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PERCEPTION OF THE SOCIAL NETWORKS' IMPACT ON THE REPUTATION OF ICT COMPANIES

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ABSTRACT

Globalization trends presupposes social cohesion in one network in order to exchange information without any boundaries. Hence, communication technology has a leading role in planning and organization of private lives and, especially, businesses. This paper explains the theoretical concept of social networks' usage as an informational tool for providing content with stakeholders with the purpose of improving reputation and business management.

After integrating social networks into the business structure, it is necessary for the company to plan and evaluate actions as well as to be prepared for the upcoming changes and possible difficulties that may stand in the way. Because of the importance of social networks that nowdays directly impact business results and reputation, this paper focuses on building relationships with customers and public, planning and evaluating communication strategies and following trends about social networks marketing.

Including social networks in its business is challenging for every industry because it is public, fast and it demands flexibility. This paper demonstrates how social networks affect Croatian ICT companies' reputation. Futhermore, this paper examines, via the survey method, managers' attitudes and opinions about the subject in order to show how companies, whose primary activity is ICT development, use social networks and which behaviours have a good or bad impact in building a reputation.

KEYWORDS: social networks, communication, communication technology, reputation, ICT, Croatian ICT companies, customer relationship management

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1 INTRODUCTION

Over the past two decades constant development of IT-based economy have resulted with surrounding characterized by information flow and redesigned business processes towards ICT integration. Therefore, it is not surprising that ICT has the highest rate of growth in the world economy and is an integral part of all economic and non-economic activities. In such surrounding, management faces with: changes in organizational structure, management mode, using human and other resources, usage of new knowledge and training of personnel for the implementation of technologically new knowledge and skills [Živadinović and Zelić, 2014].

The aim of this paper is to show the correlation between social networks activities and their impact on building ICT companies online reputation which is reflected through stakeholders trust and operating results. In order to reach more precise results, 13 managers of the largest Croatian ICT companies have described their perception about planning such communication strategies and incorporate them using social networks.

1.1. LITERATURE REVIEW

According to *Quadrans konzalting* research from September 2015, in which social networks activities of hundred biggest Croatian companies have been analyzed, the most successful companies by followers, fans or reputation were ICT companies. ICT's importance to aspects of social relations and business development, arising out of their use, have created information society. Furthermore, technologies have changed the global market and related industries, customer relationship, market research, pricing formation and business transactions [Brakuš, 2015].

On the one hand, by properly combining the use of these services, especially social networks, and applying proper strategy, it is possible to achieve a good company reputation in challenging and changing online environment [Brakuš, 2015]. Researchers from the VU University Amsterdam conducted a study that revealed that corporate reputation can be enhanced through social networks activities [Dijkmans et al., 2014]. On the other hand, social networks expand the spectrum of reputation risks and boost risk dynamics [Aula, 2010]. Although corporate reputation is a valuable asset, it seems that its constitution is rather fragile and exposed to many reputation risks. Social networks users can publish true and false facts about companies, or distribute information about them that differs from what the companies are willing to share [Grützmacher, 2011].

Despite risks, in 2001 Michel Porter said it was not the key issue of competitiveness of companies to apply or not to apply Internet technology, but how to do it [Gujić et al., 2016]. In terms of strategic reputation management, it is important that social networks content cannot be controlled. Namely, social networks users spread opinions about what organizations should

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focus on in the future. In other words, on social networks, „an organization cannot just look good; it has to be good". Once they have built a picture, they share it with others and the subjective truth turns into a collective truth about what an organization is and what it should be [Aula, 2010]. However, the followers and fans of ICT companies leave traces of themselves on social networks, so that data can be used as a basis for building reputation and dealing with reputation risks. Therefore, in managing online reputation other companies are learning from ICT companies [Brakus, 2015].

Leading to the notion that the reputation of companies is no longer defined only by their actions and accomplishments, but by how stakeholders perceive, share and comment on company's social networks [Grützmacher, 2011]. The three principles of social networks are information, persuasion and networking, in order to build company's image and strengthen reputation [Lančić, 161]. According to Gotsi and Wilson [2001] "corporate reputation is a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals". Reputation can even be formed through indirect experiences with the firm triggered, through word-of-mouth, the media, or other publics [Grützmacher, 2011].

