

SOCIAL MEDIA PRACTICES IN SME MARKETING ACTIVITIES: A THEORETICAL FRAMEWORK AND RESEARCH AGENDA

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Abstract

This paper describes the importance of understanding the social media practices of small and medium-sized enterprises in the context of their marketing activities development. By bringing together literature on SME marketing, social media and dynamic capabilities, the authors argue that SMEs develop, change and evolve their marketing activities by acquiring market intelligence through social media use. This article examines literature, and proposes a conceptual model to guide research in exploring these activities. The proposed model can also assist SMEs in developing and refining their offline and online marketing practices.

Keywords - SME marketing, social media, dynamic capabilities

Introduction

Small and medium-sized enterprises (SMEs), defined as companies with less than 250 employees and an annual turnover of less than 50 million euro or a balance total of less than 43 million euro ("Commission Recommendation", 2003), make a substantial contribution to national economies. In the United Kingdom, 59.3% of private sector employment (Department for Business Innovation & Skills, 2013) and 50% of GDP comes from SME activities (Adderley, 2012). Despite their economic significance SMEs often do not have the requisite time, resources or training for strategic development. They struggle with implementing brand and marketing communication plans, and they are often not sufficiently organised to carry out marketing activities or forecast demands (Cartan-Quinn & Carson, 2003; Harrigan, Ramsey, & Ibbotson, 2011).

As a consequence, the SME business style is fundamentally different from larger organisations (Carson et al., 1995; Hills & Hultman, 2006; Harrigan, 2013). SME marketing planning can be haphazard, informal, intuitive and unstructured, characterised by change and flexibility (Carson et al, 1995; Hill & Wright, 2000; Pearson & Ellram, 1995). In addition, SMEs represent a diverse selection of industries, with complex supplier and customer relationships (Parker & Castleman, 2007). SMEs consequently rely on personal networking, relationship building and word-of-mouth, which can be costly and resource-intensive (Gilmore, Gallagher, & Henry, 2007).

Social media could potentially supply valuable market intelligence to fill the SME resource gap and reduce uncertainty by leveraging their real-time market knowledge, resource-matching abilities, learning and marketing capabilities. However, while

SMEs have been early adopters of Web 2.0 technologies (Barnes et al., 2012; De Saullés, 2008; Harris & Rae, 2009) there is a limited understanding of their unique and experimental social media practices. Therefore, an understanding of SME social media practices as a source of market intelligence for their marketing activities is of interest to academics and practitioners alike. Additionally, an in-depth understanding of these practices could have valuable implications not only for SMEs but also for larger businesses as they are often restricted by complex business structures, bureaucratic procedures and rigid routines.

To provide this understanding, dynamic capabilities (DCs) theory, which conceptualises the organisation's abilities to acquire new knowledge and ideas and explore them internally through redesign of processes and practices, is proposed as a suitable framework for exploring the processes taking place in SMEs by taking into account their complex business relationships, unique characteristics, and the diverse, non-linear and dynamic nature of their social media practices.

This paper is structured as follows: Firstly a critical analysis and a detailed examination of the literature on SME marketing, social media, and DCs is developed. Then a detailed list of antecedents, constructs and enablers of DCs, which impact their deployment, is presented. Next the literature and the DCs concept are used to develop a theoretical model that depicts the process of marketing capabilities creation through acquisition, assimilation and transformation of market intelligence by the use of social media. Thereafter, conclusions are outlined, the limitations and implications of the paper are discussed, and finally further research directions are suggested.

SME Marketing

SME business style is fundamentally different from that of larger organisations (Carson et al., 1995; Hills & Hultman, 2006; Harrigan, 2013). As a consequence, their marketing practices are completely divergent from traditional marketing theory. SME marketing is simple, efficient, intuitive and aligned with their unique internal culture (Carson et al., 1995; Hills & Hultman, 2006; Harrigan, 2013). SMEs execute “bottom-up”, interactive approaches, without long-time planning of marketing practices (Carson, 1990; Stokes, 2000), rather than classical “top-down” strategies (Stokes, 2000; Stokes & Nelson, 2013).

SMEs focus on opportunity recognition and exploitation by placing knowledge of their customers at the heart of their business (Hills et al., 2008; Oakey, 1991). High-performing SMEs “live” continuously with the market, innovating their customer orientation through development and maintenance of meaningful relationships with their key customers (Hultman, 1999; Kleindl, Mowen, & Chakraborty, 1996). Hence, the main differences between traditional and experimental SME marketing are at the tactical level, which is seen as leading to superior customer and market understanding and market positioning (Smart & Conant, 1994; Stokes & Nelson, 2013). SME decision-making is non-bureaucratic, flexible and concentrates on opportunity identification (Carson et al. 1995).

