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SOCIAL BUSINESS – A CONCEPTUAL FRAMEWORK

Summary: The staggering growth of social media is capturing significant business attention. Managers are keenly aware that social media offers organizations the opportunity to join a conversation with millions of customers and prospective customers around the globe at any time. Social network services are increasingly being used to collect the data that can be leverage to enhance the customer experience and develop new products and services. But social media offers far greater opportunities for organizations. The article presents the concept of social business. This term refers to companies which utilize social media tools across all functional areas. The paper shows the areas of social media application and the benefits that an organization can achieve by applying social media tools.

Keywords: social business, social media, web 2.0 technologies, social networking service.

1. Introduction

Social media has become an increasingly important tool for all types of businesses. Business executives are beginning to consider social media technology as a source of competitive advantage. Social media is used primarily for marketing. According to the 2013 Social Media Marketing Industry Report, the overwhelming majority (97%) of 3000 examined marketers indicated that they are participating in social media marketing. 86% of respondents believe that social media is important for their business [Stelzner 2013].

Social media marketing is just one of the possibilities of using social media tools in the enterprise. Companies can achieve the maximum effect through transforming the organization to social business.

The term 'social business' has two main meanings. It primarily refers to enterprises which are "businesses with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximize profit for shareholders and owners." [Social Enterprise 2013] But the concept of social business has also a different meaning (used in this article) that refers to companies that use social media to advance their business objectives [Walker 2013].

The aim of this paper is to explain what social business is and why companies should care about social business. The article also shows the areas of social media application in organizations and the benefits that an organization can achieve by applying social media tools.

2. Characteristics of social media technologies

To explain the concept of social business, it is necessary to clarify what the term social media (SM) means. Although social media is increasingly attracting the attention of academic researchers and business executives who try to identify ways in which organizations can achieve benefits by using social media, there is still confusion about the definition of this concept.

The term 'social' media includes web-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content [Kaplan, Haenlein 2010]. Social media helps people connect, communicate and share information [IBM, *Get...* 2013]. According to A. J. Bradley from the Gartner Group, there are six core characteristics that distinguish social media from other forms of communication and collaboration [Bradley 2013]:

- Participation social-media solutions allow to use the power of mass collaboration through user participation to capture the "wisdom of the crowds", the line between media and audience is blurred.
- Collective with social media, participants "collect" around the content to contribute rather than individually create the content and distribute it, for example people collect on YouTube to share videos.
- Transparency a social-media solution provides transparency in that participants are privy to each other's participation. They get to see, use, reuse, critique, validate, augment, and rate each other's contributions; without transparency, there is no participant collaboration on content.
- Independence any participant can contribute independent of any other participant, participants can collaborate no matter where they are or whoever else may be posting content at that time.
- Persistence the fruits of participant contributions are captured in a persistent state for others to view, share and augment; it differentiates social media from synchronous conversational interactions where much of the information exchanged is either lost or captured.
- Emergence there is no possibility to predict, model, design and control all human collaborative interactions and optimize them as a fixed business process.

There are various types of social media. Kaplan and Haenlein organize SM by social presence (media richness) and (self-presentation/self-disclosure) in six types: blogs, social networking sites (e.g. Facebook), virtual social worlds (e.g. Second Life), collaborative projects (e.g. Wikipedia), content communities (e.g. YouTube)

and virtual game worlds (e.g. World of Warcraft) [Kaplan, Haenlein 2010]. Their characteristics and possibilities of use in business have been presented, inter alia, in: [Buchnowska 2013].

3. The concept of social business

The MIT Sloan Review defines social business as activities that use social media technologies "to enable more efficient, effective and mutually useful connections between people, information and assets" [IBM, *Collaboration...* 2013]. But technology is not enough to make enterprise a social business. Technology can improve connectedness, but more important is a mindset of collaboration and cocreation of value. The ability to transform an organization into a social business is a function of people, process and, lastly, technology [Afshar 2013]. M. Brito, vice president at Edelman Digital, has identified 15 indicators of social business transformation in these three areas (Table 1). They can help managers assess their own company and indicate directions of further development in order to become a real social business [Brito 2013].

