Drivers and Obviations for using Social Media in companies – Insights from an online-survey on Firms in German-speaking Countries

Completed Research Paper

Christoph Lattemann
Jacobs University Bremen
c.lattemann@jacobs-university.de

Ariane Pollock
Hult University
ariane.pollock@yahoo.com

Frank Beinhold
PTS Group
Beinhold@bmc-bremen.com

Abstract

This paper critically reflects predictions that social and mobile media will revolutionize internal and external corporate processes and collaboration approaches by analyzing the current usage of social software and mobile media in various firm’s operational fields in German-speaking countries. It further aims at identifying some of factors that influence the implementation and application of social software and mobile media in SMEs.

To serve these aims, this paper present study results from an online survey from 2012 on the usage of social and mobile media in 240 SMEs. Existing studies will be analyzed and compared to the results.

The study shows that mobile media and social networks are mainly used for customer relationship management and for the internal communication but not for the partner communication and collaboration. The study indicates that companies lack well-defined implementation strategies and frameworks to successfully embed social and mobile media in the corporate culture and structures.

Keywords

Web 2.0, social media use, Germany, survey, company

Introduction

Social media is an inevitable part of organizational processes with great potential to simplify work practices, cut costs and increase efficiency (Alfaro et al 2013). Fueled by the rise of new social media tools, companies and organizations perceive the implementation of Web 2.0 as the key to sustainable and long-lasting success and competitiveness (Jue et al. 2009).

There exist a quite large number of innovative collaboration approaches, such as mass customization, customer co-creation or open innovation approaches (Lerner et al. 2000, Chesbrough 2003, Lattemann et al. 2006), which can be ideally implemented in corporate eco-systems by the use of interactive social and mobile media. However, while possessing an apparent degree of popularity, the implementation of social media seems to lack proficiency in business. While businesses perceive the tools as a secret door to yet undiscovered opportunities, only few organizations actually manage to make full use of the possibilities that an adaptation of these interactive tools would bring (Harvard Business Review 2010). The reasons for that can be manifold and reach from fear of innovation over lack of knowledge (as found in our study, this is especially true for older people) towards poor identification with the world of information systems (Merrill et al. 2011). As the way social media are being used can make or break a company (Harvard Business Review 2010) it is of utmost significance to understand, which factors influence both the
willingness and the reluctance to apply social media, which variables can determine the degree of success, and in which areas the application of social media would be of potentially the greatest use?

This paper aims at providing some new insights to answering the research questions: “what is the level of diffusion of social media across various types of social media?” And “for which purposes do organizations adopt social and mobile media?” To answer these questions and to close this research gap, an online survey with 240 participating enterprises in German-speaking countries was conducted between June and August 2012.

After presenting a brief review of related work, results from a survey - conducted by the authors - on the current usage of social and mobile media will be presented. The study results will be compared with former studies conducted by well-known researchers and consultancy companies.

The discussion in section 4 will focus on the organizational structure of companies, the age of companies since existence, and the industry as these are identified as independent determinants for the implementation and usage of social and mobile media in companies. The paper will conclude with the presentation of key results which are of importance for academia as well as for practitioners. Suggestions for further research, derived from the analysis, will be presented.

Related work

Enterprise 2.0, Social Media, and Web 2.0

The term Enterprise 2.0 was being introduced by McAfee (2006) and describes the implementation of Web 2.0 tools in an organizational environment. The terms Web 2.0 and social media are often being used with the same connotation. In 2005, Tim O'Reilly first used the term Web 2.0 referring to an extension of web features that allow for greater user interaction. A fixed definition is not being given; instead, comparisons of tools and systems are used to highlight which features count into Web 2.0 and which ones remain on the Web 1.0 level (O'Reilly 2007). The significant characteristic that marks the difference between Web 1.0 and 2.0 is the “art of listening, learning and sharing” (Eftekhari et al. 2011). Interactive communication, information retrieval and knowledge exchange are being enhanced and accessed to a larger extent through the Web 2.0 features.

