The impact of using social network sites on entrepreneurial project success.

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Abstract

The objective of this study is to determine the extent to which social network sites influence the entrepreneurial project success in Jordan. To achieve this goal, the study took into consideration the following independent variables: Social Network Sites, Facebook, Twitter and LinkedIn. Additionally, the study investigated demographic factors (gender, age and education) to determine if they influence the independent variables. Since LinkedIn was the variable which impacted the success of entrepreneurial project success most, it is recommended that entrepreneurs in Jordan focus on this platform in order to create business opportunities. Moreover, companies that sponsor entrepreneurs should provide training sessions in terms of social network sites, with more interest given to LinkedIn. In light of the results, the study recommends that the research should take into consideration the impact that social network sites have on less developed cities in Jordan. Finally, the size of an entrepreneur’s social circle should be specified in order to make deductions as to whether the success derived from social network sites had been influenced by a person’s social status or not.

Keywords: Social network sites, Entrepreneurial project success, Social media.

Introduction

Nowadays, collaboration with other individuals is a fundamental component of businessperson prosperity and flourishing. Nevertheless, very few people can make a vast progress and wealth all alone without help of others, today, individuals meet and collaborate in person as well as in an online environment by means of the accomplishment of Social Networking Sites (SNS) for example, Facebook, LinkedIn, Twitter and numerous others are expanding massively [1].

Social media has attracted millions of users and are used for many different purposes [2]. Webster, an online dictionary, defines the type of electronic communication through which users form online communities as sharing and allocating information, ideas and personal messages [3]. Furthermore, technology revolution has been growing rapidly with the internet representing the most successful technology revolution in the twenty first century. Therefore, the global nature of the internet has attracted many users around the globe. For instance, according to International Data Corporation (IDC), over 3.2 billion (44 percent of the world’s population) will have access to the Internet in 2017. Social network sites have been defined as being online services that allow people to create a profile within a bounded system, and connect with other users who are registered within the same website. This allows users to view, share and connect with others within that system [4,5]. Moreover, social networking sites are those that feature user-generated content involve user participation and provide an array of methods for users to get involved with organizations [6]. There exist various definitions for entrepreneurial success. One way to label an entrepreneurial business as successful is through palpable means such as revenue, profitability; growth and sustainability [7] and using SNS might impact the entrepreneurial project success. Additionally, statistics portal shows the number of social network users worldwide from 2010-2014 with predictions until 2018, showing that there will be around 2.13 billion social network users in 2017, which is a major increase in comparison to the number of users (1.4 billion users) in 2012. Furthermore, social media is currently used, on a daily basis for an average of 118 minutes per day. Such statistics indicate the worldwide recognition of social media sites and the importance of understanding user behavior on such sites in order to develop effective strategies for entrepreneurs to help them establish their presence and connect with potential customers on those sites.

The importance of this research is embedded in highlighting the potential contribution of Facebook, Twitter, and LinkedIn in ensuring success in entrepreneurial initiatives. Research regarding the impact of social network sites on entrepreneurial project success in Jordan is an area worthy of academic research. With the easy access to, and relatively low operation cost of social network sites, entrepreneurs are allowed to run their businesses (especially on line) and connect with their customers without having to consider high operation costs that not all entrepreneurs are enthusiastic about. To the best of the researcher’s knowledge this is the first time that such
study takes place in Jordan. As such, entrepreneurs can use such information to get an overview of the impact such sites have on their projects if they are implemented effectively. Therefore, entrepreneurs can decide whether to include social media networks as marketing tools or not. This study allows established companies to use the information and conclusions drawn from this research in order to support entrepreneurs, perhaps by providing the correct environment and training sessions that are relevant to the results obtained from the study. The objectives of this study are to answer the following questions:

- What is the impact of social network sites on entrepreneurial project success?
- What is the impact of Facebook on entrepreneurial project success?
- What is the impact of Twitter on entrepreneurial project success?
- What is the impact of LinkedIn on entrepreneurial project success?
- Is there any change in the impact of social networks sites on entrepreneurial project success due to demographic factors (Age, Gender and Education)?

Hypotheses

Considering the above model, the following hypotheses are investigated:

H01: There is no significant statistical impact of using social network sites on entrepreneurial project success at level of α ≤ 0.05.

H011: There is no significant statistical impact of using Facebook on entrepreneurial project success at level of α ≤ 0.05.

