

# I HEART YOU: HOW BUSINESSES ARE USING SOCIAL MEDIA TO INCREASE SOCIAL CAPITAL

**Brad McKenna**, Norwich Business School, University of East Anglia, United Kingdom,  
b.mckenna@uea.ac.uk

**Shahper Vodanovich**, School of Engineering, Computer, and Mathematical Sciences, Auckland  
University of Technology, New Zealand, shahper.vodanovich@aut.ac.nz

**Tania Fan**, Portsmouth Business School, University of Portsmouth, United Kingdom,  
tania.fan@myport.ac.uk

## Abstract

*The popularity of social media is increasing as more social media platforms are produced. Businesses have seen the potential for social media and have changed their business strategies to suit this change. Social media allows businesses to communicate and provide awareness to their customers about offerings. It also provides a good platform for individuals or customers to communicate to the business on how they are operating, their views on products or services. The research problem we address in this study is with this amount of freedom to share information through social media, we need an understanding of the considerations of how businesses maintain social capital and social trust. This paper presents a preliminary study which explores the effectiveness of how businesses maintain good social capital. This study uses primary data collected from interviews with businesses about their social media use with their customers. The preliminary results show that businesses do understand the importance of maintaining a high social capital within social media. This paper contributes to the social capital theory literature within the context of social media usage by organisations, and thus the results may also provide some practical guidance organisations.*

*Keywords: Social Capital, Social Media, Interviews*

## 1 INTRODUCTION

Social media has become a global phenomenon and is ubiquitous across modern organisations (Rodriguez et al. 2013). Social media has changed the way we communicate with one another and impacts almost every aspect of society and business (Qualman, 2010), therefore it has become an important tool for organisations to connect with their customers. Social media has changed the way in which we create, collaborate, consume, and communicate with other individuals and with organisations (Aral et al. 2013). Social media sites such as Facebook, LinkedIn, YouTube and Twitter have been around for more than ten years (Carvill & Taylor, 2013), and organisations are embracing this phenomenon in greater numbers. Over 80% of CEOs feel it is important to interact and have an online social presence (Henndricks, 2014). Social media helps organisations achieve their business objectives, for example it encourages consumer-to-customer conversations that enable consumers to connect directly with potentially thousands of other consumers very easily (Mangold & Faulds, 2009).

Understanding the nature and magnitude of social networks in social media has been complicated by both their rapid adoption across organisational boundaries, and their tendency to adapt and evolve over time after they have been deployed (Croft, 2013). Therefore, as social media consists of virtual connections of people within a social network, we think that it is important to explore how social capital applies within these social networks. Coleman (1988) describes social capital as a relationship between actors. In Coleman's view social capital is productive, i.e. it is used by actors to achieve things they could not without it (Tzanakis, 2013). Social capital is increasingly important to businesses because in order to survive in globalised world, it becomes necessary to examine the social

connections between members of a social network to determine the functions of these social networks (Nahapiet & Ghoshal, 1998) through social media. To achieve this objective, this research in progress paper presents a pilot study which examines *how businesses use social media to maintain and increase social capital with their customers*.

The outline of the paper is as follows. Firstly, we introduce social media followed by a section addressing factors affecting social media for business. Next we present a section on the theoretical perspective applied to this study, social capital, which also includes a brief section on social media and social capital. The next section addresses the methodological approach of this study, followed by a section on our preliminary findings. This is followed by a discussion of our findings within the context of social capital, and the conclusions of this preliminary study.

## **2 SOCIAL MEDIA**

Social media has implications for the way in which firms interact with their consumers, and how individuals interact with each other (Claussen et al. 2013; Rishika et al. 2013). Organisations are increasingly trying to be proactive in the way they reach their consumer, and attempt to capitalise on social networks and interactions enabled by social media (Dou, Niculescu, Wu, 2013). Social media platforms, alongside their underlying social networks, offer new ways that an organisation can create value (Rokka et al. 2014). Social media allows new types of content (Carvill & Taylor, 2013) that can be used for various reasons, and can be of very high quality. Therefore, it is necessary to understand the types of content that users can generate and the implications this might have for organisations (Zeng and Wei, 2013). However social media is not without its risks, loss of reputation being the biggest risk for an organisation (Rokka et al. 2014) if content is not used in the appropriate manner, or if customer complaints get out of hand. Therefore, it is not always clear how firms should manage their social media presence (Miller and Tucker, 2013).

