THE PERCEIVED BUSINESS VALUE OF SOCIAL MEDIA AT WORK

ABSTRACT

Social Media is a new phenomenon that impacts businesses, society and individuals. Social media has swept into the business world, disrupting businesses, bringing new opportunities and challenges. The use of social media in organizations has the potential to shape the “future of the work”. Both consultancy reports and scholarly articles highlight and discuss the new opportunities and organizational benefits provided by social media to change the current top-down (i.e. initiated by management) business model to a more collaborative and bottom-up (i.e. initiated by employees) approach. Such a model is customizable to specific user needs, empowering employees to design specific workflows thus helping them to work more effectively.

Using social media, personal knowledge can be synergized into collective knowledge through social collaborative processes that may facilitate externalization of knowledge, fostering creativity and innovation. All these processes have the potential to lead to knowledge creation through interaction and collaborative processes and thereby increase companies’ competitiveness. However the successful deployment of social media for internal communication and facilitation of knowledge sharing and collaboration in organizations is difficult. Based on quantitative as well as qualitative data from 13 Danish organizations, we investigate the following research question: What is the business value of social media in organizations as perceived by the employees? Based on the data analysis, the paper derives a model of factors associated with the perceived business value of social media.

KEY WORDS: social media, business value, knowledge sharing, internal communication.

1. INTRODUCTION

Social Media is a new phenomenon that impacts businesses, society and individuals. It has swept into the business world, disrupting businesses, bringing new opportunities and challenges. ‘Social’ is slowly reshaping work processes and workflows in organizations. The change in workflows is potentially streamlining internal and external communication, collaboration, work culture, and thus reshaping organizations. It further gives companies an opportunity to decrease costs, become more productive and competitive (Bughin, Chui, & Harrysson, 2016).

Social media at work encompass blogs, wikis, enterprise social networking platforms such as Chatter1 (Salesforce), Yammer2 (Microsoft), and Podio3 (Citrix) which provide new opportunities to manage interaction, communication and networking through teamwork and social-collaboration in order to drive productivity and innovation. Facebook, the largest social networking platform, has also recognized the business opportunity by bringing ‘social’ to the workplace with their new platform Facebook@Work4 whose goal is to change the way employees work (Facebook, 2016).

Enterprise social media may change the current top-down (i.e. initiated by management) business model to a more collaborative and bottom-up (i.e. initiated by employees) approach, which Von Krogh (2012) argues is more targeted to user needs, makes it easier to find relevant expertise and solve tasks more effectively. Social media foster personal knowledge management through formal and informal communication, easy to use collaborative tools and social networking applications (Razmerita, Kirchner, & Sudzina, 2009). Personal knowledge can be synergized into collective knowledge through social collaborative processes that may foster informal learning, creativity and innovation (Popadiuk & Choo, 2006, Razmerita, 2013).

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1 https://www.salesforce.com/products/chatter
2 https://www.yammer.com/
3 https://podio.com/
4 https://workplace.fb.com/
Executives have recognized the potential enterprise social platforms have to strengthen company communication, collaboration and knowledge sharing with both internal and external stakeholders and improve strategic decisions. However, the “successful use of social platforms across the organization requires time to overcome cultural resistance, and to absorb the lessons of early successes and failures” (Harrysson, Schoder, & Tavakoli, 2016).

There are considerable benefits to gain for organizations – if these platforms are adopted and used by the employees. Chui et al. (2012) argue that the use of these social platforms can raise the productivity of the employees by 20-25%. Despite all the potential benefits, many companies are cautious about deploying them and still question how to best use social media and whether the use of social media for work improve productivity or waste the employees’ time?

While most of the consultancy reports discuss the business value of enterprise social media taking into account the top management perspective, this study aims to measure the perceived business value of social media considering both employees and managers’ perspectives. This study focuses on the internal usage of social media at work.

Understanding the business value of enterprise social media would help to overcome the confusions and skepticism related to the value of adopting social media at work. Understanding the role and impact of enterprise social networks could be approached through different methods including the identification of key users using social network analysis (Berger, Klier, Klier, & Richter, 2014; Herzog, Richter, Steinhüser, Hoppe, & Koch, 2013). According to Nagle and Pope (2013), what constitutes appropriate measures for technological value for social media is still an important academic endeavor. Organizations need valid, reliable measures to understand social media effects in order to align social media initiatives with organizational goals and ultimately create business value ( Larson & Watson, 2011).

