

The impact of social networking on business and business ethics

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Abstract. There is a constant rise in social networking and the impact of social networks penetrates into each kind of business. Social media are often used as a source of information and spread of knowledge changing people's views and opinions. They belong among very important business marketing tactics and help to create new business opportunities, develop a stronger market position or modify consumer's behaviour. The study deals with the issue of social networking and its influence on the business and society. It classifies social media and explores the possibilities of social networks communication in business. It investigates the relation of social networks and ethical business behaviour. It concentrates on ethical issues, threats and challenges in commercial social networking. It provides advice on ethical business behaviour on social networks and suggests the ways how to define a social media code of ethics at company's business. Using social media in the business ethically is becoming a competitive advantage and its impact will rise rapidly in the future. Companies with a well-established ethical social media code will have more chances to succeed in social networking competition.

Key words: social network, social media, marketing, business ethics, Facebook, privacy.

1. Introduction

The influence of modern media is infiltrating to all aspects of our life - both personal and professional. Web users can hardly avoid it either in a passive or an active form. There are Facebook likes, Google+ services, Twitter comments, YouTube videos, LinkedIn professional profiles, various blogs, podcasts and livestreams that attract our attention and make us interact with them. Government, communities, businesses and organizations also communicate through social media and use them to access their stakeholders. Social networks open new challenges and opportunities, but also threats and possibilities of abuse. We need to establish a system of protection of our personal data and privacy and ensure ethical behaviour in the social media.

2. Social media

Social media is the world phenomenon which is used by more than milliard people and serves as an interface for interactions with people, business and communication where people create, share, and exchange information and ideas. Social media is dependent on the Internet technology and establish interactive platforms which allow individual users or groups to create, modify and publish independently-generated content. Social networking sites, video-sharing sites, wikis, blogs and others have been developed on the base of Web 2.0 concepts and innovating media technologies. People around the world communicate and interact with each other, disseminate information, share interests and activities and use various web-based tools. There are several essential characteristics of social media as A. Mayfield (2008) states in his e-book "What is social media?"[8]:

Participation

Social media stimulates users to communicate, reply or give feedback for everybody who is connected to them.

Openness

Social media is usually an open system without hardly any barriers.

Conversation

It allows two-ways communication.

Community

It supports communities to make their communication effective.

Connectedness

It makes use of links, sites, people and resources.

2.1 Types of social media

Social media has been evolving since 1990s and they can be divided according to various features. Picture 2 shows the categorization according to functions of social media.

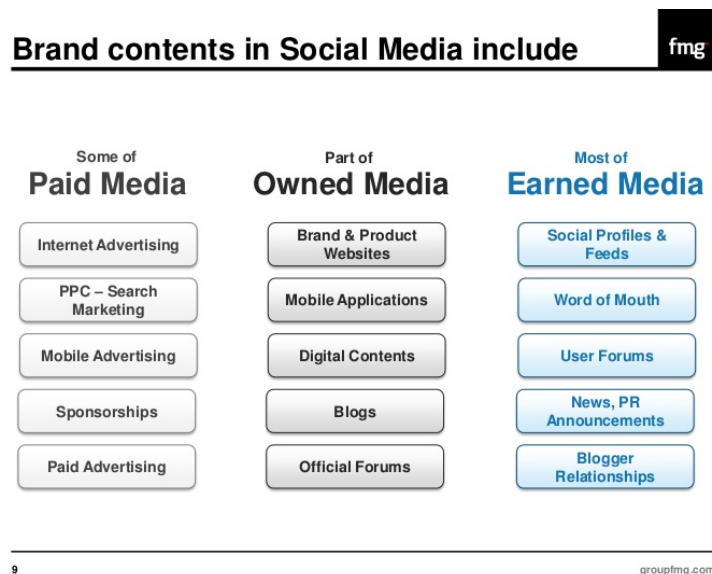


Picture 1 Categorisation of social network services (SNS). [2]

(Source: Mirna Bard(2010))

Companies can use various types and formats of social media to promote their products and services. Some of the social media services (SNS) are ‘Owned’ e.g. company’s website or paid e.g. Pay Per Click (PPC) marketing and the most value provide ‘Earned’ media that public or customers create such as Users Forums, News or Word of Mouth. Nielson research about trust in advertising in 2012 showed that consumers trust in ‘Earned’ media has increased as 92% customers over the world trust word of mouth or recommendations from friends or relatives above all other kinds of advertising [4].

