Tensions and ties in social media networks: Towards a model of understanding business relationship development and business performance enhancement through the use of LinkedIn

Sarah Quinton [a,*], Damien Wilson [b]

[a] Department of Marketing, Business Faculty, Oxford Brookes University, Oxford OX33 1HX, UK
[b] Wine Business Institute, Sonoma State University, Rohnert Park, California, USA

ABSTRACT

The era of social media networks has created significant opportunities for business relationship development yet there exists a paucity of research in this area. To address this, this paper identifies four key tensions within the current literature: relational versus transactional exchanges, emergent versus strategic social media network development, the pace of social media network formation versus the development of trust, and the notions of sharing and reciprocity versus competitive advantage. This study draws on the principles of netnography, incorporating data from 554 LinkedIn group interactions and 12 interviews with professionals in one global industry to provide insight into business relationship development stemming from one social media network. Significant contributions to theoretical and practical knowledge are made through the recognition of tensions in the literature, the application of the notion of Granovetter's ties to a contemporary context and the novel use of netnography. Furthermore, the resultant model conceptualises the use of social media networking in building networks and relationships which lead to new business and enhance business performance.

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1. Introduction

The digital era and subsequently the emergence of social media networks has created unparalleled opportunities for businesses. However, these opportunities present tensions within the established understanding of business relationships and networks generally. Whilst social media may have eased the process of relationship building (Michaelidou, Siamagka, & Christodoulides, 2011; Jussila, Kärkkäinen, & Aramo-Immonen, 2014) it has also added further layers of complexity (Rainie & Wellman, 2012). The pace and immediacy of network formations and interactions have been hastened through the presence of social media (Kietzmann, Hermkens, McCarthy, & Silvestre, 2011; Obal & Lancioni, 2013), so rapid relationships are being built yet importance is still attached to gradual business relational development versus rapid transactional exchanges (Achrol & Kotler, 2011). In addition, strategic rather than emergent network development has maintained prominence despite the increased volume of potential relationship opportunities (Hennig-Thurau et al., 2010; Edelman, 2013) afforded by social media networks and their extended reach (Lee, Hwang, & Lee, 2006). Furthermore, on one hand social media networks enhance collaboration (Hoffman & Fodor, 2010) and encourage trust and yet on the other they can also assist in identifying competitive information (Yadav & Pavlou, 2014) which can provide advantage to one organization over another.

Thus there are strains between the recognised notions of business relational development, the immediacy offered by the social media environment and the formation of ties and trust. By identifying and investigating these tensions in business relationship development, within the context of social media networks, business performance may be improved. Understanding the development of relationships through social media networks will lead to more effective use of these networks and the further creation of value (Ehret, Kashyap, & Wirtz, 2013). This paper extends the extant research on ties (Granovetter, 1983) and the evolution of business networks (Halinen, Medlin, & Törnroos, 2012; Möller & Svahn, 2009) into the social media arena, and in particular, social media networks which are currently lacking in research attention. Both in terms of resource efficiencies and optimising relationships it is important for businesses to understand further how digital technologies, including social media networks, affect relationships and networks within business to business environments (Obal & Lancioni, 2013). Thus the aim of this paper is to first identify tensions within the current literature on business relationships, network development, and ties in relation to social media networks and, second, to investigate business relationship development in one particular industry, the wine industry, within one social media network, LinkedIn. The resultant model will

* Corresponding author.
  E-mail addresses: sequinton@brookes.ac.uk (S. Quinton), wilsodam@sonoma.edu (D. Wilson).

conceptualise the use of social media networks in building networks and relationships which lead to new business.

In order to assist the reader and add clarity to this paper the following key concepts are explained; networks, business networks, social media networks and ties. Networks are viewed as inter-organizational and group exchanges involving people, which prior to the advent of digital technologies, were commonly focused around geographic regions or other off-line criteria, but are now borderless and can include online groups such as social media networks. A business network has been clearly defined at a pragmatic level by Håkansson, Ford, Gadde, Snehota and Waluszewski (2009:236) as "a network consists of the tangible and intangible investments that comprise the connected relationships between two or more businesses" though this definition does not take account of how those relationships come into being nor the level of permanence of the relationship, nor the mechanisms of the exchanges that occur. Social networks have their roots within sociology, predate social media networks, and have erroneously been used synonymously with social media networks in the popular press. Social networks are concerned with the connections established between two or more actors. These connections can become beneficial for those actors and can lead to improved economic value and performance for those businesses to which those actors are connected (Stephen & Toubia, 2010). Once connections are formed different levels of inter-connectedness are possible between the actors. The connectedness can be termed 'ties' and ties are stronger or weaker depending on the level of inter-connectedness and span (Granovetter, 1983). The increased reach enabled by digital technologies has enhanced both the diversity of network types and subsequently the types of ties formed within those social networks as the social networks now incorporate social media networks.

