

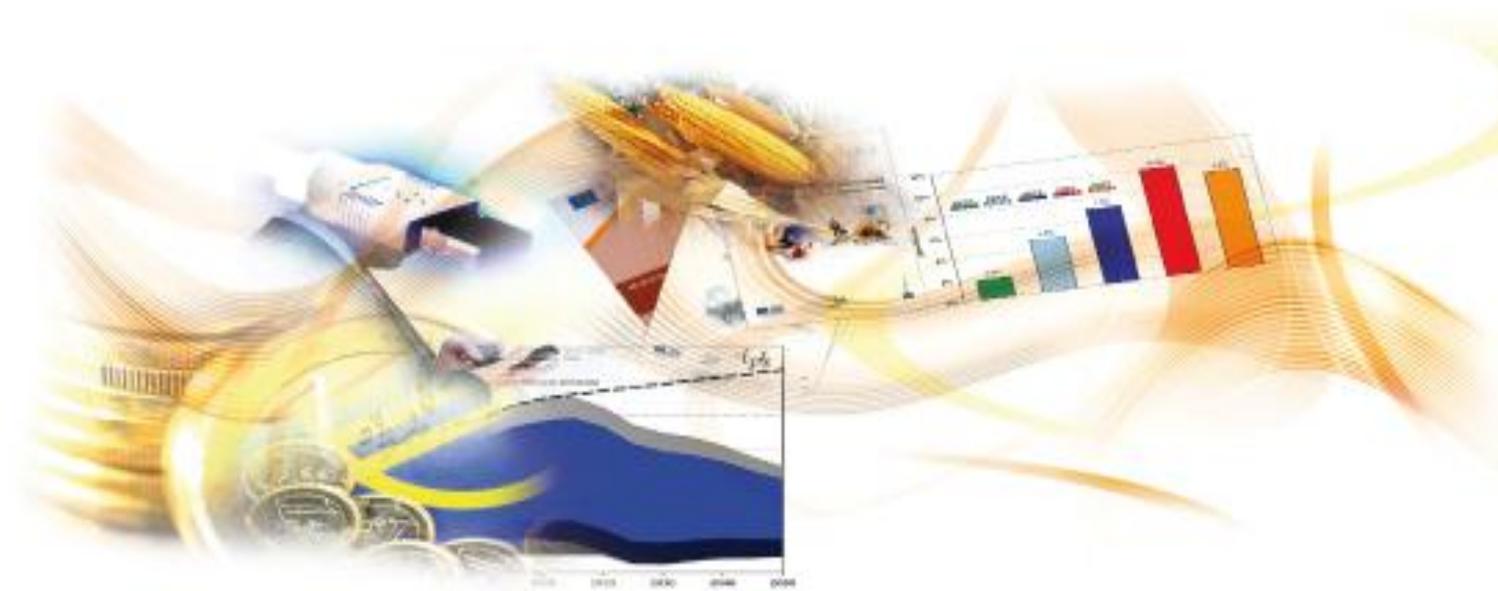
JRC SCIENTIFIC AND POLICY REPORTS

# Assessing the Benefits of Social Networks for Organizations

Report on the Second Phase of  
the SEA-SoNS Project

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2013



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## Table of Contents

<b>Executive summary .....</b>	<b>3</b>
<b>1. Annex A.1: Status report on the sub-contract of the survey of 600 SMEs - detailed methodological report.....</b>	<b>7</b>
1.1 Introduction.....	7
1.2 Methodological set up.....	7
1.2.1 Selection of the target.....	7
1.2.2 Sampling proposal .....	8
1.3 Translation of the questionnaire .....	12
1.4 Pilot survey.....	13
<b>2. Annex A.2: Status report on the sub-contract of the survey of 600 SMEs - minutes of the kick-off meeting.....</b>	<b>15</b>
2.1 Introduction.....	15
2.2 Overall approach.....	15
2.2.1 Objectives and constrains.....	15
2.2.2 Project management.....	16
2.2.3 Work plan and deliverables .....	18
2.2.4 Project Gantt .....	20
2.2.5 Resources allocated .....	21
<b>3. Annex B: Status report of depth interviews with micro firms.....</b>	<b>22</b>
<b>4. Annex C: Status report on outcome of the survey of 600 SMEs.....</b>	<b>28</b>
4.1 Introduction.....	28
4.2 Population surveyed .....	28
4.2.1 Respondents characteristics .....	28
4.2.2 SME structural business statistics .....	30
4.2.3 Internet infrastructure .....	31
4.2.4 Use of social media.....	32
4.2.5 Summing up .....	34
4.3 Social media in SME context.....	34
4.3.1 Organisational perspective.....	34
4.3.2 Future changes .....	37
4.3.3 Challenges .....	38
4.3.4 Summing up .....	39
4.4 Analysis of social media usage.....	40
4.4.1 Strategy and diffusion.....	40
4.4.2 Social media tools.....	41

4.4.3	Support.....	42
4.4.4	Importance of social media tools.....	43
4.4.5	Payment and procurement.....	45
4.4.6	Summing up.....	45
4.5	Behavioural approach to social media.....	46
4.5.1	Behavioural intentions.....	46
4.5.2	Subjective norms.....	47
4.5.3	Descriptive norms.....	48
4.5.4	Perceived ease of use.....	50
4.5.5	Perceived usefulness.....	50
4.5.6	Summing up.....	51
4.6	Social media awareness, benefits and barriers.....	52
4.6.1	Awareness.....	52
4.6.2	Benefits.....	54
4.6.3	Barriers.....	56
4.6.4	Metrics.....	59
4.6.5	Summing up.....	59
4.7	Policy initiative to support social media.....	60
4.8	Conclusive summary.....	61
<b>5.</b>	<b>Annex D: Contribution to background report for the policy workshop.....</b>	<b>64</b>
5.1	Social media use and perceived financial situation.....	64
5.2	Benefits of social media use.....	67
5.3	Barriers to social media use.....	68
5.4	Internal organisation of social media use.....	73
5.5	Policy options.....	76
5.6	Starter questions for the development of scenarios.....	77

## Executive summary

The objective of Phase 2 of SEA-SoNS<sup>1</sup> project was to consolidate and build on the findings of Phase 1 regarding social media use in organisations, with a particular focus on small and medium-sized enterprises (SMEs). Below are the main findings of a survey of 600 SMEs in six countries<sup>2</sup> and five in-depth interviews conducted with micro firms in four countries.<sup>3</sup> More detail is available in Annex B, which summarises the findings of the in-depth interviews, and Annex C, which presents the findings of the survey.

### **About the use of social media by SMEs**

- "Social media are here to stay", according to all of the participants of the in-depth interviews. Though much of what is said today about social media is hype, they will definitely be part of every company in the future.
- Participants in the in-depth interviews claimed that social media are suitable for all kinds of companies, and all can gain something from their use. However, they are probably more useful for SMEs, since these companies have greater difficulties in reaching the market.
- 61% of the SMEs surveyed stated that their firms were making formal use of social media. The leading countries were United Kingdom (90%), Netherlands (79%) and Latvia (75%).
- SMEs that are formal users of social media (henceforth *users*) have a better perception of their financial situation compared to those which are not. Among users, 29% claimed their situation had improved, compared to only 18% of non-users. By contrast, 29% of users claimed their situation had worsened, while 39% claimed this was the case among non-users [from the survey].
- Two types of users of social media were identified through the in-depth interviews: (a) companies that have incorporated social media strategically and have a clear plan for them and (b) companies without a clear goal or objective in their social media use. The latter type uses social media because they think they "have to", given the existing trend or because they are run by digital natives who have personal experience with social media.
- In the survey, 61% of users claimed to have a planned strategy for their social media use. A greater percentage of those who had a formal strategy considered that their financial situation has improved, compared to those who did not have a formal strategy.
- 39% of users have paid for social media tools. Those who have paid for social media tend to be the ones who have a planned social media strategy [from the survey].
- None of the SMEs interviewed used metrics or incorporated externally collected data (from social media) to their strategy. The main reasons given were lack of time and lack of human or financial resources [from the in-depth interviews].

### **Perceived benefits to SMEs of social media**

- Non-users are less likely to perceive potential benefits from the use of social media, both in terms of social media use within the organisation (*internal use*) and with external stakeholders (*external use*) [from the survey].
- Among users, the most important perceived benefit of social media is its *effectiveness for marketing* [from the survey].

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<sup>1</sup> "Assessing the Benefits of Social Networks on Organizations".

<sup>2</sup> UK, NL, ES, IT, BG and LV.

<sup>3</sup> UK, NL, DK and ES.

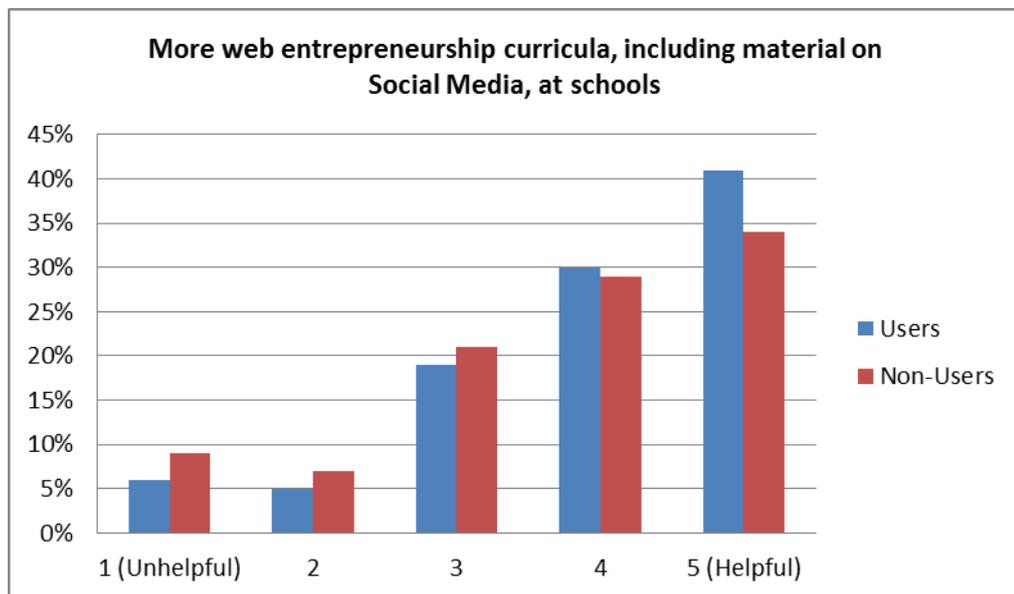
- Users who have a planned strategy appreciate the benefits of social media more than those who do not have a planned strategy. This stands to reason, as committing to a planned strategy requires the conviction that it has benefits [from the survey].

**Barriers to the uptake of social media**

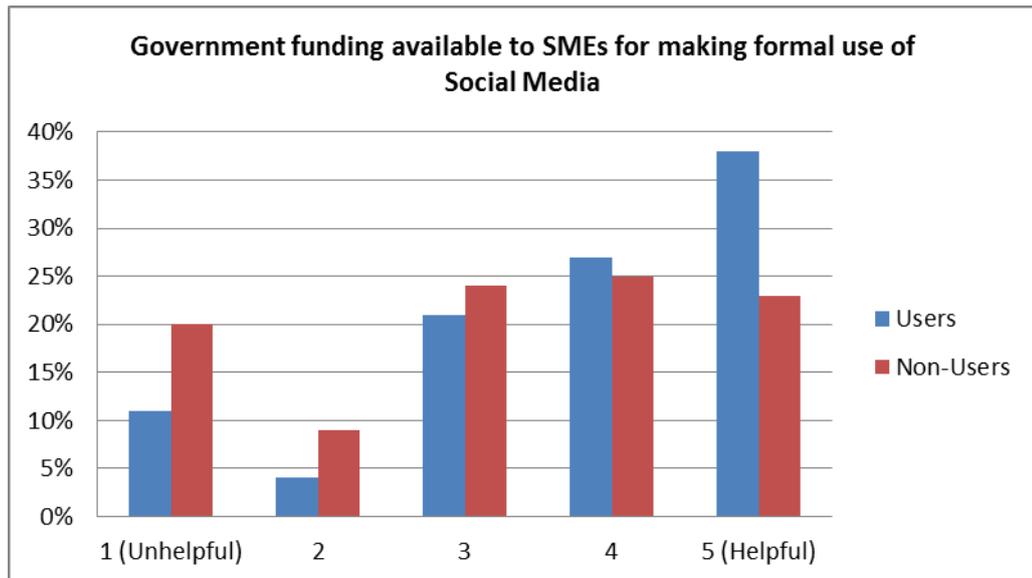
- *Lack of financing* is not considered a barrier to the uptake of social media. This opinion is more prevalent among non-users than among users. Also, the bigger the firm (in terms of number of employees), the more likely it is that it will not consider lack of financing to be an obstacle [from the survey].
- The barriers *no strong business case* and *insufficient customer demand/need* seem to be barriers for non-users, but not for users. This is an expected result, since users must have a business case and possibly also a demand from customers to start using social media [from the survey].
- Users who are in a better financial situation do not think that *lack of financial resources*, *lack of control* and *risk of inappropriate posting by employees* are barriers, unlike the ones who declared that their financial situation has worsened [from the survey].

**Policy options to promote the uptake of social media**

- Participants in the in-depth interviews claimed that, once they began using social media, it was a challenge to coordinate their companies' presence in different channels. They felt they needed more skills and resources in this respect.
- The survey corroborated this finding: the policy option that was considered most helpful was to *include more web entrepreneurship, including material on social media, in schools' curricula*.



- The least helpful option, especially among non-users of social media, is *government funding to SMEs* for making formal use of social media. This is in line with the finding that the lack of financial resources is not a barrier to adopting social media. Non-users are the least convinced that these policy options can be useful [from the survey].



- In the in-depth interviews, participants were sceptical about the value of public intervention in this field – they feared that new laws would be imposed on their businesses. It is important to limit intervention to only those areas where it is warranted.



# **1. Annex A.1: Status report on the sub-contract of the survey of 600 SMEs - Detailed methodological report**

## **1.1 Introduction**

This detailed methodological report presents a detailed, robust and transparent methodological set up emphasising survey target, coverage and sampling proposal of the survey of 600 SMEs.

The objectives of this project are:

- Survey set-up: Develop a questionnaire that takes 20-30 minutes to complete. The questionnaire should include an industrial profile of respondents (e.g. their sector, geographical base, revenues, number of staff, etc.) and questions on the organisation's current and future planned use of SN and SM tools, perceived benefits, best practices and barriers, and their expectations on the likely future evolution of the organisational use of these tools.
- Survey implementation: Conduct a survey of at least 600 SMEs, across different economic sectors, on their use of SN and SM.
- Analysis and reporting: Provide a descriptive analysis of the survey data, highlighting major findings and insights. Elaborate and document the methodology used to conduct the survey as per good research practice.

## **1.2 Methodological set up**

### **1.2.1 Selection of the target**

The Technical Specification stated out that:

- The survey target would be at least 600 European small and medium-sized enterprises (n=600).
- Coverage would reach at least 6 EU Member States, ensuring a balanced geographical spread (Northern Europe, Southern Europe, post-2004 Member States, etc.).
- Coverage should also extend across economic sectors.
- Consider businesses' Internet adoption and overall e-commerce strategy.

Therefore in statistical terms this means:

- Universe: Small and Medium-sized enterprises (SMEs).
- Target population: 600 European small and medium-sized enterprises.
- Coverage:
  - Geographically: At least 6 EU Member States, ensuring a balanced geographical spread (Northern Europe, Southern Europe, post-2004 Member States, etc.).
  - Sectorial: across economic sectors.
- ICT adoption: Internet adoption and overall e-commerce strategy.

The standard practice in survey research is to first define the universe, from which a sample is then extracted. Moreover, without a minimum set of parameters on the universe of reference, it would be impossible to define, develop and judge the quality of the sample and, especially, to define and assess (whether acceptable or not) the sampling error. Fortunately, official detailed statistics about ICT usage and e-commerce in Enterprise could be looked at EUROSTAT COMMUNITY SURVEY ON ICT USAGE AND E-COMMERCE IN ENTERPRISES.<sup>4</sup>

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<sup>4</sup> Available online at [http://epp.eurostat.ec.europa.eu/portal/page/portal/information\\_society/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/information_society/introduction)

This survey collects data on the use of information and communication technology, the internet, e-government, e-business and e-commerce in enterprises and contains a set of parameters on the universe of reference that allows us to define and develop a sample following geographical, sectorial and ICT adoption coverage<sup>5</sup> in the next section.

**1.2.2 Sampling proposal**

**Stratified Random Sampling used to select the SME.** This probabilistic sampling method, also called proportional or quota random sampling, involves dividing the population of the universe into homogeneous subgroups and then taking a simple random sample in each subgroup. This technique assures that it is possible to represent not only the overall population, but also key subgroups. Furthermore, sampling errors could be calculated to each subgroup and the target group. To develop these quotas, firstly, we tackle ICT adoption utilising the variable “Enterprises having a web site or homepage (e\_web)”. This is the best starting baseline to tackle ICT adoption and eCommerce as it could be consider a first step to SNSM.

**Table 1-1: Enterprises having a web site or homepage (% of enterprises), 2011**

Country	Small enterprises	Medium enterprises
FI	91%	98%
SE	88%	98%
DK	88%	93%
AT	80%	94%
NL	<b>79%</b>	<b>92%</b>
DE	79%	90%
NO	76%	89%
UK	<b>75%</b>	<b>94%</b>
CZ	74%	90%
SK	74%	84%
BE	74%	90%
LU	71%	89%
SI	70%	89%
MT	69%	82%
EE	69%	86%
EA	66%	86%
IE	66%	86%
LT	63%	85%
ES	<b>61%</b>	<b>83%</b>

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<sup>5</sup> It is worth pointing out that this data set covers three size class breakdowns: small enterprises: 10–49 persons employed; medium-sized enterprises: 50–249 persons employed and large enterprises: 250 or more persons employed. Unfortunately, there is lack of data regarding micro and mini enterprises to develop a sampling proposal, which included sampling errors.

Country	Small enterprises	Medium enterprises
<b>IT</b>	<b>60%</b>	<b>82%</b>
<b>EL</b>	60%	85%
<b>PL</b>	60%	83%
<b>HU</b>	57%	74%
<b>HR</b>	57%	79%
<b>FR</b>	56%	80%
<b>CY</b>	50%	84%
<b>MK</b>	50%	58%
<b>PT</b>	49%	78%
<b>LV</b>	<b>48%</b>	<b>76%</b>
<b>BG</b>	<b>40%</b>	<b>62%</b>
<b>RO</b>	31%	43%
<b>EU27</b>	<b>66%</b>	<b>84%</b>

Source: Block de Ideas - Tech4i2 (based on EUROSTAT)

This criterion also allowed us to identify the geographical coverage of the survey. Considering low, medium and high ICT adoption, we have highlighted in yellow six countries following considering the percentage of “Enterprises having a web site or homepage” from Northern Europe (UK and NL), Southern Europe (ES and IT) and post-2004 Member States (LV and BG). These selected countries and their European geographical distribution could be considered as a representative snapshot of SME in Europe.

Once ICT adoption and Geographical coverage was solved, sectorial coverage should be faced. Due to the distribution of SMS across all sectors and the target population (600 enterprises in six different countries) it was not suitable to establish quotas at this level. The small number of enterprises selected in each subgroup would generate an unacceptable sampling error. Therefore, this criterion was achieved through the random selection in each subgroup. This process guaranteed that all the enterprises were located randomly across different sections. Nevertheless, we controlled this randomization during the fieldwork process establishing sectorial indicators so as to perform ex-post stratification.

Finally, and having defined the object population of the study (see **Table 1-2**) and the percentages needed to extract quotas (see **Table 1-3**), the proposed sample to be achieved is displayed in **Table 1-4**.

**Table 1-2: Target population, 2011**

	Total	Total SME	Total SME web	Total small	Total small web	Total medium	Total medium web
NL	583,000	54,802	44,507	46,640	37,023	8,162	7,484
UK	1,731,000	178,293	139,280	152,328	114,992	25,965	24,288
ES	2,653,000	180,404	115,194	159,180	97,625	21,224	17,569
IT	3,947,000	221,032	137,155	201,297	121,020	19,735	16,135
LV	70,000	10,710	5,640	9,030	4,358	1,680	1,282
BG	270,000	29,970	13,158	24,840	9,996	5,130	3,163
<b>EU27</b>	<b>20,994,00</b>	<b>1,637,53</b>	<b>1,122,339</b>	<b>1,406,598</b>	<b>928,355</b>	<b>230,934</b>	<b>193,985</b>

Source: Block de Ideas - Tech4i2 (based on EUROSTAT)

**Table 1-3: Target population, 2011 (percentages)**

	Small (% of the total SME)	Small with web (% of the total small)	Medium (% of the total SME)	Medium with web (% of the total médium)
NL	85%	79%	15%	92%
UK	85%	75%	15%	94%
ES	88%	61%	12%	83%
IT	91%	60%	9%	82%
LV	84%	48%	16%	76%
BG	83%	40%	17%	62%
<b>EU27</b>	<b>86%</b>	<b>66%</b>	<b>14%</b>	<b>84%</b>

Source: Block de Ideas - Tech4i2 (based on EUROSTAT)

**Table 1-4: Sampling by country, SME and ICT adoption**

	Small	Medium	Small web		Medium web	
			Yes	No	Yes	No
NL	85	15	69	16	14	1
UK	85	15	67	18	14	1
ES	88	12	57	31	10	2
IT	91	9	56	35	7	2
LV	84	16	40	44	12	4
BG	83	17	32	51	10	7
<b>Total</b>	<b>516</b>	<b>84</b>	<b>321</b>	<b>195</b>	<b>67</b>	<b>17</b>

Source: Block de Ideas - Tech4i2 (based on EUROSTAT)

The proposed sample has two essential characteristics:

- Firstly, an equal size sample was chosen for each one of the countries being studied (100 enterprises). This led to an equal level of reliability in the results obtained in each one of the countries, due to the representativeness of each sample in each country.
- Secondly, the choice was made to use a fully representative sample for the distribution of the target population, according to country, SME and ICT adoption, which means that there is no need for any ex post weighting to be applied to interpret the data.

**Table 1-5** shows the study sampling errors (overall and by quotas). They are calculated for a probability no greater than 95.5%, and for the least desired context, i.e. a maximum indeterminate probability (p = q = 50%), for the reference population.

**Table 1-5: Sampling errors by country, SME and ICT adoption**

	Small	Medium	Small web		Medium web	
			Yes	No	Yes	No
<b>NL</b>	±0.11	±0.25	±0.12	±0.17	±0.26	±0.88
<b>UK</b>	±0.11	±0.26	±0.12	±0.16	±0.27	±0.87
<b>ES</b>	±0.10	±0.29	±0.13	±0.14	±0.31	±0.69
<b>IT</b>	±0.10	±0.33	±0.13	±0.15	±0.36	±0.77
<b>LV</b>	±0.11	±0.25	±0.15	±0.13	±0.28	±0.51
<b>BG</b>	±0.11	±0.24	±0.17	±0.12	±0.30	±0.38
<b>Total</b>	<b>±0.04</b>	<b>±0.11</b>	<b>±0.06</b>	<b>±0.06</b>	<b>±0.12</b>	<b>±0.24</b>

The sampling error is the error caused by observing a sample instead of the whole population. The sampling error can be found by subtracting the value of a parameter from the value of a statistic and is calculated with the formula given below:

$$e = \sqrt{\frac{(Z^2 \times p \times q) \times (N-n)}{(N-1) \times n}}$$

Where:

e = Sampling error

Z= Confidence level. The value for selected alpha level of .0225 in each tail = 2. The value of Z is set to 2, representing a confidence level of 95.5%. We want the highest accuracy possible, with the smallest sample size. This confidence level gives us the best trade-off between these two goals.

The expected scenario is maximum indetermination (p=q=50) where:

p= The conversion rate we expect (estimate of the true conversion rate in the population)

q= The conversion rate we don't expect

N= Total population

n= Proposed sample

These sampling errors, in fact, determine the statistical reliability of the sample and, consequently, it is necessary to take them into consideration. Total errors are in line with the statistical criteria that validate the sample design and, the sample being representative and reliable, it is possible to extrapolate the study results to the target population group at EU level. The other results should be interpreted with caution. However, data gathered could be linked to EUROSTAT data to extrapolate the results more accurately.

In addition to this sampling technique we performed as a backup a **Multistage Sampling on stratified quotas**:

1. Country (n=100 per country)
2. company size (medium vs. small)
3. ICT adoption (availability of a website)

Since it was not possible to ensure that all members of the universe had the same probability of being selected given the lack of updated data, **quotas were used** in order to keep representativity among subsamples, which were obtained from a previous Eurostat study: "Community survey on ICT usage and e-Commerce in enterprises".