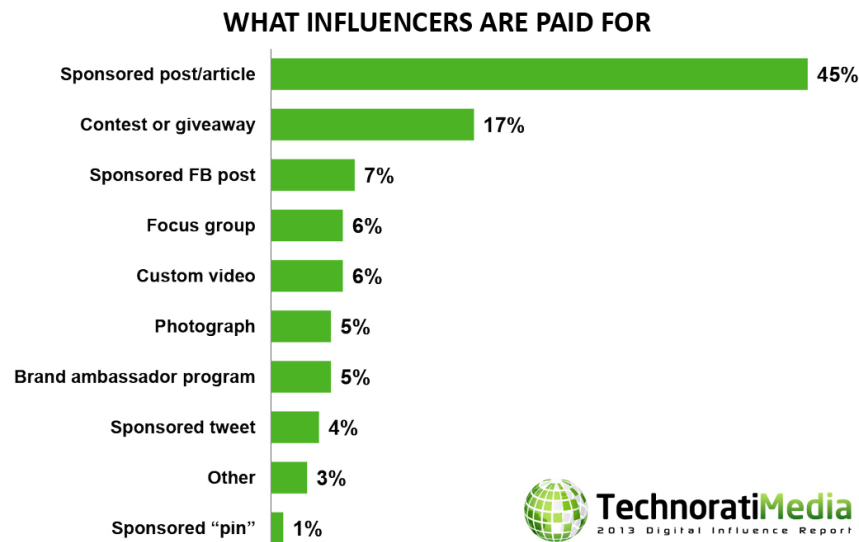
The following picture describes the variety of marketing tools on the social networks:



Picture 2 The diversification of Social media services. [4]

(Source: GroupFMG (2012))

Marketers or influencers try to make the most of the social networks and they use various social media tools. The most used paid practices are shown in the Picture 2:



Picture 3 The most preferred forms of paid services. [16]

(Source: Technoratimedia (2013))

3. Social media and business ethics

Ethics and social responsibility are essential for the successful performance of new media. As M. Eid and S. Ward state “they should go hand-in-hand with the freedom of new media and social network use”[19]. Social media has implications for society, culture, politics that can influence the general opinion and people’s behaviour. According to S. Vallor (2012) ethical topic areas centre around privacy questions, ethics of identity, the issue of “friendship” in social networking services, democracy in the public sphere and cybercrime.

3.1 Social networking and privacy

There are continuous debates how to define privacy and what kind of information should be protected. S. Vallor summarises some critical issues[18]:

1. “the potential availability of users' data to third parties for commercial, surveillance or data mining purposes,
2. the capacity of facial-recognition software to automatically identify persons in uploaded photos,
3. the ability of third-party applications to collect and publish user data without their permission or awareness,
4. the frequent use by SNS of automatic ‘opt-in’ privacy controls; the use of ‘cookies’ to track online user activities after they have left a SNS
5. the potential use of location-based social networking for stalking or other illicit monitoring of users' physical movements; the sharing of user information or patterns of activity with government entities,
6. the potential of SNS to encourage users to adopt voluntary but imprudent, ill-informed or unethical information sharing practices, either with respect to sharing their own personal data or sharing data related to other persons and entities.“

Some examples of privacy violation

Facebook users can be violated by scams which include cross-site scripting, “likejacking”, “survey scams” and identity theft.

Cross-site scripting also known as "Self-XSS" means that user receives a message as “Why are you tagged in this video?” or the “Facebook Dislike button” which takes them to the webpage which can make them cut and paste a malicious JavaScript code into their browser’s address bar.

Some innocuously looking questions, game options, leisure activities or topical events can help intruders reveal user's personal information since they are often used for passwords or challenge questions for signing-in and it may lead to *identity theft*.

Other possible way of tricking users is "*clickjacking*" or "*likejacking*," also known as "UI redressing" which tries to make user to reveal confidential information or takes control of their computer when clicking on seemingly harmless links or click buttons.

