

The Social Networking Effect on Management and Business

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Abstract

This paper examines the impacts of social networking websites and on-line collaboration tools on business and management since their introduction in 2003 and proliferation in the last two years. By examining the history and development of the most popular and promising social networking websites I clarify how they have affected and will continue to affect largely the way we communicate with our friends, associates and prospective or current customers and what this means for organizations across the globe.

Out of the top ten most visited sites three are social networking sites (Alexa.com, 2008). With social networking sites being valued in the billions of dollars there is no surprise that they are as some put it “all the rage” in the technology sector and have become the blueprints for website structure and functionality. Not only are there social networks now being dedicated to niches like medical applications and affecting social good but also social networking services that allow users to create their own communities and social networks themselves dedicated to whatever theme they see fit, with the same ease that has made these social network websites so popular today when the technology has existed since the earliest days of the internet.

Mind you, the ideas behind social networking sites are not new. It has been possible since the early days of the internet to do many of the things which social networking site users do now, such as creating personal web pages and communicating with others through interfaces such as chat rooms, internet forums, message boards, web communities and blogs. Increased home internet penetration and bandwidth, an increasing number of people comfortable with computers and the internet and increased user friendliness are several of the reasons that help explain the recent growth of today’s social networking sites and the mainstream use of these technologies that have existed some time before this boom. (Ofcom, 2008)

Increased inoperability and interactivity seem to be the foreshadowing what is next and why it means so much to organizations and their futures. Facebook, started a trend increasingly opening their interfaces to third-party applications. This has led to an expansion in what users can do on social networking sites, from taking part in film trivia quizzes to playing mini games. And Facebook continues this trend it started, by letting members take their personal profiles to any website that wants to host them. For now, MySpace is opening user profiles only to a few

sites, including Yahoo and eBay. Sites have also sought several ways to make money; by creating on-line marketplaces (Facebook's Marketplace) or by selling professional information and social connections to businesses (LinkedIn). It is through these attempts and advancements by social networking sites to monetize their value, that they further affect the effective business strategy in these areas.(Ofcom, 2008)

For instance social networks contrast against the traditional separation of supplier and consumer operate. Users often social network's members serve in both roles simultaneously. Moreover; by nature of their business model social networking sites have changed the way businesses look to connect with prospective customers with advertisements. Daniel Taylor, a senior analyst at market researcher at Yankee Group points out that, "Social networks have sold the idea of targeting consumers by their interests and demographics.... "They short-circuit the process for advertisers."

Wikipedia points out that social networks connect people at low cost; and this can be beneficial for businesses looking to expand their contact base." These networks often act as a customer relationship management tool for companies selling products and services. Companies can also use social networks for advertising in the form of banners and text ads. Since businesses operate globally, social networks can make it easier to keep in touch with contacts around the world." (Wikipedia) Organizations of all orientations have already moved to take advantage of the cost savings, productivity boosts and benefits afforded by the ability to hold Global on-line recruiting events (KPMG), education and training events, whole conferences and outreach sessions and even business based networking, on-line.

In his article, "Social networking sites help companies boost productivity" Jon Swartz asserts, "Social networking is going corporate. The popular technology used by millions of people to share ideas and photos on MySpace, Facebook, LinkedIn and others is catching on at companies to improve productivity and communication among workers." Private, internal social networks make sense as companies grapple with a slumping economy that has made travel cost-prohibitive even as workforces are spread out as never before, tech analysts say.(USA Today)

With concerns about the global economy, the environment and energy costs; the survival and success of organizations will undoubtedly be affected by the impact of social networking websites as they exist now and how they will develop in the future.