Level of use of social networks in the communication process in the micro and small sized enterprises of Cuenca

Nivel de Uso de las redes sociales en el proceso de comunicación en las MIPES de Cuenca

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Abstract
The research was carried out in Cuenca, the third most important city of Ecuador. Its main objective is to analyze the level of use, the administration of social networks and mobile applications, in the communication and marketing processes in Micro and Small sized enterprises (MIPES). Due to the globalization of the Internet, it has meant that companies have to adapt to increasingly complex and competitive environments, creating value strategies to meet a new style of demanders, influenced by publications in different virtual media. Consumers are increasingly informed, and it has repercussions in a more demanding society of comfort. It is a quantitative research, and the sample was taken from the Micro and Small enterprises of the city. For the collection of information, a survey was implemented. Then, an instrument was applied to selected establishments. The measurement constructs were validated using the Cronbach’s alpha. The results show a low level of adoption of social networks in the microenterprise and a medium level in the small company. Additionally, it has been observed that establishments that use social networks and mobile applications for communication and marketing activities, it is not fully exploited, due to many factors such as: the lack of knowledge about the use and administration of social networks, it is deemed necessary, and the lack of trust and credibility among others.

Resumen
La investigación se desarrolló en Cuenca, tercera ciudad más importante del Ecuador, cuyo objetivo principal se enfocó en analizar el nivel de uso, así como la administración de redes sociales y aplicaciones móviles en los procesos de comunicación y mercadotecnia en las Micro y Pequeñas Empresas (MIPES). Debido a que la globalización del internet ha hecho que las empresas deban adaptarse a entornos cada vez más complejos y competitivos, creando estrategias de valor para llegar a satisfacer a un nuevo estilo de demandantes, que influenciados por publicaciones en diferentes medios virtuales, están cada vez más informados, lo que repercute en una sociedad más exigente de confort. La investigación es de tipo cuantitativa, la muestra se tomó de las Micro y Pequeñas empresas de la ciudad. Para la recolección de información se implementó una encuesta, instrumento que fue aplicado a los establecimientos seleccionados. Los constructos de medición se validaron mediante el uso del alfa de Cronbach. Los resultados obtenidos demuestran un bajo nivel de adopción de redes sociales en la microempresa y un nivel medio en la pequeña empresa. Adicionalmente, se observa que en los establecimientos que utilizan las redes sociales y las aplicaciones móviles para actividades de comunicación y mercadotecnia, éstas no se explotan en su totalidad por múltiples factores como: desconocimiento en el uso y administración, no lo consideran necesario, falta de confianza y credibilidad entre otros aspectos.

Keywords | Palabras clave
Social networks, mobile apps, communication, marketing, micro and small sized enterprises.
Redes sociales, aplicaciones móviles, comunicación, marketing, microempresas y pequeña empresas.
1. Introduction
The companies of the 21st century continue to be transformed by the globalization of the internet and the rapid growth of social networks and mobile applications, a fact that has caused changes in the internal and external domains of companies, which must adapt to environments that are increasingly more complex and competitive, where managers must possess the skill and expertise to create value strategies and to meet a new style of demanders, who are influenced by the publications presented through the different virtual media, are increasingly informed; which has repercussions in a more demanding society of comfort. Social networks and mobile applications have come to stay and become a key ally for business management in the fields of communication and marketing. For this reason, the role of social networks and mobile applications, used in communication and marketing activities in the city of Cuenca, in areas of coverage, level of use, administration and aspects of perception deserves be investigated.

1.1. Micro and Small Enterprises (MIPES)
Micro and small enterprises (MIPES) are establishments that have certain characteristics in common at a world level, but there are some particularities in each territory. As quoted in Tobar (2015, p. 81) “The European Union classifies as micro-enterprise any economic unit with less than ten workers, as well as those with annual sales of less than two million euros.” In Chile, according to Dini and Stumpo, those productive units that occupy between 1 and 4 people are “micro-enterprises” and as small companies those that occupy between 5 and 49 people (2002, p.10).