Drawing on data collected from knowledge workers from Denmark, we focus on the following research question: What is the business value of social media? The article is organized in 4 sections. The literature review is presented in the next section with an overview of papers discussing the business value of social media, which is the basis of our research model. The research model is presented in the third section, while the fourth section illustrates the data collection and methodology. The findings are presented in the fifth section, and, finally, conclusions and future work are presented in the sixth section.

2. LITERATURE REVIEW

“Social media facilitate management and externalization of both personal and organizational knowledge” ( Razmerita, Kirchner, & Nielsen, 2016). Social collaboration has the potential to lead to increased opportunities for “online communal knowledge sharing” ( Majchrzak, Faraj, Kane, & Azad, 2013), communication, and “strategic self-presentation” (Leonardi & Treem, 2012). Social media has a multifaceted repertoire of uses (hedonic, cognitive and social use) that lead to increase employees’ socialization, entertainment and job performance (Ali-Hassan, Nevo, & Wade, 2015). Social media impact companies’ competitiveness and digital transformation. However knowledge sharing can be a social dilemma ( Cabrera & Cabrera, 2002; Kimmerele, Wodzicki, & Cress, 2008; Kollok, 1998; Mukamala & Razmerita, 2014) for employees because of various challenges at individual and organizational levels ( Razmerita, Kirchner, & Nabeth, 2014). The challenge for the organizations and management is to overcome such dilemma through management support and an open culture that foster transparency, knowledge sharing or other barriers (lack of trust, resistance to change of behavior) ( Razmerita, Kirchner, et al., 2016).

The communication and knowledge sharing in such “social” information spaces seems still to be affected by the costs of participation (lack of time, lack of incentives and effort to select what to share) ( Mukamala & Razmerita, 2014), the motivation to engage in information exchange (internal or external motivation of individuals), current work practice of employees, lack of participation of others’ employees as well as the appeal of such social media platforms with regard to the content (quality and quantity) ( Pirkkalainen & Pawlowski, 2014; Razmerita, Kirchner, et al., 2016; Razmerita, Phillips-Wren, & Jain, 2016; Razmerita, Wren, & Jain, 2016). As a result, the range of different barriers make it a challenge for organizations to engage employees to adopt and use these platforms ( Denyer, Parry, & Flowers, 2011; Pirkkalainen & Pawlowski, 2014; Razmerita et al., 2014) and the implementation can be a difficult task ( Lam & Lambermont-Ford, 2010).

All companies strive to be better, faster and more innovative. According to both consultancy reports and academic studies, ‘social’ can be a powerful tool to reshape the organization and achieve a competitive edge.

Both academic studies ( Andriole, 2010; Huang, Baptista, & Galliers, 2013; Mukamala & Razmerita, 2014; Paroutis & Al Saleh, 2009; Von Krogh, 2012), consultancy reports (Chui et al., 2012; Harrysson et al., 2016; Kiron, Palmer, Phillips, & Berkman, 2013; MarketWatch, 2014), show that many companies are reaping significant business value from implementing enterprise social media. Other reports argue that social business is a complex digital disruption and the “key to social business success was not necessarily something related to social business directly but involved how companies used data and analytics to understand social business” ( Kave, 2014).

The key drivers for social business are sourcing and sharing expertise, followed by the breaking down of departmental and geographic barriers ( Miles, 2011). Moving social business beyond marketing involves deploying social business into multiple functions across the enterprise: 87% use it to spur innovation, 83% turn to social to improve leadership performance and manage talent, 60% integrate social business into operations ( Miles, 2011).