The role of the SME owner-manager is pivotal in the small organisation and their personality, skills, and ambitions are linked to the firm’s growth (Carson et al., 1995; Department for Business Innovation & Skills, 2013; Wiklund & Shepherd, 2003).

However, SME growth is often hampered by multiple resource constraints (Verhees & Meulenbergh, 2004). SMEs have a high failure rate, with 50% going out of business

within the first five years of setup (Gray, 2005). Therefore, SMEs often concentrate on survival, as opposed to growth, but suffer from a lack of knowledge, expertise and finances, while being intolerant of mistakes and rigid in their routines (Helfat, 2000; Singh et al., 2008). These constraints, combined with problems in forecasting future demand and limited technological expertise, are linked to the poor quality of their management (Cartan-Quinn & Carson, 2003; Gray, 2005). Additionally, due to their small size and resource constraints, SMEs are unable to sustain cost leadership or support research and development activities, and thus traditionally suffer from limited access to industry knowledge (Kara, Spillan, & DeShields, 2005; Pelham & Wilson, 1996).

Networking has the potential to overcome these constraints by expanding SME customer and supplier contacts, enabling capabilities development, facilitating resource acquisition, innovation, and strategic partnerships (O'Dwyer, Gilmore, & Carson, 2009; Zontanos & Anderson, 2004). The importance of dynamic continuous communication with customers and enhancement of weak ties are vital (Keh, Nguyen, & Ng, 2007; Verhees & Meulenbergh, 2004; Yli-Renko et al., 2001). Studies to date have clearly established the link between SME success against competitors with their abilities to network (Raju et al., 2011; Liao, Welsch, & Stoica, 2003; Singh et al., 2008). In particular development of the ability to sense the market and accumulate knowledge-based resources are linked by scholars to improved SME performance (Liao, Welsch, & Stoica, 2003; Merrilees, Rundle-Thiele, & Lye, 2011), but currently there is a scarcity of research examining the effects of these capabilities (Sok, O'Cass, & Sok, 2013). The latter phenomenon, also known as experiential learning or "learning by doing", is acknowledged as the most significant core competency for SMEs (Carson & Gilmore, 2000; Cope, 2005). Through such informal learning

successful SMEs adjust strategies and take decisions in accordance with various internal and external pressures (Ayuso, Rodríguez, & Ricart, 2006; Deakins & Freel, 1998).

This underscores the importance of establishing an internal climate of commitment and emotional attachment between SME employees in a non-hierarchical and self-organising structure (Doyle, 2008; Nonaka, 1994), along with market and customer orientation (Liao, Welsch, & Stoica, 2003; Merrilees, Rundle-Thiele, & Lye, 2011). Changes in perceptions and culture are needed also in order to facilitate collaboration and freedom amongst SME staff, and encourage exploration of new approaches to market information (Brown, Court, & Mcguire, 2014).

SMEs and Social Media

Web 2.0 technologies are the “human approach to interactivity on the web” (Boulos & Wheeler, 2007), that enable user-generated dialogue by “fostering a greater sense of community” and the exchange of experience and ideas. Social media technologies in particular provide a platform for dissemination of information, collaboration, dialogue, and co-creation. Social media takes many different forms, such as Internet forums, weblogs, social blogs, micro blogging, wikis, podcasts and social bookmarking (Hamburg, 2012). Social media applications enable sharing and storage of interactive content in multiple formats, such as: text, image, audio, and video. Thus, social media enables two-way real time communication, tacit information dissemination, engagement with this information, and relationship building. Vargo & Lusch (2004, p. 6) claim that successful companies need to: “collaborat[e] with and lear[n] from customers and being adaptive to their individual and dynamic needs”.

Consequently, companies of all sizes and types are increasingly using social media and incorporating it into their marketing activities, driven by their aim to create and sustain relationships with various stakeholders. Social media platforms are eminently suitable to the type of personal networking, “learning by doing” and relationship building approaches practiced by SMEs. Social media is inexpensive, does not require advanced technical knowledge and is easy to implement as opposed to other collaborative technologies, which could be expensive and complex for SMEs (Chui, Miller, & Roberts, 2009; Zeiller & Schauer, 2011). Social media empowers SMEs to overcome the restrictions of their limited partners and geographic location by linking them with otherwise disconnected groups in a cost-effective way (Adebanjo & Michaelides, 2010; Barnes et al., 2012). In fact, the most useful network member in helping an entrepreneur is rarely a personal friend, but more likely is an acquaintance of a friend, or a friend of an acquaintance (Buchanan, 2002).