Based on previous B2B experience, we started the fieldwork with a **1:5 response rate hypothesis** and thus source it accordingly. When 50% (or 75%) of the sample was reached, the sourcing of additional contacts was evaluated based on a detailed productivity analysis. In order to minimize "not available" responses, each company will **receive at least 5 calls at different weekdays and times**.

We have established quotas for company size (small vs. medium) and website availability, but not for industry due to the small sample size. Nonetheless, BDI established 2 checkpoints during fieldwork in order to assess whether companies already interviewed match the country's representative distribution in terms of industry/activity and location. No significant deviations were observed after n=50 or n=75, therefore agencies were not asked to replace random by purposive sampling. The proposed sampling strategy presented the following advantages:

- First, an equal size sample has been chosen for each one of the countries being studied (100 enterprises). This led to an equal level of reliability in the results obtained in each one of the countries, due to the representativeness of each sample in each country (error margin:  $\pm 10\%$ ).
- Second, the choice was made to use a fully representative sample for the distribution of the target population, according to country, SME and ICT adoption, which means that there is no need for any ex post weighing to be applied to interpret the data.
- Third, this technique assures that it will be possible to represent not only the overall population, but also key segments. Furthermore, sampling errors could be calculated to each subgroup and the target group.

### **1.3 Translation of the questionnaire**

Questionnaire approved was translated following a **back-translation method combined with monolingual test**. This allowed detection and correction of discrepancies between source and target language versions, as well as a test for clarity and appropriate use with subjects who are monolingual in the target language.

This method was implemented as follows. First, a qualified translator carried out translation of the survey from the source language (English) into the target language. Second, another professional translator translated the target language version back into English. Third, both source language versions were compared. Finally, the target language version was tested among monolingual subjects.

The final version of each questionnaire was programmed into a secure online platform specifically designed for survey research. Although the survey was not online, the telephone interviews used a web-CATI: phone interviewing with real-time online data input (also known as “web-CATI” where CATI stands for Computer Assisted Telephone interviews).

Once programmed, the questionnaire was internally tested. Block de Ideas (henceforth BDI) Quality Control team ensured that:

- All questions exactly matched the paper version questions, both in wording and order.
- Questionnaire logic worked correctly (routing, conditions, inconsistencies, etc.).
- Messages and instructions were clear and appropriately located in the questionnaire.
- Data file generated after survey was complete and consistent.

This version was provided to the interviewers with special remarks regarding need of explanation of concepts, ethical issues such as privacy and confidentiality of the data; an informed consent and clear instructions that addressed the respect to respondents' dignity.

**1.4 Pilot survey**

Before launching the final questionnaire for data collection, a pilot study was carried out in three countries (Bulgarian, Spain and UK), one per each of the three macro-groups described in Section 1.2, with at least 5 valid.

Particular focus was placed on the clarity of the various SM tools and of their relation to purpose, as well as to organisational context and practices. As a result, we identified the questions that generate confusions, misunderstanding, rejection, top of the head replies, and whether or not the order was logical and also if the **length of the questionnaire was acceptable**.

The following table summarises the technical information of the tests performed:

**Table 1-6: Pilot test information**

Bulgaria	
<b>Number of interviews:</b>	<b>5</b>
<b>Pilot Language:</b>	<b>Bulgarian</b>
<b>Methodology:</b>	<b>Phone interview</b>
<b>Questionnaire duration:</b>	<b>Average: 24 minutes</b>
<b>Contacted companies:</b>	<b>65</b>
<b>Qualitative observations:</b>	<b>Concern regarding the comprehension of the questions, some questions need to be better explained with examples or with simplified terminology.</b>
Spain	
<b>Number of interviews:</b>	<b>5</b>
<b>Pilot Language:</b>	<b>Spain</b>
<b>Methodology:</b>	<b>Phone interview</b>
<b>Questionnaire duration:</b>	<b>Average: 25 minutes</b>
<b>Contacted companies:</b>	<b>200</b>
<b>Qualitative observations:</b>	<b>Concern regarding the comprehension of the questions, some questions need to be better explained with examples or with simplified terminology.</b>

UK	
<b>Number of interviews:</b>	<b>5</b>
<b>Pilot Language:</b>	<b>English</b>
<b>Methodology:</b>	<b>Phone interview</b>
<b>Questionnaire duration:</b>	<b>Average: 25 minutes</b>
<b>Contacted companies:</b>	<b>172</b>
<b>Qualitative observations:</b>	<b>The main concern was the length of the questionnaire.</b>

The results of the pilots revealed the following general issues:

- The average duration of the questionnaire was between 20 and 25 minutes in all 3 languages (Bulgarian, English and Spanish) and was considered acceptable in Bulgaria and Spain while in UK it was considered as a concern.
- The questionnaire was much easily answered by people who actually use social media, as some terms were difficult to understand by people who do not.
- In general the interviewers suggested giving more examples to the statements in order to better their understanding.
- When calling, we suggest that the interviewers ask for the person in charge of social media in the company.

## **2. Annex A.2: Status report on the sub-contract of the survey of 600 SMEs - Minutes of the kick-off meeting**

### **2.1 Introduction**

'Surveying SME Use of Social Technologies' kick-off meeting took place in Barcelona on 10<sup>th</sup> January 2012 with the following assistants:

- IPTS: René van Bavel, Michail Batikas and Aaron Martin.
- DG CONNECT: Loretta Anania.
- Block de Ideas: Nadia Stevens, Stefan Meissner, Maite Bocanegra and Rosa Dalet.
- Tech4i2: David Osimo and Francisco Lupiáñez-Villanueva.

The aim of this meeting, was to present a detailed work plan and methodological proposal focussing on:

- Work plan, deliverables and project management approach.
- Research team composition and allocation of resources.
- Methodological set up.

Hence, the agenda of the meeting was:

- 10.30 Presentations.
- 10.45 Work plan, deliverables and project management approach.
- 11.15 Methodological set up, including questionnaire discussion.
- 13.00 Research team composition and allocation of resources.
- 14:00 Conclusion.

### **2.2 Overall approach**

#### **2.2.1 Objectives and constraints**

- Survey set-up: Develop a questionnaire that takes 20-30 minutes to complete. The questionnaire should include an industrial profile of respondents (e.g. their sector, geographical base, revenues, number of staff, etc.) and questions on the organisation's current and future planned use of SN and SM tools, perceived benefits, best practices and barriers, and their expectations on the likely future evolution of the organisational use of these tools.
- Survey implementation: Conduct a survey of at least 600 SMEs, across different economic sectors, on their use of SN and SM.
- Analysis and reporting: Provide a descriptive analysis of the survey data, highlighting major findings and insights. Elaborate and document the methodology used to conduct the survey as per good research practice.

Below is provided a summary of the expected results:

- Fill in a knowledge gap. Whereas there is more evidence on SM usage in large enterprises, for SME the evidence is still anecdotal and the preliminary insights available (low usage, main barriers: lack of resources and concern about information security) need to be further corroborated, explored, and possibly refined;
- Identify drivers and barriers. Given the policy importance of the topic and the objectives of Phase 2 of the SEA-SoNS project, it is of great importance to highlight what can facilitate and/or hamper more sustained and effective take up of SNSMs by SMEs in order also to define future evolution scenarios and to frame EU level to catalyse the adoption and use of these collaborative platforms by European SMEs;

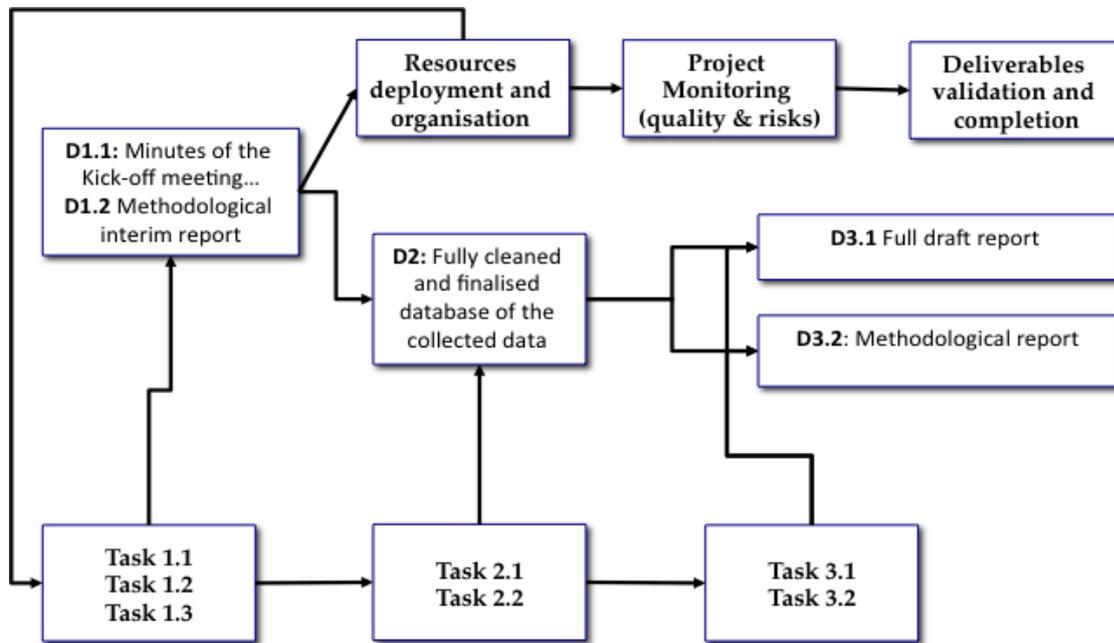
- Provide a holistic picture of the phenomenon. The previous two expected results rests so to speak on the following horizontal expected results: provide data and insight not only on whether SNSMs are used by SMEs, but also on how, to what extent, for what purpose, why are used (and for non-users why are not used)

To achieve these objectives it is worth pointing out the main constrains of this survey by contrasting it against the two surveys cited in the Tender Specifications.<sup>6</sup> These two surveys were based on **large sample** (i.e. about 4200 that by Bughin *et al.*, 2011) and focussed mostly on **large enterprises**, whereas this study focuses on smaller sample and on **SMEs**.

### 2.2.2 Project management

Our general approach to Project Management is articulated along the various components and phases described in the figure below:

**Figure 2-1: Project Management main components and phases**

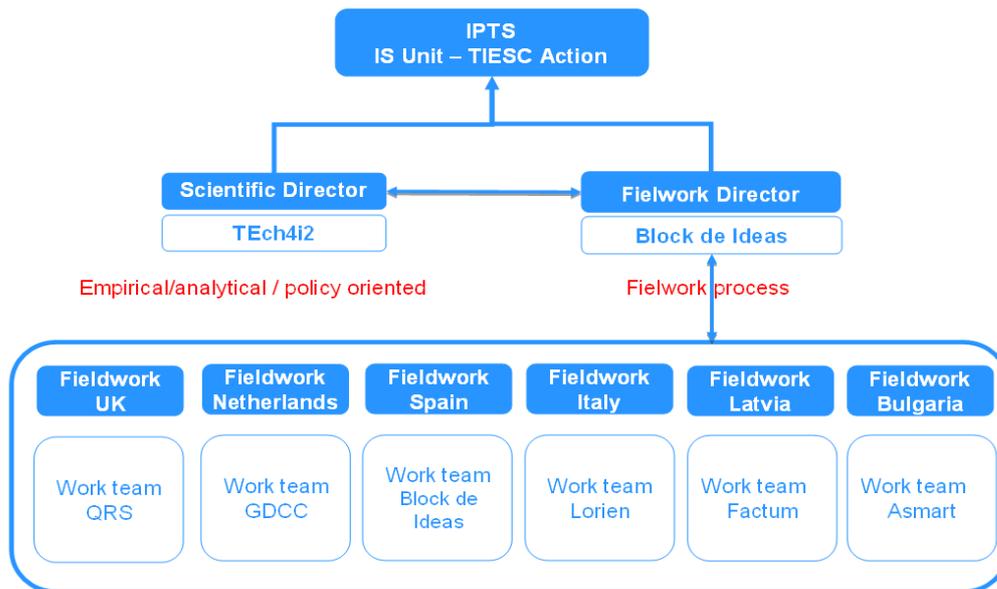


The organisational and coordination framework proposed has been specifically designed for the complexity of this study. Such complexity stems from the combination of: a) challenging tasks requiring extensive empirical, analytical and policy skills; b) the specificity of the target group to be surveyed; and c) the compressed time scale.

In order to cope with the complexity and diversity of tasks we have designed a solution based on the presence of both a Scientific Director (SD) and a Fieldwork Coordinator (FC). The Scientific Director (SD) will directly supervise and coordinate/monitor the more empirical/analytical and policy relevant (recommendations) tasks, whereas the Fieldwork Coordinator (FC) will be in charge of standard planning and monitoring activities of the fieldwork process, and will directly supervise and coordinate/monitor fieldwork tasks. The SD and FC will steadily communicate and collaborate with each other and will jointly report to the Commission.

**Figure 2-2: Research team composition**

<sup>6</sup> Bughin, J., Byers, A., & Chui, M. (2011). How social technologies are extending the organisation. *McKinsey Quarterly*, November 2011. Kiron, D., Palmer, D., Phillips, D., & Kruschwitz, N. (2012). Social Business: What Are Companies Really Doing? MIT Sloan Management Review, May 2012



Field coordination will be performed by Block de ideas, whereas scientific directorship, as well as data analysis and drafting of deliverables, will be sub-contracted to Tech4i2 Limited.

Due to the characteristics and the complexity to reach the target group surveyed, five survey research companies have been selected, whereas Block de Ideas will carry out the fieldwork in Spain.

The field-work by the 5 sub-contractors (Netherlands and UK, Italy, Bulgaria and Latvia) will be closely coordinated and supervised by Block de Ideas. This selection and coordination process through weekly monitoring activities guarantees a perfect understanding and knowledge of the local conditions to reach SME in each country and a transparent and homogenous data framework.

## 2.2.3 Work plan and deliverables

### 2.2.3.1 WP 1 Survey set up

#### Task 1.1: Work plan

<b>Task Number</b>	1.1	<b>Start date or starting event:</b> W0	<b>Work package:</b> 1
<b>Task title:</b>	Work plan		
<b>Lead</b>	Tech4i2		
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>Organise a kick-off meeting and present a detailed work plan and methodological proposal</li> </ul>			
<b>Description of work</b>			
Development of a detailed work plan focusing on two main dimensions: <ul style="list-style-type: none"> <li>Work plan, deliverables and project management approach</li> <li>Research team composition and allocation of resources</li> <li>Methodological set up</li> </ul>			
<b>Deliverables</b>			
Intermediary inputs to D1.1: Minutes of the meeting and agreed work plan, methodological and practical issues and questionnaire			

#### Task 1.2: Survey methodology and implementation plan

<b>Task Number</b>	1.2	<b>Start date or starting event:</b> W0	<b>Work package:</b> 1
<b>Task title:</b>	Survey methodology and implementation plan		
<b>Lead</b>	Tech4i2		
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>Report about the discussions and agreements taken during the meeting with special emphasis on survey methodology and implementation plan.</li> </ul>			
<b>Description of work</b>			
Development of a detailed, robust and transparent methodological set up emphasising survey target, coverage and sampling proposal as well as the implementation plan			
<b>Deliverables</b>			
D1.1: Minutes of the meeting and agreed work plan, methodological and practical issues and questionnaire.			

#### Task 1.3: Translation of the questionnaire and pilot survey

<b>Task Number</b>	1.3	<b>Start date or starting event:</b> W2	<b>Work package:</b> 1
<b>Task title:</b>	Translation of the questionnaire and pilot survey		
<b>Lead</b>	Tech4i2		
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>Translate the definitive questionnaire</li> <li>Pilot the survey</li> </ul>			
<b>Description of work</b>			
Carry out the translation of the questionnaire and a pilot test of the survey. This process will allow us to develop a interim methodological report, including refined survey methodology; Data set from the pilot survey; Final versions of the translated questionnaire (all languages) and a Coding manual.			
<b>Deliverables</b>			
D1.2: Methodological interim report, data collection and coding manual			

### 2.2.3.2 WP 2 Survey implementation

#### Task 2.1: Dissemination and data gathering

<b>Task Number</b>	1.1	<b>Start date or starting event:</b> W5	<b>Work package:</b> 2
<b>Task title:</b>	Dissemination and data gathering		
<b>Lead</b>	BDI		
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>Implement translated and validated survey following the approved methodological set up</li> </ul>			
<b>Description of work</b>			
BDI will carry out the implementation of the survey following the previous deliverables and will present monitor report templates. Fieldwork will start in all countries to ensure sufficient responses according to the sampling strategy. Quality control and monitoring process will be put in place to apply corrective actions if needed.			
<b>Deliverables</b>			
Intermediary inputs to D2: Fully cleaned and finalised database of the collected data			

### Task 2.2: Data cleaning and codebook

<b>Task Number</b>	2.2	<b>Start date or starting event:</b> W11	<b>Work package:</b> 2
<b>Task title:</b>	Data cleaning and codebook		
<b>Lead</b>	BDI		
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>Data set up</li> </ul>			
<b>Description of work</b>			
All data gathered will be collected and deputed on a unique database. Quality control and monitoring activities will be reported within the survey setup and codification manual			
<b>Deliverables</b>			
D2: Fully cleaned and finalised database of the collected data			

### 2.2.3.3 WP 3 Analysis of survey data

#### Task 3.1: Quantitative analysis and reporting

<b>Task Number</b>	3.1	<b>Start date or starting event:</b> W13	<b>Work package:</b> 3
<b>Task title:</b>	Quantitative analysis and reporting		
<b>Lead</b>	Tech4i2		
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>Analysis of data gathered following section 3.4.</li> </ul>			
<b>Description of work</b>			
Tech4i2 researchers will performed bivariate and multivariate statistics in closed cooperation with IPTS researchers following the analytical framework agreed in D1			
<b>Deliverables</b>			
D3.1: Full draft report, including Histogram / Frequencies and Discussion of results			

### Task 3.2: Methodology report

<b>Task Number</b>	3.2	<b>Start date or starting event:</b> W14	<b>Work package:</b> 3
<b>Task title:</b>	Methodology report		
<b>Lead</b>	BDI		
<b>Objectives</b>			
<ul style="list-style-type: none"> <li>Develop a methodological report</li> </ul>			
<b>Description of work</b>			
Development of a detailed, robust and transparent methodological set up emphasising survey target, coverage and sampling proposal as well as other elements of section 2.			
<b>Deliverables</b>			
D3.2 Methodology report			

#### 2.2.4 Project Gantt

Survey on SME Use of Social Technologies' technical specification provides a clear timetable to be accomplished. All tasks described and deliverables will be carried out following Figure 2-3

**Figure 2-3: Project Gantt**

Tasks/Deliverables	Moths Weeks	1				2				3				4			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
<b>WP 1 Survey set up</b>																	
Task 1.1 Work plan		KoM	D1.1														
Task 1.2 Survey methodology and implementation plan				D1.2													
<b>WP 2 Survey implementation</b>																	
Task 2.1 Dissemination and data gathering																	
Task 2.2 Data cleaning and codebook																	
<b>WP 3 Analysis of survey data</b>																	
Task 3.1 Quantitative analysis and reporting																	
Task 3.2 Methodology report																	
D## Deliverable number																	
KoM: Kick off Meeting																	
OM: Other Meeting																	

### 2.2.5 Resources allocated

The table below reports the allocation of human resources in terms of work days, disaggregated by tasks and categories (A and B):

WP/Tasks	Task name	Human Resources	
		Cat A	Cat B
<b>WP 1</b>	<b>Survey set-up</b>		
Task 1.1	Work plan	3	0
Task 1.2	Survey methodology and implementation plan	3	0
Task 1.3	Translation of the questionnaire and pilot survey	Translation and field work	
<b>WP2</b>	<b>Survey implementation</b>		
Task 2.1	Dissemination and data gathering	Field work	
Task 2.2	Data cleaning and codebook	2	5
<b>WP3</b>	<b>Analysis of survey data</b>		
Task 3.1	Quantitative analysis and reporting	5	7
Task 3.2	Methodology report	8	4
<b>TOTAL</b>	<b>TOTAL</b>	<b>21</b>	<b>16</b>

The table includes the quantification of human resources that can be measured in the traditional way for professional work (and in the financial offer multiplied for the different fees offered for Category A and B). The cell with no allocation of work days and filled in grey concerns costs that are not measured in workdays. It has been allocated 58% of work days to Category A professionals and 42% to Category B professionals so that more senior and experienced researchers will devote a considerable part of their time to the project.

### 3. Annex B: Status report of depth interviews with micro firms

From 14 to 17 April 2013, Michail Batikas (JRC-IPTS) conducted 5 in-depth, semi-structured interviews in Copenhagen, Amsterdam, Birmingham and Barcelona with micro firms (less than 10 employees) that use social media (SM) either for their internal or their external activities.

The rationale to interview micro firms that have adopted social media was the absence of micro firms in the sample of the survey of 600 SMEs conducted in Phase 2 of the SEA-SoNS project. Although the intention was there to include micro firms in this survey, it proved to be methodological impossible. For one, most SMEs have less than 10 employees. Therefore, having a representative sample of them would have meant increasing the corresponding amount of "small" and "medium" enterprises to limits that exceeded the allocated budget. Second, the heterogeneity of micro firms is such that small start-ups (the kind of firm that is of particular interest to policy) would have been included with ghost firms, which exist only on paper, or one-person businesses, which exist simply as an administrative vehicle for offering individual professional services.

Another reason for interviewing micro firms which use social media was to complement the depth interviews with large firms, interviewed during the Phase 1 of the SEA-SoNS project.

The interviews lasted between 45 minutes and 1 hour and were conducted at their premises. All of them are young firms (less than 2.5 years) covering different aspects of business activities. The interviews were conducted with the following representatives of the firms:

- Cofounder of Cykelven. Cykelven is a spin-off of the Copenhagen Business School, founded in January 2012 by two of its students. Its main activity is to repair bicycles at the premises of big companies and organizations. They have a mobile repair shop and after communication with big organizations they move their repair shop outside the premises of each company or organization and repair bicycles of the employees. The firm employs three full-time mechanics and had an annual income of 100.000 euros during its first year of operation. It is
- Founder of Evolve. Evolve is a consulting firm on social networking based in Utrecht, the Netherlands, that employs three full-time employees and one intern. They have no offices since they are working at the offices of their clients, so social media plays a crucial role in their coordination and collaboration. It is 1.5 years old and its annual income is approximately 300.000 euros.
- Developer at Runyourfleet.com (During the interview were also present, the Managing Director of the firm and its Financial Director). Runyourfleet.com is a company in Birmingham, UK, that provides a logistics system to SMEs for the coordination and management of their fleet. It is the oldest of the interviewed firms, founded in 2011, and also is the biggest one, with 9 full-time employees. Its annual income is approximately 5.8 million euros
- Managing Director and Founder of Appfutura. Based in Cerdanyola, Spain, Appfutura is an on-line marketplace of android apps that tries to match the needs of individuals and companies for android applications with the offer of individual android developers. It can be considered as an organized community of developers. It has two full-time employees and four part-time ones and has been operating for the last two years. Its annual income is around 450.000 euros.
- Cofounder of Roomtab (During the interview were also present the other Cofounder of Roomtab, and the main Designer of Roomta). Roomtab is a spin-off of the Universitat Pompeu Fabra in Barcelona. It offers customized tablets to hotel and hostels, through which the clients of those hotels and hostels can have access to general information about the city of Barcelona, buy tickets of different events that happen during their staying in Barcelona, and manage different services offered by the hotel to them. It has three full-

time employees and two part time ones, and has been operating for the last 1.5 years. Its annual income is around 20.000 euros.

All of these companies are young companies with less than 2.5 years of existence. They are companies that have either been supported by venture capital or by entrepreneurship programs of universities. Also their founders or managing directors are younger than 40 years and the vast majority have a university degree. None of them uses metrics nor incorporates externally collected data (from social media) to their strategy. The main reason is that is time consuming, and since they don't have the adequate human or financial resources they don't do it. All of them commented that social media are here to stay, and even though there is a bit of hype around social media, they are definitely going to be part of every company in the future. In addition, all of them commented that social media are suitable for all kinds of companies, and each company can gain something from their use. However, they are probably more useful for SMEs, since they are the ones with difficulties to reach the market. As far as policy recommendations are concerned, they seem to have no specific ideas how policy initiatives could help them. Also some of them were "afraid" of the intervention of public administration, fearing new laws that would be imposed on their business.

Two types of companies can be identified: the first one is about companies like Runyourfleet.com, Appfutura, or Evolve that have incorporated social media strategically and have a clear plan for them. The second type is made up of companies, like Cykelven and Roomtab, that use social media "lightly", without a clear goal or objective. The latter type uses social media because they think they have to, given the existing trend or because they are run by digital natives who have personal experience with social media.