Based on an overview of literature related to enterprise social media and business impact or business value of Web 2.0, we derived twelve important factors (see Table 1).
Table 1. Business value of enterprise social media

<table>
<thead>
<tr>
<th>Business value factor</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Faster communication</td>
<td>Faster and more efficient communication (Huang et al., 2013), reach more people faster (Andriole, 2010), reducing communication costs (Bughin et al., 2016).</td>
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<tr>
<td>Faster response</td>
<td>Increasing speed to access knowledge (Bughin et al, 2016)</td>
</tr>
<tr>
<td>Easier collaboration on projects</td>
<td>Improved collaboration (Kozanecka &amp; Thompson, 2012); facilitate cross-department collaboration (Li, Webster, &amp; Cifuentes, 2012; Razmerita, 2013).</td>
</tr>
<tr>
<td>Shorter timescales</td>
<td>Faster decision making (Li et al., 2012); deliver projects in less time (Cooper et al, 2010); resolve problems more quickly (Cooper, Martin, &amp; Kiernan, 2010)</td>
</tr>
<tr>
<td>Increased knowledge sharing</td>
<td>Increased interaction and knowledge sharing (Razmerita et al., 2009), better access to knowledge (Kozanecka &amp; Thompson, 2012); sharing of best practices (Li, 2012)</td>
</tr>
<tr>
<td>Improved innovation from ideas</td>
<td>Increased the number of innovation initiatives (Andriole, 2010), improved idea generation (Kozanecka &amp; Thompson, 2012); bring innovations to market more quickly (Cooper et al, 2010), increased firm innovation capability (Lin, 2007)</td>
</tr>
<tr>
<td>Less emails</td>
<td>Decrease in internal email (Kozanecka &amp; Thompson, 2012); reduce internal emails (Li et al., 2012)</td>
</tr>
<tr>
<td>Higher accuracy of collaborative documents</td>
<td>(Miles, 2011), reduces cycle times for documents, feedback loops (...) and failure rates (Calero Valdez et al., 2016)</td>
</tr>
<tr>
<td>Less travel time and cost</td>
<td>(Bughin et al, 2016), (Cooper et al, 2010)</td>
</tr>
<tr>
<td>Improved external communication</td>
<td>Communicate with customers more effectively (Andriole, 2010); Work more closely with customers and suppliers (Cooper et al, 2015)</td>
</tr>
<tr>
<td>Improved team building</td>
<td>Better connected departments (Kozanecka &amp; Thompson, 2012); facilitate collaboration within a department or team (Li, 2012)</td>
</tr>
<tr>
<td>Easier to reach colleagues</td>
<td>Easier access to the expertise of others (Kozanecka &amp; Thompson, 2012); improve employee collaboration (Li, 2012); identify expertise around the company (Li et al., 2012)</td>
</tr>
</tbody>
</table>

3. RESEARCH MODEL

Based on the findings from the literature review presented above, the research model was constructed. The perceived business value of social media was measured by using 12 variables as shown in Figure 1. We argue that the value of social media perceived by the employees is influencing their use of social media for knowledge sharing.

In order to investigate the influence of this perceived business value on the use of social media, we used „use social media for knowledge sharing“ as dependent variable. This variable is dichotomous (yes/no).

Figure 1. Business value of social media research model

4. METHOD AND DATA COLLECTION

Quantitative data was collected using a questionnaire. The questionnaire covers knowledge sharing practices and tools (traditional and social media) and consists of 15 questions. We included a multiple-choice question regarding the perceived business value of social media for internal knowledge sharing. Furthermore, the questionnaire contains questions about knowledge sharing practices, factors that impact knowledge sharing including motivation for knowledge sharing (Razmerita, Kirchner & Nielsen, 2016), as well as demographic information. The survey was distributed through representatives to 13 Danish private businesses from different industry sectors (including SMEs and large organizations) that use social media for internal communication and knowledge sharing. The majority of the companies are from industry sectors like telecommunications, media and marketing, banking and financial services and shipping and logistics. In order to reduce social desirability bias, the survey did not include any personal identification of the individuals and the quantitative analysis of the data was restricted at an aggregated level. The survey was pretested in order to avoid interpretation errors and to increase the clarity of questions. A total of 114 responses were collected over a four-month period. Due to the dichotomous nature of the data, we used Chi² to find statistically significant influences, and Cramer’s V to describe the strength of the relationship. Values of Cramer’s V can be between 0 (no influence) till 1 (biggest influence).
In addition to the quantitative data, semi-structured interviews were conducted with managers and knowledge workers in organizations providing most of the respondents for our questionnaire, operating in different industrial sectors. The interviews provide deeper insights into the business value of enterprise social media in organizations.

