

INFLUENCE OF SOCIAL MEDIA STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANK BRANCHES IN MAKUENI COUNTY

Nkatha Kimotho¹, Dr. Sedina Misango²

¹P.O Box 170-90300 Makueni, Kenya

²South Eastern Kenya University, P.O Box 170 – 90200 Kitui, Kenya

ABSTRACT

The research was aimed at studying the influence of social media usage on organization performance of Commercial Bank Branches in Makueni County. The specific objectives of this study was; to establish how social media engagement influence the organisational performance of Commercial bank branches in Makueni County; and to determine the extent which social media measurement influence organizational performance of Commercial bank branches in Makueni County. The researcher applied a descriptive research design. The sample size of was 103 employees. A questionnaire was used to gather the responses from the study participants. The quantitative data was analyzed using both descriptive and inferential statistics while the qualitative data was analyzed thematically according to the study objectives. Inferential statistics, Pearson correlation, which was used to test the association between the dependent and independent variables. Multiple regressions were also used to determine the prediction factor of dependent variable caused by independent variables. The findings of this study suggested that there is a weak positive correlation and a significant relationship between social media engagement and organizational performance. The results also revealed that there is a negative correlation and a significant relationship between social media measurement and organizational performance. Facebook was found to be the most preferred mode of communication. It was customer friendly and most secure social media tool out of the three commonly used social platforms.

Keywords: Social media, social media engagement, social media measurement and organizational performance

1.0 BACKGROUND INFORMATION

Today's social media tools are bringing rapid change to organizational communication and public relations. These technologies have shifted the emphasis of internet services from being consumption-based towards becoming interactive and collaborative, creating new opportunities for interaction between organizations and publics (Barker, 2012). The social media platform has taken over the way we communicate, do business and form relationships. A good number of business organizations have pages on social networks as they advertise, sell and offer customer services using these platforms (Parker, 2014).

Treem (2012) did a study on managerial view of social media use in organizations and noted that social media has a big impact on today's business world and banking management needs to identify ways to make profitable use of social Media to improve their organizational performance. Nick (2015) did a study on Social Media and organizational performance among civil society organizations in Tanzania and concluded that social media helps organizations to enhance their efficiency and reduce communication costs leading to improved performance..

The new online communication platforms make matters difficult in exceptional ways with respect to the kinds of information they avail for observers to make conclusions. This has brought forth varied speculative and theoretical issues in academics, social, business and politics (Olorunnisola, 2013). According to Heinz (2012) in addition to providing opportunities for new service offerings, social media is providing vehicles for delivering existing services in more accessible, convenient productive ways. Social media facilitates customer service functions like answering questions, checking account records tracking orders as well as handling customer complaints. Social media allows companies to relate with customers in a deeper and more meaningful ways. Rather than relying on one-way, mass media messages only, social media allows for more interactive approaches that build targeted two way customer relationships. Most successful organizations are finding innovative ways to integrate social media with traditional marketing methods stay ahead in the race (Zarrella, 2010).

Social media technology, such as Face book, and Twitter, has enabled customers to express their feelings regarding a product or service they have purchased. With this feedback, businesses can improve decisions on how to serve clients and create more informed solutions, thus increasing customer loyalty. In Kenya several companies already have a strong presence and existence in the Social Media sphere (Brinlee, 2007).

Commercial banks are financial institutions approved by the Central Bank of Kenya to provide financial services. In Kenya, there are 42 registered banks offering financial services (Central Bank of Kenya, 2016). Maina (2012) observes that the commercial banks in Kenya have undergone many regulatory and financial reforms. These has brought many structural changes in the sector and allowed foreign banks to operate in Kenya. According to Ngugi (2013)

commercial banks dominate the financial sector in Kenya. They hold the country's economy together. However, some commercial banks have embraced some cultural practices that have made them be riddled with irregularities thus preventing them from achieving their main objective of achieving financial profitability.

1.1 Statement of the problem

Social network sites are considered the core of network resource for organizations that link strategic value and organization performance (Kazienko, 2015; Wasserman, 1994). Social network sites can be seen as alternative communication tools which support existing relationships and activities in a fun and colorful way that can deepen the users' experiences (Missaoui, 2015). The lack of adequate information on the relationship between social media usage and performance v in Makueni County also suggests that this research field has not been exhausted (Muchiri, 2012). In addition, the commercial bank branches in Makueni County have not been doing well because they are not in touch with their customers due to non use of social media; the customers have frequent complaints which can be sorted online through social media platform but instead they waste a lot of time visiting the branches to raise their issues. It is against this backdrop that this study aims to contribute to the existing literature by establishing the influence of social media usage on the performance of commercial bank branches in Makueni County (Maina, 2012).