Social Media Applications in SME Business Context

SMEs are increasingly using social media technologies as part of their business activities, in particular:

- CRM (Choudhury & Harrigan, 2014; Harrigan, 2013; Harrigan & Miles, 2014);
- market research and branding (Kim, Lee, & Lee, 2011);
- knowledge sharing (Panahi et al., 2012; Razmerita & Kirchner, 2011);
- knowledge management and organisational learning (Hamburg & Hall, 2009; Hamburg, 2012; Wong & Aspinwall, 2005);
- open innovation (Chesbrough, Vanhaverbeke, & West, 2006; Lindermann, Valcárcel, Schaarschmidt, & Kotzfleisch, 2009).

Moreover, their social media practices have demonstrated an overall impact on their business (Barnes et al., 2012; Michaelidou, Siamagka, & Christodoulides, 2011; Nakara et al., 2012; Stokes & Nelson, 2013).

SME social media practices follow the experimental, diverse and informal patterns of their marketing activities (Nakara et al., 2012). The SME owner-manager is usually the initiator of social media adoption, as opposed to the bottom-up adoption approaches taking place at larger companies (Zeiller & Schauer, 2011). Additionally, some of the drawbacks of SME marketing are also relevant to SME social media practices, such as:

- lack of skills to develop web strategy;
- lack of understanding of how social media could be used;
- lack of understanding of the opportunities offered by social media;
- lack of adequate measurement (Nakara et al., 2012).

SMEs are increasingly using social media but often as a supplemental promotional tool and without any clear idea of how to measure performance. The ambiguity surrounding the measurement of social media impact, resources required, and management processes are further acknowledged in multiple studies (Durkin, McGowan, & McKeown, 2013; Michaelidou, Siamagka, & Christodoulides, 2011; Stokes & Nelson, 2013). Overall, SME social media strategies, when they exist, are an under-researched and little-understood area (Barnes, 2012; Harris, Rae, & Misner, 2012).

Despite this, SMEs are indeed deriving benefits from Web 2.0 in terms of:

- improved operational efficiency by reducing costs and improved productivity;

- enhanced capabilities through connection between external and internal sources of knowledge and expertise;
- effective communication;
- customized offerings (Hinchcliffe's, 2010);
- lifestyle benefits (Barnes et al., 2012).

Clearly, the intention to improve business processes' effectiveness and efficiency is the main motivating factor for SMEs to embrace social media (Zeiller & Schauer, 2011).

Social media could enable new resources and capabilities development and integration into existing practices (Hamburg & Hall, 2009; Hamburg, 2012). However, a particular challenge for SMEs is how to filter and turn into insight the information generated by social media (Chen, Chiang, & Storey, 2012; Harrigan, 2013). Social media supports a variety of formats and facilitates qualitative data sharing (likes, retweets, follows, shares, videos, pictures, comments, reviews, or posts) which results in a large amount of information, posing difficulties in analysis and synthesis. Therefore, it is crucial to understand how managers are able to analyse and integrate such insight into their marketing activities (Larson & Watson, 2011).

Although both academics and practitioners acknowledge that social media has the potential to enhance organisational knowledge-sharing capabilities (Dyer, 1997; McKinsey, 2010; Panahi et al., 2012; Razmerita & Kirchner, 2011), only a relatively small number of SMEs are fully realising and reporting enhanced capabilities resulting from Web 2.0 activities (Barnes et al., 2012). This suggests that gaining, deploying, and measuring capabilities derived from social media practices is a much harder task than promoting the business. The incoming market intelligence is a

strategic asset (Durkin, McGowan, & McKeown, 2013), however its true value is not apparent and may need a long time to be realised.

To date, the bulk of research on SME social media centres on an “inside-out” perspective, ignoring the potential contribution of market intelligence gathered through the use of social media to SME marketing activities development. What is needed is an understanding of the exact intelligence gathering, learning and adaptation processes taking place as a result of SMEs’ use of social media.