Word-of-Mouth, online named World-of-Mouse, is used on social networks for increasing awareness of the company and creates the potential for prolonged duration of the desired message [Brakus, 2015]. Furthermore, it is necessary to differentiate corporate reputation from the related concepts of corporate image and corporate identity, which, as key components of corporate communication, form the internal and external perception of companies [Grützmacher, 2011].

In order to build good corporate reputation, communication model of ICT companies has to be two-way, interactive and directed on „one to one" and „many to many", while the desires and requirements of the stakeholders are trying to be accepted as partners [Lančić, 2009]. Corporate communication affects corporate reputation because ICT companies, through its chosen messages, enable stakeholders to appreciate the company's operations on social networks, and it positively loads the perception of the company's activities, which can lead to an overall positive evaluation of the company [Floreddu and Cabiddu, 2013].

In order to build and maintain their reputation, ICT companies have to understand who their stakeholders on social networks are and how they perceive them. Hence, ICT companies need to measure, monitor and coordinate different stakeholder reputations that they possess, in order to manage their corporate reputation. The more these stakeholder reputations are identical, the stronger the reputation of ICT companies is [Grützmacher, 2011].

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Further, there is also a direct relationship between the company's reputation and investing in newest IT developments which affect on the number of mass-customers, revenue growth and market share. Practice shows that business culture, along with the implementation of multi-media materials, is successfully stabilizing an already built reputation of ICT companies on social networks [Živadinović and Zelić, 2014].

According to *Grayling Pulse* research, the two most common goals of ICT companies when developing digital strategies are improving reputation and increasing awareness. In this sector, 83 % of companies have developed digital strategy and use social networks for the fulfillment of mentioned goals. [Ličina Borja, 2012].

2 EXPLANATION OF METHODS

A research has been conducted for the purposes of this article. A anonymous sample of 13 managers from different Croatian ICT companies was taken (all of them use social media profiles).

Online survey took place in August 2016 and had 35 questions. After survey was done and the data was gathered, a thorough content analysis was performed.

Possible limitations of the study are: giving socially desirable answers, misunderstanding of questions due to errors in setting, lack of knowledge about the subject of study and the inability of generalization because of non-representative sample.

3 RESULTS AND DISCUSSION

From the 13 companies that participated in the survey, 12 of them use Facebook, 10 Linkedin, 9 Twitter, 6 Instagram, 2 Google+, 2 Quora, 2 Slideshare and 2 of them use other social networks. Companies were able to choose more than one answer.

61.5% of the companies stated that they have a preplanned communication strategy on their social networks accounts, 30.8% mentioned they do not have any stategy and 7.7% does not know whether the company has a strategy or not. Thereunto, 53.8% of the companies do not have a predefined budget for social activities, while 46.2% of them have.

11 of 13 managers participate in the communication on their companies social networks accounts. What is interesting is that 7 companies do not have a dedicated person for the position of community manager which executes only online marketing activities, while 6 of them have a person dedicated only for digital marketing. It is obvious that new roles dedicated for doing

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only online marketing are developing. That is why companies spend so much time on social networks profiles engaging with the community. Namely, 15.4% of companies stated that they are active on social networks less than 1 hour per week, 30.8% are active from 1 to 5 hours per week, 15.4% from 5 to 10 hours per week and the most of them (38.5%) are active more than 10 hours a week.

46.2% of the companies share internal photos, 23.1% share blog posts, 15.4% industry news, 7.6% articles and 7.7% share other materials. 46.2% stated that the main goal of communication on social networks is to improve the reputation of the company, 23.1% choose attracting employees, 15.4% increase sales, 7.6% information and 7.7% other. Reputation and emyployee loyalty is connected. Nowadays, ICT is the most wanted and highest paid profession. If companies want to attract and keep employees, they have to invest in the brand image. The more respectable the company is, the more quality staff will they attract and retain. ICT is constantly changing and the biggest capital consists of human resources. By sharing internal photos and showing their culture they are attracting employees and target audience. This is also why 69.2% of them pointed out that they have opened social networks in order to promote the company itself and offered services and/or products, 23.1% in order to attract quality pool of candidates and 7.7% because of customer relationship management.

According to the international survey, 84% of the interviewed companies (n=600) said that they are able to reach more customers by using social media and 68% of them used social media for promoting their products/services [Bhanot, 2011].

3.1. SOCIAL NETWORKS' IMPACT ON THE REPUTATION

As mentioned before, brand image and reputation are crucial in any indrustry for attracting employees and customers. In ICT industry customers are mostly "online" and it is not strange that 8 of 13 companies mentioned that using one or more social networks accounts has direct positive impact on reputation, while 5 of them does not know. Nobody answered that using social networks is not affecting reputation, which proves the impact of social media on reputation.

