Understanding Social Business

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Introduction

Social media are fundamentally scalable communications technologies that turn Internet-based communications into an interactive dialogue platform (Montalvo 2011). On the "demand side", citizens, users, and consumers are increasingly turning to various types of social media to search for information and to make decisions regarding products, politicians, and public services (Bimber 1998; Haugtvedt et al. 2005; Vollmer and Precourt 2008). On the "supply side", terms such as "Enterprise 2.0" (McAfee 2009), "Government 2.0" (Tapscott et al. 2007), and "social business" are being used to describe the emergence of private enterprises and public institutions that strategically adopt and use social media channels to increase organizational effectiveness, enhance operational efficiencies, empower employees, and create value with and for stakeholders.

The remainder of this chapter is organized as follows. The first section situates the notion of social business in the relevant macro trends in technology, organizations, and society. The next three sections present and discuss three critical aspects of social business: social business engagement, social media analytics, and social media management. This chapter concludes with implications for strategy, marketing, innovation, knowledge management, human development, and public governance.

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Trends in Technology, Society, and Organizations

The increasing societal adoption of information and communication technologies is resulting in two distinct phenomena that have been termed "digital positivism" and "brand panopticon" (Vatrapu et al. 2008).

Digital Positivism (Adapted from Vatrapu et al. 2008)

Civil society actors are increasingly using the Internet to document and share social and physical reality. The documentation and dissemination of events and intersubjective perspectives on objective events were once the sole province of professional occupations such as journalism, marketing, and public administration. Before the advent of the Internet, there was controlled access to the mass media publication avenues of print media, public television and radio, network television, broadcast radio, and cable television. The rapid diffusion of low-cost audio-video recording devices such as mobile phones, camcorders, webcams, digital voice recorders, and computers and the availability of free or affordable Internet hosting and sharing services have empowered civil society actors with the capabilities to record and share their lives as well as their realities. This capability has also been extended to record, comment on personal lives, social interactions, and experiences with goods and services. This emerging new human relationship with external reality is termed "digital positivism". In digital positivism, the objective reality of an event is intersubjectively established through the warrants of digital artefacts that are themselves based on technological grounds. The degree of the objective reality of an event in the intersubjective public discursive realm, under digital positivism, depends therefore on the positive ontological existence of a digital artefact. Implications for businesses are that there has been a radical transformation in the conception and discussion of product categories such as music, movies, and books and the associated practices of product searching, ordering, and buying.

Brand Panopticon (Based on Civic Panopticon in Vatrapu et al. 2008)

Foucault (1977) invoked Bentham's notion of "panopticon" in the penitentiary institutions as a way to discursively constitute the subject and to "discipline and punish" the socially deviant and ethically errant subject with technological means. The emergence of digital positivism with respect to interactions with organizations, products, and services results in a profound shift in how marketing professionals go about their trade. As the cliché goes, "*the brand is no longer what the marketers tell*

the target group but what they tell each other". For organizations, the potential challenges are not limited to marketing as the whole supply chain can be subjected to monitoring, deliberation, and argumentation by stakeholder groups resulting in "brand panopticon".

Concomitant Convergence

As the e-Media report (Lindqvist et al. 2008) points out, technological convergence and terminal convergence lead to service convergence. The evolution of touchscreen smartphones with high-speed mobile broadband, wireless Internet access, and mobile apps is a good example for the concomitant convergence of technologies, terminals, and services. This is further evidenced by the slogan "there's an app for that" with regard to erstwhile services. Four particular concomitant convergences are relevant for the purposes of this chapter:

- *Design*: local, social, and mobile
- *Media*: owned, paid, and earned
- *Interactions*: my place, your place, and our place
- *Scorecards*: people, planet, and profit

Design: Local, Social, and Mobile

The coming together of social computing, local business discovery, and mobile applications has been hailed as "SoLoMo"[1] (portmanteau of social, local, and mobile). This concomitant convergence refers to the deployment of mobile applications in order to intertwine the online social world of the users with the local physical contexts and services of organizations.

Media: Owned, Paid, and Earned

With respect to the marketing communications from the organization and the customer conversations about the organization, there is a tripartite distinction of the media world: owned media, paid media, and earned media.[2] Owned media refers to the media properties owned and controlled by the organization (e.g. website). Paid media refers to the purchasing of advertisements and promotional materials in media channels (e.g. TV commercials, search engine marketing in the form of Adwords on Google, Facebook advertisements). Earned media refers to the coverage in traditional and new media channels that is not directly paid for.

