

# Social networking in a multinational corporation investment



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In recent years “ Social Networking” is very popular in eyes of youngsters and teenagers but is also grabbing attention at workplace. Social Networking Sites have given a rise to new communication vehicle which facilitates an innovative way of sharing information, interacting and collaborating different users. Today, there are more than 100 social sites available in the world, but out of all the most popular once are ‘ Facebook’, ‘ LinkedIn’, ‘ Twitter’, ‘ MySpace’ and ‘ Blogs’.

Within the illumination of the global recession, organisations are using every possible means of equipment to survive the economic downturn; companies are implementing cost saving methods. These, in turn, have increased the workload on the employees affecting employee’s satisfaction, productivity and efficiency while increasing stress levels. Therefore in order to reduce their stress, employees are declining towards social networking sites as a stress-buster tool.

Implementation of social networking at workplace will provide both formal and informal interaction to help foster knowledge and enhancement communication. This will give a greater shift in culture of “ Knowledge congregation” to “ Knowledge contribution”. The dynamic changing natures of the business environment have contributed to knock down the barriers obstructing communicational flows (Cross, Nohria, & Parker, 2002). Social networking is spreading at a lightning pace having a multiplier effect with the help of word of mouth, where one colleague encourages and invites other colleagues to join the modern ways of keeping-in-touch technique at the workplace. This has both positive and negative effect on productivity of the employees raising concerns for the organisation.

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Since there is no geographical restriction on sharing information, there are growing concerns for organisation for leakage, breach in security and privacy of the information. This rings the bell in everyone's mind whether it is appropriate to integrate social networking at workplace. This argument will be revisited in literature review section (section 3) of this report.

The research's major source of information will be through primary data collection such as conducting interviews, survey and questionnaires.

Secondary source will also be used and the list is mentioned in section 4. 1.

Many general views have been given by different researchers on impact of social networking at workplace but very few research have been conduct in sectors such as technological. This research will be based on Multinational Corporation (MNC) which is an investment banking sector where no prior research has been conducted.

The report consists of 7 sections. The next section will discuss research objective, questions and boundaries in order to evade the uncertainty. This is followed by literature review in section 3 where previous research will be analysed. Research methodology and research limitation will be discussed in section 4 and 5 respectively, followed by the research time lines in section 6. The final section contains of conclusion.

## **2. Research Objective, Questions and Scope**

### **2. 1. Research Objective**

The main purpose of this research is to critically examine the impact of social networking in a multinational corporation (MNC) – investment bank. This research will aid to analysis the effect of social networking sites on the

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productive, data security and trust between employers – employee relationship. The outcome of the research will prove beneficial to the organisation in understanding the role of social networking and assist the organisation to make a decision whether to continue with the current policy to allow the access to social sites or will have to amend the policy.

## **2. 2. Research Questions**

The research will provide answer to the following particular questions:

Will the use of social networking sites at workplace enhance the productivity?

What are the other advantages and disadvantages of using social networking sites at workplace?

## **2. 3 Research Scope**

Due to time constrain it is necessary to restrict research only to one multinational company and therefore the research will be an action based research. The company is the world's largest investment bank which has its presence in 74 countries but the research will be based on the company's head office situated in London city, United Kingdom. The name of the company will not be disclosed due to confidential reasons and will be referred as Company ' X' throughout the research. The research will be based on three departments which are:

Human Resources

Finance

## Information Technology

Each of the above mentioned departments will be analysed to identify the impact of social networking on flow of information in the departments and security levels desired for each of the departments.

### **3. Literature Review**

#### **3. 1. General**

Many researchers have correctly said that the growing technology has twisted the traditional features of the workplace (Bennett, Owers, Pitt, & Tucker, 2010). It has also been argued that the growing importance of networking and socialising in modern days is becoming more flexible and dynamic day-by-day (Cross, Parker, Prusak, & Borgatti, 2001). This is due to integration of social sites and social media in the working environment which has broadened the view of the employees in the organisation. This has facilitated organisation to build up new networks and help employees to connect to each other in the diverse geographical location having different time zones which helps to reduce the cost and time taken for information to be transmitted.

‘ Social Networking Site’ can be defined as web-based service that allows individuals to (Boyd & Ellison, 2008):

- (1) Construct a public or semi-public profile within a bounded system,
- (2) Articulate a list of other users with whom they share a connection and

(3) View and traverse their list of connections and those made by others within the system.