In Ecuador, according to the directory of companies and establishments (INEC, 2014), MIPES are classified by the employed workforce and annual income level, denoting microenterprises those establishments that have 1 to 9 employees and annual sales of less than or equal to $ 100,000. As for small businesses, having 10 to 49 employees and annual sales revenue of $ 100,001 to 1’000,000. On the other hand, the nature and rationale of MIPES is simple and autonomous, according to Anzola, because of “the need for people to be independent in the labor and economic aspects” (2010a, p.14).

In this sense, the MIPES since its inception have been created and managed mostly by their owners, innovative and creative
people who contribute to economic growth and the development of peoples, becoming the most representative businesses in Latin America. According to Anzola (op cit) “small business together with micro-enterprise represent 95% of businesses in Latin America” (2010b, p.17). However, the globalization of the internet has become a challenge for some establishments. According to Liberona and Ruiz (2013, p.152) “an increasingly complex network of knowledge relations is being developed within and outside organizational boundaries.” However, according to Muñiz and O’Guinn as quoted in Casaló, Flavián & Guinalíu (2012, p. 43), “internet has allowed the constant evolution of social networks thanks to the possibility offered by these channels to unite individuals who are geographically dispersed but who have a common interest."

The Internet and mobile telephony have allowed the emergence and proliferation of social networks and mobile applications, which are available to individuals and businesses; media that serve to manage relations with all involved in some subject of common interest, which according to Mitchell as quoted in Lozares (s/f, p.108) “can be defined as a well-defined set of actors - individuals, groups, organizations, communities, global societies, etc. - linked to one another through a relationship or a set of social relations. “ In this sense, social networks allow us to be six steps from interacting with people at a global level, following Gonzalez (2014, p.279) who states that “we are all connected with any other person on the planet through a chain of acquaintances, who has no more than five intermediaries. “

According to Richard and Chandra, as in Bigné, Küster and Hernández (2013, pp. 9-10), social networks and mobile applications regarding communication have:

(...) brought about profound changes in the way companies contact their customers, enabling, on the one hand, selective communication and a more active position of the receiver giving the consumer greater power over the communication process compared to the traditional media and, on the other hand, by facilitating the way in which consumers and users relate to each other.

In this sense, social networks and mobile applications in companies are “trying to be another contact with those who frequently maintain a relationship, thus allowing this two-way communication”
(Romero, Alarcón and Gómez, 2011, p.201). According to Barker, Barker, Bormann and Niher, the services of social networks and mobile applications in the field of communication simplify the information exchange process (2015, p.178). The same ones that are necessary for an effective communication, which according to Garrido the company in these times “requires an efficient, cost-effective communication management without details left to chance” (2004, p.22). In the same vein Lam, Hair and McDaniel explain that “companies are interested in online communication because it enjoys enormous popularity” (2014, p.308). However, “MIPES have many problems managing the scarce communication resources they have for their companies, either because they spend on campaigns that are not appropriate or because they are not always directed at the appropriate public, wasting time and money” (Hoyos and Lasso, 2017, p.67).

In the field of marketing, social networks are presented as a fundamental pillar to provide information on advertising and promotional campaigns. According to Barker (2015) in his same publication he says that social networks can be an alternative to locate potential customers and get some promotion. These media facilitate social marketing, according to Laudon and Guercio “Social marketing involves the use of social networks and online communities to build brands and increase sales revenues” (2014, p.175).

In the same context, the term mobile marketing appears which consists of:

(...the use of smartphones, which have not only changed our lives, but also the contact with technology, but also the way we consume content and access information. In this way a new form of understanding marketing has emerged, based on the use of mobile phones to transmit messages, services and promotional ideas... despite being a young discipline, it differs from traditional marketing in having a greater variety of means or tools to reach users (Estrade et al., 2013, p.37).