[1] http://schott.blogs.nytimes.com/2011/02/22/solomo/

[2] http://mashable.com/2011/06/23/paid-earned-owned-media/

Interactions: My Place, Your Place, and Our Place

Just as with media, a tripartite distinction can be made with respect to the customer-organization interactions. From an organizational point of view, my place refers to the customer interactions located on discussion forums owned and controlled by the organization (e.g. customer support forums). Your place refers to the customers' interactions with the organizations' goods and services at their own personal interactional sites (e.g. Facebook wall of a customer). Our place refers to interactional spaces that engender a sense of community and co-ownership between the organizations and its consumers (e.g. a Facebook page of a brand community).

Scorecards: People, Planet, and Profit

With the emergence of Balanced Scorecards (Kaplan and Norton 1992) as strategic management systems, the debate on corporate social responsibility (Friedman 2007; Harrison and Freeman 1999) and the current social media revolution, social responsibility, environmental sustainability, and economic profitability become critical dimensions of measurement and evaluation for both organizations and its stakeholders. As such, the new generation of business scorecards needs to compass metrics and key performance indicators across these three critical organizational dimensions.

The emerging paradigm of "social business" is situated in the socio-technical confluence of these interrelated transformational developments in technology, organizations, and society. New organizational roles such as *community manager*, *social media architect*, *social media analyst*, *social media manager*, *and chief listening officer* have emerged to meet the associated technological developments, organizational transformations, societal changes, and market demands. However, current state of knowledge and practice regarding social media engagement of and social media conversations about organizations is rife with numerous technological problems, scientific questions, operational issues, managerial challenges, and training deficiencies. This chapter seeks to address the current state of affairs with a conceptualization and exposition of social business and its three critical dimensions of social media engagement, analytics, and management. Social business is described and defined in the next section.

Social Business

To restate, the *Internet* resulted in a *vertical integration of organizational channel capacities* such as production, distribution, transaction, and communication and a *horizontal integration of organizational communications* such as advertising, public

relations, and promotion (Li and Leckenby 2007). *Social media* channels that emerged from the participatory turn of the Internet facilitated by developments in social computing created new opportunities for interaction and innovation within and across the different stakeholder groups in both the public and the private sectors. The increasing adoption and use of social media channels in organizational settings is resulting in a new kind of organizational paradigm that is termed "social business".

A *social business* is an organization that strategically engages, analyses, and manages social media to structure organizational processes and support organizational functions in order to realize operational efficiencies, generate comparative advantages, and create value for customers, shareholders, and other societal stakeholders.

The next three sections will define and discuss the three critical aspects of social business: social business engagement, social media analytics, and social media management.

Social Media Engagement (smE)

Social media engagement concerns the organization's strategic use of social media channels to interact with its internal and external stakeholders for purposes ranging from knowledge management to marketing, customer support, and product development.

The crucial first step in the social media engagement (smE) of an organization is the creation of a social media strategy that is in alignment with the corporate strategy of the organization. Irrespective of the particular organizational unit that initiated the social media engagement of the organization (typically by marketing or customer support), the social media strategy exercise should survey the entire organization and identify the different organizational stakeholders (Wollan et al. 2011). Social media policies and guidelines for employees should accompany the social media strategy for the organization.

Marketing communications tends to be the primary reason in the initial adoption of social media in organizational contexts (personal communication, Jonas Klit Nielsen, CEO of MindJumpers, Denmark). As such, smE practitioners need to understand key concepts in online marketing such as the *compression of the hierarchy of effects* (i.e. the traditional cascade of cognition, affect, and behaviour can be compressed in space and time with regard to online advertising, e.g. iTunes store of Apple Inc.), *decision heuristics*, *integrated marketing communications*, and *segmentation* (Haugtvedt et al. 2005; Schumann and Thorson 2007). Further, social media marketing requires an understanding of the concept of *exchange* for research and practice in marketing and its applicability to the social media engagement of an organization (Bagozzi 1975; Grönroos 1991; Kotler and Levy 1969).

Social Media Analytics (smA)

Social media analytics (smA) refers to the collection, storage, analysis, and reporting of social data emanating from the social media engagement of and social media conversations about the organization.

