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The Art of Business Relationships Through Social Media

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Abstract: Academic researchers have studied this issue using concepts and techniques such as social capital and social networks analysis. They have provided empirical as well as theoretical evidence of the value generated by different types of business relationships. At the same time, the business world is being dramatically modified by the growing use of the Internet and social media, raising questions about the evolving nature of business relationships and the skills and attributes needed to develop and maintain them. Such questions are the focus of this article, which examines the traditional role of relationships in business, highlights some key changes resulting from the increasing use of social media, and discusses what firms need to do to adapt to this new business reality.

I. RELATIONSHIPS IN THE TRADITIONAL BUSINESS WORLD

Researchers have traditionally used the concept of "social capital" to explain how and why relationships between individuals or organizations generate value for the parties involved. Participation in business networks in particular has been shown to provide firms with valuable assets in the form of industry knowledge, new ideas, sources of funding and complementary skills and expertise. All of these assets can improve business performance and help firms achieve competitive advantage.

II. RELATIONSHIPS IN THE NEW BUSINESS ENVIRONMENT

There are now reported to be 1.5 billion social media users globally, with at least 70 percent of companies using some form of social media. Several important and inter-related developments relating to the growth of social media usage are especially relevant to business relationships.

III. RELATIONSHIP BUILDING THROUGH SOCIAL MEDIA

As the preceding discussion suggests, the use of social media in relationship-building is likely to draw on a wide range of skills and attributes, the specific requirements for which will vary from company to company. However, a few key points can be made about the art of building relationships through social media.

IV. THE ART OF BUSINESS RELATIONSHIPS THROUGH SOCIAL MEDIA

"Ah, relationships," moaned a dejected Alvy Singer (Woody Allen) at the end of the film, Annie Hall, "Who needs them." The fact is that any business today, whether a sole proprietorship or a multi-national, needs to build relationships. Which is why knowing how to leverage the value that social networks can contribute to establishing and sustaining relationships is crucial? This author offers several key suggestions for doing so effectively.

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The importance of relationship-building in business has been discussed extensively in the academic literature. But its importance in the business world is often under-acknowledged, especially in contrast to the more specialized skills and expertise involved in running a business. However, effective relationship building is a crucial ingredient in business success, perhaps even *the* critical success factor.

Academic researchers have studied this issue using concepts and techniques such as social capital and social networks analysis. They have provided empirical as well as theoretical evidence of the value generated by different types of business relationships. At the same time, the business world is being dramatically modified by the growing use of the Internet and social media, raising questions about the evolving nature of business

relationships and the skills and attributes needed to develop and maintain them.

Such questions are the focus of this article, which examines the traditional role of relationships in business, highlights some key changes resulting from the increasing use of social media, and discusses what firms need to do to adapt to this new business reality.

V. RELATIONSHIPS IN THE TRADITIONAL BUSINESS WORLD

Researchers have traditionally used the concept of "social capital" to explain how and why relationships between individuals or organizations generate value for the parties involved (Bourdieu, 1977; Coleman, 1988). Participation in business networks in particular has been shown to provide firms with valuable assets in the form of industry knowledge, new ideas, sources of funding and complementary skills and expertise. All of these assets can improve business performance and help firms achieve competitive advantage. The importance of external contacts and networking was illustrated in a study by Cross & Katzenbach (2012), which found that around 90 percent of the information used for decision-making by senior company executives came from their informal networks rather than formal reports or databases.

Granovetter's (1973) conceptualization of "strong and weak ties" provides further insights into the role of relationships in business by distinguishing between the types of value generated by different types of contacts in a network. Granovetter defined the strength of a "tie" in terms of factors such as the time invested in the relationship, the extent to which reciprocal services are exchanged and the level of intimacy or familiarity between the respective parties. Strong ties exist between individuals or organizations that interact frequently and know one another well; maintaining these ties requires a significant investment of time and effort, though the ties generate benefits including the transfer of high-quality information and complex, or tacit industry knowledge. The value of strong ties has also been demonstrated in empirical research showing that the

greatest proportion of business value is generated from relationships from a relatively small number of other organizations (Håkansson & Snehota, 1995).

