Social Media in Entrepreneurship Context

Schjoedt, Leon; Brännback, Malin; Carsrud, Alan

Social Media in an Entrepreneurship Context

Schjoedt, L., Brännback, M., Carsrud, A.

Abstract

In this introduction we set the stage for the chapters that make up this volume. We have clustered the invited chapters in a manner that should facilitate the readers understanding of social media within and entrepreneurial context. This book is not intended to be an exhaustive review of the literature on social media nor is it an extensive review of the role social media plays in entrepreneurial ventures. What it does explore are various aspects of how the social media in the 21st century has impacted entrepreneurial behaviors. We hope these chapters will stimulate future research on how social media impacts entrepreneurship.

Keywords:

Social media, context, information, digital media

1 Introduction

One can argue that today's social media environment is merely a continuation of the communication revolutions that began with the development of language abilities in humans tens of thousands of years ago. It is merely the next step in the multi-media progression of smoke signals to the written word, movable type, telegraphs, radio, television, and now the internet. That said, what makes social media today different is the ability to add content to the process as well as immediately respond to digitally presented information.

Online social media, like Facebook and YouTube, flourish in our global society, across organizations and countries, and among people. In fact, having access to social media is becoming an important prerequisite for being a digital citizen, even in societies that restrict such access. Social media are characterized as ubiquitous information systems (UIS) which means that they are available all the time everywhere to an ever increasing number of people regardless of economic status and political environment.

There is no denying that the use of social media is big and growing. Today, with a total worldwide population of 7.8 billion, there are and estimated 3.7 billion active social media users. The internet which is less than 60 years old has 4.54 billion users (https://www.brandwatch.com/blog/amazing-social-media-statistics-and-facts/#section-2). For example, Facebook has 2,4 billion users and YouTube roughly 2 billion users with Whatsapp (1.6 billion) and Wechat (1 billion) trailing close behind. Facebook is adding 500 000 new users every day – or 6 new profiles

every second. In the U.S. Facebook is used by 69 percent and YouTube by 73 percent of the population (Clement 2019; Perrin and Anderson 2019). Social media use is not just a North American activity. In Finland, 63 percent of the population use Facebook, while in Denmark, 53 percent of Internet users used Facebook on a daily basis (Tankovska 2019a, 2019b). While Facebook is largely missing from China, the domestic equivalent reportedly has millions of users.

India, the U.S., and Indonesia rank among the top three Facebook using countries (with Thailand ranked number eight in the world Leesa-Nguansuk 2018). In the U.S., the use of social media varies depending on age according to a Pew Research Center survey conducted in February, 2019, while the pattern in social media use remains similar in 2019 relative to 2018 (Perrin and Anderson 2019).

While social media is used for personal and professional purposes, the choice of social media with respect to personal and professional seem to vary widely. In the U.S., younger users between 18-24 years of age tend to use Snapchat and Instagram and more experienced people (40+ years of age) tend to use Facebook and YouTube (Pew Research Center in Perrin and Anderson 2019). Organizations appear to prefer Twitter, as do some political figures.

However, Twitter only has 145 million daily users, which is not a lot compared to the numbers above using Facebook. Interestingly 83% of Fortune 500 companies have a presence on Twitter, whereas only 20 companies of these 500 actually engage with their customers on Facebook. At the same time 78 percent of people who complain to a brand via Twitter expect a response within an hour. There is a reason for this, there is a lot of money involved; in 2019 US$ 90 billion was spent on social network advertising. But social media is much more than just another virtual advertising billboard, abet one in which there is two way if not multiple way communication.

Given these numbers social media can be defined a massive digital infrastructure which offers tremendous opportunities for companies and certainly for entrepreneurs. Before we go there let's step back and take a brief look at the rather short period of development and offer a definition of social media.

What is social media?

We do not have to go all the way back to the dawn of civilization (although similar revolutions in communication have occurred such as the Guttenberg Bible). The current crop of digital natives, those who have grown up in the digital world, probably will argue that anything before the World Wide Web is pre-history. We follow the convention that social media as we know it today was coined around 2003/2004 with the launch of Myspace and Facebook (Kaplan and Haenlein, 2010). Among IT professional the earliest version of social media was the creation of Usenet, which was a network community where mostly computer wizards and nerds hung out to exchange ideas and experiences. This was a governmental funded project by DARPA and largely limited to large research universities in the United States.

