



# Investigating the role of social networks in increasing organizational performance and employee efficiency

Najib Kazay\*

Department of Social Science, Faculty of Humanities, Kabul University, Kabul, Afghanistan

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## Abstract

Nowadays social networks are growing in terms of usage among other organizations. Today organizations are creating and preserving social media in order to promote social networks' status and encourage customers, and enhance organizational interests, so that they can develop a sustainable online communication. The pace of change in the competitive environment and the need for creating agile organizations in timely response to these changes have made it necessary to use social networks for transforming organizations to agile competitors. Organizations should apply this approach, on the basis of their nature and goals, in such a way to achieve their goals as soon as possible. Only a few of the conducted studies have considered current effects of social networks' usage on organizational performance. This study aims to identify the reasons for the use of social networks in organizations and its role on improving organizational performance. The population are the staff of Bank Saderat Iran in Tehran. We have used a questionnaire in order to collect data. The data have been analyzed and the hypotheses have been examined, using both methods of descriptive statistics, and inferential statistics. The results indicate a significant and positive relationship between the components of social networks and organizational performance improvement. The results suggest that social networks have a profound effect on improving the performance of organizations.

**Keywords:** Social Networks; Organizational Performance Improvement

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## Introduction

Social media are described by content which generated by users, where based on the findings in terms of influencing the attitudes and behaviors of users have been diagnosed to be more effective compared to communications of traditional marketing (Tucker et al., 2008). Social Media have been made on basis of Web 2.0 technologies and are product of applications (apps) which are based on Internet. Web 2.0 is a platform where software and content are produced and developed resulted by different factors in a common and continuous way (Laroche et al., 2012).

Ordinary users have gained enough capacity to creating web content, by widespread usage of Web 2.0 technologies such as blogs, wikis and SNS (Shi, 2013). Considering the results of Burton et al. study (2012), Web 2.0 technologies are being used effectively to have led to following three separate and distinct impacts. These include:

- Changing the place of activity from desktop to web site
- Changing location for any technology to breakthrough
- Impact on organized performance

\* Corresponding Author Email: Najib.karzay44@gmail.com

Academic research due to investigating the various reasons of Social Media employ and its subsequent impact on organizations not seems to be perfect (Schulz et al., 2012).

Make use of social networks in organizations has shown rapid development, in a way that organizations now build and maintain public pages of social media to advance highlight networks, improving organizational interest and communication with online people. Social media is growing as an important strategic tool between organizations and to understand its ability, assessing the various purposes of usage and its impact on organizational effectiveness is required.

As a result, the questions that arise here are: "Why do organizations use social media?" and

"What is the impact of social media on organizational performance?" So to answer these questions, this study examines the organizational use of social media and its subsequent impact on organizational performance.

## Literature Review

Social media are acting as a platform to simplify the information exchange and user contribution in order to create and/or distribute the content (Steenkamp and Hyde-Clarke, 2014). These operating systems have changed the nature of Internet services in terms of emphasis on consumption-oriented aspect to the interactive and cooperative side, where resulted in providing new opportunities for interaction between organizations and the public (Henderson and Bowley, 2010). Apart from the old forms, social media can involve both web-based and mobile technologies (Mou et al., 2013).

Organizations have to regard the use of Social Media, since of changing trends among consumers. Mangold and Faulds (2009) claim that marketing managers have to recognize the power and sensitive nature of topics raised by consumers using Social Media. Due to the benefits of social media in directly connecting the business to the final loop, i.e. the consumers, it has become the center of attention of many industries.

From the perspective of time, this connection has occurred as soon as possible and at a low cost (Kaplan and Haenlein, 2010), that it is conceivable by facilitation of various marketing fields such as advertising, marketing intelligence, research on emotions, public relations, marketing communications and the correlation between product and customer management (Akar and Topcu, 2011; Tanuri, 2010). The upper stage efficiency of social media compared to other traditional communication channels, forced industry leaders to imply the requirement of

companies to participate in Facebook, Twitter, Myspace and others in order to progress in the online space (Kaplan and Haenlein, 2010). A growing tendency toward social media have encouraged many researchers to carry out studies in this field. Howbeit, many studies about the media is done by individual perspective of view (Agarwal and Mital, 2009; Coyle and Vaughn, 2008; DeKay, 2009; Gangadharbhatla, 2008; Pelling and White, 2009).

