

# Questions, inspiration, feedback, and contributions: How entrepreneurs network online

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## ABSTRACT

This work investigates how entrepreneurs use social networking sites for business. Through surveys, online discussions and interviews, we have looked at activities, motives for participating on networking sites for business, motives for contributing, and differences between online and offline networking. Our results show that networking, facts finding, and marketing are very common activities while sharing of experience is quite rare. Entrepreneurs connect with new people online rather than reifying offline networks. A novel use of social media is that of small businesses using Facebook as a web hotel. We believe that an important explanation to our results is that social media are still informal and not yet incorporated in traditional work routines.

## Keywords

Entrepreneurs, social networking sites, small business, networking.

## INTRODUCTION

Online communities have received a lot of attention in the HCI research lately, fuelled by the rapid expansion of first MySpace and then Facebook. People's personal motives for using these social networking sites have been investigated [6, 10], as well as their professional motives [2]. The sheer number of members on the largest social networking sites and the media attention they receive have caught the eye of companies that would like to promote themselves to all these users. Large retail companies like Nike and Adidas, as well as high tech companies like AT&T and Microsoft have their own Facebook profiles and use the site as a new channel to reach potential customers and gathering their feedback on the products.

The networking that people do for social, private and career reasons is well researched. However, how and for what reasons people network online in their business capacity is less understood. In particular, with the exception of the area

of marketing, there is little research on how small businesses and entrepreneurs use online communities and networking sites for their business purposes. We conducted an online focus group, a small complementing survey, and a number of follow-up interviews to investigate how entrepreneurs network on the web, what their motives are and whether their activities, goals and motives differ from private networking for social reasons. We also analyzed five different sites that target entrepreneurs.

Our results show that entrepreneurs find new contacts on the networking sites rather than reifying existing networks, which is different from results on social networking on for example Facebook. We also found an interesting trend where very small companies used Facebook as a web page or web hotel.

We believe that some of our results are connected to the fact that social media are still not formally incorporated in company routines and regulations. It will be interesting to follow this development.

## BACKGROUND

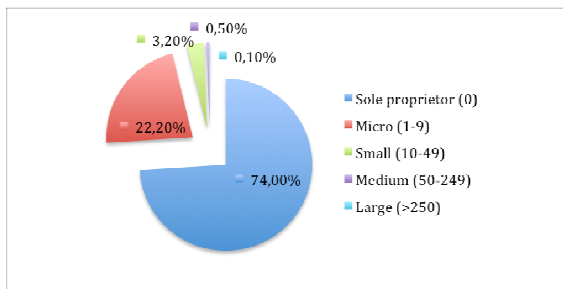
This work was performed in Sweden and concerns Swedish companies' use of social network sites. At the time of the study, Sweden had roughly one registered company per ten inhabitants, in total 914.000 companies (not counting companies related to official authorities). Of these, the large majority were owned and run by one person only, and less than one per cent had more than 50 employees (fig. 1). 6.9% of the population were company owners (i.e. employers and sole proprietors).<sup>1</sup>

In 2009, 56.403 new companies were registered. The typical Swedish entrepreneur is a man in his thirties, running a small business in the industrial/financial service sector. One third of the new companies are started by women, in particular within the domains of education and health care.<sup>2</sup>

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<sup>1</sup> [www.ekonomifakta.se/sv/Fakta/Foretagande/Naringslivet/Naringslivets-struktur/](http://www.ekonomifakta.se/sv/Fakta/Foretagande/Naringslivet/Naringslivets-struktur/) (in Swedish)

<sup>2</sup> [www.ekonomifakta.se/sv/Artiklar/2008/April/Den-nya-foretagaren/](http://www.ekonomifakta.se/sv/Artiklar/2008/April/Den-nya-foretagaren/) (in Swedish)



**Figure 1. Distribution of company size in Sweden**  
(adapted from [www.ekonomifakta.se](http://www.ekonomifakta.se))

Internet maturity is high in Sweden. 91% of the population has Internet access at home and 79% of these connections are considered as “broadband connections” [17]. Social media for entrepreneurs is in an early stage, and we believe that studying Swedish entrepreneurs will create valuable insight on its use. The almost ubiquitous access to high speed Internet in Sweden creates good preconditions for the use of social media. This initial study will shed light on how Swedish entrepreneurs have started to use networking sites for their businesses. The combination of high Internet maturity and an overall company structure similar to other countries<sup>3</sup> makes Sweden a potentially good predictor for other countries. Therefore, we believe that our results will be useful for continued research on this topic both within and without Sweden.