Social media really take off with the launch of the World Wide Web (WWW) in 1989 and the user-friendly Mosaic browser. These two technological software innovations were critical for the diffusion of the Internet and the Web as a world-wide commodity and a commercial breakthrough. It was now possible for private individuals and companies to create a web presents via homepages. Most of these were rather simple and rather terrible at first (Sterne 1995, 1996). Around the mid-1990's there was an explosion in volume. While some companies were catching on fast to the potential of the WWW, most firms did not quite understand the power of this communication media. Most companies approached the Internet and the WWW with old school market and corporate communication strategies (Rayport &Sviokla, 1994; 1995; McKenna, 1995; Benjamin &Wigand, 1995; Armstrong and Hagel, 1996; Hoffman and Novak, 1997; Brännback, 1997; Brännback & Puhakainen, 1998). Even worse some firms had no strategies at all. At the same time a paradigm shift began to emerge in market communication from one-to-one communication to one-to-many communication or many-to-many communication (Hoffman & Novak 1997). That is, it was technologically possible to have multiple approaches, but most firms were still using the web as a one-to-one mechanism.

While the software technology for social media was increasingly available, the hardware was still hampered by desk top computers Some really early visionaries had proposed computers and devices that would be portable and potentially the size of today's smart phones and tablets (Weiser, 1991). In the mid-1990s new social networking websites began to emerge - GeoCities, appearing in November 1994, followed by Classmates in December 1995 and SixDegrees in May 1997 ((Edosomwan *et al.*, 2011). These early entrepreneurial firms saw the potential and tried to exploit it. For social media to diffuse into an everyday global commodity the introduction of mobile technology and high speed Internet were absolutely critical. This shift started to occur approximately 2003 and 2004.

Many of us could easily produce a list of social media platforms with which we as users are familiar. These may include Facebook, Youtube, Instagram, Twitter, Whatsapp, Wikipedia, and many others. The real challenge is to try and categorize social media in a meaningful way. In the academic literature, social media refers to "computer-mediated tools that make it possible for anyone to create, circulate, share, and exchange information in a variety of formats and with multiple communities" (Leonardi & Vaast, 2017: 150).

Another approach is to rely on a few theories in the field of media research and social processes (Social Media). Kaplan and Haenlein (2010) thus arrive at two defining dimensions: Social presence/media richness on one hand and self-presentation/ self-disclosure on the other. These dimensions allow us to include a wide palette of different social media; blogs and micro blogs, collaborative projects such as Wikipedia, social networking sites like Facebook and Instagram, content communities (YouTube), virtual social worlds, and virtual game worlds. Thus, a short definition would be: *Social media is Internet based applications that facilitate social networking and the creation and exchange of user generated content.*

Social media, businesses and entrepreneurship

Considering the volume of users of social media and the way it has changed in a relatively few years it is no surprise that how we consume media impacts social behavior and thus organizations such as new ventures. There are for example significant differences in behavior between digital natives and digital immigrants as to how they use these ubiquitous information systems (Vodanovitch et al, 2010; Brännback et al, 2017, Nikou et al, 2018).

These changes in behavior impact institutions at all levels as it changes patterns of learning, patterns of reading and in general how people build relationships and interact. Social media is changing the consumers' buying behavior and their consumer behavior (Alalwan et al. 2017; Alves et al. 2016; Wang et al. 2016). Social media have an impact on brand and image building (Agnihotri et al. 2016; Schivinski and Dabrowski 2016), brand performances and their revenue generation (Singh and Sonnenburg, 2012), and marketing communication (Kozinets et al. 2010; Taiminen and Karjaluoto 2015). Social media also allows for new ventures to have an international presence from the very start, another topic that is addressed in chapters in this volume

Thus, social media offer a very real potential for entrepreneurs and especially start-up entrepreneurs, with limited financial resources, to engage in market communication, build brand awareness at relatively low or very low costs (Parveen, Jaafar, & Ainin, 2016.) Social media is clearly an external enabler (Leonardi and Vaast, 2017;von Briel et al, 2018). That said everything that looks like gold is not, therefore some scholars have studied the dark side of social media (Baccarella et al. 2018). A chapter in this volume also addresses this issue.