Null Hypothesis

H₀₁: There is no significant relationship between the social media engagement and the organizational performance of commercial bank branches.

H₀₂: There is no significant relationship between the social media measurement and the organizational performance of commercial bank branches.

2.0 EMPIRICAL LITERATURE

2.1 Social Network Theory

The theory views social relationships regarding nodes and ties. Nodes are the individual actors within the networks, and ties are the relationships between the actors. The assumptions of the study are that; there can be many kinds of ties between the nodes that a social network is a map of all the relevant ties between the nodes being studied, and the network can also be used to determine the social capital of individual actors (Durkheim, 1893).

In the theory, weak ties refer to casual relationships whereas strong ties refer to close relationships. The relationships between the no design social network sites enable one to

understand individuals' choices in their relationships with others. In online social network, there are vaster weaker ties among the nodes. Stutzman (2006) asserts that the power of social network theory stems from its difference from traditional sociological studies, which assume that it is the attributes of individual actors that matter.

2.2 Social Media Engagement on Organizational Performance

Social media is among the standard channels in which customers engage with a brand or firm, while organisations are recognising the need to participate in a platform where current and potential customers are paying most attention (Baird, 2011). Media platforms provide users with an interactive avenue to create value and engage with the firm (Brodie, 2011). On the other hand, Users create social media content via their contributions, comments and likes. Subsequently, their input facilitates the engagement and interaction of other members.

According to Kumar (2014), social media is a suitable tool for customers to learn more about financial institutions and deepen employees interplay. Olorunnisola (2013) affirms that social media connection on the digital landscape has the potential of adding (or reducing) meaning and more understanding. Social media influence must not be measured in terms of the sheer volume of fans or followers a person has, but rather the person's ability to demonstrate expertise in a topic and sway others into action (Lovett, 2011). This study interrogates key aspects which have shaped communication, altered use of information in productivity and has also highlighted a number of issues that impact on performance of commercial banks.

Therefore, it is the reason companies want to encourage their followers not just passively to consume content, but actively exhibit SMEBs in such a way that they comment and create new content (Brodie, 2011). Owino (2011) determined the influence of social media, the influence of the study being brand equity in the banking industry where descriptive cross sectional survey was deployed. The population included undergraduate business students aged between 18yrs to 30yrs with bank accounts and access to internet enabled mobile handsets. The study concluded that in banking social media and brand image have a positive relationship that promotes a mutual benefit for both the organization and its customers.

2.3 Social Media Measurement on Organization Performance

Organisations have had to track the metrics versus the value they received from them to determine their importance to the overall strategy. For instance, a case where there is unreliability in social measurement is the isolation of unique users for each of the metrics. The organisations need to avoid counting the same person twice of which it is realistically difficult to do. The measurements have highlighted the number of individuals organizations have attracted

to their brand through social media. To mitigate the potential for duplication of user's agencies should track the growth rate as a percentage of the aggregate totals (Patterson, 2002).

The use of twitter in organizations had to monitor the number of followers and number of followers who retweeted the message conveyed. This determined the monthly potential reach of the organization. It should be tracked separately then comparisons made on month over month growth rate of each of the metrics to determine the better growth. Therefore, the better tool to use for twitter measurement is tweet reach. On "Facebook", the organizations were required to track the total number of fans or followers, the brand or the organizations page. In addition the organizations required to review the number of friends from the people who became fans during a specific period of time or during a promotion and who commented or liked the posts to identify the potential monthly "Facebook" reach (Dyer, 2010).

Organizations should concentrate on measuring the number of views for videos to track "Youtube" traffic and especially those tied to a certain promotion or a specific period of time. It can be measured on a monthly basis and the total number of subscribers. Blog measurement indicates the number of visitors who viewed the posts tied to the promotion or a specific period. The organization should look at the number of people on the distribution list and how many received the email as well (Patterson, 2002).

