

# Chapter 7

## A Method of Analysing the Use of Social Networking Sites in Business

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### ABSTRACT

*Organisations have used information and communications technologies (ICT) to gain a competitive advantage. Presently, social media, in particular, social networking sites play a crucial role in business and enable a collaborative environment for business activities through networked relationships. Despite the benefits offered, many businesses are reluctant to use these tools because of privacy, security, and cultural issues. Through a literature review of the environment this chapter provides an overview of the ways businesses can use social media, and background information for understanding the growth and importance of social networks and social networking sites. One of the ways to prepare for future growth is to analyse social media in a business environment by using Earl's model of evolution as a framework. Investigating and understanding the influence of Web 2.0 on business should provide professionals and enterprises with a better understanding of how this tool can be integrated with work activities.*

### INTRODUCTION

Social media (SM) has changed the way we communicate and collaborate and in some ways the way we see the world. SM tools bring people together and allow them to share information,

photos and video. It also encourages individuals, organisations and society to search for opinions and information about products, services and brands. A wide range of SM tools exists and many are now incorporating social networking aspects. The main focus of this chapter will be on social

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networking sites (SNSs), however, there will be overlapping with topics such as Web 2.0 and SM.

SNSs are increasingly being used in businesses as a communication and interaction tool. These SNSs are being accessed by more people and with more frequency for longer periods of time. Businesses are finding that the use of SM tools, including SNSs; achieve measurable business benefit such as creation of new products and services, improved marketing, and ease of knowledge sharing (McKinsey & Company, 2009).

One way a business can study the organisation is to look at the social networks, which are enhanced by information technologies and organisational systems. Studies have indicated that the ties and relationships between individuals are important aspects that need to be taken into consideration (Dodds, Muhamad, & Watts, 2003; Travers & Milgram, 1969). It was revealed that most relationships have an average length of 6.6 for the shortest path between any pairs of individuals and it is typical for people with similar attributes such as age, language and location to communicate more with each other (Leskovec & Horvitz, 2008). A study has indicated that social structures with an open and participative management style that also use computer mediated communication can expand connection networks while also increasing the response rate (McKenney, Zack, & Doherty, 1992). The social structure influences the implementation of technology and controls its effect on organisational performance; therefore it is important to analyse this structure (McKenney et al., 1992). Conversely, using information and communication technology in firms is a step by step process in which organisations are found to move gradually through a series of phases. One of the ways to explain the development of organisational information systems is to use a stages of growth framework (King & Teo, 1997) and it is recognised as a useful framework that can describe different stages of a firm including an organisation's current stage and its possible stage in the future (Earl, 2000).

This chapter aims to provide ideas for exploring the evolution of SM while demonstrating the foundation of social networks, social networking sites and finally SM evolution in business. Understanding the evolution of SM from a business perspective can aid in the implementation of SM tools. In addition, we examine stages of growth models that have been used broadly by information technology and information system scholars (Earl, 2000). Accordingly, one of the ways to analyse how Web 2.0 applications are impacting business is by using the six stages of Earl's model as the framework to capture the typical evolution of Web 2.0 applications towards the Social Enterprise.

## **BACKGROUND**

### **The Growth of Social Networking Sites (SNSs)**

Over the past few years, SNSs which rely on Web 2.0 technology have become significant global tools for communication and interaction. These websites such as Facebook, MySpace, and LinkedIn attract millions of people who join these websites to keep in touch with each other, search for experts and engage in business (Kleinberg, 2008). A significant growth in the usage of social websites between 2007 and 2009, in the US, is highlighted in Table 1 (Nielsen Online, 2010a, p. 2). Moreover, according to Nielsen's report almost three quarters (74 percent) of Internet users around the world are using social networking/blogging sites while the average hours of using these sites equals six hours per month (Nielsen Online, 2010b). Chui, Miller & Roberts (2009) revealed that more than 100 million users access SNSs every month. It is clear that a massive growth can be highlighted and using these tools is not limited to younger generations. According to a survey, conducted by Pew Internet to explore the Internet usage in the US (Madden, 2010), the use of SM has increased significantly and the quickest growing age group

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