As the preceding considerations show, knowledge about social media in existing businesses is still somewhat limited. It may be considered in its embryonic stage. However, it is further developed than the literature on social media in an entrepreneurship context. Few scholars have addressed social media in an entrepreneurship context (Secundo et al. 2020). These early sporadic studies have been published inside and outside entrepreneurship-oriented outlets.

Early research include works on using social media as platform for new venture creation and opportunity recognition (Khajeheian 2013; Schjoedt 2018), the challenges of small businesses in adopting social media tools (Durkin et al. 2013; Michaelidou, Siamagka and Christodoulides 2011; Siamagka et al. 2015), the role of social media in entrepreneurial finance (Mumi, Obal, and Yang, 2019; Jin, Wu, and Hitt, 2017; Aggarwal et al. 2012; Yang and Berger, 2017) and on specific platforms of social media (e.g., Fischer and Reuber 2014; Reuber and Fischer 2011). Because of the potential profound effects of social media in an entrepreneurship context, and the fragmented nature of early research, this book is an effort to integrate and structure the present body of literature on social media in an entrepreneurship context.

The Structure of This Volume

Below we review the various chapters in terms of their key foci and try to provide a context in which to view each chapter as it relates to the others in this volume. For example, the purpose of the review by Olanrewaju et al. (2020) is to consider the literature for critical theories and research methods used in the early research on social media and entrepreneurship. These researchers find that most research investigates factors driving entrepreneurs' social media adoption and use and that entrepreneurs' use of social media have moved beyond marketing to be used for business networking, information search, and crowdfunding to improve the innovation and new venture performance.

Secundo et al. (2020) find that the literature on social media in an entrepreneurship context is scant and fragmented, dominated by unrelated research. Based on their content analysis, these scholars find four major research streams in the social media and entrepreneurship literature: (1) social media as technologies for entrepreneurial learning and self-employment; (2) entrepreneurs' use of social media for marketing purposes; (3) social media networking as enablers of end entrepreneurial ecosystems; and (4) entrepreneurs' use of social media to identify opportunities. Their review also visits the fact that early research ended to focus on social media as a marketing tool while the recent research considered in their study tended to be broader in scope to investigate entrepreneurial learning, network, ecosystems, and opportunity identification.

The purpose of the review by Bauman and Lucy (2020), in this volume, is to review the literature on social media on three widely examined topics in entrepreneurship: business opportunities, knowledge acquisition, and environmental changes. NEED TO ADD THEIR FINDINGS.

In combination, these reviews reveal that the literature on social media in an entrepreneurship context is just taking off as a research topic. It also appears that the early research tends to be focused on more conventional topics in entrepreneurship, such as opportunity recognition, and the use of social media as a marketing tool. This traditional approach may limit the potential of future research on social media in entrepreneurial contexts in a similar manner as the focus on firm performance limited the strategic management literature and the focus on opportunity recognition limited the entrepreneurship literature (of the 1990s and 2000s). The reviews show there is a need to consider what we already know from the entrepreneurship literature in terms of a social media context. This includes gender (Sullivan and Bendell), effectuation (Mumi), entrepreneurial teams (Sareen, Kidney, and Cooney), and international entrepreneurship (Hurmelinna-Laukkanen, Haapanen, and Holma).

These reviews also admonish us to avoid the literature on social media and entrepreneurship from becoming too focused and insular as additional research is conducted and published (George, Kotha, and Zheng 2008). In this volume less traditional topics in entrepreneurship and social media research are included. For example, Nikou et al. offer an investigation of the role of information literacy and source selection in social media in entrepreneurship. They argue that information literacy is critical to locate, use, and evaluate information tools as well as

information sources to solve a given problem. Just because a person owns a smart phone or a tablet does not make that person information literate. To step away from the more conventional contexts of entrepreneurship and social media in Western societies, Datta, Adkins, and Fitzsimmons in their chapter offer an examination of a type of entrepreneur unique to social media, social media influencers, and do so in an Islamic context. Unlike the conventional approach to may new topics in academic research that focus on the positive aspects Baccarella, Scheiner, and Wyman offer considerations on the dark side of entrepreneurs' use of social media. Lastly, Firfiray and Gomez-Mejia offer considerations on how affordance of social media assist family firms in their pursuit of socioemotional wealth.