The most important discussions and major findings from these interviews are summarised below. These notes are structured around the five major dimensions of the SEA-SoNS project: use of social networking, benefits, barriers, best practices and policy considerations.

#### Use of Social Networking

All of the of interviewed firms use social media for some of their external activities, but also some of them use them for internal activities and team collaboration among employees. The interviewed companies can be grouped in two main groups. The *light user* group only includes companies that use SM for their external activities. The *heavy user* group, on the other hand, includes companies that try to fully exploit the possibilities and the benefits of social media, either at an internal or external level.

Cykelven (Mobile bicycle repair shop – Copenhagen, Denmark): They use a Facebook fan page in order to promote their activities. They also have used it to publish news about the cycling sector and the hobby/activity of cycling. Their usage of social media so far is limited, but they have plans to extend it. They want to create better relationships with the customers through their Facebook page, and plan to use it to create a more structured community with their clients. There is no-one specifically responsible for social media. Both co-founders are managing the social media activities of the firms, but not in an organized way since social media are not part of any crucial activity of their core business.

Evolve (Social media consulting company – Utrecht, Netherlands). They use social media for internal and external activities. As a dispersed team, they use social media for internal collaboration but also for brand awareness. Specifically they use Delicious to diffuse information and to share knowledge among the group. They also use Wordpress to diffuse knowledge among the group but also outside the boundaries of the firm. Each one of them uses Twitter to stay in touch with the community of social media, discover new projects and attract new clients. In addition to Wordpress they use LinkedIn to attract new projects and hire new personnel. They are definitely going to continue using social media and they will try to increasingly incorporate them into the operations of the firm

RunYourFleet.com (Online fleet management system – Birmingham, UK): They use social media for internal and external activities. They have implemented a customized version of the Yammer

platform that is also used by European Commission. They use Yammer to share news and releases of new versions of their system. They also have a Twitter account through which they try to build a community. They encourage their customers to share their experiences with the firm's system, which they *retweet* to increase their brand awareness. Through their Twitter account they also share general automotive news. RunYourFleet.com encourages their employees to use Twitter, and also declare at their Twitter profiles that they are working at RunYourFleet.com. They also use Zendesk which is a cloud-based customer service software to manage customer feedback. All of employees have a personal LinkedIn profiles, and RunYourFleet.com has also created a company profile. The managing director of the firm uses LinkedIn every day for almost for 15-20 minutes for networking. They also use LinkedIn for HR purposes (recruitment). The Twitter profile and the LinkedIn company profile are managed by an external collaborator. The marketing agency responsible for their brand image when the firm started its operations proposed them to have a presence in social media. RunYourFleet.com accepted this proposal and started with a budget of 1000-2000 pounds per month, but as they have established a their position in the area of social media they lowered their social media budget to 300 pounds per month, which they think is more than sufficient. Finally, they have an internal social media policy that should be respected by all the employees of the firm.

Appfutura (B2B marketplace for android applications – Cerdanyola, Spain): They use social media for external and internal activities. As far as external activities are concerned, they use social media not for marketing purposes but for communication, according to their definition. They have presence in all the main social media: Facebook, Twitter, Google+, LinkedIn, and YouTube. They have a Facebook fan page for communication and a Twitter account mainly for customer support. They also try to participate to various hashtags that are related to mobile events (for example the announcement of a new mobile phone), in order to increase their brand awareness. In Google+ they try to do positioning through search engine optimization (SEO) techniques, but they do not do communication there because of its low user base. They use LinkedIn to share corporate information. They have also experimented with YouTube by posting videos with game reviews, but without success. The time and effort they dedicate on social media is divided as follows: 80% in Facebook, 15% in Twitter and 5% in Google+. As far as internal activities are concerned they use the paid-for version of Teambox, an online collaboration platform. Finally, they have an editorial responsible that coordinates the social media presence of Appfutura.

Roomtab (IT services at hotels – Barcelona, Spain): They use social media exclusively for external activities. They have a Facebook page through which they share news and photos about their product, and run promotion activities. They have a twitter profile through which they try to communicate all the news about the firm. Finally they have a LinkedIn company profile through which they try to do networking, promote their corporate image and also execute HR activities like recruitment. However, each one of them also has a personal LinkedIn profile through which they share news of the firm and its activities. Until now they didn't dedicate many resources (time, money, person-hours) on social media, but this is something they plan to change.

### Benefits

All of the interviewees highlighted the importance of the social media as a low-cost marketing technique. For example, Alexander Frederiksen from Cykelven and the cofounders of Roomtab mentioned that if Facebook or any of the other social media that they used were not free, they wouldn't use it for communication. Since the interviewed firms are new and small, they said that social media can be an inexpensive way to reach the market. For Evolve, social media are essential, since they are a very distributed team and need ICT to be efficient and productive.

The following list is a summary of the main benefits of social media declared by the interviewees

- All of the interviewees recognized that social media can be a marketing tool at a very low cost. Especially the representatives of Runyourfleet.com mentioned that they can sustain a community by using social media with only 300 pounds per month.
- One of the main problems that the interviewed companies face is their difficulty in reaching the market. Social media has helped them raise brand awareness.

- The different channels of social media allow the interviewed companies to create closer relationships with customers. For example, Appfutura dedicates 80% of its messages on Twitter to respond to its customers.
- Social media, especially when used for internal activities, can generate increases in efficiency. This was emphatically argued by Evolve which has a distributed team.
- As more and more firms adopt social media and publicly expose their activities, social media is transformed into a mechanism for researching the competition. This was highlighted by all the interviewed firms.
- Previous experience with the use of social media, either at a personal or professional level, makes it easier to use social media, minimizing the challenges one faces when adopting social media at an organizational level

### Barriers

For most of the companies interviewed, the main barriers for receiving the full benefits of social media are time and experience. If all the different communication activities are not combined effectively through the different channels (for example Facebook, Twitter, LinkedIn and YouTube) then activities on social media are simple a waste of time. The youngest companies, Cykelven and Roomtab, both university spin-offs, know to how to use social media at an individual level. They know that social media can be important for their business, but they still haven't managed how to fully use them at an organizational level, nor do they have a specific plan.

The following list is a resume of the main barriers to the use of social media declared by the interviewees:

- If they are not used effectively in combination with each other, social media can be a waste of time. This was mostly highlighted by Appfutura, which is a company that has high presence in most social media channels and tries to combine all of them (although it is very difficult).
- It is very time-consuming in order to achieve results. It is also time consuming to incorporate some metrics in order to follow up on the use of social media, and micro firms do not have the available human resources to immediately and fully exploit social media.
- There are very high expectations about the impact of social media at the moment, which might not be realistic. This was mentioned by the representative of Evolve, who also declared that reaching the goals of social networking through social can take years. He also argued that due to the horizontal structure of social media, time is needed to incorporate it into large organisations with a vertical organizational structure.
- Business managers are not so familiar with social media, so they need to be educated. This mainly applies to old managers who have no experience at all with the use of social media. But it also applies to young managers who don't know how to use social media at an organizational level, even though they personally use them in their private lives.

### Best Practices

The representatives of Cykelven, Roomtab, Evolve and Runyourfleet.com shared some recent best practices of social media use.

- KPN (Dutch operator): They created a photo sharing app for their technicians in order to solve technical problems. When a technician can't solve a problem, he shares a photo, taken with his mobile phone representing the problem, with the rest of the technicians' team. So, if someone knows the solution, replies to the thread created in the internal system of KPN with a proposed solution to help him, resulting in the quick solution of the problem. This is a case of using social media for knowledge sharing and access to internal experts.
- Local stores (especially beer bars (cervecerias) in Barcelona) offer promotion discounts through their facebook page and announce through the same channel when they have new

imported beers in their menu. This is a case of using social media for low cost marketing, especially when your audience is limited.

- Spin-off of the Copenhagen Business School in Copenhagen that tries to match last minute offers by restaurants with demand by using facebook. Last minute offers were always a problem either for big companies (for example airlines) or small ones (for example restaurants). So this start-up tries to communicate and advertise last minute restaurant offers through a facebook application. Small firms are really difficult to reach the market, and capture more of it, so this is an example on how social media can help to capture more of the market through the use of immediate information.
- RAC (car insurance company in UK) uses different social media channels (facebook, twitter, google+) and offers a mobile app in order to capture customer feedback but also to give value added services to its customers. This is a case of using social media for enriching the relationship between the firm and its clients, engaging them even more.

### Policy Considerations

In general, interviewees were reluctant to any policy initiative regarding the adoption of social media. Especially when the representatives of Runyourfleet.com heard the phrase "policy initiatives" they associated directly with new laws and legislation and showed immediately their negativity towards any new laws. They said that the market works really well and any kind of intervention is not necessary. Also, since some of the interviewees are young (less than 25 years old) they really haven't thought how the public administration can help them. The interviewees emphasized the policies initiatives of "promotion of best practises" and "creation of community where experience of social media use can be shared" as the more adequate ones in order to help firms overcome barriers, adopt social media, and get the most out of it.

### Annex - Interview questions

#### *Opening the discussion – use of social media*

1. To kick off, could you tell me about your organisation and **how** you **use** social media in your organization?
2. Internal use
3. External use
4. Who is **responsible** for the operation of social media?
5. How do you **support** the use of social media?
6. Who is **in charge** of monitoring social media usage?

#### *Benefits and barriers/challenges*

7. **Why** do you **use** social media in your organization? What are the **benefits** from using Social Media?
8. Do you plan to **continue** using social media?
9. Did you face any **challenges** in adopting social media in your organization? If so,
10. Which were these **challenges**?
11. How did you **overcome** them?
12. It was a **rational decision**? What was the decision making process? How did you come up in adopting social media in your firm?
13. What was the influence of **others** in this decision?
14. Do you think that any **policy initiative** could have helped you in order to overcome these challenges and adopt easier social media? If so, can you give me a policy initiative example?
15. Do you know if your **competitors or other companies that are familiar with yours** if they are using social media?

16. Do you **incorporate** externally collected data from social media into your business practices and systems? How or Why not?

17. What kind of company **could be benefited** from social media?

*Best practice*

18. What, in your mind, are best practices for the organisational use of these tools?

*Assessing the market and technological state of the art*

19. How, do imagine the **future** of the usage of social media? What do you **foresee**?

*Spare questions (in case there is extra time)*

20. Is there any area that we have not covered that you think deserves more attention at the Commission level?

## 4. Annex C: Status report on outcome of the survey of 600 SMEs

### 4.1 Introduction

In this section are presented all the main results of the survey. This section is structured as follows:

- Firstly, is described the **population surveyed** (SME and respondents characteristics; Internet infrastructure and the use of social media);
- Secondly, is addressed the **social media in the SME context** topic, covering: the organisational perspective; the future changes and the challenges faced by SMEs;
- Thirdly, is reported the **social media usage**, focusing on: the strategy for, and diffusion of usage; the tools used; the support to use these tools and how SMEs deal with the procuring of these technologies;
- Fourthly, we focus on the **behavioural approach** to understanding social media usage;
- Fifthly, we approach **social media awareness, benefits and barriers** for both users and non-users;
- Sixthly, is reported issues related to **policy initiatives to support social media**.
- Finally, this section closes with some preliminary **conclusions and policy recommendations**.

### 4.2 Population surveyed

#### 4.2.1 Respondents characteristics

The target of the survey was owners, CEO or Managers therefore individuals with some responsibility to decide social media adoption in their SME. The distribution of respondents by gender and age reported in Table 4-1 reveals that 52% of the respondents were female and 48% male. In the case of Italy and Latvia the percentage of females reached 58%. Only 9% of the respondents are under 25 years old; 29% are aged between 25 and 34; 37% between 35-44; 15% between 45 and 54 and 10% over 54 years old. The Netherlands and Spain stand out in the 25-34 and 35-44 categories. As for the education level, more than one third of the respondents (36%) has a university degree; 25% has a technical degree and 18% a secondary education (high school). Just 16% of the respondents stated having a postgraduate degree. The country with the highest rate of individuals with a university degree is Latvia, whilst Italy stands out in terms of the share of individuals with only a high school diploma.

**Table 4-1: Socio-demographics**

	Total	UK	BU	IT	LV	NL	SP
<b>Gender</b>							
Female	52%	47%	50%	58%	58%	51%	46%
Male	48%	53%	50%	42%	42%	49%	54%
<b>Age</b>							
<25	9%	13%	6%	10%	9%	14%	4%
25-34	29%	29%	28%	27%	25%	32%	33%
35-44	37%	29%	39%	43%	29%	35%	46%
45-54	15%	15%	20%	12%	17%	15%	11%
>54	10%	14%	8%	9%	19%	4%	6%
<b>Education</b>							
High School	18%	28%	13%	44%	6%	6%	14%
Technical degree	25%	7%	10%	29%	22%	62%	18%
University degree	36%	25%	26%	26%	67%	15%	57%
Postgraduate degree (MSc, MBA, PhD, DBA)	16%	33%	51%	0%	5%	1%	10%
Other	5%	7%	0%	2%	0%	15%	1%

Base: all individuals

Table 4-2 shows the respondents' perception of the financial and economic situation of their companies in the last 3 years: 25% of all the respondents stated that the situation has improved; 33% stated that it has worsened and 38% stated that it has remained stable. In Spain and Italy more than 40% of the respondents stated that the situation has worsened. This is in line with expectations since Italy and Spain have shown a greater impact of the financial crisis.

**Table 4-2: Perception of the financial and economic situation of your company in the last 3 years**

	Improved	Worsened	Remained stable	Do not know/I have no answer
<b>Total</b>	25%	33%	38%	5%
<b>United Kingdom</b>	35%	23%	36%	6%
<b>Bulgaria</b>	15%	34%	50%	2%
<b>Italy</b>	14%	46%	37%	4%
<b>Latvia</b>	41%	21%	37%	1%
<b>Netherlands</b>	31%	33%	30%	6%
<b>Spain</b>	12%	43%	37%	8%

Base: all individuals

#### 4.2.2 SME structural business statistics

Respondents were asked about the main business activity of their enterprise. The main activities reported were “Wholesale and retail trade; Repair of motor vehicles and motorcycle (22%)”; Accommodation and food service activities (13%); Manufacturing - Light industry (11%); Construction (10%) and Professional, scientific and technical activities (10%).

Other types of business activity were reported by less than 10% of respondents. The following table shows the distribution of business activities by country.

**Table 4-3: Main business activity**

	Total	UK	BU	IT	LV	NL	SP
Electricity, gas, steam and air conditioning supply	4%	4%	4%	8%	2%	3%	4%
Water supply; sewerage, waste management and remediation act	1%	0%	1%	2%	3%	1%	1%
Construction	10%	6%	14%	14%	11%	11%	4%
Wholesale and retail trade; repair of motor vehicles and motorcycle	22%	19%	34%	17%	22%	18%	22%
Transportation and storage	4%	1%	4%		14%	3%	3%
Accommodation and food service activities	13%	16%	6%	17%	11%	12%	14%
Information and communication	6%	9%	6%	6%	6%	6%	5%
Real estate activities	3%	4%	3%	2%	6%	5%	1%
Professional, scientific and technical activities	10%	16%	4%	9%	5%	16%	10%
Administrative and support service activities	6%	12%	2%		8%	7%	5%
Other, please specify	1%	2%		1%	2%	1%	2%
Manufacturing - Light industry	11%	5%	17%	11%	6%	12%	17%
Manufacturing - Heavy industry	8%	6%	6%	14%	6%	6%	12%

Base: All individuals

As regards the break down in terms of sectors of activity it is important to remind the reader that due to the small size of the sample by country (N=100) we could not apply and ex ante quota to stratify by sector.

Table 4-4 in next page reports the number of employees in the SMEs surveyed and their distribution by country. More than half of the respondents stated that their enterprise had between 10-19 employees; 34% reported 20-49 employees; 11% indicated 50-99; and just 4% and 1% reported, respectively, 100-199 and 200-249 employees. Therefore, in terms of number of employees we have a sample with 85% small enterprises and 15% medium enterprises. On the other hand, if we look at turnover the picture seems to suggest that some of the enterprises qualifying as medium in terms of employees may be more similar to small in terms of turnover. We have, in fact, only 4% of enterprises reporting a turnover larger than € 10 million. Yet, as stressed below, the data on turnover are affected by many missing values and should, thus, be taken with caution.

**Table 4-4: Number of employees in 2012**

	Total	UK	BU	IT	LV	NL	SP
<b>10-19</b>	51%	46%	46%	76%	50%	39%	47%
<b>20-49</b>	33%	39%	38%	15%	31%	38%	41%
<b>50-99</b>	11%	7%	12%	6%	13%	16%	7%
<b>100-199</b>	4%	6%	4%	2%	4%	5%	4%
<b>200-249</b>	1%	2%	1%	1%	2%	2%	1%

Base: all individuals

Respondents were asked about the turnover in value terms, excluding VAT, in 2012. As expected, almost half of the total respondents did not answer this question. Table 4-5 captures the total turnover distribution by country only for those cases in which answers were provided. This variable should be considered with caution due to the large number of missing values.

**Table 4-5: Turnover in value terms, excluding VAT, 2012**

	Total	UK	BU	IT	LV	NL	SP
<b>10.000- 19.999</b>	1%		1%		4%		
<b>20.000 - 34.999</b>	1%		1%		2%		
<b>35.000 - 49.999</b>	1%		3%		4%		
<b>50.000 - 74.999</b>	1%	1%	3%		4%		
<b>75.000 - 124.999</b>	3%	3%	5%	3%	5%		
<b>125.000 - 199.999</b>	2%	1%	5%	1%	6%		
<b>200.000 - 299.999</b>	3%	2%	3%		9%		2%
<b>300.000 - 499.999</b>	5%	5%	7%	7%	8%	2%	2%
<b>500.000 - 749.999</b>	5%	3%	4%	6%	11%	2%	2%
<b>750.000- 999.999</b>	5%	8%	5%	4%	5%	3%	7%
<b>1.000.000 - 9.999.999</b>	22%	28%	25%	16%	14%	31%	20%
<b>10.000.000 - 49.999.999</b>	4%	4%	4%	1%	4%	8%	2%
<b>50.000.000 and more</b>							
<b>I don't know / I have no answer</b>	48%	45%	35%	62%	26%	55%	65%

Base: all individuals

#### 4.2.3 Internet infrastructure

In our sample 73% of the respondents reported that their company had a broadband connection to the Internet, which is lower than the EU27 average reported by Eurostat (81% for small enterprises and 91% for medium enterprises). Broadband connection reaches 96% in the case of UK and 93% in the case of Italy. In Latvia, on the contrary, only 39% of the individuals reported having this type of connection, although both LV and NL show higher percentage of “don't know”. On the other hand, the percentage of companies having website is 76% and is somehow higher than EU27 average level reported by Eurostat (66% for small and 84% for medium). Almost all companies in the UK (98%) and in the NL (98%) have a website. On the contrary, only approximately half of the respondents in LV (55%) and BU (48%) stated that their enterprises have a website.

**Table 4-6: External connection to the Internet and website (January, 2013)**

	Total	UK	BU	IT	LV	NL	SP
<b>Broadband (ADSL)</b>	73%	96%	75%	93%	39%	65%	75%
<b>Dial-up access over normal telephone line or ISDN connection</b>	27%	16%	23%	12%	43%	43%	22%
<b>No internet connection</b>	3%	1%	10%	1%	4%	0%	1%
<b>Do not know / I have no answer</b>	6%	2%	2%	0%	17%	10%	4%
<b>Have a website</b>	76%	98%	48%	72%	55%	98%	83%

Base: all individuals

#### 4.2.4 Use of social media

Respondents were asked whether their companies make formal use of social media (e.g. social networks or websites, wikis, blogs, Instant Messaging (IM), slide sharing websites, video casting, podcasting, slide sharing, social bookmarking, tagging, etc.). The question posed to respondents by the interviewers was formulated as follows:

*"To make formal use of social media" encompasses external social media presence (e.g. a page on Facebook) or internal (an on-line collaborative portal). It is important to emphasise the "formal" aspect, as we do not refer to individuals creating a Facebook group by their own initiative. We mean something that the firm has formally decided to do, as an entity. Use of social media refers to the enterprise's use of web-based technologies and communication platforms for connecting, conversing and creating content online, within the enterprise, with customers, suppliers or partners. social media includes among others the use of the following types and technologies (web 2.0):*

1. *Social networks or websites (e.g. Facebook, LinkedIn, Twitter . Google + , Foursquare etc.)*
2. *Wikis (wikispaces; pbworks)*
3. *Blogs (wordpress, tumblr)*
4. *Multimedia sharing: photo and video casting (e.g. YouTube, etc.), podcasting, slide sharing, etc.*
5. *Social bookmarking - tagging (Pinterest, Delicious, Diigo)*
6. *Messaging apps (Whatsapp, Lime; Yammer)".*

Given this broad but exhaustive definition of social media, 61% of the respondents stated that their firms make formal use of these tools<sup>7</sup>. Table 4-7 reports the formal use of social media by country, showing that the leading countries are the UK (90%); NL (79%) and LT (75%).

**Table 4-7: Formal use of social media**

	Total	UK	BU	IT	LV	NL	SP
<b>Yes</b>	61%	90%	37%	28%	75%	79%	54%
<b>No</b>	39%	10%	63%	72%	25%	21%	46%

Base: all individuals

Table 4-8 reports formal use of social media by main activity and reveals that the leading sectors are: Real estate activities (90%); Administrative and support service activities (81%) and Accommodation and food service activities (72%) while the less developed sectors are Manufacturing - Light industry (44%) and Manufacturing - Heavy industry (40%). These findings

<sup>7</sup> Statistically significant differences were not found by country.

have to be taken as purely descriptive, although they generally confirm the idea that social media is more suitable for consumer oriented business activities than for business-to-business.

**Table 4-8: Formal use of social media by main activity**

	Yes		No	
	n	%	n	%
Electricity, gas, steam and air conditioning supply*	13	52%	12	48%
Water supply; sewerage, waste management and remediation act*	5	62%	3	38%
Construction*	31	50%	31	50%
Wholesale and retail trade; repair of motor vehicles and motorcycles *	80	59%	56	41%
Transportation and storage*	17	65%	9	35%
Accommodation and food service activities*	56	72%	22	28%
Information and communication*	25	62%	15	38%
Real estate activities*	19	90%	2	10%
Professional, scientific and technical activities*	46	74%	16	26%
Administrative and support service activities*	29	81%	7	19%
Other, please specify*	6	75%	2	25%
Manufacturing - Light industry*	31	44%	39	56%
Manufacturing - Heavy industry*	20	40%	30	60%

Base: all individuals

\*Chi2 statistic is significant at the .05 level - .000

On the other hand, more than 65% of the firms with more than 19 employees use social media, whereas in the case of firms with 10-19 employees this percentage reaches 52%. In particular, the “social media” divide between small and medium enterprises seems quite limited, when considering for example that in the case of e-commerce Eurostat data show that medium enterprise have double the propensity of small enterprise to sell online.

**Table 4-9: Formal use of social media and number of employees in 2012**

	Yes		No	
	n	%	n	%
10-19*	164	52%	150	48%
20-49*	146	70%	63	30%
50-99*	45	69%	20	31%
100-199*	17	68%	8	32%
200-249*	6	67%	3	33%

Base: all individuals

\*Chi2 statistic is significant at the .05 level - .001

It is worth mentioning that respondents working in SMEs that use social media are more likely to perceive that the financial and economic situation of their companies in the last 3 years have improved (29% vs 18%) and less likely to perceive that it has worsened (29% vs 39%). This obviously cannot be perceived as an indication of impact of social media, allows us to formulate a simple research hypothesis that social-media using SMEs could be more resistant to the crisis, perhaps because their greater customer orientation.

**Table 4-10: Formal use of social media by perception of the financial and economic situation of your company in the last 3 years**

	Yes		No	
	n	%	n	%
<b>Improved*</b>	111	29%	44	<b>18%</b>
<b>Worsened*</b>	109	29%	96	<b>39%</b>
<b>Remained stable*</b>	140	37%	94	<b>39%</b>
<b>Do not know/ I have no answer*</b>	18	5%	10	<b>4%</b>

Base: all individuals

\*Chi2 statistic is significant at the .05 level - .005

#### 4.2.5 Summing up

The following points summarise the main descriptive findings reported in this chapter:

- The overall sample can be characterised as comprising mostly small enterprises with only a small share of medium sized enterprises;
- The socio-demographic profile of the respondents does not present any marked and stark peculiarity worth reporting;
- In terms of broad proxy measures of ‘e-Readiness’ (access to broadband and having a company website) the sample is mostly in line with EU27 Eurostat statistics with a few deviations for just a couple of countries;
- Formal use of social media is fairly high at 61% for the sample as a whole, with some country differences that given the small sample size by country should be taken with caution and be further investigated (sampling error is within reasonable limits for the sample as a whole, but not for country level samples). It must be anticipated, however, that only in 33% of this 61% social media usage is mainstreamed into the work practiced (see chapter 4), corresponding to 20% of the sample;
- There are statistically significant differences in usage level both in terms of sector of activity and in terms of number of employees (usage level is 65% for enterprises with more than 19 employees and 52% for those with less) but not dramatic differences between small and medium enterprises as such;
- The social-media using SMEs show a more positive perception of the company situation in the last 3 years. With the available data, this does not in any way prove a positive economic impact of social media, but opens a way to further research on this topic.