Social media provides a platform for different social groups and communicate and exchange information (Cao et al. 2013). SNS is defined as a web-based software application that helps users to connect and socialize with friends, family members, business partners or other individuals (Gnyawali et al. 2010). Features and functionality designed into social media affect how users interact, coordinate and form relationship networks.

There are different types of social media platforms, which provide businesses with many types of interactive communication methods (Rishika et al. 2013). This means businesses have to consider the variety and quality of user generated content (UGC) to help differentiate themselves from other businesses (Zeng & Wei, 2013). Social media, text and instant messaging applications, blogs, wikis and other web forums are growing as a means of supporting additional, often critical and accurate information within the public sphere (Sutton et al. 2008). Social media provides a platform that allows users to communicate news and information to others as an alternative form of communication such as television, radio, and print.

According to Sutton et al., (2008) peer-to-peer information is often critical, accurate and shared within the public sphere. Also many social media platforms allow consumers to post and share their comments, opinions, and check-ins, which then could serve as information for others (Xiang & Gretzel, 2010). Therefore, if the user has a bad experience they can freely express and share their views on their social site. Also, it is difficult to remove the message, as data is never deleted. So if the business receives a bad comment, it can be difficult to remove.

Social media has made information readily and available to users; therefore there is a potential of information overload (Moorhead et al. 2013). According to Zeng et al., (2010) social media is a unique information source and allow users to discover more valuable opportunities for social and economic exchange. With the vast information available it can cause confusion to users because it would be difficult to distinguish between the true and correct piece of information from the latter.

Some users on social media do not link their virtual and real identities (Rolland & Parmentier, 2013). For example, virtual worlds allow individuals to adopt multiple virtual identities (McKenna et al.

2011; Parmentier & Rolland, 2009) this allows the users to amuse themselves with role-play and being 'someone else' (Rolland & Parmentier, 2013). However, to a business, anonymity is a big issue as it is difficult to identify whether the consumers are truthful or just making issues up. Anonymity is important for the social media users' privacy as it protects users' anonymity and illegal revelation of personal information (Kavakli et al. 2006).

## **2.1 Factors Affecting Social Media for Businesses**

It is important for businesses to decide which social media platform is appropriate for the business whilst attracting the right sort of customers. There must be consideration for the different media classifications for example, blogs, SNS, and collaborative projects. Currently there is a plethora of social media applications, and new ones are appearing every day (Kaplan & Haenlein, 2010). Also considering the audience of the business is important as each social network targets a different audience, for example, LinkedIn is self-branding, Facebook is self-promotion and Flickr for professional photographers (Kietzmann et al. 2011).

If many social media platforms are used, it is important to stay active and update all the platforms, for example Dell uses a suite of SNS including blogs, and content communities to showcase its range of laptops (Kaplan & Haenlein, 2010). If the platforms are not updated frequently, the lack of updated material could undermine the credibility and accuracy of the information posted on social media (Picazo-Vela et al. 2012).

Businesses use different types of UGC on social media to attract customers into purchasing. According to Smith et al., (2012) the use of UGC through social media can shape the perceptions a customer has about a brand; so it is important to consider who your audience is, for example YouTube and Facebook have different functions, and therefore their use can differ depending on who the organisation is targeting. However because different social media sites have their own unique functions, it can be difficult for businesses to identify the correct UGC techniques (Siu, 2015).

Quan-Haase and Young (2012) has identified two trends with users adopting social media. The first is that users do not embrace a single form of social media, but rather tend to employ a range of social media tools for communicating. The second is that users tend to embrace new tools and adopt them as part of their communication repertoire.