H012: There is no significant statistical impact of using Twitter on entrepreneurial project success at level of α ≤ 0.05.

H013: There is no significant statistical impact of using LinkedIn on entrepreneurial project success at level of α ≤ 0.05.

H02: There is no change in the significant statistical impact of using Social network sites on entrepreneurial project success due to demographic factors at level of α ≤ 0.05.

H021: There is no change in the significant statistical impact of using social network sites on entrepreneurial project success due to Gender at level of α ≤ 0.05.

H022: There is no change in the significant statistical impact of using social network sites on entrepreneurial project success due to Age at level of α ≤ 0.05.

H023: There is no change in the significant statistical impact of using social network sites on entrepreneurial project success due to Education at level of α ≤ 0.05.

Literature Review

Social network sites

In 1997, the first noticeable social network site that was launched was SixDegrees.com. It allowed users to create their own profiles as well as surf their friends list. Similarly, Classmates.com allowed users to communicate with their colleagues from high school or college, but lacked the qualities SixDegrees.com had, namely creating profiles or listing friends. However, SixDegrees.com was believed to be ahead of its time and as a result, the service closed after 3 years from its initiation period [4]. From 1997 to 2001, a lot of similar websites came into view, such as Asian Avenue, Black Planet and MiGente. Those allowed users to create various types of profiles from personal to professional, and even dating profiles [4,5]. During that timeframe, in 1999, Live Journal was launched. It allowed people to mark other users as their friends, follow their journals and be able to take control over their profile privacy. Other sites which adopted SNS included Cyworld and LunarStorm, which were launched at the start of the 21st century. However, the next wave of social Network Sites began in 2001, when Ryze.com was created in order to help people aid their business networks. The people behind Ryze.com were well connected with the entrepreneurs behind many future SNSs [4]. Those included Tribe.net, LinkedIn and Friendster. Their aim was to support one another without competing in order to leverage their businesses [8]. Last but not least, in 2004, popular names like Facebook Harvard, Dogster and Mixi evolved and in the year following that, big names like Yahoo!360, YouTube, Cyword and Black planet all emerged [9]. More recently, in 2015, another study focused on examining the effect of social network sites on small businesses in underserved regions. By using case study methodology, and carrying out two surveys, as well as interviewing the owners of small companies, the following was found: social network sites increased awareness and inquires as well as the relationship with the customers [10]. Additionally, it allowed for new customers to approach such companies and promoted local businesses throughout the targeted region. Regarding the perceived significance of social network sites, a study was carried out to evaluate the impact of Social Network Sites have on young Jordanians aged 18 to 24. It has been shown that such networks have remodeled the youth’s approach to learning and developing skills, as well as selecting means of communication with others, which in turn allows entrepreneurs to reach the vast majority of the youth interacting within social networks [11]. Similarly, Kumar investigated whether social Networks have any substantial value on businesses [12]. It was clear that entrepreneurs and businesses in general can benefit from social networks in countless ways. This is due to the fact that social networks allow entrepreneurs to shape their services and products in response to people’s needs as requested on such sites. However, a study in 2015 made clear that entrepreneurs should have the competency to use social network sites in a correct and effective manner that would
subject their businesses to considerable profitability. In other words, it is not the sheer use of social networks that aids a certain business rather it is the methodology implemented into the use of social network sites that affects a business financial performance [10].

**Facebook**

Even with only 3,000 employees worldwide, Facebook serves four billion pieces of content every day, it is integrated with over seven million websites and applications [13,14] and is valued to be worth 100 billion U.S. dollars [13]. Later in 2012, Wong conducted an empirical study to examine the situation under which domain certain creativeness illustrate the situation in which small to medium enterprise(SME) owners switch from individual Facebook users to using Facebook to uplift their business [15]. Furthermore, a model was investigated by using a questionnaire data comprising 283 SMEs business owners in Hong Kong. Despite gender, a positive impact was found between domain certain creativeness and using Facebook in business. Additionally, the results have shown the moderate impact of domain-certain creativeness on the affiliation between individual and business usage of Facebook. Correspondingly, a study examined the causes that affect Facebook usage within SMEs [15]. These depicted the financial and non-financial influence caused by Facebook usage. In addition to utilizing integrated model, this study inspected the impact of similarity, cost effectiveness, interactivity and dependence on Facebook usage and its subsequent influence on association performance. By the same token, a questionnaire was distributed to 259 SMEs in Malaysia to statistically analyze the data using a Partial Least Square (PLS) method to examine the corresponding hypotheses. Under these circumstances, the study revealed that Facebook exploitation led to a strong positive impact on financial performance of SMEs. Likewise, it also revealed that Facebook usage has a significant impact on nonfinancial performance of SME’s in terms of diminishing the cost on customer service and marketing, fortifying customer relations in addition to boosting information accessibility [16]. While Facebook was starting to open its doors to everyone in 2006, Twitter was launched. Twitter gained vast popularity, firstly because it offered more different options, such as micro blogging, and secondly because it was being used by some celebrities [17,18].

