

# An effectual approach to online social networking in entrepreneurial marketing: an empirical research from small hospitality firms

## Introduction

Small firms use unconventional marketing due to limited resources, limited marketing skills, lack of manager's expertise, and the low visibility and impact of the small firms in the market (Carson et al., 2004; Gilmore et al., 2001). This links to the concept of effectuation in posits that entrepreneurs utilise all available sources at hand in novel ways to achieve their business objectives. Ionita (2012) proposes a definition which suggests that entrepreneurial marketing (EM) is "a set of processes of creating, communicating and delivering value, guided by effectual logic and used in highly uncertain business environments" (Ionita, 2012, p.147). In fact, EM scholars have suggested that we should examine the capabilities of entrepreneurs to combine available resources and create something new, unique, or creative via an effectual approach (Fillis et al., 2017; Morrish, 2009; Sarasvathy, 2001).

Online social networking is considered a low-cost, effective and efficient approach for entrepreneurs to practice marketing. Using various types of network has been established in literature as crucial to the way in which entrepreneurs do business (Nakara et al., 2012; Durkin, McGowan and McKeown, 2013). It is suggested that small firms with limited sources can utilise the "affordable" marketing approach to enhance their competitive advantage through networking with customers which is essential for firms' survival. While previous studies have explored how entrepreneurs use social media marketing (e.g., Nakara et al., 2012; Jones, 2010; Harrigan et al., 2012), little evidence as to how they use effectual approach to utilise social media channels in their online networking activities. As such, our paper looks into entrepreneurial online social networks and how these networks are used among small firms to facilitate their marketing strategy.

Our research intends to deal with the integration of social media into entrepreneurial marketing strategy and aims to answer the following question: How entrepreneurs practice online networking activities from an effectual approach?

## Literature Review

Effectuation logic provides a lens through which decision making in uncertain conditions can be made and thus provide an explanation of the EM process (Morrish, 2009). Effectuation processes take a set of means as given, and focus on selecting any of the multiple possible outcomes or effects. Effectuation logic is primarily means, instead of goal, driven. Based largely on the work of Sarasvathy (2001), the entrepreneur begins by taking their situation as a given: who they are (their values, aspirations and personality); what they know (their strengths such as knowledge, past experience and skills); and who they know (their network of contacts) then focusing on the various outcomes they can create with these means.

Recently, EM scholars have recognised the effectuating reasoning of the marketing decision making of entrepreneurs, whereby entrepreneurial effective thinking to improve marketing strategy is essential (Hills and Hultman, 2011). Although effectuation practice is widely acknowledged in entrepreneurial behaviours and activities, limited empirical studies examine the effectuation process from an online perspective. As such, our paper address this gap by exploring how entrepreneurs utilise online social networks from an effectual lens.

Online social networks are not only profoundly transforming how people use the web but they are also challenging the way entrepreneurs practice marketing (Jones, 2010). Social media has given web users the opportunity to create communities and share information online. Online social networks are used by entrepreneurs to engage with customer and better understand consumers' behaviours and preferences. Social media is a powerful means for entrepreneurs to build their networks (Bulearca and Bulearca, 2010). Given that online social networks provide entrepreneurs in small firms with a tremendous opportunity to develop their networking activities, it is important to understand how small firms use online social networking from an effectual approach. Specifically, evidence shows that the hospitality industry has been using social media to engage with customers and this strategy is one of the most effective approaches to sustaining competitive advantage (Chan and Guillet, 2011; Daugherty and Hoffman, 2014).

## **Methodology**

A pilot investigation into the usage of online social networks by entrepreneurs in small hospitality firms in Vietnam was conducted. A qualitative method was used to explore the effectual approach used by entrepreneurs to utilise social media for their online networking activities. In-depth interview was used as data collection method to investigate the dynamic relationship between the entrepreneurs and their online social networks. Data analysis revealed characteristics of how entrepreneurs implement online networking activity. The suitability of adopting qualitative research methods to understand effectual logic in EM is also advocated by Morrish (2009). The participants selected for the pilot interview were hotel owners/managers or marketing managers of small independent hotels since they were the key decision makers in running their businesses. As such, they could provide rich data regarding their online networking activities, marketing experiences and practices in the hospitality business. The pilot study involved interviewing eight participants in total and the range of each interview was from 45 to 75 minutes.