### 4.3 Social media in SME context

#### 4.3.1 Organisational perspective

Respondents were asked to broadly define their organisational context by way of agreeing or disagreeing with the statements showed in Table 4-11, where the results are reported separately for users and non-users of social media.

Most of the respondents who work in firms that use social media (93%) agree (Somewhat and Strongly) that their firms could be described as being “Open to new ideas”. More than 80% of them also describe their organisation as “Primarily results oriented” and “Oriented to the job and “Collaborative”. On the other hand, around 60% of these firms were also considered as “Highly procedural” and “Oriented to processes”, “With strong codified culture and norms”, “Risk averse”. Firms that use social media are only slightly more likely to be open to new ideas (93% agree) than firms that do not use it (84%). The ‘users’ firms are also more likely to be described as primarily results oriented (88% agree) and innovative (80%), compared to non-user firms (76% and 64% respectively). The fact that within firms that use social media one can find opposite organisational

characterisations and that these characterisations differ only slightly from those concerning firms not using social media does not warrant any sweeping generalisation about the relations between usage of social media and organisational context and culture. The sample include firms from too many different sectors with too small number of observations to enable any more sophisticated analysis that can teased out insights on the relation between the organisational context and social media usage. We actually attempted to first do a within sectors analysis and then a between sectors one but the limited number of observations in the cells and the excessive heterogeneity of sectors prevented us from finding any meaningful and statistically significant result. Organisational structures and reasons for using social media are probably very different from sector to sector and when the respondents' answers are processed results do not come out due to small numbers and heterogeneity. A larger sample or one of the same size but stratified ex ante as to focus only on two or maximum three sector would be need for this kind of analysis to find some association between organisational variables and social media usage.

**Table 4-11: Organisations' description**

Social Media users	Description	Strongly disagree (1)	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree (5)
<b>YES (61%)</b>	<b>1. Highly procedural (administrative procedures) and oriented to processes*</b>	<b>7%</b>	<b>15%</b>	<b>18%</b>	<b>32%</b>	<b>27%</b>
	<b>2. Open to new ideas*</b>	<b>1%</b>	<b>2%</b>	<b>4%</b>	<b>29%</b>	<b>64%</b>
	3. Risk averse	7%	16%	22%	31%	25%
	<b>4. Primarily results oriented*</b>	<b>2%</b>	<b>2%</b>	<b>9%</b>	<b>37%</b>	<b>51%</b>
	5. Oriented to employees	3%	5%	13%	39%	40%
	6. Oriented to the job	1%	2%	11%	29%	58%
	<b>7. Innovative*</b>	<b>1%</b>	<b>7%</b>	<b>12%</b>	<b>38%</b>	<b>42%</b>
	8. Hierarchical	16%	21%	16%	28%	19%
	9. Collaborative	2%	2%	10%	33%	53%
	10. With strong codified culture and norms	8%	16%	18%	31%	27%
	11. Informal culture, flexible with few norms/regulations	11%	19%	15%	33%	22%
<b>NO (39%)</b>	<b>1. Highly procedural (administrative procedures) and oriented to processes*</b>	<b>14%</b>	<b>12%</b>	<b>21%</b>	<b>33%</b>	<b>20%</b>
	<b>2. Open to new ideas*</b>	<b>3%</b>	<b>5%</b>	<b>7%</b>	<b>32%</b>	<b>52%</b>
	3. Risk averse	7%	16%	22%	25%	30%
	<b>4. Primarily results oriented*</b>	<b>2%</b>	<b>5%</b>	<b>16%</b>	<b>26%</b>	<b>50%</b>
	5. Oriented to employees	2%	8%	16%	33%	41%
	6. Oriented to the job	2%	4%	13%	33%	49%
	<b>7. Innovative*</b>	<b>7%</b>	<b>12%</b>	<b>17%</b>	<b>30%</b>	<b>34%</b>
	8. Hierarchical	15%	18%	16%	27%	24%
	9. Collaborative	2%	2%	14%	32%	50%
	10. With strong codified culture and norms	14%	14%	16%	28%	28%
	11. Informal culture, flexible with few norms/regulations	14%	15%	17%	31%	23%

Base: all individuals

\* The Chi-square statistic is significant at the .05 level.

- |    |                                     |     |                                     |
|----|-------------------------------------|-----|-------------------------------------|
| 1. | Chi-square 11.353; df 4; Sig. .023* | 7.  | Chi-square 28.088; df 4; Sig. .000* |
| 2. | Chi-square 21.437; df 4; Sig. .000* | 8.  | Chi-square 2.732; df 4; Sig. .604   |
| 3. | Chi-square 3.595; df 4; Sig. .464   | 9.  | Chi-square 1.524; df 4; Sig. .822   |
| 4. | Chi-square 15.240; df 4; Sig. .004* | 10. | Chi-square 7.643; df 4; Sig. .106   |
| 5. | Chi-square 4.905; df 4; Sig. .297   | 11. | Chi-square 4.151; df 4; Sig. .386   |
| 6. | Chi-square 7.466; df 4; Sig. .113   |     |                                     |

**4.3.2 Future changes**

Respondents were asked about the future changes in their organisation (see Table 4-12). Almost half of the individuals working in firms that use social media considered that changes related with self-organisation of the teams were likely to happen. This percentage is slightly lower in the case of firms that do not use social media (48% users vs. 45% non-users).

**Table 4-12: Future changes in your organisation (to agree means you think the change is likely, to disagree means you think the change is unlikely)**

		Strongly disagree (1)	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree (5)
<b>YES 61%</b>	<b>1.The boundaries between employees, vendors, and customers will blur*</b>	<b>17%</b>	<b>26%</b>	<b>20%</b>	<b>26%</b>	<b>11%</b>
	2.Teams will self-organize	12%	22%	19%	28%	20%
	<b>3.Decisions will be based primarily on the examination of data rather than reliance on opinion and experience*</b>	<b>13%</b>	<b>29%</b>	<b>25%</b>	<b>19%</b>	<b>14%</b>
	4.The organization’s formal hierarchy will become much flatter or disappear altogether	22%	27%	21%	20%	10%
	<b>5.Employees will play a greater role in selecting leaders*</b>	<b>28%</b>	<b>29%</b>	<b>17%</b>	<b>19%</b>	<b>7%</b>
	6.Strategic priorities will be set from the bottom up	28%	32%	20%	15%	6%
	<b>7.Performance will be evaluated by peers rather than by managers*</b>	<b>28%</b>	<b>31%</b>	<b>19%</b>	<b>16%</b>	<b>6%</b>
	<b>8.Employees will have much more discretion in choosing which tasks to work on*</b>	<b>28%</b>	<b>25%</b>	<b>18%</b>	<b>22%</b>	<b>6%</b>

Table 4-12 continued

		Strongly disagree (1)	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree (5)
<b>NO</b> <b>39%</b>	<b>1.The boundaries between employees, vendors, and customers will blur*</b>	<b>25%</b>	<b>16%</b>	<b>30%</b>	<b>21%</b>	<b>9%</b>
	2.Teams will self-organize	15%	17%	23%	30%	15%
	<b>3.Decisions will be based primarily on the examination of data rather than reliance on opinion and experience*</b>	<b>16%</b>	<b>16%</b>	<b>27%</b>	<b>26%</b>	<b>15%</b>
	4.The organization’s formal hierarchy will become much flatter or disappear altogether	22%	19%	29%	21%	8%
	<b>5.Employees will play a greater role in selecting leaders*</b>	<b>27%</b>	<b>18%</b>	<b>25%</b>	<b>21%</b>	<b>9%</b>
	6.Strategic priorities will be set from the bottom up	34%	23%	20%	18%	6%
	<b>7.Performance will be evaluated by peers rather than by managers*</b>	<b>34%</b>	<b>20%</b>	<b>22%</b>	<b>19%</b>	<b>5%</b>
	<b>8.Employees will have much more discretion in choosing which tasks to work on*</b>	<b>31%</b>	<b>15%</b>	<b>23%</b>	<b>24%</b>	<b>8%</b>

Base: all individuals

The Chi-square statistic is significant at the .05 level

1. Chi-square 20.852; df4; Sig. .000\*
2. Chi-square 5.736; df 4; Sig. .220
3. Chi-square 14.886; df 4; Sig. .005\*
4. Chi-square 7.899; df 4; Sig. .095
5. Chi-square 12.628; df 4; Sig. .013\*
6. Chi-square 6.466; df 4; Sig. .167
7. Chi-square 10.727; df 4; Sig. .030\*
8. Chi-square 10.821; df 4; Sig. .029\*

Approximately, one third of the respondents who work in firms that use social media stated that the boundaries between employees, vendors, and customers will blur; that decisions will be based primarily on the examination of data rather than reliance on opinion and experience and that the organization’s formal hierarchy will become much flatter or disappear altogether. It is important to emphasise that individuals who work in firms that do not use social media are less likely (30% vs. 37%) to consider that boundaries between employees, vendors, and customers will blur in the future.

Finally, approximately 60% of respondents working in firms that use social media considered unlikely that “Employees will play a greater role in selecting leaders”; that “Performance will be evaluated by peers rather than by managers” and that “Strategic priorities will be set from the bottom up”.

### 4.3.3 Challenges

Individuals who work in firms that use social media were asked to what extent they agreed with statements related to the challenges their organisation was facing (see Table 4-13). The majority of these respondents considered that their main challenges were to increase revenues and reduce costs, 91% agree and 90% agree respectively.

The second group of challenges are related to manage customers' relationship (85% agree); Product and/or process innovation (83% agree) and the reduction of costs (80% agree). No statistical significance difference was identified per country.

**Table 4-13: Challenges faced – social media users**

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
<b>1.Increase revenues</b>	0%	3%	7%	25%	66%
<b>2.Reduce costs</b>	3%	7%	10%	23%	57%
<b>3.Improve productivity</b>	1%	4%	5%	28%	62%
<b>4.Product and/or process innovation</b>	2%	6%	9%	31%	52%
<b>5.Manage customers' relationship</b>	2%	5%	7%	28%	57%
<b>6.Manage compliance with regulatory environment</b>	2%	6%	14%	28%	50%
<b>7.Manage partners/suppliers</b>	2%	5%	14%	31%	48%
<b>8.Liquidity (liquid assets)</b>	6%	5%	17%	24%	47%

Base: Social media users (61%)

The first challenge reported by respondents, who work in firms that do not use social media, was costs reduction (64%); the second one was to increase revenues (58%) and the third one was to improve productivity (48%). It is worth mentioning that all individuals share worries about revenues, costs and productivity, but firms that use social media also emphasised the importance of customer relationships.

**Table 4-14: Challenges faced – non-social media users**

<b>1.Increase revenues</b>	142	58%
<b>2.Reduce costs</b>	155	64%
<b>3.Improve productivity</b>	116	48%
<b>4.Product and/or process innovation</b>	45	18%
<b>5.Manage customers' relationship</b>	54	22%
<b>6.Manage compliance with regulatory environment</b>	13	5%
<b>7.Manage partners/suppliers</b>	25	10%
<b>8.Liquidity (liquid assets)</b>	55	23%

Base: Non-social media users (39%)

**4.3.4 Summing up**

Before providing the key highlights of this chapter we have to state clearly that the limitation of the sample do not enable to draw any association (not to mention causal relation) between the organisational context of firms and usage of social media. We cannot draw any swiping generalisation about aspects considered in this chapter as shaping or being shaped by usage or non-usage of social media. Having made this disclaimer clear, we can report the following merely descriptive observations:

- Firms using social media were slightly more likely to be characterised as open and innovative and not procedural and bureaucratic than firms not using them;

- On the other hand, there are also substantial percentage of agreement with statements about the firm being procedural and bureaucratic also among respondents from firms using social media;
- In firms using social media respondents were slightly more optimistic about the possibility that in the future team self-organisation would increase;
- Overall, also social media users have realistic expectations of incremental, rather than radical change: the bold statements that “Employees will play a greater role in selecting leaders”; that “Performance will be evaluated by peers rather than by managers” and that “Strategic priorities will be set from the bottom up” show little endorsement;
- There is basically no visible differences between users and non-users as to the future challenges: they are reducing costs and increasing revenues, although respondents in firms using social media stress also customer relationship management, whereas those in non-using firms stress labour productivity. This could show a difference in corporate culture underlying the adoption of social media.

#### 4.4 Analysis of social media usage

##### 4.4.1 Strategy and diffusion

Respondents who stated that their firms used social media were asked whether this was a planned decision and part of a strategy: 57% of them reported that this was the case.<sup>8</sup> Moreover, 92% of these individuals confirmed that this was also a rational, planned or discussed decision. There is not significant statistical difference by country.

**Table 4-15** shows the main triggers for the introduction and subsequent usage of social media. More than 50% of the respondents stated that it was important (Somewhat important and Important) the role of marketing staff; 39% of the respondents emphasised the role of senior leader; 38% the role of collaboration (project team problem solving) and 20% the push by IT staff. This is another key difference that shows that the interpretative framework (and deriving policy models) for social media adoption should not be the same as for IT diffusion.

**Table 4-15: Social media diffusion strategies**

	Unimportant	Somewhat unimportant	Neutral	Somewhat important	Important
<b>1. Sponsorship, financing or use by senior leaders/managers</b>	23%	12%	25%	18%	21%
<b>2. Project team problem solving (collaboration)</b>	28%	13%	22%	21%	17%
<b>3. Push by IT staff</b>	48%	10%	22%	10%	10%
<b>4. Push by Marketing staff</b>	25%	4%	18%	22%	30%

Base: Social media users (61%)

Moreover, respondents were asked to describe the level of engagement of their organizations in using social media (see Table 4-16): 37% of them claimed that a few persons were testing these tools informally and 33% stated that social media is mainstreamed into work practices.

By country, individuals in Spain and Bulgaria are more likely than the rest of the countries to have Social Media mainstreamed into their work practices. On the contrary 50% of individuals in Italy and 54% in Latvia stated that their usage of social media was limited to a few persons are testing social media informally.

<sup>8</sup> Statistical significance difference was not found by country.

**Table 4-16: Level of engagement of your organisation in using social media by country**

	Total	UK	BU	IT	LV	NL	SP
A few persons testing informally	37%	40%	11%	50%	54%	41%	11%
Full blown testing phase or piloting projects	11%	8%	19%	18%	10%	7%	17%
Implemented for specific projects without a strategy	19%	21%	16%	7%	22%	16%	26%
Mainstreamed into work practices	33%	31%	54%	25%	15%	36%	46%

Base: Social media users (61%)

\* The Chi-square statistic is significant at the .05 level - .000\*

Beyond the internal level of engagement, respondents were invited to assess the involvement of the customers, suppliers or partners of their organisation in the joint use of social media: 8% of the respondents assessed this level as High; 43% as Medium and 34% as Low. No involvement with customers, suppliers or partners was reported by 15% of the respondents. By country, we can emphasise the Low involvement reported in Latvia and the High and Medium level reported by Italy and Spain.

**Table 4-17: Level of involvement of customers, suppliers or partners of your organisation in the joint use of social media**

	Total	UK	BU	IT	LV	NL	SP
Low (i.e. still pilot, initial, could grow, not profitable)	34%	30%	30%	29%	45%	34%	30%
Medium (i.e. already effective, profitable but still potential for growth)	43%	43%	43%	61%	35%	41%	48%
High (i.e. effective, profitable and already involving a majority of the customers, suppliers or partners)	8%	4%	5%	4%	5%	11%	17%
No involvement with customers, suppliers or partners	15%	22%	22%	7%	15%	13%	6%

Base: social media users (61%)

\* The Chi-square statistic is significant at the .05 level - .032\*

#### 4.4.2 Social media tools

The most common social media tools reported were social networks (92%) and multimedia sharing sites (49%). The rest of the tools showed in Table 4-18 do not reach 30% of the firms.

**Table 4-18: Social media tools**

	No	Yes
1. Social networks or websites (e.g. Facebook, LinkedIn, Twitter etc.)	8%	92%
2. Wikis	92%	8%
3. Shared workspaces supporting knowledge sharing (e.g. Google+, etc.)	72%	28%
4. Blogs	72%	28%
5. Multimedia sharing: photo and video casting (e.g. YouTube, etc.), podcasting, slide sharing, etc.	51%	49%
6. Social bookmarking-Tagging	83%	17%
7. Messaging Apps (Whatsapp, Lime)	74%	26%

Base: Social media users (61%)

**Table 4-19: Social media tools by country**

		UK	BU	IT	LV	NL	SP	Chi <sup>2</sup>	Sig.
1. Social networks or websites (e.g. Facebook, LinkedIn, Twitter etc.)	No	2%	5%	14%	18%	5%	7%	18.67	.002*.b
	Yes	98%	95%	86%	82%	95%	93%		
2. Wikis (wikispaces; pbworks)	No	94%	97%	96%	87%	91%	91%	6.275	.280b
	Yes	6%	3%	4%	13%	9%	9%		
3. Shared workspaces supporting knowledge sharing (e.g. Google groups)	No	69%	73%	75%	72%	86%	52%	20.13	.001*
	Yes	31%	27%	25%	28%	14%	48%		
4. Blogs (Wordpress, Blogger)	No	56%	76%	86%	85%	76%	63%	25.00	.000*
	Yes	44%	24%	14%	15%	24%	37%		
5. Multimedia sharing: photo and video casting, podcasting, slide sharing, etc.	No	42%	59%	79%	62%	44%	43%	19.84	.001*
	Yes	58%	41%	21%	38%	56%	57%		
6. Social bookmarking-Tagging (Pinterest, Delicious, Diigo)	No	72%	86%	96%	89%	85%	81%	13.95	.016*
	Yes	28%	14%	4%	11%	15%	19%		
7. Messaging Apps (Whatsapp, Line; Yammer)	No	81%	62%	89%	82%	77%	44%	35.74	.000*
	Yes	19%	38%	11%	18%	23%	56%		

Base: Social media users (61%)

\* The Chi-square statistic is significant at the .05 level.

b More than 20% of cells in this sub-table have expected cell counts less than 5. Chi-square results may be invalid.

#### 4.4.3 Support

Respondents who work in firms that use social media were asked how their organisations support the use of these tools. The main type of support reported was that employees carry out this task on top of other tasks (63%), followed by “minimum support” (53%); employees formally devoted to it part-time (49%) and “social media is tolerated”(47%). Therefore, we notice a clear tension between those who want to support or partially recognise this activity and those who just provide minimum support or tolerated it. However the percentage of companies with a dedicated budget (37%) appears significantly high, considering that social media is typically considered a free service. It is also telling that the least chosen option is by far outsourcing (only by 22% of respondents).

**Table 4-20: How does your organisation support the use of social media**

	No	Yes
1. There is an ad hoc budget dedicated to it	63%	37%
2. With employees formally devoted to it part-time	51%	49%
3. Social media is tolerated but there is no ad hoc budget/employee	53%	47%
4. With Full-time staff supporting social media	70%	30%
5. With employees that support social media on top of their other tasks	37%	63%
6. Minimum support	47%	53%
7. Outsource	78%	22%

Base: social media users (61%)

Table 4-21 shows the different types of support by country.

**Table 4-21: How does your organisation support the use of social media, by country?**

		UK	BU	IT	LV	NL	SP	Chi <sup>2</sup>	Sig.
1. There is an ad hoc budget dedicated to it	No	53%	68%	71%	65%	77%	50%	16.180	.006 *
	Yes	47%	32%	29%	35%	23%	50%		
2. With employees formally devoted to it part-time	No	42%	32%	61%	89%	33%	44%	68.177	.000 *
	Yes	58%	68%	39%	11%	67%	56%		
3. Social media is tolerated but there is no ad hoc budget/employee	No	67%	38%	54%	55%	45%	52%	12.645	.027 *
	Yes	33%	62%	46%	45%	55%	48%		
4. With Full-time staff supporting social media	No	60%	89%	93%	82%	43%	91%	65.862	.000 *
	Yes	40%	11%	7%	18%	57%	9%		
5. With employees that support social media on top of their other tasks	No	10%	41%	46%	91%	16%	24%	154.334	.000 *
	Yes	90%	59%	54%	9%	84%	76%		
6. Minimum support	No	38%	57%	61%	54%	29%	67%	28.103	.000 *
	Yes	62%	43%	39%	46%	71%	33%		
7. Outsource	No	76%	78%	86%	77%	80%	78%	1.657	.894
	Yes	24%	22%	14%	23%	20%	22%		

Base: Social media users (61%)

\* The Chi-square statistic is significant at the .05 level.

Finally, the following table reveals that the person in charge of monitoring social media usage is a regular staff member (35%); a manager (33%) or a director (17%). Just 11% of the respondents stated that no one is monitoring social media usage.

**Table 4-22: Who is in charge of monitoring social media usage?**

	Total	UK	BU	IT	LV	NL	SP
No one	11%	14%	5%	7%	22%	2%	7%
A regular staff member	35%	26%	35%	39%	24%	46%	46%
A manager	33%	39%	54%	21%	40%	29%	9%
A director	17%	14%	5%	25%	13%	17%	28%
Other (Specify)	4%	7%	0%	7%	0%	6%	9%

Base: Social media users (61%)

Chi<sup>2</sup> statistic is significant at the .05 level - .000\*

More than 20% of cells in this sub-table have expected cell counts less than 5. Chi-square results may be invalid.

#### 4.4.4 Importance of social media tools

Respondents were asked how important social media business tools are for internal activities (showed in Table 4-23). The discovering of emerging opportunities and the enhancing of communication and collaboration within the organisation were important (somewhat important and important) for 67% and for 54% of the respondents, respectively. On the contrary, allocating resources and matching employees to tasks were rated as Unimportant (Unimportant and Somewhat unimportant) by 54% and 56% of the respondents, respectively.

**Table 4-23: Importance of the social media tools for internal activities**

	Unimportant	Somewhat unimportant	Neutral	Somewhat important	Important
<b>1. Create or use a network of human resources, recruit employees</b>	35%	13%	14%	19%	19%
<b>2. Managing projects</b>	34%	14%	19%	19%	14%
<b>3. Allocating resources</b>	38%	16%	21%	16%	10%
<b>4. Scanning internal expertise and information</b>	31%	11%	18%	23%	16%
<b>5. Matching employees to tasks</b>	39%	17%	16%	13%	14%
<b>6. Discover emerging opportunities</b>	16%	6%	11%	32%	35%
<b>7. Enhance communication and collaboration within the organisation</b>	23%	6%	16%	25%	29%

Base: Social media users (61%)

Table 4-24 shows the responses in the case of external activities. Almost 90% of the individuals claimed the importance (Somewhat important and Important) of social media tools to Develop the enterprise's image; 79% revealed the importance of finding new ideas; 78% Market products (e.g. advertising or launching products, etc.); 75% Respond to customers' comments or questions; 71% Collect customer reviews or opinions for developing products; 57% Collaborate with partners for developing products or sharing knowledge and 49% Join/ create Innovation networks. These results show clearly that social media is far more used for external activities, as expected.

**Table 4-24: Importance of the social media tool for external activities**

	Unimportant	Somewhat unimportant	Neutral	Somewhat important	Important
<b>1. Develop the enterprise's image</b>	3%	2%	7%	22%	65%
<b>2. Market products (e.g. advertising or launching products, etc.)</b>	6%	6%	11%	24%	54%
<b>3. Respond to customers' comments or questions</b>	8%	6%	11%	24%	51%
<b>4. Collect customer reviews or opinions for developing products</b>	10%	6%	12%	25%	46%
<b>5. Collaborate with partners for developing products or sharing knowledge</b>	18%	9%	17%	26%	31%
<b>6. Join/ create Innovation networks</b>	20%	12%	20%	25%	24%
<b>7. Finding new ideas</b>	7%	3%	12%	31%	48%

Base: Social media users (61%)

Finally, individuals were asked to what extent their organizations incorporate externally collected data from social software into its business practices and systems. The results showed in the following table reveal that just a minority (8%) a fully considering this activity; 24% of the respondents stated that their organizations do not incorporate this data.

**Table 4-25: To what extent does your organization incorporate externally collected data from social software into its business practices and systems?**

	Total	UK	BU	IT	LV	NL	SP
A great deal	8%	3%	11%	7%	16%	2%	9%
Somewhat	31%	24%	51%	57%	26%	28%	30%
Not very much	38%	39%	30%	21%	48%	31%	44%
Not at all	24%	33%	8%	14%	11%	39%	17%

Base: Social Media Users (61%)

\* The Chi-square statistic is significant at the .05 level. - .000\*

#### 4.4.5 Payment and procurement

Individuals who claimed that their firms use social media were asked if their organisation had paid for Social Media tools or platforms: 61% stated that their organisations had not paid and 39% that they had paid for it. UK and NL are less likely than the rest of the countries to have firms paying for it.