Studies about social media based on approval of organizations is quite limited; some studies which have been conducted on social media utilization by organizations have been described as follows. Curtis and colleagues (2010), using the Unified Theory of Acceptance and Use of Technology (UTAUT), have explained the above-mentioned utilization of

social media by non-profit organizations. The results showed that these online tools are becoming a useful communicational method for public relation practitioners in private sector (non-profit). Also, it is more capable for institutions with separate department of public relations to adopt and use these technologies to achieve organizational goals. In addition, public relations' agents if find these tools valid and reliable, most likely will use them.

Further, from standpoint of employees Kuo et al. (2011) have investigated the utilization of social communications technology (SCT) by an employee to comply with the features of duties, through application of the theory of media richness and social theories.

Moreover, the impact of social relations in the workplace on adjustment of personnel involvement to Social Media, as well as the effect of this involvement issue on task performance were examined. The obtained results indicated that job characteristics are linked to use of these media, while social factors (i.e. social influence and affiliation) determines the degree of relationship. Besides that, the usage of social technologies has led to positive job performance. Leftheriotis and Giannakos (2014) stated that social networks could lead to collaboration between employees and analyzed the quality of key factors in facilitating the growth and marketing success in the Cyberspace. They have found that the long-distance presence, streaming, virtual experience and education of consumers are essential factors in the Cyberspace and e-commerce market. They also have suggested that global network specifically can be used to connect to the costumers and thus participate to training and getting input from clients may be possible. The findings of the study of Harris and Rae (2009) show that organizations are essentially get benefits of social networks in order to achieve various goals such as to obtain information about

the market, clients and their competitors. Actually, by means of social networks they identify future market trends, target groups and their wants and also needs of consumers, as well as following for information about the competitors, their movements, tactics, advertising gimmick and their activities in Social networks.

## Research methodology

### Methods

In order to collect the required data, the following is done:

- Major part of the information and literature survey are obtained through a literature review, collecting international resources and articles, national books and publications and websites.
- According to collected information, general model of research and questionnaire has been provided.
- By referring to experts, corrections were applied in the questionnaire.
- To collect the required data on considered variables in the following study, a questionnaire have been distributed among the chosen target population samples and finally, the data has been analyzed through information obtained by means of descriptive and inferential statistics.

Knowing that the main aim of this study is to determine the role of social networks on improving organizational performance, thus based on objective, the current study is of practical research work. And because of using questionnaire to collect information, the work is of survey research category, based on used method.

In order to assess the reliability, Cronbach's alpha test was used by performing SPSS software. 350

questionnaires were distributed among the participants and by use of the data obtained from the questionnaire and by assistance of statistical software, the reliability factor was determined as described in Table 1.

**Table .1.** Cronbach's alpha test results

Variable	Cronbach's alpha
Reasons for using social networks	0.880
Organization performance	0.923
Employee performance	0.877
Economic performance	0.733
Customer satisfaction	0.749

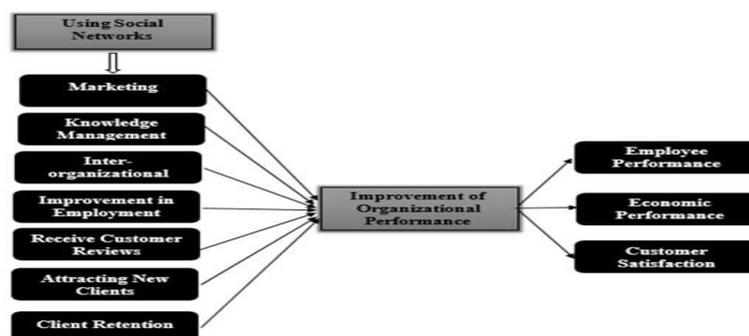
Given that Cronbach's alpha value is above 7.0, it can be said that all variables encompass an acceptable reliability.