#### RELATED WORK

This work draws on previous work on social networking sites for personal use as well as other types of online collaborations such as open source software and Wikipedia.

There is a significant body of existing research on the use of social media for personal purposes. For example, studies have been made of blogs [13], microblogs like Twitter [5], and communities like MySpace [5] and Facebook [10]. This research has found that people use social media to stay in touch with past and present friends, to voice their opinions, and to share their everyday life. However, sites like Facebook are mainly used for keeping in touch with people you already know, “reifying the existing offline networks”, not for getting to know new people [10].

Social media has also entered the workplace. Blogs, Wikis, and instant messaging (IM) are used to spread awareness and information within companies and work places. Studies have shown that Facebook is used at work to stay in touch with [1] and keep track of colleagues, as well as to foster awareness in the workplace [16].

Similar use is shown for social media specifically designed for work use, with the addition of people using it to improve their career opportunities. Beehive is used to

connect with colleagues, as well as network within the company to improve career opportunities and to create attention for work projects [2]. LinkedIn is mainly used to find skilled people to hire and in general to get access to a larger network through colleagues’ networks [16].

The research described above explores how individuals use social media for leisure or work, but with a focus on their personal motives as friends or employees. We will add to this body of research by exploring how entrepreneurs that are running their own businesses use social media to support their work and benefit the company.

Existing research on for example Wikipedia and Open Source software give insights on networking with other purposes than socializing. An important motivation for both Wikipedia authors and Open Source programmers seems to be personal satisfaction.

Nov [15] surveyed a large number of Wikipedia contributors and found that fun and ideology were the two most important motivational factors. Ideology was manifested for example as believing that information should be free.

Studies of why programmers participate in Open Source projects have shown that important motivations are to improve programming skills and enlarge their professional network [3, 4]. Moreover, participation in such projects are considered a good merit [4]. It has also been shown that a significant part of the work done in the Open Source projects is not done on personal time but on paid working time. Many employers let programmers work on Open Source projects on working time since the company benefits by using the products developed [9, 15].

The main bulk of research on entrepreneurial use of social media can be found in the domain of marketing, i.e. how to use social media to communicate with customers. Our study instead focuses on the use of social media to communicate with peers.

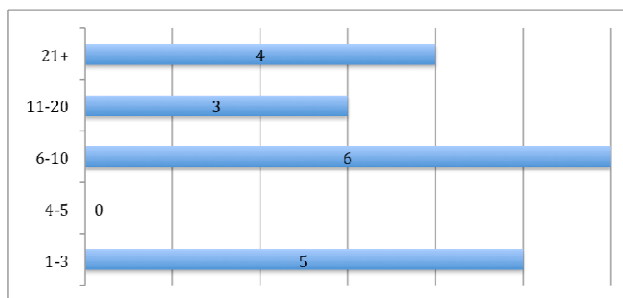
#### METHOD

Our aim with this work was to create a broad, initial understanding of business use of social media and online communities in Sweden. To this end, a mixture of methods was used.

To get a picture of what kind of networking online that is available to Swedish entrepreneurs we categorized all Swedish sites we could find. Many of them seemed to have died or failed, while a few were very active. Four of the active sites were chosen for a closer analysis: one Facebook group for female entrepreneurs (Qoola Qvinnor), one community site (driftig.nu) and two news and forum sites (startaaget.se and driva-eget.se). The analysis focused on networking aspects on the site: what kind of networking functionality was offered, how members used the site, and how well it worked. The mechanisms used to attract members were also compared between the sites.

<sup>3</sup> According to statistics from UK ([www.statistics.gov.uk/downloads/theme\\_commerce/PA1003\\_2010/ukbusiness2010.pdf](http://www.statistics.gov.uk/downloads/theme_commerce/PA1003_2010/ukbusiness2010.pdf)) and US ([www2.census.gov/econ/susb/data/2007/us\\_state\\_totals\\_2007.xls](http://www2.census.gov/econ/susb/data/2007/us_state_totals_2007.xls))

To get the users' side of business networking we organized an online discussion on the topic. Eighteen users participated and shared their experiences of how they networked online for business purposes and how their companies used social media. The online discussion method was chosen since we were interested in online networking and thus wanted to conduct our data in that medium. Participants were recruited through personal contacts and in cooperation with TeliaSonera who distributed the survey to a selection of their customers. The majority of the participants represented companies with 20 employees or less (fig 2).