What research has been done demonstrates that a marketing orientation culture which facilitates transparency and an organisational customer-oriented philosophy are crucial for the successful integration of these technologies (Choudhury & Harrigan, 2014). The information supplied by social media, combined with a unique organisational context, provides a great potential for CRM development and marketing decision-making, and thus organisational competitive advantage (Choudhury & Harrigan, 2014; Trainor, 2012). Additionally, the rapid changes in market in high-technology sectors, and in young and emerging industries, make information generation and acquisition particularly important (Daft & Huber, 1987; Shan, Walker, & Kogut, 1994).

Although still a vastly under-researched area, social media business applications and benefits are of particular interest to both practitioners and academics. Despite the fact that SMEs are early adopters of social media, few studies on social media as a supplier of valuable market intelligence for marketing practices have been found. Therefore, further research is needed to explore the exact processes through which this market intelligence is gathered, transformed and integrated into their marketing activities. It is proposed that SMEs operating in dynamic industries and which as a

result need to react quickly to environmental pressures require and exploit even more real-time market intelligence that SMEs operating in stable traditional industries.

Theoretical Framework and Model

Due to SME heterogeneity and diversity, and their dynamic social media practices, it is proposed that a robust theoretical grounding of the research is needed in order to uncover the direct and indirect consequences of their social media practices in the context of their marketing activities. Such a theoretical framework will help to build a robust explanation and effectively develop a theory of the studied processes by guiding the entire research design process (Bonoma, 1985).

Dynamic approaches are considered more suitable than traditional static theories in explaining SME heterogeneous practices, idiosyncratic learning and inherent dynamics (Franco & Haase, 2009; Minniti & Bygrave, 2001; Zhang, 2006). SME external environment complexity and dynamism, and their internal diversity are addressed in the concept of DCs. The DCs concept is particularly suitable as a “sensing device” due to its non-linear nature and grounding in experiential learning. Additionally, the DCs concept is also flexible enough to account for new and unique practices.

Moreover, it is believed that SMEs are naturally predisposed to develop and exhibit DCs due to their inherent flexibility, heterogeneous resources, facilitative leadership, and the exogenous market dynamics that companies of all sizes have to cope with. The informal relationships that enable tacit knowledge exchange between multiple stakeholders and thus access to additional resources are at the heart of the DCs concept.

Defining Dynamic Capabilities

The DC concept extends Penrose's resource-based view (RBV) of the firm (Penrose, 1959) by accounting for the dynamic processes of reconfiguring, extending and renewing an organisation's unique resources through experiential learning in the context of constant environmental change. The concept of DCs originally emerged in the work of Teece et al. (1997, p. 516), "...as the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environment".

Although there are a number of variations in the definition of DCs (Eisenhardt & Martin, 2000; Teece, 2007; Wang & Ahmed, 2007), the key role of organisational and managerial processes that create, coordinate, integrate, reconfigure, and transform resources and skills in order to stay in business and enhance competitiveness by matching environmental changes is present in all of them. Moreover, a central concept in DCs is the heterogeneity of resources and capabilities, also known as VRIN (valuable, rare, inimitable, non-tradable), their imperfect distribution, and the unique organisational abilities to develop and deploy these resources (Caloghirou, Protogerou, Spanos, & Papagiannakis, 2004).

Types of Organisational Capabilities

From a resource-based perspective resources are seen as knowledge-based and property-based (Barney, 1991). Resources are defined as all the organisational assets, that are tradable and tangible, and capabilities are defined as "... the glue that brings these assets together and enables them to be deployed advantageously." (Day, 1994 p.38). For the organisation, tangible or operating capabilities are routines, which are oriented toward fulfilment of day-to-day functional activities such as marketing operations or product development. In comparison, DCs alter operating capabilities,

they are future oriented and are difficult to imitate organisational knowledge, skills and processes (Day, 1994; Dierickx & Cool, 1989; Makadok, 2001). DCs demonstrate certain commonalities across firms despite diversity of organisational paths and starting points (Eisenhardt & Martin, 2000; Teece, 2007; Wang & Ahmed, 2007). DCs are identifiable and specific processes such as: product development, resource-transferring processes, knowledge creation, strategic decision-making, and alliance formation (Eisenhardt & Martin, 2000).

Knowledge and Learning

Knowledge and continuous organisational learning are considered core resources in the creation of both dynamic and operating capabilities, and as a result they are enablers and drivers of organisational competencies in acquiring, distributing, interpreting and storing that knowledge (Eisenhardt & Martin, 2000; Teece et al., 1997; Zahra & George, 2002).

