

A study on the Impact of environment and social media on small scale Business

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Abstract

The main objective of this paper is to investigate the impact of social media and environment on small business entrepreneurs. It is also examined how small business owners are motivated to use social media applications. Social media completely transformed the way of businesses. Social media applications in the present time have become most efficient and effective tool for small business entrepreneurs and normally all small business use social media platform for the advertising and publicity of their products and services, they make fan pages for the followers and they warmly welcome the suggestions and opinions which help in improving their business. However, based on literature review I concluded that there is a positive impact of social media applications on small business entrepreneurs as well as they are highly motivated to use this platform. In small scale industries it is necessary to study about the different factors of environment are as follows: a) Economic factor b) Social factor c) Culture factor d) Technological factor e) Political factor f) Legal factor

Natural environment factors which also impact on small business:

Many business operations depend on the environment, as it can be the primary source of raw materials and can affect business processes. Companies around the world are integrating environmental interest with business and are becoming proactive in finding ways to reduce environmental impact.

Environmental Regulations

Regulating business activities is one way government agencies protect the environment. Businesses must meet certain standards that help to reduce any adverse effects a company's activities have on the environment. As a result, natural environmental factors, such as clean water and clean air, dictate how companies conduct their day-to-day operations

Keywords: Social media applications; Small business; Motivated and Publicity

Introduction

The purpose of this paper is to determine the impact of social media applications on small businesses and how social media can help small businesses to spread out their businesses by using social media applications. Now a day's internet surfing becomes an essential part of our life from shopping to electronic mails and education. Internet is very beautiful progress of technology and when we talk about social media networks it is extremely beneficial for every type of businesses and entrepreneurs and it became very common and widespread in past few years. In today's world the majority of businesses use social media to enhance their relationships with consumers. Social media gives a new way to businesses that are communicating with the customer's; it's totally transforming the way of business. It is an online application that enables their users to interact with each other's. It includes creating and sharing contents of their businesses. As compared to traditional media which only deliver content social promote active user participation. There is great variety of social media ranging from social networks (face

book, LinkedIn) private social networks (yammer, social cast, jive) content sharing websites (YouTube, flicker) to wikis (Wikipedia) blogs (blogger, word press) and micro blogs (twitter).

The present day business environment is marked by different dynamic features such as global competition, information technology, quality service revolution and corporate social responsibility which are compelling managers to rethink and reshape their approach to their various operation responsibilities. Due to this paradigm shift, new firms are emerging that are more responsive to both their internal and external environments (Luthans, 1995). The internal factors exist within the operational base of an organization and directly affect the different aspect of business. These internal factors include firms Mission, resistance to change, poor quality staff, lapses in internal control, bad resource/financial management, operational weaknesses, high staff turnover and over-leveraging while the external factors include government regulation, economic recession, political turmoil, low cost competitors, changes in customer behavior, environmental/ health issues, technological changes, natural disasters, change in input supply, changes in macro economic variables and terrorist attacks. Hence, it is important for a business to keep a pace with the various changes in the environment in order to survive in the long run. Similarly, every business settings often bring in new way of thinking about the business environment and new ways of acting. (Belohlav,1996). Hence, coping with these multitude of challenges require a firm that can easily adapt to change. This makes the small and medium scale enterprises (SMEs) the driving force in economic growth and job creation in both developed and developing countries due to their ability to experiment new approach at minimum cost and create a standardized product/ services that can meet the needs of a large target market (Sunter, 2000). However, more than half of newly established businesses survive beyond five years. Hence, the identification of those factors which empirically lead to entrepreneurial success/failure would assist in equipping small business owners with the necessary managerial skills to survive in today's competitive environment as well as exploit several strategies that will improve their operational efficiencies. The remaining parts of this study include a brief literature review, research methods, data analysis, conclusions and recommendations.

