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 is also examined how small business owners are motivated to use social media applications. Social media completely transformed the way of businesses. Social media applications in the present time have become most efficient and effective tool for small business entrepreneurs and normally all small business use social media platform for the advertising and publicity of their products and services, they make fan pages for the followers and they warmly welcome the suggestions and opinions which help in improving their business. However, based on literature review I concluded that there is a positive impact of social media applications on small business entrepreneurs as well as they are highly motivated to use this platform.

Keywords: Social media applications; Small business; Motivated and publicity

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 their businesses by using social media applications. Now a day's internet surfing becomes an essential part of our life from shopping to electronic mails and education. Internet is very beautiful progress of technology and when we talk about social media networks it is extremely beneficial for every type of businesses and entrepreneurs and it became very common and widespread in 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 customer's; it's totally transforming the way of business. It is an online application that enables their users to interact with each other's. It includes creating and sharing contents of their businesses. As compared to traditional media which only deliver content social promote active user participation. There is great variety of social media ranging from social networks (face book, LinkedIn) private social networks (yammer, social cast, jive) content sharing websites (YouTube, flicker) to wikis (Wikipedia) blogs (blogger, word press) and micro blogs (twitter).

Social media networks are gateways for company to profit and grow in the 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 user's lives. It is not only offering extensive opportunities but also present significant challenges for employers. Small business entrepreneurs use social media applications to spread their businesses by using large range of weak ties and the significance of weak ties in the network of small business owners are identified by Granovetter [1] and Burt [2]. The purpose of weak ties is to collect information regarding business 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 business. It helps to communicate between customers (current and potential) in term of feedback, product development and definition and customer service and support. Social media become one of the easiest ways to improve productivity. However, Shabbir [3] elaborates that market innovation is a comprehensive tool in order to meet the needs and wants of their target customers.

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 degrss. com. The basic purpose of this site was to facilitate people in terms of social connectivity via LinkedIn, My Space as well as advance mode of face book and other software's like Orkut, Google talk, Skype, Hangout and what-up etc. Cheung and Lee [4] stated that, "the decision to use online social networking technologies represents a social phenomenon that largely depends on the interactions" and concludes observing 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 [5] defined that "Social media is a hybrid element of promotion mix because in traditional sense it enables companies to talk 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 as team work, while the progress of employee's depending upon leadership of the management. However, the term management is not only consisting on firm level but also for Institutions, Economy and State levels respectively Shahzad and Rehman [6]. With the help of social media people enjoying their lives smoothly and remain connect with their love-ones, as well as it provides salient pieces of information for different purposes [7], social media can be named as consumer generated media, new media and citizen media.

Social Media Theories and Laws

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

Social cognitive theory

According to this theory, individual are good observers as they learn from other via observation. For example in 1960s Albert Bandura

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[8] (a pioneer in social cognitive theory) argued that when people see someone else awarded for behavior they tend to behave the same way to attain an award. People are also more likely to imitate those whom they identify.

The social presence theory

Relates to how much intimacy we can achieve using technology. In 1990 Fulk [9] argues 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. Examples email, text messaging, chat rooms interaction will have less value than phone which has less value than sitting across the table from someone.

Media richness theory

It is presented by Daft and Lengel in 1986 [10]. And they argued through communication problems/ambiguity can be solved. For example a phone call will not be able to produce gestures. This makes it less rich than video conferencing which is able to communicate gestures to some extent but more rich than email.

Media Laws

Some of important Media Laws are as below.

Sarnoff's law

David Sarnoff is pioneer of broadcasting business and a founder of NBC presents 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 like television, radio where there is no interaction between the sender and receiver.

Metcalf's law

In 1980 Robert Metcalfe presents this law. This law states that Value of network goes up when more and more nodes are connected to each other. But according to Evans [11] the disadvantage of this law is that it assumes interactions, and is only applicable to two-way communications such as email and telephone conversations.

Reed's law

Postulated by David P Reed, Reed's Law is also known as "The Law of the Pack" is a mathematical explanation of the power of a network. Reed's Law states that network value increased when new individual join the same network. Evans [11] states that the value of a network increases more than preceding two laws during the formation of groups and communities via the inter-connections among themselves. He states that Reeds law has considerably more coverage as it reinforces a new layer of groups such as in social network sites which creates sub groups and communities. According Evans [11], 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 unlimited number of senders and receivers and complete interaction.

