

# Chapter 10

## The Role of Social Networking in Global Business Environments

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### ABSTRACT

*This chapter introduces the role of social networking in global business environments, thus explaining the overview of social networking, the significance of social networking, the challenges of social networking in global business environments, the interaction on Social Networking Sites (SNSs), and leadership impacts arising from social networking. Social networking technology can facilitate the improved organizational productivity by enhancing the communication and collaboration of employees, which aids knowledge transfer and consequently makes organizations more effective. Leaders of global businesses should provide training through general education courses and lifelong learning and provide the necessary Information and Communication Technology (ICT) skills for all employees to enhance their knowledge to deal with these new technologies in the social media age. Understanding the role of social networking will significantly enhance the organizational performance and achieve business goals in global business environments.*

### INTRODUCTION

Over the past few years, social networking sites (SNSs) have been more popular than any other sites, especially among students and young population in modern business and society. SNSs allow individuals to be visible to others and establish connections with others. These sites can be used for work-related issues, personal issues, business

relationships, and shared interests such as music, arts, sports, or politics. Facebook, for example, allows its users to have online profiles so that the users can view each other's profiles and post comments on each other's Facebook pages. SNSs such as Facebook, Twitter, Flickr, and MySpace have attracted millions of users in the social media age from all around the world. Researchers and practitioners from different fields have investigated the

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use of these SNSs among many sectors of global businesses in order to understand the practices, implications, and importance of these sites.

Information channels are social networks within the organization and also are the mechanisms that connect them to the outside world (Monavvarian et al., 2013). The technological advances and the increased use of the internet in recent years have led to a communication revolution (Massari, 2010; Moqbel, 2012). This communication revolution as well as the more technologically empowered lifestyle of the individual users has changed the way people communicate and connect with each other (Coyle & Vaughn, 2008). Kietzmann et al. (2011) have focused on the users' attention toward social media delivered by mobile and web-based technologies, which create interactive platforms (i.e., Facebook, LinkedIn, Ingram, Orkut, Twitter, and Quora). Social networks are created in a global business environment that greatly favors users' participation, thus allowing them to add content, and which encourages collaboration and cooperation for achieving an effective learning; given that organizational education is achieved through mental models, knowledge and the shared perspectives founded upon accumulated knowledge and past experiences included as part of the social network report (Lindblom & Tikkanen, 2010). The management of social networks is intrinsic to the leadership role but reviews of the social network literature frequently point out that little empirical work has been done on leadership and social networks (Brass et al., 2004). This chapter introduces the role of social networking in global business environments, thus explaining the overview of social networking, the significance of social networking, the challenges of social networking in global business environments, the interaction on social networking sites (SNSs), and leadership impacts arising from social networking.

## **BACKGROUND**

Social networks are valuable resources since they facilitate economic activity, allow entrepreneurs to be more efficient and access exclusive business opportunities and improve innovation (Alpkan et al., 2010; Cambra-Fierro et al., 2011; Goktan & Miles, 2011; Hotho & Champion, 2011; Rowley et al., 2011; Zhang & Duan, 2010). In addition, the establishment of social networks with other companies also enhances organizational performance (Andersen, 2011; Appelbaum et al., 2011) as well as the creation of network alliances to share information, and provide a low level of redundancy and conflict (Chao, 2011; Seborá & Theerapatvong, 2010). Entrepreneurs in social networks with a high loyalty level among members are able to reduce entrepreneurial risks, specifically in those environments with high uncertainty levels. De Carolis and Saporito (2006) suggested that entrepreneurial behavior is catalyzed with interaction between the social network and some alternative factors.

Although technology has facilitated more distributed ways of working, it can facilitate the human requirements that are essential for distributed ways of working to succeed (Bennett et al., 2010). Bell et al. (2008) stated that managing a dispersed workforce is dependent on creating the spirit and team work necessary for organizations to continue to generate new ideas. The remote workers who are generally absent from the office for long periods of time, it becomes increasingly difficult to immerse oneself in organizational culture (Bennett et al., 2010). SNSs provide opportunities for both formal and informal interaction and collaboration with employees and customers which aids knowledge transfer and communication (Bennett et al., 2010). SNSs also have various informal applications and games that employees of the same organization

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