Chapter 7
Enterprise 2.0 Impact on Company Performance in Developing Countries

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ABSTRACT

This chapter draws on findings from a unique global survey to analyze how Enterprise 2.0 has been adopted in developing economies and how much it contributes to individual company performance. Two results stand out. While the use of social technologies by companies is gaining momentum, adoption remains patchy and still lags in developed countries. Nevertheless, clear evidence exists that Enterprise 2.0 in developing countries, when used at scale, lifts company performance, especially when integrated into workflows and when companies redefine their processes and operating models through social technologies.

INTRODUCTION

Enterprise 2.0, the usage of Social Software in the enterprise, is a big chance (Koch, 2008)

To many people, the fact that three days after thousands of people demonstrated in the streets of Egypt to topple his regime, Hosny Mubarak took the unprecedented

step of shutting off the Internet is a testimony to the power of the Web as well as to the vast social capabilities of Web 2.0 technologies.

However, while Facebook and Twitter reach hundreds of millions of users, their incursion into the corporate sphere (often dubbed "Enterprise 2.0") is not as far-reaching as in the consumer space. In any case, their precise recipe for successful impact on organizational performance is poorly documented (see Kosalge & Tole, 2010). This chapter is an attempt to provide a statistically robust perspective as to how the set of Enterprise 2.0 technologies has so far been deployed and under what conditions they have or have not been able to improve the performance of companies in developing versus developed countries.

The chapter is structured as follows. After some literature background on Enterprise 2.0, it presents the methodology and sample of companies' use and leverage of Enterprise 2.0. Five important stylized facts emerging from the data are then discussed, confirming early conjectures in the literature, but also highlighting a lag in diffusion (and by implication, impact of Web 2.0 performance) among companies in developing versus developed countries. Finally, the inter-company differences in performance impact from Enterprise 2.0 are assessed via regression analysis; the latter confirms the importance of the scale of diffusion of social technologies in the enterprise as well as the integration of social technologies in workflows in driving performance impact. The concluding section synthesizes the crucial findings of a link between social technologies and organization performance—however, the magnitude of the effect remains on average small in developing countries. At current, only a small fringe of 5% of companies is already mastering the implementation and scale of Enterprise 2.0. This chapter calls for those to be taken as an important benchmark to be copied, if one wishes to observe a significant effect of Web 2.0 on organizations in developing countries.

BACKGROUND

Social Web-based technologies, from wikis and Wikipedia, from social networks and Facebook, to micro-blogging and Twitter, or video sharing such as YouTube, have all become mainstream in the consumer sphere, welcoming hundreds of millions of users worldwide.

While pervasive on the consumer side, these social technologies seem to have been much less successful in invading the enterprise sphere (Koushik, et al., 2009; Google, 2012). This is rather puzzling as one can easily imagine how crucial these technologies could be when used to improve company performance.

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