducting such activities through social networks, as organic interactions have been established between active users and the business in question. Equally, as organizations may know which product and/or service adds value to the customer’s experience, product development is “acceleratable”.

Mejias (2009) argued that “The business model of social network services is driven by advertisements that are targeted to users based on the demographic data they enter in their profile”. Facebook allows active users to see advertisement suitable to their needs and preferences. People do not need to *click* on advertisements, as their position on the web page and image is identified on a conscious and subconscious level. On the other hand, if people *click* on the advertisement, organizations may “Connect with potential customers and drive traffic to their business”. (Facebook for Business, 2012) Twitter offers businesses an option to advertise through messaging. Therefore:

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informacion@congreso.fca.unam.mx¹ Number of active members that interact with one another on Facebook.

Teléfono: 52 (55) 5622.84.90² Number of active members that interact with one another on Twitter.

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P2: *Using social networks allows businesses to gather imperative information to make strategic decisions regarding current and potential products and services.*

As businesses communicate directly with stakeholders, sales and purchases may be strategically executed through social networks. Importantly, organizations can direct current and potential stakeholders to their official websites, thus, targeting the “right” people, and, in turn, potentiate loyalty. E-commerce has provided the necessary tools for the development of e-business, thus, among other things, online shopping (Sismeiro & Bucklin, 2004). The latter is an activity that has become increasingly popular, as the process simplification both for businesses and customers it offers is heightened due to the 24/7 access, significant convenience, and the creation of an ongoing point of sale. Hence:

P3: *Social networks serve as mediums to redirect current and potential stakeholders towards a business’ website, accelerating their association.*

P4: *Sales and purchasing processes are “acceleratable” as current and potential customers are connected with a business through social networks.*

Example I

Cirque du Soleil began using Twitter to “grow its audience by extending the excitement and emotion surrounding the on-stage experience for which it is famous.” Today, @cirque communicates directly with followers, asking them about their experiences, number of shows they have seen, if their weekend plans include going to one of their shows, and so forth. They also upload pictures of upcoming shows to create buzz and assess potential viewers. Lou D’Angeli, Director of Marketing and PR for the resident show Division for North America, posed that “Unlike email or other types of more traditional forms of marketing, we can use Twitter to be more relevant and responsive to our customers. This contributes to an engaged audience that is receptive to presales and sales events.” Furthermore, the company directs followers to their web sites, such as “Global Citizenship”. Cirque states that citizenship consists of “An attitude of social responsibility at the very heart of all our business strategies and management. *Cirque du Soleil’s* citizenship principles are founded on the conviction that the arts, business and social initiatives can, together, contribute to making a better world”. (2011 Citizenship Review)

Businesses may also accelerate strategies regarding the recruitment and selection of personnel through the effective utilization of social networks. The two most common approaches for the recruitment process are, 1) companies post job opportunities on their social network sites, and 2) “friends” and/or “followers” post an interest to work with businesses on the latter’s sites. Frequently, if companies are interested in potential candidates, they will redirect them to the contact link on their official website to provide personal information directly (i.e. Curriculum Vitae).

Example II

Huw Davis, Head of External Communications for the European Selection Office (EPSO), has stated that one of the reasons for deciding to use social networks for recruitment purposes is the interconnection with young potential candidates, that is, college graduates. He also articulated that by the use of Facebook:

“... We have had excellent feedback on how it has made the process more open, it has given people the information they would have previously found it harder to find, and given the impression of us as an office that we are open, helpful and that we are there to help rather than to put barriers in their way.”

Sustainability as a strategy

Sustainability has been a matter of concern for decades. In 1987, UN's General Assembly, stated that "...Sustainable development, which implies meeting the needs of the present without compromising the ability of future generations to meet their own needs, should become a central guiding principle of the United Nations, Governments and private institutions, organizations and enterprises." (United Nations, 1987) As such, business sustainability has become a global interest as it impacts all interested parties.

According to Dee (2010), business sustainability means "Taking into account the impact your business has on the environment and communities in which it operates... managing it in a way that maximizes the bottom line but optimizes environmental, economic and social benefits for society as a whole". Thus, sustainability requires much more than profitability; organizations must consider the impact their actions and decisions have on the environment, community surrounding it, and ultimate wellbeing of stakeholders. There are various benefits an organization can experience while optimizing processes in a sustainable manner.

Dee (2010) stated that there are two basic benefits to a sustainable business, 1) it provides significant internal modifications, "Change represents new opportunities, creates new jobs, it can be a driver for good, encourages new ways of designing and manufacturing product, inspires innovation, and can save money" and 2) enhances public recognition, "The public is behind the need for social and environmental change, it wants change that is driven by government and business, and it wants to see leadership that brings about real and measurable change". Hence, the implementation of more sustainable processes clearly provides internal and external benefits for the organization in question.