**Figure 2. Distribution of participants in discussions over # of employees in the companies they represent**

Four follow up interviews were conducted by telephone to gather more information on specific issues that came up in the online discussion.

The online discussion and follow up interviews were complemented with a small survey distributed on the sites that were chosen for close analysis. The purpose of the survey was to gather more data on two topics that came up in the discussion: how and to what extent do people share experience on the sites; and how they contribute to the sites. The survey was posted at the four sites that were chosen for close analysis, at an additional Facebook group for entrepreneurs, and at a forum site. In total, we received 14 survey responses.

To get a reference to a face-to-face community, the same survey was distributed to three Swedish Rotary clubs and to a number of personal contacts; these contacts were asked to take the survey themselves if they were Rotary members and also forward the survey link to any friends who might be members. We received 19 survey responses from at least two Rotary clubs.

Finally, results from six semi-structured telephone interviews performed at the initial stages of the work were included in the analysis. These interviews were aimed at creating an overall understanding of companies' use of cloud-based digital office and communication tools, but also provided deeper insights into the specifics of entrepreneurial online community use.

The online discussion, interviews, and surveys were carried out in Swedish. Interviews were recorded. Quotes from

interviews and networking sites have been translated to English.

### CATEGORIES OF BUSINESS NETWORKING SITES

In the survey of various Swedish sites that target people who run their own businesses we came across more than 20 sites. The sites were categorized with regard to the mechanisms they use to attract members and keep them coming back, as well as the social features offered.

*News sites with discussion forums* – sites that work much like a regular news site although the news are selected to target the members and attract readers and keep them coming back. In some cases, the site is connected to a physical newspaper while others are pure web sites. The forums are usually Q&A forums on various business related topics and allow members to get answers from others. Some of the sites also have associated experts in certain domains, such as finance and law, who answer some of the questions. The purpose of these sites can be purely commercial as for any newspaper, but some sites are operated by lobby organizations that have political agendas.

*Communities* – these sites are the most similar to typical social networking sites and focus on the communication and exchange between members. The power of attraction is the members and the exchange they can offer. Usually the sites present a few news items that are relevant to the theme, but news is not the main attraction of the community.

*Facebook groups for entrepreneurs* – interest groups on Facebook that gather entrepreneurs and business owners. The groups try to tap into the personal networks of Facebook members that “like” the group and thereby show and promote it to their Facebook friends. These groups are mostly run by entrepreneurs who want to get in touch with other fellow entrepreneurs, but sometimes they are run by lobby organizations.

*Web sites for IRL communities* – sites that do not try to create communication between members but rather work like an advertising board for events that the IRL (In Real Life) community is organizing and other information about it. Such sites will not be considered in the remainder of this paper.

### ACTIVITIES

To create a foundation the analysis and discussion, we first looked at the activities that are carried out on the networking sites. Here we will discuss three activities that were found to be frequent on the analyzed sites: networking, facts finding, and marketing. We will also mention one activity we were surprised not to find, namely sharing of experience.

#### *Networking*

Networking is a key activity in business, and is carried out at all types of analyzed networking sites. However, part of the networking is difficult to observe since it is done through personal messages on the site, or by contacting people that post their email address. Three of the analyzed

sites provided functionality for sending private messages to other members. We are sure that this is a substantial part of the networking that takes place, but since it is “invisible”, we will here focus on the observable networking.

A fairly common activity is to explicitly call for a business partner on the site. This is done both by entrepreneurs that are interested in starting up a business and would like a partner and by entrepreneurs that have their own business but look for others in the same position to share office space or other resources with.

*“I’m looking for a business partner for immediate startup in the media domain ...”* (www.driva-eget.se)

There are also entrepreneurs that offer their services to possible new business ventures as potential partners, not just as suppliers of certain services.

*“I am a web entrepreneur who is skilled in creating strong web presence. ... I am always open for participation in new start-ups”* (www.startaaget.se)

It is very common to advertize your own services in the business networking sites. This will be discussed in the marketing and promotion section below. First, we will touch on the networking aspect of that. The flow of people that advertize their services on networking sites might be used as a mechanism to build up a pool of potential contacts, much like an address book. Supporting this analysis, two of our early interviewees also explicitly stated that they used LinkedIn as an address book:

*Personally, I use LinkedIn as my large address book; I don’t know how many addresses I have there, 350-400 maybe.* (initial-interview)

Entrepreneurs that browse a networking site every now and then could easily pick up contact information that can come in handy later. Thus, the networking site acts as a pusher of contact information where visitors can pick the contacts they believe have future interest and save them for later reference.