Furthermore, 69.2% of the companies believe that the amount of posts published on social networks has an affect on improving or disproving reputation of the company, 23.1% do not know, 7.7% say that the amount of posts are not affecting reputation. It can be connected with the next answers that show how 53.8% of the companies believe that all the activities on social networks are crucial for their reputation, 38.5% believe that they are not crucial, and 7.7% do not know. As we can see, more than half of the companies told that using social networks is crucial for their reputation, but more of them (69.2%) said that in the next two years activities on social networks will impact even more on the reputation of the company, 23.1% of them do not know and 7.7% think it will not affect more than today.

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Figure 1. Impact of the number of social network accounts on the reputation
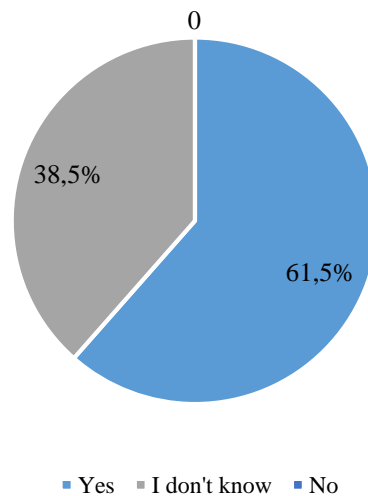

No company disagrees with the statement that one of the benefits of using social networks for reputation is preventive PR, 7.7% of the companies mainly disagree, 30.8% have no opinion about it, 38.5% agree with the statement and 23.1% strongly agree.

Further, no company disagrees with the statement that one of the benefits of using social networks for reputation is understanding the needs of consumers by analyzing their communication habits, 7.7% of the companies mainly disagree, 38.5% have no opinion about it, 30.8% agree with the statement and 23.1% strongly agree.

It's known that articles in media are very important for buidling the reputation of any company. Therefore, since ICT companies cooperate with a lot of foreign customers and are managing contracts world wide exporting their services or/and products, it is crucial to be visible to foreign media. Local media are more important for employee branding atracting good potential employees. That is why 30.8% of them agree and 30.8% strongly agree with the statement that one of the benefits of using social networks for reputation is presentation of services or/and products.

From all social activities the biggest impact on the company's reputation is good communication with network users (61.5%), suitability of content to the group of users that reads it (46.2%), publicly communicated and transparent information (38.5%), continuous updating (38.5%), diversity of content shared (30.8%), visual presentation of content (30.8%), number of followers (15.4%) and other (7.7%). Companies were able to choose more than one answer.

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Figure 2. Impact of social network activities on the company reputation
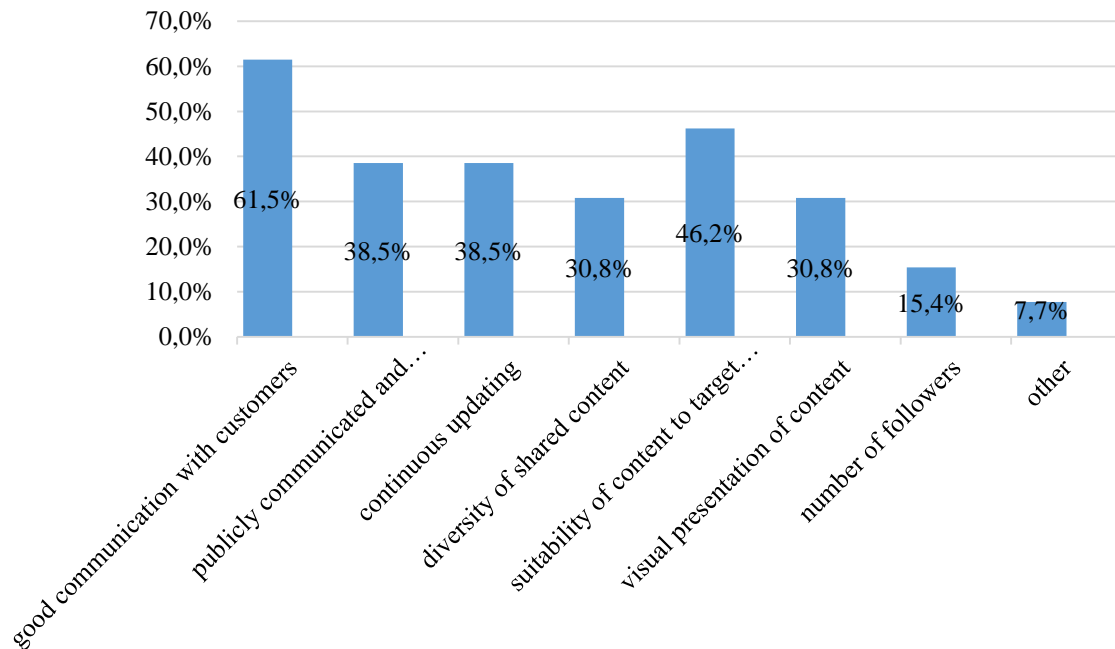
Companies mentioned that what harms the reputation the most is bad communication with customers and users (46.2%), no suitability of content to the group that follows it (23.1%), no diversity of content shared (15.4%), no transparent information (7.7%) and rare updating (7.6%).

