



Social Business

Maria Cristina ENACHE*

ARTICLE INFO

Article history:

Accepted June 2015

Available online September 2015

JEL Classification

M15

Keywords:

Social Business, IT, Marketing,

Social media

ABSTRACT

The field of social business is growing rapidly and attracting increased attention from many sectors. The term itself shows up frequently in the media, is referenced by public officials, have become common on universities. The reasons behind the popularity of social entrepreneurship are many. On the most basic level, there's something inherently interesting and appealing about entrepreneurs and the stories of why and how they do what they do. The interest in social entrepreneurship transcends the phenomenon of popularity and fascination with people. Social entrepreneurship signals the imperative to drive social change, and it is that potential payoff, with its lasting, transformational benefit to society, that sets the field and its practitioners apart. Although the potential benefits offered by social entrepreneurship are clear to many of those promoting and funding these activities, the actual definition of what social entrepreneurs do to produce this order of magnitude return is less clear. In fact, we would argue that the definition of social entrepreneurship today is anything but clear. As a result, social entrepreneurship has become so inclusive that it now has an immense tent into which all manner of socially beneficial activities fit. In some respects this inclusiveness could be a good thing. If we can achieve a rigorous definition, then those who support social entrepreneurship can focus their resources on building and strengthening a concrete and identifiable field. Absent that discipline, proponents of social entrepreneurship run the risk of giving the skeptics an ever-expanding target to shoot at, and the cynics even more reason to discount social innovation and those who drive it.

© 2015 EAI. All rights reserved.

1. Introduction

What does it mean to be a Social Business? A Social Business embraces networks of people to create business value. Our definition of a Social Business (above) has three underlying tenants:

1. Engaged - A Social Business connects people to expertise. It enable individuals – whether customers, partners or employees – to form networks to generate new sources of innovation, foster creativity, and establish greater reach and exposure to new business opportunities. It establishes a foundational level of trust across these business networks and, thus, a willingness to openly share information. It empowers these networks with the collaborative, gaming and analytical tools needed for members to engage each other and creatively solve business challenges.

2. Transparent - A Social business strives to remove unnecessary boundaries between experts inside the company and experts in the marketplace. It embraces the tools and leadership models that support capturing knowledge and insight from many sources, allowing it to quickly sense changes in customer mood, employee sentiment or process efficiencies. It utilizes analytics and social connections inside and outside the company to solve business problems and capture new business opportunities.

3. Nimble - A Social Business leverages these social networks to speed up business, gaining realtime insight to make quicker and better decisions. It gets information to customers and partners in new ways -- faster. Supported by ubiquitous access on mobile devices and new ways of connecting and working together in the Cloud and on open platforms, a Social Business turns time and location from constraints into advantages. Business is free to occur when and where it delivers the greatest value, allowing the organization to adapt quickly to the changing marketplace. We believe the most effective approach to enabling a Social Business centers around helping people discover expertise, develop social networks and capitalize on relationships.

2. Literature review

The field of social entrepreneurship to a point where different groups of practitioners, and even more so researchers, have developed their own preferred designations. Terms like "social enterprise," "philanthropy," "non-governmental organizations," "non-profits," "charities," and "third sector" are often used interchangeably, or with only small differences in meaning. Yet at a deeper level of underlying social values and economic systems, the differences can be substantial.

* Faculty of Economics and Business Administration, "Dunarea de Jos" University of Galati, Romania. E-mail address: mpodoleanu@ugal.ro (M. C. Enache)

In Europe, social advocacy, cause marketing, and coordination of other efforts at a secondary level are typically regarded as social entrepreneurship (Chalençon & Pache 2006). In the United States, where think-tanks and lobbying organizations often take charge of such tasks, they are typically not so regarded. The case becomes even more complex if China or developing countries are added to the mix (Yu 2011; Defourny & Kim 2011), and confusion is aggravated by the use of different legal forms around the world, some being reserved for non-profit organizations.

The concept remains poorly defined, and its boundaries with other fields is of an arbitrary and fuzzy nature. In social science, terminological proliferation is the hallmark of every new field that enjoys rapid growth. In the case of social entrepreneurship, two facts exacerbate the situation – that not primarily researchers but managers and entrepreneurs determine the evolution of the field, with the conceptual bases of these groups rarely converging, and that wide differences exist worldwide in socio-economic values and systems.

3. What is the value of Social Business?

As the rapid growth of social networking and mobility has erased some of the boundaries that separated individuals in the past, people increasingly use their relationships with other people to discover and use information to accomplish innumerable tasks. New opportunities for growth, innovation and productivity exist for organizations that encourage people – employees, customers and partners – to engage and build trusted relationships. Individuals are using social networking tools in their personal lives, and many are also incorporating it into their work lives – regardless of whether it's sanctioned by their employers.

