

SOCIAL MEDIA PLATFORMS AND ROMANIAN SMEs. AN INNOVATION PERSPECTIVE.

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Abstract

Innovation can take a lot of forms in firms. Large companies are more willing to innovate due to a higher potential than SMEs. In social media, SMEs have equal chances to make a difference. In this paper I aim to present a social media overview, emphasizing the benefits and characteristics of these platforms and the way they can represent a huge innovation for SMEs and in the second part to discuss the case of Romania in relation with social media from the perspective of innovation.

Key words: social media, innovation, small medium enterprises, business development

JEL classification: M30, O32.

1. Introduction

The digital age has forced businesses to rethink the way they do business. If a few years ago, adopting social media was an option, today should be part of the strategy. Philpot (2013) states that in the past few years, a new generation of social Internet-based IT applications commonly referred to as social media have emerged (Jones, 2008; O'Reilly, 2005; Veeramachaneni, 2009).

2. Social media overview

The Universal McCann report (2008) refers to social media as “online applications, platforms and media which aim to facilitate interaction, collaboration, and the sharing of content” (p. 10). Andreas Kaplan and Michael Haenlein (2010) define social media as “a group of internet based applications that build on the ideological and technological

foundations of Web 2.0, which allows the creation and exchange of social media content. Zarrella (2010) offers a basic definition that brings clarity to the term:

Social media consists of online technologies that facilitate the creation and distribution of content. Concise and simple, this definition lays the foundation for a proper understanding of additional facets of social media (Perdue, 2010). Social media involves a natural genuine conversation between people about things of mutual interest, a conversation built on the thoughts and experience of the participants. It is about sharing information and arriving at a collective point often for the purpose of making a better or more informed choice. (Evans, 2008:31).

These social applications empower users to easily create and share content from a plethora of portable, wireless, and traditional web access platforms (Füller, Mühlbacher, Matzler, & Jawecki, 2009; Parameswaran & Whinston, 2007). Tidd and Bessant (2009) defined innovation as — driven by the ability to see connections, to spot opportunities, and to take advantage of theml (p. 3).

Research has shown that employees’ social interactions are positively related to an organization’s ability to innovate (Molian-Morales & Martinez-Fernandez, 2010). Hence, technologies that facilitate social interactions and emerging innovation networks may have a positive impact on organizational

innovation (Lindmark, 2009; Matson & Prusak, 2010). The types of social media have been developed by many authors but In this paper I consider relevant the perspective of Safko who splits social media platforms in 15 categories presented in Figure 1.

Figure No. 1. The types of social media



Another point of view belongs to Lehtimaki et al. (2009) who see social media spited in 5 types: blogs, social networks, communities, virtual worlds and content aggregators. The authors consider that the tools offer new ways for brand building and customer relationship management and improving product development activities. Benefits related to different web 2.0 tools are summarized in Table No.1

Table No. 1. Benefits of Web 2.0 tools

	Blogs, podcasts	Social networks	Communities	Content aggregators	Virtual worlds
Information about the company, new products and latest events	X	X	X	X	X
Brand building	X	X	X	X	X
Lead generation	X	X	X		
Research and development	X		X		X
Strengthening customer relationships	X	X	X		X

Social media has the following characteristics:

- Encompasses wide variety of content formats including text, video, photographs, audio, PDF and PowerPoint. (Social content is a by-product of creating content with your community.)
- Allows interactions to cross one or more platforms through social sharing, email and feeds.
- Involves different levels of engagement by participants who can create, comment or lurk on social media networks.
- Facilitates enhanced speed and breadth of information dissemination.
- Provides for one-to-one, one-to-many and many-to-many communications.
- Enables communication to take place in real time or asynchronously over time.

- Is device indifferent. It can take place via a computer (including laptops and netbooks), tablets (including iPads, iTouch and others) and mobile phones (particularly smartphones).
- Extends engagement by creating real-time online events, extending online interactions offline, or augmenting live events online (Cohen, 2011).