The process of identification of new knowledge, as well the process of distribution of this knowledge across company's departments is of particular interest in the concept of DCs. These processes are known as absorptive capacity, which is widely acknowledged as a crucial component as it enables better understanding of markets and consequently market opportunities (Liao et al., 2003; Wang & Ahmed, 2007; Zollo & Winter, 2002).

Also of crucial importance is the adaptive capability and the capability to destroy and reconfigure current knowledge, and then renew and apply it in new ways (Liao et al., 2003; Nonaka, 1994; Todorova & Durisin, 2007). This process is crucial for the company's ability to learn from mistakes, unlearn (Slater & Narver, 1995) and prevent strategic paralysis (Day, 1992; Slater & Narver, 1995).

It is argued that social media use enables knowledge-accumulation mechanisms and behaviour, facilitates connectedness and sharing, and could be particularly important in the knowledge absorption process. The weak ties enabled by social media, and the ongoing, day-to-day interactions are particularly effective because simple tacit knowledge is transferred, becoming a strategic resource for experiential learning. It is argued that there is a need for “outside-in”, and not just a narrow inside-out approach to marketing through DCs, starting with the organisation’s market (Day, 2013).

Moreover, some SMEs are actually better and quicker in unlearning and in altering their business processes due to their small size, flourishing internal climate, and facilitative leadership. Hence, the accumulation of absorptive capacity through the use of social media, and the resulting new configurations of tangible and intangible resources could prevent reactive behaviour, and could enable SMEs to fully exploit their potential through better understanding of the market, continuous evolution, and by minimizing risk and uncertainty.

Absorptive Capability Constructs

Generally, the absorptive capacity of a firm is defined as encompassing the ability to acquire, assimilate, transform, and exploit knowledge or “active listening” (Zahra & George, 2002). From a process point of view the absorptive capacity is defined as the firm’s ability to use external knowledge through the processes of:

- exploratory learning (potential absorptive capacity),
- exploitative learning (realized absorptive capacity),
- transformative learning (links the other two processes and relates to knowledge storage over time) (Lane, Koka, & Pathak, 2006).

These processes are also named accumulation, articulation and codification of knowledge (Zollo & Winter, 2002), and capabilities of sensing, seizing and shaping opportunities (Teece, Pisano, & Shuen, 1997), which derivates from the individual and collective knowledge and learning capacities within and beyond organisational boundaries.

Although numerous definitions of the constructs underlying DCs formation have been put forward, all of them agree the key role of new knowledge in the processes of knowledge recognition, absorption, assimilation, and exploitation.

To date, the DCs concept has been used both to explore various context dependent and contemporary phenomena (Ayuso et al., 2006; Lee & Slater, 2007; Newey & Zahra, 2009) and to examine contributions, measure relationships between variables and processes (Chang, Hughes, & Hotho, 2011; Sher & Lee, 2004; Muscio, 2007).

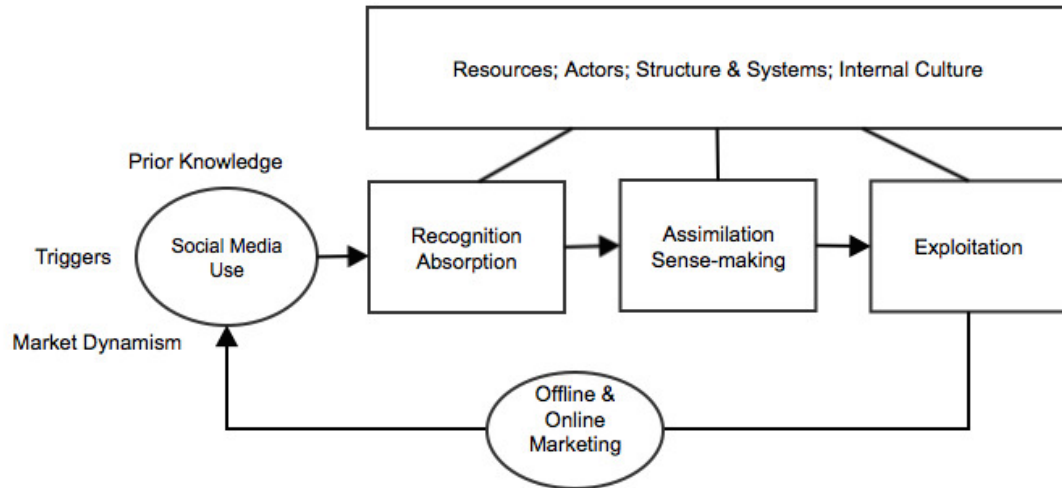
Theoretical Model Development

In order to explore the contribution of market intelligence gathered through the use of social media in the SME context, a theoretical model based on the DCs concept is proposed. The model is structured around DCs' key processes of absorptive capacity formation:

- the process, used to capture market intelligence through social media practices, or in other words recognition and absorption
- the process used to make sense of that market intelligence, or also known as assimilation
- the process of exploitation of that sense-making, particularly how marketing operating capabilities are altered as a result (see figure 1).

The developed model is based on Cohen & Levinthal (1990), Zahra & George (2002), Newey & Zahra (2009), and Todorova & Durisin (2007) models of absorptive capacity.

Figure 1: Model of the Processes of Market Intelligence Accumulation through Social Media Use and its Assimilation and Application in SME Marketing Activities



As described in DCs literature, the capabilities are processes that leverage specific resources (Eisenhardt & Martin, 2000; Grant, 1996; Leonard-Barton, 1992). The DCs are context-dependent, and are formed by enabling variables within and outside the firm (Ambrosini & Bowman, 2009). Hence, they should be studied in conjunction with the broader organisational context in order to develop a complete understanding of the studied processes. The firm's culture, its external environment, and the individuals involved in networking activities are considered as crucially important also in the SME marketing literature (Carson et al., 1995; Hill and McGowan, 1996). Therefore, the role of market dynamism, prior knowledge, triggers of social media use, organisational structure and climate, leadership and assets/resources are emerging from the literature as important factors for the DCs development, which are integrated in the developed theoretical model (Todorova & Durisin, 2007; Verona & Ravasi, 2003). It is suggested that, these factors should be explored at each stage of the research in order to obtain complete and in-depth understanding of the unique organisational context in which the DCs are formed and executed.

Market Dynamism and Balance between Exploitation and Exploration

DCs demonstrate different features depending on market dynamism (Eisenhardt & Martin, 2000). As a result, a particular balance is needed between present operating routines and the ability to sense market opportunities and shape business processes (Tushman & O'Reilly, 1996). These processes are also known as "exploration" and "exploitation" (March, 1991). Exploration represents creating new organisational learning, and exploitation represents using existing knowledge, processes and skills. Exploitation has positive effects in a stable environment but negative in turbulent conditions and could lead to inertia (Leonard-Barton, 1992). However, in high-velocity markets the focus is on creating new knowledge in order to prevent an over

dependence to existing practices. Therefore, industry dynamics should be taken into consideration when researching the processes and effects of the use of social media on the marketing activities.

Prior Knowledge

The concept of path-dependency or prior history, or prior knowledge represents the recognition that history matters and that the opportunities are “closed in” to previous activities (Teece et al., 1997). Shared knowledge within a community strengthens the company’s abilities to recognise and consequently assimilate new knowledge, known as “history dependency” (Grant, 1996). Such prior learning and shared vision imbues individuals with a sense of direction and belonging, and maintains their organisational focus (Day, 1994). As a consequence, companies learn from both good and bad experiences, and such information is embedded in their mental models and influences future thinking (Day, 1994). By combining the newly acquired knowledge and resources with their existing assets, knowledge and resources, organisations develop and exhibit unique capabilities.

Triggers

Triggers are defined as the changes that instigate DCs processes. Research highlights that the processes of DCs formation could be initiated by external (market dynamism, competition, technology available) or internal triggers (the so-called endogenous entrepreneurship (Newey & Zahra, 2009)).

Organisational Culture, Internal Structure and Systems

The organisational internal environment and culture (commitment, open-mindedness, and shared vision) are important antecedents and facilitators of the knowledge

creation and exploitation process and thus of DCs formation (Sinkula, Baker, & Noordewier, 1997; Teece et al., 1997).

Additionally, the organisational structure is very important in facilitating cross-departmental sharing and information flow. Learning initially happens on individual levels and afterwards is transferred to group, and lastly to organisational levels. Thus, to understand the process of learning, particular attention is needed to the process of transferring individual knowledge to collective levels and also the process of knowledge storage (Zhang, 2006; Zahra & George, 2002; Zollo & Winter, 2002). In this respect, SMEs are favoured by shorter lines of communication and quicker internal information dissemination due to their smaller size, informal climate, flat structure, and flexibility. Other research shows however, that SMEs face challenges particularly in knowledge codification and retention stage as their knowledge is stored mainly in employees' and owner's heads, and hence lost in cases of retirement or departure of employees (Maguire et al., 2007; Wong & Aspinwall, 2004). This suggests another potential application of social media technologies in supporting internal knowledge storage.