The new way of interaction on the Internet culminates in the so called user generated content (UGC). UGC encompasses different kinds of published media content meeting the following characteristics: First, it needs to be published either on a publicly accessible website or on a social networking site accessible to a selected group of people; second, it needs to show a certain amount of creative effort; and finally, it needs to have been created outside of professional routines and practices (Kaplan et al. 2010).

Kaplan and Haenlein (2010, 61) define social media as “a group of Internet-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.” Information systems, such as micro-blogs, blogs, wikis, RSS feeds and social networking sites simplify the process of connecting business partners with each other and additionally enable easier communication within companies (Kaplan et al. 2010, 62).

With the extension of Web 2.0 tools, new areas of applicability of the Internet yielded. Communication and exchange of knowledge is enabled through tools, such as wikis (e.g. Wikipedia), weblogs (e.g. Wordpress) and micro-blogs (e.g. Twitter), that offer the possibility of entering content into the web with immediate feedback, comments and additions through other users. Social networking sites, such as Facebook, LinkedIn or Xing, are tools to get in contact with a variety of stakeholders, such as customers, experts, and potential employees. Companies can present themselves in a particular way, communicate fast and efficient and build up a network of connections.

The idea of “user innovation communities” which could be seen as a field of customer co-creation (Latteman et al. 2006) is another important instrument for firm’s customer relationship management, an instrument already applied by many global corporations such as Starbucks or Dell. Companies encourage their customers to share their ideas for the development of new as well as the improvement of already
existing products and involve them into the idea generating process tackling organizational problems thus increasing both transparency and customer engagement.

When considering the introduction of social media, companies generally hope for advantages in the domains of “time cutting, quality improvement and cost reduction” (Back et al. 2011, 21). Hence, enterprises are more prone to the use of and investment into tools that are likely to improve production efficiency in these areas.

Recent studies show that around 50% of companies are using Web 2.0 applications such as blogs, wikis, and forums for an internal communication and for the collaboration among business partners and customers (Schadler et al. 2012, McDonald et al. 2012, Mohr et al. 2009). According to these studies the usage of mobile applications, social media and micro-blogging seems to be a steadily increasing trend in firms since about 2009.

When analyzing social and mobile media, it is not only of interest which areas these tools could be connected to but also how to implement them effectively. With increased complexity of information systems, the logical conclusion seems to be that efficiency ought to be increased through their use as well. In reality though, the “productivity paradox” (low financial returns on information technology investments”) (Bradley 2012) seems to be valid as well for corporate use of social and mobile media. Throughout this paper, the terms web 2.0 and social media will be used interchangeably.

Social Media Usage in Firms from 2007 to 2011

“The relative novelty of social media,, the lack of well-grounded best practices and the scarcity of research results in organizational decision-makers having to rely on vendor descriptions, trade press articles and consultants’ white papers” (Bergquist et al. 2013, 2). This is why this paper is mainly focusing on consultants’ white papers in the analysis.

In search for an implementation model of social media most suitable for companies, renowned corporations and researchers have conducted various case studies (see e.g. Enterprise 2.0 Fallstudienetzwerk 2013) and analyses (see e.g. Berlecon Research 2007, Economist Intelligence Unit 2007, BITKOM 2008, McKinsey 2008, Stobbe 2010, Back et al. 2011). McKinsey’s annual survey published the data of its international study in 2008 comparing the results with findings from the previous year. At that point in time, Web 2.0 was still mostly used for internal purposes (McKinsey 2008) and web services, wikis and blogs ranked the most popular tools independent of organizational type or location. 30% of the surveyed companies used these tools. Noteworthy is the fact that only 21% of employees asked rated their work with Web 2.0 tools as satisfying (McKinsey 2008). The McKinsey study also analyzed barriers preventing a greater success of the Enterprise 2.0. The top 3 being a lack of “ability to note the potential financial returns from Web 2.0 (28%), unresponsive corporate culture (22%) and less-than-enthusiastic leaders (20%)” (McKinsey 2008). Further challenges in a successful implementation process were the need for an organizational restructuring and the evaluation of information (BITKOM 2008). While McKinsey rated the future increase of Web 2.0 usage as inevitable, the BITKOM study revealed that only 10% of participants actually put an emphasis on future investment into the tools (BITKOM 2008, Lattemann et al. 2009).

