Chapter 32

Social Networking for Businesses:
Is it a Boon or Bane?

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ABSTRACT

As expected, online social networking offers pros and cons for businesses, and it could be argued that this recent invention has taken the world by surprise as everybody is now coming to grips with the issues faced. Currently some businesses have allowed employees to adopt online social networking while others are wary. It is safe to assume that the non-adoption often stems from a lack of awareness of the benefits that social networking has to offer and the actions that businesses can take to negate the problems. This chapter provides a simple yet detailed overview into the world of online social networking. The pros and cons of social networking have been outlined and a review of four popular social networking sites (Facebook, MySpace, LinkedIn and Viadeo) focussing upon general information, group features, design and information content has been provided. It outlines some practical usage guidelines that can be adopted to make social networking successful. Ultimately to meet the demands of businesses in the age of the Web 2.0 cyberworld it has become more important than ever before to understand this trend-setting movement.

INTRODUCTION

Social networking sites (SNS) are empowering a new kind of time and event driven communication that cannot be ignored. As new SNS are being introduced at a rapid pace, businesses cannot just be bystanders but need to join the social networking bandwagon to gain strategic competitive advantages. Social networking is not a new phenomenon but definitely new with the use of computer-mediated communication especially the Internet. Social networking is a novel way of increasing a person's business and/or social acquaintances by connecting with other people. Technology, most importantly the Internet, has revolutionised the means by which people connect. The Internet promotes social interactions

and helps to exploit and develop a structure to the connections that people develop online. Social networks are vital to the psychological well-being of people (Durden, Hill & Angel, 2007). Licoppe & Smoreda (2005) have suggested that technology mediated communication promotes a connected presence and technology acts as a limited surrogate to face-to-face encounters. The online connections that users create on SNS are often already a part of their physical (offline) lives but computer mediated communication helps to manage, regulate and expand their social networks.

Churchill & Halverson (2005) have related social networking to the concept of six degrees of separation that promotes the idea that everyone on the globe is separated from everyone else by no more than six intermediate personal relationships. Social networking technologies help to establish connectivity with people that would not have been possible otherwise. The use of social networking is rapidly increasing at an alarming rate. Facebook had 150 million users early last year whereas the latest figures reveal the number of users to be 500 million (Facebook, 2010; Gordon, 2010). A growth of 350 million users in over a year demonstrates the increasing popularity of social networking. The trends in SNS show a shift towards specialisation of the social networks as they are segmented according to the types of market segment they serve. SNS like LinkedIn, Viadeo, Ryze, and Ning specifically target formal business related communication whereas Facebook, MySpace, and Orkut target informal social communication. But as the popularity of Facebook demonstrates, there is a grey area as a lot of formal business activity is carried out on Facebook. Barnes and Barnes (2009) have highlighted the importance of the ubiquitous nature of SNS and how they are currently being utilised by for-profit or non-profit businesses of all sizes. It is imperative that the business value of SNS is established and businesses attempt to understand and utilise it to build brands, promote products and services, and engage with stakeholders. Social networking is blooming in the business world enabling professionals and executives to rub virtual elbows with stakeholders (Vascellaro, 2007) and holds ever-growing importance for businesses (Kriescher, 2009). Most current focus is on social networking sites used for personal communication but due to their wide spread popularity for business-related purposes globally, attention is now diverting to social networking that caters to specific professional groups. Singh (2008) has warned that in spite of the numerous benefits online social networking is prone to misuse and abuse so it is most important to be also aware of the shortcomings.

A considerable body of research on social networking exists however most of the research is focussed on the personal use of SNS for communication. Few studies have provided a generic insight into the world of social networking focussing on their use and adoption by businesses. Whilst a lot of empirical evidence prevails in this area, hardly any effort has been made to amalgamate the existing findings. The existing literature on social networking is fragmented, incoherent and sometimes very technological so this chapter provides a generic but detailed perspective of social networking for businesses. The chapter derives its offerings from the extant literature on social networking. The unique contribution of this chapter is that it provides a generic overview to social networking usage for businesses that want to use social networking by elucidating the lacunae and forte of social networking. Whilst the use of SNS from employees' perspective is important, this chapter focuses on the use and application of social networking from businesses' perspective. The chapter begins by providing some definitions of social networking and its broad classification. The chapter then progresses to highlight the state of social networking adoption globally. Next, a comprehensive analysis of business use of social networking has been carried out extensively focussing on the pros and cons of social networking so that businesses can make a well informed judgement. This chapter has reviewed four popular SNS (Facebook, MySpace, LinkedIn, Viadeo)

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