Astute organizations will embrace social software and find the most effective ways to utilize it to drive growth, improve client satisfaction and empower employees. In fact, Social Business software has gained significant momentum in the enterprise, and this trend is expected to continue, with IDC forecasting a compound annual growth rate of 38 percent through 2014.5 However, becoming a Social Business is not simply a matter of deploying some collaboration tools and hoping for the best. It is a long-term strategic approach to shaping a business culture and is highly dependent on executive leadership and effective corporate strategy, including business processes, risk management, leadership development, financial controls and business analytics. Realizing the potential value of Social Business is predicated on an organization's ability to recognize and design for this transformation.

Social Businesses can orchestrate and optimize new ways of generating value through innovation, creativity and utilizing the right skills and information at the right time. They become more flexible and agile in the face of the global market's competitive pressures and rapid rate of change.

Common industry terms

- Enterprise 2.0: Mostly focused on collaboration behind the firewall between employees and partners. When applied effectively, it can enable large organizations to become more nimble and agile and, in many ways, act more like a "small" business in the best sense of the word.

- Social CRM: A strategy that allows an organization to make customers a focal point of how it does business, where the customers are actually a key force behind the development of the ideas, services and products that the organization produces.

- Social media: Social media is another channel composed of various social sites such as Twitter and Facebook. These channels have their own processes, guidelines, governance and forms of accountability. As an organization develops a social business strategy, social media might be one of the channels to pursue.

- Social software: The broader set of social tools (messaging, chats, blogs, wikis, activities, file sharing, profiles, forums, analytics, tagging, etc.) that enable all of the concepts above and include applications used within an enterprise behind a firewall as well as third-party services that extend beyond the firewall.

We see three key business value opportunities arising from the Social Business transformation. Becoming a Social Business can help an organization:

- 1) Deepen customer relationships
- 2) Drive operational efficiencies
- 3) Optimize the workforce

Deepen customer relationships In today's fast-paced "always on" world, brands are getting strengthened and destroyed in a fraction of the time it once took due to the proliferation of instant, viral feedback via social media and social networking tools. The combination of social media and the growth of Internet use has essentially changed the way consumers interact with brands. Now, more than ever, organizations must understand and communicate with their customers. Most business leaders understand this.

Consumers are connecting with brands in fundamentally new ways. The ways individuals become aware of, research, purchase and obtain support for products have changed. Increasingly, customers rely on digital interactions, peer evaluations, social media and online after-purchase support to make their decisions about which brands to engage. While customers have historically interacted with trusted sources to help make purchasing decisions, technology is enabling them to do so on a much larger and more organized scale

using more resources. Social marketing is becoming an increasingly effective and essential mechanism to engage customers.

The benefits to brand building and engagement are obvious, but organizations are challenged with delivering a consistent, compelling brand experience across their channels and breaking through the “social clutter.” To truly become customer centric, an organization needs to have the social media tools ingrained in its end-to-end business. And it needs to listen to its customers when they volunteer information – because customer feedback obtained via social media is many times quite different from information gained through surveys and other market intelligence tools. Social Businesses are finding ways to mine this information while also creating a consistent, truly interactive and contextaware experience. Instead of simply pushing messages and offers out to the market, marketing is engaging customers through open dialogue integrated with rich media capabilities that cater to customers’ preferences, buying patterns and personal networks (see sidebar: Extending relationships with and among clients).

From a marketing and sales perspective, a Social Business can create, manage and publish personalized content (text, pictures, audio, video, documents, etc.) based on profile data from the Web, optimized for customers’ behavior patterns. In addition, it can provide consistent branding and user experiences across multiple sites and channels seamlessly through Web content management.

Finally, a Social Business is better able to target the right content to the right customers based on personal attributes, patterns of behavior, segmentation and loyalty programs through personalization engines, Web analytics, and instant messaging and online meetings. In terms of customer service, a Social Business can provide an online experience through “real people” showing personalized profile information via instant messaging, community blogging or Web conferences – turning customers into advocates. In addition, it can strive to deliver realtime information to online customers through multiple devices (mobile, smart-phone, tablet PCs, etc.) to help ensure effective communication anytime and anywhere. As part of all this, an effective Social Business can also implement a flexible model of customer self service capabilities, such as chat forums and communities, to increase responsiveness and decrease costs.