Back et al. (2011), for example, surveyed 196 people employed in organizations that operate in the German-speaking countries. Their findings were straight-forward: The influence that web 2.0 tools have on business processes will be dependent on both the user acceptance and the cultural frame. Alfaro et al. (2013) explored the internal processes that organizations put in place to support their social media initiatives. Bergquist et al. (2013) used management fashion theory to show that the social media discourse in companies is propelled forces outside the company. Among many others, Treem and Leonardi (2012) explain if and how uses of social media in organizations differ from existing forms of computer-mediated communication.

Looking at the specific tools, case studies confirmed that wikis, forums, social network sites and blogs were increasingly being used in 60% of the surveyed organizations (Back et al. 2011) and were thus placed in the mainstream part of the technology adoption curve (Rogers 2003). Prosuming, podcasts and multi-channel applications were found to be on the rise (Economist Intelligence Unit 2008). When taking a closer look at the different organizational units, Web 2.0 was the most established in the IT (79%),
marketing (70%), and PR (60%) departments, which could have been caused by the obvious advantage factor that Web 2.0 applicability held in these sectors.

Main statements taken from the literature review about the current state and future of Web 2.0 in organizations can thus be summarized as following:

1. The majority of companies aim for an introduction of Web 2.0 tools.
2. By introducing Web 2.0, companies hope for competitive advantage, increased customer acquisition, time efficiency and cost reduction.
3. Change from a mere company to Enterprise 2.0 requires a strategic internal restructuring.
4. An implementation of Web 2.0 does not automatically lead to a competitive advantage, the concept does not suit every company or industry and can also do harm (Merrill et al. 2011).

These studies, analyzing the state of Web 2.0 in companies, served as the basic background for this survey. The above-mentioned works offer a broad overview over the state of Web 2.0 between 2008 and 2011 and hint at future potential for extension.

**Status of Social Media in Companies in German-speaking Countries**

**Method**

The presented study in this paper, conducted in the form of an online questionnaire and designed with the use of the EFS Survey system, was released between June and August 2012. It resulted in a total of 240 participants (after exclusion of incomplete/not usable answers), out of which 138 filled out the questionnaire entirely. Although the topic could allow for an international focus, it proved more effective to concentrate on the German-speaking countries. The companies that participated, represent a diverse sample of sectors with the top-three being “Other Services” (53%), “Transportation, News Technology, Public Utility” (15.52%) and “Education and Health” (9%), the majority of them active in the B2B market (58%).

The sample consists of large-scale as well as small and medium sized enterprises (SME), according to the EU definition. The sample ranged from companies with more than 250 employees (36%), 249-50 employees (31%), 49-10 employees (13%) to less than 10 employees (20%). Within these companies, the surveys were given to individual employees to answer. 41% of them either hold a leadership position or a rank with managerial responsibilities, 47% are employed in a position without administrative power and 12% indicated “Other” when asked for their position.

The 17 questions were focusing on both organizational and private use of social and mobile media with seven of them targeting the application of social and mobile media specifically in the corporate context. Four introductory questions required general information from the participants and six were asking about the size, structure and activity of the company employing. Out of the total number of items, seven partly allowed for open answers. Since the center of the research question is put on social and mobile media, the private use of these media is being disregarded from this paper for the in-depth analysis.

The social media tools analyzed were divided into social network sites, blogs, micro-blogs, wikis, forums, podcasts, instant messaging, and document/content management systems. This selection promised to give a sufficient overview over both currently well-known web 2.0 tools and instruments momentarily still in growth.

