

## Chapter 3

# Influence of Corporate Social Media in Strategic Decision Processes

**S. Venkataraman**

*Indian Institute of Management Calcutta, India*

**Ranjan Das**

*Indian Institute of Management Calcutta, India*

### ABSTRACT

*This chapter discusses conceptually with some anecdotal evidence how social media engagement by business firms can influence their strategic decision making. It suggests a model of influence and proposes a knowledge integration mechanism through which such influence materializes. Social media engagement by business firms has been steadily on the rise, with its application extending to a range of corporate functions beyond marketing and customer engagement, many of which can be construed as strategic. However, the potential influence of social media on strategy process or strategic decision making has not been fully explored. In addressing this gap, this chapter conceptually explores the likely influence of social media on the issue of strategic decision making and the mechanism of such influence. Embellished by some illustrative anecdotes from practice, this chapter suggests a plausible model whereby corporate social media engagement influences the strategy process in firms through the three key dimensions – environmental factors, strategic characteristics, and decision issue characteristics. In particular, social media engagement is conceived as ingraining knowledge creation and integration through socialization within an extended value network.*

### INTRODUCTION

The phenomenon of social media (SM)—manifest through internet based platforms such as Twitter, Facebook, Youtube, MySpace, Pinterest and other such platforms has grown exponentially

across the world. This is particularly true for the current young and middle-aged population, who also hold significant spending power. Although SM platforms were initially more popular as avenues for personal level social networking and entertainment, in recent years SM has evolved to

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become a part of a firm's operating environment, both external and internal. This is borne out by the increasing number of firms who appear to be engaging and investing in SM. According to an annual survey conducted by Burson-Marsteller (2012), the number of firms among Fortune 100 companies engaging in SM has steadily increased year on year to a level of 87% in 2011. In this context, this chapter explores whether and how this evolving environmental force could be an influence which can shape a firm's strategic agenda or strategic decision making - an agenda seen as pertinent to strategy process research (Hutzschenreuter & Kleindienst, 2006).

The increasing SM engagement by businesses has prompted the proliferation of several practitioner oriented books and internet web-logs (blogs) by several consultants and self-styled experts, as well as articles in many practitioner oriented journals. *Prima facie*, such practitioner accounts suggest that SM is making businesses re-orient themselves to their marketplace and to public sentiments on issues related to corporate citizenship and environment and in the way at least some firms are approaching their internal organization, especially customer facing functions. Anecdotes and case studies relating to SM also reveal that the SM experience is far from uniform among businesses.

Notwithstanding this burgeoning trend of SM application across sectors and disciplines, scholarly enquiry into this phenomenon is so far thin. Moreover, even the practitioner oriented literature in SM has trained its attention largely on its relevance to marketing, customer service and public relations/outreach. This is not surprising, since the natural and most apparent associations that SM platforms provide organizations are those with their customers, existing and potential. Nonetheless, a deeper perusal of the inherent attributes and characteristics of SM would reveal that its current use for marketing and customer engagement is probably only the tip of the iceberg. Though it is still early days, at least some bellwether firms like

Dell, CISCO and Starbucks, have been quick to realize this latent potential and appear have moved to embed SM centrally into their functioning and operating culture so as to feed other important corporate and strategic objectives such as market education, sharing opinions on regulatory and policy matters, corporate responsibility related dissemination and new product ideas. Firms also appear to appreciate the tremendous power of SM to amplify messages and signals, and therefore make or mar reputations in double-quick time. Firms also realize that this forces the need for them to be strategic and smart in their responses on SM platforms. Despite possessing characteristics which can potentially position firms as distinct from their competitors and/or create competitive advantages through a variety of mechanisms, all which speak to SM's strategic potentiality, extant scholarly research has paid little attention to the relationship between SM and a firms' strategic decision making (SDM) or a firm's strategic agenda.

A quick perusal of some prominent general management/strategic management focused journals underscores this gap in SM related literature. The following table summarizes the search for social media, new media or Web 2.0 related articles, appearing from 2006-2010 (inclusive) in six prominent academic journals relating to the discipline of strategic management - all of them listed under the popular journals used by Financial Times in their research ranking of business schools. Practitioner oriented journals in this list were omitted for the purpose of this search.

Although only limited conclusions may be drawn from the above data, it is still interesting to note that till 2011, not a *single* SM related article has found visibility within this select space, exploring any relationship between SM and strategy content or strategy process.

The intent of this limited data is not to discount the importance of the SM related academic articles which have been published in other journals or presented at academic conferences - though not many, there are a handful of these, many cited

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