Social Media: Adoption and Legal Issues Impact on Business Innovation

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ABSTRACT
This study explores the impact of the social media adoption, and the related legal issues on the business innovation within the Gulf Council Countries (GCC), particularly in the State of Qatar. One of the main challenges that facing the business getting the most out of the social media which includes ensuring a positive impact on the business innovation. That means developing and delivering on a social strategy within a customer experience, brands and their Trading Partners (TPs) that transforms the business innovation. Hence, this study examines three of the popular social media – Facebook (FB), Twitter and YouTube, and three variables of the legal issues – Privacy, Security, and Disclosure of Confidential Information, which impact on the business innovation. This aim will achieved through: (I) Identifying the current state of social media adoption - Facebook, Twitter and YouTube - by businesses in Qatar. (II) Discussing and determining the extent of the Legal issues - Privacy, Security, and Disclosure of Confidential Information in Qatar. (III) Exploring the Business Innovation concepts and influential factors that relate to social media adoption within businesses in Qatar. Qualitative and quantitative approaches have been used to gain a better understanding of these issues, and testing the impacts and relationships between factors. So, the current study mainly were used both exploratory and explanatory techniques (Qualitative and Quantitative approaches). The study questions and hypotheses have been tested using the Structural Equation Model (SEM). The structural measurement model also has been tested as part of the Confirmatory Factor Analysis (CFA) procedure. As a conclusion, this study aims to establish whether the following relationships exist:
- Adoption of the selected social media in Qatar has changed the business innovation; and
- The related legal issues impact on social media adoption and business innovation.

Keywords: Social Media, Legal Issues, Business Innovation, Privacy, Security
1.0 INTRODUCTION

Social Media refers to the means of interactions among people in which they create, share, and/or exchange information and ideas in virtual communities and networks. Social media provide the gateway for an enterprise’s employees, managers, customers (clients) and all of its trusted trading partners (TPs) (suppliers and retailers) to access data applications and all necessary information they need. Therefore, the growth of social media adoption and capability has become a requirement for effectively servicing the businesses of many large and Small-to-Medium enterprises (SMEs) around the world. Social media depends on mobile and web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content. Tang and Whinstone (2012) discussed that for content contributors, the benefits of participating in social media have gone beyond simply social sharing to building reputation and bringing in career opportunities and monetary income. Social media technologies take on many different forms including magazines, Internet forums, weblogs, social blogs, micro blogging, wikis, social networks, podcasts, photographs or pictures, video, rating and social bookmarking. Technologies include: blogs, picture-sharing, vlogs, wall-postings, music-sharing, crowdsourcing and voice over IP, to name a few. Facebook (FB) is a key example of a social media site, with over one billion active users in October 2012. However, the boundaries between the different types of social media have been increasingly blurred. For example, Shi, et al., (2013) argues that Twitter, as a combination of broadcasting service and social network, is better to be classified as a "social broadcasting technology. In relation to the extent of social media adoption within business, there are different methodologies that have been used to measure the social media adoption by businesses. For consistency, in this research, the authors have identified the importance of various factors to
measure the extent of social media adoption, such as the frequency of use and the extent of practicing social media with local and global TPs.

1.1 Objectives

The main goal of this study is to explore the perceptions of managers in Qatar regarding the adoption of social media and its effects on business innovation. This aim will be achieved through:

1. Identifying and describing the current state of use, adoption and implementation of social media by selected enterprises in Qatar.

2. Identifying the legal issues which encourage or limit the adoption of social media in enterprises in Qatar; and

3. Discussing and determining business innovation concepts and influential factors that relate to social media adoption within enterprises in Qatar.

1.2 Research Questions

The research questions are as follows:

1. What are the perceptions and experience of managers in Qatar of social media and its related legal issues?

2. What is the readiness of local and global trading partners and enterprises in Qatar to adopt social media?

3. Are enterprises in Qatar pressured to adopt social media by local and global trading partners who adopt social media?

4. Do enterprise managers in Qatar perceive that business innovation and strategy has improved since adopting social media?