References

Aggarwal, Rohit, Ram Gopal, Alok Gupta, and Harpreet Singh (2012), "Putting money where the mouths are: The relation between venture financing and electronic word-of-mouth," *Information Systems Research*, 23(3-part-2), 976-992.

Agnihotri, Raj, Rebecca Dingus, Michael Y. Hu, and Michael T. Krush (2016). "Social media: Influencing customer satisfaction in B2B sales," *Industrial Marketing Management*, 53, 172–180.

Alalwan, Ali Abdallah, Nripendra P. Rana, Yogesh K. Dwivedi, and Raed Algharabat (2017), "Social media in marketing: A review and analysis of the existing literature," *Telematics and Informatics*, 34(7), 1177-1190.

Alves, Helena, Cristina J. Fernandes, and Mario Raposo (2016), "Social media marketing: a literature review and implications," *Psychology & Marketing*, 33(12), 1029-1038.

Armstrong, A. & Hagel III, J. (1996) The real value of online communities. *Harvard Business Review*, 74(3), 134-141.

Baccarella, Christian. V., Timm F.Wagner, Jan H. Kietzmann, and Ian P. McCarthy (2018). "Social media? It's serious! Understanding the dark side of social media," *European Management Journal*, 36(4), 431-438.

Benjamin, R., & Wigand (1995) Electronic markets and virtual value chains on the Information Superhighway. *Sloan Management Review*, 36(2), 62-72.

Brännback, M. (1997). Is the internet changing the dominant logic of marketing? *European Management Journal*, 15(6), 698-707.

Brännback, M. & Puhakainen, J, (1998) Web marketing: Has the distinction between products and services become obsolete? *Journal of Market-Focused Management*, 3(1), 47-58.

Brännback, M., Nikou, S., & Bouwman, H. (2017) Value Systems and Intentions to interact in social media: The digital natives, *Telematics and Informatics*, 34(4), 365-381.

Clement, J. (2019), "Global social networks ranked by number of users 2019," https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users/, retrieved January 20, 2020.

Colbert, Amy, Nick Yee, and Gerard George (2016), "The digital workforce and the workplace of the future," *Academy of Management Journal, 59*(3), 731–739.

Durkin, Mark, Pauric McGowan, & Niall McKeown (2013), "Exploring social media adoption in small to medium-sized enterprises in Ireland," *Journal of Small Business and Enterprise Development*, 20(4), 716-734.

Edosomwan, Simeon O., S. K. Prakasan, D. Kouame, J. Watson, and Seymour, T. (2011), "The history of social media and its impact on business," *Journal of Applied Management and Entrepreneurship*, *16*(3), 79-91.

Fischer, E., & Reuber, A. Rebecca (2014), "Online entrepreneurial communication: Mitigating uncertainty and increasing differentiation via Twitter," *Journal of Business Venturing*, *29*(4), 565-583.

George, Gerand, Reddi Kotha, and Yanfeng Zheng (2008), "The puzzle of insular domains: A longitudinal study of knowledge structuration and innovation in biotechnology firms," *Journal of Management Studies*, 45, 1448–1474.

Hoffman, D. L. & Novak, T. P. (1996) Marketing in hypermedia computer-mediated environment: conceptual foundations. *Journal of Marketing*, 60(3), 50-68.

Jin, Fujie, Andy Wu, and Lorin Hitt (2017), "Social is the new financial: How startup social media activity influences funding outcomes, " *Academy of Management Proceedings 2017*.

Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of Social Media. *Business horizons*, *53* (1), 59-68.

Khajeheian, Datis (2013), "New venture creation in social media platform: Towards a framework for media entrepreneurship", In M. Friedrichsen and W. Mühl-Benninghaus (eds), *Handbook of Social Media Management* (pp 125-142): Springer, Heidelberg, Germany.

Kozinets, Robert V., Kristine De Valck, Andrea C. Wojnicki, and Sarah J.S. Wilner (2010), "Networked narratives: understanding word-of-mouth marketing in online communities," *Journal of Marketing*, 74(2), 71–89.

Leesa-Nguansuk, Suchit (2018), "Thailand makes top 10 in social media use," https://www.bangkokpost.com/tech/1420086/thailand-makes-top-10-in-social-media-use, retried January 20, 2020.

Leonardi, Paul M., Marleen Huysman, and Charles Steinfield (2013), "Enterprise social media: Definition, history, and prospects for the study of social technologies in organizations," *Journal of Computer-Mediated Communication*, 19, 1–19.