Social Media and Small Business

All most all business takes into consideration of usage of social media in order to market / branding some product. 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 [12] investigating general companies to actually see how much of the social media application has actually penetrated the nontechnology and traditional organizations. Based on survey results he finds application of social media by businesses is inclined more towards communication to the customer in the traditional sense like branding, public relations and lead generation rather than communication with the customer, understanding the customer and internal communications. The strategies of small business are to adopt micro blogging to make direct connect with individual who has some interest in their business Shabbir [13]. Gunther et al. [14] says that social media helps small business entrepreneurs to build their small community over that media for smooth interaction with their partners.

The motivation for adopting micro blogging 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., [14], Meyer and Dibbern [15], Fischer and Reuber [16], Riemer and Richter [17]. There is a new trend of using face book by small business users due to cost saving as well time saving in order to promote their products as well as use face book for connecting themselves with weak ties and career advancement. Fischer and Reuber [16] 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 that entrepreneurs who have used twitter that "entrepreneur learned that he could connect to his customers even more effectively than he had been doing".

Now a days, small businesses use assortment of applications in social media to enhance their business growth as well as for publicity. As, large number of related field join their pages that's why they earn more and share knowledge with each other's, results in expansion of their businesses. With the passage of time, no doubt in it that technology is becoming faster and faster as well as making lives of individuals easier, on the other hand the opportunists taking advantage of this facility and brining new ideas on the facets. Entrepreneur will use the face book to connect to its weak ties or try to increase contact with existing strong ties. Small business 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. These opinions are direct and unfiltered Shabbir [18]. The openness of these opinions is one of the main changes social media introduced to the relationship between business 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. Because these supporters keep bring a customer's/ business for small business entrepreneurs by referring it to others. Social media helps to create a long term relationship between businesses and customers. But there is some issues related to social media in first is that worries businesses concerning the implementation of social media is the lack of consensuses on how two implement different activities as the platforms and the technologies are so dynamic and there has not been a clear guideline for businesses as to how to utilize them. Mostly business use their own experimental approach to achieve a better result and this has somehow made the task more challenging. Second is implementing Social Media is the task of setting a clear objective and 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 the social media campaign without clear strategic goal. Gillin [19] explains probably most businesses want to experiment the technology or maybe they are attracted by the low cost
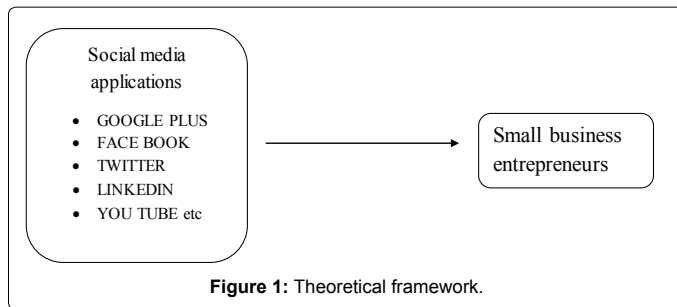
Figure 1: Theoretical framework.

of entry and he suggests experimenting is better than inaction, but better to have a plan. Tuten [20] 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 an effort.

Theoretical Framework

The Theoretical framework is shown in Figure 1.

However, the above theoretical framework elaborates that Small business entrepreneurs treats as Dependent variable and Social media applications such as (Google Plus, Face Book, Twitter, LinkedIn and You Tube etc.) are independent variables [21]. 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 small business entrepreneurs don't have their proper websites and they made their business pages on these social media's to catch the demands of target customers in a cheaper way.

Conclusion

Social media applications in today's world become most efficient effective tool for small business entrepreneurs and normally all small business use social media platform for the advertising and publicity of their product and they make fan pages for the followers and they warmly welcome the suggestions and opinions which help in improving the business. Based on theories and laws it is clear that if small businesses social media tools with right approach and clear goals they can easily reach to their target customers and by using in right approach social media helps to build a long term relationship with business and customer. Social media provides an opportunity to both consumers and business entrepreneurs to communicate effectively. Social media can help small businesses to spread out their businesses by using large range of weak ties but there is some issues with social media which is faced by the small business such as technologies are so dynamic and has not been a clear guideline for businesses as to how to utilize them and they launch social media campaign without clear strategic goals. So as per my observation by reading the literature review, social media applications has positive impact on small business entrepreneurs and entrepreneurs are highly motivated to use this platform because it requires minimum budget or even free in most social media websites to advertise their products and social media creates an interaction and customer perception is inclusive and participatory and social media provides real time feedback handling opportunities.

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