### Hypotheses

The hypothesis of this study are as follows such, use of social networks in organizations has positive and significant effect on organizational performance improvement. Secondary hypotheses of research include the below:

1. The use of social networks in organization has positive and significant effect on improving employee performance.
2. The use of social networks in organization has positive and significant effect on improving economic performance.
3. The use of social networks in organization has positive and significant effect on improving customer satisfaction.

The presented conceptual model of this study is shown in Figure 1.



**Figure 1.** model of this study

*Normality test on variables*

Before getting into the test assumptions, it is necessary to be informed of the normality status of the data, thus according to whether they are normal or not, testing to be used.

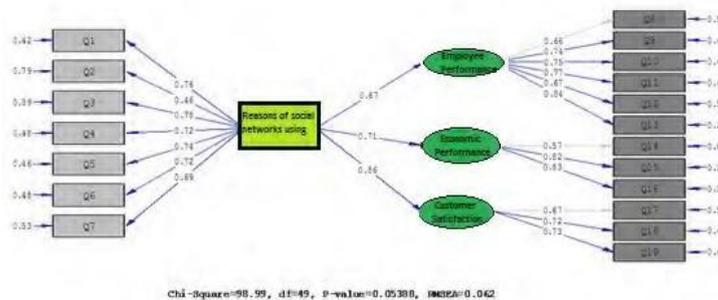
In this test, if the achieved significance level is larger than error value of  $\alpha=0.5$  then H1 assumption is assumed to be confirmed, otherwise H0 is so.

H0: The data is not normal (do not have been obtain from the normal population) H1: The data is normal (have been obtain from the normal population)

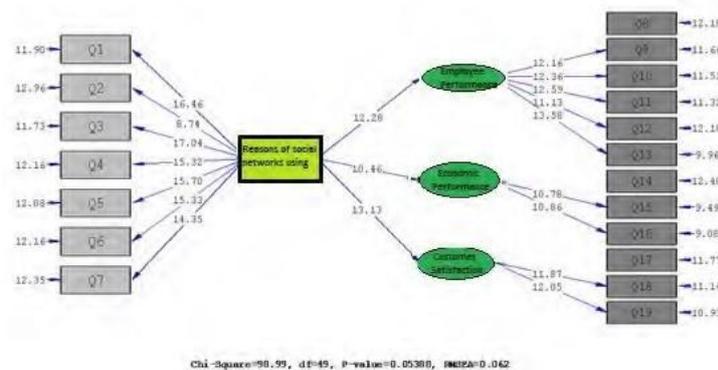
**Table 2.** Kolmogorov-Smirnov test for research variables

Variable	Sig
Reasons for using social networks	0.059
Organization performance	0.102
Employee performance	0.114
Economic performance	0.087
Customer satisfaction	0.108

Since the significance level of research variables is larger than 0.50, then H1 assumption is to be confirmed and it is concluded that the data collected for variables are normal.



**Figure 2.** Structural equation of research conceptual model (standard estimation)



**Figure 3.** Structural equation of research conceptual model (significant coefficients)

**Table 3.** Indices of the conceptual model

Index	Allowable limit	Obtained value
$X^2/df$	3 or less	1.89
NFI	0.9 and higher	0.95
NNFI	0.9 and higher	0.94
AGFI	0.9 and higher	0.90
CFI	0.9 and higher	0.95
GFI	0.9 and higher	0.92
RMSEA	Smaller than 0.08	0.64

**Table 4.** Path coefficients, t statistic and the coefficient of determination (Dependent variable: organizational performance improvement)

Predictive variable	Path coefficient ( $\beta$ )	t-statistic	Coefficient of determination ( $RR^{22}$ )
Use of social networks	0.89	17.75**	0.79.
** P <0.01, * p <0.05			

*Basic hypotheses*

The use of social networks has positive and significant effect on organizational performance improvement.