"*Survey scams*" are used to trick users to install an unwanted application from a spammed link. Scammers earn commission for each completed survey.

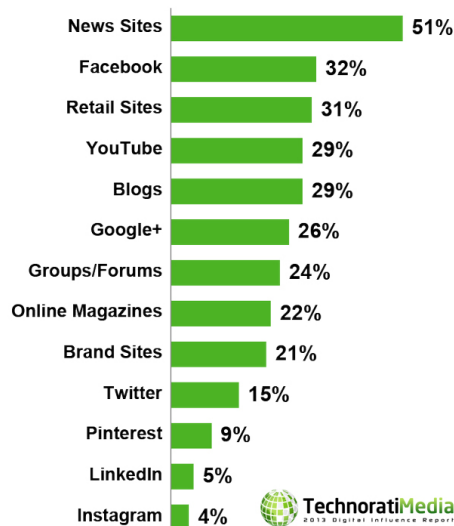
Shortened URLs are the biggest danger on Twitter as they can be used by scammers to redirect users to malicious sites.

Similarly as on Facebook there are also *Twitter scams* with various attractive questions or buttons with suspicious texts. It is necessary to be careful and avoid giving any personal information or email addresses which can be later used for phishing or spam. When the user clicks on a link and the new page asks for a Facebook or Twitter password it is recommended to leave the page immediately.

LinkedIn's biggest threat is data mining which leads to *spreadphishing attacks*. Spreadphishers use online directories to find sensitive data. There are also malicious LinkedIn invitation reminders that redirect the user to an installation of a Zbot malware.

Picture 3 shows which online services are the most trusted source of information on the Internet.

ONLINE SERVICES CONSUMERS MOST TRUST



Picture 4 Online services consumers most trust. [16]

(Source: Technoratimedia(2013))

3.2 The Ethics of Identity and Community on Social Networks

Z. Papacharissi (2011) introduced new phenomenon "Network Self" which means "present self in online network environments." Social networks enable users to create a member profile, connect to friends and make new interactions with other network users. Social networks provide users with tools for self-presentation e.g. adding photos, posting text, audios and other features. S. Vallor identifies social networks as "a new type of ethical space in which personal identities and communities, both 'real' and virtual, are constructed, presented, negotiated, managed and performed" [18]. The differences between real and virtual identity may raise various philosophical but also ethical questions. As M. Bakardjieva and G. Gaden (2011) declare the online identity of social network users is created according to categories established by social network developers and ranked or assessed by popularity which represents the "moral economy" of social network communities .

3.3 Friendship, Virtue and the Good Life

Social networks build various types of relational connections. Facebook, which started as a project for university community, connects the whole world now. LinkedIn links professionals with organisations. Twitter serves for communication of individuals. The everywhere known concept in all social networks is the concept of the “friend“. Virtual friendships lack face-to-face connection and real-world communication. There can be the fear of growing cultural tolerance for being “alone together” as S. Turkle suggested in 2011 and distract users from physical contacts with their real friends, family members, colleagues [17].

4. The challenge of social media marketing

In today’s society traditional marketing and conventional communication platforms have lost their dominance and as Don Bulmer states in his article about brands and reputation management “the need to become more relevant and relatable to customers are driving much of the change“[3]. Companies have to understand customer expectations, adapt to their requirements and look for new challenges. Traditional and social media have something in common. They can attract small or large number of audience as a TV spot or blog post may influence nobody or as well as millions of people. According to social media experts social media differs from industrial (traditional) media in the following properties [14]:

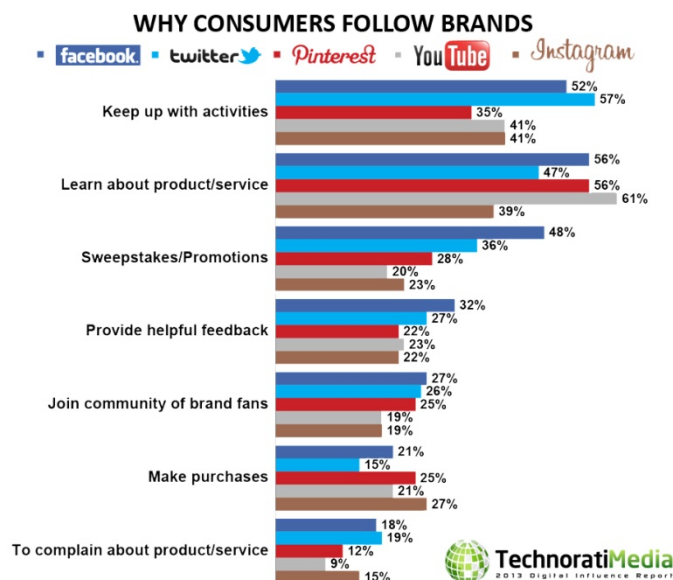
Accessibility – industrial media are usually owned by government or businesses, social media can be generally available to everyone at little or no cost.

Usability – while producing traditional media production it is necessary to have specialized skills and training. Most social media do not require any skills and anyone can operate them.

Recency – there is the time lag between communications produced by industrial media, social media can be updated immediately. As industrial media are currently adopting social media tools, this feature may well not be distinctive anymore in some time.

Permanence - traditional media, once produced, cannot be altered whilst social media can be amended almost instantaneously by comments or editing.

The reasons why consumers follow brands on social networks are described on the Picture 5.



Picture 5 Why customers follow brands. [16]
(Source: Technoratimedia (2013))

4.1 Business potential of social media in Slovakia

In the article “Social media require more intimacy” in The Slovak Spectator from December 2012 Petra Nagyova highlights the importance of business communication on social networks:

“Many firms have realised that social media is an important communication tool and that it is very important for them to build relations with people and customers,” Petra Nagyová, spokesperson for the Pontis Foundation, told The Slovak Spectator “[7].

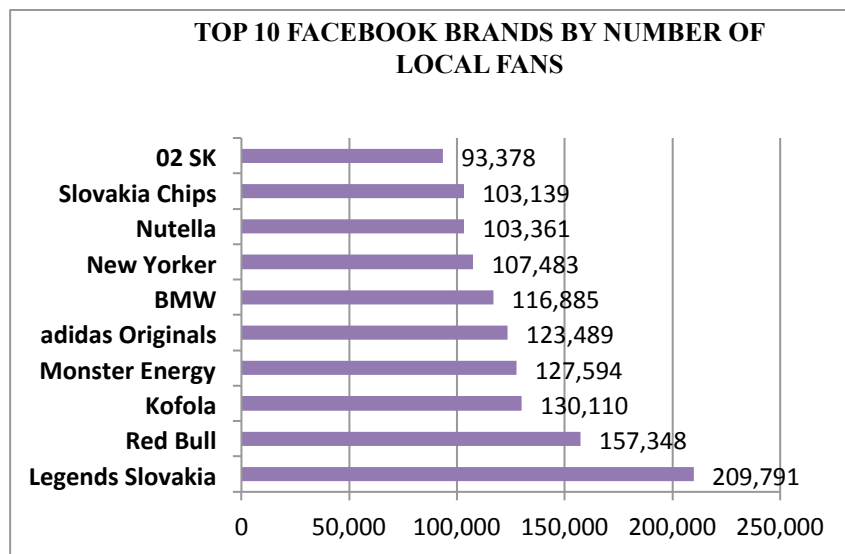
According to “zive.sk” one out of five Slovaks use social networks like Facebook, Pokec, Twitter almost every day. 41% of the Slovaks use mobile technologies while accessing social networks [21].

Social media are also considered to be an effective tool for spreading information in Slovakia:

“Slovaks seems to like to receive information, particularly when it is about something new to them, from people they know,” L. Faltinová, the executive director of the Donors’ Forum told The Slovak Spectator. “Apart from this, the media still play an important role in addressing the wider public. When reaching an informed audience, social networks are definitely on the rise as the most effective and interactive channels” [7].

The biggest social network with the 2 490 000 users in Slovakia ([13]: February,2013) creates the most interesting source for marketing presentation of Slovak businesses. But also Twitter and Google+ can play an important role in online marketing in the future. Although they do not spread so quickly, the users are usually IT geeks, professionals and specialists and so the community is more demanding and selective[6].

10 of the brands with the most fans in February 2013 are shown in the Figure 3.

