

Evaluating the effects of social media on firm performance



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&

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Abstract

- To what extent does social media whether sourced internally from the firm/employer accounts or externally from stakeholders have an impact on a firm's overall business performance?
- Social media, having only emerged in the last decade, has yet to be thoroughly studied specifically looking at its effects on the business community. A total of roughly 30 studies have been collected and coded within an Excel document to craft a Literature review. We use data from a variety of FT 50 business journals to categorize the different strategies firms employ as well as uncover new variables such as outside tweet sources commonly called "social activists".
- Results show that the more tweets a company put out, the more information it shared, and the larger the social media presence it maintained, the higher its overall firm performance would be. The various tweets documented within the studies were categorized as either positive/negative or informative/humorous. Twitter and Facebook were found to be the most prominent platforms and positive tweets were seen to have the most impact. The search criteria documented will help future researchers replicate our methods and build the conversation further.

Introduction

- Current studies have shown that businesses with increased social media presence, most notably on Twitter, experience higher performance within the firm measured through stock prices and product sales.
- The purpose of this study is to create a new environment for conversation where, through the collection of previously done work, new ideas may be developed.
- The definition of firm performance in terms of measurement for this study is increases in stock price, stock returns, increase in product sales and increase in revenue for the studied company.

Methods

- To begin, a preliminary search on google scholars was conducted to determine whether there would be enough substance to continue the study. Using keywords such as "firm performance" and "social media" as well as narrowing the journals down to those on the FT50, we uncovered that there was limited studies done and we needed to take other measures. We had instead decided to stray away from the FT50 journals as there were other business related journals that seemed to be producing more relevant articles for our studies.
- From there we collected about 25 articles and used genealogy techniques to go through the work cited/literature reviews to collect the rest.
- Following that, we coded all the articles in a Microsoft Excel spreadsheet with columns such as theoretical perspective, financial performance outcome, inside/outside firm buzz, and analysis type along with the more basic key findings, context, where the study was done and the names of researchers.
- After the articles were coded in this manner, they then needed to be categorized and analyzed in such a way that people who have never read through them, would understand the message. Using another table on Microsoft Excel articles will be categorized based on Source: whether the social media messages are coming from internal/external sources, Message: positive/negative or informal/humorous and finally Channel: Twitter, Facebook and LinkedIn being a few of the most common we came across. With this information, a literature review was then crafted and written in such a way that the conversation is expanded upon with our thoughts and analysis.

Results/Review

	Source
Internal	<p>Employee account (Aggarwal et al., 2012; Etim et al., 2019; Thakur & Arora, 2021; Witek-Hajduk & Zaborek, 2022, Olanrewaju, 2020;)</p> <p>Firm account (Adnyani, 2020; Ainin et al., 2015; Ciaran et al., 2020; Etim et al., 2021; Heavy et al., 2020; Jeppson et al., 2021; Jinn et al., 2017; Kamboj et al., 2017; Lee et al., 2020; Ravaonorhanta & Sayumwe, 2020; Saxton & Waters, 2014; Tajvidi & Karami, 2017)</p>
External	<p>Activists (Ahmad et al., 2019; Dhin et al., 2017; Kim & Youm, 2017; Kwan, 2015; Nguyen, 2020)</p> <p>Customers (Kamboj et al., 2017; Lou & Zhang, 2013; McAlister et al., 2012; Taividi & Karami, 2017)</p> <p>Investors (Grant et al., 2017; Vrontis & Christofi, 2021)</p>
Mix	Internal and external (Bai & Yan, 2021; Schniederjans et al., 2013)

	Channel
Twitter	(Heavey et al., 2020; Kamboj et al., 2017; Ravaonorhanta et al., 2017; Vrontis et al., 2021; Kwan, 2015; Bai et al., 2021; Kopf et al., 2017; Kim et al., 2017; Grant et al., 2017; Nygugen, 2020;
Facebook	(Lee et al., 2020; Saxton et al., 2014;
Multiple	(Jein et al., 2017; Jeppson et al. 2021; Adyani, 2021; Tajvidi et al., 2017; Kamboj et al., 2013; Ainin et al., 2015; Hadjuk et al., 2022; Ahmad et al., 2019; Tajvidi et al., 2017;
Blog	(Aggarwal et al., 2012; Schniederjans et al., 2014; Luo et al., 2013;
Not specified	(Etim et al., 2021; Thakur et al., 2021; Mcalister et al., 2012;

	Message
Tone	<p>Positive (Jinn et al., 2017; Grant et al., 2017; Kwan, 2015)</p> <p>Negative</p> <p>Mixed positive and negative (Aggarwal et al., 2012; Kim & Youm, 2017; Nguyen, 2020)</p>
Content	<p>Informational (Bai & Yin, 2019; Heavy et al., 2020; Jeppson et al., 2021; Lee et al., 2020; Schniederjans et al., 2014; Thakur & Arora, 2021)</p> <p>Branding (Witek-Hajduk & Zaborek, 2022)</p>
Volume (implied)	(Adyani, 2020; Ahmad et al., 2019; Ainin et al., 2015; Dhin et al., 2017; Etim et al., 2019; Etim et al., 2021; Lou & Zhang, 2013; McAlister et al., 2012; Ravaonorhanta & Sayumwe, 2017; Tajvidi & Karami, 2017; Vrontis & Christofi, 2021)

Conclusion

- After conducting many through searches across many business journals, a total of 30 articles were uncovered. This is still a working number as we are continuing to search for relevant journals regarding the topic. A literature review has been compiled that makes new sense out of the information and builds upon previous ideas.
- We uncovered that based on the majority of research done, a positive social media presence helps increase firm performance for many businesses.
- We have found that the most prominent form of social media communication has been through Twitter and followed closely by Facebook. Many stakeholders or a popular nickname coined for them by researchers "social activists" tend to post more on Reddit forums and will alter the trajectory of a stock performance that way.
- The review provides evidence that firms with social media marketing strategies enjoy better customer relationships, improved customer satisfaction and enhanced business performance. Furthermore, the conclusion discusses the key findings from existing research on social media and the direction for future research on the field

References

Adnyani, 2020; Ainin et al., 2015; Ciaran et al., 2020; Etim et al., 2021; Heavy et al., 2020; Jeppson et al., 2021; Jinn et al., 2017; Kamboj et al., 2017; Lee et al., 2020; Ravaonorhanta & Sayumwe, 2020; Saxton & Waters, 2014; Tajvidi & Karami, 2017; Jein et al., 2017; Jeppson et al. 2021; Adyani, 2021; Tajvidi et al., 2017; Kamboj et al., 2013; Ainin et al., 2015; Hadjuk et al., 2022; Ahmad et al., 2019; Tajvidi et al., 2017