At workplace the social networking can be referred in two ways: external and internal social networking. External social networking refers the use of external social networking sites such as ' Facebook', ' LinkedIn', ' MySpace' and so on at the workplace, which are not within the control of the organisation. On the other hand, there are some organisations that have developed internal social networking tools such as ' Beehive' at IBM, ' Watercooler' at HP which provides social networking within and controlled by the organisation. Company ' X' uses ' Reuters' and ' Microsoft Office Communicator 2007' as the internal social networking tool and ' Facebook' and ' LinkedIn' as the external social networking at the workplace. This research will only focus on impact of external social networking.

### **3. 2. Effect of Social Networking**

From past 5 years, social networking has sneaked into the business organisations due to the increased popularity and availability of social networking amongst office workers. (Shirky, 2008); (Tapscott & Williams, 2006). This has lead to informal connection in the organisation and has transformed the ways of the knowledge sharing making it easier and more flexible within the companies.

The research done in 2008 by Skeels and Grudin has shown that around 37% of employees were using Facebook occasionally and about 17% were using it daily at workplace. Also around 50% of employees had their account on LinkedIn but only 4% were using it daily (Skeels & Grudin, 2009). According

to the ClearSwift publications in January 2011, the exposure to social networking invites many threats to the companies. The research highlights that 42% of U. K. office workers admitted discussing work-related issues via social networking applications and 83% of the office workers were using office resources to access social networking websites (ClearSwift, 2011). Some researchers have also said that employees spend 6 hours a week on Facebook at work time (Shepherd, 2011).

The research conducted in companies such as Microsoft and IBM by different researchers has highlighted some of the benefits of using these social networking sites at workplace which are listed below (Skeels & Grudin, 2009); (DiMicco & Millen DR, 2007):

LinkedIn, being a professional social networking site, helps to maintain professional network.

Employers often refer social networking sites such as LinkedIn and Facebook for recruiting employees by reviewing their profile, pictures, personal details, wall posts and comments either put by them or by others on their profile.

Facebook was helpful for building and strengthening knot between colleagues and also maintain contacts with the ex-colleagues.

On the flip side, the research has also shown some concern and worries about using these social sites at workplace which are listed below (Skeels & Grudin, 2009); (DiMicco & Millen DR, 2007):

Staff indulging in social networking and wasting time during working hours.

A cause of security concern for the organisation.

Risk of disclosing confidential data in public.

Integration of professional and personal life and conflicts arising from them.

Some senior managers felt that employees were crossing boundaries of the organisation.

Most of the company in UK have opposed the use of social networking at workplace and have banned these sites. However, ZDNet's writer Alan Calder have argued that blocking or restricting access to social networking site at workplace will demoralise the employees and make them less effective and productive (Calder, 2010).

Some research have shown that social networking sites have reduced productivity and have cost companies lose of about £1. 38 billion annually (Manpower UK, 2010). Therefore, some companies are looking forward to strengthen the controls in the organisation. But companies need to be very careful in placing the controls seeing that social networking has become an important part of every one's life and has been growingly encouraged by different smart-phones such as Blackberry, I-Phones and many more. If the social networking sites are completely banned at the workplace, employees tend to use their smart-phones to access social networking sites which will consume more time and ultimately end up in devoting less time to work eventually affecting their productivity and incurring losses for the organisation. Therefore, employers need to weigh these strengths and opportunities with weaknesses and threats to make a meaningful decision.

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Similar, views have been shared by (Fried & Hansson, 2010) that the organisation will not be able to achieve anything by limiting or banning the social network sites at workplace because the time which they are devoting to the social networking sites will not get convert to productive work but and employees will find some alternative sources to spend this time. The Trade Union Congress (TUC) claims that handling carefully and allowing internet access for staff during break hours can be valuable for employees and can help them maintain relationships (TUC, 2007).

According to the researcher's observation while previously working in Company ' X' it was seen that there was a blend of employees from lower level to top management using social networking websites such as Facebook and LinkedIn at various intervals during their work shift. The research will throw lights on the benefits and concerns affecting productivity by using of social networking sites in banking sector during working hours.

Apart from deteriorating and/or enhancing the productivity, social networking sites are playing a major role for recruiting employees.

Employers use various sites to check the background of the candidate by making a judgment on their post and photos uploaded on the sites.

According to study conducted by Deloitte in 2009, 23% of companies were using social networking sites for hiring employees (Allen, Deloitte LLP 2009 Ethics & Workplace Survey results – Social networking and reputational risk in the workplace, 2009). Now-a-days, LinkedIn is popularly used for recommending friends or co-workers for jobs and recruiting staff. In near future, it may emerge to be incorporated as an official site for recruiting in

the organisation but till date no evidence can be found to trace the reliability of LinkedIn as a source for hiring people.