Social media networks are gateways for company to profit and grow in the industry. Companies are increasingly keen to use social media for business purposes in particular as part of their communication, marketing and recruitment strategy. Social networking has become daily practice in user's lives. It is not only offering extensive opportunities but also present significant challenges for employers. Small business entrepreneurs use social media applications to spread their businesses by using large range of weak ties and the significance of weak ties in the network of small business owners are identified by Granovetter [1] and Burt [2]. The purpose of weak ties is to collect information regarding business by small business owners. And the reason for using social media applications is to maintaining the connection with weak ties. It will help in building a good reputation for business. It helps to communicate between customers (current and potential) in term of feedback, product development and definition and customer service and support. Social media become one of the easiest ways to improve productivity. However, Shabbir [3] elaborates that market innovation is a comprehensive tool in order to meet the needs and wants of their target customers.

The Effects of Environmental Factors on Small-Scale Business

Environmental factors refer to external influences on a business that it has limited control over but that it must consider as part of strategic planning. Typically, environmental factors addressed by companies fit into four categories -- social, legal, political and economic. These factors affect small businesses in different ways than larger competitors.

Social

Social environmental factors include societal movements, changes in public values and attitudes people in the marketplace have toward working for your business. If you operate a small casual dining restaurant, you must recognize societal trends toward healthy lifestyles and food consumption habits. Doing so allows you either to promote alternative values to fit your current offering or to adjust your operation to compensate for the trend. Maintaining a positive public image improves your ability to attract local workers as well.

Political

For a small company, political factors relate to your interaction with local governments and agencies. In general, you want to have a good working relationship with the mayor and city council members in a city or town in which you operate. This increases your ability to influence laws and codes that affect your business. Access to local funding and tax subsidies is a political issue as well.

Legal

The legal environment is similar to the political landscape in the way it affects your business. Changes in laws or city ordinances may affect your business directly. If your target market is teens, for instance, a new curfew that requires people under 18 to be home by 11 p.m. may affect your hours of operation. New health and safety regulations affect restaurants and food vendors.

Economic

In general, shifts in the nature of the local economy can help or hinder a business. If you sell lower-priced or value-priced goods, buying activity may pick up when economic conditions are weak and unemployment is high. People have more budget concerns during poor economies. On the contrary, luxury goods and services businesses thrive more when the economy is good and people have stable employment. Changes in loan interest rates and banking regulations are also economic factors that affect small businesses.

Literature review

Since the inception of Social networks in 1997, with the launching features of blogging and posting through web 2.0 named as six degrees. com. The basic purpose of this site was to facilitate people in terms of social connectivity via LinkedIn, My Space as well as advance mode of face book and other software's like Orkut, Google talk, Skype, Hangout and what-up etc. Cheung and Lee [4] stated that, "the decision to use online social networking technologies represents a social phenomenon that largely depends on the interactions" and concludes observing that "the driving forces behind online social networks are connections and community, and the usage is largely depended on subjective norm and social identity". Mangold and Faulds [5] defined that "Social media is a hybrid element of promotion mix because in traditional sense it enables companies to talk their customers while in a non-traditional sense it enables customers to talk directly to one another. The key factor behind the performance of Management is based as team work, while the progress of employee's depending upon leadership of the management. However, the term management is not only consisting on firm level but also for Institutions, Economy and State levels respectively Shahzad and Rehman [6]. With the help of social media people enjoying their lives smoothly and remain connect with their love-ones, as well as it provides salient pieces of information for different purposes [7], social media can be named as consumer generated media, new media and citizen media.

Social Media Theories and Laws There are many theories to explain the phenomenon of social media that hit the individual's life in or some other way.

Social cognitive theory According to this theory, individual are good observers as they learn from other via observation. For example in 1960s Albert Bandura [8] (a pioneer in social cognitive theory) argued that when people see someone else awarded for behavior they tend to behave the same way to attain an award. People are also more likely to imitate those whom they identify. TThe social presence theory Relates to how much intimacy we can achieve using technology. In 1990 Fulk [9] argues basically that the more physical contact we have the greater the presence. Greater presence causes greater intimacy. The less the personal communication, the less social value it has. Examples email, text messaging, chat rooms interaction will have less value than phone which has less value than sitting across the table from someone

Media richness theory It is presented by Daft and Lengel in 1986 [10]. And they argued through communication problems/ambiguity can be solved. For example a phone call will not be able to produce gestures. This makes it less rich than video conferencing which is able to communicate gestures to some extent but more rich than email.