## **3 SOCIAL CAPITAL**

Social capital particularly in the context of social networking sites like Facebook is about the resources available to people through their social interactions (Lin and Lu 2000; Putnam 2001). Generally, it is perceived that people derive many benefits of a diverse range of social interaction, indicating that the more interaction a person has the more they benefit. Although people often accumulate social capital as a result of their daily interactions with friends, co-workers, and strangers, it is also possible to make conscious investments in social interaction (Resnick et al. 1993). Individuals tend to associate with people like themselves. Although there are different definitions of social capital, it can be seen as a metaphor that some people who do better are somehow better connected (Burt, 2000). The definitions of social capital from three main scholars are presented in table 1.

The Internet has been linked both to increases and decreases in social capital (Shen et al. 2015). Bridging social capital could be enhanced by sites that support loose social ties which allow members to create large diverse networks, while bonding capital could be enhanced by sites that allow more meaningful exchanges to occur (Boyd and Ellison, 2008; Ellison et al. 2007).

For individuals, social capital allows a person to draw on resources from other members of the networks to which he or she belongs (Ellison et al. 2007). The idea of social capital is that groups and individuals can gain or share resources based on the connections they share with each other (Paxton, 1991). Bourdieu (1986) suggests that social capital involves transforming contingent relations, such as

those of neighbourhood, the workplace, or even kinship, into relationships that are at once necessary and elective, implying durable obligations subjectively felt (feelings of gratitude).

Social capital can be found in all aspects of society from bonds between family members, friends and neighbours, to bonds found in church groups, the workplace, and virtual communities (Helliwell & Putnam, 2004). Bonds formed through personal community networks increase social capital when they are low in financial cost and are more flexible and available to members of the community. Bonds are strengthened and resources are shared among members (Wellman and Frank, 2000). Another factor of social capital is that personal networks allow individuals to easily communicate and converse with each other thus, increasing social ties.

Bourdieu	Social capital is defined as ‘ <i>the aggregate of the actual potential resources which are linked to possession of a durable network of more or less institutionalized relationships of mutual acquaintance or recognition</i> ’ (p. 248). Social capital for Bourdieu is related to the size of network and the volume of past accumulated social capital commanded by the agent (Bourdieu, 1986, p. 249).
Coleman	Social capital ‘ <i>consists of some aspect of social structure, and facilitates certain actions of actors whether persons or corporate actors-within the structure</i> ’ (Coleman, 1988, S98). Social capital is productive, i.e. it is used by actors to achieve things they could not without it. Social capital adds to the integration of social structure through bonding mechanisms (Tzanakis, 2013).
Putnam	Social capital relates to the amount of trust available in modern societies. Social capital is elevated from individuals and small groups within local communities up to large aggregates of populations in society which becomes a collective trait (Tzanakis, 2013).

Table 1. Differences in Social Capital (Tzanakis, 2013)

If there is a decline in social capital this can affect the community as it can result in an increase in social disorder, reduced participation in shared activities and potentially more distrust among members of a community (Ellison et al. 2007). Also social capital cannot be traded easily (Nahapiet & Ghoshal, 1998) therefore if a firm treats the customers poorly, then the social capital is lost (Burt, 1992) and customers will tell their experience to others.

### 3.1 Social Media and Social Capital

There have been increasing amounts of research on the importance of Internet-based linkages for the formation of weak ties; which serve as a foundation of bridging social capital. Ellison et al., (2007) suggests it is possible that new forms of social capital and relationship building can occur in online SNS. There are many social media sites where the formation of weak ties is required as this allows users to create and maintain larger, and widely spread networks of relationships (Ellison et al. 2007) such as Instagram and Twitter. Also UGC, like YouTube, can provide social influence; for example, the subscriber networks can be seen as ‘weak ties’ (Susarla et al. 2012).

It is useful to maintain contact with ‘weak ties’ as they provide a wider range of information (Wellman and Hampton, 1999) thus enabling individuals to be connected wherever they are. Social media provides a cheap alternative to long distance communication, and increases the ease of online communications. Many individuals understand that online interactions can increase communication when compared with face-to-face meetings (Wellman et al. 2001). This enhances face-to-face and telephone communication as members of a network become more aware of each other’s needs and stimulate the relationship through more frequent contact (Wellman et al. 2001). Centola and Macy (2007) suggest the strength of weak ties can spread job information through friends and acquaintances.