However, there are difficulties in measuring marketing activities directed through digital social networks (DSNs), according to Clemens as cited in Uribe, Rialp and Llonch (2013, p.208). “There is a consensus among marketing professionals in that there is a complex problem in measuring and monetizing marketing activities in DSNs.”
Social networks and mobile applications are rapidly becoming a tool for sharing ideas among all stakeholders in the corporate sphere; in addition “is an important competitive advantage not only in terms of new markets, but in terms of Know-How” (González, 2014, p.52). Thus, the use and management of social networks and mobile applications in companies starts with the high level of reception of these by society in general, growing steadily since 2005 (Barker, 2015), without any indication of decrease.

In this scenario the social networks for the company regarding the connectivity, according to Ureña and Valenzuela “represent potential repositories of information” (2011, p.131, 132). Given these circumstances, businesses are exposed to this new system of communication, according to Valls (2016, p.24), the company “requires new communication strategies that appreciate these social changes, adapt to the new environment and give more importance to communication “, although it is necessary to emphasize the different types of social networks that have the greatest impact on companies and society, which are illustrated in chart 1, including the criteria of some authors in this regard.

**Chart 1. Types of social networks**

<table>
<thead>
<tr>
<th>Social Network</th>
<th>Type of social Network</th>
<th>In this regard, the authors state:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facebook</td>
<td>General social network: Since they shelter all types of people and supports all kinds of content (Martos, 2010, p.73)</td>
<td>“Professional Facebook pages or fan pages allow companies and professionals to have a presence on Facebook that is visible, not only by Facebook users, but by any internet user” (Carballar, 2012, P.93)</td>
</tr>
<tr>
<td>YouTube</td>
<td>It is a social network of contents, where the main factor is the material that is shared in this network (Junta de Castile and León, 2012, p.8)</td>
<td>“Using YouTube in your company’s social networking strategies allows you to differentiate yourself from your competition” (Mejía, 2013a, P.142)</td>
</tr>
<tr>
<td>Twitter</td>
<td>It is a social network with a free microblogging service that allows users to send and share short entries, called “tweets”, no longer than 140 characters. (Medina and Montjoy, 2015, p.8)</td>
<td>“This social network has become a social medium of interest so that companies can communicate certain offers, resolve doubts...” (Gómez &amp; Suárez, 2012a, p.195)</td>
</tr>
</tbody>
</table>
In this context, it should be noted that Facebook in Ecuador “has an audience of 8’900.000 users, of which 1’400.000 are Facebook page administrators, many of which belong to brands, enterprises” (Formación gerencial, 2015)). On the other hand in relation to the mobile applications, Barker et al. (2015b, 263) state that “most people have mobile devices on hand, so they are connected to social networks 24 hours a day, seven days a week.” In the words of Estrade et al. (2013, p. 129):

(...) social networks and state-of-the-art mobile devices have established an interesting symbiosis relationship. Some (social networks) have offered a way that allows people to communicate more effectively, to the point that sharing information with another person through your mobile can be a pleasant experience. The other mobile devices are the here and now the possibility of interacting with your virtual community.

The services offered both data and voice on the same device are also referred to. According to Laudon (2012, p.264):

Instant messaging is a type of chat service that allows participants to create their own private channels. The instant messaging system alerts the user whenever someone on your private list is online, so you can start a chat session with other individuals. Some of the instant messaging systems for consumers are Yahoo!, Messenger, Google Talk, Windows Live Messenger.

Native mobile apps for devices “must be downloaded from an app store (Apple App Store, Android Play, Windows Mobile Marketplace}
for Windows Phone, etc.” (Estrade et al., 2013, p.92). In this context, and emphasizing the mobile devices in Ecuador, according to Espinoza as cited in Rosero & Montalvo (2015), one of the markets that grows dynamically are those of smartphones, which until October 2014 exceeded 18 million in sales, where 3 out of 5 are smartphones. According to these approaches, social networks and mobile applications are increasingly broad and versatile, the same that are available to all types of companies, regardless of the economic sector and industry to which it belongs.