4. The Challenges Social Business Face in 2015

Simply Measured partnered with TrustRadius to survey over 600 social media marketing professionals on their practices. This survey uncovered several major challenges that social marketers face, and highlighted the way these challenges shift as teams grow. Companies of all sizes and maturity levels are struggling to prove the value of their social programs. Social media activities can be difficult to quantify, and marketers are trapped between readily available “vanity metrics,” such as Likes and followers, and difficult-to-measure objectives such as brand awareness. In fact, 60% of the marketers surveyed listed “Measuring ROI” as their top challenge, followed by “Tying social activities to business outcomes.”

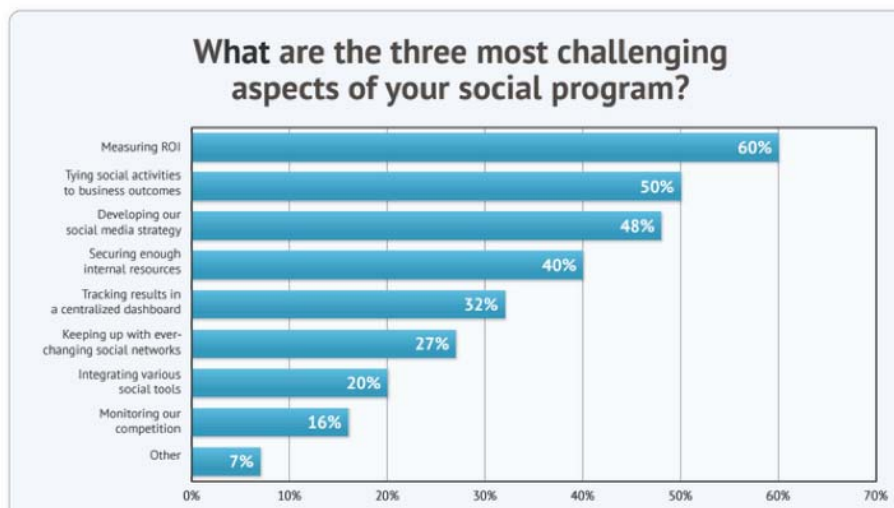


Figure 1. Social Business Trends

Social media goals are not wholly aligned with overall business goals. Seventy-one percent (71%) of social marketers said that brand awareness is their number one goal.

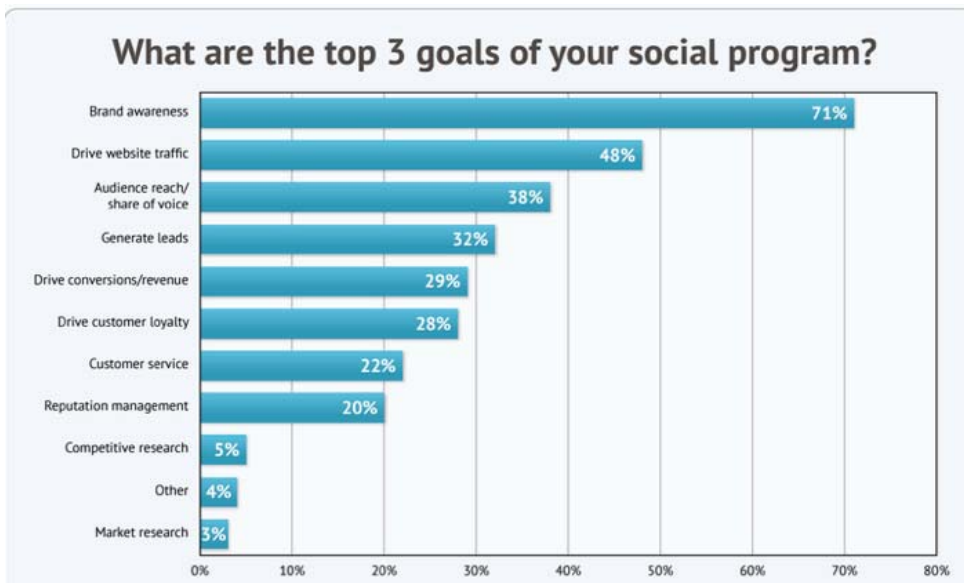


Figure 2. Social Media Marketing Goals

The brand awareness focus was more common among small businesses without the marketing infrastructure and support found at an enterprise company.



Figure 3. Goal prioritization per company size- 2015

According to the TrustRadius survey, most marketers are using multiple sources of data and multiple technology products to measure social media activities. Because of this, many marketers still aren't able to interpret the data well enough to show value, and many aren't satisfied with their set of tools. This is a direct cause of the inability to tie social media to ROI.

The most commonly used tools are the analytics offered natively in social media networks (64% of respondents), a social media management tool (62%), a web analytics solution (59%), and spreadsheets (46%).