Online interaction has become a major driver for sharing and exchanging ideas, opinions and knowledge (Finkbeiner, 2013). Furthermore, Hampton et al., (2011) suggests that online public spaces are where existing social ties are maintained and there is a chance to encounter new acquaintances or friends. Finkbeiner (2013) suggests that social interaction on social media allows “existing ties to be maintained online and as well as the growth of new ties for sharing the similar interests”.

## 4 METHODOLOGY

This pilot study used was an exploratory interpretive case study based on three semi-structured interviews. According to Holloway (1997) it is common for the number of participants in interpretive research to be relatively small, for this reason, three interviewees was considered appropriate for the pilot study. Interview requests were sent to businesses within Hampshire (a county in the United Kingdom) that use social media in their day-to-day life. Telephone interviews were administered as the interview participants were dispersed geographically throughout Hampshire. Walsham (2006) asserts that interviews should be the primary data source as these provide the best insights into the participant's interpretations, views and values of what is going on around them. Semi-structured interviews allow the interviewer to react to the interviewee's responses in a flexible manner so as to ascertain more meaningful data (Galletta, 2013). In the larger scale study, we anticipate to undertake a mixed method study including both interviews and questionnaires.

The literature review for this study was conducted using the systematic literature review methodology recommended by Okoli and Schabram (2010).

The pilot study presented in this paper interviewed three managers of different organisations around Hampshire. In the larger scale study, we anticipate to approach at least 100 organisations in an attempt to run a mixed method study with both interviews and questionnaires.

To analyse our preliminary data, the results were transcribed using generic transcription software, Express Dictate. Once transcribed, a thematic analysis of the interviews was analysed. Thematic analysis identifies both implicit and explicit ideas within the data (Saldana, 2009). This method allows the interview data to be parsed into information-rich quotations which are then ultimately placed into thematic categories (Fereday & Muir-Cochrane, 2006).

## 5 PRELIMINARY FINDINGS

This section will present the preliminary findings of this study. In the text excerpts below (Pn) represents each respective participant.

When asking the interviewee how they define social media, a running theme is that social media is a network whereby **social media connects people**. (P1) "*Social media is another form of networking to a much wider audience... it is a great way to connect people with friends... to reach a wider audience.*" (P2) "*Social media is a great way of connecting with the consumer... to communicate our brand across*". Both these interviewees mentioned that social media allows businesses and individuals to connect with each other through nodes. Businesses use social media to communicate their products to customers.

Businesses use different types of UGC, which differentiates themselves from competitors. Primary research has identified that businesses have to be creative when posting messages on social media. This theme is identified as **creative use of social media**. (P1) suggests, "*making a decision on which audience we are putting ourselves out to. Thinking of it in a creative way to grab people's attention...as oppose to a general 'today we have this'*" and (P2) "*posting videos, images of up and coming products whilst telling the story of the heritage behind our brand*". This theme suggests it is important for businesses to use different methods or techniques to differentiate themselves from others. Essentially, it allows the business to stand out from others.

Another theme is the **use of different platforms** to attract a wider audience. (P2) uses "*PR agencies to assist with blogs, and communicating upcoming products.*" (P3) states their business uses "*blogs as well, which show new lines.*" This theme identifies that businesses cannot solely rely on one social media platform to attract consumers.

From the interviewee's comments another theme is that businesses use **competitions provide maximum interaction** with different audiences. (P1) "*We do use competitions for promotions.*" (P2) uses social media platforms to engage with customers and "*post videos, images of up and coming products....used to inform consumers of in store events, competitions.*" (P3) "*identifying the promotion and essential information keeping it short and snappy ...also have brochures that we send*

*out as well.*” This suggests that (P1) and (P3) use social media to communicate and provide information about promotions such as competitions. By doing this, businesses can directly communicate to followers and those who shop at the business. (P3) also uses other methods to communicate to consumers through brochures because they have an older market. However (P2) uses competitions to provide maximum interaction, but (P2) also uses “*PR agencies to.....communicate upcoming products.....influence of sports athletes to gain interest.*” By using PR agencies and celebrities, this can attract and entice more individuals to enter competitions or to purchase products. Using celebrity status to promote the product can be good because, if followers can relate to the celebrity then they will purchase more.