**Table 4-26: Paid for the social media tools or platform**

	Total	UK	BU	IT	LV	NL	SP
Yes	39%	26%	46%	46%	57%	31%	39%
No	61%	74%	54%	54%	43%	69%	61%

Base: Social media users (61%)

\* The Chi-square statistic is significant at the .05 level. - .001

If we focus on how social media tools/platforms are primarily procured, responses revealed that more than half of the firms (54%) only used free non-customised tools and 29% used free and/or open source software customized internally. Buying and leasing have been stated in 26% and 8% of the firms.

**Table 4-27: Social media tools/platforms primarily procured**

	No	Yes
1. Bought	74%	26%
2. Leased	92%	8%
3. Use of only free tools non customised	46%	54%
4. Use of free and/or open source software customized internally	71%	29%

Base: Social media users (61%)

#### 4.4.6 Summing up

The data analysed in this chapter enable the reader to get a more precise and realistic picture about the actual usage of social media in the 61% of firms in the sample for which respondents reported that social media are formally used. This 61% rate of penetration, in fact, should be relativized in view of the data reported in the chapter. First, of all since only 33% of the 61% report that social media usage is mainstreamed, we can conclude that real and intense use of social media characterise only 20% of the firms in our sample. The following summary points (always referred to the 61% sub-sample of broadly defined users of social media) further reinforce this more realistic picture:

- The adoption of social media is a deliberate strategy for 57% of the firms using them.
- Only 8% of respondents from firms using social media affirmed that the engagement of the firms' customers, suppliers or partners in the joint use of Social Media is high.

- Social media for the vast majority of companies means social networking; all other social tools are far less used.
- In the majority of cases support for the usage of social media tools is mainly a voluntary task performed by those using them on top of their work (63%) and more rarely there is an ad hoc budget and function dedicated to it (37%).
- Social media remain far more used for outward-facing activities than for internal collaboration. Internally, the discovering of emerging opportunities and the enhancing of communication and collaboration within the organisation were important (somewhat important and important) for 67% and for 54% of the respondents, respectively. On the contrary, allocating resources and matching employees to tasks were rated as Unimportant (Unimportant and Somewhat unimportant) by 54% and 56% of the respondents, respectively. This means that social media still remain in the domain of more informal, soft and intangible activities, and are not still considered part and parcel of more 'structural' and 'hard' organisational activities such as allocation of resources and employees to tasks and activities.
- A quite high percentage, 39%, of the firms using social media had paid some software and tools for doing so, whereas the other 61% just used what is available for free. This seems to confirm what was found by Osimo et al (2010)<sup>9</sup> on the fact that SME accounted for only about 20% of the expenditure for Enterprise 2.0 tools.

#### 4.5 Behavioural approach to social media

##### 4.5.1 Behavioural intentions

Table 4-28 shows questions related to behavioural intentions. Individuals were asked to what extent their firms intend - plan - commit to make formal use of social media in the next 6 months. Almost 70% of respondents who claimed that their firms use social media stated that their firms intend to continue to use these types of tools; 62% stated that their firms plan to continue and 53% stated that their firms commit to continue to make formal use of these tools. On the contrary, just 9% of the respondents who claimed that their firms do not use social media stated that their firms intend to use these tools; 8% stated that their firms plan to use it and 5% reported that they commit to use it. Therefore, there is a clear gap between social media users and non-users in relation to their intention to adopt these technologies in the next 6 months.

**Table 4-28: Behavioural intentions**

Social media users	Description	Strongly disagree (1)				Strongly agree (5)
YES (61%)	<b>1. Our firm intends to continue to make formal use of social media in the next 6 months*</b>	5%	4%	9%	15%	67%
	<b>2. Our firm plans to continue to make formal use of social media in the next 6 months *</b>	8%	5%	11%	14%	62%
	<b>3. Our firm's commitment to continue to make formal use of social media in the next 6 months*</b>	6%	6%	15%	19%	53%

<sup>9</sup> Osimo, D., Szkuta, K., Foley, P., Biagi, F., Thompson, M., Bryant, L., et al. (2010). Enterprise 2.0. Brussels: DG INFSO, European Commission: [http://ec.europa.eu/information\\_society/newsroom/cf/document.cfm?action=display&doc\\_id=876](http://ec.europa.eu/information_society/newsroom/cf/document.cfm?action=display&doc_id=876).

Social media users	Description	Strongly disagree (1)				Strongly agree (5)
NO (39%)	1. Our firm intends to make formal use of social media in the next 6 months*	59%	9%	15%	7%	9%
	2. Our firm plans to make formal use of social media in the next 6 months *	62%	8%	14%	8%	8%
	3. Our firm's commitment to make formal use of social media in the next 6 months*	64%	9%	13%	9%	5%

Base: all individuals

The Chi-square statistic is significant at the .05 level

1. Chi-square 297.352; df4; Sig. .000\*
2. Chi-square 262.627; df 4; Sig. .000\*
3. Chi-square 225.013; df 4; Sig. .000\*

#### 4.5.2 Subjective norms

Subjective norm is defined as an individual's perception of whether people important to the individual think about their behaviours. Almost half of the individuals who claimed that their firms use social media stated (strongly agree) that most people who are important or who influence their firms consider that they should continue to make formal use of social media in the next 6 months. On the contrary, almost half of non-social media users strongly disagree with this type of influence in their behaviour in the next 6 months. Table 4-29 reports this clear statistical significance difference between social media users and non-users.

**Table 4-29: Subjective norms**

Social Media users	Description	Strongly disagree (1)				Strongly agree (5)
<b>YES (61%)</b>	<b>1. Most people who are important to our firm would consider that we should continue to make formal use of social media in the next 6 (by important we mean the people who affect the firm, such as clients, providers, stakeholders, collaborators, etc.)*</b>	6%	5%	21%	22%	46%
	<b>2. Most people who influence the behaviour of our firm think we should continue to make formal use of social media within the next 6 months (by people who influence the behaviour we mean people whose opinion can influence the decision making process. For ex. in a family business it could be a family member. It could be an advisor, board member, consultant, sectorial opinion makers etc.)*</b>	6%	6%	19%	24%	45%
	<b>3. People whose opinions influence our firm values would prefer us to continue to make formal use of social media within the next 6 month</b>	6%	5%	20%	23%	46%
<b>NO (39%)</b>	<b>1. Most people who are important to our firm would consider that we should make formal use of social media in the next 6 months (by important we mean the people who affect the firm, such as clients, providers, stakeholders, collaborators, etc.)*</b>	48%	16%	20%	9%	7%
	<b>2. Most people who influence the behaviour of our firm think we should make formal use of social media in the next 6 months (by people who influence the behaviour we mean people whose opinion can influence the decision making process. For ex. in a family business it could be a family member. It could be an advisor, board member, consultant, sectorial opinion makers etc.)*</b>	50%	16%	15%	11%	8%
	<b>3. People whose opinions influence our firm values would prefer our firm to make formal use of social media within the next 6 months*</b>	49%	16%	14%	15%	7%

Base: all individuals

The Chi-square statistic is significant at the .05 level

1. Chi-square 225.013; df4; Sig. .000\*
2. Chi-square 223.717; df 4; Sig. .000\*
3. Chi-square 224.888; df 4; Sig. .000\*

### 4.5.3 Descriptive norms

The same pattern has been identified in the case of descriptive norms. Individuals who stated that their firms use social media tools are more likely than those who claimed that their firms do not use social media to consider that the firm's ecosystem (stakeholders, competitors and peers) value the use of these tools. More than half of individuals whose firms use social media users consider (Strongly agree 5 - Agree 4) that most stakeholders who are important to their firm; most of their competitors and most of firms with similar characteristics make formal use of Social Media. On the contrary, respondents whose firms do not use social media strongly disagree or disagree with these sentences.

**Table 4-30: Descriptive norms**

Social Media users	Description	Strongly disagree (1)				Strongly agree (5)
<b>YES (61%)</b>	<b>A. Most stakeholders (e.g. suppliers, clients, etc) who are important to our firm make formal use of social media (for example they have a company Facebook, Twitter, LinkedIn page, Youtube channel, blog, online collaborative portal, etc...)</b>	<b>10%</b>	<b>10%</b>	<b>32%</b>	<b>20%</b>	<b>29%</b>
	<b>B. Most of our firm's competitors make formal use of social media (for example they have a company Facebook, Twitter, LinkedIn page, Youtube channel, blog, online collaborative portal, etc...)*</b>	<b>7%</b>	<b>7%</b>	<b>24%</b>	<b>22%</b>	<b>39%</b>
	<b>C. Most firms with similar characteristics to ours make formal use of social media (for example they have a company Facebook, Twitter, LinkedIn page, Youtube channel, blog, online collaborative portal, etc...)*</b>	<b>6%</b>	<b>7%</b>	<b>22%</b>	<b>25%</b>	<b>40%</b>
<b>NO (39%)</b>	<b>1. Most stakeholders (e.g. suppliers, clients, etc) who are important to our firm make formal use of social media (for example they have a company Facebook, Twitter, LinkedIn page, Youtube channel, blog, online collaborative portal, etc...)*</b>	<b>33%</b>	<b>17%</b>	<b>30%</b>	<b>12%</b>	<b>9%</b>
	<b>2. Most of our firm's competitors make formal use of social media (for example they have a company Facebook, Twitter, LinkedIn page, Youtube channel, blog, online collaborative portal, etc...)*</b>	<b>32%</b>	<b>18%</b>	<b>30%</b>	<b>11%</b>	<b>9%</b>
	<b>3. Most firms with similar characteristics to ours make formal use of social media (for example they have a company Facebook, Twitter, LinkedIn page, Youtube channel, blog, online collaborative portal, etc...)*</b>	<b>32%</b>	<b>19%</b>	<b>27%</b>	<b>13%</b>	<b>9%</b>

Base: all individuals

The Chi-square statistic is significant at the .05 level

1. Chi-square 82.274; df4; Sig. .000\*
2. Chi-square 132.754; df 4; Sig. .000\*
3. Chi-square 144.791; df 4; Sig. .000\*

#### 4.5.4 Perceived ease of use

Individuals were asked the degree to which they believe that using social media would be free from effort. More than 60% of respondents whose firms use social media agree (strongly agree - agree) with the easiness of the firms to manage the use of social media; to continue incorporating these tools in the running of the firm and to push their employees in the use of social media. On the contrary, less than 40% of the respondents whose firms do not use social media agree with those sentences. Therefore, individuals who stated that their firms make formal use of social media tend to perceive these tools as ease of use than those whose firms do not make formal use of social media.

**Table 4-31: Perceived ease of use**

Social media users	Description	Strongly disagree (1)				Strongly agree (5)
<b>YES (61%)</b>	<b>1.Continuing to manage the use of social media would be easy for the firm*</b>	<b>2%</b>	<b>4%</b>	<b>21%</b>	<b>28%</b>	<b>45%</b>
	<b>2.It would be easy to continue incorporating formal use of social media in the running of the firm*</b>	<b>2%</b>	<b>8%</b>	<b>22%</b>	<b>28%</b>	<b>40%</b>
	<b>3.Our employees would find continuing to make formal use of social media easy (refers to how easy it is to understand and use the technology) *</b>	<b>4%</b>	<b>8%</b>	<b>27%</b>	<b>28%</b>	<b>34%</b>
	<b>4.Continuing to make formal use of social media would require a lot of effort by employees (refers to how much effort is required to use the technology) *</b>	<b>26%</b>	<b>23%</b>	<b>26%</b>	<b>15%</b>	<b>10%</b>
	<b>5.It would be cumbersome to continue to make formal use of social media*</b>	<b>39%</b>	<b>25%</b>	<b>20%</b>	<b>8%</b>	<b>7%</b>
<b>NO (39%)</b>	<b>1.Managing the formal use of social media would be easy for the firm*</b>	<b>18%</b>	<b>12%</b>	<b>29%</b>	<b>17%</b>	<b>24%</b>
	<b>2.It would be easy to incorporate formal use of social media in the running of the firm*</b>	<b>18%</b>	<b>18%</b>	<b>27%</b>	<b>18%</b>	<b>18%</b>
	<b>3.Our employees would find making formal use of social media easy*</b>	<b>18%</b>	<b>15%</b>	<b>31%</b>	<b>14%</b>	<b>23%</b>
	<b>4.To make formal use of social media would require a lot of effort by employees*</b>	<b>24%</b>	<b>15%</b>	<b>30%</b>	<b>16%</b>	<b>15%</b>
	<b>5.It would be cumbersome to make formal use of social media*</b>	<b>24%</b>	<b>16%</b>	<b>35%</b>	<b>12%</b>	<b>12%</b>

Base: all individuals

The Chi-square statistic is significant at the .05 level

1. Chi-square 88.719; df4; Sig. .000\*
2. Chi-square 96.417; df 4; Sig. .000\*
3. Chi-square 58.964; df 4; Sig. .000\*
4. Chi-square 9.7474; df 4; Sig. .045\*
5. Chi-square 33.587; df 4; Sig. .000\*

#### 4.5.5 Perceived usefulness

Finally, individuals were asked about the perceived usefulness of social media in their firms. Perceived usefulness could be defined as the degree to which a person believes that using a

particular system (social media) would enhance his or her job performance. Table 4-32 displays statistical significance difference between users and non-users.

**Table 4-32: Perceived usefulness**

Social Media users	Description	Strongly disagree (1)				Strongly agree (5)
<b>YES (61%)</b>	<b>1. Continuing to make formal use of Social Media would improve your firm's performance*</b>	<b>7%</b>	<b>7%</b>	<b>26%</b>	<b>25%</b>	<b>36%</b>
	<b>2. Continuing to make formal use of Social Media would increase the firm's productivity*</b>	<b>12%</b>	<b>13%</b>	<b>31%</b>	<b>22%</b>	<b>22%</b>
	<b>3. Continuing to make formal use of Social Media would make it easier for employees to perform the tasks of the firm*</b>	<b>28%</b>	<b>15%</b>	<b>25%</b>	<b>18%</b>	<b>15%</b>
	<b>4. Continuing to make formal use of Social Media would improve the job performance of the employees of your firm*</b>	<b>26%</b>	<b>17%</b>	<b>28%</b>	<b>17%</b>	<b>13%</b>
	<b>5. Continuing to make formal use of Social Media would improve the quality of the work*</b>	<b>25%</b>	<b>14%</b>	<b>27%</b>	<b>20%</b>	<b>14%</b>
<b>NO (39%)</b>	<b>1.To make formal use of Social Media would improve our firm's performance*</b>	<b>25%</b>	<b>16%</b>	<b>26%</b>	<b>14%</b>	<b>19%</b>
	<b>2.To make formal use of Social Media would increase the firm's productivity*</b>	<b>39%</b>	<b>17%</b>	<b>20%</b>	<b>11%</b>	<b>12%</b>
	<b>3.To make formal use of Social Media would make it easier for employees to perform their tasks *</b>	<b>43%</b>	<b>20%</b>	<b>19%</b>	<b>9%</b>	<b>9%</b>
	<b>4.To make formal use of Social Media would improve the job performance of the employees of our firm*</b>	<b>44%</b>	<b>22%</b>	<b>16%</b>	<b>10%</b>	<b>8%</b>
	<b>5.To make formal use of Social Media would improve the quality of our work*</b>	<b>45%</b>	<b>20%</b>	<b>16%</b>	<b>13%</b>	<b>7%</b>

Base: all individuals

The Chi-square statistic is significant at the .05 level

- 1. Chi-square 71.880; df4; Sig. .000\*
- 2. Chi-square 74.648; df 4; Sig. .000\*
- 3. Chi-square 26.055; df 4; Sig. .000\*
- 4. Chi-square 34.915; df 4; Sig. .000\*
- 5. Chi-square 38.809; df 4; Sig. .000\*

**4.5.6 Summing up**

The first and striking aspect of this chapter is that when considering individual level intentions, attitudes, and perceptions the difference between respondents from firms using social media and those in firms not using them are much sharper, clearer, and more meaningful if compared to the answers provided with respect to the organisational structure, characteristics, and context. This can be explained by a combination of hypotheses. On the one hand, one may explain this as a result of the fact that respondents' answer about themselves and not about their organisations and this may reflect more their personal view than the organisational context. On the other hand, one may expect that individual's responses should be at least to some extent shaped by their organisational context, in which case the lack of sharp differences with respect to the organisational context should be

more a matter of measurement error than of any other possible explanation. Alternatively, the explanation could be that when it comes to adoption of technological innovation the characteristics of the individuals are more important than organisational structural parameters (i.e. Absorptive capacity, size, functional differentiation, sector, etc.). We cannot provide a conclusive selection among these alternative hypotheses but we can recall the sharp differences evidenced by the data:

- On intention for the future (to continue for using firms or to start for non-using firms) there is a very large gap: 70% of those in using firms think their company will continue to use social media in the future but only 9% of those in non-using firms think their company will start to use social media in the future;
- The same gap exist for subjective norm as measured by the perception of what important people think the individual should do: respondents in firms using social media perceive that important people for them think social media is important much more than respondents from companies not using social media
- The same applies for descriptive norms: respondents from using firms think that the ecosystem of their firm consider the usage of social media important much more than what respondents from non-using firms think
- In using firms respondents perceive the tools to be much easier to use than they are perceived in non-using firms;
- Only when it comes to perceived usefulness of use the proportion are closer. This apparent paradox can be explained as a typical social desirability effect. Those who do not use and have not experienced social media exaggerate the usefulness compared to those who have experienced using them and probably provide a more realistic and balanced appraisal

Apart from the latter point, all others are a source of clear policy concern since they seem to convey a sharp gap between users and non-users and suggest that non-users have a fairly negative mind-set in need of being changed.

**4.6 Social media awareness, benefits and barriers**

**4.6.1 Awareness**

Individuals who claimed that their firms do not use Social Media were asked about their awareness of different Social Media tools as potential business tools. The majority of respondents (80%) are aware of social networking sites and approximately half of them are also aware of Multimedia sharing: photo and video casting, podcasting, slide sharing, etc. (53%); Instant messaging (48%); and Shared workspaces supporting knowledge sharing (45%). The level of awareness does not reach 20% in the case of wikis and Social bookmarking-Tagging.

**Table 4-33: Social media awareness - tools**

	Yes	No
<b>1. Social networks or websites (e.g. Facebook, LinkedIn, Twitter etc.)</b>	80%	20%
<b>2. Wikis</b>	20%	80%
<b>3. Shared workspaces supporting knowledge sharing (e.g. Google +, Yammer, etc)</b>	45%	55%
<b>4. Blogs</b>	32%	68%
<b>5. Multimedia sharing: photo and video casting, podcasting, slide sharing, etc.</b>	53%	47%
<b>6. Social bookmarking-Tagging</b>	17%	83%
<b>7. Instant messaging (Whatsapp, Lime)</b>	48%	52%

Base: Non-social media users (39%)

These individuals were also asked about the potential benefits of social media tools for internal activities. Table 4-34 shows that more than half of the respondents (56%) realised the importance (Somewhat important - Important) of “Discovering emerging opportunities” and almost half of them (44%) also considered the importance of “Enhancing communication and collaboration within the organisation”.

**Table 4-34: Social media awareness and internal activities**

	Unimportant	Somewhat unimportant	Neutral	Somewhat important	Important
<b>1. Create or use a network of human resources, recruit employees</b>	27%	19%	21%	16%	17%
<b>2. Managing projects</b>	27%	19%	17%	20%	16%
<b>3. Allocating resources</b>	32%	19%	25%	14%	10%
<b>4. Scanning internal expertise and information</b>	29%	17%	20%	18%	16%
<b>5. Matching employees to tasks</b>	34%	20%	18%	15%	14%
<b>6. Discover emerging opportunities</b>	18%	11%	15%	30%	26%
<b>7. Enhance communication and collaboration within the organisation</b>	24%	15%	18%	21%	23%

Base: Non-social media users (39%)

On the other hand, approximately one third of the respondents considered as important the “Scanning internal expertise and information” (34%); “Creating or using a network of human resources”, “Recruiting employees” (33%) and “Managing projects” (36%).

Using social media for External activities (see Table 4-35) was reported as being more important than for internal activities. More than 60% of the respondents considered it important for “Finding new ideas” (65%) and “Developing the enterprise's image” (63%) as important. Moreover, 60% of them also realised about the importance of these tools for “Marketing their products” (e.g. advertising or launching products, etc.) and for “Managing customers” (Respond to customers' comments or questions - Collect customer reviews or opinions for developing products). Finally, almost 50% of the respondents pointed out the importance of “Collaborating with partners for developing products or sharing knowledge” and “Join/create Innovation networks”.

**Table 4-35: Social media awareness external activities**

	Unimportant	Somewhat unimportant	Neutral	Somewhat important	Important
1. Develop the enterprise's image	12%	10%	16%	25%	38%
2. Market products (e.g. advertising or launching products, etc.)	18%	13%	9%	24%	36%
3. Respond to customers' comments or questions	16%	13%	14%	24%	34%
4. Collect customer reviews or opinions for developing products	15%	13%	14%	24%	34%
5. Collaborate with partners for developing products or sharing knowledge	19%	14%	20%	20%	27%
6. Join/create Innovation networks	19%	15%	20%	22%	24%
7. Finding new ideas	15%	8%	12%	31%	34%

Base: Non Social Media Users (39%)

Social Media users and non-users were asked about best practice cases in the use of Social media for business within the industry/community of their organisation: 80% of users stated that they are aware of this (vs. 21% of non-users).

**Table 4-36: Social media best practice awareness**

		Yes	No
Are you aware / do you know of best practice cases in the use of social media for business within the industry/community of your organisation?	No	57%	43%
	Yes	79%	21%

Base: all individuals

\* The Chi-square statistic is significant at the .05 level. .000\*

#### 4.6.2 Benefits

Both social media users and non-users were asked about the perception of benefits on an internal and external level (with customers and with partners). In the case of Social Media users the question was written as follows: "To what extent do you agree with each of the following statements on the benefits of using Social Media for business purposes..." while for non-social media users it was phrased as "Imagine now that your organisation has adopted and is using social media for business purposes. To what extent do you agree with each of the following statements on their potential benefits..."

**Table 4-37: Perception of benefits**

		Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
<b>YES (61%)</b>	<b>A. on an internal level</b>					
	1.It increases the speed of accessing knowledge*	6%	7%	18%	30%	38%
	2.It reduces communication costs*	11%	13%	19%	24%	33%
	3.It increases the speed of accessing internal experts*	18%	11%	19%	26%	26%
	<b>B. on an external level (with customers)</b>					
	1.It increases effectiveness of marketing*	2%	4%	10%	32%	51%
	2.It increases customer satisfaction*	6%	8%	25%	30%	30%
	3.It reduces marketing costs*	9%	10%	18%	26%	37%
	<b>C. on an external level (with partners)</b>					
	1.It increases speed to access knowledge*	7%	7%	17%	29%	40%
	2.It reduces communication costs*	11%	12%	17%	28%	32%
	3.It increases speed to access external experts*	9%	9%	21%	31%	30%
	<b>NO (39%)</b>	<b>A. on an internal level</b>				
1.It increases the speed of accessing knowledge*		20%	15%	23%	25%	16%
2.It reduces communication costs*		25%	16%	24%	23%	11%
3.It increases the speed of accessing internal experts*		26%	16%	25%	21%	12%
<b>B. on an external level (with customers)</b>						
1.It increases effectiveness of marketing*		16%	13%	24%	28%	19%
2.It increases customer satisfaction*		20%	14%	26%	25%	16%
3.It reduces marketing costs*		24%	14%	29%	23%	9%
<b>C. on an external level (with partners)</b>						
1.It increases speed to access knowledge*		22%	7%	25%	26%	20%
2.It reduces communication costs*		23%	12%	28%	21%	16%
3.It increases speed to access external experts*		20%	8%	30%	26%	16%

Base: all individuals

\* The Chi-square statistic is significant at the .05 level.

A1.	Chi-square	57.858;	df	4;	Sig.	.000*
A2.	Chi-square	50.853;	df	4;	Sig.	.000*
A3.	Chi-square	25.369;	df	4;	Sig.	.000*
B1.	Chi-square	110.270;	df	4;	Sig.	.000*
B2.	Chi-square	43.821;	df	4;	Sig.	.000*
B3.	Chi-square	76.038;	df	4;	Sig.	.000*
C1.	Chi-square	51.827;	df	4;	Sig.	.000*
C2.	Chi-square	38.679;	df	4;	Sig.	.000*
C3.	Chi-square	32.630;	df	4;	Sig.	.000*

On an internal level, almost 70% of the individuals, who reported that their firms used social media, agreed (somewhat and strongly) with the benefits of using social media to increase the speed of accessing knowledge and more than half of them are conscious of the benefit of reducing communication costs (57%) and increasing the speed of accessing internal experts (52%). There is significant statistical difference between users and non-users on an internal level: individuals who stated that their firms do not use social media are less likely to perceive the potential benefits claimed by social media users.