Considering the path coefficient of 0.89 and t-statistic of 17.75, it can be said that use of social networks has significant positive impact on organizational performance improvement at 99% level of confidence, thus the main hypothesis is statistically significant and confirmed.

*Secondary hypotheses of research*

1. The use of social networks has positive and significant effect on improving employee performance.
2. The use of social networks has positive and significant effect on improving economic performance.
3. The use of social networks has positive and significant effect on improving customer satisfaction.

Considering the path coefficient of 0.67 and t-statistic of 12.28, it can be said that use of social networks has significant positive impact on employee performance improvement at 99% level of confidence, so the first secondary hypothesis of research is statistically significant and confirmed. Multiple coefficient of determination ( $RR^{22}$ ) is equal to 0.45. This factor is investigating the predict ability of dependent variable by means of independent variable. Accordingly, the variable of social networking usage could predict 45 percent improvement in employee performance.

Regarding the path coefficient of 0.71 and t-statistic of 10.46, it is observed that use of social networks has significant positive impact on economic performance improvement at 99% level of confidence, thus the next secondary hypothesis of research is confirmed and statistically significant.

Multiple coefficient of determination ( $RR^{22}$ ) which investigates the predict ability of dependent variable by means of independent variable, is equal to 0.51. That means the corresponding variable of social networking usage could predict 51 percent improvement in economic performance.

Observing the value of 0.86 for path coefficient and 13.13 for t-statistic indicates the significant positive impact of social networks utilization on customer satisfaction at confidence level of 99%, which means the confirmation and significance of last secondary hypothesis of research. Besides, by means of independent variable, multiple coefficient of determination ( $RR^{22}$ ) equal to 0.74 is assessing the ability of dependent variable to predict. Hereupon, the variable related to social networking usage is able to predict 74 percent in customer satisfaction improvement.

**Discussion**

The current study being conducted in Bank Saderat Iran, shows the positive effect of social networks within an organization to improve the performance. In general, it was observed that the ability of mentioned bank to improve the organizational performance is directly associated with employee use of social networks. International researches indicated that organizational social networks set up has a significant impact on staff efficiency, productivity and satisfaction of occupational position. According to the results of following work, when the bank employees get benefit of social networks, not only they do gain new knowledge and individual skills, but also their performance (individual performance of employees) can be improved in the organization. Consequently, they provide high level of service quality due to increment of organizational performance, which itself leads to customer satisfaction.

**Table 5.** path coefficient, t statistic and the coefficient of determination (Predictor variables: the use of social networks)

Dependent variable	Path coefficient ( $\beta$ )	t-statistic	Coefficient of determination ( $RR^{22}$ )
Employee Performance	0.67	** 12.28	0.45
Economic performance	0.71	** 10.46	0.51
Customer satisfaction	0.86	** 13.13	0.74
** P <0.01 * p <0.05			

In fact, social media enable individuals to accumulate, share and store the knowledge; besides, to combine the obtained vision from different sources due to make a person creating a new cognition and joining social media to contribute in the common knowledge creation processes by sharing experiences, different critical theories and various findings. According to the abovementioned concepts, people manage their personal goals in social media, in terms of knowledge management processes (for example; storage, retrieval and information linkage to each other), in order to allocate the cognitive resources to faster implement of knowledge management activities.

From an analytical perspective, social media enable people to have an active role in the knowledge construction by means of participation, discussion, interaction and collaboration with others and makes them to provide the possibility of knowledge perception, feedback receive and cognition creation. Actually, by empowering the knowledge process with regard to environmental and social aspects, social media develop the learning and understanding in people. Since these media impact the knowledge processes of individuals by constructing a middle level, which is the level of relations between people in social media. In general, social networks by operational changes of knowledge from technology-based approach which focuses on information processing and technology-oriented aspects to people-centered approach which insists on knowledge management aspects by cooperation and dialog causes the deformation of science management (Sigala, 2015).