Analysing the fifth question suggests that businesses maintain strong social ties with customers by **using endorsements grab attention**. (P1) sends endorsements to customers who “*receive a voucher to come back to the shop.*” (P2) “*Endorsements, so our products can be seen on social media pages*” (P3) using bounce backs “*emailing consumers and say you get 10% off next time when you come in store*”. Sending out vouchers and endorsements can help attract customers to the business and allows the business to maintain strong social ties with customers.

Looking at the sixth question, businesses improve their social capital by **maintaining frequent communication** with customers. (P1) suggests “*to address each issues individually....to keep up-to-date from feedback from customers.*” (P2) suggests, “*updating social media on a daily basis is key for maintaining social capital*” and (P3) sends “*out emails three times a week*”. If businesses identify a decline in social capital, they will rectify it by sending out frequent communication to entice them back in. Also another theme is **responding to negative feedback**. (P1) suggests to “*making feedback personal and if there is negative feedback to apologise and offer alternative services....respond socially that other consumers see*” by responding socially and quickly, to negative feedback, it can reduce negative word-of-mouth between other consumers. So if the customer receives the apology they might tell others about the business caring. Therefore customers will appreciate that the businesses is trying to improve and be likely to come back to shop. Shown by (P3) coming “*back and spend with us*” (P2) to “*encouraging involvement from consumers and social connections*”.

Another theme is to **protect individual’s privacy**. (P2) suggests it is important for businesses to inform customers that information stored about them is not passed to third parties. “*Wouldn’t ever use their details for anything other than what they put them down for*” and consumers can choose “*to opt out*” of emails if they no longer want to receive information. By stating this, businesses provides a sense of trust to customers, making them want to come back and shop.

## 6 DISCUSSION

We acknowledge the differing definitions and perspectives of social capital (cf. Bourdieu, Coleman, Putnam in Table 1). As the results discussed in this paper come from preliminary study, we have taken a holistic approach in the analysis of the data collected and chosen to explore the social capital issues from the social capital literature as a whole.

An important theme that emerged from this study, ‘*use of different platforms*’ indicated that businesses do not rely on one social media platform to communicate to individuals. According to Bourdieu (1986), the volume of social capital depends on the size of the network which can be mobilised. Therefore, with different platforms, issues of member mobilisation become an issue for organisations attempting to pass out their offers. Also, followers or customers could be confused especially if businesses have multiple offers it can be difficult to identify the real offer. Social capital allows individuals and groups to gain resources from each other (Paxton, 1991), so the use of different platforms may dilute or dissipate the resources shared among community members.

Also the theme identifies and agrees that users adopt and use the digital technologies that are in trend. Therefore, it is difficult for businesses to keep up and maintain a high social capital with the users through different media platforms, we suggest that this is due to the increased amount of weak ties (Ellison et al. 2007; Centola & Macy, 2007; Susarla et al. 2012) that may exist across multiple network platforms. According to Mangold and Faulds (2009) managers do not appreciate the potential

of social media. However, the findings from this research has contradicted Mangold and Faulds. For example (P2) stated that “*social media is a great way of connecting with the customer .....gain interests to customers around the world*”. Although we suggested that the weak ties may cause issues across multiple platforms, it is better to have weak ties than no connections to customers at all, and therefore social media is a very useful tool for creating ties (initially weak) with new customers (Susarla et al. 2012). Our research also illustrated that businesses must identify the importance of digital trends such as social media, as believe it is important to maintain a social connection with customers.