5. What are the effects of Legal issues of social media on business innovation in Qatar?
1.3 Importance and Contribution of this Study

Today, more than ever before, the business innovation within enterprises in Qatar, is dependent upon access to accurate and up-to-date information, especially data flows between enterprises customers and TPs. Social media use state-of-the-art tools for automating and streamlining the flow of transactions between counterparts: for example letters, documents, enquiries, payments and delivery notes to name a few. Therefore, it is important for enterprise managers to understand how social media and the related legal issues affect the business innovation. Hence, this research will:

- Contribute to a better understanding of social media between enterprises in Qatar and their TPs; this, in turn, could lead to business innovation.
- Explain how communication technology applications such as social media have allowed enterprises in Qatar to use and adopt this system; which could, in turn lead the enterprises to provide their TPs quality services and save time and money.

This study is important because in order to improve business innovation of their enterprises, enterprise managers need to know if social media and its related legal issues are worth adopting. This may explain why some enterprises obtain benefits of social media adoption, while others do not. Another contribution to the literature is that this research empirically investigates the legal issues, including the effect of social media adoption in enterprises in Qatar and legal issues on business innovation, which has not been simultaneously tested in the same model in previous research.
2.0 LITERATURE REVIEW

Social media has evolved through various stages of technological development. Social media introduces substantial and pervasive changes to communication between organizations, communities, and individuals (Kietzmann, and Hermkens (2011). Safranek (2012) reported that the Middle East and North Africa region has one of the most youthful populations in the world, with people under 25 making up between 35-45% of the population in each country. They make up the majority of social media users, including about 17 million FB users, 25,000 Twitter accounts and 40,000 active blogs.

2.1 Social Media and Business Innovation

The development of social media such as Facebook, Twitter and YouTube is considered to be one of the major recent innovations in international trade. The reliance of businesses on social media has intensified following increased availability of technology that enables e-commerce at a reasonable cost per transaction. The markets of retailing, financial services, banks, marketing malls, publishing, communication, advertisements and travel have all been impacted by social media. The wide distribution of social media in some parts of the world, particularly in developed countries, is as a result of the anticipated and actual benefits that it can and does accomplishes for both customers and enterprises. The benefits generated from social media adoption cannot be evaluated or tested, other than by the customers that practice social media and networks for shopping and through the enterprises that use such commerce models to distribute and expand their business activities. Therefore, the subsets of benefits that might be achievable through social media adoption can be divided into benefits for both individuals and organisations. The potential benefits that can be accomplished by enterprises that use social media are very wide. The major benefit for enterprises is the development of global reach
(Turban et al., 2004). Therefore, social media make it possible for the enterprise to expand its business activities locally and globally. Quayle (2002) suggested that social media adoption leads to enhanced opportunities to increase competitiveness, to business innovation, to reach new partners, suppliers and markets and to develop seller/buyer relationships. In addition, social media improve the supply chain. This happened through minimising the supply process via the social media networks. Turban et al. (2004) noted that social media provide an advantage for enterprises through the rapid ‘time to market’ and shortened supply chains. This happens because of the improvement of communication and collaboration. Social Media adoption will allow the enterprise to build good relations with customers through the electronic contact tools. Besides, many other benefits provided through social media such as the introduction of new business models, customizations and lower communications cost (Turban et al., 2004; Titi 2005). The literature is mixed on how best to measure the effects of social media such as Facebook, Twitter and YouTube adoption on business innovation. The major implication is that business innovation measures such as productivity, sales, average inventory, operation efficiency, resources utilization, and procurement business process (PBP) have been used to evaluate business innovation more often than other metrics. The following table 1 presents several items, which are used to measure the business innovation.

