

Impact of Social Media Marketing on Collaborative Entrepreneurship

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Abstract

Purpose: Social media is a new phenomenon that has changed how the business environment operates. Businesses are able to gain access to resources that were otherwise not available to them. It has also helped businesses to increase their worthiness, cultivate strategic partnerships and collaborations, and increase their contact with customers and suppliers. It has become important for business owners and marketers to understand how social media work as a communication and marketing tool and how they can significantly grow their collaborative businesses.

Methodology: The present research will use a 7-factor, consumer-based attitude scale that contains 32 items was developed, and a questionnaire was completed by entrepreneurs. Frequencies, t-test, ANOVA, factor analysis, and regression analysis were used for data analysis.

Findings: The research findings suggest that social media has significant influence on the performance of the organization. In recent years, social media as it is seen in the form of Facebook, YouTube, eBay, Twitter, and others has exploded as a form of interactive communication. Equipped by the advancement in technology, social media has changed the delivery, structure and availability of information, putting the once capital-intensive role of broadcasting within the reach of individuals and helped them to collaborate.

Originality: This has given immense power to consumers and transformed individuals around the world from passive recipients of information and products into active creators of content (information and ideas) who are able to actively and immediately communicate with one another with the help of social media.

1. INTRODUCTION

The primary purpose of this research is to examine the process of adoption of social media businesses and investigate the impact it has on the business network of the owner/entrepreneur.

In recent years the online environment is viewed by users from a new perspective, in a

commercial way. Its development and the emergence of online stores have turned users into consumers. Also the most important role of social media has changed the way of how consumers and marketers communicate (Hennig-Thurau et al., 2004). Informational society influences affects the consumer decision processes and product evaluations. Social media provides a new channel to acquire product information through peer communication, (Kozinets, 1999). Moreover, by

using social media, consumers have the power to influence other buyers through reviews of products or services used. Consumers are also influenced by other psychosocial characteristics like: income, purchase motivation, company presentation, company or brand's presence on social networks, demographic variable (age, sex, disposable income etc.), workplace method of payment, type of stores (online or physical), etc. In this paper we study the influence of social networks on the decision to purchase in the online users. The first section presents a brief introduction to the chosen theme, followed by relevant information on literature review, where are presented previous specialized studies. The second part describes the research methodology and data analysis. Finally, we present conclusions, research limitations and some directions for future research study.

It has become important for business owners and marketers to understand how social media work as a

communication and marketing tool and how they can significantly grow their businesses. The study focused on establishing the effect of social media on the growth of SMEs and collaborative entrepreneurship.

The study aims to measure the impact of social media on consumer purchase behavior. This study aims to specify the factors affecting collaborative entrepreneurs toward marketing with respect to social media.

LITERATURE REVIEW

A social networking sites (SNS) is a platform to build social networks or social relations among people who, share interests, activities, backgrounds or real-life connections. Social media marketing can be simply defined as the use of social media channels to promote a company and its products. This kind of marketing can be thought of as a subset of online marketing activities that complete traditional Web-based promotion strategies, such as e-mail newsletters and online advertising campaigns (Barefoot and Szabo 2010).

An iProspect (2007) report stated that social networking sites affect purchasing decisions of a meaningful percentage of Internet users visiting these sites. Miller and Lammam (2010) stated that the expectations that marketing with social media applications can cause tremendously effective marketing are very high. According to a recent study by DEI Worldwide (2008), 70 percent of consumers have visited social media Web sites to get information. Moreover, 49 percent of these customers made a purchase decision on the basis of the information they gathered. Kim and colleagues (2010, 216) mentioned the lack of academic studies about social networking sites and social media sites and the abundance of newspaper and magazine articles, Wikipedia writings, and blogs about them. Today, social media sites, such as Face book and MySpace, attract more than 100 million visitors a month (Chui, Miller, and Roberts 2009). Social Web sites have rapidly become one of the component parts of hundreds of millions of Internet users' everyday lives all over the world. However, there are few academic studies on social Web sites, and most of the studies are comprised of newspaper and

magazine articles, Wikipedia writings, and blogs with limited topics related to social Web sites (Kim, Jeong, and Lee, 2010). Promotions, marketing intelligence, sentiment research, public relations, marketing communications, and product and customer management are sub-disciplines of marketing that may use social media (Tanuri, 2010). Each social media platform (such as blogs, online discussion forums, and online communities) has an effect on marketing performance (e.g., sales), so it is vital to understand their relative importance and their interrelatedness (Stephen and Galak, 2009). Social media, in a way, converts consumers into marketers and advertisers, and consumers can create positive or negative pressure for the company, its products, and its services, depending both on how the company is presented online and on the quality of products and services presented to the customer (Roberts and Kraynak, 2008, 146). This kind of marketing can be thought of as a subset of online marketing activities that complete traditional Web-based promotion strategies, such as e-mail newsletters and online advertising campaigns (Barefoot and Szabo, 2010).