Facilitative Leadership

The SME manager's abilities, personality, leadership skills, and motivations are critical success factors for the formation of DCs. The skills, experience and training of the organisation's human capital are recognised as foundation of the overall capability to absorb external knowledge and convert it to new products and processes (McKelvie & Davidsson, 2009; Muscio, 2007; Penrose, 1959).

Physical Resources

Resources are defined as the specific organisational assets and resources which are involved in the three researched processes.

DCs Measurement

The “evolutionary fitness” and “technical fitness” approach of measuring DCs is proposed by Helfat et al. (2007). Technical fitness means how effectively a capability performs its functions, and evolutionary or external fitness means “how well a DCs enables an organization to make a living by creating, extending, or modifying its resource base” (Helfat et al., 2007, p.7). Due to DCs changing nature, there is an ambiguity around the concept and around DCs measurement (Zahra, Sapienza, & Davidsson, 2006). There is an academic agreement however, that dynamic change operating capabilities (Eisenhardt & Martin, 2000; Helfat & Peteraf, 2003; Zahra et al., 2006). Eisenhardt & Martin (2000, p.1,106) also highlight that "dynamic capabilities are necessary, but not sufficient, conditions for competitive advantage," and their value must be measured through their impact on organisational performance in terms of reconfigurations that they cause to resources - new products or new processes.

Thus, the impact of DCs will be measured/operationalised through the change in marketing operating capabilities as a result of their interaction with the dynamic capability of marketing activities planning. In the case of the present research this would be a change in marketing operational processes and practices/strategy planning, and strategic choices.

Theoretical Model Application

The proposed model will provide a framework for exploring the learning and marketing processes enabled by social media use. The literature on SMEs and social media clearly indicates that this stream of research is still in its early stage of development, therefore it is argued that inductive exploratory approaches and qualitative methodology are the most suitable to reveal this contemporary and highly

context-dependent phenomena. Additionally, this type of explorative, qualitative research is closer to the practitioner's "naturalistic" way of data gathering and research, and is particularly recommended in the SME marketing field as a way of linking academic to practitioner research (Baron & Richardson, 2011; Carson & Coviello, 1996; Wolny, 2014), thereby producing more accurate theory development (Baker, 2010).

Preliminary theory development is essential for case study research design (Yin, 2003). The developed theoretical model will guide all the components of the research design: questions, propositions, units of analysis, connecting data to propositions, and interpreting and generalizing the findings.

Multiple exploratory case studies will be developed based on in-depth interviews with owner managers, and social media thematic analysis. Participant SMEs will be selected both from fast moving, knowledge-intensive sectors and from slow moving, stable sectors in order to juxtapose findings. Although, the market intelligence gathered from different social media platforms is likely to be completely different, particular social media sites will not be specified. The focus of this work is not on a specific platform, rather it is on the processes employed to convert the intelligence gathered into marketing capabilities which contribute to marketing activities development. Interpretive research does not aim to validate findings in a positivistic sense, but to provide a better understanding of a social phenomena (Johnson & Duberley, 2000). The aim is to achieve analytic generalisation of the findings through the use of previously developed theory as a template with which to compare, modify, confirm, or reject the developed propositions and theoretical model (Yin, 2014).

Data Collection

In-depth interviews

The data collection process will start with the collection of background information about the company, and the nature of their business in order to understand their prior knowledge/history and market dynamism. Then data will be collected on how the process of absorptive capacity (operating capability of social networking) is triggered, whether through exogenous shocks/market dynamism or endogenous entrepreneurship. Once thorough understanding of the organisational context is developed, the data gathering will proceed with investigation of the three learning processes associated with the formation of DCs.

First Stage of Research: Exploration, recognition and absorption of market intelligence through social media practices

At the first stage of the research, data will be collected in relation to the first strategic process: the recognition and capturing of valuable information, meaning the process of absorptive capacity development on an operating level. The focus will be on the process of social media use on a daily basis, or in other words how knowledge is created, recognised and absorbed.