Bakeman (2012) believes if firms don't manage their own online presence in social media then the customers are doing it for them. The actions of not having a controlled and interactive social media presence could be detrimental to your business. Business owners whom don't create a social media presence often have the consumer create it for them and then the entrepreneur or manager has absolutely no control of the situation

In the previous decade, organizations have been working by cutting edge levels of data and correspondence. Technology innovations define new methods for communication and socializing. Technology is primarily adopted as a means to decrease the communication barriers. Innovative technology has become an enabler of a new era of communication with a huge impact on business, thus creating new means of interactions and introduced us to a new socializing median called social media (Mohammad, 2014, Pfeiffer & Zinnbauer, 2010). Hubavenska (2015) communicated on behalf of European Commission that social media not only changed the way we interact in our personal relations but also the way how companies position themselves towards their customers. Tools like Facebook or Twitter are easy to use and allow people to share information, discuss a wide range of issues and build relationships. Forward thinking organisations are online: the use of social media and other online platforms has led to factual improvement on different levels that range from market research to the use of costumers' feedback as a source for innovation. The possibility to listen first hand to customer feedback on social media can help a business grow, improve profits and bring in new ideas:

- Orchestration is key: Even though social media channels like Facebook, Twitter and Instagram are widely used in Europe and overseas, its potential to drive innovation is still largely unexplored. Integrating the innovation strategic goals into the communications strategy of your company and orchestrating both processes together will give, opportunities to improve and further develop the products and/or services you are promoting and invite the user to co-create. Innovation paradigms are now changing and social media is increasingly important enabling wider outreach and participation even from unknown people/communities. Without social media one could not target those unexpected effects that well, nor create the masses.

- Win-Win situation: Some traditional product innovation methods, like focus groups, are time consuming and can be substituted by social media. A study concluded that those using social media for product innovation are gaining business benefits, including more (and better) new product ideas, faster time to market, faster adoption, lower product costs and lower product development costs.

Consultants and academics alike have been touting social media as a resource for innovation and new product development — a vehicle for developing customer insights, accessing knowledge, cocreating ideas and concepts with users, and supporting new product launches. social media use does not automatically lead to improved performance in new product development. To achieve that, companies must develop a dedicated strategy that links social media to product development and to their corporate objectives. Managers need to question what they are trying to achieve. Are they seeking insights to develop novel concept ideas? Are they searching for technical information to enhance the company's technical problem-solving capabilities? Or do they want to enhance creativity by reaching out to users and customers and cocreating new ideas and concepts with them? (Roberts, 2016)

2. Romanian SMEs and innovation

Small and medium-sized enterprises (SMEs) are of necessity more specialized in their activities. This increases the importance of efficient interaction with other firms and public research institutions for R&D, exchange of knowledge and, potentially, for commercialization and marketing activities. Finance can be a determining factor for innovation in SMEs, which often lack internal funds to conduct innovation projects and have much more difficulty obtaining external funding than larger firms. Surveys can provide data on the degree to which financial constraints affect the ability of SMEs to innovate. Technology and knowledge flow across borders (Oslo Manual, 2005). Progress in information technology leads to revolutionary business explosions (Ostrom et al., 2015). In generic terms, innovation can be considered any novelty in terms of application by the firm but not necessarily new in its own right based on its creation date (Newby et al., 2014).

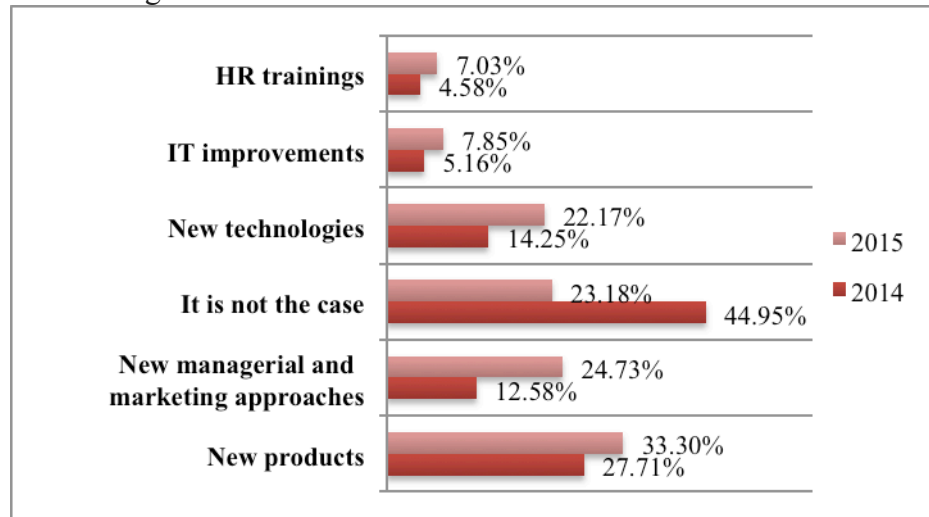
Abou-Shouk et al. (2012) think that SMEs, especially those in developing countries, are adopting technology harder, especially those related to e-commerce. Recently, however, new ways such as social media platforms are used by small businesses in developing countries and developed economies for a range of functions, including, but not limited to, marketing and customer relationship management. Romania today has an industrial structure formed by large privatized companies and a growing number of SMEs (Maticiuc, 2014)