#### *Facts finding*

Looking for facts and asking questions are activities that are very common on the analyzed news and community sites, while less common in the Facebook groups.

An important part of online networking is to use the community as a source of information, asking questions and receiving answers. As described above many business networking sites offer Q&A forums, usually divided into categories to help users find topics that are interesting to them and that they have knowledge in. Sites have different rules for who can ask questions and provide answers. Usually members and visitors can read all questions and answers while you need to be a logged in member to post questions or provide answers.

Our investigation showed that many of the questions asked in web forums are very specific and require special knowledge to answer (see examples below). These are

questions that fellow entrepreneurs rarely can answer even if they are running a very successful business. Moreover, the knowledge needed to answer the questions cannot be acquired through active participation in the forum.

*“Does the law require me to have a certified accountant associated to my company?”* (www.driva-eget.se)

*“How much tax does my company really need to pay if I want to use all profit for salary?”* (www.startaaget.se)

The best response an entrepreneur, however successful, can give to such questions is probably to share the contact information to the law firm or the accountant firm that they use. This is likely to be an important reason for having experts in various areas associated to social sites for entrepreneurs. The community does not hold the expertise it needs, and to keep the discussion alive and people coming back it is important that enough questions get adequate responses. Moreover, small companies have little access to expertise in-house, and therefore depend more on external resources than large companies.

#### *Marketing and Promotion*

Self marketing and promotion is carried out in all the examined categories of social media. This is not surprising since it is fundamental to business and social media offers new opportunities to reach new customers and markets. However, there are differences in which types of sites companies choose for promoting themselves.

Small businesses seem to be using all types of social networking sites investigated here. They take every opportunity to post events such as lectures, classes, or performances the company is offering. Postings such as the example below are common.

*“Spots available for the seminar on marketing, tickets 200 SEK”* (Facebook post)

General posts of services that the company offers are also common. Sometimes they almost take over the activity on the site and create a “spammy” look.

*“If your company needs a web page I can help you get a professional finish”* (Facebook post)

Very small businesses (one-person companies) not only participate in communities and Facebook groups for entrepreneurs, they also heavily use their own private Facebook profile to promote their business.

Large companies do not participate much in communities or Q&A forums, but are rapidly creating profile pages on Facebook to promote their brand and interact with customers. A possible reason for this is that they do not need the community sites and Q&A forums to find information. In addition, most of those sites are too small to be of marketing interest for large companies while Facebook, with hundreds of millions of users, is too large to ignore. Despite efforts to create real communication, the web interaction between large companies and customers however tends to focus around product support.

Although co-existing, there is a difference between companies and private persons on Facebook. While regular Facebook users create their network of friends and acquaintances that they can exchange status updates with, the companies on Facebook do not engage in a dialogue to the same extent. While regular Facebook users engage in an exchange of status messages between peers, companies mostly talk to the customers. Facebook gives them a new channel where they can keep a more casual tone in their customer address, but does not create a customer dialog.

*Sharing of Experience*

We did not find many examples of entrepreneurs sharing their experience of running a business with other entrepreneurs. The community we analyzed, driftig.nu, had a section called “Good news and bragging” which attempted to encourage sharing of positive experience. However, most postings in that section turned out to be marketing. Occasionally, sharing of experience comes through in responses to questions where people relate to their own experience in the response. For example, a question on how to generate income from ads on web sites created a thread where several entrepreneurs shared their experience on what had worked and not.

We also found a few examples of entrepreneurs sharing bad experience by posting warnings to others. One example concerned an entrepreneur who lost his health benefits because he made mistakes with paper work. His warning, and the description of the consequences that hit him, generated a number of posts from people with similar experiences.