**Twitter**

Twitter is the quickest developing Web 2.0 innovation when compared with other micro-blogging sites as it offers many advantages in comparison with other social media tools. For this reason, Twitter has been used as the latest channel by companies to build business values since many SME’s use Twitter to build and obtain relationships with current customers in addition to new customers. Moreover, SME’s and entrepreneurs use Twitter and other social media tools to engage in the quick change and demand of the online communication environment. Small and medium-sized enterprises (SMEs) are on one hand drivers of the EU economy, employing the majority of the people and creating the utmost value, on the other hand they have limited resources. There’s a statistically outstanding relationship between a firm’s innovativeness and adoption of Twitter [19]. A number of studies were carried out to find the correlation between the use of Twitter as a marketing tool for a business and the impact such decision has on the business’ success. In another similar study, the average reach of re-tweets was evaluated. It was found that any re-tweet on Twitter would reach an average of 1000 users, regardless of the number of followers of that particular user. As a result, small businesses can be noticed easily if they attracted a small number of users at the beginning. Therefore, if the correct content is provided to those followers who would in turn re-tweet the content to their followers, the business will have a good chance to get the recognition it needs to attract new customers [20].

**LinkedIn**

On May 19, 2011, an online professional network, known as LinkedIn had a successful initial public offering (IPO), with shares bid up to 109 percent from the issue price [21]. Launched in 2012, LinkedIn allowed users to exchange knowledge, ideas and opportunities with other trusted contacts within a network of professionals. With 450 million members in over 200 countries and territories, LinkedIn ranks as the world’s largest professional network on the Internet. Similarly, in another study titled “Role of Advertising in social Media with Reference to Small Businesses”, LinkedIn was one of the social media sites that were used by small businesses in order to generate new business opportunities and enable business growth. Additionally, the use of LinkedIn allows for business related content creation and customer engagement with the possibility of generating business leads [22].

**Entrepreneurial success**

Dafna stated that continuous trading is an affirmation to an entrepreneurial business’ success [23]. Cohen [22] defines entrepreneurial success as the level to which the entrepreneur’s enterprise converges with the owner’s view and the community’s expectations. Researchers in a study to investigate the relationship between entrepreneurial factors and success have found several factors that contribute to an entrepreneur’s success [24]. Such factors include the entrepreneur’s accessibility to information, leadership ability and acquisition of support from others. Additionally, of all those factors, the entrepreneur’s ability to acquire information is found to be the principal factor contributing to their success. Besides, a study aiming to discern the entrepreneurial insight of small and medium enterprise (SME) entrepreneurs in South Africa found that entrepreneurs with a focused attitude on entrepreneurship were better performers in the vital areas of creativity, risk taking, growth mindset etc. That causes a business to become successful. An entrepreneurial mindset/insight changes entrepreneurs’ perception of difficulties and
challenges into opportunities that allow for the advancement of inventiveness, adaptation to obstacles, eagerness to learn new skills that can benefit their business [25]. Tambunan [26] found that SME development, economic growth, and government intervention in a developing country, and the growth of SMEs are influenced by the gross domestic product per capita and the expenditure development by the government. There is a positive correlation between the entrepreneurial orientation and the project success [27]. Success is defined by action and innovation, so a lot of our success is contingent upon the success of the business. Success means, it’s most likely drastically different for everyone and we don’t think it's something you can give an accurate answer to until you've reached the last phase (sustainability) [27].