5. RESULTS

The quantitative data sample comprises 114 respondents from employees from various industries. As shown in Table 2, most of the respondents were below 50 years of age, and more men (56.9%) than women (41.4%) responded. 46.6% of respondents consider themselves as specialists in their areas, while 20.7% were managers. The majority of respondents were young professionals who had a working experience of less than 5 years.

Table 2. Descriptive statistics of respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency (%)</th>
<th>Position</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Younger than 30</td>
<td>25 (21.6%)</td>
<td>Manager</td>
<td>24 (20.7%)</td>
</tr>
<tr>
<td>30 – 39</td>
<td>48 (41.4%)</td>
<td>Specialist</td>
<td>54 (46.6%)</td>
</tr>
<tr>
<td>40 – 49</td>
<td>34 (29.3%)</td>
<td>Office Worker</td>
<td>24 (20.7%)</td>
</tr>
<tr>
<td>over 49</td>
<td>8 (6.9%)</td>
<td>Trainee</td>
<td>5 (4.3%)</td>
</tr>
<tr>
<td>Missing</td>
<td>1 (0.9%)</td>
<td>Other</td>
<td>9 (7.7%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency (%)</th>
<th>Working experience</th>
<th>Frequency (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>66 (56.9%)</td>
<td>&lt; 1 year</td>
<td>2 (1.7%)</td>
</tr>
<tr>
<td>Female</td>
<td>48 (41.4%)</td>
<td>1 – 5 years</td>
<td>81 (69.8%)</td>
</tr>
<tr>
<td>Missing</td>
<td>2 (1.7%)</td>
<td>5 – 10 years</td>
<td>18 (15.5%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>10 – 15 years</td>
<td>9 (7.8%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>More than 15 years</td>
<td>3 (2.6%)</td>
</tr>
</tbody>
</table>

Employees use different means and tools to share knowledge, as shown in Figure 2. They primarily share knowledge through traditional channels like email, face-to-face meetings, chat and intranet, whereas the adoption and use of social media including blogs, wikis, Google docs and enterprise social networks platforms (such as Yammer, Chatter, Podio, or other customized social platforms) is still limited.

Figure 2. Knowledge sharing means and tools in organizations

Evaluating the perceived business value of enterprise social media, “faster communication” (41.2%), “increased knowledge sharing” (36.6%) and “easier to reach colleagues” (35.1%) were the top three named points by the employees (Figure 3).
From these 12 variables considered, 8 are significant factors (Figure 4). The factor “faster communication” (V=0.606), followed by less emails (V=0.436) and improved team building (V=0.380) have the biggest influence on the use of social media for knowledge sharing.

Figure 4. Significant factors for the use of social media for knowledge sharing research model

Qualitative interviews with managers were conducted to get a deeper insight into the business value from the managers’ perspective. The following questions regarding the business value were asked:

- What was the goal of introducing social media for knowledge sharing in the company?
- What are the main benefits of using social media for knowledge sharing?
- What were the main lessons learned?

Table 3 summarizes our qualitative analysis results focusing on goal, main benefits, lessons learned and measurement of impact.
The interviewed managers claim that employees as well as the management are not yet aware of the value of social media for knowledge sharing. Thus, the top management should be involved in such projects, and the knowledge that the platforms provide should be relevant for the employees. The interviewees pointed out that “knowledge sharing is hard to measure”. The direct business value of social media for knowledge sharing is not yet measured in the companies, although managers have already an idea how it could be measured.

Employees and managers see similar benefits from the usage of social media for internal knowledge sharing in the interviews:

• “The essence of social media is to share relevant content with your colleagues. If it's not relevant people will consider it as useless information, and you don't want to waste your colleagues' time. You want to provide value”.

• “It reduces the number of irrelevant emails I have to send, when I can post the information in one place.”

• The platform has reduced the workload when we update documents, and the platform has been very useful for new employees to get an overview and keep updated on what happens in the organization.”