The theme ‘*Use of different platforms*’ also justifies Sutton et al., (2008) statement as social media uses peer-to-peer communications to support additional and accurate information to the public sphere. Therefore, consistently providing alternative communication methods can increase social capital between the business and customer. This may also help organisations to be perceived as experts and trustworthy, by customers (Siegrist & Cevtkovich, 2000). This can create trust statements to link individuals together (Ziegler & Lausen, 2005). Therefore, it is important for organisations to keep their social media content up to date (Carvill & Taylor, 2013).

According to Gnyawali (2010) social media provides a platform to help users connect to others. From this research, the theme ‘*social media connects people*’ justifies their statements because businesses identify social media as a good tool to communicate to their customers. Miller (2011) suggests that the increasing use of the Internet can decline third spaces; therefore, it increases isolation for users because social media has changed how people socialise. The findings from the research has found that social media, not only reduces isolation for individuals, but it allows businesses to connect to a wider audience, therefore as the size of the networks grow, the total amount of social capital existing with these networks may make it easier to mobilise individuals or groups within these networks (Bourdieu, 1986). This is true not only for stronger connections such as family, friends, and neighbours (Helliwell & Putnam, 2004), but also the weaker (Susarla et al. 2012) connections that may exist between or within groups (Putnam, 1995). Also this research agrees with Cao et al. (2013), who suggests that social media provides a platform for new types of communication and information exchange to different social groups (Putnam, 1995).

Rishika et al., (2013) states that firms use different types of interactive communication methods and Zeng and Wei (2013) suggest businesses use UGC to differentiate themselves from others. However, Siu (2015) suggests it is difficult for businesses to identify the correct UGC techniques to attract the customer’s attention. This research has suggested that businesses have to be creative when using social media by using a mix of UGC for example, pictures and tweets. Also the theme ‘*creative use of social media*’ supports Zeng and Wei statement because, businesses have to use a range of techniques to differentiate themselves and disproves Siu (2015). For example, asking customers or followers to re-tweet or re-post competitions or promotions on their social network page promotes sharing. Sharing or re-tweeting may enable further social capital to be created not only within groups, but also between groups, known in social capital terms as bridging and bonding (Putnam, 2001). Because community networks are flexible and efficient (Wellman & Frank, 2000), and because social media acts as a platform to facilitate information exchange (Kaplan & Haenlein, 2010), if a member of a group shares some information, it will be seen by other members of the group. If that information is then re-shared by those members (bridging), the message may eventually reach to other groups (bonding) of which some members also belong, and thus increasing the reach of the message (Carvill & Taylor, 2013).

Hampton and Wellman (2003) suggest personal computers could prevent community life and Quan-Haase and Wellman (2002) suggests it changes in how people socialise in the physical world. However, this research has identified that businesses use different forms of UGC on social media to attract more customers into businesses by using tweets, pictures, videos, blogs, etc. Social capital bonds are strengthened with the sharing of resources through a network (Wellman and Frank, 2000), and therefore as well as the ability to exchange information (Kaplan & Haenlein, 2010), social media also encourages a wide range of media content (Carvill & Taylor, 2013).

Kietzmann et al., (2011) suggests it is important for businesses to target different audiences through social networks. This research has found that these two themes; ‘*competitions provide maximum interaction*’ and ‘*endorsements grabs attention*’ help businesses target different audiences. The first

theme supports Wellman et al., (2001) because businesses use online interactions to fill communication gaps between face-to-face meetings. So businesses use promotions and offers as a chance to attract consumers. The interview with (P3) stated they use brochures, along with social media, to inform customers who do not use social media.

Also the theme '*endorsements grab attention*' can generate bonding between the business and customers by creating strong in-group loyalty (Putnam, 1995). Using tools such as competitions, promotions, etc., this theme fulfils Putnam's statement because endorsements provide powerful social effects to the business. However, Picazo-Vela et al. (2012) contradicts Putnam statement by using endorsements it can undermine the accuracy of information posted. This research has identified that businesses use celebrities or strong influencers to promote products, which could lead to false advertising, for example (P2). However, Siegrist and Cevtkovich (2000) suggests that businesses who use celebrities or influential people can influence and be seen that their opinions are believed as being accurate. Therefore, their opinions may not lead to false advertising.