46.2% of companies said that they should be better in updating information on social networks, 15.4% said they should be better in communicating with network users, 15.4% think that they should work more on diversity of content shared, 7.7% said they should work more in getting more followers, 7.7% in visual presentation of content and 7.7% on suitability of content to the group that follows it.

3.2. SOCIAL NETWORKS' IMPACT ON THE EMPLOYEE BRANDING

According to the international survey, which asked over 600 human resources and recruiting professionals as to how they use social networking in their recruiting process, 73.3% said they currently use social media to recruit candidates [Bhanot, 2011].

76.9% of companies said that there were candidates who had come to the interview already heard something about company on social networks, while 23.1% of them do not know.

Figure 3. Potential employees perception of the company based on company's activities on social networks
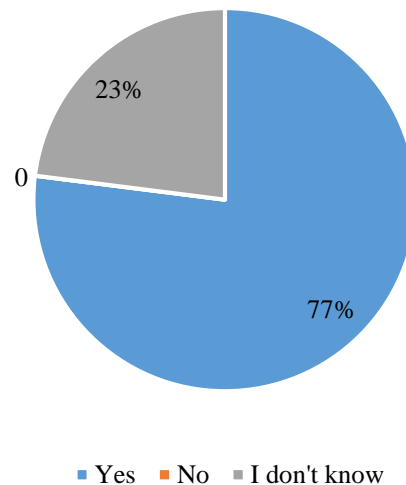
77% of the companies believe that candidates who came to the job interview already had a certain perception of the company based on company's activities on social networks, while 23.1% of them do not know and nobody answered no. This is a proof that potential employees are studying companies carefully and that the online presence is crucial for presenting the company in an attractive way. Companies that are not "famous" and do not have a good online pressence will have a harder time finding (and keeping) good employees. Before the acctual job interviews, it is important to get as much applications as possible. The reputation, then, directly affects how many applications will the company receive. 69.2% of companies said that they believe that the response to the interviews and open positions (applications) would be less popular if there was no communication on social networks, while 30.8% of them do not know.

It is not only how popular their social network accounts are, but also the power of word of mouth, apropos how will existing employees present the company online, tell their friends about it or share open positions. 61.6% of the companies believe that social activities affect directly on employee satisfaction and the perception of the company, 30.8% of them do not know while 7.7% of them disagree. Further, 12 companies declared that their employees are involved in sharing and commenting content on social networks, while only 1 said that the employees are not sharing or commenting the content published by the company.

The power of social networks is allowing people to write and publish their thoughts, opinions and critics. It is also easy to find all information online or to leave a review with just a few mouse clicks that will be visible to all people around the globe. That is why 53.9% of the companies encourage employees to take education in the field of online marketing, while 46.2% of them do not.

3.3. SOCIAL NETWORK USERS AND POTENTIAL BUYERS

Only 1 company stated that negative comments on their networks do not affect the company's business, 2 of them do not know, 4 companies claimed that negative comments are affecting the company's business while 6 of them claimed that they never had a negative comment. Figure 4. Impact of negative feedback/review on the company's business