White (1993) explained that "Between environmental legislation and a heightened awareness by consumers about the dangers of continued pollution, however, many corporations are seeking to conduct their businesses in an environmentally responsible fashion." While Porter & Van der Linden (1995) stated that "Environmental progress demands that companies innovate to raise resource productivity, and that is precisely what the new challenges of global competition demand." Therefore, once again, in order to keep up with stakeholder's expectations and be able to anticipate them, an organization must design and execute strategies that allow a foremost position.

Most organizations consider sustainability an intricate, costly and *easier said than done* task. Schatzberg, McCandles, & Gupta (1997) argued that "From a strategic business standpoint of increased market share and profitability, it makes good sense". Sustainability is achieved in many ways; one of them is to use social networks to implement certain strategies that would otherwise compromise, for example, the integrity of the environment. Schatzberg, McCandles, & Gupta (1997) argued that "By proactively redesigning businesses, management can create new business opportunities in the form of markets for new services and products required as the firm completes its own greening strategy and for green versions of existing goods". Therefore:

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P5: Businesses may accelerate strategies and promote sustainability by redesigning processes using social networks.

Example III

The National Audubon Society and Toyota Motor Corporation created the program Together Green, an “Initiative to fund conservation projects, train environmental leaders, and offer volunteer and individual action opportunities that significantly benefit the environment”. (Green on Facebook, 2012) They have used a Facebook app to launch the Spring Green Challenge, which encourages people to improve health and introduce sustainability into their communities. Together Green, along with the use of social networks, seeks to “Inspire people around the country to take conservation action where they live”. (Together Green, 2012)

The “acceleratable” strategies mentioned above, when appropriately executed through social networks, will allow businesses to significantly decrease operational costs. Lee & Lee (2010) argued that “Interpersonal interactive functions enable people to actively go online and communicate with others, particularly at a high speed with a relatively low cost regardless of time and distance”. Similarly, businesses may attain significant profitability; the direct communication and therefore feedback from stakeholders allow the organization access to important and timely information critical for strategic decisions regarding products, services, applications, among others. Thus:

P6: The use of social networks may provide profitability for businesses as various operational costs are significantly decreased.

Example IV

Paramount Pictures began using Twitter to “Quickly increase awareness and ramp-up box office results for opening weekend of “Super 8.” As a result, the “Twitter exclusive sneak previews generated \$1 million in box office receipts; receipts for the opening weekend surpassed expectations by 52%”. (Twitter Case Studies, 2012) Today, Paramount Pictures’ followers provide immediate feedback regarding present and past releases, premiers, and even job opportunities.

Social networks’ downsides

Up to this point, a discussion revolving around the benefits of the use of social networks to accelerate business strategy has been presented, yet, it should come not as a surprise that there are imperative downsides. There are, of course, ethical issues regarding their use for personnel selection processes, trust and familiarity matters, and concerns with dialogue content provided by active users, amongst others. The abovementioned issues pose disadvantages for organizations that use social networks, as their strategies will not be accelerated and there could be damage to their reputation.

A number of organizations have accessed candidate’s Facebook profile and/or Twitter accounts to determine whether their information is consistent with their likings. This is achieved as, 1) companies access profiles that are not protected (i.e. do not have privacy and security settings activated), 2) they persuade candidates to give them access to their profile, and 3) although less likely, access is gained by hacking the account. Such practice

frequently results in discriminatory actions, where candidates are rejected based on the organization's findings. Hence, businesses that carry out such activity will more than likely face elevated costs and loss of profitability and trust.

Trust and familiarity are essential to the effective interaction of social network users and businesses. The two most notorious bad business practices, that reduce trust, are the misuse of personal information and credit card fraud. Gefen (2000) articulated that: "...Trust in another person or organization is built when the other person or organization behaves in accordance with one's own favorable expectations of them." Therefore, organizations should carefully consider the implications of their actions, as the comments of an unsatisfied stakeholder may result in irreparable damage.

The networks in question serve as interactive platforms and allow all forms of dialogue (positive or negative) among consumers. Stauss (1997) posited that "Internet word of mouth is a boundless dialogue with a potentially unlimited number of Net users". Although it is highly probable to find flattering comments for organizations, a risk is assumed as distasteful and/or insulting comments are also likely to emerge. Taking this into account and the basic rule of client satisfaction, *a happy customer tells a friend; an unhappy customer tells the world*. This is potentiated since one person becomes millions. Internet "memes" are ideas that spread throughout the Internet, mainly through social networks, at high velocity with an unstoppable reach. Media "Flamers"³ and "Trolls"⁴ are anonymous consumers that befriend and/or "follow" individuals, institutions, and/or organizations with the sole purpose of badmouthing them and instigating emotional responses. Therefore, the number of "memes", "Flamers" and "Trolls" may also be potentiated to millions of users around the globe. Consequently, placing stakeholder's needs and satisfaction first takes on an entirely new meaning when social networks are used.