**MOTIVES FOR USING THE SITES**

Not surprisingly, the main motives for using social networking sites for business had to do with getting access to new people. Another important reason was getting new inspiration and feedback on ideas. We will also discuss to what extent entrepreneurs got new business from the site or found valuable information.

| Why do you use your networking site? |    |     |
|--------------------------------------|----|-----|
| I get quick answers to questions     | 4  | 29% |
| I get cheap answers to questions?    | 4  | 29% |
| I enlarge my network                 | 12 | 86% |
| I can use it when it suits me        | 12 | 86% |

**Table 1: Reasons for using a networking site.**

| What are the benefits of using your networking site? |    |     |
|--|----|-----|
| I get answers to my questions                        | 4  | 29% |
| I get help to solve problems                         | 4  | 29% |
| I get feedback on my ideas                           | 7  | 50% |
| I get new ideas and inspiration                      | 9  | 64% |
| I come in contact with new people                    | 10 | 71% |

|  |   |     |
|--|---|-----|
| I get support and advice on being entrepreneur | 2 | 14% |
|--|---|-----|

**Table 2. Benefits from using a networking site.**

**Enlarge personal network**

The survey included two questions concerning motives and purposes for using social network sites for business, one question on why they used their network site and one on what benefits they gained from using it, see tables 1 and 2. The same reason got the top score in both categories: new contacts and a larger network. 85% responded that they use their network site to enlarge their network and 71% responded that new contacts are a benefit from using their site. Here, our results from online networking sites coincide with our results from Rotary: 95% of the Rotary members that took our survey stated that a larger network was one of the reasons.

An interesting point to note is that our data suggests that the contacts found on the networking sites are different from the contacts that are made in face-to-face situations. This will be further discussed in the Online and offline section.

*Networks of networks*

Facebook, Twitter, LinkedIn and similar sites are networks of networks. They provide infrastructure for people to create their own personal networks, and when news, questions, or job opportunities are posted in those networks it is very easy to make them propagate into other people’s networks. If a post is forwarded, it can reach a large number of people in very short time (and with very low cost).

*“We have used Twitter and LinkedIn to find good people to hire. Twitter is like a super-network that gives access to an infinite number of sub-networks.”* (online discussion)

In addition, these networks of networks are built on personal reputation to a large extent. There is at least some personal connection between people that belong to a Facebook network. Many companies try to tap into these networks through Facebook groups and fan pages. Each person that clicks “like” promotes that page to their network. This is possibly a stronger way to reach people since the brand or product is promoted by someone they know. This is one of the reasons companies try to get access to the Facebook network of their employees by encouraging them to promote the company in their personal use of Facebook.

One of our interviewees stated that his company was very positive to employees being active in social media in their professional role. The company had formulated a semi-formal strategy for how employees should represent the company in various media:

*From the company side we encourage this [presence in social media] [...] We have tried to set up some tips on how to work ‘out there’, among others that it is important to be clear with who you are, that you talk in capacity of [the company] and therefore might have a vested interest [...] (initial-interview)*

The infrastructure provided in the network of networks can of course also be used for negative purposes. Negative information such as slander, accusations or disinformation can propagate just as quickly as positive information. The personal connections can mitigate this to a certain point: information that is considered obviously wrong will probably not be forwarded to the same extent as correct information. However, there are already tricks to get around this. A recent scam (fall of 2010) is “click jacking”: people on Facebook are tricked to click on a link that looks like it is pointing to a funny movie. When they click they are redirected to a scam page, and at the same time it is added to their profile that they “like” the link. Thus the scam is propagated to their whole network in the shape of them “liking” the link.

#### *Finding new partners and employees*

As discussed above, an important use of the social networks discussed here is to recruit new partners and new employees. The best example here is LinkedIn, that provides special functionality for recruitment and job seeking. One of our interviewees used LinkedIn in the following way:

*“[...] if I want to get in touch with someone at some particular company [...] I check whether I know someone who knows someone there [...] it becomes like a ‘non-pushy’ sales contact tool”* (initial interview)

It is also worth noting that an investigation of presence and behavior on the web in general is quickly turning into a standard part of recruitment processes.

#### **Inspiration and feedback**

Inspiration and feedback were reported as common gains from using networking sites, with 64% reporting that they got new ideas and inspiration, and 50% reporting they got feedback on ideas.

These numbers suggest that entrepreneurs do share their ideas and experience on networking sites—otherwise there would be little inspiration to find and no feedback given. However, our analysis of sites and activities showed relatively little sharing of ideas and experience.

One possibility is that entrepreneurs get inspiration from others that are promoting their companies. Promotion posts usually contain a short description of the company or what it provides, and a link or other contact information. An interesting business concept in combination with a link to a web page could probably provide good inspiration for others.

Another possibility is that some feedback and sharing takes place in the private messaging channels the sites provide. This would make it invisible to outside observation.