In the year 2013, a smaller percentage of marketers (9%) were using the traditional ROI metrics in measuring social media as indicated by Zeithmal (2003). The reason being most social media activities won't be efficiently measured by use of a transactional formula. Therefore they indicate that social media is regulated regarding audience reach, sentiment and engagement. This is one of the most significant measurements since it shows how many people had interest in whatever was said in some action.

Engagement is easy to measure with simple tools such as tweet effect, Radian 6 and biz360. This metrics highlighted the individuals you want to target to retain on the social media channels. On use of Twitter, the organisations should focus on quantifying the number of time your links were clicked, and messages were clicked, re-tweeted and the hash tags used. Then they had to break this down to how many people were responsible for the activity. When using facing On "Facebook", the organisations should determine the number of times the links were clicked, and messages were liked or commented on. Afterwards, the agencies had to breakdown by how many people created the activity, and also track the wall posts and the private messages if they can link them to an event tied directly to the social media campaign.

On "Youtube" the organisations had to assess the number of comments on their video adverts, the number of times it was rated the number of times it was shared and the number of new

subscribers. On blogs, organisations was required to evaluate the number of comments, the number of subscribers generated and then how many their posts were shared on “Facebook”, twitter email and other media platforms. Organizations communicating via email was required to calculate how many people opened clicked our shared their content. They should also include items shared similar to the point above not forgetting to keep track of some new subscriptions generated according to Wilson (2003).

The financial organisations can use the research findings to determine whether their engagement metrics listed are working neutral or negative. They was required to use some automated tools such as Twitter, social mention radian 6 or scout labs to make it a little easier. However, they are advised to always d a manual check up to validate the sentiment results. Influence is displayed as a percentage positive, neutral or negative sentiment. Thisis then applied to about the engagement metrics and the metrics for each where applicable (Wilson, 2003).

3.0 RESEARCH METHODOLOGY

A descriptive study was used in the study. The sample size was 103 members of staff who were randomly selected from the target population of 205 through systematic sampling. A questionnaire was used to collect data from respondents. Data analysis was carried out through descriptive method and presented in the form of tables. Pearson correlation was used to test the association between the dependent and independent variables. Multiple regressions were used to determine the prediction factor of dependent variable caused by independent variables.

4.0 RESULTS AND DATA FINDINGS

4.1 Social media engagement and organizational performance

The respondents were first required to indicate whether the social media engagement influences the organizational performance of commercial bank branches in Makueni County. The social media engagement indicators included the mostly used social media channel and the speed at which the queries from customers were addressed. The overall responses were summarized in the table below.

The results in the table above suggest that Facebook is the social media channel which is used most by the commercial bank branches in Makueni County to engage their clients at 42.7% followed by “twitter” at 28%. However, the least used social media channel was the internet at 1.9%.

Table 1: Responses on Social Media Engagement

	Frequency	Valid Percent	Cumulative Percent
Facebook	44	42.7	42.7
Twitter	28	27.2	69.9
Linkedin	9	8.7	78.6
Whatsapp	20	19.4	98.1
Internet	2	1.9	100.0
Total	103	100.0	

To find out the influence of social media engagement on the organizational performance of commercial bank branches in Makueni County, the researcher further tested the first null hypothesis stated below using correlation coefficients and the results were presented in the table below.

When the respondents were asked to rate the level at which their organizations used the social media to engage clients on a scale of five, all of the respondents reported above average usage of social media with majority of them 68.9% reporting a very high usage of social media. To further understand the influence of social media engagement on the organizational performance the researcher stated and tested the following hypothesis:-

Null hypothesis (H₀₁): There is no significant relationship between the social media engagement and the organizational performance of commercial bank branches.

Table 2: Correlations-Social Media Engagement and Organizational performance

		social media engagement	Organizational performance
social media engagement	Correlation Coefficient	1.000	.194*
	Sig. (2-tailed)	.	.049
	N	103	103
Organizational performance	Correlation Coefficient	.194*	1.000
	Sig. (2-tailed)	.049	.
	N	103	103

*. Correlation is significant at the 0.05 level (2-tailed).

The findings of this study revealed that there is a weak positive correlation at 95% confidence level between social media engagement and the organizational performance of commercial bank

branches in Makueni County ($r = 0.194$, $p = 0.049$). Since $P < 0.05$ then the relationship is significant and therefore we do reject the hypothesis and conclude that there is a significant relationship between the social media engagement and organizational performance of commercial bank branches in Makueni County.