The use of technology, and in particular digital communications technologies, has reshaped the working practices of multiple industries. The dispersed nature of the global wine sector, the multiple channel partners and the need for building and nurturing business relationships would indicate that LinkedIn would be a relevant social media network for the wine business community and as such, represents an appropriate lens through which to examine the nature of relationships in a complex business to business environment. For example, the expansion of wine production globally (Castaldi, Cholette, & Frederick, 2011) has led to wine makers becoming highly mobile consultants, cellar experts moving from producer to producer and distributors reaching further afield to locate new markets, all of whom and the organizations they work for requiring new and different relationships. In order to fully reflect the digitalised environment, this study employs netnography, the collection and analysis of online/social media data generated through online interactions between individuals interested in a specific topic, (Flick, 2014) as an appropriate research approach. Netnography involves immersion in relevant online communities, including social media networks, and employs unobtrusive observations made of naturally occurring online behavior such as conversations between individuals and or groups in order to glean insight into consumer and business behaviors. Digital technologies have enabled access to and the harvesting of 'real' content from these communities and social media networks. Netnography can be considered as the updating of fieldwork in ethnographic research to the digital era (Kozinets, 2010).

For researchers, this study makes several important theoretical contributions. First, the study clearly identifies the key tensions within the literature on business relationship development, the formation of ties and the 'real time' notion of social media network interactions. Second, through the contemporary application of Granovetter's concepts of ties his work is made relevant to the digital era. More practical contributions include that this study contributes to the development of a corpus of much needed research in the social media networking domain that links how businesses use social media networking with the value of doing so and identifies future research directions. Furthermore, the use of netnography within the context of business to business research

is novel and this paper demonstrates the value of netnography as a research tool. Finally, the creation of a model will explicate to practitioners the relevancy and potential value of LinkedIn as a relationship facilitator and business performance enhancer.

Having provided a rationale for the paper, stated its context and purpose, a discussion of the literature pertaining to business relationships, business networks, network development, social media network formation and development now follows.

2. Underpinning literature

2.1. Business to business relationships, relational versus transactional relationships and sharing and reciprocity in social media

The reliance on relationships in business to business environments is not new (Hadjikhani & LaPlaca, 2013), nor is the acknowledgement of the role of technology in enabling relationships (Jap & Mohr, 2002). Indeed Andersen (2005) highlighted the use of internet based communities within business relationships as places of productive dialogues and the management of business relationships is increasingly reliant on computer mediated technologies (Obal & Lancioni, 2013). The relationship between social media and business has been the subject of recent Special Issues in journals such as *The International Journal of Electronic Commerce* and *Information Systems Research*. Specifically, Aral, Dellarocas, and Godes (2013) outlined the general 'transformative impact' of social media and its networks on business whilst other authors have explicitly linked the use of social media and business value. For example, Culnan, McHugh, and Zubillaga (2010) highlighted how social media networks create value for firms through the voluntary interactions of community members and the meaningful relationships that are created through these links and ties, within and external, to the community over time. Paniagua and Sapena (2014) echoed the notion of community creating value but suggested that the critical mass of that community and the specific platform adopted were elements to consider for business value creation. Thus community building within social media networks is viewed as being central to building business value.

Relationships within the context of social media networks rely on people transmitting and sharing content and other people responding to, possibly augmenting and then also sharing that content (Swani, Brown, & Milne, 2014) whether in the business to business or business to consumer environments. This sharing is incorporated within the concept of reciprocity (Palmatier, 2008). Reciprocity is acknowledged as strengthening business relationships (Eklinder-Frick, Eriksson, & Hallén, 2011; Lee, Jeong, Lee, & Sung, 2008) and involves matched behaviors from those within a network or relationship for mutual benefit over a period of time. This shared content has potential value to the creator, distributor and recipient at both individual and firm level. The creator of content sees their ideas made real and available to others, the distributor of the content is afforded recognition for the finding and redistributing an item of perceived interest to others in the network, and the recipient benefits from the usefulness of the content and may add to the size of the creator's network of contacts. However, within the competitive nature of the business environment, and particularly sharing content/information within one specific industry, it could be argued that sharing content/information could be detrimental to the sharer as it might provide increased opportunity to the recipient. Research pertaining to co-opetition has identified this tension (Bengtsson & Kock, 2015) but as yet this strain has not been explored within social media networks which is founded upon the sharing and reciprocity of participants.

The business marketing theory mapping of Möller (2013) distinguishes between relationship marketing and business networks by proposing that relationship marketing comprises lower levels of relational complexity and contextual embeddedness and higher potential for substitutability than business networks. However, despite this assertion of