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### GROWTH OF SMALL BUSINESSES IN INDIA THROUGH IMPACT OF SOCIAL MEDIA

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#### ABSTRACT

In the current era business growth and social media network goes hand in hand. Social media networking has taken a strong edge in the business development in corporate world. However the use of social media is influencing small businesses from past few decades and gradually becoming the key success factor for the growth of small businesses as well. Therefore impact of social media is relevant to the revolutionary change in business growth of every sector such as starts ups , small business or the large organizations .The influencing effects of social media can be seen in the various segments of business such as hiring concept , promoting the business , marketing strategy or customer relations . This change was foreseen in global context. However the purpose of this research is to understand the concept of social media , the growth factors of small organizations , impact of social media in India and to understand the correlation which exists between the information systems and management sectors such as social networking for business growth .Moreover the concepts of social media involvement are highlighted in the success stories of developed countries but the approach taken by developing countries such as India for the massive development is not unnoticeable. The approach used, to illustrate and understand the concept of social media in the small business growth is based on qualitative analysis which demonstrates the various aspects of social media and its influential features for small businesses.

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*"Be planned about your content strategy. It shouldn't be a series of random updates. Plan your updates and figure out how they resonate in the context of your product and value proposition."*

- Sachin Rao, country SMB (small and medium businesses) manager, Face book India

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#### I. INTRODUCTION

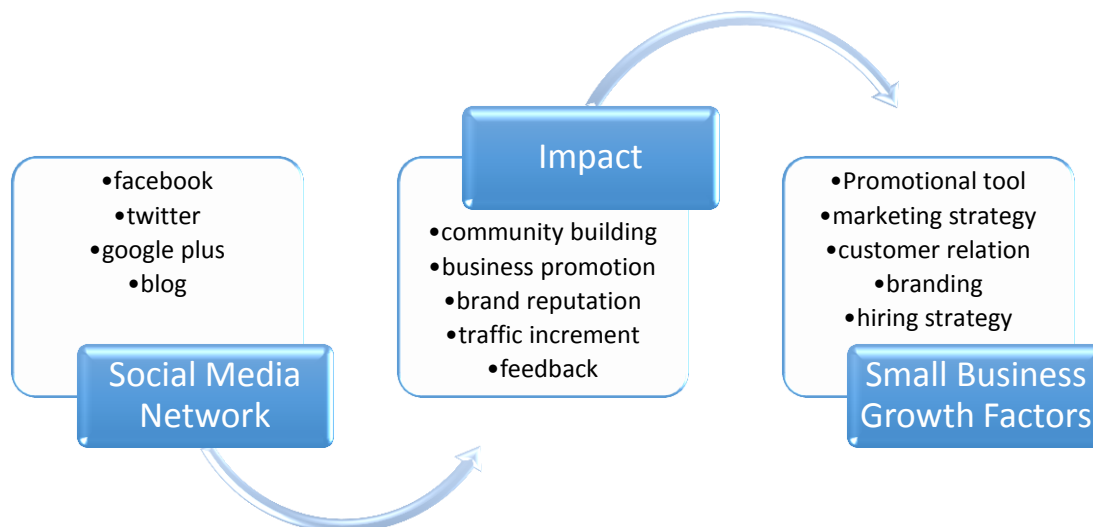
Social media is gaining popularity and getting exponential increase in the number of users every year. India being the young country consisting of major population as youth has shown the maximum growth in following years. Face book has shown an increase of 54 percent year-on-year, and identified India as a key source of Growth. Other social networking sites such as Twitter are also gaining foothold with more than 20 million users. The impulsive increase in smart phones in India has also shared hands with social media network development. As per peer reach report face book has 31 million active daily users in India on mobile devices. However the social network means using platforms such as face book, twitter, Google plus as major sources whereas pinterest, instagram have low shadow in India. Therefore to understand the concept of social media Brzozowski et al.(2009) explains it as "unlike email which must be targeted to specific recipients or distribution lists , social media provide as free broadcast platform , allowing authors to circumvent traditionally organizational hierarchies and connect with geographically or organizationally distant readers" . Therefore the rapid increase in the use of social media network has attracted small businesses to incorporate the concept for the business enhancement.



McKinsey in the quarterly report in November 2013 illustrated that in the previous era commercial television took 13 years to reach out to million households however on the other hand internet service took 3 years to reach out to million subscribers. However face book had 50 million users in a year and twitter in nine months. Thus the rapid growth of social media cannot be ignored and becomes the closest ally for the small enterprisers.