Media Laws Some of important Media Laws are as below.

Sarnoff's law David Sarnoff is pioneer of broadcasting business and a founder of NBC presents this law. This law states that “the value of a network increases linearly the more people on that network”. Which means a network with one hundred participants is worth ten times more than a network with only ten members. However, the drawback of Sarnoff's law is that it is applicable only for one-way media like television, radio where there is no interaction between the sender and receiver.

Metcalf's law In 1980 Robert Metcalfe presents this law. This law states that Value of network goes up when more and more nodes are connected to each other. But according to Evans [11] the disadvantage of this law is that it assumes interactions, and is only applicable to two-way communications such as email and telephone conversations. Reed's law Postulated by David P Reed, Reed's Law is also known as “The Law of the Pack” is a mathematical explanation of the power of a network.

Reed's Law states that network value increased when new individual join the same network. Evans [11] states that the value of a network increases more than preceding two laws during the formation of groups and communities via the inter-connections among themselves. He states that Reeds law has considerably more coverage as it reinforces a new layer of groups such as in social network sites which creates sub groups and communities. According Evans [11], typical examples of Reed's Law are social media and the communities formed there in. However a drawback of the absence of human elements in computer networks is that it presumes unlimited number of senders and receivers and complete interaction.

Social Media and Small Business

All most all business takes into consideration of usage of social media in order to market / branding some product. Small businesses use social media application as a marketing tool for the branding and marketing of their products. A practical approach has been followed by Karkkainen [12] investigating general companies to actually see how much of the social media application has actually penetrated the nontechnology and traditional organizations. Based on survey results he finds application of social media by businesses is inclined more towards communication to the customer in the traditional sense like branding, public relations and lead generation rather than communication with the customer, understanding the customer and internal communications. The strategies of small business are to adopt micro blogging to make direct connect with individual who has some interest in their business Shabbir [13]. Gunther et al. [14] says that social media helps small business entrepreneurs to build their small community over that media for smooth interaction with their partners The motivation for adopting micro blogging by small business entrepreneurs has been to make connections more appropriately directed connection with people who have same or common business interest and hence the businesses especially small and medium enterprises are trying to adopt micro blogging as evident from the studies of Gunther et al., [14], Meyer and Dibbern [15], Fischer and Reuber [16], Riemer and Richter [17]. There is a new trend of using face book by small business users due to cost saving as well time saving in order to promote their products as well as use face book for connecting themselves with weak ties and career advancement. Fischer and Reuber [16] say that “in the relatively few scholarly studies that consider how such social media may benefit firms, the majority has focused on social media as marketing tools and also suggest that entrepreneurs who have used twitter that “entrepreneur learned that he could connect to his customers even more effectively than he had been doing”. Entrepreneurs use social media as a marketing tool because through this tool they can build quickly a network of supporters which is vital for business growth. Because these supporters keep bring a customer's/ business for small business entrepreneurs by referring it to others. Social media helps to create a long term relationship between businesses and customers. But there is some issues related to social media in first is that worries businesses concerning the implementation of social media is the lack of consensus on how to implement different activities as the platforms and the technologies are so dynamic and there has not been a clear guideline for businesses as to how to utilize them. Mostly business use their own experimental approach to achieve a better result and this has somehow made the task more challenging. Second is implementing Social Media is the task of setting a clear objective and large number of businesses join the social media every year but those who maintain their online presence effectively are relatively low, this is because many of those businesses launch the social media campaign without clear strategic goal. Gillin [19] explains probably most businesses want to experiment the technology or maybe they are attracted by the low cost

