

# Social Media for Small and Medium-Sized Enterprises

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**In Lee**

*Western Illinois University, USA*

## INTRODUCTION

Social media offers small and medium-sized enterprises (SMEs) an array of innovative ways to interact with their employees, customers, partners, and other stakeholders (Kim, et al., 2012). Consumers have easy ways of interacting with SMEs and their employees in real time with various social media embedded devices. Managers are realizing that social media affects a wide spectrum of business activities from building product or brand awareness to after-sales services. Investing in social media applications will enhance relationships with customers and provide the opportunity to better understand the customer needs. Therefore, it is crucial for SMEs to assess their social media applications, develop a plan to continually monitor their advancements, and quickly respond to the social media needs of customers.

Social media embodies the principles of Web 2.0 (O'Reilly, 2005, 2007) and is continuously evolving. It supports business processes, knowledge management, customer relationship management, and partner relationship management. As social media is tremendously popular among consumers, firms can leverage it to engage in frequent and direct end-consumer contact with broad reach at relatively low cost and achieve higher levels of efficiency and effectiveness (Kaplan & Haenlein, 2010). Despite the lack of a comprehensive framework for the use of social media applications for SMEs, they are already active users of the various social media technologies such as social networking services and blogs.

SMEs have been a cornerstone for most countries. SMEs represent 99.7 percent of all U.S. employers, are responsible for about half of the private sector jobs, and generate about half of the private GDP (Small Business Administration, 2006). Despite their importance to the economy, compared to large firms, SMEs face a number of barriers to the adoption of innovations due to limited resources (Lockett & Brown, 2006; MacGregor & Vrazalic, 2007; Al-Qirim, 2006). It is known that many SMEs lack the financial resources and technical skills needed to systemically and strategically utilize new technologies for enhancing their competitiveness (Iacovou et al., 1995). While social media holds the great promise for the competitiveness of SMEs, Zeiller and Schauer (2011) find that top-down adoption strategies based on an initiative by management dominate in the case companies.

The main purposes of this chapter are to explore emerging social media applications and to discuss social media applications for SMEs. This study proceeds as follows: Section 2 presents a literature review on social media. Section 3 explores social media applications for SMEs. Section 4 discusses implementation guidelines for social media applications for SMEs.

## **LITERATURE REVIEW**

### **Types of Social Media Tools**

SMEs are beginning to capitalize on social media tools in a variety of ways. Users contribute to the development of content through writing comments and recommendations on Google, Yahoo, and Facebook, submitting videos on YouTube, co-designing games like The Sims, creating avatars in virtual environments like Second Life, or developing open source codes for Linux (Lee, 2011). Most of the SMEs adopted social media to some degree. A survey of decision-makers in German SMEs indicates that SMEs started to use internal social media (e.g., wikis, blogs) in order to support collaboration among employees and to improve knowledge management (Meske & Stieglitz, 2013). However, SMEs still face problems in identifying relevant business values. This section introduces five types of social media tools for SMEs.

### **Social Networking Services**

Many companies leverage social networking services (SNS) such as Facebook, Twitter, and Google+ to increase productivity in the workplace. SNS are web-based services that 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 (Boyd & Ellison, 2007).

SNS facilitate recruiting and connecting potential contributors for distributed innovation processes. As recruiting tools, SNS enable recruiters to view the manner in which candidates behave in an online setting and the type of people they socialize with. SMEs can use SNS to engage in direct market research and maintain a positive relationship with customers. SNS are one of the most beneficial types of social media for SMEs because SNS are more focused on social interaction and social relations than other social media applications (Meske & Stieglitz, 2013). LinkedIn's new service, Company Groups, allows a company's employees to participate in a single internal web forum where they can talk to one another, share ideas, and ask company-related questions. Facebook has over 968 million daily active users on average, 844 million mobile daily active users on average for June 2015, 1.49 billion monthly active users, and 1.31 billion mobile monthly active users for June 2015 (<http://newsroom.fb.com/Key-Facts>).

Individuals and businesses can create a Facebook account without a fee. Furthermore, Facebook enables SMEs to advertise their brands without requiring large budgets.

### **Collaborative Platform**

Collaborative platforms allow users to post, delete, or update contents via a web browser. For businesses, wikis serve as an excellent collaborative platform for collective intelligence and can facilitate innovations (Tapscott & Williams, 2007). Internal corporate wikis can be used as a collaborative platform tool to tap the expertise of a large group. For example, Nokia has been using internal wikis for engineers to solve product-design problems. Internal wikis are increasingly used by companies such as Adobe Systems, Amazon.com, Disney, Intel, Pixar, and Microsoft.

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