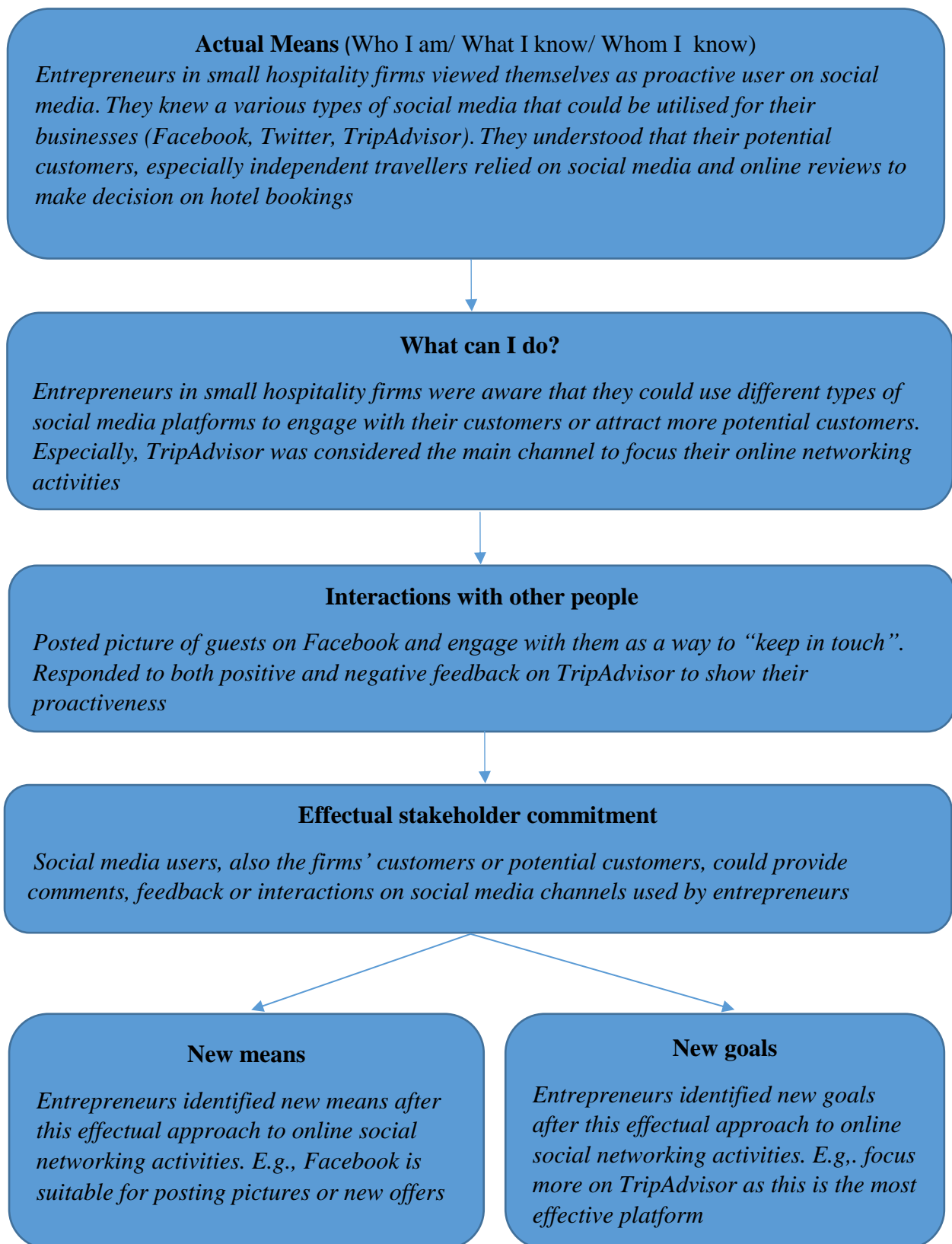
## **Findings**

As shown in Figure 1, our pilot study illustrates that entrepreneurs in small hospitality firms use effectual approach in online networking activities. By adopting the effectual process framework proposed by Sarasvathy and Dew (2005), we could have a better understanding of how entrepreneurs make decision on their online networking activities. The process involved with the fact that entrepreneurs understood their actual means, what they could do with those means, how they could interact with other online social networkers to achieve effectual stakeholder commitments. Finally, entrepreneurs reflected on this process to identify their new means and new goals for further online networking practice.

## **Conclusion**

Our pilot study has illustrated how entrepreneurs in small hospitality firms used social media as a tool to carrying out online networking activities from an effectual perspective. In doing so, we contribute to EM literature by enhancing our knowledge in entrepreneurs' online networking activities from an effectual approach. As a working paper, we aim to further develop our work by conducting a main study stage with more in-depth interview with entrepreneurs from a wider range of companies to explore more insightfully the effectual process toward online networking to facilitate entrepreneurial marketing.

**Figure 1:** The effectual process of online social networking used by entrepreneurs in small hospitality firms (Adapted from Sarasavathy and Dew 2005, p.543)



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