

Do social media help in the sustainability of small businesses? A pedagogical study using fictional business cases

Deepraj Mukherjee

Erin E. Hollenbaugh

Kent State University at Stark, USA

Keywords

Case Studies
Digital Inequality
Internal Migration
Pedagogy
Small Businesses
Social Media

The sustainability of small businesses is an important criterion as they act as the drivers of local economies. The success of small businesses will not only help in job creation but will also help to arrest the internal rural-urban migration that is a phenomenon very true for suburban communities all over the United States of America. Digital inequality between urban and rural America is further a well-established concept in the related fields. A large portion of college graduates will find themselves working for area businesses. Yet, the college curriculum often does not adequately address social media considerations for small businesses. Due to the disconnect between the modern business environment and the college curriculum, there is a need to unpack the complex issues relevant to small businesses and social media. However, there is not currently a case identical to this that addresses the modern climate of social media use within small businesses and their potential effects. This pedagogical tool will help fill that gap, providing fictional cases that instructors in both the business and communication classrooms can employ to better prepare future graduates to enter the socially connected workforce.

Corresponding author: Deepraj Mukherjee

Email address for the corresponding author: dmukherj@kent.edu

The first submission received: 25th April 2019

Revised submission received: 21st May 2019

Accepted: 12th July 2019

1. Introduction

The purpose of this paper is to present a case study of small businesses about the relevant issues surrounding the use and impact of social media on ensuring the sustainability of such enterprises. The sustainability of small businesses is an important criterion as they act as the drivers of local economies (Small Business Administration, 2018). The success of small businesses will not only help in job creation but will also help to arrest the migration that is a phenomenon very true for suburban communities all over the United States of America. 'Brain drain' has been identified as a major concern for policymakers in suburban America (Artz, 2003; Gibbs, 2006; Mills and Hazarika, 2001). Digital inequality between urban and rural America is further a well-established concept (Kruger and Gilroy, 2013). Post-World War II, the US emerged as the world leader in the field of academia. Hence, it becomes important to look into how social media help small businesses using the US undergraduate curriculum as the laboratory.

There are a plethora of academic studies related to Hofstede's cultural dimensions; however, the least studied of those dimensions would be "indulgence vs. constraint" (Hofstede, 2010). The "indulgence" cultural dimension explains the extent to which individuals try to control their desires and impulses based on the way they were raised. Societies which have weaker controls over their desires are considered the indulgent countries, and they tend to allow free gratification of basic and natural human desires related to enjoying life and having fun (Hofstede, 2010). On the other hand, restrained societies have a conviction that such gratification needs to be curbed and regulated by strict norms and rules. The U.S. is an indulgent

society with a relatively high score of 68 on this dimension (Hofstede, 2010). This “indulgence” can further be seen in the proliferation of social media usage in the US. In this context, it is important to note that the Millennials who are digital natives spent two hours and one minute daily on social media (Global Digital Report, 2018). Therefore, to cater to one targeted consumer group, the businesses need to improve their digital marketing footprint.

The present paper will examine the issue using the prisms of business and communication studies curricula as undergraduate majors. A large portion of college graduates with a degree in business or related fields will find themselves working for area businesses. Yet, the college curriculum often does not adequately address the issue. Small businesses are agile, have flexible structures, and having fewer employees give such enterprises to have stronger social networks, which then translate to innovation (Nummela and Saarenketo, 2016). One way that small businesses reach their customer base is through social media, such as Facebook, LinkedIn, YouTube, and Instagram (Fischer and Reuber, 2011). The extant literature has classified social media into six categories: collaborative projects, blogs, content communities, social networking sites, virtual game worlds, and virtual social worlds (Kaplan and Haenlein, 2010). Social media are Internet-based forms of communication that blend attributes of interpersonal and mass communication (Carr and Hayes, 2015). Further, these forms of communication provide platforms for “interactions among users, deriving value primarily from user-generated content” (Carr and Hayes, 2015).

Increasingly, students studying communication desire a future career in social media for corporations and non-profit organizations. However, communication scholarship and curriculum often addresses the role of new communication technologies in relationships and our larger society, but less so the financial impact to a community on a macro level or to a small business on a micro level. Given the affordability of social media platforms for marketing, customer relations, pricing, and product visibility many small businesses use social media, and often lean on younger, college-educated employees (typically Millennials and Generation Z) to manage their online presence (Broekemier, Chau and Seshadri, 2015).