Over time, however, there is often a declining return on the investment of time and effort in a network based on strong ties between similar organizations, especially since relatively little new information is introduced into the network, and rates of innovation often suffer. Granovetter argued that "weak ties," or looser networks between individuals or organizations that have infrequent contact and know relatively little about one another, frequently offer greater benefits. These benefits come in the form of increased opportunities to build further relationships with a wider range of additional contacts outside the immediate social or business circle, and access to more diverse information and resources. As a result, weak ties have been shown to be associated with higher rates of radical innovation and to be particularly useful when a specific organizational problem needs to be addressed.

Maintaining meaningful contact with large numbers of individuals can be challenging, however. Anthropologist Dunbar (1992) argued that our cognitive abilities generally restrict the number of a person's stable social relationships to around one hundred and fifty. Ultimately, it is these individual-level relationships that are most important. Palmatier (2008) found evidence that relationships between individual firm representatives have a greater impact on business performance than inter-organizational relationships.

Despite a fairly strong focus on networks and relationships in the academic business literature, relatively little attention has been paid to exploring the specific skills and attributes involved in forming and maintaining relationships. At least to some extent, this may be because responsibility for exploring these skills has traditionally fallen into the domain of specific groups such as senior executives and sales or customer relations staff, and has been addressed mainly in the context of professional competencies in these areas.

One exception, however, is the focus in the literature on the construct of trust. Researchers have found that successful business relationships which are associated with improved business performance tend to be based on reciprocal trust between the parties. Trust is necessary to allow the transfer of information, knowledge and expertise between organizations and to promote cooperation and collaboration between them. However, statistical work by Palmatier et al. (2006) revealed that the overall "quality" of a relationship, involving many different dimensions, has a stronger impact on business performance than any individual dimension such as trust or level of commitment. This suggests that a wide range of skills is likely to be involved in relationship building and maintenance.

Not all business associations have traditionally been relationship-based. These types have generally been confined to associations between firms who regularly collaborate or work together in some way. At least until recently, the types of associations that a firm typically had with its customers, suppliers and other stakeholders were primarily transactional in nature, or based on contractual agreements. As will be discussed later, the importance of relationship-based associations in business is now being extended to these different stakeholder contexts, and is having a further impact on the types of skills needed for relationship building in business.

VI. RELATIONSHIPS IN THE NEW BUSINESS ENVIRONMENT

There are now reported to be 1.5 billion social media users globally, with at least 70 percent of companies using some form of social media (McKinsey Global Institute). Several important and inter-related developments relating to the growth of social media usage are especially relevant to business relationships.

First, the proliferation of social networking sites means that it has become much easier to develop weak ties, which can be tapped to provide information or assistance, or to collaborate. Work-related networks of (mainly) weak ties might include, for example, an individual's or organization's list of LinkedIn contacts, or the members of an online forum established by a

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professional group to share information and discuss issues of interest. These types of networks typically form spontaneously around particular topics and dissolve quickly. However, there are strong indications that the traditional benefits of weak links are not being exploited. It has been argued that the greatest participation in social networks comes from individuals who already have offline connections and not from new acquaintances who can provide innovative ideas or expertise previously unavailable to the other party. At the same time, since electronic communications have to a large extent displaced face-to-face meetings and telephone calls, it has become arguably more difficult to develop and sustain strong ties with business contacts.

However, technological developments and the growth of social media are also making possible innovative forms of business interaction and activity involving new types of business relationships. These are primarily based on weak ties – which may mean that the conventional distinction between strong and weak ties is no longer so relevant.

Now that all types of information can be accessed via the Internet, and every imaginable topic is the subject of online debate and discussion, it has become virtually impossible for companies to maintain control over data or conceal their activities. Indeed, one of the main impacts of the Internet has been the increased expectation that organizations of all types will be more transparent about their policies and operations. Furthermore, a willingness to share information and knowledge has become fundamental to success in a world in which firms need to collaborate or work with others. Advances in information and communications technologies, including the social media sites through which initial contacts are often made, make it possible to organize and conduct work in radical new ways; by using virtual project teams distributed across the globe, for example. This has significant implications for relationship-building. For example, now that firms can tap into a global workforce of specialists and experts, maintaining strong links over time has perhaps become less important than establishing the ability to identify and establish effective linkages with

relevant individuals and organizations as and when needed. There is still undoubtedly a need to establish a significant level of trust and commitment within most business relationships, however temporary these may be. But the types of skills and expertise involved when business partners or project teams never meet face to face, come from different cultural and language backgrounds, or have traditionally been ardent competitors are likely to be quite different from those traditionally required for business relationship-building.