Table 1. Indicators of social business transformation

Area	Organizational Behaviors & Key Performance Indicators [KPIs]
	Organizational leadership begins with mandating internal teams to collaborate across functional
People	
	business units, geographies, product organizations and channel partners.
	2. CEO and/or executive teams are using social technologies to communicate externally and
	encouraging employees to do the same.
	3. Social media "Center of Excellence" teams and Social Organization Models start forming.
	4. Global/functional teams are sharing best practices frequently; organizational silos become
	nonexistent.
	5. Social behaviors become ingrained in the everyday fabric of employees' workflow and process.
	6. Social business becomes a consistent line item in marketing, operations and IT budgets.
	7. Human resources adds "social media" in job descriptions, and employees are held accountable.
Process	8. Governance models are created, published and shared across the organization, providing
	a process for new employees to be trained to be social media practitioners.
	9. Social media policies and guidelines are co-created by senior management and employees.
	10. Consistent social media measurement frameworks are agreed upon and used to measure both
	internal and external social initiatives.
	11. Workflows are created to collect external customer feedback and filter it back to the product
	organizations.
Techno-	12. Internal communities and collaboration systems are deployed and used across functional
logy	business units – sales, marketing, customer support, supply chain management, etc.
- 83	13. Collaboration is happening more within internal communities than in e-mails.
	14. Social CRM capabilities, applications and systems become a priority in management and
	deployment.
	15. IT loosens up firewall restrictions (bandwidth, IP blocking) of social media usage from behind
	1
	the firewall.

Source: [Brito 2011].

People, process and technology are the pillars of a social business. A social business needs technology in order to support change and collaboration. Processes can help employees to cooperate and behave online. But people are the foundation of a fully collaborative social business. All the technology and processes will be useless unless there is a fundamental shift in the way employees think, interact with one another and communicate [Brito 2013]. The effectiveness of social technologies hinges on the full engagement of employees who are not afraid to share their thoughts and trust that their contributions will be noticed [SAS 2013]. However, this requires support from the leadership which will create a culture of trust [Brito 2013].

4. Concepts connected with use of social media in organizations

The growing popularity of social media means that the concept of 'social' is a buzzword and it appears in the context of different uses. In Table 2 there are presented some definitions of the concepts connected with the use of social media in organizations. Some of them are often confused with social business.

Table 2. Concepts connected with the use of social media in organizations

Term	Origin	Definition
Social Business (2.0)	Peter Kim (and Dachis organization)	By being more connected, (i.e. using social tools), a company can generate greater value to all its constituents.
Enterprise 2.0	Andrew McAfee	The use of Web 2.0 technologies within companies, or between companies and their partners or customers.
Social (media) marketing (SMM)	Whatis.com	A form of Internet marketing that utilizes social networking websites as a marketing tool. The goal of SMM is to produce content that users will share with their social network to help a company increase brand exposure and broaden customer reach.
Social selling	Michael Brenner	The process of helping social buyers to become customers.
Social CRM (2.0)	Paul Greenberg	CRM is a philosophy & a business strategy, supported by a technology platform, business rules, workflow, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment. It is the company's response to the customer's ownership of the conversation.
Social recruiting	Paul Jacobs	Harnessing the evolution of Web 2.0 technologies and social media tools to communicate, engage, inform, and recruit our future talent
Social Era	Nilofer Merchant	Connected individuals can now do what once only large centralized organizations could do, which changes organizational structures and individual power.
CrowdSourcing / Open Innovation	Jeff Howe / Henry Chesborough	Leverage others to create value for you.

Source: own based on [What We Talk... 2013; Greenberg 2009; McAfee 2009; B2B Marketing Insider 2013].

Often the concept of social business is equated with the term social media marketing, probably because social media are mostly used in marketing and usually do not exceed this area. However, the concept of social business is much broader and means the use of social media by all departments of the company, not only marketing. The most similar term to the concept of social business is t 'enterprise 2.0'. It is used in relation to companies that use Web 2.0 technologies within a corporation for collaboration outside the company and communication with customers and partners [SocialBusiness Insights Blog 2013]. In the case of the concept of social business using web 2.0 technologies, this is not limited to cooperating with the environment, but also covers cooperation within the organization.

5. Application areas of social media in the enterprise

The concept of social business refers to companies where employees from each department use social media technologies to perform their duties. However, first of all SM are used in the field of customer relationship management. Table 3 presents the possibilities of using various social channels by employees of the marketing, customer service and sales departments.