Hypothesis

The variables identified through the literature review include the following:

- Ease of collaborative entrepreneurship provided by Social media marketing.
- Privacy policy followed by Social Networking Marketing sites
- Communication enabler (Socializing platform provided by social media marketing)
- Convenience in marketing for SMEs

Hypothesis 1: Ease of collaboration influences the adoption of Social Media significantly.

Hypothesis 2: Maintaining Privacy influences the usage of Social Media significantly.

Hypothesis 3: Communication influences the usage of Social Media significantly.

Hypothesis 4: Convenience influences the usage of Social Media significantly.

RESEARCH METHODOLOGY

The present research will use a 7-factor, consumer-based attitude scale that contains 32 items was developed, and a questionnaire was completed by entrepreneurs. Frequencies, t-test, ANOVA, factor analysis, and regression analysis were used for data analysis. In the end, six factors were found to affect consumers' attitudes toward marketing with social media. Sample will include target audience as entrepreneurs (The reason why entrepreneurs have been chosen for the study is that the research indicates that people between the ages of 18 and 24 are using social media more than others. In a study conducted by (Rap Leaf, 2008).

The research methodology shall consist of comprehensive utilization of both the primary as well as the secondary data. The Primary data shall be collected through use of detailed questionnaire, personal as well as telephonic interviews etc. While the secondary data shall be collected from various books, both from foreign as well as Indian authors, periodicals, magazines, journals and govt. and private circulations and through internet surfing and annual reports of various nationalized banks.

Data Analysis

Audience engagement

Table 1: Audience Engagement

RATINGS	FREQUENCY	PERCENTAGE (%)
1	85	21.25
2	41	10.25
3	94	23.5
4	137	34.25
5	43	10.75
Total	400	100

Figure 1: Audience engagement

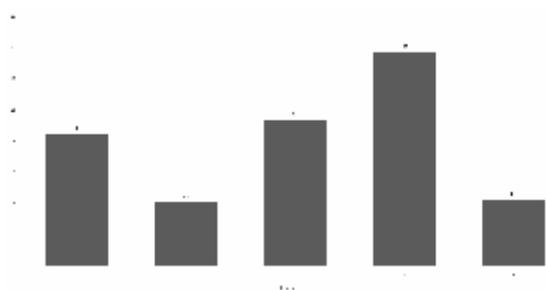


Figure 1 shows that 34 per cent of the respondents showed that use of social network sites help in engaging customers and audience.

Creation of collaborative relationship

Table 2: Creation of collaborative relationship

RATINGS	FREQUENCY	PERCENTAGE (%)
1	77	19.25
2	47	11.75
3	86	21.5
4	133	33.25
5	57	14.25
Total	400	100

Figure 2: Creation of collaborative relationship

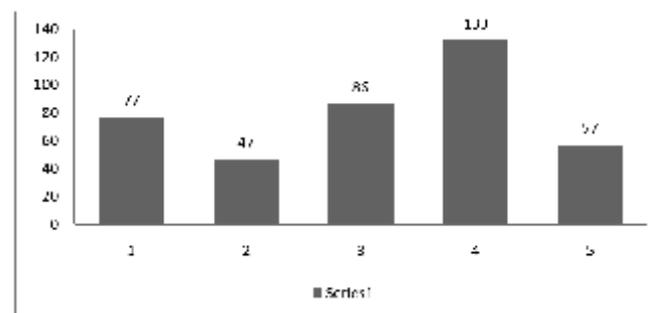


Figure 2 show that 42 per cent of the respondents showed that use of social network sites frequently for creation of collaborative relationship.