Thus, in the company, “existing knowledge has to be applied and the new knowledge must be generated to meet the needs of internal and external clients” (Jiménez, 2011, p.175). Social networks and mobile applications are a key ally, as well as a window into efficiency. If management efforts are targeted at the right audience and at the right time, it can be possible to place MIPES in a better competitive position in the marketplace. According to Moyano, Bruque & Eisenberg (2007, p. 162) “organizations should consider social networks as another business asset, or as a human capital dimension that deserves attention.”

Finally, it is necessary to refer to the number of MIPES in Ecuador. According to the directory of companies and establishments (INEC, 2014), the country registers 843,644 companies, of which 97% of establishments are within the MIPES categories. According to this information, 57% of companies are concentrated in the four most populated provinces of Ecuador, namely: 23% of establishments in the province of Pichincha, Guayas 19%, Manabi 8,3% and in the province of Azuay 5.8%.

In the city of Cuenca, capital of the province of Azuay and third largest city in the country - object of this analysis - is where the research is focused, according to information provided by the Ministry of Industry and Productivity (MIPRO). 96% of establishments are categorized as MIPES.

Based on this information it is shown that they are highly representative businesses of the city mentioned above. However, according to Elizalde and Morocho (2014, p. 45), “MIPES of Cuenca do not give sufficient value and importance to social networks, either because they do not know how to use them or because of their lack of confidence in their effectiveness.”
According to these approaches, the study variables are formulated, starting with examining the current situation of the companies in relation to: i) level of use; (ii) management; iii) knowledge to manage social networks and mobile applications focused on communication and marketing. Likewise, the present research seeks to determine the level of presence of social networks in communication, promotion and advertisement strategies.

2. Methodology
This research has a quantitative approach. The population included for the study was the MIPES of the city of Cuenca (Ecuador). For this purpose a survey was implemented with 28 questions, the same one that was directed to the managers of the ICT, or the people responsible for the marketing communication of the MIPES.

This instrument was used to obtain the information of 133 Microenterprises and 42 Small companies. The research covers all areas of economics of the MIPES, through a stratification at convenience.

In order to determine the sample size, it was calculated with a 95% confidence level for the two categories of company and a margin of error of +/- 5% for Microenterprise and +/- 6% for Small Enterprises. The statistical software IBM SPSS® (Statistical Package for the Social Sciences) was used for data processing. The analysis of the results has a descriptive basis; while the measurement constructs are validated using the resulting Cronbach’s alpha of 0.730. Following Peterson as quoted in Uribe, Rialp & Llonch (2013, p.215) “a value less than 0.7 shows a low internal consistency of the scale” so the obtained results are satisfactory.

To determine the level of use an ordinal scale was made and of intervals that, according to Romero, Rébori and Camino in the “ordinal” scale, the notion of order is added (the categories have an order that leads to the possibility of ordering the data) and in the interval, the possibility of quantifying distances between different categories or values of the variable “(2010, p.19) is added. In accordance with this approach, five levels of use were determined; was assigned a level of 0 to 20 as very low, from 21 to 40 low level, from 41 to 60 as average level, from 61 to 80 high level and from 81 to 100 as a very high level.
3. Results
The results of the investigation, once the respective process for obtaining information have been carried out, are presented in two parts. The first, corresponding to micro-enterprises and the second, a comparison between micro and small enterprises. Figure 1 below shows the results of the level of use of social networks and mobile applications in micro-enterprises compared to small enterprises.

**Figure 1. Level of use of social networks and mobile applications**

![Bar chart showing level of use of social networks and mobile applications](image)

<table>
<thead>
<tr>
<th>Level of use of social networks and mobile applications in microenterprises</th>
<th>Level of use of social networks and mobile applications in small enterprise</th>
<th>establishments (micro-enterprise) that do not use social networks and mobile applications</th>
<th>establishments (small enterprises) that do not use social networks and mobile applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>39.8%</td>
<td>60.2%</td>
<td>47.6%</td>
<td>52.4%</td>
</tr>
</tbody>
</table>

3.1. Study of microenterprises

**Coverage**
In Microenterprises, 83% of these establishments have internet access, of which 70% point out that the quality of internet service is between good and very good. The connection to the network is more popular through laptops and smartphones. In Microenterprise, only 39.8% have a corporate account in social networks, in the following figure (2) you can see the different social networks used, leading Facebook with a large majority of 58%.
60.2% of establishments do not use social networks. After assessing the reasons given, the following aspects have been typified as shown in figure 3, showing that the main reasons are: a) Lack of knowledge in the use and administration, b) Does not consider it necessary, c) Lack of trust and credibility.