According to Ciano (2011), business is a series of collisions with the future while its present day challenges include convergence, corporate governance, corporate reporting, fraud, operating globally, improving business performance, managing assets, change and people, mergers and acquisitions, risk management, shareholder's

values and sustainability. He opined that since it is neither the strongest of the species that survives, nor the most intelligent; it is the one that is most adaptable to change; hence companies that make up the industry have faced the need for equivalent of self-administered surgery with no insurance, no aesthetic, and no assurance of long-term health. Thus, the success of every business depends on adapting itself to the environment within which it functions. Hence, the term business environment represents all forces, factors and institutions that are beyond the control of the business and affect the functioning of a business enterprise. These include customers, competitors, suppliers, government, and the social, political, legal and technological factors etc. While some of these factors or forces may have direct influence over the business firm, others may operate indirectly (Duncan, 1972). Thus, business environment may be defined as the total surroundings, which have a direct or indirect bearing on the functioning of business. It may also be defined as the set of external factors, such as economic factors, social factors, political and legal factors, demographic factors, technical factors etc., which are uncontrollable in nature and affect the business decisions of a firm. According to Adebayo et al. (2005) business environment can be broadly categorized into internal and external environment with the former comprising variables or factors within the control and manipulation of the firm to attain set objective while the latter encompasses factors that are outside the control and manipulation of the firm. Hence, firm must develop a plan that will help it to cope with the various environmental forces (Oluremi and Gbenga, 2011). Similarly, the nature of business environment are said to be classified as dynamic, stable and unstable which often help a firm in the selection of appropriate strategies (Ibidun and Ogundele, 2013). Adeoye (2012) opined that in order for business to cope with the dynamic and rapidly changing business environment, there is a need to develop and implement appropriate strategies that would safeguard their operations and yield the desired results. Similarly, Ogundele (2005) added that a firm perception of the nature of the business environment is a function of its size and industry. Business survival is the ability of a firm to continuously be in operation despite various challenges i.e. the managerial process of directing the affairs of a firm regularly on a going concern basis and meets the needs of all stakeholders (Akindele et al., 2012). Dun and Bradstreet (1979) viewed business failures as a situation where a business go into bankruptcy or cease operations which results in losses and failure to meet its various financial commitment to creditors. In order to survive, firms always keep a close tab on the various activities that determine their continuity. Adeoye (2012) submitted that the present form of complexities facing firms include leadership styles, changes, uncertainty, conflict, culture, technology, structure, competitive market, profitability and workplace motivation. Hence, firms must develop a strategical plan and tactical procedure that is appropriate and adaptive to the present business environment that will aid its optimum resources utilization and attainment of set goals. Burns (2001) opined that small scale business cannot be characterized as only scaled down versions of large firms since they show a number of fundamental differences which can be explained through absence of economies of scale and scope which amongst others is also caused by less provision of factors of production. Thus, Ciano (2011) opined that there are four determining factors in any transformation initiative for any business entity. This includes duration of time between reviews of milestones; the project team's performance integrity which is the ability to complete the initiative on time that depends on members' skills and traits relative to the project's requirements; the commitment to change of the top management and employees affected by the change display and the effort over and above the usual work that the change initiative demands of employees. Alexander (2000) observed that the dynamic and rapidly changing business environment in which most businesses operate has made business environment to have significant impact on organizational survival and performance. This implies that the external environment is complex and constantly changing and its significant characteristic is competition. The recognition of the presence of an intense competition often compel the need to seek more information about customers for the purpose of evaluation and to use such information to their advantage thus enabling competition to drive business organizations to look for their customers in order to understand better ways to meet their needs, wants, and thereby enhances organizational performance (Azhar, 2008). Porter (2004) developed the five forces of competitive position analysis as a simple framework for assessing and evaluating the competitive strength and position of a business organisation. His theory is based on the concept that there are five forces which determine the competitive intensity and attractiveness of a market and helps to identify where power lies in a business situation. This is useful both in understanding the strength of an organisation's current competitive position, and the strength of a position that an organisation may look to move into. The five forces are supplier power, buyer power, threat of substitution, threat of new entry and competitive rivalry. Ogundele and Opeifa (2004) submit that external business environment and their factors helps visualize the analysis of business survival and growth in an attempt to enhance understanding of how environmental factors work together with the variables of business survival and growth to determine the future of business organisation. Ghazali et al. (2010), showed that the internal source of firm's strengths are related to their financial resources while the weaknesses are related to the firms' management. On the other hand, the external source of opportunities to the firms are support and encouragement from the government while threats come from the various bureaucratic