Help in relational bonding:

Table 3: Help in relational bonding

RATINGS	FREQUENCY	PERCENTAGE (%)
1	45	11.25
2	48	12
3	89	22.25
4	144	36
5	74	18.5
Total	400	100

Figure 3: Help in relational bonding

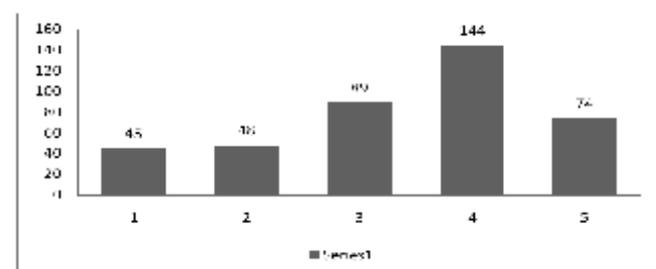


Figure 3 show that 36 per cent of the respondents shared that use of social network sites help in relational bonding.

Has reaches to wide audience:

Table 4: Has reaches to wide audience

RATINGS	FREQUENCY	PERCENTAGE (%)
1	54	13.5
2	74	18.5
3	91	22.75
4	108	27
5	73	18.25
Total	400	100

Figure 4: Has reaches to wide audience

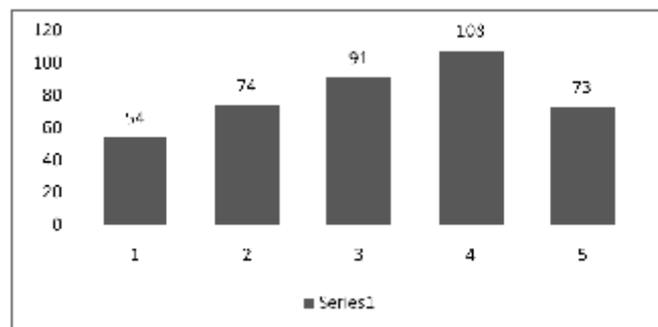


Figure 4 show that about 45 per cent of the respondents shared that they use social network sites because it provides reach to wide audience.

Frequent searched Info relates to market knowledge:

Table 5: Frequent searched Info relates to market knowledge

RATINGS	FREQUENCY	PERCENTAGE (%)
1	14	3.5
2	42	10.5
3	137	34.25
4	149	37.25
5	58	14.5
Total	400	100

Figure 5: Frequent searched Info relates to market knowledge

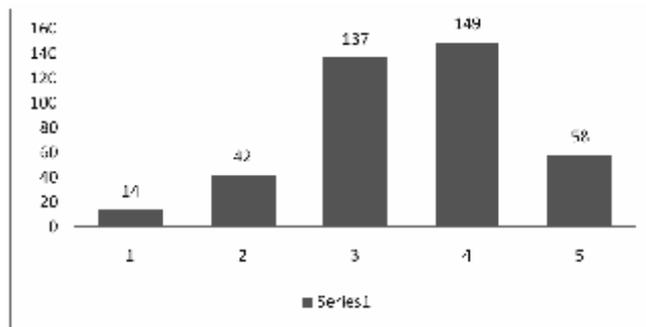


Figure 5 show that about 52 per cent of the respondents shared that they use social network sites because it provides frequent searched information relates to market knowledge.

Create more functional learning communities:

Table 6: Create more functional learning communities

RATINGS	FREQUENCY	PERCENTAGE (%)
1	11	2.75
2	19	4.75
3	123	30.75
4	168	42
5	79	19.75
Total	400	100

Figure 6: Create more functional learning communities

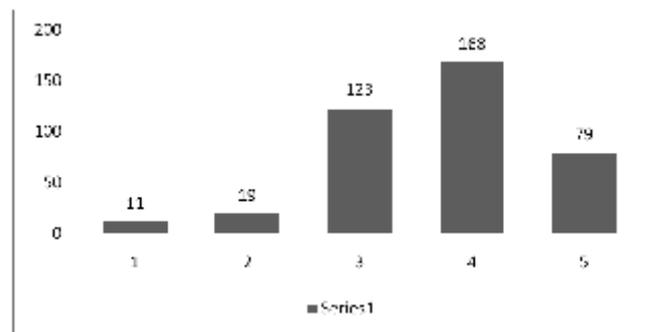


Figure 6 show that about 42 per cent of the respondents shared that they use social network sites to create more functional learning communities.