**Figure 2. Social networks and mobile applications**

- FACEBOOK: 58.0%
- WHATSAPP: 19.7%
- YOUTUBE: 7.1%
- INSTAGRAM: 5.7%
- TWITTER: 5.5%
- INSTAGRAM: 2.9%
- LINKEDIN: 1.7%
- SKYPE: 1.5%

**Figure 3. Micro-enterprises and social networks**

Reasons not to use social networks and mobile applications in micro enterprises:
- Lack of financing for the acquisition of devices for the internet connection: 27%
- They consider that micro and small enterprises do not need them for their infrastructure: 12.20%
- Does not cover cost-benefit: 6.80%
- Has a low impact on the business: 5.40%
- High percentage of employee distraction: 4.10%
- Lack of credibility and trust: 4.10%
- Does not consider it necessary: 4.10%
- Lacks of knowledge in the use and management: 1.40%
**Use and management**

The results provided in this area are those establishments that make use of social networks through one or more corporate accounts. In accordance with this, it is shown that 97% of these establishments use social networks on a daily basis for communication activities. 37% publish and promote monthly in these media, while other establishments do so on different dates and times of the year.

For the management of these activities, 38% of these establishments are connected to these networks more than three hours a day, 30% are between 1 and 3 hours a day and others consider less than one hour a day. In this sense, users mostly expressed a level of trust and credibility between medium and high in social networks for communication and marketing activities; the same ones that are used for the achievement of the different organizational purposes. This is illustrated in Chart 2, which illustrates the relationship between the use and the goals that organizations seek through social networks.

**Chart 2. Social networks and mobile applications**

<table>
<thead>
<tr>
<th>Level of distribution of social networks and mobile applications according to business objectives</th>
<th>Provide information</th>
<th>Improve the image of the company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Facebook</strong></td>
<td>74%</td>
<td>64%</td>
</tr>
<tr>
<td><strong>Twitter</strong></td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Instagram</strong></td>
<td>9%</td>
<td>16%</td>
</tr>
<tr>
<td><strong>WhatsApp</strong></td>
<td>4%</td>
<td>Promotions and advertising actions</td>
</tr>
<tr>
<td><strong>Messenger</strong></td>
<td>4%</td>
<td><strong>Facebook</strong></td>
</tr>
<tr>
<td><strong>Communication with all stakeholders</strong></td>
<td><strong>WhatsApp</strong></td>
<td>81%</td>
</tr>
<tr>
<td><strong>WhatsApp</strong></td>
<td>81%</td>
<td><strong>Post-sale follow up</strong></td>
</tr>
</tbody>
</table>
As shown in chart 2, it is stressed that there are other objectives of use such as: i) observe the competition; (ii) training; iii) attracting talents; iv) gather opinions and suggestions; however for these purposes, social networks and mobile applications are used to a lesser extent. In this same section it is necessary to reiterate that 83% of the establishments state as indispensable the use of the chat to send files, both data and voice, an activity that is done with all stakeholders, highlighting the interaction with the customer (CRM).

With the interest of knowing the effectiveness of communication and marketing through social networks, a comparison was made with conventional media, where 79% of establishments that use social networks and mobile applications stated that communication actions are more effective in these media, while for marketing actions, 73% of respondents affirm that social networks are effective for this activity; the proportional difference to each action respectively indicated that the conventional means for these actions (communication and marketing) are effective.

On the other hand, 49% of managers or owners carry out an analysis prior to the implementation of social networks, with the aim of identifying the risks and benefits provided by these media for establishments, 45% have a community manager, who manages the material directed to the network. For this purpose only 21% have a continuous training plan for the human talent of this area.