• “We have already seen an increase in productivity in the company, and the goal is to increase the revenue even more”.

• “It is a lot easier to search for and find information as well as look for people with a certain expertise than it is on the intranet.”

### CONCLUSION

Social media platforms are increasingly adopted by businesses bringing new innovative ways of working and collaborating within organizations. So far little work has been conducted to measure social media effects and align social media initiatives with organizational goals. The focus of this study is the understanding of business value of social media from both managers’ and knowledge workers’ perspectives. The three main factors that contribute to the use of enterprise social media in organizations are: faster communication, less emails and improved team building. However, the prerequisite for gaining tangible business value from these platforms is that employees are active, motivated to contribute and that social media is integrated into daily routines and work practices. Therefore, in order to get employees to use social platforms during their workday to collaborate and share knowledge, motivation is key. Lack of management support and motivation of employees to engage on the platforms will diminish the opportunity to gain business value. Changing the behavior of employees to communicate through social media is particularly a challenge, because many employees are “stuck in the old habits” (e.g. writing emails) (Razmerita, Kirchner, et al., 2016).

### Table 3. Results from qualitative interviews with managers

<table>
<thead>
<tr>
<th>Company</th>
<th>Goal</th>
<th>Main benefits</th>
<th>Lessons learned</th>
<th>Measure impact</th>
</tr>
</thead>
</table>
| Media company    | Improvement of communication and collaboration. The old system needed to be replaced. | • More effective (faster) communication and collaboration  
• Decreased number of emails  
• Easier to find information and documents (available in the specific groups / threads)  
• Notification when new things are posted | “Information can be easier available and accessible through social media platforms, but many employees and managers do not know the value yet. It’s too early in the process.” | “You can track posts and comments, but so far we have not put up any success criteria. Knowledge sharing is hard to measure.” |
| Telecommunication company | Improvement of business processes and knowledge sharing between the employees (primarily used for HR related matters) | • Decreased amount of irrelevant emails  
• New employees can get an overview of the employees and the organization a lot easier because the information is in one place.  
• Reduced workload, when updating documents | “It’s hard to say, but information needs to be relevant for employees that want to use the platform.” | “We don’t really do that, but the platform allows us to track who of the employees are online and when.” |
| Shipping company | Optimization of communication and collaboration across the organization, globally. | • Increased productivity and revenue  
• Decreased amount of irrelevant emails  
• Project collaboration easier | • Top management needs to be involved.  
• Employees are willing to use a social platform at work (knowledge sharing behavior not so different from private lives).  
• You have to be mobile. | “We haven’t focused on that yet, but the platform provides a number of methods to track and measure the employees’ online activity.” |

In all three companies, the main goal of introducing social media for knowledge sharing was to achieve faster communication and collaboration among employees. As main benefits of using social media, the managers see the reduced amount of emails and the faster communication, that go along with an increased productivity (and shorter timescales). But, these benefits are not easy to achieve.

Kirchner, et al., 2016).
Previous research has found that organizations have had difficulties in motivating employees to collaborate and share knowledge through enterprise social media e.g. (Denyer et al., 2011; Razmerita, 2013). And according to a report published by Gartner, the vast majority of social collaboration initiatives fail due to lack of purpose and a ‘provide and pray’ approach, which only leads to a 10 percent success rate (Gartner, 2013).

The assumption of our study is if managers and employees are aware or convinced of the business value of social media for their organization, they are more motivated to use these social platforms for communication, collaboration and knowledge sharing. Although our study reveals that companies are aware of the business value of social media at work, the interviews shows that the successful usage metrics are not incorporated yet. Such key performance indicators can be defined and measured on these platforms (e.g., the number of logins, the number of contributions, type of contributions, key users). Such indicators could be further used to introduce performance gamification¹ to foster engagement, communication strategies and active participation. According to our study findings, managers are aware of some potential indicators, but they do not measure them yet. Other factors that contribute to the business value of social media are more intangible (e.g. the improved team performance) and therefore more difficult to measure. Future work should consider the definition of key performance indicators associated with the goal of adopted social media at work and provide concrete metrics on how they can be measured.

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