**Study Results**

After excluding the number of incomplete questionnaires and test samples, the remaining data was being evaluated. Since the focus of this paper is on finding tendencies, the paper covers only descriptive analyses. This allows for an overview through both data results and graphical depiction; however, it does not permit for more advanced multivariate interpretations. Thus, by interpreting the findings, it has to be kept in mind that trends are presented when deriving interrelations and statements. In this respect, the
Drivers and Obviations for using Social Media

Current State of Social Media Usage in Firms

Social media sites are the most used web 2.0 tools in companies with the highest growth potential until 2014, according to the exhibited data (see figure 1).

![Figure 1. Current and Future Use of various Social Media Tools in Companies in percentages (N=194). (Question was answered by 194 out of 240)](chart1.png)

Participants were asked to name the organizational function (multiple choice) for which social media has been used in a company? Further data show that organizations nowadays apply social media especially in marketing, communication, knowledge management, and in human resource management (HR) with the greatest benefits seen in enhanced marketing functions (56%), internal information management (53%), improved knowledge management (51%), as well as in the field of project management (46%) (see figure 2). These data indicate that social media are currently still applied mostly for internal purposes.

![Figure 2. Answers to the question: “For which organizational function has social media been used in your company?” (N=194). (Question was answered by 194 out of 240)](chart2.png)
Looking at the relation between both the specific tools and their fields of application, differences become clear. Social network sites not only appear to be the most well known tool across all ages and sectors but are tending to be very present in corporate external affairs, such as marketing (44.2%), HR (38.1%) and customer relationship management (CRM) (40.1%). A possible explanation for that could be the established position that social networks hold in the online world and have done so for a great amount of time already.

Blogs and micro-blogs both show a tendency towards greater representation in marketing (20.4% and 16.3% respectively), in CRM (17.6% and 15.6% respectively) as well as in sales (13.6% and 12.2%). Apart from that, blogs seem to be more often applied in sectors related to knowledge creation and management while micro-blogs appear to have an additional presence in HR. Potential reasons for that could be seen in the manifold themes, ideas and information provided through blogs, while micro-blogs rather serve as a platform for a fast sharing of thoughts and statements (Lin 2010). Getting inspired by and learning from bloggers thus could seem like an additional and helpful pool for businesses. In comparison, social tagging, micro-blogging and even podcasts show a lower representation which could be due to their novelty.

Tools that have had a shorter market presence at this point are mobile social media (MSM). MSM, defined by Kaplan as “a group of mobile marketing applications that allow the creation and exchange of user-generated content.” (Kaplan 2012, 131) tend to be a promising tool for the future. Although 36% of the companies remained neutral at this question (“not specified”), only 23% do not believe in a future implementation of MSM in their organization, while 41% do.

Wikis, forums, instant messaging and document management tools seem to be primarily implemented for internal purposes, such as data and information management, and in-house communication among employees or in the IT field.

<table>
<thead>
<tr>
<th>Tool</th>
<th>Knowledge Management</th>
<th>In-House Communication</th>
<th>Marketing</th>
<th>Recruiting</th>
<th>Project Management</th>
<th>Software Develop.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Network Sites</td>
<td>6%</td>
<td>24%</td>
<td>44%</td>
<td>38%</td>
<td>10%</td>
<td>3%</td>
</tr>
<tr>
<td>Wikis</td>
<td>31%</td>
<td>22%</td>
<td>5%</td>
<td>2%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Forums</td>
<td>7%</td>
<td>10%</td>
<td>9%</td>
<td>6%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Instant Massaging</td>
<td>6%</td>
<td>31%</td>
<td>8%</td>
<td>4%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td>Document Management Systems</td>
<td>32%</td>
<td>31%</td>
<td>7%</td>
<td>5%</td>
<td>19%</td>
<td>12%</td>
</tr>
<tr>
<td>No Data</td>
<td>21%</td>
<td>22%</td>
<td>30%</td>
<td>40%</td>
<td>45%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Table 1. In which areas of your company have you used social media so far? (“intensive” or “very intensive”) (N=196). (question was answered by 196 out of 240)

Drivers and Obviations for using Social Media in Firms - Influencing Factors

These results demonstrate clearly that businesses have realized the importance and relevance of social media. Despite that fact however, great potential is still to be unfolded in all sectors and for all tools. Therefore, it is important to identify areas in which development is possible and reasons for why companies make no full use of the potentials of social media.