The organizational and societal adoption and use of social media is generating large volumes of unstructured *social data* that is popularly termed "big data". As mentioned earlier, current state of knowledge and practice regarding social media engagement of and social media conversations about organizations is rife with numerous technological problems, scientific questions, operational issues, managerial challenges, and training deficiencies. For instance, given the unstructured nature of social data, many organizations are not in a position to extract meaningful and actionable information in a timely fashion. Moreover, there are critical challenges associated with how social data integrates with the existing datasets of an organization (house data) and its relevance to the key performance indicators for the organization (Lovett 2011; Sponder 2011).

Many commercial software vendors (such as Radian6,[3] IBM Cognos Consumer Insight,[4] SAS,[5] PageLever,[6] Skyttle[7]) are proving software solutions to monitor, measure, and manage social data. The key problem is that there is little-to-no empirical research on the efficacy and impact of the different social media metrics employed by the different social media analytics tools and the different social media analytics solutions they provide. Current theory development, empirical research, and technical development projects at CSSL are concerned with addressing the issues with social media analytics.

At the Computational Social Science Laboratory (CSSL), our approach to social data has been to make a distinction between "*social graph analytics*" and "*social text analytics*". *Social graph analytics* concerns the actors. Social graph is "*the network of personal connections through which people communicate and share information online*".[8] Social text refers to the content of the online interactions, conversations, and discourses. Social graph analytics is concerned with the actors involved, the actions taken, and the artefacts created and interacted with (e.g. Robertson et al. 2010). Social text analytics is concerned with the topics discussed, categories mentioned, keywords deployed, pronouns used, and sentiments expressed. We are currently creating a technical architecture and technological infrastructure for the collection, storage, and provisioning of social data for designing and evaluating various metrics, KPIs, and visual analytics solutions.

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[3] www.radian6.com

[4] http://www-01.ibm.com/software/analytics/cognos/analytic-applications/consumer-insight/features-and-benefits.html

[5] http://www.sas.com/software/customer-intelligence/social-media-analytics/

[6] http://pagelever.com/

[7] http://friends.skyttle.com/

[8] http://fluent.razorfish.com/publication/?m=6540&l=1

Social Media Management (smM)

Social media management (smM) focusses on the operational issues, managerial challenges, and comparative advantages with respect to the emerging paradigm of social business.

Social media management (smM) is conceived as a distinct specialization in the research and practice of management to supplement the six traditional types: human resource management, operations/production management, strategic management, marketing management, financial management, and information technology management.

smM is concerned with both operational issues and managerial challenges resulting from the adoption and use of social media channels in an organization both internally and externally. To jump-start the discussion on the concept of social media management and its purported functions, the two issues of comparative advantages and innovation are discussed briefly.

Social Media and Comparative Advantages: The Relational View of the Firm

Social media management is grounded in the relational perspective of the firm's competitive advantages instead of the structural or resource-based views. The structural perspective states that "*supernormal returns are primarily a function of a firm's membership in an industry with favourable structural characteristics* (*e.g.*, *relative bargaining power*, *barriers to entry*, *and so on*)" (Dyer and Singh 1998, p. 660). The resource-based view (RBV) "*argues that differential firm performance is fundamentally due to firm heterogeneity rather than industry structure*" (Dyer and Singh 1998, p. 660). In contrast to the industry structure view and the resource-based view of the firm, the relational view of the firm argues that "idiosyncratic interfirm linkages may be a source of relational rents and competitive advantage" (Dyer and Singh 1998, p. 661).

Social Media and Innovation: Absorptive Capacity

Building on the relational view of the firm, social media can enhance the *absorptive capacity* (Cohen and Levinthal 1990) of an organization by connecting and exposing the different stakeholders to multiple sources of information and diverse knowledge networks. Social media can be instrumental for the management of innovation (Burns and Stalker 2009) and open innovation (Gassmann et al. 2010). In particular, social media can be leveraged to harness the "wisdom of the consumer crowds" for collective innovation (Kozinets et al. 2008).

Discussion

"*An organization is both an articulated purpose and an established mechanism for achieving it*" (Miles et al. 1978, p. 547). Adapting to environmental change and uncertainty requires that organizations maintain an effective alignment to the environment while maintaining internal dependencies (Miles et al. 1978). The emergence of social business and its three critical aspects of social media engagement, analytics, and management can be conceptualized within the *adaptive cycle* organizational framework of Miles and colleagues (1978). In this regard, social media engagement, analytics, and management need to be considered within the three broad organizational problems (the *entrepreneurial problem*, the *engineering problem*, and the *administrative problem*) leading to the classic strategic typology of *defenders*, *prospectors*, *analysers*, *and reactors*.