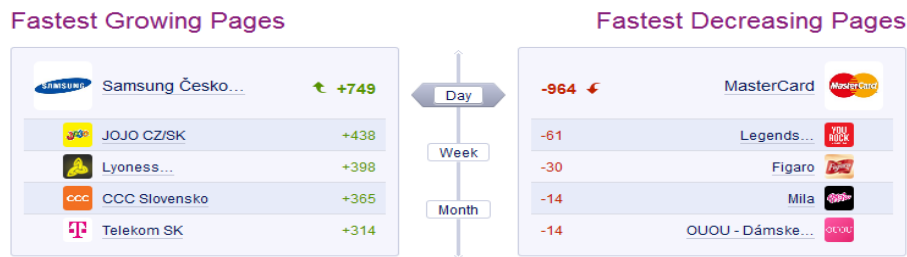


Picture 6 The most successful brands by number of fans in February 2013. [13]

(Source: Socialbakers (2013))

Companies in Slovakia use mainly Facebook to motivate their customers to join their Facebook website. They make a lot of effort to find out new ways how to attract more fans and gain more “likes“ to present their business in the best way. Some of them use paid positive reviews, customer contests and promise special rewards for joining the fan page in order to ensure higher customer community than competition. According to R. Kadlec, there will be a rise in the manipulation of customers in the next 5 years [6].

Various companies offer social network analysis or statistics. As an example there is a Czech-based company Socialbakers which allows marketers to find statistics about social networks and brands. The following picture shows the Slovak fastest growing and decreasing pages per day in February 2013 [13].



Picture 7 Brands in Slovakia in February 2013. [13]
(Source: Socialbakers(2013))

5. Guidelines for social media code of ethics

There are some risks that must be considered when using and publishing on social media. Companies can be liable for stuff posted by their employees on blogs or social networks. User contribution to company's source can indirectly cause liability for defamatory or infringing content on company's website. If company uses competitions it is necessary to comply with laws on games and competitions. Companies are liable for the content on their website. Misleading information or deceptive marketing is negative form of advertising.

There are some suggested made by Olswang company how to protect business and its value against illegal activities concerning intellectual property, privacy and consumers data and advertising a promotions.

When speaking about intellectual property Olswang suggest[9]:

- "Standard terms may grant the social media platform a broad licence to use a company's intellectual property, for example, copyright materials or trademarks which are posted on the site.
- Be alert to standard terms which take a licence over user data which may include comments users post on your areas of the site. Standard terms may restrict the company's ability to use these comments.
- The social platform may stipulate that it has the right to create applications or software that offer similar or competing features and services to any such software a company uploads to its site."

The second important area is protection of privacy and consumers data. According to Olswang it is necessary to prepare a clear privacy policy and "to ensure that any use of personal data is compliant with data protection legislation and the platform's privacy policy" [9]. There can a problem with the term "friend" from user data protection aspect.

Some social media do not allow you to use the data of other users for advertising purposes even if they agreed to use them. The aspect of "personal data" must be always remembered [9].

When we speak about advertising and promotions there must be some rules implemented as Olswang summarises in its report[9]:

- "Social media sites may have strict prohibitions on commercial advertising, marketing or promotions. Any commercial advertising activity requires the platform's consent.
- Some terms of use may state that the social media site can use companies' ads and any related promotions. Any commercial advertising activity requires the platform's consent.
- There is unlikely to be any exclusivity. Companies signing up to standard terms should consider if they are comfortable that there is no protection against its competitor's ads being displayed alongside the company's pages on a social media site."

6. Conclusion

We have discussed various issues of social media and their impact on business and ethical behaviour. We have found out that social networks are playing an important role in modern advertising and its influence on business is on the rise. The comparison of consumer opinions and behaviour showed that they are willing to trust the information on social media but they still trust more official news or recommendations from friends and family than advertising from paid services. Social media come up with many good features and challenges but they can also cause damage and distrust which can lead to the loss of credibility. Businesses can experience positive effects of the social networks interaction with their current or prospective customers. However, they have to pay attention to possible threats and use the social network services wisely and correctly. With clearly and precisely defined social media code they may establish a trustworthy company image, attract new customers and manage to grow in the future.

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