Independent from the type of company, social networks seem to be the most desirable tool to be implemented by the majority of the surveyed companies. But the degree of determination with which the basis for a future implementation is being laid will vary among companies. Corporations which are
organized in teams (group-focused) seem to be the most fertile ground for the implementation on social media with a 56% representation (N=137) in current use and 16% indicating application plans for the medium run as compared to 7% in organizations strictly hierarchical structures (37%) (N=41).

71% of companies that have been existent for less than five years indicated that MSM would play a greater role in the future (in five years) for them, while only 28% of the more established organizations did so. The findings also show that social tagging, micro-blogs and podcasts - tools that are presently rather neglected - seem to not be overly emphasized in the future either. But why is the full potential of Web 2.0 tools both deserted and misinterpreted?

Even if the concept of Enterprise 2.0 is merely a decade old, solid strategic frameworks for an introduction of social media in companies are still missing. Companies rely mostly on the art of self-study and learning-by-doing. But the “doing” part appears to be much easier in theory than it proves to be in reality. This is due to a great lack of knowledge. While individuals between the age of 20 and 40 (N=75) indicate no personal reasons for not using social media, 70 % of the respondents between the age of 51 and 60 (N=42) admit to a lack of understanding of what Web 2.0 is supposed to be used for. One way of interpreting these results is by stating that these deficiencies of understanding lead to a greater sensitivity for critical remarks about social and mobile media presented in the media. Those indicating a lack of identification with the advantages of social media (45%, N=60) also tend to show a similar result in denoting doubts about data security (62%, N=82).

Executives, however, seem do have different objectives against these innovative tools. It appears that the reason is not a lack of knowledge but rather an apprehensive attitude towards the potential effort and extent of the implementation process. Hence, stating that insufficient knowledge is the reason for realization barriers is only half the story. Especially with increasing age, employers and leaders simply tend to have a different understanding of the cost-benefit balance in regards to social media. While younger generations see technological innovations as a natural process, elder peers have worked, led and managed groups and organizations for the majority of their work lives without the use of social media. Abrahamson (1996) pointed out, that executives often adjust to common market streams to stay competitive. This goes in line with the findings from Bergquist et al (2013). They show that social media discourse is propelled by forces outside the company.

Data show further that the company size matters. 68% of small companies (< 10 employees) answer the question of social media usage positively, while only 54% of the medium-sized (50-249 employees) and 30% of large companies (> 250) do so. Social media usage thus tends to decrease with an increase of total number of employees or, vice versa, an apprehensive attitude towards its use will depend on the variable in question.

Naturally, different industries and sectors reflect both a dissimilar extend of usage and plans for future development of social media. Especially in the financial service sector, as well as in the wholesaling and retailing fields, barely any future implementation plans are being made. In both of them, social media are already implemented to an extent that is conform to their potential (44% in the financial sector and 83% in wholesale/retail) and thus seems to leave little room for improvement.

Taking a closer look at the personal characteristics of the survey participants, parallels can be drawn between individual attributes and the relation towards organizational behavior. 30-40 year old employees who work in executive positions show a tendency towards a less intensified private use of social media than those who do not hold administrative power in their job. This could be due to a difference in spare time and interests. Apart from that, 40-50 year old executives indicate a greater openness for social media than any other professional group. This shows that older participants perceive information overload, data protection and cost of implementation as reasons not to introduce social media into their organizations while barely indicating barriers for private usage.