The Rotary members differed slightly in their ratings on inspiration and feedback. Only 26% responded that feedback on ideas was a benefit of being active in Rotary, while 79% rated new ideas as a benefit. One reason for this

could be the composition of Rotary where a mix of people from different professional domains meets. Thus, members might get less relevant feedback on what they are doing and in return get many new impulses and ideas from meeting other disciplines than their own.

#### **Getting Information**

Getting questions answered or finding facts were not very common as reasons for using networking sites even though facts finding was observed as a common activity in the analysis of various networking sites for business. This differs from the results of [11] who found that entertainment and information were the two top reasons for using Everything2.com, a user generated encyclopedia and writing platform. Such a site could be considered similar to the networking sites that we are exploring here.

One reason that few of our participants stated finding information as a reason for using the sites could be that our participants were not the ones asking questions on the sites. This will be further discussed in the section on contribution.

We found mixed opinions about Q&A forums among our participants.

*“It is very annoying when you google something and half of the hits you get are questions in forums where you don’t trust the answers.”* (follow-up interview)

Another interviewee was very positive and frequently found answers to her questions by searching and browsing Q&A and other online forums:

*For book-keeping questions I use my cloud service but if I didn’t have that I know that there are lots and lots of such forums on the web.* (follow-up interview)

#### **Easy access to networking**

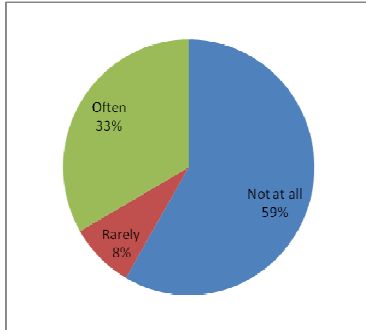
Networking sites for entrepreneurs provides the same basic advantages that other online forums have ever since the Web came into existence. Physical distance is bridged since participants do not need to be in the same place. The asynchronous communication relieves them from adhering to certain schedules; communication can take place whenever participants have time and online access. Many entrepreneurs work long hours and would have difficulties participating in face-to-face conversations at fixed times. Accordingly, 86% of survey respondents stated that they use online networking sites because they are accessible whenever they want to use them.

#### **Getting new business**

We were especially interested in finding out if the network sites are helping small companies to find customers or otherwise get more business. Therefore, a specific question on that was included in the survey (see figure 3).

For the majority of the respondents (59%), the use of networking sites had not generated any business at all, while a third (33%) responded that they often got business or customers from using the sites. Eight per cent said that they rarely got business from the networking sites. Again,

the Rotary survey results differ. Only 37% of the rotary members reported not having received business or customers through Rotary. It is possible that the face-to-face meetings still are more efficient in generating business opportunities.



**Figure 3. Survey responses “do you get business or customers from using the site?”**

There are several possible explanations for the low level of business generated in the networking sites. For example, the site visitors are entrepreneurs, i.e. representing a company, which might not be the primary customer category for the businesses represented on the sites. Many small companies target end customers and not companies which makes business networking sites the wrong place to look for customers. Kusnetzov and Paulos have examples of small business owners that find customers in end user sites such as DIY communities [8].

The amount of business generated on network sites could also vary between different domains. A small accounting company could possibly find more customers among entrepreneurs and other small businesses than a small construction firm.

**CONTRIBUTIONS AND CONTRIBUTORS**

The users’ contributions to networking sites are essential for the site to stay alive and be attractive and useful. We asked our participants how they contributed to their sites, see table 3.

| How do you contribute to your networking site? |   |     |
|--|---|-----|
| I answer questions                             | 4 | 29% |
| I share experience of being an entrepreneur    | 5 | 36% |
| I give moral support                           | 5 | 36% |
| I share my ideas and inspiration               | 8 | 57% |
| I offer business opportunities                 | 4 | 29% |
| I provide job offers                           | 0 | 0%  |
| I do not contribute                            | 4 | 29% |

**Table 3. Various ways of contributing to networking sites.**

More than half of our survey respondents stated that they contribute actively to their networking sites in one way or another. Otherwise, the normal case is that a majority of members or participants in a community is passive, and a

minority makes most of the contributions [7, 14]. Here, it is probably because contributors are more likely to take a survey than lurkers.

The most common contribution according to our survey was sharing of ideas or inspiration on their networking sites (57%), followed by sharing experience as an entrepreneur and giving support (36% each). No one claimed to offer job opportunities on the site even though a few job postings were observed in the site analysis.