Table 3. How an organization may use social channels to support customer relationship management

Social channel	Marketing	Sales	Customer Service
Blog	 Blog focused on building reputation, written by a senior executive. Focus on leadership 	Deals with members of a community, for the acquisition of products and services.	Capture of comments in the executive blog regarding claims or requests by customers, and to act accordingly.
Internal Wiki	Platform to share market knowledge that has been collected from conversations with customers.	Shared presentations on sales and common knowledge about new sales leads.	Creation of a knowledge base of customer service procedures.
Video sharing websites (YouTube)	Viral advertising propagated only online, encouraging word-of-mouth reference.	Point of contact to create a sales opportunity in another channel.	Publication of educational videos on how to use certain products, extending the user manual online.
Micro Blogging (Twitter)	 Messages to announce special offers and discounts. Spreading of viral marketing campaigns, integration with channels like YouTube. 	Launching of exclusive product offers for Twitter followers, as a way of looking for new sales opportunities. Focus on the current follower base.	Response to support inquiries and product complaints, monitored by an exclusive team. Focus on all digital customers.
Personal Social Networking Sites (Facebook)	Spreading of advertising campaigns within the communities of clients.	Launch of new product and benefit campaigns for community members only. Focus on the current follower base.	Resolution of enquiries among community members. Opinion gathering regarding services and products.

Source: [Deloitte 2012].

Management of customer relationships is the main, but not the only, way to use social media in an enterprise. According to the IBM Institute for Business Value study, based on responses from more than 1,100 individuals and interviews with more than two dozen executives from leading organizations, many companies realize the value of applying social media technologies and approaches internally as well as externally [IBM Institute for Business Value 2012]. Social business creates valued customer experiences, but also enables more effective collaboration between partners and suppliers, and it can allow for more effective internal collaboration (Figure 1).

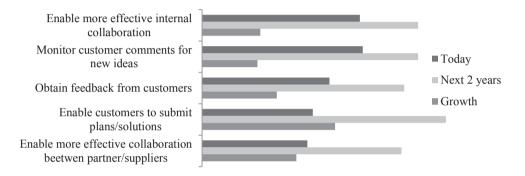


Figure 1. Opportunities of social business for organizations

Source: [Bieck 2013].

Business areas in which the social media technology is used more and more frequently are human resource management (HRM), research and development (R&D) and supply chain management (SCM). HR departments increasingly make use of social media (particularly LinkedIn and Facebook) to gather information when making hiring and promotion decisions [The ACE Group 2011]. In the R&D area, social technologies allow to use crowdsourcing for the creation and development of products and services. Customers may become a valuable source of innovations such as the inventing, design, improvement or testing of ideas and new product concepts [Jelonek 2012]. In the case of SCM, social media can improve the cooperation between an enterprise and its suppliers or other business partners. This results in the higher efficiency of the entire supply chain. In Table 4 there are presented examples and benefits of social media application in the aforementioned business areas.

Social activities will continue to spread across the organization. According to the McKinsey Global Institute (MGI) there are ten ways social technologies can add value in organizational functions within and across enterprises. These are presented in Figure 2.

Based on an in-depth analysis of usage in five sectors (consumer packaged goods, consumer financial services, professional services, advanced manufacturing and the social sector) that represent almost 20% of global industry sales, researchers

Table 4. Examples and benefits of social media application in different areas

Business function	How to use	Benefits of use
Human Resources (HR)	 Promote company among potential employees. Identify/gather information on job candidates. Train employees. Tap into pool of "passive" job seekers via professional social networks (e.g. LinkedIn, Xing, and Viadeo). Employees can discuss ideas, post news, ask questions and share links. Creating a Facebook group page for employees allows to promote a fun company culture, as employees can announce events, upload photos and talk in an informal, yet respectful manner. 	 Facilitates open communication, leading to enhanced information discovery and delivery. Provides an opportunity to widen business contacts. Targets a wide audience, making it a useful and effective recruitment tool. Improving talent scouting.
Research & Development	 Monitoring to gather intelligence about the company, product or service, competitors or industry. Conducting research (turn customers into focus groups). Spread the word about new products and services to the workforce. Solicit ideas, opinions, and feedback to incorporate them into existing and/or new products and services. Demonstration a series of new products (e.g. YouTube). Reach larger numbers of audience and receive quick feedback (e.g. Twitter). 	 Development of products and services in line with customer expectations. Faster introduction of new products. Increase in innovation of the company.
Supply chain management (SCM)	 Add social layer to supply chain management. Build purchasing coalitions. Hire "virtual" contractors. Monitoring the here and now of supply chain production and needs, tracking of logistical updates, sharing data, monitoring progress. Pooling resources and ideas from across the entire network of suppliers. 	 Increase the effectiveness of SCM. Increase productivity. Building a network of profitable business relationships. Problems are dealt with more quickly and effectively.

Source: based on [CISCO 2013; Gehman 2011; Falls, Deckers 2011; Handfield 2013].