Due in part to the disconnect between the modern business environment and business and communication curriculum, there is a need to unpack the complex issues relevant to small businesses and social media. However, there is not currently a case identical to this that addresses the modern climate of social media use within small businesses and their potential effects. This paper will help fill that gap, providing cases that instructors in both the business and communication classrooms can employ to better prepare future graduates to enter the socially connected workforce.

This paper will present a case study of the use and implications of social media for four fictional small businesses. The paper is instructional in nature, meant to provide content for analysis and discussion in business, economics, and communication classrooms. Business education is dynamic and needs diverse information to approach and respond to different business problems. In this regard, case-based studies are often used to simulate real-time situations (Helms, 2006). A recent study indicates the percentage of case study dependency ranges from 75% to 80% at the top 50 Business schools in the U.S. (Sameer, 2013). Although communication education is less reliant on case studies as a pedagogical tool, case studies can be used to analyze complex issues within a communication environment and connect theory to praxis. Depending on the nature of the case, business cases can be divided into a few types. The present study would be an illustrative case study, describing an event or process in detail, and the information is fairly highly structured to illustrate the situation (Mesney, 2013).

Scholars have agreed that it is important to infuse active learning strategies in the classroom; such strategies require students to *do* something, be actively involved, and “engage in such higher-order thinking tasks as analysis, synthesis, and evaluation” (Bonwell and Eison, 1991). Bonwell and Eison (1991) list case studies as one common method of promoting active learning. Similarly, case studies provide a

real-world laboratory for active experimentation with abstract ideas, essential within the Kolb model of experiential learning (Svinicki and Dixon, 1987). However, it is also noted in the related studies that writing a pedagogical article is challenging (Ahlstrom, 2015) that highlights the contextual importance of the present article.

The cases below could be provided to students within business or communication classes to spark discussion and analysis of the modern social media climate. Following the cases are suggested discussion questions and activities to help unpack the complexities identified within them. The desired learning outcome would be the ability to understand one or more business practices, how they are applied in the real world, and potential challenges that face small businesses with regard to their social media practices. This type of case brings concrete examples into the classroom and demonstrates that the theory in textbooks may not always work out as flawlessly as implied in class.

2. Small Businesses and Social Media

Small businesses are the engines of job creation in the United States. They total nearly 28 million, making up 99.7% of all U.S. firms, and 49.2% of the U.S. workforce, according to U.S. Small Business Administration statistics (Small Business Administration, 2018). The Small Business Administration (2018) establishes small business size standards on an industry-by-industry basis, but generally specifies a small business as having fewer than 500 employees for manufacturing businesses and less than \$7.5 million in annual receipts for most non-manufacturing businesses. In this context, it would be important to note if social media can act as a contributing factor in determining the success of small business enterprises.

Internet technology and social media are known to have substantial impacts on the operations and success of businesses (Andzulis, Panagopoulos and Rapp, 2012; Barnes, 2010). It is an important tool for all businesses because it allows representatives to communicate with, listen to, and learn from their customers in a way they have never been able to do before (Grewal and Levy, 2013; Smith and Wollan, 2011). However, there is a paucity of research on small businesses' social media use and hardly anything about the impact of social media on small business successes. Existing studies have indicated that peer communication via social media can exert a significant influence on attitudes and purchasing behaviors (Wang, Yu and Wei, 2012). They found that social media was a very effective tool for businesses to actively involve and engage target market customers and influence customer behaviors. In a similar vein, Van Noort, Voorveld and Van Reijmersdal (2012) demonstrated that the ability of social media to create interactivity and dialogue represents a powerful way to engage customers and develop long-term relationships with the business and the brand. Fischer and Reuber (2011) went a step further and suggested that effective use of social media should be viewed as a subset of business expertise. However, the related literature also noted that social media is a relatively new tool and therefore the idea of how best to use social media will continue to evolve.