**Table 1: Items of business innovation**

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>New product's invention</td>
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<tr>
<td>2.</td>
<td>Technical specification and quality improvements made to a product</td>
</tr>
<tr>
<td>3.</td>
<td>New market invention and moving globally</td>
</tr>
<tr>
<td>4.</td>
<td>Reduced raw materials or component inventory</td>
</tr>
<tr>
<td>5.</td>
<td>Improved enterprise on-time-delivery performance to TPs and customers</td>
</tr>
<tr>
<td>6.</td>
<td>Reduced returns of products from TPs and customers, due to quality issues</td>
</tr>
<tr>
<td>7.</td>
<td>Reduced the number of errors in transactions with TPs, Suppliers, and customers, due to products specifications, accounting, pricing, and quantities</td>
</tr>
<tr>
<td>8.</td>
<td>Reduced the number of errors in decision making process</td>
</tr>
</tbody>
</table>

*Source: Developed for this study*
The management literature also suggests that business innovation may be interdependent, meaning that an improvement in one measure changes another measure, e.g. inventory management and control, quality, operation efficiency, flow time and business process. In a review of the literature, multiple studies find that benefits due to social media adoption are indirect and mediated by changes in PBP. The major PBPs are order fulfillment, supply cycle, customer service and new product development. There are many barriers that face the deployments of social media in different enterprises in different countries. These barriers vary from one country to another according to the level of technology distribution, related legal issues and the distribution of technology knowledge inside the country. GCC, like many other countries, faces many barriers to deploy social media in enterprises. One of the social media barriers that have been studied in detail in this research is the legal issues (Privacy, Security, and Disclosure of Confidential Information) and how its effects on the business innovation.

### 2.2 Social Media and Legal Issues

Social media, such as Twitter, Facebook and YouTube, may well play an indispensable role in the operation of companies. For companies in the GCC to have their businesses attractive to costumers, the use of social media becomes a necessity. However, many companies are not aware of the various legal issues that can arise from using social media either by the company or employee. While, there is no single body of law governing the use of social media in any of the GCC states, this study attempt to look into the current laws and regulations operative within GCC in areas like privacy, security and disclosure of confidential information.

#### 2.2.1 Privacy and attached Risks:

Companies are obliged to protect the privacy of individuals and the general public who use their social media activities or become part of their network as a third-party. As there is no specific
legislation in any of the GCC members on privacy, the question occasionally arises as to whether privacy of both employees and employers, when using social media, exists in companies operating within the GCC region. Article 59 of the Qatari e-commerce law provides that: “The service provider shall identify, at or before collection of such information, the purposes for which personal information about the customer is collected. The service provider shall not, except as permitted or required by law, or with the consent of the customer to which the personal information relates, collect, use, retain or disclose customer personal information for undisclosed or unauthorized purposes. In addition, the service provider shall be responsible for any records of customer personal information or any records of customer electronic communications, in the custody or control of the service provider or its agents.