Sharing opinions and joining events is convenient:

Table 7: Sharing opinions and joining events is convenient

RATINGS	FREQUENCY	PERCENTAGE (%)
1	20	5
2	42	10.5
3	110	27.5
4	155	38.75
5	73	18.25
Total	400	100

Figure 7: Sharing opinions and joining events is convenient

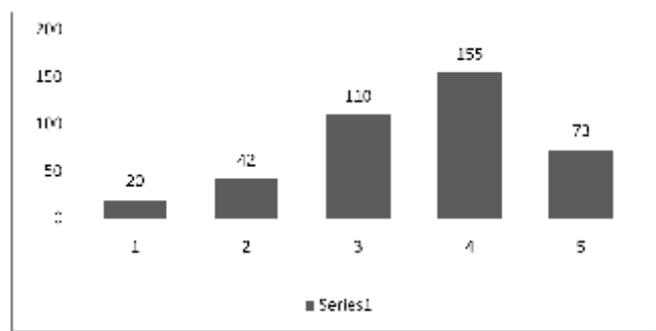


Figure 7 shows that about 38.75 per cent of the respondents shared that they use social network sites to share opinions and joining events is convenient.

Helps in participation with viral advertising response:

Table 8: Helps in participation with viral advertising response

RATINGS	FREQUENCY	PERCENTAGE (%)
1	3	0.75
2	25	6.25
3	122	30.5
4	186	46.5
5	64	16
Total	400	100

Figure 8: Helps in participation with viral advertising response

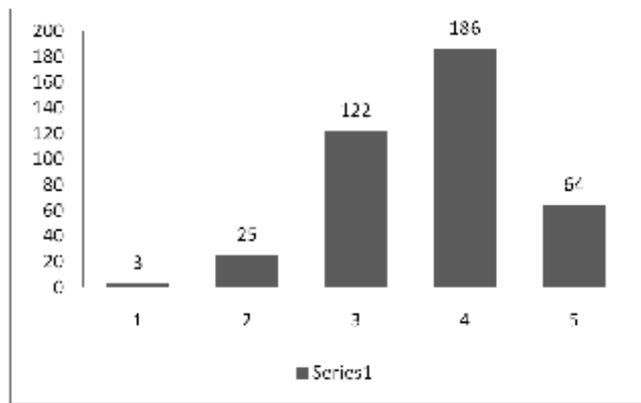


Figure 8 shows that about 48.25 per cent of the respondents shared that they use social media because it helps in participation with viral advertising response.

Table 9: Reliability Statistics

Cronbach's Alpha	No of Items
.921	60

Table 10: Regression output on Ease of collaborative entrepreneurship influences the usage of Social Media among collaborative entrepreneur positively.

Coefficients (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.915	2.674		0.716	0.478
	TOTAL	0.093	0.015	0.697	6.070	0.000

a. Dependent Variable: A) Ease of collaborative entrepreneurship

Table 10 shows that there is significant influence of ease of collaborative entrepreneurship through social media which influences the collaborative entrepreneur's adoption of social media marketing. In turn we may say that the effective use of social media provides access to the broad database to the collaborative entrepreneurs in mailing and access to company's database which are looking for various types of business.

Convenient to connect with prospective customers:
 Table 11: Convenient to connect with prospective customers.

RATINGS	FREQUENCY	PERCENTAGE (%)
1	22	5.5
2	51	12.75
3	141	35.25
4	147	36.75
5	39	9.75
Total	400	100

Figure 11: Convenient to connect with prospective customers.

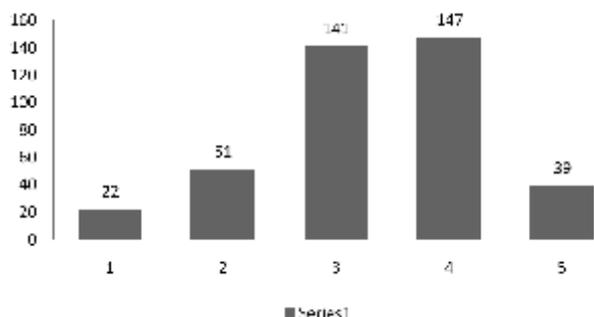


Figure 11 shows that about 36.75 per cent of the respondents shared that they use social network sites to convenient to connect with prospective customers.

Table 12: Marketing communication using social media influences the usage of Social Media among collaborative entrepreneur positively.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.211	2.296		0.092	0.927
	TOTAL	0.100	0.013	0.773	7.618	0.000

a. Dependent Variable:

C) Marketing communication using social media.

Table 12 shows that there is a significant influence of usage of social media as it provide modes of marketing communication using social media to the collaborative entrepreneur. This also enhances their usage during professional adoption of social media marketing.

Table 13: CORRELATION OUTPUT

Relation of one factor of the impact of social media on collaborative entrepreneur with the other factors for the same.