These technologies seem to be more important for small businesses primarily because such businesses lack the traditional resources to market their products or services (Barnes et al., 2012; Levy and Powell, 2003). Web pages and social media sites provide them opportunities to overcome these limitations of time and financial resources, allowing them to reach out to customers cost-effectively. Yet, a Wall Street Journal survey in 2014 found that of over 800 small businesses, most of them are still unsure how to use social media, which ones to use, or whether it was worth the time and effort (Maltby and Ovide, 2013). With limited resources, it is often difficult to determine how much a business will invest in their social media, as well as what image they wish to convey. Before presenting the cases below, we provide here a table as a pedagogical tool to increase the learner engagement. It summarizes the possible effects that social media could have on small businesses.

Small Businesses and Social Media: A Framework

	Short-Term	Long-Term
Direct Benefits	Saves in communication costs Possible short-term revenues through better pricing Visibility for the new product lines	Secure long-term loyal customers Creates a brand image
Indirect Benefits	Understanding the "Target Groups" of the customers. Potential new business opportunities	New business formation and growth Ensures sustainability

Below are four fictional small businesses that have incorporated social media into their communication strategy with varying successes. Reviewing these examples will provide a context for analysis and discussion of variables that potentially affect small business success.

3. Fictional Business Cases

3.1. T's for CLE

It has been a busy year for Rachel, owner of the local t-shirt shop "T's for CLE." About 1 year ago, she quit her job to chase her dream and open her own business. T's for CLE specializes in unique t-shirt designs that celebrate the diversity of Cleveland, its hometown. The business is very small. Along with Rachel, who designs and prints the shirts and runs all day-to-day operations, there is one part-time employee to help with on-site sales and an unpaid intern. The shop is run out of Rachel's home office. With no storefront, customers find T's for CLE primarily at local craft shows/expos and through her website.

Rachel took out a loan from a credit union for start-up costs, and although the business has not become profitable yet, she is able to make her loan payments and pay her employee Marcus for the event of each sale that he works. She jokes that her unpaid intern Marcus, a junior communication major from a nearby university, is compensated in free shirts. With her savings account quickly depleting, Rachel knows she will need to turn a profit soon to cover living expenses; her part-time job at a local brewery is barely covering rent.

From the beginning, Rachel knew that social media would play a big role in her marketing strategy. A Millennial herself, she expected to reach her target market of 18- to 39-year-olds primarily through Twitter and Facebook, directing traffic to her Etsy online store. For the first 8 months, Rachel managed social media herself. She established Facebook and Twitter pages, linking to her online store in the account profile. She had primarily used these platforms to promote upcoming craft shows, always reminding followers of her Etsy store link. As Rachel become more and more pressed for time, she welcomed Marcus to help with social media.

When Rachel first launched their social media pages, her 50 or so followers were almost entirely composed of family and friends. Since Marcus took over social media, her fanbase has expanded to close to 1,000 followers across the two platforms. Each week, T's for CLE releases a new t-shirt design and Marcus attempts to create a "buzz" by promoting the design on their Facebook page and Twitter account. The company scored a big win recently when a local celebrity was pictured alongside a story in *Scene* magazine wearing one of her shirts. Marcus quickly shared the story via their social, and within 2 days, sales of that design spiked, and she sold out of inventory.

Each day, the eager college student brings fresh ideas for social media strategies, such as photo props at craft shows prompting customers to tag the company in their social media posts. He really wants

Rachel to buy a Snapchat filter that he can make available to each location they check into, but she isn't sure if it is worth the investment. She is also unsure whether the time that Marcus is putting into social media will have any return on investment. How does he know these are the strategies that will bring more sales so Rachel can survive the critical first few years in the life of her business?

3.2. Affordable Landscape

John owns a landscaping company that operates in Western Ohio and caters to the suburban population. He started this business in 2012. There are quite a few landscaping companies in the area, and given this is in Ohio, the business is seasonal. John did an environmental scan of the area to come with a pricing schedule. He decided to keep his prices low to compete with the existing landscaping companies and to attract customers. John thought that he had a sound business plan and the small business development center of Ohio had approved him with a loan for his startup. Initially, he was a reluctant user of social media but felt pressured to integrate social media into his marketing strategy. John decided not to invest much of his time and money in social media. He created a Facebook business page but did not fill out all of his information. Then, he sent out an email to all of his clients requesting them to like his company on Facebook. He had also invited all his friends to 'like' the page. In addition, John sometimes went weeks without posting, and when he did post, he was promoting seasonal services, or highlighting what a great job he did on the latest flower bed installation. Finally, when customers leave reviews or comments, positive or negative, he did not respond promptly. Sometimes he did not respond at all.