Smart Bill and the Canopy analyzed the online presence of 1,000 Romanian firms (Coşman, 2016). The firms are promoted through: social media (66%), search engine optimization techniques (53%), e-mail marketing (38%), pay per click (PPC) campaigns (33%), affiliate marketing campaigns (13%), other promotion methods (10%). Asked about the motivation of the company's online shortage: there is no need for an online presence, business is still at the beginning, no internal resources (63%), lack of time (18%), site is in work (10%), I do not know how to start such a project (5%), lack of funds (4%). In a study by Perceptum (2016) the authors consider that Romanian entrepreneurs should take advantage of the tools made available by the internet. Additionally, adapting business web sites to mobile phones will be mandatory for those who want to recover lost land considering that in the last few years, the use of social media has grown spectacularly. The Minister of Economy (2014) elaborated a SWOT analysis regarding SMEs in Romania and one of the strengths presented was the existence of sectors with competitive potential in businesses.

The analysis by Nicolescu et al. (2016) was finalized by investigating 1096 firms - micro, small and medium-sized - from all sectors of activity, age categories and development regions on the basis of a questionnaire, a sample considered to be representative of the research objectives and The situation of the SME sector in Romania.

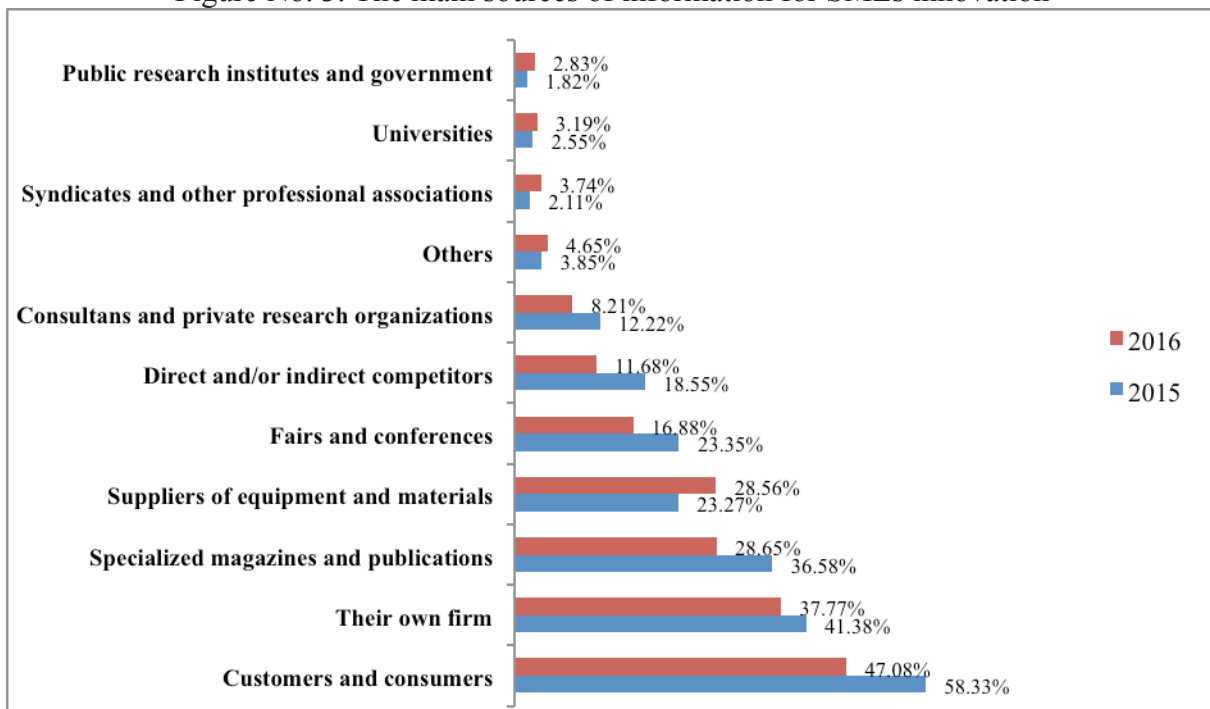
In order to form an overview of small and medium enterprises in Romania, the knowledge of the nature of the innovative activities carried out within them is of great importance. The research revealed that the innovation efforts of SMEs focused mainly on new products (33.30%), new management and marketing approaches (24.73%), new technologies (23.18%), The modernization of the computer system (7,85%) and the training of human resources (7,03%). We also highlight the fact that the lack of innovative approaches (23.18%) ranks third, as a percentage, in the nature of innovation activities in SMEs (Nicolescu, 2016) in Figure No.2.