On the other hand there has been evidence that people are laid-off due to unethical behaviour demonstrated while using social networking site (Vadlamani, 2009); (Remala, 2010). The other major concern of social networking at workplace is that it has placed trust on stake. The survey conducted in Deloitte in 2010, highlights that only 34% of employees agree and 49% of employees disagree that social networking helps to build up the trust at workplace (Allen, Deloitte LLP 2010 Ethics & Workplace Survey – Trust in the workplace, 2010 ).

One of the major problems of the organisation due to social networking is the security of the private and confidential data. Employees tend to merge their personal and professional life while networking and intentionally or unintentionally tend to sometimes leak out the company secured data which otherwise needs to be protected within the realm of the organisation. On 14th July, 2010 Infosys figured out that some of the employees were discussing important details about their project on Twitter and Facebook and so company had to sack their employees. So in order to control this activity they have incorporated the ‘ social media policy’ in which employees are strongly advised not to breach the policy (Remala, 2010).

The data collection and literature review will help to critically analysis and gain a greater insight of effect of social networking sites in investment banking sector.

## **4. Research Methodology**

The research will follow the deductive approach as described by in (Saunders, Lewis, & Thornhill, 2009). The research will explore a new dimension of using social networking in a Multinational Company for their business development in short term and long term and develop a good analysis based on the data collection as discussed below.

### **4. 1. Data collection**

In order to achieve the research objective and question (mentioned in section 2) the subsequent data collection methods will be followed:

#### **Secondary Data Collection**

The secondary data will be collected from press release and academic literature such as journals, white paper and publication from internet sources and news channels. The data collection will be qualitative data. The research conducted by other researcher in Microsoft and IBM, technological companies will act as a base for this research.

#### **Primary Data Collection**

The forms of primary data which will be collect are as below:

Face-to-face Interviews: Ten non-standardised face to face interview will be conducted split between Vice President (VP) and managers of three departments in company ' X'. This will help to analysis the role of social networking in the organisation for different departments giving different viewpoints and a better insight of the matter. The interviews will also help to generate qualitative data which will be transcribed but will not be recoded

due to ethics of the company. The time line for conducting interview is specified in research timelines section (section 6).

Online Survey: Online survey will be conducted with the help of the website named ' Survey Monkey' which will help to give a holistic view of the organisation as the survey will be filled in by VP, managers and subordinates. The layout of the questionnaires which will be formed for online survey will fulfil all the main attributes of questionnaires as recommended by Saunders, Lewis and Thornhill (2009). This will provide quantitative data for analysis.

The permission to gain access to the organisation has been agreed. In order to improve the response rate of online survey, questionnaires and face-to-face interviews the recommendation from Bryman and Bell (2003) will be followed.

## **4. 2. Analysis of Data**

The quantitative data which will be collected through online survey will be analysed by using computer based software named ' Minitab 15'. The quantitative data will be divided in to two separate groups: categorical data and numerical data (Saunders, Lewis, & Thornhill, 2009). The survey and interview results will help to produce a comparison between three departments within the MNC under the research study.

## **5. Potential Problem and Pitfall**

While undertaking the research following are the limitation and potential problem which are anticipated:

Poor response to interview: Face to face interview or telephonic interview will be conducted, which will not be recorded due to confidentiality. The respondents might be bias answering in socially desirable way.

Poor response to online questioner: Respond rate might be lower as online questioner because they are perceived to be spam. It would be difficult to determine whether respondents have understood the question correctly and have replied honestly.

Inadequate Sample: Since only one organisation will be examined and so there will be limited sample to be examined. However, the research will be useful because practical evidence will be provided.

## **6. Research Time lines**

The research will commence from 6th June 2011 and will continue till 12th September 2011. It will be conducted for 15 weeks as shown in Table 1 below:

Table 1: Research time lines

## **7. Findings**

Social networking is tremendously growing its presence at the workplace. As discussed in the literature review, it highlights that social networking site has a greater influence on productivity of the employees and have also increased the concern about the company's reputation and data security for the organisation. It can also conclude that social networking at workplace does not only have the negative effect but if handled correctly it can be used in a beneficial way.

The research question and objective can be fulfilled by following the research methodology and plan as mentioned in section 4 and 6 respectively. The data collected will be analysed by using 'Minitab 15' and the actual finding will give a deeper insight and can also help the organisation to revise their policy.