On an external level with customers, social media users agree with the benefits of these tools for increasing the effectiveness of marketing (83%); reducing marketing costs (63%) and increasing customer satisfaction (60%). As it was the case on an internal level, non-social media users are less likely to perceive these potential benefits.

On an external level with partners, individuals who reported that their firms used social media are more likely be conscious of the benefits of these tools for increasing speed to access knowledge (69%); increasing speed to access external experts (61%) and reducing communication costs (60%) than non-social media users (46%; 42% and 37%).

#### **4.6.3 Barriers**

Table 4-38 shows the barriers reported by both individuals who stated that their firms use social media and those that do not use it. In this case, users were asked "To what extent do you agree with each of the following statements as being a barrier (or concern/risk) for the use of social media for business purposes..." while non-users were asked "To what extent do you agree with each of the following statements representing the reasons why your organisation is not using Social Media for business purposes....".

On an internal level, approximately half of the respondents who pointed out that their firms use social media agree (somewhat and strongly) with having "Concerns about employees getting distracted" (48%); "Lacking control/risk of inappropriate posting by employees" (45%) and " Having concerns on the loss of data, privacy" (44%) as being barriers. On the contrary, these individuals disagree (strongly and somewhat) on "Fearing and challenging established norms" (53%); "Lacking skills" (45%) and the "Costs of human resources implementing/using social media or costs of the software applications" (43%) as being barriers. It is worth pointing out that lack of financial resources does not seem to be a clear barrier: just 35% of individuals who stated that their firms use social media agree with lack of financial resources as barrier vs. 21% of individuals who stated that their firms do not use social media. There is significant statistical difference between users and non-users. This difference shows that non-users are less likely to perceive internal barriers as being the reasons why their organisation are not using social media for business.

On an external level, approximately one third of the respondents who stated that their firms use social media recognised Insufficient customer demand/need (38%); Legal issues (30%) and Concerns on the regulatory stance on Social Media (28%) as barriers. In this case non-social media users are more likely to agree with external factors as being reasons why their organisation is not using social media for business purposes.

**Table 4-38: Barriers**

		Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
<b>YES (61%)</b>	<b>A. Internal level</b>					
	1.Lack of financial resources*	28%	20%	17%	24%	11%
	2.Lack of control / risk of inappropriate posting by employees *	19%	19%	18%	28%	17%
	3.Concerns about employees gets distracted*	16%	17%	18%	29%	19%
	4.No strong business case*	23%	19%	25%	23%	10%
	5.Lack of incentives for employees*	26%	22%	24%	21%	7%
	6.Concerns on loss of data, privacy*	23%	19%	14%	29%	15%
	7.Costs of human resources implementing/using social media or costs of the software applications*	26%	17%	27%	20%	11%
	8.Lack of skills*	27%	18%	20%	26%	9%
	9.Fear of challenging established norms*	33%	20%	21%	19%	7%
	10. Lack of strategy	25%	17%	23%	27%	9%
	<b>B. External level</b>					
	1.Insufficient customer demand/need*	24%	17%	21%	23%	15%
	2.Legal issues*	29%	17%	23%	20%	10%
	3.Concerns on regulatory stance on social media*	26%	18%	28%	18%	10%
	4.Absence of industry standard*	29%	18%	30%	16%	8%
	5.Recessionary economy*	29%	18%	26%	18%	9%

Table 4-38 continued

		Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree
NO (39%)	<b>A. Internal level</b>					
	<b>1.Lack of financial resources*</b>	52%	9%	16%	9%	12%
	<b>2.Lack of control / risk of inappropriate posting by employees *</b>	39%	10%	19%	19%	13%
	<b>3.Concerns about employees gets distracted*</b>	33%	7%	15%	22%	23%
	<b>4.No strong business case*</b>	23%	6%	17%	20%	34%
	<b>5.Lack of incentives for employees*</b>	44%	9%	24%	14%	9%
	<b>6.Concerns on loss of data, privacy*</b>	36%	7%	15%	22%	20%
	<b>7.Costs of human resources implementing/using social media or costs of the software applications*</b>	36%	11%	16%	19%	18%
	<b>8.Lack of skills*</b>	42%	12%	19%	16%	11%
	<b>9.Fear of challenging established norms*</b>	44%	15%	21%	14%	6%
	10.Lack of strategy	33%	12%	24%	23%	8%
	<b>B. External level</b>					
	<b>1.Insufficient customer demand/need*</b>	20%	6%	21%	21%	32%
	<b>2.Legal issues*</b>	45%	11%	21%	12%	11%
	<b>3.Concerns on regulatory stance on social media*</b>	41%	10%	29%	10%	10%
	<b>4.Absence of industry standard*</b>	36%	10%	30%	12%	12%
<b>5.Recessionary economy*</b>	43%	11%	27%	10%	10%	

Base: all individuals

\* The Chi-square statistic is significant at the .05 level.

A1. Chi-square 48.353; df 4; Sig. .000\*  
 A2. Chi-square 34.967; df 4; Sig. .000\*  
 A3. Chi-square 33.866; df 4; Sig. .000\*  
 A4. Chi-square 60.989; df 4; Sig. .000\*  
 A5. Chi-square 32.922; df 4; Sig. .000\*  
 B1. Chi-square 33.981; df 4; Sig. .000\*  
 B2. Chi-square 19.086; df 4; Sig. .001\*  
 B3. Chi-square 22.237; df 4; Sig. .000\*

A6. Chi-square 26.755; df 4; Sig. .000\*  
 A7. Chi-square 21.080; df 4; Sig. .000\*  
 A8. Chi-square 19.440; df 4; Sig. .001\*  
 A9. Chi-square 8.737; df 4; Sig. .068  
 A10. Chi-square 6.875; df 4; Sig. .143  
 B4. Chi-square 11.658; df 4; Sig. .020\*  
 B5. Chi-square 19.448; df 4; Sig. .001\*

#### 4.6.4 Metrics

To identify the measure or methods used by firms to assess social media activities internally and externally, individuals were asked what type of initiatives are carried out within their firms. It is worth pointing out that the interviewers reminded the interviewee what is meant by internal use of social media: a collaborative portal, a Whatsapp chat, a google +, Instant Messaging, internal youtube channel, etc...and by external initiatives as the use of social media: a public Facebook, LinkedIn, Twitter page, a blog, a website, a photo-sharing website, a youtube or Vimeo channel, etc...

On an internal level, 67% of the respondents stated that their firms do not measure social media; 17% of them pointed that Number of employees signed up and Total number of posts were measured. Number of employees posting and Employees satisfaction metrics were used as methods by 13% and 7% of the individuals, respectively.

On an external level, 42% of the respondents stated that their firm do not measure social media usage. However, in this case the percentages of the different measures are higher than internal level measures. "Follows" on social networks are measured by 38% of the firms; Hits and click through on blogs and social networks by 36% and web traffic by 31%. Nevertheless, Brand reputation enhancement (no 86%) and Correlation to sales (no 88%), therefore metrics of impact, are still scarce.

**Table 4-39: Metrics**

	No	Yes
<b>Internal</b>		
<b>Do not measure</b>	33%	67%
<b>Number of employees signed up</b>	83%	17%
<b>Number of employees posting</b>	87%	13%
<b>Total number of posts</b>	83%	17%
<b>Employees satisfaction metrics</b>	93%	7%
<b>Other traditional metrics (i.e. increased in sales, reduction in costs)</b>	89%	11%
<b>External</b>		
<b>Do not measure</b>	58%	42%
<b>Hits and click through on blogs and social networks</b>	64%	36%
<b>Web traffic</b>	69%	31%
<b>Follows on social network</b>	62%	38%
<b>Brand reputation enhancement</b>	86%	14%
<b>Correlation to sales</b>	88%	12%

Base: Social media users (61%)

#### 4.6.5 Summing up

The following key points can be extracted from the data presented in this chapter:

- There does not seem to be any noteworthy difference in awareness about social media in general between users and non-users;
- Difference are visible and significant when it comes to benefits in that respondents from firms using social media can see better certain internal and external benefits that those from non-using firms have probably more difficulty to think of in abstract (not having used social media);
- As for the barriers, rather than comparing users and non-users, it is more interesting the report those that encountered higher rate of agreement:

- “Concerns about employees getting distracted”;
- “Lacking control/risk of inappropriate posting by employees”;
- “ Having concerns on the loss of data, privacy”
- It must be noted that lack of financial resources or concerns with privacies or other security and control oriented barriers (weakening cultural norms) found much less agreement from respondents
- Measurement activities to monitor the effective internal and external use of social media are, not surprisingly, very limited

#### 4.7 Policy initiative to support social media

Finally, to identify the perception of social media users and non-users about the potential benefits of policy initiatives to foster the formal use of social media by SME, individuals were asked about how helpful they would consider six different policy initiatives.

**Table 4-40: Policy initiatives**

		1 - Unhelpful	2	3	4	5 - Helpful
<b>YES (61%)</b>	1. Government funding available to SMEs for making formal use of Social Media*	11%	4%	21%	27%	38%
	2. Training and support programmes to promote formal use of Social Media use by SMEs*	5%	6%	20%	29%	40%
	3. Interactive platforms for SMEs to share their 'social' experiences and to seek advice*	9%	6%	22%	31%	32%
	4. Government-sponsored programme to place young, tech-savvy graduates in SMEs for a limited time to help them with their formal use of Social Media *	9%	6%	21%	26%	39%
	5. Greater clarity on how existing regulations (cloud, data protection, IP, etc.) impact on formal use of Social Media by SMEs*	5%	6%	23%	30%	36%
	6. More web entrepreneurship curricula, including material on Social Media, at schools	6%	5%	19%	30%	41%
<b>NO (39%)</b>	1. Government funding available to SMEs for making formal use of Social Media*	20%	9%	24%	25%	23%
	2. Training and support programmes to promote formal use of Social Media use by SMEs*	15%	9%	20%	31%	25%
	3. Interactive platforms for SMEs to share their 'social' experiences and to seek advice*	12%	11%	22%	33%	22%
	4. Government-sponsored programme to place young, tech-savvy graduates in SMEs for a limited time to help them with their formal use of Social Media *	12%	9%	20%	32%	27%
	5. Greater clarity on how existing regulations (cloud, data protection, IP, etc.) impact on formal use of Social Media by SMEs*	9%	6%	25%	34%	25%
	6. More web entrepreneurship curricula, including material on Social Media, at schools	9%	7%	21%	29%	34%

Base: all individuals

\* The Chi-square statistic is significant at the .05 level.

1. Chi-square 25.678; df 4; Sig. .000\*
2. Chi-square 29.208; df 4; Sig. .000\*
3. Chi-square 12.327; df 4; Sig. .015\*
4. Chi-square 12.494; df 4; Sig. .014\*
5. Chi-square 10.051; df 4; Sig. .040\*
6. Chi-square 6.681; df 4; Sig. .154

Table 4-40 shows that individuals who stated that their firms use social media are more likely to consider all the initiatives more helpful than individuals who work in firms that are not using social media:<sup>10</sup>

- 38% of users vs. 23% of non-users considered that would be very helpful to have Government funding available to SMEs for making formal use of social media;
- 40% of users vs. 25% of non-users considered that would be very helpful to have Training and support programmes to promote formal use of social media by;
- 39% of users vs. 27% of non-users considered that would be helpful to have Government-sponsored programme to place young, tech-savvy graduates in SMEs for a limited time to help them with their formal use of social media.
- 36% of users vs. 25% of non-users considered that would be helpful to have greater clarity on how existing regulations (cloud, data protection, IP, etc.) impact on formal use of Social Media by SMEs.

#### **4.8 Conclusive summary**

As a way of concluding this section we link together and summarise the main points placed at the end of each sub-section. Before doing so, however, we must make a disclaimer as regard the limitation of the sample used, from which we extract a recommendation for future studies

As explained in the methodological report, for the total sample (N= 600) the sampling error is within a range that warrants some robustness. The same does not apply the country sample (100) for which there are clear risks of Type I and Type II errors when testing for the null hypothesis on the statistical significance of results. The null hypothesis is that the results from a given sample might be due just to chance rather than reflecting some real underlying association between variables. Type I error is the rejection of the null hypothesis when in fact it is true and this implies considering as statistically significant results that are not significant, whereas Type II error implies accepting the null hypothesis when in practice it is false. It is, thus, important to take with much caution all the country differences, and in particular those difference in terms of broadband penetration (i.e. Latvia only 39%) and broadly defined usage of social media (i.e. Italy only 28%). An additional limitation of what can be extracted from the data springs from the fact that the sample includes firms from too many different sectors with too few observations per sector, which explains both why usage differences do not seem to be reflected in any marked and clear-cut way into difference in the organisational context and why more sophisticated analysis of sectorial and organisational difference does not yield much results. We actually attempted to first do a within sectors analysis and then a between sectors one but the limited number of observations in the cells and the excessive heterogeneity of sectors prevented us from finding any meaningful and statistically significant result. That there is a problem of sample size and of sectors heterogeneity preventing a more solid analysis of organisational factors is further confirmed by contrast by the fact that when taking the sample as a whole and analysing answers concerning respondents personal perceptions and attitudes (the behavioural section) then very interesting differences emerge.. On the one hand, one may explain this as a result of the fact that respondents' answer about themselves and not about their organisations and this may reflect more their personal view than the organisational context. On the other hand, one may expect that individuals' responses should be at least to some extent shaped by their organisational context. Alternatively, the explanation could be that when it comes to adoption of technological innovation the characteristics of the individuals are more important than organisational structural parameters (i.e. Absorptive capacity, size, functional differentiation, sector, etc.). On the basis of the evidence gathered we can only formulate these hypotheses but we cannot test them. The existing of differences among individual level perception

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<sup>10</sup> More web entrepreneurship curricula, including material on social media, at schools non statistical significance.

and attitudes but the lack of an equally marked difference at the organisational level leave it open as an empirical question for further research whether this is due to substantive factors or simply to measurement errors (mentioned limitation in the sample) not enabling us to capture and extract meaningful and statistically significant associations between usage and non-usage of social media and organisational context. For these reasons our recommendations for future survey of SME and social media is either to have larger samples or to focus only on a few countries and provide the time and resources to draw sector stratified samples as to have more observations for only 2 or 3 sectors selected on the basis of robust ex ante hypotheses and background knowledge of the effect of sector and organisational context.

Having clarified the above we can now more to recall in compact and succinct way the main highlights we placed at the end of each chapter.

In terms of the overall characterisation of the sample we can say that it includes mostly small enterprises and fewer medium sized ones, which is to some extent reflected into an overall eReadiness (as measured by broadband penetration and availability of company website) in line with EU27 averages reported in Eurostat data.

Broadly defined usage of social media is at 61% in the sample a whole with country differences to be taken with much caution given the limitation of country level sample size. This means that the majority of SMEs surveyed have a formal use (as a company) of social media. In this context, social media usage means in 92% of cases simply social networks. There are statistically significant differences in usage level both in terms of sector of activity (with manufacturing lagging behind) and in terms of number of employees (usage level is 65% for enterprises with more than 19 employees and 52% for those with less). Furthermore, there is a clear difference between users and non-users in terms of perceived overall business situation: while for social media users the condition is quite stable (29% worsened and 29% improved) non-users show a clear prevalence of negative answers (39% worsened and only 18% improved). Available data do not allow to draw any conclusion from this correlation, and the most obvious explanation is that social media adoption reflect a more dynamic and innovative attitude of the company: however, it is an issue that deserves further research.

On the other hand, this data about a 61% adoption should be better contextualised. Only 33% of this 61% social media usage is mainstreamed into the work practiced (see chapter 4). This means that full usage concerns only in 20% of the sample.

In terms of organisational context, bearing in mind the limits of the data with respect to this aspect, we can register that firms using social media were slightly more likely to be characterised as open and innovative and not procedural and bureaucratic than firms not using them. In firms using social media respondents were slightly more optimistic about the possibility that in the future team self-organisation would increase, but even they have a very realistic down-to-earth vision, rejecting the most hyped statements such as “Employees will play a greater role in selecting leaders”; that “Performance will be evaluated by peers rather than by managers” and that “Strategic priorities will be set from the bottom up”. There are basically no visible differences between users and non-user as to the future challenges: the crisis has brought the focus back to the fundamentals (reducing costs and increasing revenues). The only visible difference is that respondents in firms using social media devote a significantly higher priority to customer relationship management (mentioned by only 22% of non-users).

When analysing usage more deeply (using answers to questions posed only to respondents from firms using social media) the reader gets a more precise and realistic picture about the actual usage of social media. As anticipated, what can be deemed as intensive use characterise only 33% of the 61% of social media using firms, so a 20% if calculated on the sample as a whole. The following points selectively taken from chapter four can integrate this:

- Only 8% of respondents from firms using social media affirmed that the engagement of the firms’ customers, suppliers or partners in the joint use of social media is high;

- The social media tools mostly used are social networking services; very few firms reporting using more sophisticated applications;
- Social media adoption is driven by the marketing department in 52% of the cases; by the IT department only in 20%;
- The main activities impacted are external: 87% of users mentions as important to develop the enterprise image, 79% for finding new ideas, 78% for market products;
- In the majority of cases support for the usage of social media tools is basically a voluntary task performed by those using them (63%) and more rarely there is an ad hoc budget and function dedicated to it (37%);
- 39% of the firms using social media had paid some software and tools for doing so, whereas the other 61% just used what is available for free. This seems to confirm what was found by Osimo et al (2010) on the fact that SME accounted for only about 20% of the expenditure for Enterprise 2.0 tools.

As anticipated, we find quite sharp and substantial differences between respondents in using firms (henceforth for simplicity only users) and respondents in non-using firms (henceforth for simplicity only non-users) with respect to personal perceptions, attitudes, and intentions. Users are more optimistic about the future development in the use of social media (only 9% of non-users expect their firm to start using them in the future). They have a higher normative appraisal of the importance of using social media (both subjectively and descriptively). They perceive a higher ease of use as compared to non-users. These findings are a source of clear policy concern since they seem to convey a sharp and growing gap between users and non-users and suggest that non-users have a fairly negative mind-set in need of being changed. Proactive action could be needed to address the barriers of uptake for non-users and avoid this growing divide.

Finally on awareness, benefits and barriers the following are the main points:

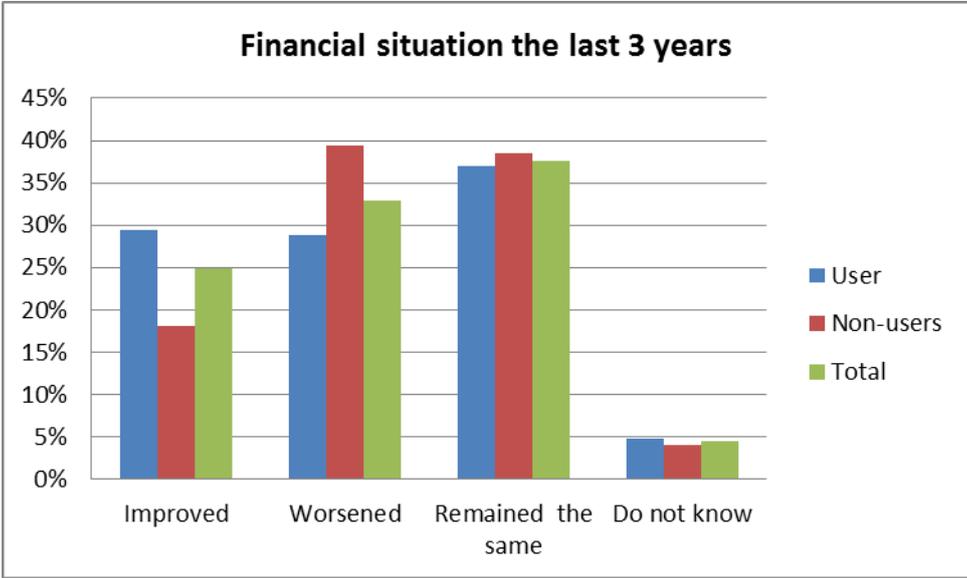
- There does not seem to be any noteworthy difference in awareness about social media in general between users and non-users;
- Difference are visible and significant when it comes to benefits in that respondents from firms using social media can see better certain internal and external benefits that those from non-using firms have probably more difficulty to think of in abstract (not having used social media);
- The majority of users agrees that social media benefits both internal and external activities (varying from 60 to 83% depending on the benefits);
- The minority of non-users agrees to that (from 32 to 46%);
- As for the barriers, rather than comparing users and non-users, it is more interesting the report those that encountered higher rate of agreement:
  - “Concerns about employees getting distracted”;
  - “Lacking control/risk of inappropriate posting by employees”;
  - “Having concerns on the loss of data, privacy”
  - “No strong business case”
- It must be noted that lack of financial resources or concerns with privacy or other security and control oriented barriers (weakening cultural norms) found much less agreement from respondents
- Measurement activities to monitor the effective internal and external use of social media are, not surprisingly, limited to uptake in terms of number of followers and clickthrough (36 and 38%). Very few (12 to 14%) use more sophisticated metrics related to impact such as brand reputation and correlation to sales.

## 5. Annex D: Contribution to background report for the policy workshop

This section presents some additional findings of the survey of 600 SMEs in 6 EU member States in a EU policy context, beyond the findings presented in Annex C. It will constitute, together with material from Annexes B and C, a discussion document for the policy workshop that was held on 15 July in Seville, which focused on policy implications and future scenarios on the evolution of social media use by SMEs.

### 5.1 Social media use and perceived financial situation

SMEs were asked about their perception of the financial situation of their company in the last three years. Those SMEs who were formal users of social media (henceforth *users*) had a better perception of their situation compared to those who did not make formal use of social media (henceforth *non-users*). Among users, 29% claimed their situation had improved, compared to only 18% of non-users. By contrast, 29% of users claimed their situation had worsened, while 39% claimed this was the case among non-users.

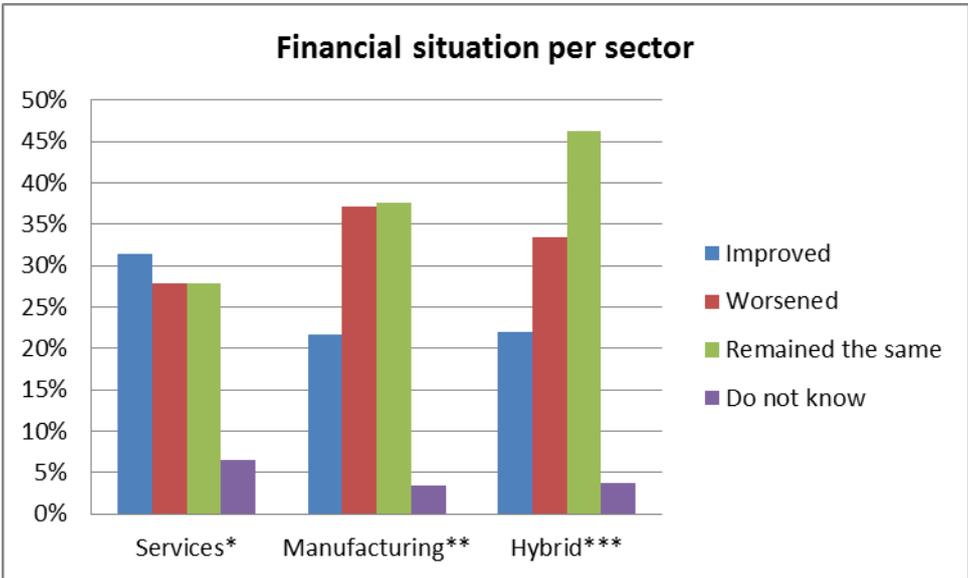


Differences among countries were observed in this respect. In Bulgaria and Spain fewer users claimed that their financial situation improved (27% and 42% respectively) than the average of the sub-sample of users. On the other hand, in Italy and Latvia more users claimed their financial situation improved than the average of the sub-sample of users (50% and 84% respectively). In the UK and Netherlands, the results were in line with the average (89% and 76% respectively).

In order to find out more about this relationship between perceived financial situation and social media use, the firms of the SME survey were grouped in three groups: *services*, *manufacturing* and a *hybrid*. These categories were formed by grouping together sectors of economic activity, and are a rough approximation.

The *services* group includes the sectors of accommodation and food service activities; real estate activities; professional, scientific and technical activities; and administrative and support service activities. The *manufacturing* group is composed by the sectors of electricity, gas, steam and air conditioning supply; construction; manufacturing (light industry) and manufacturing (heavy industry). The *hybrid* groups brings together those sectors which cannot be clearly allocated to either services or manufacturing, namely water supply; sewerage, waste management and remediation act; wholesale and retail trade; repair of motor vehicles and motorcycle; transportation and storage; information and communication and "other".