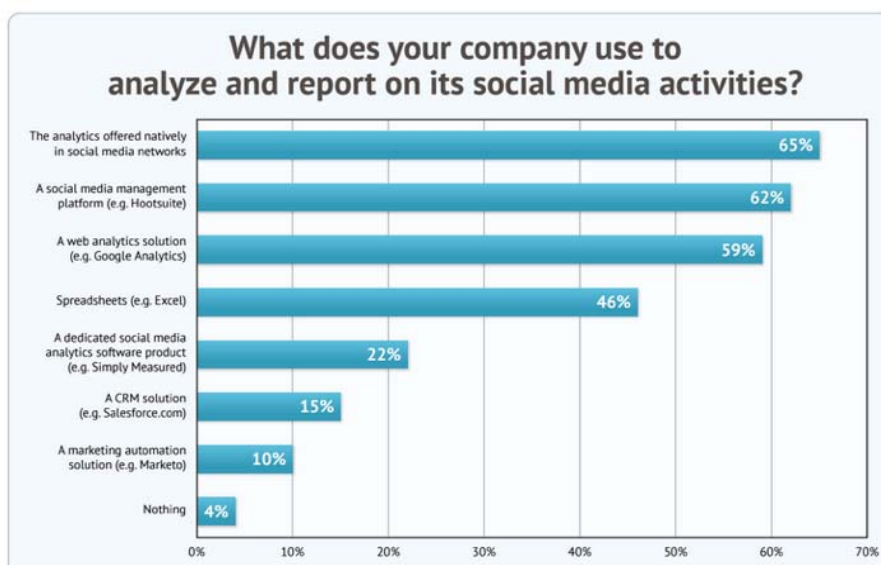


Figure 4. The State of Social Marketing - 2015

5. Conclusions

A challenge faced by virtually all enterprises in these turbulent times is how to build organizations that are more adaptive and agile, more creative and innovative, and more efficient and resilient. Increasingly, it is becoming clear that the traditional hierarchical enterprise, built on a structure of departments and a culture of compartmentalization, will give way to a socially synergistic enterprise built on continually evolving communities and a culture of sharing and innovation.

As such, we predict the path to becoming a Social Business is inevitable. However, the differentiating factors – those which will separate the leaders from the masses – will stem from how effectively an organization embraces both a Social Business culture as well as the technology to deepen customer relationships, drive operational efficiencies and optimize the workforce. And even the most successful organizations will encounter potholes along their paths. For example, in today's open world, disgruntled employees, partners and customers have a tremendous voice – something that must be considered as a business plots its Social Business strategy.

In addition, issues relating to protection of intellectual property in the socially networked world, as well as an enterprise's potential legal risks associated with social media, must be considered. Finally, HR policies likely need to evolve to take into account the massive increase in public information about employees, candidates and alumni. Despite the many issues to consider and the changes in organizational culture that must occur, enterprises must adapt and embrace the opportunities associated with being a Social Business. By harnessing the creative and productive potential of employees, customers and partners across the enterprise and expertise across a value network, companies can position themselves to enjoy deeper customer relationships, increased operational efficiency and an optimized workforce. Organizations that leverage a Social Business culture and technology framework have the potential to transform themselves and take leadership roles in their industries.

References

1. Chalençon, G. & Pache, A.-C. (2006). *Changer d'échelle. Dupliquer les réussites sur de nouveaux territoires: une voie pour développer l'entrepreneuriat social*. Chaire Entrepreneuriat Social, ESSEC, Cergy-Pontoise.
2. Yu, Xiaomin (2011). *Social Enterprise in China: Driving Forces, Development Patterns and Legal Framework*. *Social Enterprise Journal*, 7(1), 9-32.
3. Defourny, J. & Kim, S.-Y. (2011). *Emerging Models of Social Enterprise in Eastern Asia: A Cross-country Analysis*. *Social Enterprise Journal*, 7(1), 86-111.
4. "Social Networks/Blogs Now Account for One in Every Four and a Half Minutes Online." Nielsen News. *Nielsenwire.com*. June 15, 2010: http://blog.nielsen.com/nielsenwire/online_mobile/social-media-accounts-for-22-percent-of-time-online/
5. Kharif, Olga. "Morgan Stanley's Meeker Sees Online Ad Boom." *Bloomberg Businessweek*. November 16, 2010. http://www.businessweek.com/technology/content/nov2010/tc20101116_062591.htm
6. "Global 'Digital Life' research project reveals major changes in online behaviour." *Digital Life*. November 10, 2010. <http://discoverdigitallife.com/global-digital-liferesearch-project-reveals-major-changes-in-online-behavior>