4.1 Social Media Measurement and organizational performance

The second objective for this study was to determine the influence of the social media measurement on the organizational performance of commercial bank branches in Makueni County. The social media measurement indicators included; the number of hits the bank received on the various social media channels used and the frequency of interaction with the customers. The respondents were required to show the extent to which they agreed or disagreed with the statement that ‘social media measurement influences the organizational performance of commercial banks in Makueni County.’ The responses were summarized in the table below.

Table 3: Responses on Social media measurement

	Frequency	Percent	Cumulative Percent
Increases	69	67.0	67.0
Decreases	29	28.2	95.1
No influence	5	4.9	100.0
Total	103	100.0	

Out of all the study participants, 95.1% agreed that social media measurement influences organizational performance in different ways. The research findings revealed that majority of the respondents (67%) agreed to the fact that social media measurement positively influences the organizational performance of commercial bank branches while 28.2% reported that it negatively affects the organizational performance of commercial bank branches. Only 4.9% of the respondents could not tell the effect of the social media measurement on the organizational performance of commercial bank branches.

To ascertain the influence of social media measurement, the researcher sought to investigate the frequency at which the banks interacted with their clients especially when responding to their queries. The responses were summarized and presented in the table below.

Table 4: Frequency of social media interaction with clients

	Frequency	Percent	Cumulative Percent
6-10 times	12	11.2	11.7
more than 10 times	31	29.0	41.7
throughout the day	60	56.1	100.0
Total	103	96.3	
Missing System	4	3.7	
Total	107	100.0	

The findings of this study revealed that majority of the respondents (58.3%) were of the view that their banks interacted with their clients throughout the day to address queries whenever they arose. To understand the influence of the social media measurement on the organizational performance of commercial bank branches, the researcher further tested the following hypothesis;

H₀₂: There is no significant relationship between the social media measurement and the organizational performance of commercial bank branches.

Table 5: Correlations: Social media measurement vs. organizational performance

		Social media measurement	Organizational performance
Social media measurement	Correlation Coefficient	1.000	-.256**
	Sig. (2-tailed)	.	.009
	N	103	103
Organizational performance	Correlation Coefficient	-.256**	1.000
	Sig. (2-tailed)	.009	.
	N	103	103

** . Correlation is significant at the 0.01 level (2-tailed).

The research findings revealed that there was a weak negative correlation at 99% confidence level between social media measurement and organizational performance ($r = -0.256$, $p = 0.009$). Since $p < 0.01$, we reject the hypothesis and conclude that there is a significant relationship between the social media measurement and the organizational performance of commercial bank branches.

5.0 DISCUSSIONS AND CONCLUSION

5.1 Discussion

According to the findings of this study, social media engagement there was a weak positive correlation between social media engagement and the organizational performance of commercial bank branches in Makueni County ($r = 0.194$, $p = 0.049$). Since $P < 0.05$, there is a significant relationship between the social media engagement and organizational performance of commercial bank branches in Makueni County. This suggested that an increase in the social media engagement indicators such as the rate of responding to customer queries, led to the increased organizational performance by the bank branches in Makueni County.

The findings of this study revealed that there was a weak negative correlation between social media measurement and organizational performance ($r = -0.256$, $p = 0.009$). Since $p < 0.01$, there was a significant relationship between the social media measurement and the organizational performance of commercial bank branches. The findings of this study did not concur with any of the findings from the previous studies. For instance, according to a study conducted by Wilson (2003), the findings revealed that there was a positive correlation between social media measurement which includes the number of hits from the various social media tools; on the organizational performance of institutions.

5.2 Conclusions

Firstly, there was a positive correlation and a significant relationship between the social media engagement and organizational performance of commercial bank branches in Makueni County. This suggested that an increase in social media indicators would lead to an increase in organizational performance of commercial banks in Makueni County. The second objective was concluded that there was a negative correlation and a significant relationship between social media measurement and organizational performance of commercial bank branches in the area of study. These results suggested that an increase in social media measurement would lead to a decrease in the organizational performance.

5.3 Recommendations

Based on the findings and the conclusions of this study, the following recommendations were deemed appropriate:-

1. There is need for more research to provide a better and more understanding on the real impact of social media dynamics on organizational performance of commercial bank branches in the counties and in the country at large.