Enter 2015. Affordable Landscape did not grow. He got worried, as he had to now pay back his bank loans and his business is showing no signs of growth. He hired Sarah, a recent communication graduate in his team. Let's take a look at Sarah, who takes a different approach to social media. She has updated the company's Facebook business page and fills it out completely, including business hours, services, and high-quality photos of the crew and past work. In the footer of the billing emails, she adds a nice note saying "Want exclusive discounts and seasonal landscaping tips? Like us on Facebook!" Further, Sarah posts consistently, usually once or twice per week. The posts range from funny memes, how-to videos, and the occasional inspirational work. Once, at the beginning of each season, she announces special deals on seasonal services. When customers leave reviews or comments, either positive or negative, she immediately responds and takes action if necessary.

The business has steadily grown ever since. John and Sarah have hired new members in the crew, and they have added a new business with snow removal in the winter months. With its existing customer base, the snow removal business is already off to a good start.

3.3. Audit Solutions

Nine years ago, Jacob and his friends, Brooke, Seth, and Logan, all fresh college graduates in business decided to open an audit firm for the area businesses. The year was 2010. The U.S. economy was facing its most difficult time in almost 80 years. However, in 9 years their business has grown steadily, and they are now a medium-sized small business with 50 full-time employees. Given that the failure rate of small businesses is astronomically high (almost 90% of small businesses fail within the 5 years from their inception), the performance garners attention and is worthy of a case study.

What has Audit Solutions done differently from the others? It turns out that they were innovative right from the beginning. They had created a LinkedIn profile right at the start and hired an influencer, a user on social media who have established credibility in a specific industry. A social media influencer has access to a large audience and can persuade others by virtue of their authenticity and reach. Business-to-business influencer marketing has several other benefits compared to traditional marketing: Influencers drive greater visibility and credibility for B2B companies. With many B2B companies craving credible recognition, influencer marketing is a powerful means of accomplishing such goals because influencers

bring their genuine opinions and expertise to the table. In addition, Influencers are powerful storytellers. They can share their stories in a way that resonates with their target audiences. Professional customer reviews were posted on the LinkedIn page, the reviews were not all praising of the services that Audit Solutions had provided but also the suggestions were posted highlighting the areas where further improvement could be made. In addition, Audit Solutions applied through Better Business Bureau and have received "A" Excellent Rating and that is well-advertised on their home page. Such activities improve business credibility and make them look professional to the businesses who want to hire an audit firm for accounting their operations.

Audit Solutions explored the other social media sites effectively too. A quick look at their pages on the various social media sites show they have a significant following as shown below:

2,468 Facebook Fans

2,961 Instagram Followers

3,752 Twitter Followers

419 YouTube Subscribers

14, 584 video views

111 reviews on LinkedIn with a Customer satisfaction rating of 4.3 out of 5.

3.4. Smith Bros. Machining

Smith Bros. Machining has been a family-run business since the 1950s when James' grandparents started the business. Named after the original owners' three sons, it was passed down over the years and is now in the hands of the third generation. Located in a rural community in northwest Ohio, the machine shop employees about 75 people. Most are hourly employees with a small group of office staff running the finances, sales, and operations.

The company has a few large contracts from high-profile, profitable manufacturers that have been loyal customers for decades. Profits are strong, with enough work to run two shifts and sustain a good quality of life for employees. Smith Bros.' success has also positively contributed to the small town, where real estate prices have been steady and service industries are healthy.

CEO James Smith has practically grown up in the shop but has high hopes for the company. Smith Bros. is a sustainable small business, but he knows that if the company wishes to expand beyond the Midwest region, he will need to garner national attention from top manufacturers across North America. A decade ago, the front-office receptionist handled professional communications such as placing ads in the local newspaper and sponsoring the area's high school sports teams. Now, a communication specialist handles such tasks, along with the company website and, more recently, its social media.