procedures that firms have to face in order to get plan approval and certificate of fitness. Similarly, Norzalita and Norjaya (2010) investigated the influence of the external environment in the market orientation-performance linkage among SMEs in the agrofood sector in Malaysia and reported that market-technology turbulence and competitive intensity did not moderate the relationship between market orientation and business performance. Adeoye (2012) reported that environmental changes are continuously exerting new pressures on company performance and in order to adapt with these changes, companies often formulate and implement strategies to reorganize and reform the way products are manufactured and distributed to final consumers. Thus, the impact of environmental factors on business performance towards profit objective is found to have increasingly stronger interrelationships which require more sophisticated business strategies. Hypothesis H0: Business environment does not influence SMEs survival. RESEARCH METHOD This study examined impact of business environment on the survival of small scale businesses in Nigeria in terms of how the business environment shape the survival, K. Agbolade Obasan 168 relevance, growth and extinction of small scale business. In order to achieve the study objective, the author developed a questionnaire which tests the various aspects of business environment parameters that are peculiar to the study area. The self administered questionnaire measures the views of the selected entrepreneurs who have been operating for at least three years since the period provides a minimum basic exposure and experiences in business operations. In order to discover the particular internal problems of a business, a strengths and weaknesses analysis was used. A weakness of the business can be considered as a specific problem of the business. This weakness may not, however, be a problem for another business. Buhalis (1992) argued that the strengths and weaknesses of a business indicated the competitive position of the business. On the other hand, an opportunity and threat analysis was used to discover the various external problems facing businesses in the region. A total of 120 questionnaires were administered out of which 86 were returned although 6 were excluded from the analysis due inertia responses. Using the logistic regression which is an extension of multiple regressions in which the dependent variable is not a continuous variable with only two values, it is possible to make predictions about a categorical dependent variable from independent variables. The probability estimates will always be between 0 and 1. The Logistic regression analysis was performed on the two main categories of variables which are external and internal variables and they were combined and included into final run and reached the logistic regression final environmental model Small scale businesses are indispensable catalyst and important contributor to the economic growth in every nation due to their vast irreplaceable prospect in the economy. Small businesses serve as laboratory for the development and innovation of new ideas and offerings before market commercialisation in order to prevent the production of goods and services that does not meet consumer expectation. This unique nature of small scale business makes the personalization and modification of product to meet consumer preference easy. Hence, small business operators must develop and adopt scientific and rational business management strategies that will aid and increase their understanding of both their business and its environment. A sound knowledge of the dynamic business environment will facilitate the planning and predictions on the most significant factors that affect business survival. This study indicated that competition, inflationary trend, technological changes, government policy.

Conclusion

Social media applications in today's world become most efficient effective tool for small business entrepreneurs and normally all small business use social media platform for the advertising and publicity of their product and they make fan pages for the followers and they warmly welcome the suggestions and opinions which help in improving the business. Based on theories and laws it is clear that if small businesses social media tools with right approach and clear goals they can easily reach to their target customers and by using in right approach social media helps to build a long term relationship with business and customer. Social media provides an opportunity to both consumers and business entrepreneurs to communicate effectively. Social media can help small businesses to spread out their businesses by using large range of weak ties but there is some issues with social media which is faced by the small business such as technologies are so dynamic and has not been a clear guideline for businesses as to how to utilize them and they launch social media campaign without clear strategic goals. So as per my observation by reading the literature review, social media applications has positive impact on small business entrepreneurs and entrepreneurs are highly motivated to use this platform because it requires minimum budget or even free in most social media websites to advertise their products and social media creates an interaction and customer perception is inclusive and participatory and social media provides real time feedback handling opportunities.

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