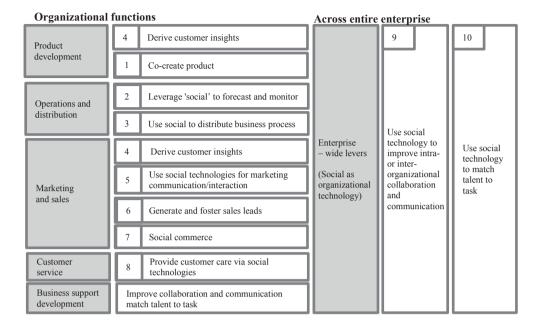


Figure 2. Ten ways social technologies can add value in organizational functions within and across enterprises

Source: [McKinsey Global Institute 2012].

from MGI have found that the use of social technologies could contribute from 900 billion to 1.3 trillion in value. Two-thirds of this amount can be unlocked through improving communication and collaboration within and across the company. MGI estimates that by adopting social technologies the productivity of knowledge workers could rise by 20 to 25% [McKinsey Global Institute 2012].

6. The state of social business – research results

The exponential growth of social media offers organizations the opportunity to join a conversation with millions of customers around the globe at any time. Therefore, the use of social media in enterprises is systematically growing.

The Harvard Business Review Analytics Services surveyed 2100 organizations (from North America, EMEA and Asia) via an online survey during July 2010 and discovered that 58% of them are currently using social media channels, and a further 21% are preparing to launch initiatives [Stabroeknews.com 2013]. The respondents indicated a number of benefits of social media in their companies [The Harvard Business Review Analytics Services 2010]:

1. Increased awareness of the organization, products or services among target customers.

- 2. Increased traffic to website.
- 3. Greater favorable perceptions of the organization, services and products.
- 4. Ability to monitor conversations about the organization.
- 5. Development of targeted marketing activities.
- 6. Better understanding of customers perceptions of their brand.
- 7. Improved insights about their target markets.
- 8. Identification of positive and negative comments.
- 9 Increase in new business
- 10. Identification of new product or service opportunities.
- 11. Ability to measure the frequency of the discussion about the brand.
- 12. Early warning of potential product or service issues.

In a survey of executives in 42000 companies around the world, conducted in 2012 by MGI, 70% of the respondents said that they are using social media technology in some way, and 90% of those said they were seeing some degree of business benefits [McKinsey Global Institute 2012]. Another study was carried out in 2012 by the MIT Sloan Management Review and Deloitte, and it showed that 54% of 2545 managers from companies in 99 countries and 25 industries considered that social business was important to their companies. The research report also shows that the importance of social business is growing across all industries. In a survey conducted in 2011, only 18% of respondents said it was "important" - in 2012 the number jumped to 36% [Kiron et al. 2013]. The findings of above-mentioned studies show that enterprises companies recognize the need for social business.

7. Discussion and conclusions

Many articles present how social media can be used by enterprises and what kinds of benefits they can achieve. Unfortunately, this is often limited to the use of social media in marketing and sales activities (e.g. [Rodriguez, Peterson, Krishnan 2012; Schultz, Schwepker, Good 2012; Agnihotri et al. 2012; Andzulis, Panagopoulos, Rapp 2012]).

However the use of social networking technologies in other areas, such as human resource management and research and development, can build a competitive advantage for an organization. But this is impossible without the creation of an appropriate organizational culture and an alignment of business processes. Therefore, there is a need for research which will present examples of companies that successfully use social media technologies across the enterprise and which will identify key success factors for the implementation of a social business strategy.

This article presents the conceptual foundations for understanding social business. Later on, empirical research will be conducted and will include: characteristics of the social technologies and ways to use them in different functional areas, the level of utilization of social media in Polish organizations, barriers to social business adoption and specific actions that help address these barriers.

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BIZNES SPOŁECZNOŚCIOWY – RAMY POJĘCIOWE

Streszczenie: Wzrost popularności mediów społecznościowych przyciąga uwagę organizacji. Menadżerowie są w pełni świadomi, że media społecznościowe oferują organizacjom możliwości prowadzenia dialogu z milionami klientów i potencjalnych klientów na całym świecie i o każdej porze. Serwisy społecznościowe są coraz częściej wykorzystywane przez firmy do zbierania danych, które można wykorzystać w celu zwiększenia satysfakcji klienta i rozwoju nowych produktów i usług. Możliwości zastosowania mediów społecznościowych w organizacji są jednakże znacznie większe. W artykule zaprezentowano koncepcję biznesu społecznościowego. Termin ten odnosi się do firm, które wykorzystują narzędzia social media we wszystkich obszarach funkcjonalnych. W tekście wskazano podstawowe obszary zastosowania tego rodzaju rozwiązań oraz korzyści, jakie organizacja może dzięki nim osiągnąć.

Słowa kluczowe: biznes społecznościowy, media społecznościowe, technologie Web 2.0, serwis społecznościowy.