Getting feedback or inspiration from using a networking site depends on sharing your own ideas and that other people share theirs and respond to yours. It has been shown for other types of communities that members highly appreciate sharing their experience on for example hobby projects, and receiving other’s feedback [8]. Our data definitely support the value of feedback since the participants describe it as both a valuable benefit from using the site and as something they choose to contribute. This is interesting since, as described above, little sharing of ideas and experience was found in the site analysis. Possible explanations could be that some of the sharing and feedback takes place in private channels on the sites or that the feedback is not always related to specific experiences but to a general feeling of fellowship and shared problems with others.

One way for members to increase their gain from the community is to engage and contribute. This is perhaps especially important when you network for business purposes where an increased participation is an investment of work time and an increased gain is potential income. However, there is a balance to be struck. If members do not experience any gain from the community they are not inspired to contribute and a negative spiral begins. In our survey, a rather large part of the respondents claimed that they contributed to the sites they used.

One of our interviewees talked about his lack of engagement in Rotary. He was a member but not active (currently exempted from attendance) since he did not find the time he needed to invest for attending lunches and events worth the gain.

*“If I would be running my business on Lidingö I would of course be more engaged, because all the local officials are members. Now I don’t think that it is worth it. But of course, if I contributed more, I would gain more. If you don’t give anything, you don’t get anything in return.”* (follow-up interview)

Another aspect that influences how active people are in online and offline networks is how well defined their role is, and how comfortable they feel in that role. When the purpose of the participation or contribution is unclear, people tend to get more passive.

*“I am more active in the online networks because I have chosen them and defined my role myself. That means I feel*

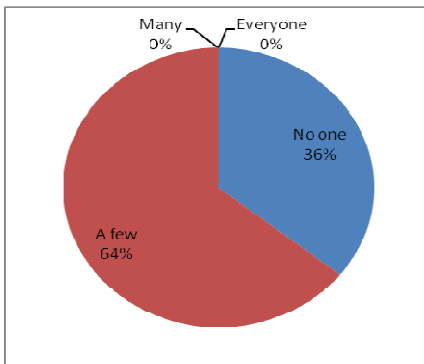
*confident in what I can and want to contribute.”* (follow-up interview)

Multiple factors influence the amount of sharing that takes place in a networking site. In personal social networking sites, it is mainly ruled by how comfortable you are with the community and how much personal information it feels ok to share. On business sites, the level of contribution is not only ruled by your personal comfort, the issue of protecting your idea to ensure future business comes into play. You might have an idea and need feedback on it but refrain from sharing it to avoid other companies to steal your profit. Few novel ideas are shared in the forum for business ideas, and some posts have expressed worries for getting ideas stolen.

*“I need to have a prototype made to raise money for my product idea, how do I make sure that the company making the prototype does not steal my idea?”* (www.driva-eget.se)

### ONLINE AND OFFLINE

Previous research on personal use of social networking sites has shown that users mostly use them to stay in touch with people they already know. Since motives for using networking sites are slightly different for entrepreneurs, we were interested in if this also would be different.



**Figure 4. The amount of contacts from networking sites that survey respondents met face to face.**

In the focus groups and follow-up interviews, we attempted to explore the differences between online networking and the use of physical networks where people actually meet. Most of our participants reported that their online and offline networks are fairly separate, with little or no overlap. They rarely meet in real life the people that they interact with online. Survey results support this. All respondents reported that they meet no one or few people from the networking sites face to face. This differs significantly from personal use of social networking sites such as Facebook, which research has shown is used mainly for keeping in touch with people you already know, “reifying the existing offline networks”, and not for getting to know new people [10]. This also suggests that the online networking sites actually are working. Entrepreneurs are looking to connect with new people and find new people to connect with on the sites.

Not surprisingly, the rotary members met outside Rotary to a larger extent than entrepreneurs met their online contacts offline. All members that took our survey reported meeting a few or many Rotary members in other situations than Rotary events. This seems natural since an invitation is needed for Rotary membership which means that social ties often exist even before entering Rotary.

One reason for the small overlap between online and offline communities is that social media still are considered as informal tools and have not yet been incorporated in the traditional routines and rules of most companies. This means that users can choose themselves when they want to use them as well as which sites and forums to use. They are free to pick online networks that they are interested in, that they feel they will benefit from, or that they think they can contribute to. Many physical networks on the other hand, are integrated in work life, which means that people may be required or expected to participate due to their professional role or domain.