Moreover, these networks are being used in different organizations for diverse aims such as advertising, branding, information search, communication with customers and many other purposes. However, social networks effect some organizational activities more than others, of which we can mention management services of customer relations, improvement in information access, reduce the cost of marketing and arrangement of client relations (Parveen et al., 2015).

A new level has been considered while studying the role of social media, which the added one is an intermediate level

(about the relations between people in social media) and is related to employee creativity, apart from the micro level (inter-personal factors) and macro level (organizational and environmental factors). The above reviewed results imply the existence of a social media's middle-level, which it indicates that relations among employees in social media with their colleagues beyond the organizational boundaries and connection of individuals is associated with creativity. Also important correlation is found between the number

of used social media by individuals and their creativity, where creative performance is positively associated with the number and type of information sources available for employees. Knowing that creative employees are more likely to use multiple social networks as well, in general, higher levels of employee participation in activities of knowledge management, being active and proper use of social media are highly important cases, whatsoever social media is not enough to enhance their creativity and cognition. Further, importance of social media's intermediate level is determined in activating the employee's creativity. This utilization is affecting people's cognition and can be supportive in interactive and collaborative processes of knowledge management of people who are involved and active in intermediate level of these media.

In general, a cooperative social networking can put employees, economic partners and customers of an organization together in an integrated environment, whom are engaged in economic activities. These networks can be used in the organization's intranet, in sake of staff supporting or even in extranet and Internet due to facilitate marketing operations and strengthen the role of final users. Assuming that members of the mentioned networks are always aware of the latest news of organization, then subscribing to them can also be regarded as aspect of information and controlling. As well as, social networks are ways of making easy communication between the customer and the company.

## Conclusion

Notwithstanding, the social media have been examined from the individual point of view by many researchers, but study on organizational aspect of these media has not developed as rapidly (Lovejoy and Saxton, 2012). Thus, by means of assessing the organizational usage of social media, the following research provides the academic field of social media. Additionally, distinct usage and impact factors in connection with social media have been noticed on the basis of obtained results, which are open for further investigation by future researchers. This work examines and explores the qualifying aspect of social media utilization through comprehensive discussions, which contributes to brighter visions and cognition of social media function in an organizational ground.

Talking about social media, some authors believe in exploitation of social media by companies whereas recent cases indicate considerable advantages. Lots of developments in this process may be achieved through effective network programs and inter-organizational associations (Leader-Chivé and Cowan, 2008). Even though, the aforesaid tools can cause to regulate, reveal or legal issues as well as

possessing the ability to waste time of users (Moorcroft, 2008).

Nowadays, most people and organizations use social media, it shows that using social media has become a routine phenomenon and life pattern, besides being a suitable functional analysis.

Moreover, it implies that interactive mode of social media, where both the organization and its stakeholders will participate in creation of content and feedback, will follow main results for the organization, while institutional investors had no free connection among themselves previously. That is why it is important to know what this interactive feature of the system is.

In particular, to understand the following issue if approaches of interactive environments in social media could lead to an open system in relation between the organization and the audience, then researchers could get better understanding of social media's role in the enterprise survival.

According to the tested final model among employees of Bank Saderat Iran, it was observed that use of social networks has a direct and positive impact on employee performance. In the meantime, the significant influence is found on customer satisfaction. Therefore, it can be said that use of social networks improves employee performance and consequently provides better customer service by staff which results in customer satisfaction.

### Suggestions for future research

The following objects are suggested for future studies:

- Measuring the using of social networks by employees of human resources to determine the effect of these factors on management of human resource.
- Investigating the effect of social networks' usage on performance of organization in the factories and comparing with current results
- Assessing the influence of using social networks on performance by mediating role of learning culture in the organization
- Examining the impact of social media technology on customer satisfaction and their loyalty
- Studying the relationship between use of social media technology and management of connection with customers from the client perspective and comparing the obtained results with of current research.

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