Ever since social media came in existence, it is considered beneficially in regards to the marketing and networking purposes however there are various areas of interesting factors such as information gathering and resources which can be beneficial for small businesses and the entrepreneurs. The attraction gained by social media for small business is the cheaper promotional option as they have less for such budgets and need to grab the maximum out of it. However the effect of social media is considered positive, there are few areas of concern such as privacy issues and technology literacy. Karkkainen (2010) provided the statistics of 15% working class people use social network in their work however this includes the usage other than the work context .Thus the coordination among working class and social media is low and uncommon in general prospect . This was illustrated in Social Media Marketing Industry report that face book marketing was 37 % effective in the affirmative Including 44% for (B<sub>2</sub>C) business to customer marketers and 29% for (B<sub>2</sub>B) business to business counterparts. Thus clearly explains that marketing through social network is still not sufficient for massive marketers.

Therefore the research paper further consist of the social media networking concepts in India and the growth factors of small business as separately . Through qualitative analysis the concept of connection of information systems with management approach is illustrated further. The concept of links and ties is of great importance in regards to the concept of social media in entrepreneurs segment, which will also be covered in further study. Gulati(1998) states that the social networks and embedded connection of links and ties are considered as the basic decision factors of the entrepreneurs .





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### II. NEED OF SOCIAL MEDIA

There are various factors which effect in the upliftment of businesses. When dealing with small scale sector it is important to understand the best possible solution with least cost value associated with it. Therefore keeping in mind such considerations, there are five major aspects – 1) community building 2) promotion of business 3) brand reputation 4) traffic increment and 5) feedback. Karthik Srinivasan, social media national head, Ogilvy, says, "The idea is that when we portray something through social media, it should be a person trying to communicate to another. Even when it is a planned reach, such as on Facebook, it is usually at a community level. At that point, the person brings his unique personality to the post. This humanises the brand." Promoting your business is another important aspect by providing discount schemes, such as '10% discount if bring this tweet along'. The brand is generated and its reputation in the market is judged through social interactions .Thus helps to grow, improve or expand the small businesses. While dealing with service based business such as software services, consultants, and tax agents and soon, maximum interaction with customer is important and through social media it can be achieved easily and less costing is involved .More global the traffic is, more clients can be achieved. Feedback is the utmost important aspect of social networking sites and understanding there feedbacks is also very useful for your own product launching .It can be further used for the client satisfaction, improvement or to built marketing strategy. However even before starting your own venture, feedback of similar products helps to examine customers and market expectations. Therefore social media is social segment thus helps the most in such aspects. Thus collaborating social media with business strategy helps in further development but it needs to be focused based on business objective. Adhvith Dhuddu, founder, AliveNow, a Bangalore based social media agency, says, "The social media strategy of a company should be based upon its objective. The objective can be building an online community, lead generation, increasing store walk-ins or website traffic, data collection, revenue generation online, providing product information to customers or building a platform to service customers.

### III. OBJECTIVE OF THE STUDY

The objective of this paper is to understand the concept of social media and social media network in context to India market and its impact on the growth of small businesses. This consist of

- To understand the growth factors of small businesses in India.
- Accessing social media and social media network growth in India.
- To understand the impact of social media in the growth of business
- Understanding the correlation between the information systems and management sector.

### IV. METHODOLOGY ADOPTED FOR THE STUDY

The approach used for the study is qualitative analysis which consists of secondary data gathered from various research papers, research articles, books, journals and websites to study.



## **V. SCOPE OF THE STUDY**

The scope of the study is to analyse the impact of social media and social media network such as face book, twitter, Google plus and soon and its involvement in the small sector business growth of India.

## **VI. LITERATURE REVIEW**

### **A. SOCIAL MEDIA – FACE BOOK AND RELATED SITES CONCEPTS**

Social media is considered as the customer oriented and customer generated media which has changed the tools and techniques of communication dramatically. However face book , twitter and soon are top in ladder but due to some issues such as privacy, networking online and offline and friendly relations, micro blogging is preferred more than such applications. .The concept difference for face book and micro blogging is explained by Blake, Agarwal, Wigand and Wood (2010) that face book is relation based, for instance A is friend with B then it can communicate further however in blogging A can follow B without mandatory link between two . Dimicco (2008) states that “our analysis of user behaviour and interviews presents the case that professional use internal social networking to build stronger bonds with their weak ties and to reach out to employees they do not know”. However contradicted to this Ellison, Boyd and Nikolson (2011) investigate use of face book among college users as main reason of social network site use.