Due to the increasing use of the Internet, Moorhead et al., (2013) has identified there is a potential of information overload (Maier et al. 2014). Rolland and Parmentier (2013) suggest some individuals use the anonymity factor, on the Internet, to amuse themselves by bullying others known as trolls or cyberbullies. However, to stop the trolls and to be aware of them. On Social media, everyone has a voice (Carvill & Taylor, 2013), which may lead to individuals making judgements based on what they perceive to be an expert's opinions (Siegrist & Cevtkovich, 2000), or trusting individuals that we do not know personally (Ziegler & Lausen, 2005). This in turn encourages organisations using social media to identify good and bad comments from community members and to take the appropriate action to ensure that the correct message is portrayed to customers.

Rose (2011) suggests that many social media sites send out personal information to third parties. However, the research collected has disproved Rose's statement because businesses are aware about the issues and the theme '*protecting individual's privacy*' is important as it builds trust within businesses. Businesses inform users about not passing information to third parties, for example (P3). This research also agrees with Kavakli et al. (2006) and Adams (2010) because it is illegal to reveal and pass personal information to third parties without permission, and some users are unaware they are disclosing personal information online. Businesses make sure the individual's information is not disclosed, especially if emails are used to send promotional offers to them.

According to Kaplan and Haenlein (2010) it is important for businesses to stay active and frequently update social media pages. This research agrees with Kaplan and Haenlein's statement. The theme '*maintaining frequent communication*' agrees with Wellman and Frank (2000) and DeAndrea et al. (2011) statement because social media provides the low financial costs, and research has identified it can strengthen social ties by '*maintaining frequent communication*'. Also Sherchan et al., (2013) has identified that trust communities provides an environment where members can share thoughts and feelings in an open and honest way. Businesses who frequently update their social media pages can create strong ties with customers; so customers will feel part of the community, justifying Centola and Macy's (2007) statement. Also businesses that do not have frequent communication and adopt techniques to maintain a high social capital, then customers have a lower trust.

According to Burt (1992) social capital cannot be traded easily, so if businesses treat customers poorly then the social capital is lost. This research identified another important theme of '*responding to negative feedback*'. According to Ellison et al. (2007) a decline in social capital can affect the community and reduce participation in activities. However, the research collected has identified that the businesses respond back to negative feedback and rectifies customers who are not satisfied, this is reflected by Dekay (2012) who recognise that responding to negative feedback actually creates a potential opportunity that may in fact improve social capital. Also social media allow users to post and share comments and opinions freely (Xiang & Gretzel, 2010). This means businesses need to respond to negative feedback and think of ways to improve the social capital. Putnam (1995) also suggests that individuals using technology requires different ways to satisfy their concerns. In the previous themes discussed, businesses use endorsements and publically apologise on the social media sites to maintain good social capital; therefore, fulfilling Xiang and Gretzel and Putnam's limitations.



## 7 CONCLUSION

This paper has presented some preliminary analysis based on a pilot study conducted on the use of social capital in social media. Management of the connection between a business and their customers is important because they can maintain their social capital with their customer by updating their social media platforms daily and using endorsements such as competitions. Hence this paper contributes a deeper understanding of social capital theory within the context of social media for business. In turn, the customer will feel a sense of trust and create strong in-group loyalty to the business. This has important implications for practice, as many organisations are now implementing social media into their organisational strategies and business plans.

As a limitation to this study, we acknowledge we have taken a holistic approach to social capital. The ongoing study will focus on a specific social capital perspective. As this is a pilot study we are aware of the limitation of sample size for our interviews. However, this limitation will be addressed in the larger scale study which will include a mixed method approach and a larger sample size. Looking at the research obtained from this pilot study; and moving forward to our full scale study, we see potential for further research into how businesses are able to maintain their social capital within their online communities through social media. Social media allow individuals to communicate freely; therefore, businesses have to be careful about the image they portray online. If a bad reputation is portrayed, then it can impact negatively on the social capital between consumers.

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