2. Organizations need to embrace the usage of social media as it has suggested that it is a key player and predictor of performance in various organizations.
3. Since this is an area which has not been researched a lot, researchers are encouraged to find out social media related factors influencing the organizational performance both in the urban as well as in rural areas.

REFERENCES

- Baird, C., & Parasnis, G. (2011). From social media to social customer relationship management. *Strategy & Leadership*.(39), 7
- Barker, M., Barker, D.I., Bormann, N. and Neher, K. (2012). *Social Media Marketing: A Strategic Approach*. Australia.: Cengage Learning.
- Brinlee, D. (2007). Does Internet Advertising Work?. retrieved from www.academicjournals.org/article/article1380266912_Jothi%20et%20al.pdf
- Brodie, R. J., Hollebeek, L., Juric, B., & Ilic, A. . (2011). Customer engagement: Conceptual domain, fundamental propositions, and implications for research. . *Journal of Service Research*.(14), 19.
- Central Bank of Kenya. (2016). Central Bank Of Kenya Directory Of Licensed Commercial Banks, Mortgage Finance Institutions and Authorised Non-Operating Holding Companies. *Central Bank of Kenya*.
- Durkheim, Emile. (1893). *De la division du travail social: étude sur l'organisation des sociétés supérieures*. New York: Free Press.
- Dyer, K. A., & Columbia, C. (2010). *Challenges of maintaining academic integrity in an age of collaboration, sharing and social networking*. . Paper presented at the The Technology, Conferences, and Community Conference., Honolulu, HI.
- Hansen, D., Shneiderman, B. & Smith, M.A. (2010). *Analyzing Social Media Networks with NodeXL: Insights from a Connected World*. USA: Morgan Kaufmann.
- Kazienko, P., & Chawla, N. . (2015). *Applications of Social Media and Social Network Analysis*. Switzerland.: Springer.
- Kumar, K.V., & Devi, V.R. (2014). Social Media in Financial Services—A Theoretical Perspective, . *Procedia Economics and Finance*.(11), 7.
- Lovett, J. (2011). *Social Media Metrics Secrets*. Canada.: John Wiley & Sons.

- Maina, L. . (2012). *Effects of M-banking on Customer Service of Commercial Banks in Kenya: a case of co-operative bank of Kenya*. Catholic University of East Africa. Nairobi
- Missaoui, R. & Sarr, I. . (2015). *Social Network Analysis - Community Detection and Evolution Lecture Notes in Social Networks*. . Switzerland.: Springer.
- Muchiri, P. . (2012). *Effects of emerging marketing techniques on the market share of the media industry: a case study of Kenya Broadcasting Corporation*. Kenya Institute of Management.
- Ngugi, K. & Karina, B. (2013). Effect of Innovation Strategy on Performance of Commercial Banks in Kenya, . *International Journal of Social Science and Entrepreneurship*., 1(3), 12.
- Nick, H. . (2015). *Handbook of Research on Integrating Social Media into Strategic Marketing*. USA.: IGI Globa
- Olorunnisola, A.A. (2013). *New Media Influence on Social and Political Change in Africa: Advances in Human and Social Aspects of Technology*. USA.: IGI Global.
- Parker, S., Harvey, D.M., & Bosco, S.M. (2014, January, 2014). *Social Media: Poking, Tweeting, Blogging, And Posting Are Becoming A Part Of The Everyday Office Lingo*. . Paper presented at the The Northeast Region Decision Sciences Institute (NEDSI).
- Patterson, J.B. . (2002). Internet applications and beliefs of state agency personnel. . *Journal of Rehabilitation*.(68), 5.
- Stutzman, F. (2006). An Evaluation of Identity Sharing Behaviour in Social Network Communities. *Journal of the International Digital Media and Arts Association*., 3(1), 8.
- Treem, J.W. & Leonardi, P.M. (2012). Social media use in organizations: Exploring the affordances of visibility, editability, persistence, and association. *Communication yearbook*.(36), 46.
- Wilson, E.V. (2003). Perceived effectiveness of interpersonal persuasion strategies in computer-mediated communication. . *Computers in Human Behavior Journal*., 19, 15.
- Zeithmal, V.A & Mary, J.B. (2003). *Services Marketing*. (2nd ed.). New York.: Mcraw-Hill. .