

ISSUES REGARDING SOCIAL MEDIA AND COMPANY USAGE

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ABSTRACT

Many employees use social media to communicate daily with others inside the company and with those outside the company. Their usage has raised many concerns for the employer. This paper discusses this growing trend and its benefits and risks to the company.

INTRODUCTION

Social media are fast becoming a part of the corporate landscape, literally transforming the traditional business world. These media include six major areas, namely social networking, blogs, podcasts, message boards, wikis, and online videos (Barnes & Mattson, 2008). Broad spectrums of industries from banking to manufacturing to high tech are creating internal networks, protected by firewalls, to connect employees and to allow them to create their own profiles. This networking fosters collaboration across divisions and leads to increased innovation (Brandel, 2008). Additionally, use of external social media is also accelerating, especially for marketing and sales purposes. Examples of common sites for this activity include MySpace, Face Book, and LinkedIn.

This paper addresses social media in general, identifies the benefits and risks of their use, and discusses some issues that companies may find helpful to minimize their legal exposure in allowing social media utilization in the workplace.

BACKGROUND

Social media are increasingly becoming at the heart of employee communication in this growing age of technology. According to one study, 60% of Americans interact through social media and of these, a whopping 93% want companies to be visible on social media sites. Also of this 60% of social media users, a majority (59%) already interact with companies regularly through social media. Furthermore, 85% of these users think that companies should utilize social media for interaction with customers. And interestingly 56% of users perceive that they are getting better customer service and have a stronger connection through this social media interaction with companies. Also, men are almost twice as likely to interact frequently through social media to companies than women are (Larrumbide, 2008).

Barnes and Mattson (2008) performed the first longitudinal study about corporate use of social media. Their population was the fastest growing INC 500 companies in the United States private sector. Results indicated that 77% of the INC 500 companies utilized at least some type of social media tool. The most popular form was social networking at 49% usage in 2008, up from 27% in 2007. When asked in 2007 about the importance of social media to their business and marketing strategy, 26% responded "very important." One year later that figure had risen to 44%, a healthy 18% increase (Barnes & Mattson, 2008).

The business model for social networks is different from the traditional business model where customers and suppliers are two separate agents. Because of the very nature of a social network, users perform both roles, that of supplier and that of consumer of content. For free social network sites, revenue is usually generated through advertisements (Jesdanun, 2008). Member subscriptions are another source to provide some sites with revenue. Some suggest that as a social network grows larger and larger, it may attract spammers and other less desirable intruders (Lundquist, 2008). Nonetheless, the social network business model is thriving.

In today's turbulent environment, corporations are searching for ways to use social networking to enhance business operations. Internal social networking has been expanded to foster collaboration and communication among company employees. For example, Hot Topic, a 690 store retail chain, is launching an internal social site for employees to use to share ideas and data (Swartz, 2008).

Social networking by companies in Europe has been documented also. Specifically, 65% of employees in Europe report that their everyday work life includes social networking. In contrast to the United States, more large companies than small and medium enterprises (SMEs) in Europe use social media tools. Large companies focus on internal social networks while SMEs use more external social networking tools. In general, two-thirds of employees in Europe feel that their companies are more transparent and more open because of the adoption of social networks. By country, Germany has the highest adoption rate and Great Britain the lowest (Taylor, 2008).

BENEFITS

The benefits of social networking are just beginning to be recognized with more to emerge as new applications are found. Companies constantly look for improvements in their business operations, and social networks have gained their attention especially as the economy began to falter more drastically over the last years. Internal social networks surfaced as a way to increase communication and to improve productivity particularly as travel amongst employees for collaboration became increasingly cost prohibitive. Thus, utilizing social networks has the potential to be a cost saver rather than a time waster (Lundquist, 2008).

Greater innovation was also fostered by collaboration across divisions within a company. Employees began to use social networks to discuss business issues, and they generated solutions that had a business impact. Deloitte, IBM, and Best Buy are three companies that have successfully used internal social networks to enhance and transform their respective businesses (Brandel, 2008).

Healthcare professionals are now adopting social networks to disseminate and manage medical knowledge. For example, the social network site, Sermo, is used to bring doctors together to discuss patient cases peer to peer and to share universally their collective medical knowledge. Sermo is considered a dedicated site for healthcare professionals. To be listed as a member, the physician must be matched for identity against a list from the respective state licensing board. This validation is, of course, done rather instantly because of the online availability of this licensing information (Luo, 2007).

Small businesses benefit from using social networks in several ways. They can ask questions, seek advice, and gain valuable business contacts. For example, an online lingerie company visited a social network site to locate a reputable search engine optimization firm. Almost two dozen suggestions came within 24 hours. Specifically, the small business owner benefited by others sharing their experiences with optimization companies. Forming social networks provides an instant peer group for small businesses that traditionally do not have such support (Schwartz, 2008).