The answers to their perception of their financial situation are presented below. Firms in the services group claim to be in a better financial situation. However it has to be highlighted that there is no noticeable difference in the use of social media between these groups.

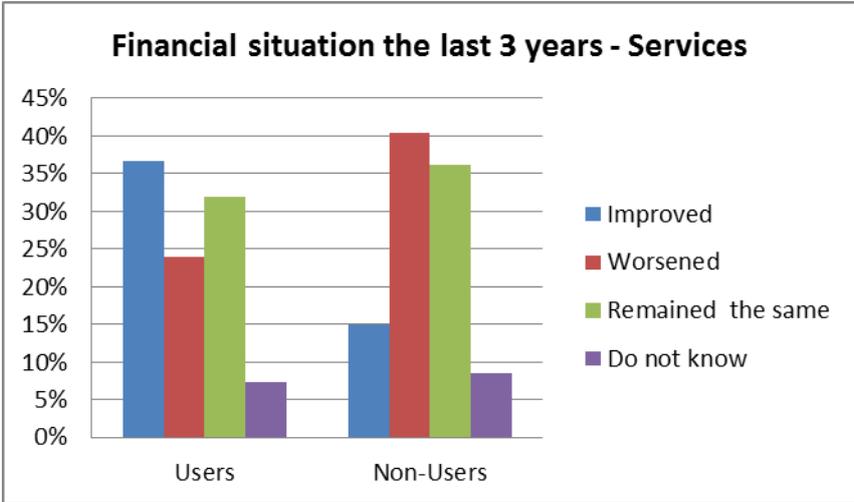


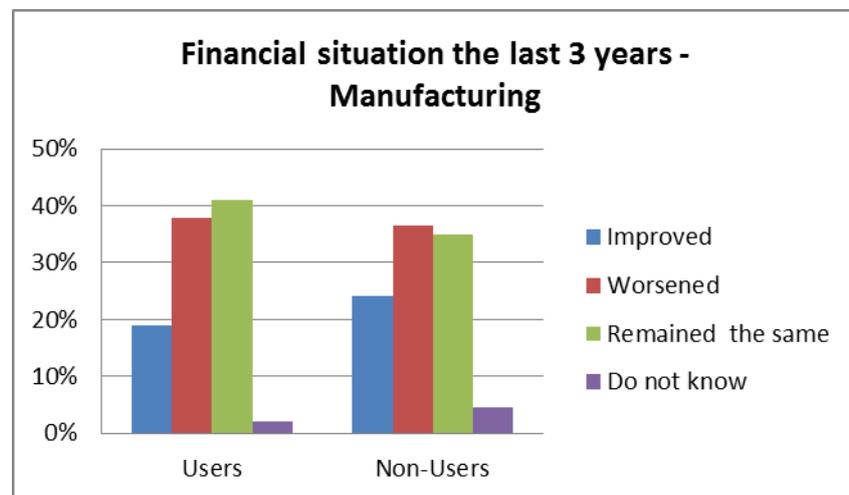
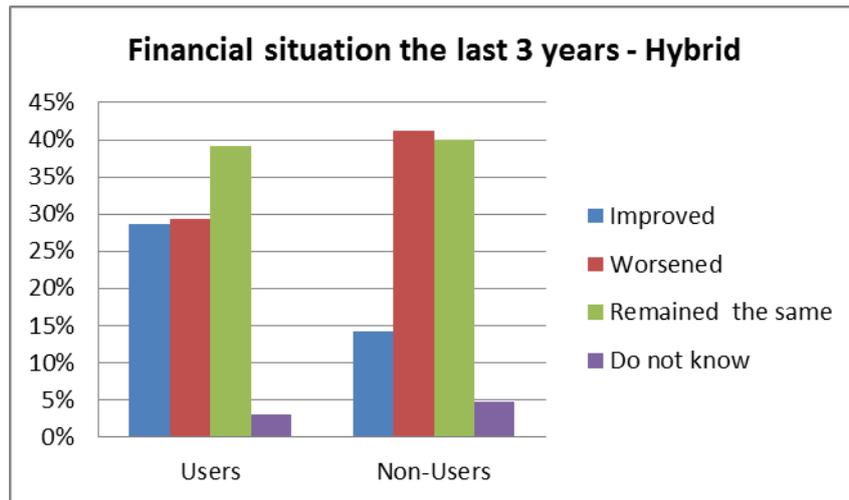
\*Services include: Accommodation and food service activities, Real estate activities, Professional, scientific and technical activities, Administrative and support service activities

\*\*Manufacturing includes: Electricity, gas, steam and air conditioning supply, Construction, Manufacturing - Light industry, Manufacturing - Heavy industry

\*\*\*Hybrid includes: Water supply; sewerage, waste management and remediation act, Wholesale and retail trade; repair of motor vehicles and motorcycle, Transportation and storage, Information and communication and Other

Despite this caveat, it is interesting to note that in the *services* and *hybrid* groups, users claimed on average to be in a better financial situation than non-users in these groups. However, this was not the case for firms in the manufacturing group, where users claimed on average to be in a worse financial situation than non-users. It would appear that the positive relationship between social media use and perceptions of improved financial situation only applies for sectors outside manufacturing.

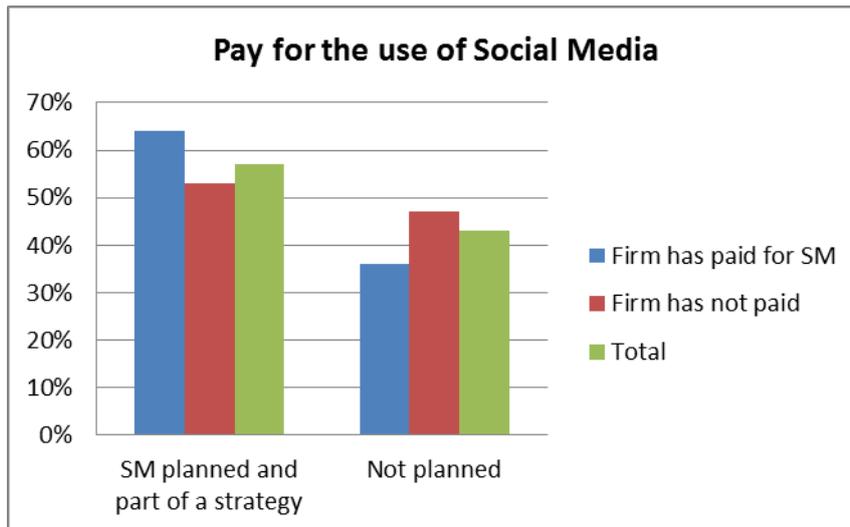




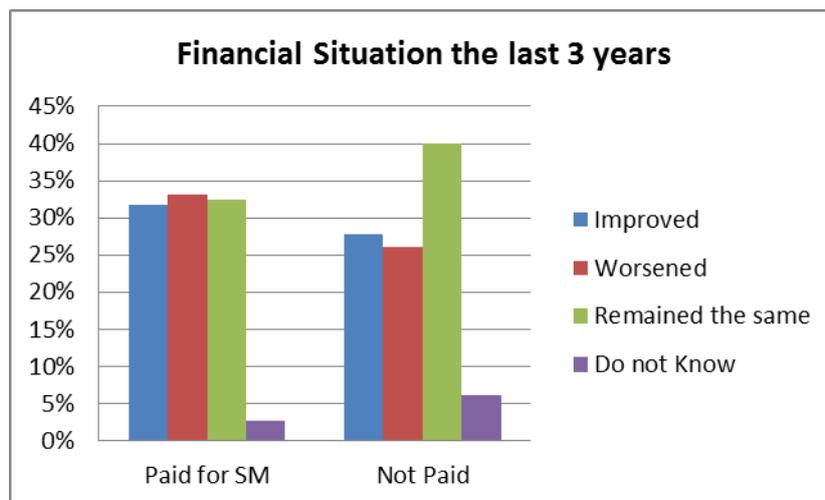
The survey also asked SMEs who were users whether they had a planned strategy for their social media use. 61% said yes, 39% said no. A greater percentage of those who had a formal strategy considered that their financial situation had improved, compared to those who did not have a planned strategy.



SMEs were also asked whether they had paid for social media tools, or whether they used free services. 39% said they had paid, while 61% had not paid. As expected, those who had a planned social media strategy tended to be the ones who paid for it.



However, despite the correlation between paying for social media and having a planned strategy for it, results on perceived financial situation are different when the analysis is broken down by those who paid vs. those who did not pay. While it is true that a greater percentage of those who paid claimed their situation had improved compared to those who did not pay (32% vs 28 percent), it is also true that a greater percentage of those who paid claimed their situation had worsened compared to those who did not pay (31% vs 26% percent). Therefore, a positive correlation between paying for social media and perceptions of an improved financial situation cannot be established.



## 5.2 Benefits of social media use

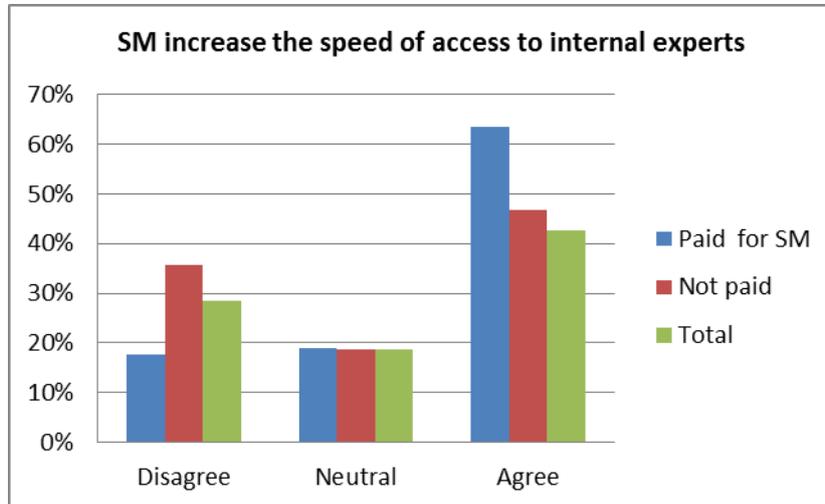
There is significant statistical difference between users and non-users regarding the external (i.e. with stakeholders outside the company) use of social media: non-users are less likely to perceive the potential benefits claimed by users. The same was true for internal social media use: non-users are less likely to perceive these potential benefits.<sup>11</sup>

The benefit with which most users "strongly agreed" (51%) was that it *increased the effectiveness of marketing*. When broken down according to whether users had a planned a strategy for social media or not, those with a planned strategy showed greater agreement with this benefit than those

<sup>11</sup> More detailed results are presented in Annex C of Deliverable 2 of SEA-SoNS. They are not presented here to avoid overlap and repetition.

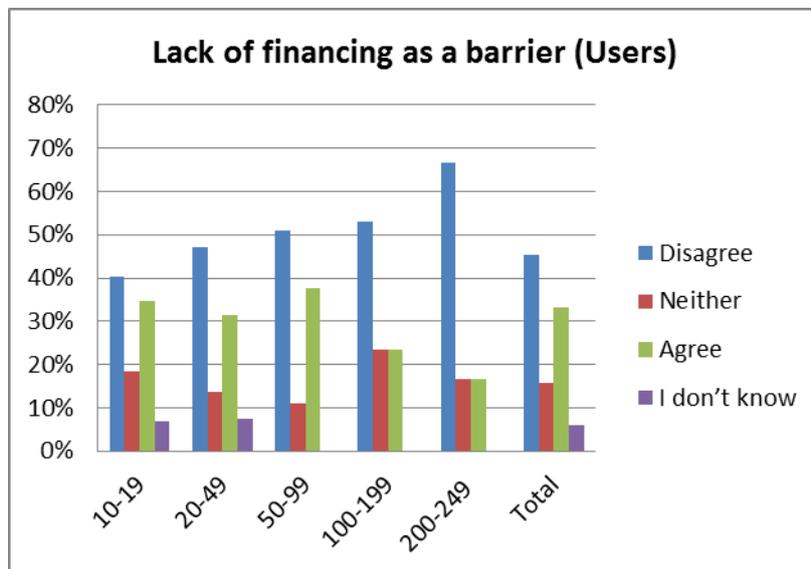
who did not have a planned strategy. This would stand to reason, as committing to a planned strategy requires conviction in its benefits.

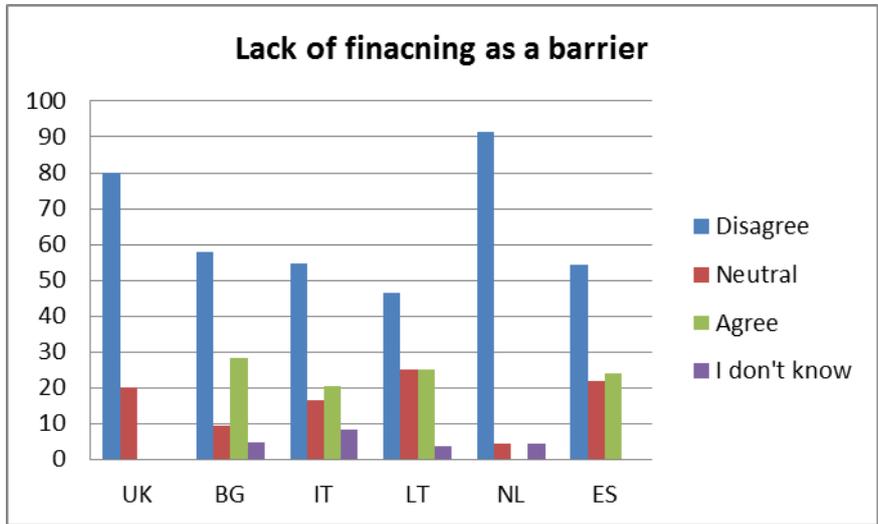
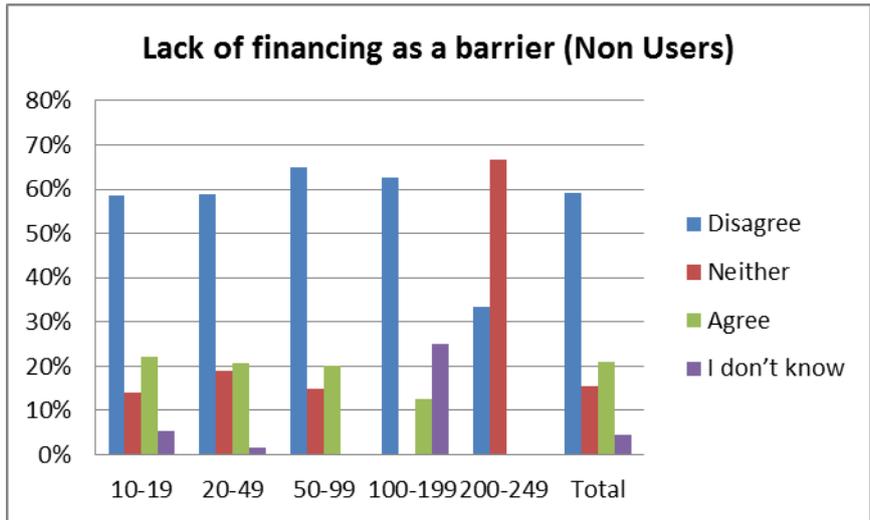
Also, firms that have paid to use social media are more convinced than those who have not that social media increase the speed of accessing internal experts. This is an expected result, since more sophisticated social media, which normally demand a fee, can offer more features.



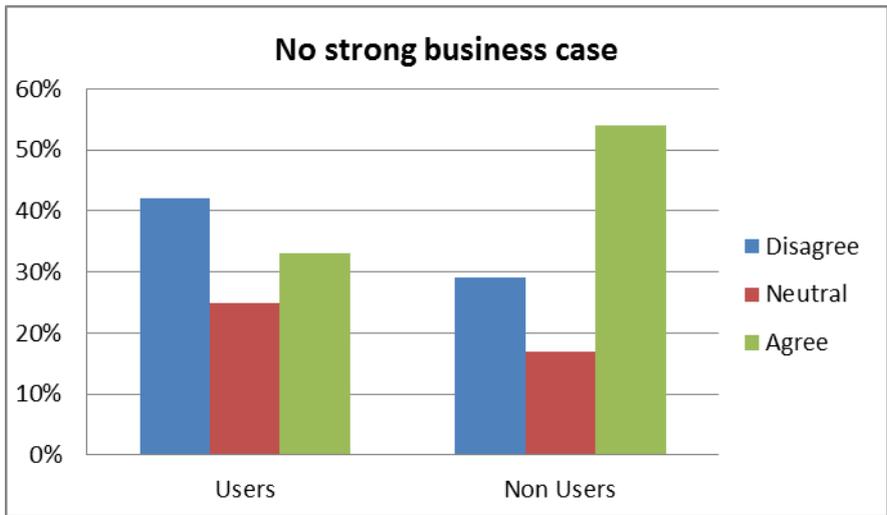
### 5.3 Barriers to social media use

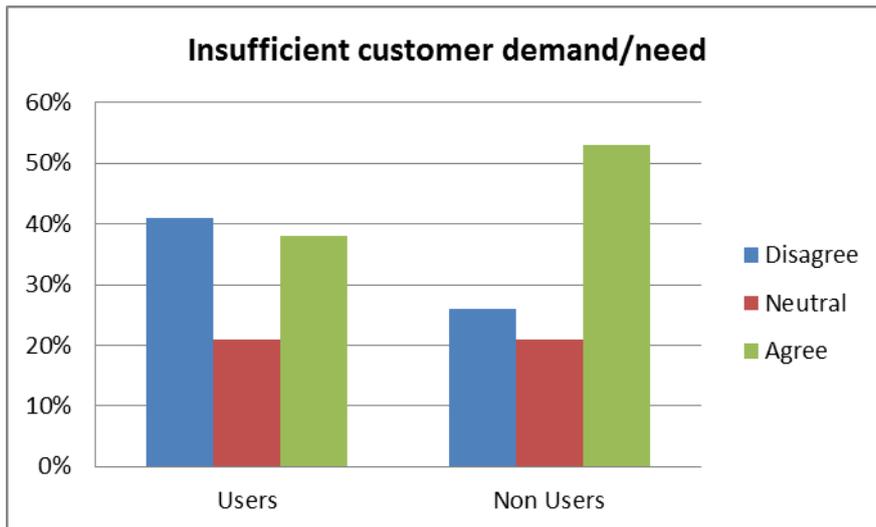
On the barriers for using social media, the most important finding is that *lack of financing* is not considered a barrier for adopting it. This opinion is especially prevalent among non-users. The bigger the firm (in terms of number of employees) the more likely that it considers lack of financing not to be an obstacle to adopting social media. In the UK and the Netherlands almost all disagree with the statement that 'lack of financing can be a barrier'.





The other two barriers worth mentioning are the existence of *no strong business case* and the *insufficient customer demand/need*. However, both these arguments seem to be a barrier for non-users, but not for users. This is an expected result, since users must have a business case and possibly also a demand from customers to start using social media.

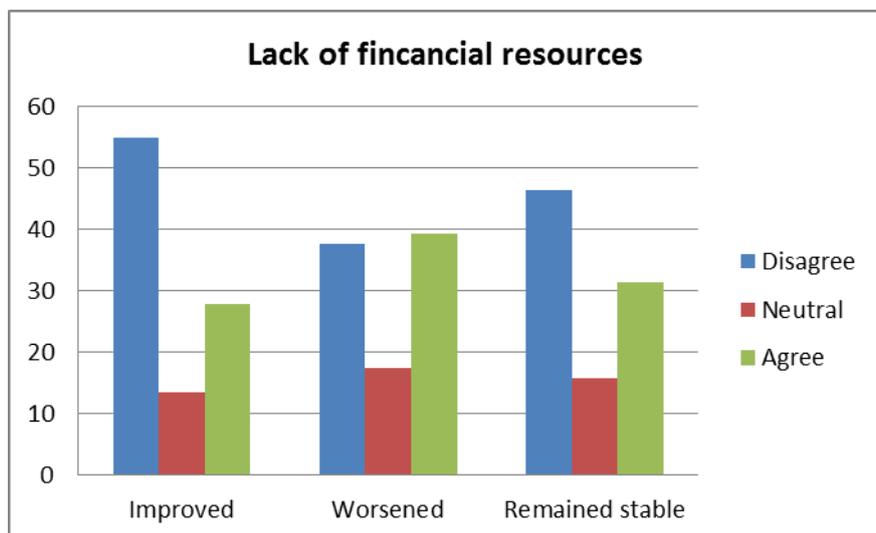


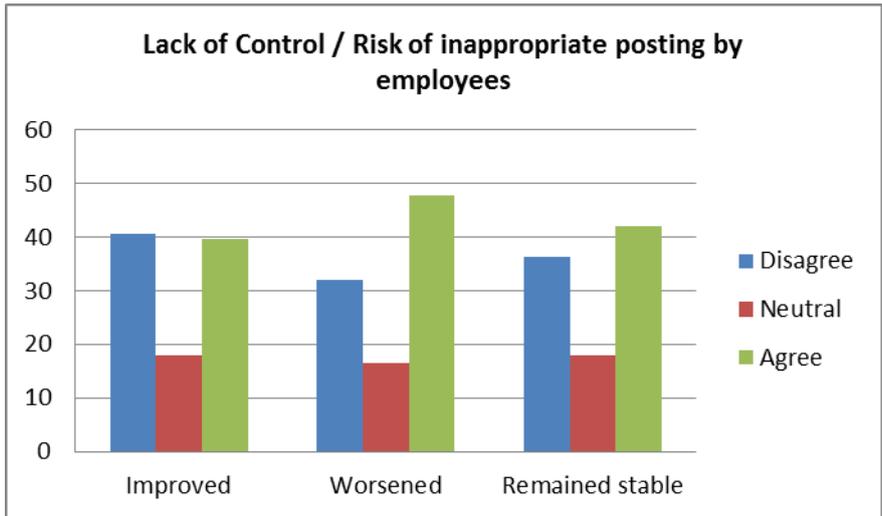


Looking in more detail, even though most users seem not think *insufficient customer demand or need* is a barrier; this is not true when looking at some sectors. These sectors are: construction; transportation and storage; real estate activities; professional scientific and technical activities; administrative and support service activities; and heavy manufacturing.

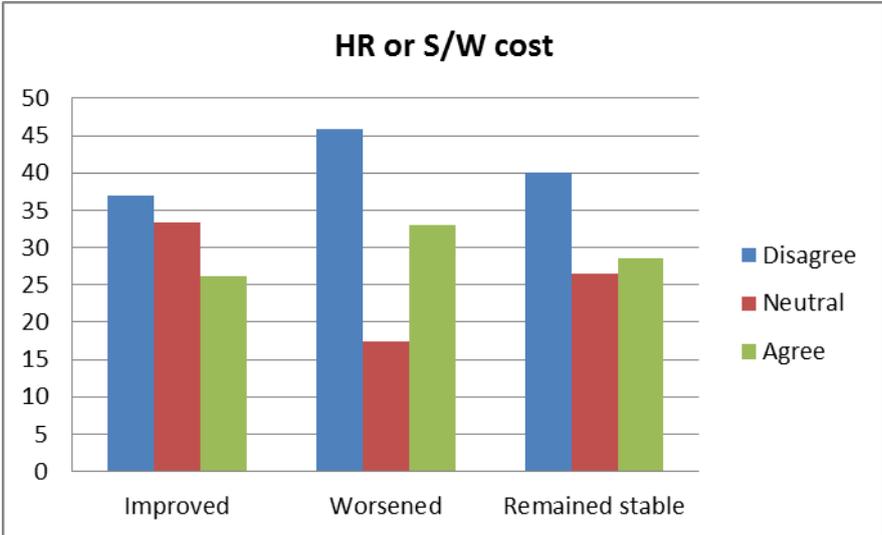
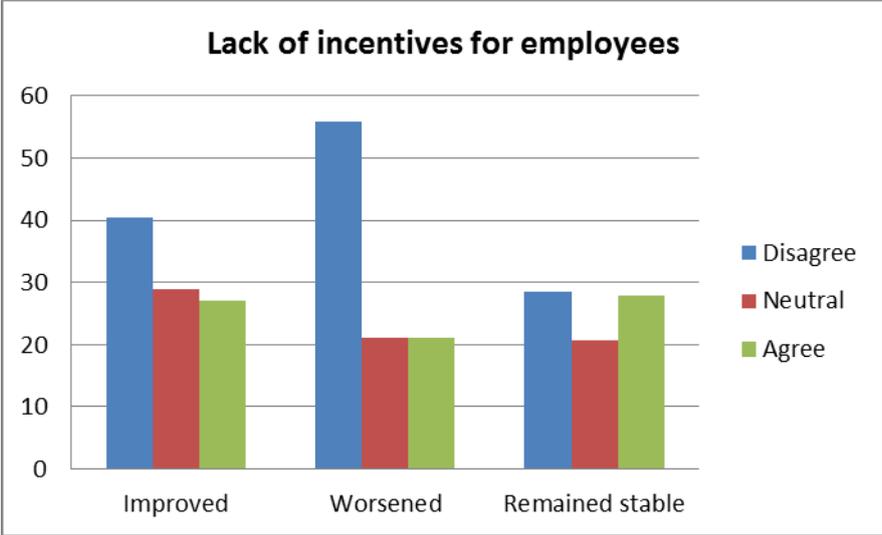
Also, even though most users seem not to find the inexistence of a strong business case as a barrier, this is not true when looking for some sectors. These sectors are: electricity, gas steam and air conditioning supply; transportation and storage; information and communication; real estate activities; and heavy manufacturing.