One of our interviewees described this very well. She told us that she always has a personal goal or purpose when she chooses to engage in social media for work while she often gets pulled into physical networks where the goals are unclear. For her, social media was an opportunity to freely choose the people she interacts with based purely on topic and competence.

*“I can get invited due to my professional role to physical networks where I do not know the background or the purpose. ... Sometimes you are expected to show up even though no one knows why. ... You are expected to take part, but sometimes it is unclear why and in what role.”* (follow-up interview)

Some of our interviewees also reported that it is more difficult to decline when you are invited to a physical network than an online network.

### DISCUSSION

The social networking sites for business seem to be used by entrepreneurs in small companies. Employees and larger companies are not present. The small companies gain access to a network of people, expert knowledge, and mechanisms for creating and maintain new connections. Asynchronous communication helps bridge distance and lack of time. Large companies have most of the expertise they need in-house, or can afford to buy it when needed, and thus do not need the networking sites for that.

The exception seems to be Facebook, where all kinds of companies try to establish a presence. The smallest companies find Facebook a useful practical resource. For them it is also important that Facebook is connected with their private network since business and leisure often is closely coupled for entrepreneurs. Large companies are keen to promote themselves to the millions of members on Facebook.

Small companies do not seem to generate a lot of business on the networking sites, although they try hard to promote themselves. It is possible that the cost of market a small business through a posting on a site is so low that it is worth a try even though it is unlikely to yield business. Small companies must take every opportunity to promote themselves.

### **Social media are informal**

The way social media are used for business today is only partially dependent on their design or their intrinsic features. An important reason for their current use is their informal status. IM, blogs, Facebook and other tools are not yet incorporated in our traditional work routines, nor are they fully surrounded by policies and regulations.

*We are present in most of the social media but it is not the case that [this is centrally organized] Instead it is mostly people who are really interested [...] that have taken upon themselves to represent the company in these different [forums]* pre-interview

Further, social media still provide lightweight communication that is not considered as formal documents which makes them accessible and productive in creative discussions and other informal settings. They are still not congested to the point of email and can therefore offer shortcuts to people in the organization and create communication across business units [2]. For example, Lovejoy & Grudin looked at the use of IM in a large company and found that it was used in a particular way since it was not archived and otherwise considered informal [12]. This attitude started to change when the company begun archiving IM conversations.

Moreover, the informality of social media opens new channels across the established communication lines in companies. DiMicco et al. [2] found examples of employees who had used Beehive as a tool to connect between divisions in the company and with managers on high levels in ways that would not have been possible using traditional communication.

In the near future, social media are likely to be more and more integrated in company rules and routines, and find an established role in business life. This will mean that the current freedom and informal use will be restraint to some extent.

It will probably also mean that the overlap between online and offline networking will grow, since the same people will be expected to participate in both.

### **Facebook as web hotel**

Social networking sites also seem to be able to play a role as infrastructure provider for very small companies. The sites offer a profile where the company can present itself, storage space for pictures of people or products, a log where activities can be posted and basic functionality for communication. For one-person companies in low tech domains or hobby companies such as someone selling

homemade jewelry, this could be enough: a regular Facebook profile or fan page could easily fulfill these needs. The ease of use of Facebook is incredible compared to finding an ISP that can host your web page and put the web page together. In addition, the Facebook profile offers a built in system for communicating with customers in a way that are not considered spam—yet.

### **Sharing of experience**

Since feedback and inspiration were important benefits from using networking sites, a design that supports and encourages more sharing of experience would likely improve the user experience. We believe that our results suggest that entrepreneurs would appreciate more sharing of experience on their sites. Clear indications on what types of postings are desired in the ‘experience’ section, rewards such as a price for the best story, and moderation to avoid marketing and other cross postings are measures that could increase the sharing on business networking sites.

### **CONCLUSION**

We have provided an overview of how Swedish entrepreneurs use social networking sites and other social media on the web. Networking, Q&A, and self-marketing are common activities on the networking sites, while sharing of experience is less common. Our results suggest that entrepreneurs do find new contacts through networking sites, and that social media still provides informal channels for contacting people.

Even though our sample is quite small, we believe that our results provide an excellent starting point for the research on how entrepreneurs use social media for business purposes. Further research is needed to fully understand the potential of social media for business use. It is also important to follow the development and incorporation of social media in business communication to see which properties are due to the technology and which are due to informal status.

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