Other benefits of social networks include recruitment and career networking. The first area is on the employer side and the second more on the employee side. Thus, both contribute in a positive way (Sachoff, 2007).

In Europe, 74% of employees feel that social networks have benefits. The eight items that were reported as benefits include the following: 1) knowledge base of employee increased (38%); 2) availability of problem solutions (38%); 3) capture collective knowledge over the supply chain (36%); 4) increase of internal collaboration and stimulation of team building (32%); 5) better creativity (31%); 6) better cross functional team formation and interaction (29%); 7) timely access to all key persons needed (26%); and 8) innovation motivation (24%) (Taylor, 2008). These are clearly benefits that have documentation and so cannot be easily dismissed.

RISKS

The risks of social networks are certainly of concern to and at the same time a challenge for the employer. The main concerns of employers are centered around security, productivity, and bandwidth capacity (Sachoff, 2007).

Security encompasses several areas. Exposure to worms, spyware, and viruses are common malware hazards, especially since social networks have few restrictions regarding links and content. Leaking of corporate secrets and disclosing of personal information are two more risks. And, the potential legal liability of a United States employer for acts like harassment or slander by its employees is another concern that could have costly consequences for the company (Perkins, 2008).

Decline in employee productivity is possible without monitoring and/or company policies to rein in social network usage for personal reasons. In fact, a limit on business use of social networks is prudent to ensure that an employee's time is used efficiently and effectively (Perkins, 2008).

Large files such as pictures, music, or videos can affect bandwidth. If too many are downloaded and stored, the employer's infrastructure can be crippled. So limits on personal downloads should be addressed by the employer (Perkins, 2008). Even further, employees need education about file size to avoid business download problems with bandwidth.

Another emerging area of concern is the online reputation of a company. Postings on social media about product defects or the ranting of a disgruntle customer can negatively affect the company's reputation (Hoffman, 2008). It only takes seconds for a negative blog, a negative podcast, or unfavorable chatter on a social network site to cause substantial damage to the reputation of the company. Continual monitoring and assessment of social media are important to be proactive in managing today's company reputation.

In a European study, 79% of employees linked social networks with a negative. The two main negatives that were identified are as follows: 1) Employee distraction (49%) and 2) Confidential information leaks by the company (45%). Regarding return on investment (ROI) of internal social networks, 24% of employees were not sure this measurement was even possible (Taylor, 2008).

LEGAL CONCERNS

Use of social media can have legal consequences for a company. Corporate blogs can increase or decrease a company's liability depending upon how they are used. The following are a few examples to consider.

Statements that have potential to invade privacy of others need to be avoided. Also, the company should always scan posted statements to eliminate any content that could be considered defamation of character regarding a person or business. Using words like "alleged" or "may" could lessen company risk (Savell, 2007).

Blogs can be seen as advertisements. As such, all laws applicable to advertising, to consumer protection, and to unfair competition rules would then apply. Brand names and trademarks used in social media are other related areas of potential concern (Savell, 2007).

In general, employers are responsible for blogging that employees do within the scope of their job. The company for its protection should establish corporate policies regarding this area. In fact, legal counsel would be prudent to be proactive in reducing liability (Savell, 2007).

Providing external links and allowing third parties to post or comment on a company blog can result in corporate liability. Prudently the company should notify those who post that they, simply by posting, are attesting to their right to the content of the posting they make. This can lessen the company liability but not remove the possibility of being sued for plagiarized content. Also immediate removal of the plagiarized content if posted can give the company some lessening of liability although again not complete protection from responsibility. Statements denying responsibility for content or products on sites to which the company links are essential. Having a "terms of use" section and properly worded disclaimers on social media sites also help minimize legal exposure (Savell, 2007). Finally, given the complex nature of this type of liability, retention of legal counsel may again be prudent.

In view of these legal concerns and more, the web security firm, ScanSafe, reports that one third of companies block employee access to social networking sites. In only one year this figure had risen 17% from the previous year (Sachoff, 2007). In a study by Forrester consulting, it was reported that 58.4% of the interviewed large firms had a policy against social network usage at work (Abeidoh, 2007). These percentages reinforce the increasing concerns of employers in this legal area.

CONCLUSION

Use of social media has benefits and risks for a company. Given this age of technology, a company cannot ignore either. The goal, of course, is to gain the benefits while minimizing the risks. To do this, a company must become thoroughly informed about social media. Then assessment as to whether use of a certain social media outlet will benefit the company can be made. After that decision, company policies and regulations for employee use of social media help to minimize the potential risks. Managing issues relating to social media are in the future of all companies, large and small, if not in the present.

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