Discussion

The study aimed at providing insights of the extent to which the potential of social media differs from the actual usage. It does so by evaluating data from 240 companies that participated, conducting a simple descriptive analysis. Thus, it has to be kept in mind that the results show tendencies instead of significant correlations making the statements and conclusions be seen as an identification of trends and patterns.
Further, it is important to note that the survey has a strong focus on the German market. Although having participants from different sectors and of diverse characteristics, a bias could not be prevented with 53% of the companies being located in the service sector and 47% of the participants holding positions without managerial responsibilities. Especially the latter could imply a missing overarching knowledge of processes within the organization as a whole.

Apart from that, the study was conducted online using an Internet survey tool. Consequently, it could be possible that the survey participants are already more prone to the use of online tools. This could have resulted in an additional bias.

Looking at the different tasks for which social media are used, leads to interesting insights into the progress towards Enterprise 2.0, since it seems like Web tools are no longer primarily used for marketing and advertisement purposes. Although studies from 2007 depict that the greatest applications fields are in fact marketing or customer services (Berlecon Research 2007 and Economist Intelligence Unit 2009) and less targeted towards improving internal efficiency, this does not hold true for the presented study results. Although marketing appears to still be the forerunner (39% of participants indicated “Very intensely” or “Intensely” when asked about the use), 37% deplete it especially for internal communication, 31% for information management and 21% for innovation management. 46% of participants also indicated that they saw the role of social media rising in tasks related to project management. The application of Web 2.0 thus can no longer just be limited to external fields in general and marketing in particular.

However, studies from 2008 predicted an increase in podcasts and multi-channel applications (Economist Intelligence Unit 2008), this does not hold true for the presented study. In fact, podcasts were ranked among the least popular tools to invest in. Furthermore, when looking at factors perceived as barriers for social media usage, three major ones can be extracted: Worries about data security (59%), unclear advantages (44%), and lack of acceptance by leadership (39%). Just five years ago, obstacles on the road to social media were found in a lack of “ability to note the potential financial returns from social media (28%), unresponsive corporate culture (22%) and less-than-enthusiastic leaders (20%)” (McKinsey 2007).

Instead, Kaplan’s results from 2012 now seem to be more fitting to both the results of the presented analysis and today’s common developments: “The most prominent of these relate to security, privacy, and trust.” (Kaplan 2012, 138).

The Economist Intelligence Unit found out in 2009 that flat hierarchies and an open company culture are beneficial factors towards a more successful and adaptive technology behavior. The need for swiftness also comes across in the presented results. Social media not only show a trend towards a decreasing implementation with an increasing number of employees but also a greater adaptation in more open organizations. Apart from that effective implementation strategies appear to be missing in the majority of organizations.

**Summary**

The results of this study, conducted in 2012, among 240 companies in German-speaking countries, confirm a common positive attitude towards social media and show that social media have widely found their way into firms. A general knowledge about social media appears to be existent and use increases in both private and corporate life. A comparison with similar, former studies show that social media applications have expanded over the past five years now also touching upon a great number of internal functions and processes, such as innovation-, knowledge-, and project management. This development only proves the continuous rise that social media is currently experiencing.

The study shows that certain social media tools are still either underrepresented or insufficiently used, such as social tagging, micro-blogs, or podcasts. Companies seem to share the wish of social media implementation but mainly so to stay competitive and become part of the stream, not necessarily because they have a clear idea about benefits and limits. Besides best practices, there exists no framework or even a guidance for an implementation strategy that can universally be applied to all types of companies and corporate areas.

Often, it seems problematic to find strategies to implement tools successfully and sustainably. Therefore, a clearly defined concept, strong targets and objectives and sufficient enlightenment and involvement of
all employees is necessary. Companies understand that the introduction of social media requires a certain degree of adjustment of the company culture in order to lay the right grounds to release its full potential. However, well-defined change processes are also missing.

This research detected some major field for further research in IS. Most pressing seems to be the developments of frameworks and concepts for the implementation and usage of social media and change management concepts.

A further in-depth multivariate analysis of the exhibited data will provide further insights for improvement of drivers and obviations for the implementation and usage of social and mobile media in various field and environments.

References

Enterprise 2.0 Fallstudienetzwerk (2013). http://www.e2ocases.org/