Finally, there seems to be a correlation between the perceived financial situation of firms and perceived barriers to adopt social media. Users who are in a better financial situation don't think that *lack of financial resources* is a barrier, but those whose financial situation has worsened seem to think that it could be a barrier. This argument also applies for the barrier of *lack of control / risk of inappropriate posting by employees*.

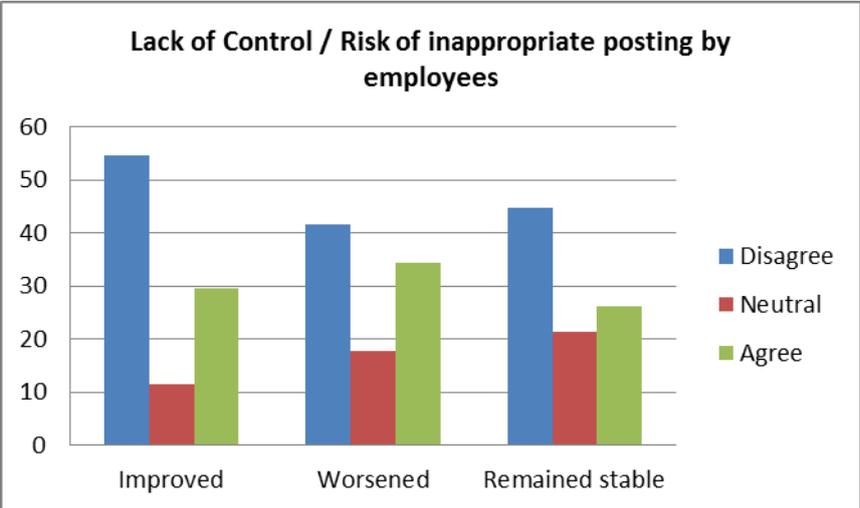
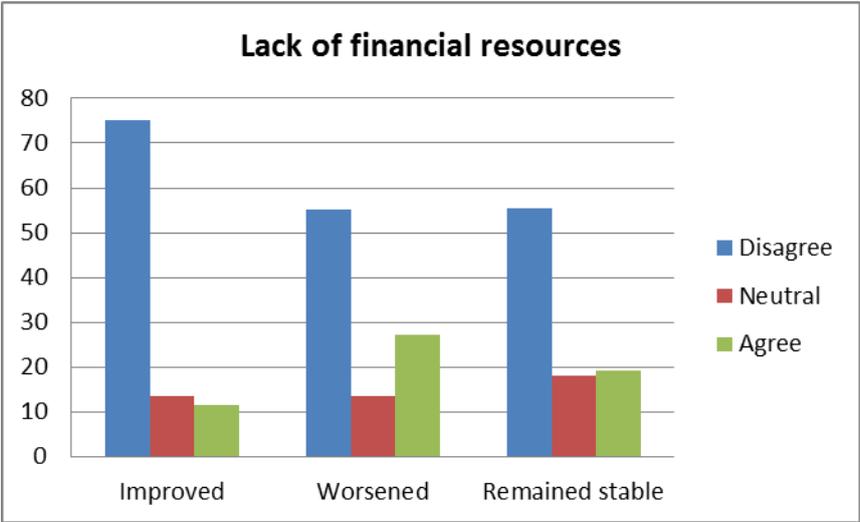




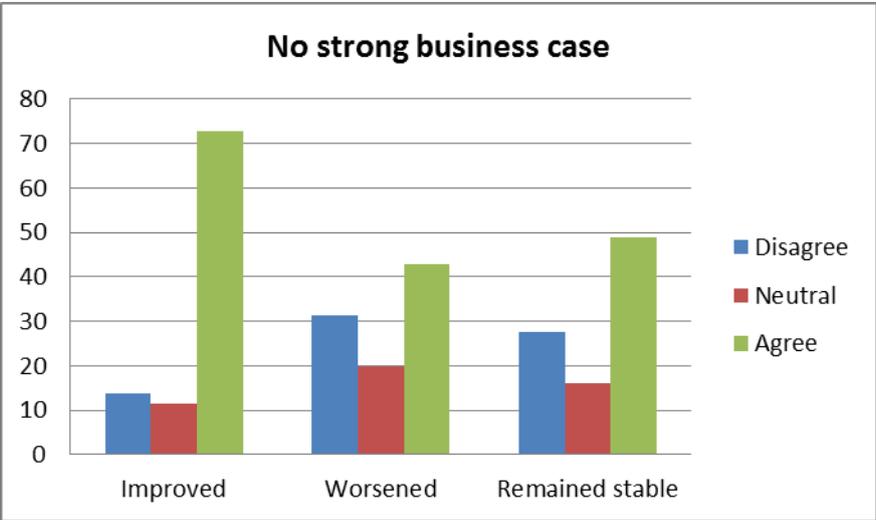
On the other hand there is disagreement among users regarding *lack of incentives for employees* as a barrier to social media adoption. The same also applies to the barrier *human resources and software applications cost*.

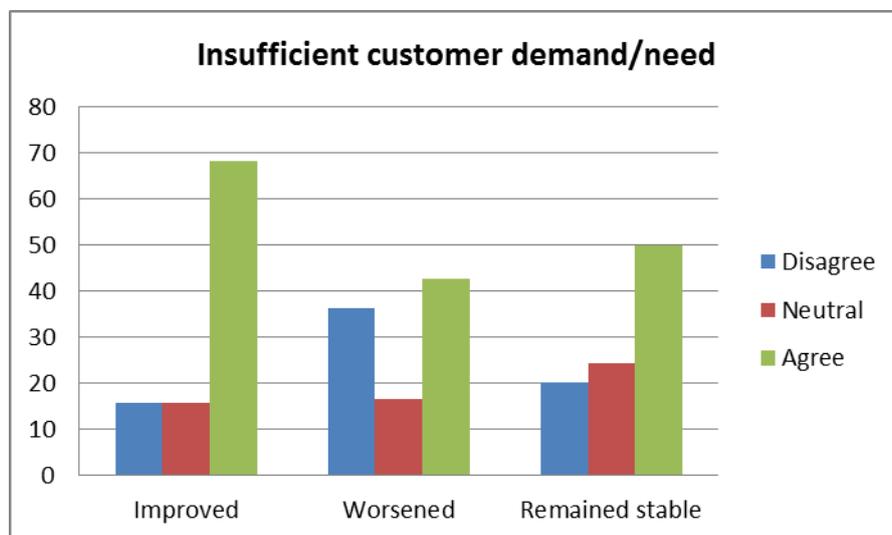
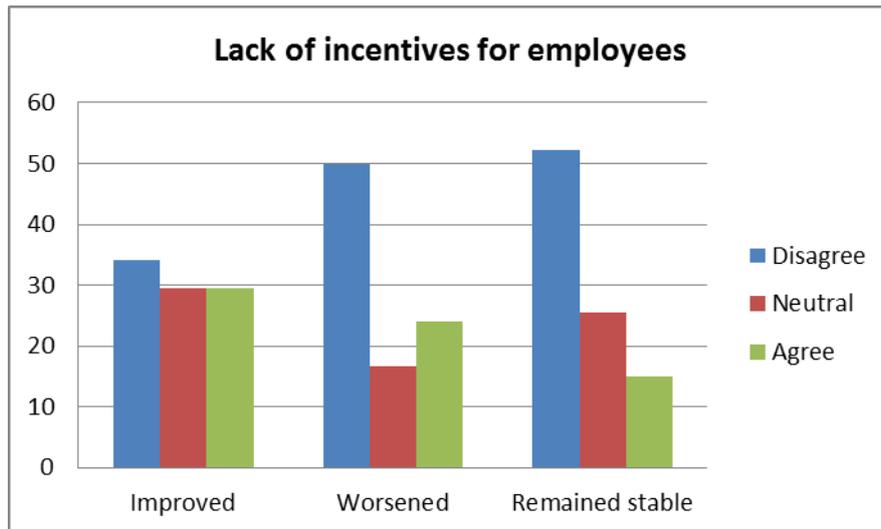


What we have observed regarding the relationship between financial situation and the barriers *lack of financial resources* and *lack of control*, is also observed for non-users.



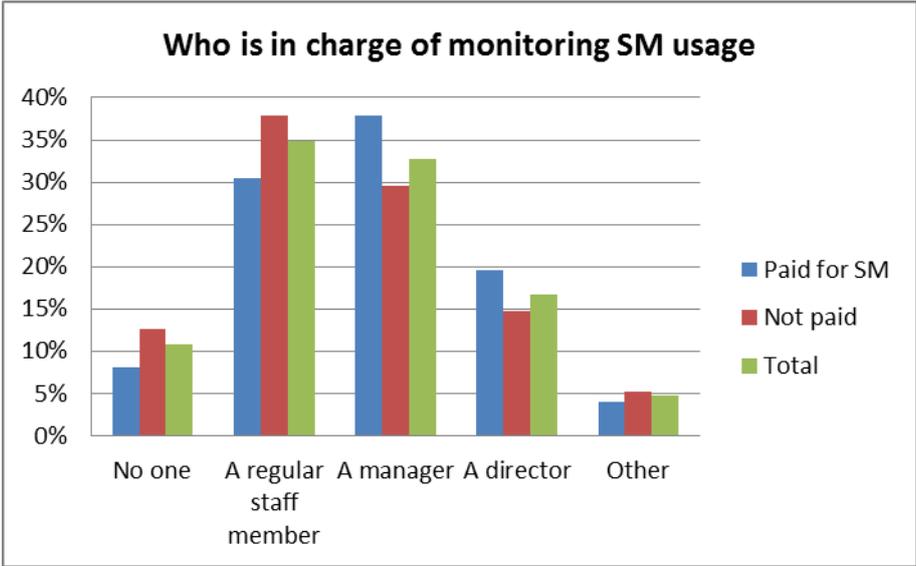
Non-users whose financial situation has worsened consider *lack of strong business case* as less of a barrier than those who are in a better situation. The same applies also for the barriers *lack of incentives of employees* and *insufficient customer demand/need*.



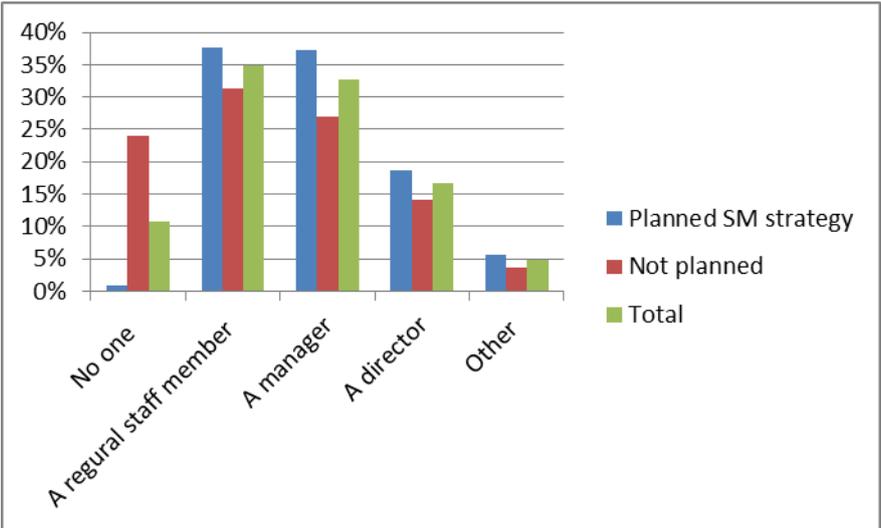


#### 5.4 Internal organisation of social media use

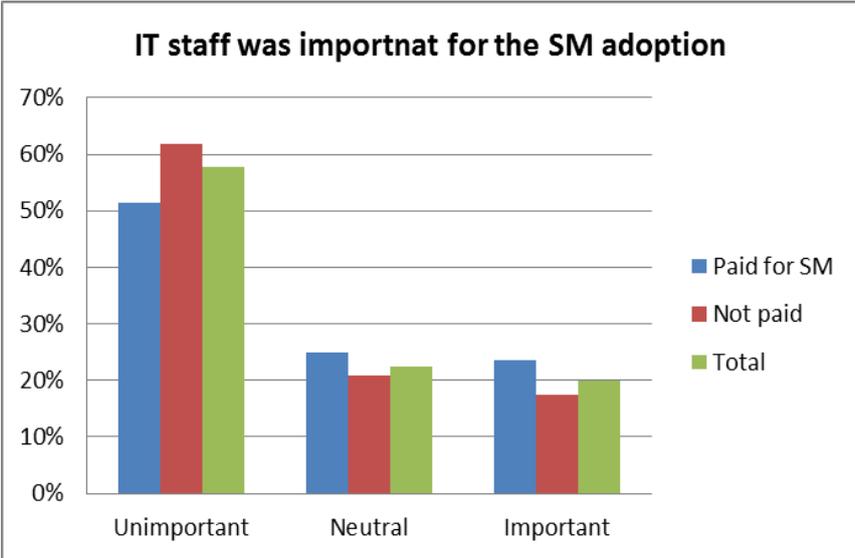
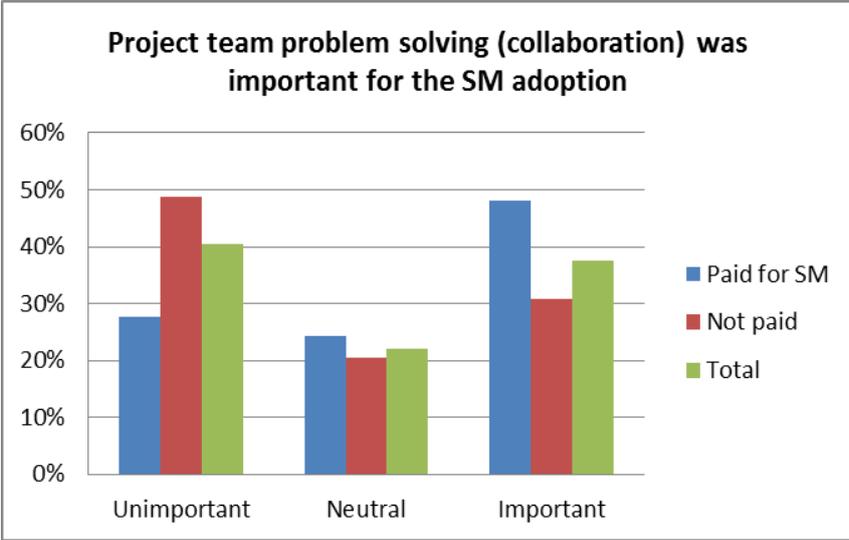
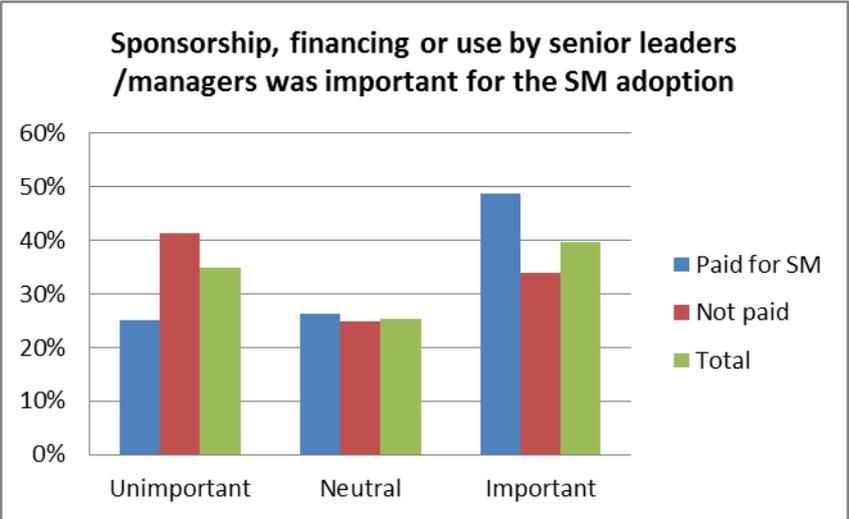
Interestingly, when looking at how social media is managed in SMEs, those who have paid for social media are more likely to have a manager in charge of social media than those who have not paid. The latter are more likely to have a regular staff member in charge.

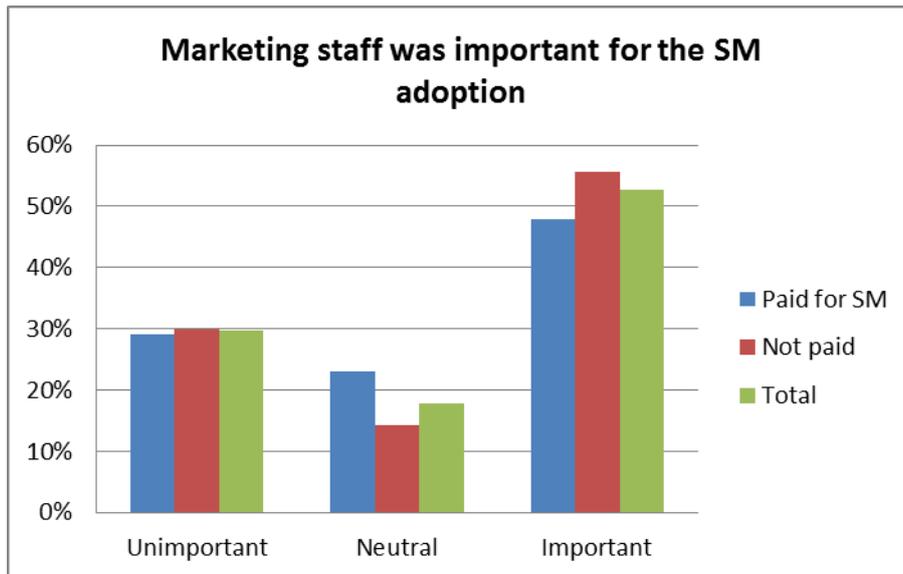


When broken down according to whether the SME has a planned strategy or not, it emerges that 25% of users without a strategy leave nobody specifically in charge of social. This is not entirely unexpected, since there is in fact no planned strategy. However, it is still interesting to note.



Also there is a difference between users who had paid for social media and the influence they had in order to start using social. Those who paid considered important the influence of senior leaders, the team collaboration and marketing staff. Those who did not pay considered only the marketing staff as influential for starting to use social media. For all of them IT staff didn't influence at all the adoption of social media.

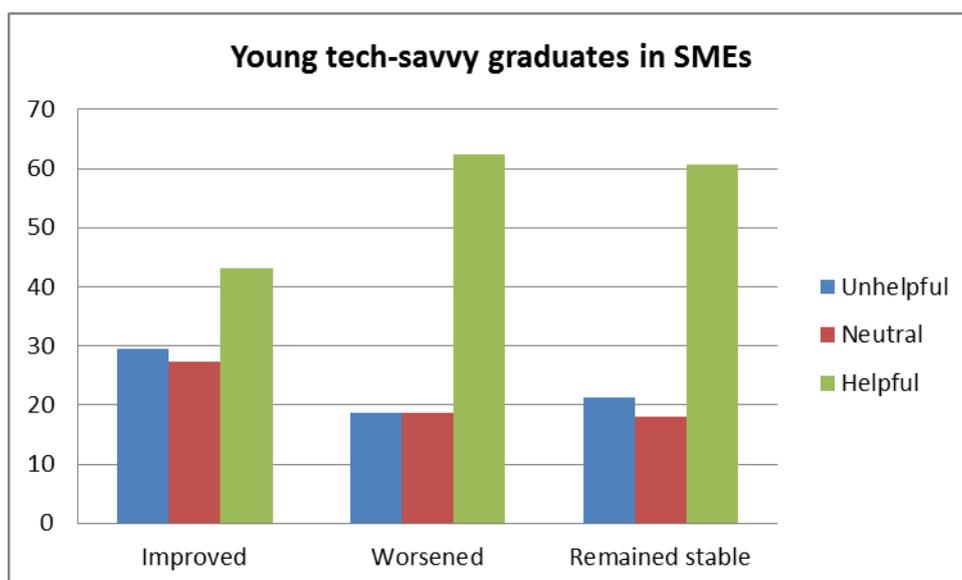




### 5.5 Policy options

A list of policy options to encourage the uptake of social media, arrived at in Phase 1, was proposed to SMEs. The one that was considered most helpful was to include more *web entrepreneurship curricula*, including material on social media, at schools. On the other hand the least helpful option, especially among non-users of social media was *government funding available to SMEs for making formal use of social media*. This is in line with the finding that the lack of financial resources is not a barrier of adopting social media. Also, non-users are the least convinced that these policy options can be useful.

With one exception, there seems to be no correlation between the perception of the financial situation of surveyed SMEs in the last three years and the policy options that were proposed to them. The exception is the opinion of non-users on the policy option "government-sponsored programme to place young, tech-savvy graduates in SMEs for a limited time to help them with their formal use of social media". SMEs which do not use social media and claim their financial situation has worsened or remained stable are much more positive towards this policy option than non-users who have improved their financial situation.



## 5.6 Starter questions for the development of scenarios

Will it still be so costly to run a social media strategy in the future? It appears that skills and training are essential for success, and while social media itself can be cheap (even free), the resources allocated to running a coherent social media strategy are considerable. This is particularly true in an age of information overload, where SMEs have to be continuously maintaining their social media presence and combining various channels for communication. Will this always be the case or will it be like knowledge of computers – at the beginning it was a specific skill and now everyone has it incorporated into their *de facto* skill set, to the point that it is not even questioned.

Will expertise and knowledge mark the differences between users of social media? It seems that everyone has access to technology at almost no cost, since many of these services or products are offered in a *freemium* model. There is also high awareness of the existence of the different social media, but still the opportunities afforded by social media are not fully exploited. How can the skills for using social media be transferred to micro and SMEs firms?

To what degree will concerns over privacy and security be overcome? The main barrier to social media uptake is certainly not lack of finance, since most of it is free. It's also not lack of awareness of social media nor the possible benefits associated to their use. However, there is concern about employees getting distracted and also concerns over data loss and privacy. All of this amounts to fears of losing control over people's time and information in the company. Will these concerns seem obsolete and outdated in the future, or will they be considered to have been premonitory?

Will social media use by SMEs become ubiquitous? It looks like those companies who are doing well are those who are using social media. We do not know if this is due to social media itself or not, but in any event, this trend would seem to suggest that in 10 years' time more companies will be using social media. Will it be the case that only those companies that use social media remain alive? Or will there still be scope for companies not to have a social media presence (i.e. some SMEs will continue not to see a business case for it). Will it be like the internet today, where you either exist on the Internet or don't exist at all?

Will social media lead to a change in the way businesses are run? It is true that social media allows for closer and more intimate integration with the customer... but will this empower the consumer to the point that it forces companies to re-think the way they do business? Will it lead to a fundamental change in business practices or will it merely increase the efficiency and effectiveness of existing practices? What about the effect it will have within the organisation – will it break down barriers and lead to fundamentally new ways of organising ourselves and working together?



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#### Abstract

Deliverable 2 of the SEA-SoNS (“Assessing the Benefits of Social Networks on Organizations”) project brings together results from different research activities, both qualitative and quantitative. Together, these results paint a picture of the benefits to organisations of social media, the barriers they face, and the scope for policy action. Phase 2 of SEA-SoNS, which built on the results of Phase 1, included a survey of 600 SMEs in six EU Member States (UK, Netherlands, Spain, Italy, Bulgaria and Latvia), five in-depth interviews conducted with micro firms (less than 10 employees) that use social media in four countries (Spain, Denmark, Netherlands and UK), and a summary of these findings with emphasis on identifying relevant factors for developing future scenarios. This report includes an executive summary and four annexes: the methodological report of the survey, the findings of the survey, the results of the in-depth interviews and a background document for the validation workshop that took place at Seville in July 2013.

As the Commission's in-house science service, the Joint Research Centre's mission is to provide EU policies with independent, evidence-based scientific and technical support throughout the whole policy cycle.

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Key policy areas include: environment and climate change; energy and transport; agriculture and food security; health and consumer protection; information society and digital agenda; safety and security including nuclear; all supported through a cross-cutting and multi-disciplinary approach.