Leonardi, Paul M. and Emmanuelle Vaast (2017), "Social media and their affordances for organizing: A review and agenda for research," *Academy of Management Annals*, 11(1), 150-88.

McKenna, R. (1995) Real-time marketing. *Harvard Business Review.* 73(3), 87-95.

Mumi, Atthaphon, Machel Obal, & Yi Yang (2019), "Investigating social media as a firm's signaling strategy through an IPO," *Small Business Economics*, 53(3), 631-645.

Nikou, S., Mezei, J., & Brännback, M. (2018) Digital natives' interactive behaviour on social media: Value systems and gender, *Telematics and Informatics*, **35**(2): 421-435.

Olanrewaju, Abdus-Samad Temitope, Mohammad Alamgir Hossain, Naomi Whiteside, and Paul Mercieca, (2020), "Social media and entrepreneurship research: A literature review," *International Journal of Information Management, 50*, 90-110.

Parveen, Farzana, Noor Ismawati Jaafar, and Sulaiman Ainin (2016), "Social media's impact on organizational performance and entrepreneurial orientation in organizations," *Management Decision*, 54(9), 2208-2234.

Perrin, Andrew and Monica Anderson (2019), "Share of U.S. adults using social media, including Facebook, is mostly unchanged since 2018", https://www.pewresearch.org/fact-tank/2019/04/10/share-of-u-s-adults-using-social-media-including-facebook-is-mostly-unchanged-since-2018/, retrieved January 20, 2020.

Rayport, J. F. & Sviokla, J.J. (1994) Managing in the Marketspace. *Harvard Business Review*, 72(6), 141-150.

Rayport, J. F. & Sviokla, J.J. (1995) Exploiting the virtual value chain. *Harvard Business Review*, 73(6), 141-150

Reuber, A. Rebecca, and Fischer, Eileen (2011), "Social interaction via new social media: (How) can interactions on Twitter affect effectual thinking and behavior?," *Journal of Business Venturing*, 26(1), 1-18.

Schivinski, Bruno and Dariusz Dabrowski (2016), "The effect of social media communication on consumer perceptions of brands," *Journal of Marketing Communications*, 22(2), 189–214.

Schjoedt, Leon (2018), "Social media on opportunity recognition: The effects of entrepreneurs' attachment and control beliefs," *Academy of Management Proceedings 2018*.

Secundo, Giustina, Gioconda Mele, Pasquale Del Vecchio, and Giacoma Degennaro (2020), "Social media for entrepreneurship: myth or reality? A structured literature review and a future research agenda," Working Paper.

Singh, Sangeeta and Stephan Sonnenburg (2012), "Brand performance in social media," *Journal of Interactive Marketing*, 26(4), 189–197.

Sterne, J. (1995). World Wide Web Marketing. John Wiley & Sons. New York.

Sterne, J. (1996). Customer Service on the Internet: Building relationships, increasing Loyalty and staying competitive. John Wiley & Sons. New York

Tankovska, H. (2019a), "Facebook usage frequency in Finland 2019", https://www.statista.com/statistics/871870/facebook-usage-frequency-in-finland/, retrieved January 20, 2020.

Tankovska, H. (2019b), "In Daily social media usage in Denmark 2018, by social media site," https://www.statista.com/statistics/577440/daily-social-media-usage-in-denmark-by-site/, retrieved Janaur 20, 2020.

Taiminen, Heini. M. and Heikki Karjaluoto (2015), "The usage of digital marketing channels in SMEs," *Journal of Small Business and Enterprise Development, 22*(4), 633-651.

von Briel, F., Davidsson, P., & Recker, J. (2018). Digital technologies as external enablers of new venture creation in the IT hardware sector. *Entrepreneurship Theory and Practice, 42* (1), 47-69.

Wang, William Y. C., David J. Pauleen, and Tingting Zhang (2016), "How social media applications affect B2B communication and improve business performance in SMEs," *Industrial Marketing Management*, 54, 4–14.

Weiser, M. (1991) The computer for the twenty-first century. *Scientific American* 265(3) 94-104.

Yang, Song and Ron Berger (2017), "Relation between start-ups' online social media presence and fundraising," *Journal of Science and Technology Policy Management*, 8(2), 161-180.