- Lost potential buyers
- Didn't loose potential buyers
- Had no negative feedback/review
- Don't know
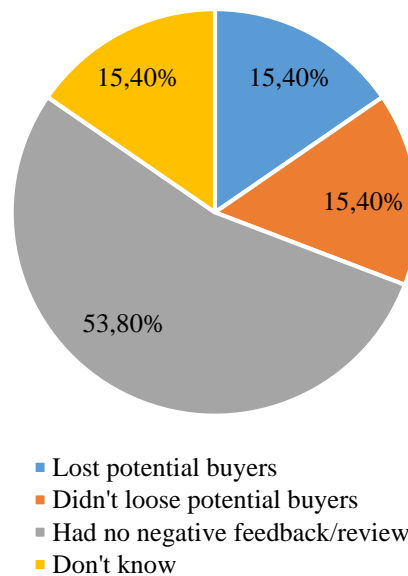
15.4% of the companies said that they do not lose potential customers because of the negative feedback or review, 15.4% do not know, 15.4% claim to have lost potential customers based on negative feedback, while 53.8% of them stated that there was no negative feedback. It is possible that there was no negative feedback because of the knowledge how to manage social network accounts, how to communicate and what to share. As mentioned before, over 50% of companies are investing in educating their stuff for online marketing management. Even if the company is not paying professional courses, people are teaching themselves by reading free online courses, articles and ebooks.

No company disagrees with the statement that because of the social activities their brand has a strong subliminal effect on customer preferences, 15.4% of the companies mainly disagree, 38.5% have no opinion about it, 38.5 % agree with the statement that because of the activities on their networks the brand has a strong subliminal effect on customer preferences and 7.7% of them strongly agree with that statement.

No company disagrees with the statement that because of the social activities they seem more reliable than companies that do not use social networks, no company mainly disagrees, 30.8% have no opinion about it, 30.8% agree with the statement that because of the activities on their

networks they seem more reliable than companies that do not use social networks and 38.5% strongly agree with that statement.

No company disagrees with the statement that because of the social activities they seem more serious than companies that do not use social networks, no company mainly disagrees, 38.5% have no opinion about it, 30.8% agree with the statement that because of the activities on their networks they seem more serious than companies that do not use social networks and 30.8% strongly agree with that statement.

No company disagrees with the statement that because of the social activity they seem to have better quality than companies that do not use social networks, no company mainly disagrees, 46.2% have no opinion about it, 23.1% agree with the statement that because of the activities on their networks they seem to have better quality than companies that do not use social networks, while 30.8% strongly agree with that statement.

No company disagrees with the statement that because of the social activities they seem to be more professional than companies that do not use social networks, 7.7% of the companies mainly disagree, 23.1% have no opinion about it, 38.5% agree with the statement that because of the activities on their networks they seem to be more professional than companies that do not use social networks and 30.8% strongly agree with that statement.

No company disagrees with the statement that because of the social activities they seem to be more popular than companies that do not use social networks, no company mainly disagrees, 15.4% have no opinion about it, 53.8% agree with the statement that because of the activities on their networks they seem to be more popular than companies that do not use social networks and 30.8% strongly agree with that statement.

These results show that the biggest difference in numbers is visible when companies were asked if they consider themselves more popular than companies that do not use social profiles. By using social networks, companies are engaging with a cool and young community which makes the brand more popular and follow techological trends. That is specially important in ICT industry. Their goal is to have active fans that spread the word about the company to their friends, which, in the end, can be profitable.

4 CONCLUSIONS

It is assumed that ICT companies are most focused and invest the most of all industries in social networks activities because such focus on technologies is their primary work. With this assumption survey was conducted and confirmed in most answers. Most companies believe that

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they are more professional, more popular, more credible and more serious than companies in the same sector that do not have social network accounts.

However, there were few surprising facts. Even 4 out of 13 companies doesn't have a developed strategy for communicating on social networks, and 7 of them doesn't have a community manager or a preplanned budget for social networks activities, although they agree that those activities are crucial for building reputation. Hence, it is important to notice that there is a need for educating managers and employees in ICT sector and showing them the importance of online reputation management in order to be competitive globally. Regardless of that, companies recognize that primarily communication goals on social networks are to improve reputation, increase sale and attract potential employees. Also, they believe that postponement of communication with users can ruin company's reputation and that there is a space for improving that within their own company, especially because users have created an image about them through content on their social networks accounts.

To conclude, this paper has proved positive relationship between social networks usage and the reputation of the Croatian ICT companies. Namely, managers in ICT sector are mostly aware of the importance of online communication strategies and activities for building and maintaining online reuputation. Also, they equate terms online reputation and reputation in general. But, there is more space for exploring. This findings can be used as a starting point for future research. For instance, relations between social networks activities, reputation demolition and its affect on the business can be examine in more details.

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