Methodology

Population and sample of the study

The population of this study comprises entrepreneurs running their businesses in Jordan. The study sample is chosen based on convenience sampling. To the best of the researcher’s knowledge, there exists no publicly available registry for all entrepreneurs or entrepreneurial firms in Jordan. Thus, convenience sampling is incorporated into the study the data was gathered from individuals accessible to the researcher through personal relationships; well-known entrepreneurs; word of mouth and the snowball technique which is a sampling technique where study subjects recommend others they know who are connected or important to the study. The survey for this study was distributed to 142 entrepreneurs, 98 of which answered the questionnaire, mainly entrepreneurs who own businesses in Jordan. The survey was distributed to entrepreneurs located in entrepreneurial hubs in Jordan namely Tank, served by Umniah; Zinc served by Zain and Oasis500. These are the only three hubs in Jordan that provide entrepreneurs with an environment where they can exchange ideas and support one another. Data from published research and articles was used to create the questionnaire and was used to collect the primary data in this research. The questionnaire is composed of three parts; the first part is to collect information about the demographic factors which include: gender, age and educational level, as well as the frequency of use of social network sites (Facebook, Twitter and LinkedIn) [13]. The second part, (which collect data about the subject’s use of the social network sites, their behavior, as well as the outcomes of this use and how it reflected on their business based on a study by Ballova [1]. The Effect of social networking sites on entrepreneurial opportunity recognition includes questions from 1-39 (Facebook (Q1-Q13), Twitter (Q14-Q26), LinkedIn (Q27-Q39). The third and final part consists of seven questions (40-46) built around studies by Sun entitled Survival tactics [28,29]. The top 11 behaviors of successful entrepreneurs. Buttner and Moore [30] entitled Women's organizational exodus to entrepreneurship: self-reported motivations and correlates with entrepreneurial success. The data for the study was collected using a questionnaire. The questionnaire was designed in such a way to measure the effectiveness of social network sites in terms of their impact on entrepreneurial project success in Jordan. The validity of the survey was examined by five faculty members from PSUT business department. Taking their comments and recommendations into account, the survey was modified accordingly. Cronbach’s alpha coefficient was 0.919. The reliability test for each variable yielded a high Cronbach’s alpha score, redeeming the variables as highly reliable.

Analysis technique

The data in this study were analyzed using SPSS program. Several statistical tests were carried out; starting with the reliability test, followed by the extraction of the means and descriptive statistics, then linear regression between the independent variable and dependent variable and finally, hierarchical regression was calculated in order to determine the extent of the moderating impact of the demographic factors on the relationship between social network sites and entrepreneurial success (Figure 1).

Results

For the first hypothesis, linear regression test was carried out, which yielded an R value of 0.664, R square=0.440, and a significance level of 0.000. As such, the null hypothesis was rejected and the alternative hypothesis (H01) was accepted. As a result, it was shown that there indeed exists a significant statistical impact of using social network sites on entrepreneurial project success. This conclusion is in harmony with previous studies done on that subject matter. For example, a study done by Allen and Seaman [31] in 2003 concluded that social network sites have remarkable effects on sales turnover. Moreover in another study such sites were shown to be of critical abundance as a marketing tool that would in turn help entrepreneurs connect and reach their