Another key development is that the Internet and social media sites have increasingly become the primary or even the sole source of information for individuals and businesses alike. These have largely displaced traditional sources such as printed company literature, the Yellow Pages and business directories. The implication is that organizations no longer have control over what is disseminated about them. As one publication states, "most of what is said about the company will not be said by the company" (AT&T, 2011). In a recent global consumer survey, 78 percent of respondents said that they place greater trust in other people's recommendations for products and services than in other sources (Zaviši & Zaviši, 2011). The significance of this is reflected in the growing popularity of consumer websites based almost entirely on personal reviews, such as Trip Advisor, and the dominant role of consumer reviews on leading e-commerce sites such as Amazon and eBay. As Leboff (2011) observes, this "puts the consumer in the driver's seat." The vast expansion in Internet usage generally has also heightened competition in many sectors, since firms of all sizes can have an online presence at little or no cost, thus levelling the playing field to a large extent, at least in the domain of marketing.

One of the main impacts of these developments has been the requirement for firms to develop new relationship-based associations with their customers and other social media participants, especially to build and maintain brand loyalty and to manage or at least influence what is being said about them online (Sexsmith & Angel, 2009). Instead of just disseminating information about the organization and its products, firms need to actively participate in the discussions on social media sites

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and develop other methods to engage Internet users. These methods contrast starkly to traditional, hard-sell forms of marketing. Moreover, most people must now contend with information overload when surfing the Web or visiting social media sites. Thus the need to design and implement content and initiatives that are interesting, entertaining or thought-provoking, are to capture and hold their attention.

A company will also be judged by the way in which it responds to online customer feedback, especially negative comments or complaints. Indeed, the potential impact of this on its reputation and ultimately on business performance is massive, given that millions of people worldwide can tune into the dialogue. Effectively, it needs to develop and maintain not just a brand but an online personality which is likeable and well-respected and with which individuals can develop a real sense of familiarity and emotional connection. It is now often argued that ROI on marketing should now be measured not in traditional sales terms, but in terms of "return on engagement" (Leboff, 2011). What is important is a measurement of engagement or emotional investment in the brand, such as active participation on the company website or favorable references to it in blog posts. These not only translate into longer-term individual loyalty but also help to attract additional followers who may become fans and customers. Business literature includes numerous case studies of how companies are using social media to maximize this form of ROI. At minimum, even the smallest companies now have a Face book or a LinkedIn page in which they interact directly with customers and respond to queries or requests for assistance. McDonald's has taken this a step further with their Mom's Quality Correspondents Blog initiative, in which the company not only interacts with this key customer group but has established close relationships with groups of moms across North America, who are invited to tour its kitchens and report on their perceptions of the company and its products (Sexsmith & Angel, 2009). Another increasingly popular approach to the use of social media is to invite customers to submit their own ideas for new products and services, or to rank alternative products on company websites, an approach taken by companies

including Dell and Levi Strauss. This approach not only helps generate a sense of identification with and ownership of the brand, it also provides valuable market research data.

Something of importance in both the B2B and the B2C social media contexts is the ability to identify and build relationships with "key influencers" in the business network or target market. This observation returns us neatly to the concept of social networks and the concept of weak and strong ties. In order to achieve the desired business objectives, there is a need to plumb the mass of online users and identify those likely to have the greatest impact. Within social networks, for example, there are usually key individuals or "trusted experts" who have established a strong reputation in their field. Making positive connections with a few key influencers who will transmit positive information about the brand is likely to be much more effective a strategy, and much less resource-intensive, than direct relationship-building with large numbers of people in the target market. Similarly, when a business partner or expert is needed, it can be invaluable to locate and build a relationship first with a "critical enabler" or "trusted advisor" who can offer not only detailed knowledge of the relevant industry niche and its participants, but who also knows the key decision makers personally and can help arrange an introduction or advise on the best approach to them.