Second Stage of Research: Internal assimilation and sense-making of the acquired information in the SME marketing context

The second process of interest deals with sense-making and opportunity shaping. Data will be collected demonstrating how the learning from the operating level is transferred to a higher order strategic level and exploited in terms of how it contributes (is translated) to actual marketing activities. The process of transferring this learning to a higher strategic marketing level is very challenging to organisations from an organisational learning point of view, as the individual tacit knowledge is the

most difficult type of knowledge to acquire, convert and store (Eze, 2013; Pawlowsky, 2001; Zhang et al., 2006). During this process the actual transformation of knowledge and resources takes place which then results in changed routines and new configuration of resources.

The first and the second stage of the research will investigate topics pertaining to operating capability level in each of the studied companies. Consistent with Winter (2003), social media use is viewed as an operating capability. Hence, conclusions will be drawn about the role of absorptive capacity at the operating capability level in the studied organisations.

During these stages of the research themes about the technical fitness of the performed operating capabilities will also be investigated in terms of understanding how social media's value to the organisation is understood and assessed, leading to how social media performance is measured.

Third stage of Research: Exploitation of learning or how marketing operating capabilities are altered as a result

In the third phase of the research, the actual iterations of operating capabilities as a result of the interaction between operating and DCs will be explored. The transfer of the learning from operating to dynamic capability level is a process of continuous alignment and realignment of tangible and intangible assets in order to tap opportunities and/or respond to environmental changes. A capability will be considered a dynamic capability if it involves creating, extending or changing operating capabilities (evolutionary fitness). To ascertain this, data will be collected on how the higher-order capability of marketing activities planning alters the organisational online and offline marketing practices, through iterations of operating

activities, plans, routines and resources, and as a result enables marketing activities evolution.

Social Media Thematic Analysis

Prior and after the in-depth interviews, a thematic analysis of the participants' social media presence will be conducted, in order to provide additional insight and to strengthen the research findings. The data will be sourced from organisational social media profiles in major social media sites, and also from any other form of social media that might be used by the participants.

When analysing the social media data a particular attention will be paid in understanding the first and the third processes of DCs formation (the processes related to recognition, absorption and exploitation, Figure 1). The social media thematic analysis could be informative also in understanding the second process (assimilation) by providing understanding of how participants are transferring knowledge to appropriate team members or departments, in case they are using social tagging to invite/engage a particular member of staff in a discussion.

In relation to the first processes (recognition, absorption), the focus will be on how companies interact, create and recognise knowledge and market intelligence through interacting with their audiences. Then in relation to the third process (exploitation), a particular attention will be paid on how exactly SMEs are executing their strategies/altering strategies. The social media thematic analysis will be useful also in augmenting and enhancing the validity of the interview data. In that way the researcher will be able to identify gaps and contradictions between what is being said during the interview, and how actually social media is used.

It is expected that uncovering these key learning processes and understanding the organisational context in which they occur, will enable an in-depth understanding of the contribution of social media for marketing activities development. Through the proposed theoretical model an important link is established between organisational marketing activities and the real-time environmental information gathered through the use of social media.

Conclusions and Recommendations

The continual evolution of marketing practices in the context of competitive and environmental change are clearly relevant to SME flexibility, and are considered a key enabler of value creation and competitive advantage. It is argued that tacit knowledge acquired through social media use could empower SMEs with the opportunity to find resources outside and inside company boundaries, match clients needs with resource stocks, and deploy constantly evolving marketing activities. SMEs are naturally predisposed to sense opportunities through networking and quickly respond to the new set of opportunities as illustrated by the continuous growth of UK SMEs at around 14% between 2008 and 2013, despite a challenging economic environment (Department for Business Innovation & Skills, 2013).

After an initial understanding of the impact of social media on SME marketing activities is developed, the area would further benefit from longitudinal research, which will enable observing organisational evolution, and thus addressing one major criticism of the body of literature on SME marketing development in terms of the prevalence of backwards-built, outcome-based research versus forward built, event-driven studies (Van de Ven & Engleman, 2004; Moroz & Hindle, 2012). Moreover, it is recognised that the proposed DCs-based model could be applied to understand the

impact of the gathered market intelligence through the use of social media in other organisational areas, such as innovation, knowledge management, product development, CRM, organisational learning. It is also suggested that future research should consider the impact of organisational market orientation on capabilities development through the use of social media. It is recognised also that follow up quantitative studies could benefit the understanding of the exact contribution of particular processes and/or variables to marketing activities evolution and the relationship measurements between them.

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