Figure No. 2. The innovation efforts the SMEs focus on



The main sources of information for SME innovation processes are: customers and consumers (47.08%), their own organization (37.77%), specialized magazines and publications (28.65%), suppliers of equipment and materials (28.56%), exhibitions, fairs and conferences (16.88%), direct and / or indirect competitors (11.68%), consultants and private research organizations (8.21%), syndicates other professional associations (3.74%) universities (3.19%) and public research institutes and government (2.83%) in Figure No. 3.

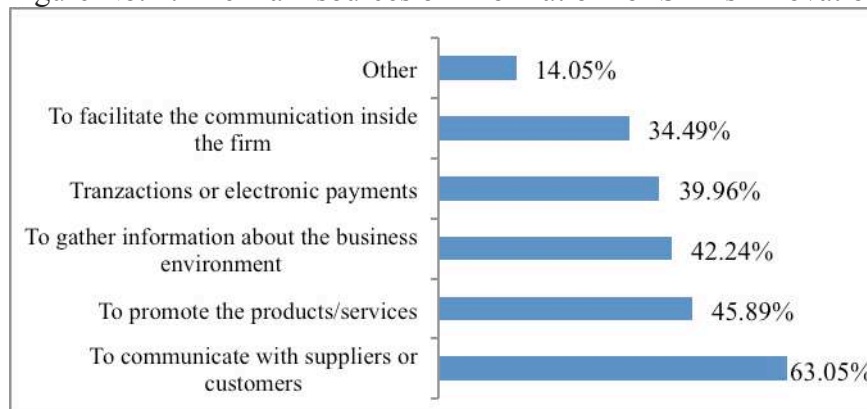
Figure No. 3. The main sources of information for SMEs innovation



Connecting to European Internet usage trends is particularly important for at least three reasons: (1) the potential to reduce costs and / or increase the quality of processes, (2) better communication with the internal and external environment of the organization (3) the potential to reduce indirect costs associated with bureaucracy.

The main areas of internet and / or intranet use are: communication with suppliers or customers (63.05%), promotion of products and services offered (45.89%), obtaining information about the business environment (42.24%), Transactions or payments (39.96%), communication inside of the firm (34.49%) and others (14.05%) in Figure No. 4.

Figure No. 4. The main sources of information for SMEs innovation



3. Conclusions:

Social media is one of the biggest innovations from our century. For SMEs it's a great opportunity to take advantage of these websites due to the fact that social media involves low costs for the firms. The size of the SMEs can be a beneficial to social media adoption because small businesses are more flexible and social media adoption doesn't require physical equipment or expensive resources besides a laptop connected to Internet.

In the case of Romania, as showed I above, there are attempts to digitalize the business world and offer the SMEs from Romania the chance to develop and improve their online activity. The majority of the Romanian SMEs use the internet to communicate with customers and supplier. Also, the main sources of information for them are the customers. In parallel, one of the major advantages of social media platforms is that brings closer the firms and the customers, so businesses can interact directly with the clients to receive feedback and to strengthen the relationship.

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