Curtis & Lewis (2010) argue that in order to develop effective relationships with key enablers or other stakeholders, the principle of progressive reciprocity should be followed, in which something of value is offered to the other party at the outset, not just after an offer of help is secured. In traditional social network analysis terms, firms might benefit from developing and maintaining strong ties with key influencers or critical enablers who are likely to provide ongoing value and benefits in return. At the same time, they would maintain a wider network of weak ties with other stakeholders who hold relevant knowledge, expertise or market influence. One strategy that is likely to be effective across the board is to establish the company itself, or individuals within it, as trusted experts in a

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particular subject area, for example by publishing well-researched, informative articles or blog posts on relevant topics.

VII. RELATIONSHIP BUILDING THROUGH SOCIAL MEDIA

As the preceding discussion suggests, the use of social media in relationship-building is likely to draw on a wide range of skills and attributes, the specific requirements for which will vary from company to company. However, a few key points can be made about the art of building relationships through social media.

1. First, it has become crucial for virtually all employees to develop the types of skills needed for business relationship-building and online marketing. As most people are members of one or more social media sites, the boundaries between personal and professional life are being increasingly blurred. As a result, individual employees are likely to be seen as social media ambassadors for their company, with their online activities reflecting on that company, whether or not they represent it formally online. Furthermore, they may also be sought out by others in a particular social network in order to secure an introduction to or information about the organization or the sector in which they work. Some will establish "key influencer" or "critical enabler" roles in their networks. In order for organizations to manage the risk of negative publicity arising from the online comments or behavior of their own employees, and help ensure that these reflect positively on the company, all employees should be trained in the sensible and effective use of social media and in the types of skills needed to achieve this.

2. In order to develop and maintain a strong and positive online presence and personality, however, a company should create specific social media management roles. Although many organizations outsource their social media management, having in-house social media managers for at least the non-technical aspects of the work is important, since these people will act as official representatives of the company. As such, they need to be able to respond in an authoritative and consistent way to comments and feedback, develop and implement content and

initiatives that truly reflect the brand, and post first-hand news and other content about organizational activities. The appointed social media representatives must be able to interact and communicate online with sensitivity and diplomacy – including knowing when to participate in an online discussion and when to hold back – while consistently conveying a positive and likeable image. Personal attributes are often a much more important consideration than formal skills when selecting individuals for these roles, since the additional skills and knowledge can more easily be acquired through training.

3. Building and maintaining a network that generates value is another challenge facing organizations in the world of social media. As highlighted earlier, a primary objective should be to develop connections with key influencers or critical enablers that are likely to help maximize the value of networking, help generate solutions to specific organizational problems, and provide other benefits. The art of relationship-building through social media therefore involves the ability to identify the individuals or organizations in these roles within a particular area and to understand and implement the types of approaches to which they will respond. For example, in the B2C context, providing a free product or service to a key influencer in return for an unbiased review may be a good way to generate positive publicity. In a B2B situation, it may be most effective to initiate an online dialogue or suggest a telephone call in order to explore areas of common interest. In both cases, one objective should be to establish trust between the parties, initially based on reputation and the ability to communicate in ways that generate respect, which can be built on over time if the relationship continues. Building and maintaining wider networks with the goal of maximizing "the strength of weak ties" (Granovetter, 1974) will involve different skills, such as the ability to evaluate the quality and relevance of various online forums and contributions in order to identify potentially useful contacts, and to understand the intensity and types of effort required in particular social media in order to generate results.

4. For many organizations, significant cultural and often, structural changes, are needed to support the types of skills

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necessary for relationship-building. In particular, a change in leadership and management styles is often necessary to promote the openness, transparency and reciprocity that are preconditions for success in this environment. Many employees are now involved daily in online activities and social networking for work-related purposes. Providing them with higher levels of responsibility and empowerment, accompanied by the skills and knowledge necessary to exercise these sensibly and in ways which benefit the company is likely to be a more effective strategy than exercising a high degree of direct control over them. Relatively flat, project-based organizational structures are more likely to promote this strategy. Such structures will also be better aligned with the dispersed, collaborative forms of working between organizations that are becoming a feature of the new global business environment.