Figure 1. The model developed by the researcher independent variables, moderating variable, dependent variables [1,29,30].
target audience with ease and high effectiveness. Linear regression was also used to test the first sub-hypothesis. $R=0.324$ and $R^2=0.105$ with a niche significance level of 0.001, the null hypothesis was rejected and replaced with an alternative hypothesis which states that Facebook does have a significant statistical impact on entrepreneurial project success. Again, literature backs this hypothesis, for Facebook was shown to have a major impact on the success of entrepreneurial businesses by allowing entrepreneurs to build relationships with their potential clients, as was concluded in a study by some researchers [32]. Furthermore researchers found that the correct implementation of Facebook into the marketing plan of a business yields positive outcomes for that business [33]. More specifically, the advertisement platform offered by Facebook has shown to be effective in improving the responsiveness of the advertisements, allowing entrepreneurs to connect to the right audience of their choice based on criteria they choose when setting up an ad. The linear regression test was also used to test the second sub-hypothesis H012. A significance level of 0.004 deemed, $R=0.286$, and $R^2=0.082$, this null hypothesis as rejected for an alternative hypothesis which states that Twitter has a significant statistical impact on entrepreneurial project success. Once again, this hypothesis can be backed by previous studies done on Twitter and entrepreneurial project success. Twitter was shown to be a key marketing tool which influences customers through word of mouth and helps businesses market and build their businesses efficiently [34]. Likewise, another study showed that Twitter is an effective marketing tool that not only helps business owners connect with their previous clients, but also helps the business attract more customers [35]. For the third sub-hypothesis (H013), linear regression was also the selected testing procedure [36,37]. With a significance level of 0.000, $R=640$ and $R^2=0.409$, an alternative hypothesis was accepted, where LinkedIn does have a statistical significant impact on entrepreneurial project success [38-40]. This result is in line with a number of previous studies on LinkedIn and entrepreneurial businesses. For instance, Edwin et al. [41] studied the impact LinkedIn has on new businesses. It was shown that LinkedIn allows entrepreneurs to generate new business leads and build relationships with business owners which reflect beneficially on their business. Moreover, Archambault and Grudin [36] concluded that LinkedIn allows business owners to connect with other successful well experienced business owners which would increase their chances of building a successful business themselves. Additionally in a study by Hills et al. [37], it was concluded that LinkedIn is a platform which creates revenue streams for startup businesses allowing them to grow quite considerably. Using hierarchical regression, the second hypothesis (H02) was tested. The first sub hypothesis (H021), stating that there is no change in the significant statistical impact of social network sites on entrepreneurial project success due to Gender is accepted as the significance value (0.968) is greater than 0.05. Likewise, with a significance level of 0.092, the second sub hypothesis (HO22) was accepted, which states that there is no change in the significant statistical impact of Social network sites on entrepreneurial project success due to Age [38]. Regarding the third sub hypothesis (H023) education has not caused social network sites to impact entrepreneurial project success, as the significance level obtained through hierarchical regression was 0.289, which is higher than 0.05 and thus is accepted. All the results obtained from the hierarchical regression go in line with a study, which also concluded that age, gender and education do not cause social network sites to have any significant statistical impact on entrepreneurial business recognition, which is a subsidiary of entrepreneurial success [1].

**Discussion and Conclusion**

The increasing growth of people in social media, and the power of social media itself, is an important phenomenon to be taken seriously by companies, whether small and big, who wishes to interact and build relationships with their customers [39]. Thus, this research takes on the impact that such sites would have on the success of entrepreneurial projects. In understanding such impact, one can decide the extent to which they are to invest in social networking sites in ratio to other integral tools an individual has to incorporate into their business [40]. The findings of this research indicate that social network sites, especially LinkedIn, do highly contribute to the success of entrepreneurial businesses this is congruent with what other studies have concluded about the same topic. As a result, social network sites are a key tool to be considered and effectively used by entrepreneurs who plan to have a profitable business in Jordan [41].

**Recommendations**

In congruence with the results obtained from the study, the researcher recommends the following:

- Since Social Network Sites have a significant statistical impact on entrepreneurial project success, it is recommended that social media marketing training be incorporated into entrepreneurial training schemes.
- Since LinkedIn was the variable which impacted the success of entrepreneurial project success most, it is recommended that entrepreneurs in Jordan focus on this platform in order to create business opportunities.
- Since Facebook has a significant statistical impact on entrepreneurial project success, this indicates that this social network site has the potential and power to connect a business with a broad number of customers. As such, it is recommended that entrepreneurs be enlightened on the various tools and methodologies within Facebook that allow them to reach the optimum number of people suitable to their business needs.
- Likewise, since Twitter too showed the same impact as Facebook and LinkedIn, it is recommended that entrepreneurs be trained on using effective Hashtags.
to reach the maximum number of followers and know how to use the Twitter ad tool, etc., by sharing interesting posts of less than 140 characters.

• It is recommended that entrepreneurs stay active on social network sites so as to reach the maximum number of audience. If an entrepreneur feels that he/she has no time to keep up with all social media sites, certain social media management companies can be hired to manage the business’s page.

• Since age, in the second hypothesis on demographic factors, has no significant statistical impact on entrepreneurial project success, the researcher recommends that schools as well as universities implement the skills needed to build an entrepreneurship plan into their educational plan.

• Since gender, also part of the second hypothesis, has no significant statistical impact on entrepreneurial project success, the researcher recommends that Jordanian female students are encouraged to take on entrepreneurial projects by organizing initiatives that would support women who decide on building their own businesses. This will result in the increase in percentage of women in the entrepreneurial scene in Jordan as currently male entrepreneurs are the dominant gender in Jordan.

• Since education, also part of the second hypothesis, has no significant statistical impact on entrepreneurial project success, the researcher recommends that vocational training courses, high school courses, bachelor’s, master’s and PhD courses all include entrepreneurial courses that would build a mentality of entrepreneurship.

References


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