		A) Connectedness	B) Privacy Maintained	C) Marketing communication using social media	D) Convenience in using social media	E) Participation	G) Trends Updation	H) Reliability	I) Openness
A) Connectedness	Pearson Correlation	1	.618(**)	.608(**)	.665(**)	.665(**)	.338(*)	.310(*)	.446(**)
	Sig. (2-tailed)		0.000	0.000	0.000	0.000	0.031	0.049	0.003
	N	41	41	41	41	41	41	41	41
B) Privacy Maintained	Pearson Correlation	.618(**)	1	.686(**)	.603(**)	.646(**)	.532(**)	.510(**)	.665(**)
	Sig. (2-tailed)	0.000		0.000	0.000	0.000	0.000	0.001	0.000
	N	41	41	41	41	41	41	41	41
C) Marketing communication using social media	Pearson Correlation	.608(**)	.686(**)	1	.579(**)	.627(**)	.422(**)	.486(**)	.470(**)
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.006	0.001	0.002
	N	41	41	41	41	41	41	41	41
D) Convenience in using social media	Pearson Correlation	.665(**)	.603(**)	.579(**)	1	.659(**)	.544(**)	.445(**)	.582(**)
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.000	0.004	0.000
	N	41	41	41	41	41	41	41	41

The above table shows that there is significant relationship between openness in sharing information with the customers using social media and convenience in the adoption of SMM by collaborative entrepreneurs.

A study released by Ohio State university reveals that college Collaborative entrepreneurs who do not utilize Facebook spend less time on brick and mortar and have more business than Collaborative entrepreneurs who do not use the popular social marketing sites (Kalpidou , Costin , & Morris , 2011). Carayannis (1999) tried to understand the role of knowledge management in fostering a synergistic symbiosis between information technology and managerial and organizational cognition. The author identified both information technology and knowledge management can be perceived as strategic enablers of managerial and organizational cognition. He further synthesizes classical cognition concepts and recent empirical experience with knowledge management applications to develop an organizational knowledge management model (the Organizational Cognition Spiral or OCS) and tool (the organizational knowledge network or OK net) for understanding and supporting managerial and organizational cognition. On the basis of the above literature review, the following conceptual model has been proposed which will be validated by the empirical study.

CONCLUSION

The impacts of social media are not equally spread across all collaborative entrepreneurs. Some collaborative entrepreneur's availability direct, regular access to the internet. Others may have literacy or opportunities issues which prevent them from participating fully in mainstream social media spaces. However, as social media brings about changes in society - it does impact upon all collaborative entrepreneurs. Where collaborative entrepreneurs have limited access to technology their 'digital exclusion' may add to 'social exclusion'.

Social media sites such as Facebook and MySpace can also act as a great tool for professionals, both helping to market opportunities of small business owners and also find business opportunities, "one

can also use these sites to Media Marketing professionally. We might be able to help someone else out. For instance, one customer might mention on his profile that he needs a carpenter to come to his house. We might know someone who's perfect for the customer; all we have to do is send a couple of messages and we've helped two customers out at the same time!" (www.howstuffworks.com).

On the negative side there are many risks involved with the social media and the internet in general. One of the risks that is most highlighted by today's media is collaborative bullying; over the internet, which mostly occurs on social media sites, such as Facebook. Collaborative bullying is launched as the use of electronic marketing communication using social media to bully a person, typically by sending messages of an intimidating or threatening nature (google.com).

Another scary fact about collaborative entrepreneurs and the internet is that they are too open and public with personal information, "most collaborative entrepreneur do not read websites' privacy policies or may be unaware that their information is at risk of disclosure to third parties like advertisers. Though concerned about talking to people they don't know social, collaborative entrepreneurs appear to be less worried about posting information about them. Twenty-one percent of collaborative entrepreneurs say it is safe to post personal information, including photos, social to a public profile" (www.phi.org) When collaborative entrepreneurs, young adults, and anybody else for that matter use the internet without reading all disclaimers and policies it opens them up to having their person information divulged. This is a serious issue due to the rising rates of collaborative crimes like identity theft. Once we're a victim of identity theft or even a computer virus, there's not much you can do to make it better, the best way to avoid this misery is to be careful and conscious of what you're putting out on the internet before it happens. Social marketing sites can very be harmful to the wellbeing of our computer if we're not careful, many hackers can get access to your information very easily by using tactics such as social engineering. Social engineering plays on human nature to get results. Basically, the hacker goes into a customer's account or creates a false account for a

customer and gets you to click a link to a video or another site and when we click; our computer becomes infected with a virus of some kind.

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