However it is established as fact that social media is used to connect to the weak ties and have strong relations , used mainly to connect to people they already know and spend most time in connecting with them , rather creating new contacts . Kaplan and Haenlien(2010) on the other hand, SNS can be used with different set of users such as LinkedIn in which networking is not the only use moreover sales, hiring people and providing and gathering professional information . As per Joinson, (2008) the seven main gratifications are social connection, shared identities, content, social network surfing, status updating and shared identities are the ones to motivate people to use social media in their life . The concept of social media is based on the relationship established between the business and weak or strong ties. For instance the business pages in face book after considering the privacy issues are designed in such a manner that a customer can like the page and interact further whereas it is not mandatory for business to reply further. As per Boyd & Ellison (2008) the word “friends” can be misleading as the reason of liking pages on face book are different. Few users like business pages of their interest to get the relevant information, updates and deals. However few competitors may like the pages to get relevant news and information of regular postings.

### **B. ENTREPRENEURS – IMPORTANCE OF TIES, ACTORS AND LINKS IN SOCIAL MEDIA**

The concept of links and ties is of great importance in regards to the concept of social media in entrepreneurs segment. However according to Minniti(2005) networks can be defined as “sets of ties linking several actors” . Jack (2010) if considering small business segment links and ties are not just considered as relationships or mode of communication however they are also used as mechanism to enhance the flow of information and the mode to draw resources while considering social context. Bruderl and Preisendorfer(1998); Tom and Willem(2003); Zhao and Aram(1995) it is taken out as a result to various studies done on business development that survival

of a firm is mainly dependent on the business runners' capability to network which is the crucial part for a start-up or development of the business.

Considering the importance of ties of social media interaction in business, it is also important to understand the strength of the ties. The weakness or strength is measured in the terms of frequency of interaction. Granovetter (1973) advised a strong tie is considered the one which is contacted at least twice a week. However it is researched that strong ties are more beneficial in business than weak ties on the basis of numerous benefits as not expensive as known source more detailed and reliable tie. However Jack (2005) argument that weak ties which are considered as not contacted daily, can be due to field specific contact as tax consultant etc. In broader view it can be considered that business need social media ties whether weak or strong ties for the success and enhancement of the business as they provide diverse and broad platform to work around.

## VII. SOCIAL MEDIA AND ITS BUSINESS USE

The Table illustrate the various uses of social media for the business growth till April 2014.

<b>Social Media for Business Growth</b>	<b>Statistics till April 2014</b>
Face book	65 percent of recruiters use to vet candidates
Google plus	On average, top brands have more fans on Google+ than on YouTube, Pinterest, and Instagram combined
Instagram	the engagement rate for top brands was at 5.38 percent
LinkedIn	3.5 million active Company Pages
LinkedIn	24,000 School Pages
LinkedIn	94 percent of recruiters use to vet candidates and 300,000 jobs available
Twitter	Business awareness (79.4 percent) Drive traffic to their digital properties (58 percent) engage with existing customers (55 percent), and find new leads (51.9 percent)
Twitter	People follow brands to get freebies (33 percent), share feedback (27 percent), learn about product or service (44 percent), and take part in competitions (38 percent).
Twitter	55 percent of recruiters use to vet candidates

## VIII. RECOMMENDATIONS

In order to increase the use of social media and social network for the business development and growth it is recommended to increase the use of internet and technology literacy in India in various business sectors such as manufacturing industry , wholesale industry and

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soon . The benefits of technological involvement for business growth are more, comparatively, therefore increased awareness will help India market to flourish rapidly with minimum expense done. The growth will further help to precede this approach towards rural businesses and family driven businesses to motivate them help them to expand. This will enrich the Indian market in global platform and let India showcase the potential on a bigger stage.

## IX. CONCLUSION

Since the social media and its use are rapidly growing in India for the growth of small sector businesses, it has become a key factor for the major development and expansion tool of the enterprises. The use of various social media networks such as twitter, face book or Google plus have various proceedings such as recruitment of the right candidate, brand promotion or customer interaction. Thus it is clearly examined that the further enhancing usage of internet in India will lead to more dependency towards social media in business success paradigm.

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