With regard to the evolution of social media engagement, analytics, and management of an organization, Spondor (2011) proposes four levels of social business maturity:

- *Level 1*: monitoring
- *Level 2*: online research
- *Level 3*: social targeting and data management
- *Level 4*: social business collaborations

The key to embracing social media and increasing the level of social business maturity is the realization that unlike most other enterprise information technology (such as ERP, CRM, Office Productivity Software), social media is not yet commoditized. As such, contra Carr (2004), social media as an information technology does matter as it is not yet an infrastructural technology. Strategic and innovative practices of social media engagement, analytics, and management can create stakeholder value. In the last and final section to follow, a proposal for a large-scale collaborative research project on socially connected organizations is presented along with the articulation of a set of research questions, anticipated scientific advancements, and societal benefits.

Socially Connected Organizations: A Research Proposal

The current state of knowledge and practice is characterized by a lack of large-scale interdisciplinary scientific study of the diverse but interrelated aspects of social media adoption and use in organizational settings. There has not been a large-scale integrative initiative to bring together the researchers from different academic disciplines and practitioners from public- and private-sector organizations to empirically address the scientific questions, technological problems, organizational challenges, and training deficiencies associated with the current state of the adoption and use of social media by organizations and their stakeholders in the society. Such a large-scale

integrative research effort that combines academic rigour with instrumental relevance is essential for engendering and sustaining strategic growth of the global society. A set of scientific research questions are presented below.

Socially Connected Organizations: Research Questions

From an academic perspective, some of the research questions with respect to the social media engagement, analytics, and management of an organization are:

- To what extent and for what purposes do organizations engage in social media channels? And what, if any, are the associated social media engagement, analytics, and management practices and requirements at the organizational level?
- How to design, analyse, evaluate, and optimize technical architecture and technological infrastructure for the collection, storage, and provision of social data resulting from the social media engagement of and conversations about public- and private-sector organizations?
- What are the explanatory mechanisms for the social interactional patterns, dynamics, and communities detected by social graph analytics (Suthers et al. 2010)?
- How to extract feature vectors from the integration of social data with house data by research and development of computational linguistics techniques and tools towards text analytics of social data?
- What is the distribution of ecological, social, behavioural, cognitive, and affective information with respect to social media interaction of users, customers, and citizens?
- How is information structured in a given social media interactional phenomenon of analytical interest?
- How is information perceived, made sense of, and acted upon in social media settings (Vatrapu 2010)?
- To what extent can social media engagement, analytics, and management methods and tools inform managerial decision-making in Danish organizations?
- To what extent can accountability and brand reputation monitoring and management methods and tools create competitive advantages and operational efficiencies in Danish organizations?
- How to create research-based educational training and certification programmes towards competence development of the Danish workforce to significantly address the capacity-building problem of Danish organizations with respect to the emerging organizational roles such as community manager, social media curator/strategist/architect/analyst/manager?

Socially Connected Organizations: Scientific Objectives

- Systematically survey, document, and analyse the perception about and practices with social media channels in diverse organizational settings, public vs. private

sector, and across diverse set of contexts, cultures, countries, languages, religions, and markets.
- Design a technical architecture and develop a technology infrastructure that provides methods, tools, and solutions for social media engagement, analytics, and management by involving researchers from computer science, systems engineering, Internet science, organizational psychology, computational linguistics, cognitive sciences, human-computer interaction, and technology management.
- Empirically investigate the operational issues and managerial challenges in the adoption, use, and impact of social media and social software in organizations and build empirically informed, verified, and validated theories, models, and frameworks for social media engagement, social media analytics, and social media management.
- Identify and strengthen the knowledge base of emerging scientific fields such as visual analytics, predictive analytics, social media analytics, and social media management.

Socially Connected Organizations: Organizational and Societal Objectives

- Deploy a state-of-the-art technical infrastructure and technological solutions into Danish organizations to address technological problems, operational issues, and managerial challenges with respect to social media and social data.
- Develop a framework to empirically investigate the correlation between social media information and key performance indicators for Danish organizations in public and private sectors.
- Develop and evaluate a social media management framework that empowers practitioners to create empirically informed social media management strategies, policies, and practices.
- Design, deliver, and evaluate research-based education programmes to jumpstart the certification of and training for the first generation of social media curators, analysts, and managers in university and organizational settings.
- Empower and promote the active engagement of citizens and customers in social media by ensuring that their voice is heard by public institutions and private enterprises.

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