Stephanie, the communication specialist, launched the company's Facebook and LinkedIn pages around 2013. Although Smith Bros. was a little late to the game, Stephanie used her knowledge of business concepts and first-hand social media expertise (after all, she has over 500 Twitter followers on her personal account!) to populate their social media platforms with human interest stories. She crafts a weekly "employee spotlight" Facebook post and regularly features new or improved technologies used on the floor. When they are hiring, she updates the LinkedIn and Facebook pages, but she has not yet invested in paid online postings through LinkedIn yet, since hiring processes are still paper-and-pencil at Smith Bros. Besides, they are such a household name in the tri-county area that they do not lack applicants for the blue-collar positions that make up the bulk of their hiring decisions.

Despite all of Stephanie's efforts to create interesting and creative content, there is very little engagement in their social media (typically less than 10 reactions per post). James and the board of directors struggle to see the relevance of social media for their day-to-day operations, which only makes

Stephanie more frustrated. How can she bring this family company into the future of communication without support from upper management? Or is social media even relevant for Smith Bros. Machining?

4. Pedagogical Activities for Analysis

4.1. Discussion Questions

1. Which business do you consider to be the most successful? Why? What are other ways you can define success?
2. In what ways did social media potentially play a role in the successes and failures of these four businesses?
3. What other variables *beyond* social media may have contributed to the businesses' successes and failures?
4. Are there certain industries that would be more concerned with social media than others?
5. If you were a senior leader in one of the less successful companies, what steps would you take to improve the business?

4.2. Group Activities

Individually or in small groups, imagine a small business that you might like to launch. How might social media play a role in the early years of that business? In the first 10 years? When it is well-established? Consider all potential audiences and how you might reach them through various social media tools.

Individually or in small groups, choose a small business that you are aware of (or the instructor may assign a small business to the students). Using available smart devices or computers, search for their online presence (website and social media). Scroll through the content, taking note of how much engagement their activity tends to produce in the form of likes/reactions, comments, and shares. How are the various social media profiles linked to one another and/or the company's website? What kind of content do they share? What impression do you get of the company based on their social media activity? Does that reinforce or contradict what you already know about the company? Students should share their results with the class, taking note of any prominent differences across industries (e.g., service industry, manufacturing, construction, etc.).

5. Conclusion

Given the importance of small businesses in local and national economies, along with their integration of social media in business strategies, it is important for students studying business and communication to consider the benefits and challenges presented by these new media. In the case of these four fictitious small businesses, variables such as human capital, industry, product, and geographic location may play a role in decision-making, as well as the return on investment for the work small business employees put into their social media presence.

5.1. Limitations and Future Research Directions

This paper presented cases of fictional small businesses and their integration of social media into their everyday business practices. While fictional cases were presented to manipulate variables of interest (industry, geographic location, etc.), analyses of actual businesses' social media practices from a longitudinal perspective would give students more real-world connections between theory and praxis, as well as demonstrate the complex dynamics involved in the actual successes of small businesses.

Additionally, expanding the geographical reach of this research and presenting cases from across the globe would help provide international business students or those interested in global communication greater understanding of the effects of culture in businesses' social media practices. Indeed, the U.S. is an indulgent culture where social media may elevate users' reputation and provide more opportunities for a

‘personal touch;’ perhaps in other cultures, such as those with high power-distance, there is less need for personalized communication from a business to its market. Further exploration will help to uncover this and other aspects of the complex relationship between small businesses and social media to reach target markets.