IV. Conclusions

The incessant changes and modifications of technology provide challenges for decision makers that are relevant to the optimal survival of organizations. Internet revolutionized commerce enabling substantial advancements, thus, digitalization is, in itself, a powerful strategy. The design and execution of opportune strategies fit for an organization's market and overall industry has proven to be elemental in the achievement of objectives and goals. Hence, designing and implementing the "right" strategies will, to a large extent, determine an organization's direction in the search for satisfactory performance. High performing organizations will tend to current and potential stakeholder's needs and anticipate them.

Today, using social networks appeals to a wide spectrum of generations, including, *Generations X, Y, and Z*. Thus, in order for businesses to obtain competitive advantage, they must be prepared to adapt to the conditions they offer. All six strategies analyzed may be accelerated by the use of social networks. The effectiveness of the acceleration is due to

³ "A person who, on a message forum of some type, attacks and flames other members of the forum for any of a number of reasons. A real Flamer usually attacks threads because he/she disagrees with the content of the thread or the lack thereof." (Urban Dictionary)

⁴ "One who posts a deliberately provocative message to a newsgroup or [message board](#) with the intention of causing maximum disruption and argument". "A member of an internet forum who continually harangues and harasses others." (Urban Dictionary)

the carefulness with which businesses utilize these networks. If strategies are executed properly, then a business may gain globalized reach, as there is improvement of internal and external communication processes, increased profitability, costs significantly decrease, and may lead to a more sustainable business as the redesign of processes allows the reduction of resources. Hence, as social networks are a platform fit for said acceleration, managers and specifically decision makers are faced with a fruitful challenge.

V. Limitations and Future Research

As may be clear, a limitation of the study is that the present analysis was largely based on previous literature. Although four examples were utilized, future research might select a group of organizations in order to analyze the impact and degree of acceleration of strategies, cost decrease and profitability increase before and after use of social networks. On the other hand, cultural implications were not included and since they reveal behavioral patterns, they should be considered for future research. Finally, the framework of acceleration of business strategies (showed in figure II) could be tested in organizations with the aim of establishing possible designs for them.



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Appendix

Figure I: Sociogram of the potential relationships between three businesses and social network users.

- ✧ Circles one and two represent two organizations that have created a strategic alliance; such alliance is symbolized through a clear arrow
- ✧ The triangle, number three, represents Facebook
- ✧ The rhombi, letter F, each symbolize one hundred million active Facebook users
- ✧ The two-ended arrows signify the symbiotic relationship between Facebook and active user
- ✧ The interrupted arrows suggest potential interconnectivity

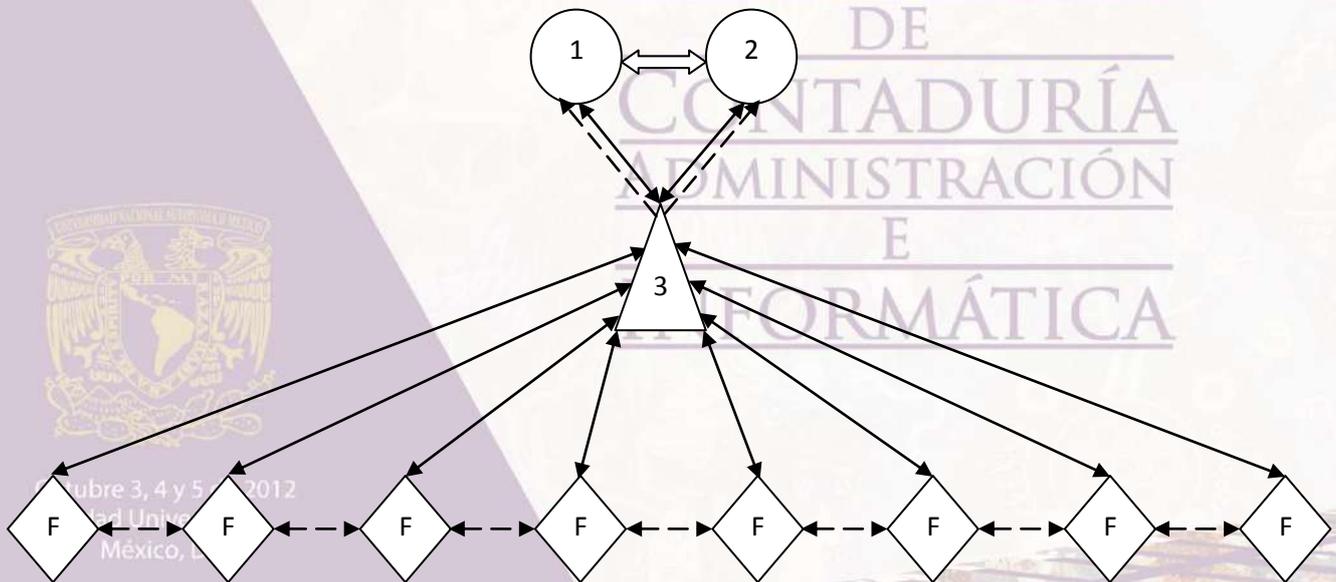


Figure II: Framework of the Acceleration of Business Strategies through the use of social networks