In this scenario, 40% of establishments keep track of the impact such as statistics, likes counts, comments management of activities carried out on the network, 36% use Fanpage for marketing actions and 40% measures the return on investment of the advertising actions carried out in social networks.

In terms of prevention, only 11% have a manual or plan to avoid information leakage through these means, therefore there is a rather
obvious weakness in prevention issues. On the other hand, in perception aspects, 93% think that they can reach the final consumer directly with their products/services and 32% think that they can appear in online stores with the help of social networks.

In this section Micro-enterprises reveal the advantages obtained by the use and management of social networks and mobile applications in business management in the field of communication and marketing, the same that are observed in figure 4, highlighting the speed in communication and dissemination of information in 22%.

**Figure 4. Use and management of social networks and mobile applications**

![Graph showing the use and management of social networks and mobile applications](image)

- Greater speed in communication and diffusion of information
- Low communication costs
- Low promotion and advertising costs
- Greater efficiency in service
- Become a more competitive enterprise
- Increase sales
- Increased employee productivity
- Customer loyalty

In this same aspect, the information obtained through these media is ensured to be useful for making decisions, the same that contribute to improve aspects that lack effective management or situations that from the point of view of the client fail to meet expectations.

51% say that the networks help improve the service, 31% believe that the corporate image improves and the rest (18%) improves the product. Likewise, respondents consider that as advantages are obtained by the use and management of social networks and mobile applications,
there are also disadvantages: 55% of the owners of establishments that make use of these means show that it is the distraction of the collaborators, a 26% think that it inspires distrust to the client, while the rest say that they do not trust these platforms.

3.2. Microenterprise vs Small Enterprise
The Small Enterprise has close similarities with Microenterprise in the use of social networks and mobile applications in the fields of communication and marketing, noting that the size of establishments does not influence in greater proportion in these areas of research; except in some specific aspects, but in none of the areas is more than 10%. These differences existing in the areas of coverage, use and management.

- In the coverage area, 9.9% more establishments in the small business have internet access in relation to the microenterprise. The reception by the social networks, is greater in 7.8% in correspondence with the microenterprise. However there is a low level in microenterprise and a medium in small business in social networking adoption.
- Regarding use, we see in small enterprises a decrease of 7.5% in the daily use of social networks and mobile applications for communication activities. However, management is greater in small business. One of the reasons is that there is more human talent hired for this area. In relation to Microenterprise differ by 10 percentage points, which has a slight increase in the management of these media, reflecting a better management of tools and pages like Fanpages. There is also a slight increase in the handling of statistical analysis, monitoring and management of comments by communication and marketing actions carried out in social networks.

4. Conclusions
Microenterprise and Small Enterprise (MIPES) in Cuenca, although they are representative businesses in the city, about 90% of these establishments have access to the Internet and technological devices for their operations. However, according to the obtained results, the level of adoption of social networks according to the established scale is low for microenterprise and medium for small enterprises. The main reasons
why the establishments do not use these platforms is: a) Lack of knowledge in the use and management, b) They do not consider it necessary, and c) Lack of trust and credibility among other aspects considered in a smaller proportion.

Establishments that make use of social networks and mobile applications have achieved, in general terms, the relationship between the use and proposed objectives such as: communication, advertising, promotion, improvement of the company image, among other purposes; can be achieved by organizations, highlighting benefits such as: Greater speed in communication and dissemination of information, greater efficiency in service, lower costs in communication, promotion and advertising. As far as advertisement actions are concerned, 73% of these establishments indicate that social networks are effective for these purposes. In addition, in this respect, 90% of these activities are shown on Facebook, a leading social network at the local, national and international levels. However, it can be concluded in this research that social networks are not exploited to their full potential by establishments that use them, because only 40% of these establishments carry out impact monitoring such as statistics, management and monitoring of comments, among other activities of auditing and analysis of social networks. As future lines of research it is recommended to propose a new study of internal marketing communication, a topic that would contribute to make a comparative analysis between the two aspects.

5. References