5. References

- Ahlstrom, D. (2015). Successful Publishing in Academic and Scientific Journals: Framing and Organizing the Scholarly Paper. *International Journal of Higher Education Management*, 2(1), 106-120.
- Andzulis, J. M., Panagopoulos, N. G. and Rapp, A. (2012) A Review of Social Media and Implications for the Sales Process. *Journal of Personal Selling & Sales Management*, 32(3), 305-316.
- Artz, G. (2003). Rural Area Brain Drain: Is it a Reality? *Choices*, 18(4), 11-15.
- Barnes, N. G. (2010). Tweeting and Blogging to the Top: How do the Most Successful Companies Use Social Media? *Marketing Research*, 22(1), 8-13.
- Barnes, D., Clear, F., Dyerson, R., Harindranath, G., Harris, L. and Rae, A. (2012). Web 2.0 and Micro-Businesses: An Exploratory Investigation. *Journal of Small Business and Enterprise Development*, 19(4), 687-711.
- Bennett, S. (2012). Social media is making a big impact on small business. [online] AdWeek. Available at: <https://www.adweek.com/digital/social-media-small-business/> [Accessed 15 Apr. 2019].
- Bonwell, C. and Eison, J. (1991). Active learning: Creating excitement in the classroom. *ERIC Digest* [online]. Available at: <https://eric.ed.gov/?id=ED336049> [Accessed 15 Apr. 2019].
- Broekemier, G., Chau, N. and Seshadri, S. (2015). Social Media Practices among Small Business-to-Business Enterprises. *Small Business Institute Journal*, 11(10), 37-48.
- Carr, C. and Hayes, R. (2015). Social Media: Defining, Developing, and Divining. *Atlantic Journal of Communication*, 23(1), 46-65.
- Fischer, E. and Reuber, A. R. (2011) Social Interaction Via New Social Media: (How) Can Interactions on Twitter Affect Effectual Thinking and Behavior? *Journal of Business Venturing*, 26, 1-18.
- Gibbs, R. (2006). Education as a Rural Development Strategy. *Management Quarterly*, 47(4), 34-43.
- Global Digital Report. (2018). Available at: <https://wearesocial.com/blog/2018/01/global-digital-report-2018> [Accessed 15 Apr. 2019].
- Grewal, D. and Levy, M. (2013). *Marketing*. New York: McGraw-Hill.
- Helms, M. (2006). The case method of analysis. In: M. Helms, ed., *Encyclopedia of Management*, 1st ed. Farmington Hills, MI: Gale Cengage, pp. 67-69.
- Kruger, L. and Gilroy, A. (2013). Broadband Internet Access and the Digital Divide: Federal Assistance Programs. *Journal of Current Issues in Media & Telecommunications*, 5(4), 303-329.
- Levy, M. and Powell, P. (2003). Exploring SME Internet Adoption: Towards a Transporter Model. *Electronic Markets*, 13(2), 171-181.
- Maltby, E. and Ovide, S. (2013). Small Firms Say LinkedIn Works, Twitter doesn't. *The Wall Street Journal*, [online]. Available at: <http://online.wsj.com/article/SB10001424127887323926104578273683427129660.html> [Accessed 15 Apr. 2019].
- Mesney, A. (2013). Taking Stock of the Century-Long Utilization of the Case Method in Management Education. *Canadian Journal of Administrative Sciences*, 30(1), 56-66.
- Mills, B. and Hazarika, G. (2001). The Migration of Young Adults from Non-Metropolitan Counties. *American Journal of Agricultural Economics*, 83(2), 329-340.
- Nummela, N. and Saarenketo, S. (2016). The dynamics of failure in international new ventures: A case study of Finnish and Irish software companies. *International Small Business Journal* 34(1) 51-69
- Sameer, K. (2013). Case study method: Why and how the best business schools use it. [online]. Available at: <https://www.mbacrystalball.com/blog/2013/12/03/case-study-in-business-schools/> [Accessed 15 Apr. 2019].
- Small Business Administration, (2018). *Research and statistics*. [online] Available at: <https://www.sba.gov/category/advocacy-navigation-structure/research-and-statistics> [Accessed 15 Apr. 2019].

- Smith, N. and Wollan, R. (2011). The power and business risks of social media. In: N. Smith, R. Wollan and Zhou, C., eds., *The Social Media Management Handbook: Everything You Need to Know to Get Social Media Working in Your Business*, 1st ed. Hoboken, NJ: John Wiley & Sons, pp. 3-15.
- Svinicki, M. and Dixon, N. (1987). The Kolb Model Modified for Classroom Activities. *College Teaching*, 35(4), 141-146. Available at: <https://www.jstor.org/stable/27558239> [Accessed 15 Apr. 2019].
- Van Noort, G., Voorveld, H. and Van Reijmersdal, E. (2012). Interactivity in Brand Websites: Cognitive, Affective, and Behavioral Responses Explained by Consumers' Online Flow Experience. *Journal of Interactive Marketing*, 26(4), 223-234.
- Wang, X., Yu, Y. and Wei, Y. (2012). Social Media Peer Communication and Impacts on Purchase Intentions: A Consumer Socialization Framework. *Journal of Interactive Marketing*, 26(4), 198-208.
-