Relationship-management as a key area of organizational activity should also be institutionalized in formal policies and procedures. This may include, for example, developing guidance on the use of social media and social networking; incorporating relationship-management and related skills in recruitment and performance-management systems; and developing appropriate training to provide staff with the necessary skills and knowledge.

5. Developing a trusted expert or key influencer position within a particular niche will automatically generate a network of followers. At least some of the links formed in this way are likely to evolve into relationship-based associations with mutual benefits. For this reason, firms are likely to benefit significantly from investing time and resources in high-quality research and content writing. Specialist subject-matter expertise will be important in this respect, but so too will the ability to engage the target audience with well-written content that is tailored to their characteristics and interests.

6. Last but not least, a more qualitative and longer-term approach is needed to understand and evaluate the benefits of investments in relationship-building through social media. As mentioned earlier, traditional ROI measurements are no longer appropriate; these must be based on an understanding of the value of customer engagement with the brand and its longer-term outcomes. This requires more creative, "out of the box" approaches to developing metrics and measurement systems, and reporting on these in ways that will be meaningful to executives more used to seeing facts, figures and graphs.

VIII. FUTURE OF SOCIAL MEDIA IN INDIA

Before we talk about the future of social media in India we need to think of the dividing line that runs across the nation and creates two separate nations. The uneven development of the country has left a yawning gap between metropolitan cities and the rest of India and this reflect in the social media usage as well.

To make the case stronger, it suffices to say that Orkut may be dead in the metros, but it thriving in small towns and non-metro cities. So when we talk of the future of social media in India, we need to keep this difference in mind and preferences of both groups in mind.

What is the present state?

It has been often said that India is one of the youngest countries in the world, perhaps the youngest – 50% of Indians are below the age of 25 and 65% of us are below 35. It means that there are more potential social media users in India than are anywhere else in the world. And to understand where we stand, all we need to do is to see the data of four biggest social media websites – Facebook, LinkedIn, Twitter, and Google+.

In terms of Facebook usage, India is the second largest country in the world, just below the United States. There are 45,796,460 Facebook users in the India, which is equal to 3.90% percent of total population and 56.54% of total online population.

India has the second largest base of LinkedIn users as well. India has a total 13,352,622 users which is equal to 1.14% of total population, and 16.48% of the online population. India is also the second largest user base for Google+, and on Twitter 16 million Indians are active.

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When talking of the present condition of social media in India, we should also talk of two other dominant social media sites: Orkut and ibibo, which have 15.5 million and 5 million users, respectively.

What is the nature of social media usage in India

In one word social media usage in India is more visual. People share images because images do not need any language proficiency on people's part for comprehension. Text-based or say opinion-based social media participation in India is still vey low because of lack of everyday English proficiency in the larger section of population. But it is worth noting that people have developed a workaround this problem by sharing text as images. If you have been on Facebook for sometime then you must have seen text-led images circling Facebook.

The importance of developing social media sites in Hindi, Bengali, Telugu, and Tamil cannot be emphasized merely by the fact that Hindi and Bengali are two of the most spoken language in the world and Telugu and Tamil is not far behind. That is the reason why After Facebook and Twitter, other social media sites are also developing their platforms in Hindi.

What the future holds?

The total penetration of the Internet is 10.2% only, which leaves ample space for the Internet to grow and consecutively social media to spread its wing. When we mix it with the demographic data, we can safely say that in the years to come, a sharp rise in the social media usage in India can be expected.

What affects the social media usage in India

The growing penetration of cheap smart phones and Chinese mobile phones coupled with decreasing data usage rate in India are the prime factors causing the boost of social media usage – particularly the rise of "Facebook enabled phones", or so they say it in the advertisement – in Tier II and III cities in India as well as in villages.

Social media channels that ask for high-speed Internet connection is yet to plant their feet in the India outside metros, but dropping price and growing acceptance of mobile Internet

suggest that soon YouTube, Sound Cloud and the likes will dig their feet in India.

The future looks bright for social media in India, but there are a lot many variables that will determine the actual usage of social media in years to come. One of the things that is slowing down the progress is the comprehension level of English, which, as we know, is the language of web.

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