2.2.2 Disclosures of Confidential Information

Disclosure of confidential information is sometimes disclosed by an employee on social media websites such as Twitter and Facebook or even via YouTube. Acts of disclosure are sometimes done unknowingly of the consequences (Michael et al., 2012). This type of information may even contain trade secrets and can result in the loss of intellectual property rights. However, such trade secrets are only protected if reasonable effort is made by the business to maintain that secrecy by ensuring that they are not disclosed without the confidentiality agreement or shared publicly, specifically through social media (Michael et al., 2012). In the GCC, the Qatari trade secret laws provide that legal title to a trade secret belongs to the individual, or to the legal entity having the right to disclose. In Qatar, for instance, Article 8 of the Trade Secrets Law provides that the courts have the discretion to take any of the following injunction actions; halt the trade secret infringement; order a provisional attachment of any materials or products embodying the infringed or misused trade secrets wherever found; and retain any evidence related to the trade
secret infringement. In the State of Oman, Article 34 provides Law on Trade Marks, Descriptions and Secrets and Protection from Unfair Competition 2000, for ban to disclose trade secrets in any manner contrary to known honest practice in trade. It also provides that “a commercial or industrial activity shall be considered secret if, due to its nature, it is not known, it draws its commercial value from its confidentiality, reasonable measures have been taken to maintain its confidentiality or it is not easily accessible to an ordinary person having skill in the art”. In addition, the information accessible by employees in respect of customers and clients, or even donors, should also be kept classified and protected (Michael et al., 2012). According to the Qatari e-Commerce Law, controls are set around e-commerce service providers in the collection, use, retention and disclosure of customer information. Also, the Telecommunication Law requires service providers to protect customer information, and also determines controls around the collection, use, retention and disclosure of such information. Similarly, the Saudi Telecommunications Law restricts any disclosure of information intercepted during its transmission and restricts providers of telecom and internet services from disclosing information regarding their subscribers to third parties or from allowing individuals to monitor the communications of their subscribers. In the United Arab Emirates, the Telecommunications Law provides for criminal offenses in relation to the interception or disclosure of communications over a telecommunication network.

2.2.3 Security and Attached Risks

In respect of the security issue, social media sites keep posing potential security risks in a rising manner. If a security breach stems out of a social media activity, the company owning the site may face liability (Merrill et al., 2011). Security breaches may occur if harmful software is downloaded onto an company’s website through the use of social media via an employee using
one of the company’s devices and knowingly act in downloading applications or through ‘Phishing’ or “click-jacking” on a social media site (Chi 2011). In case of the inadequacy of the company’s social media-related security policies, procedures, and technical safeguards, the company may be held liable for a breach arising from the furtively acquired malware (Merrill et al., 2011). It should also be noted that social engineering within social media sites, may provide other points of entry for attackers and pose more legal risks for companies. Some sites where criminals have set up profiles or fan pages to look exactly like the company’s own page is called spoofed site. Once a customer or employee is pulled into providing classified information related to the company, or any personal or sensitive information, a legal liability arises in the face of the company whose profile or fan page was spoofed, or replicated in a fake version (Ibid, 2012).

3.0 METHODOLOGY
The current study mainly used both exploratory and explanatory techniques to explore the influence of the social media adoption by enterprises in GCC – State of Qatar and the legal issues impact on their business innovation, which the data collected through structured questionnaires and conducted interviews. It is also because the current research investigates the mechanisms and relationships between the independent and dependent factors in relation to social media adoption.

3.1 Proposed Model
Based on the literature this study develops a model and discusses three various forms of social media and the related legal issues impact on business innovation in GCC – specifically in State of Qatar. The research model in this study is very broad and covers legal issues and social media forms which are associated with social media adoption and its influence on business innovation. The study questions will be answered by using Structural Equation Model (SEM) (Kline 2005).
Also, the proposed study model also is tested as part of the Confirmatory Factor Analysis (CFA) (Moore 2004). There are 3 Factors and 12 Variables included in this study. As shown in the proposed study model in Figure 1, measurement model in Figure 2 and Factors’ Descriptions of Measurement Model in Table 2.

**Figure 1: Proposed model**

**Figure 2: Measurement model**
Table 2: Factors’ descriptions of measurement model

<table>
<thead>
<tr>
<th>Factors</th>
<th>Variables (Forms and Measures)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media</td>
<td>Facebook Adoption (V1)</td>
</tr>
<tr>
<td></td>
<td>Twitter Usage (V2)</td>
</tr>
<tr>
<td></td>
<td>YouTube (V3)</td>
</tr>
<tr>
<td>Legal Issues</td>
<td>Privacy (V4)</td>
</tr>
<tr>
<td></td>
<td>Data protection (V5)</td>
</tr>
<tr>
<td></td>
<td>Freedom of Speech (V6)</td>
</tr>
<tr>
<td>Business Innovation</td>
<td>Productivity and technical specification (V7)</td>
</tr>
<tr>
<td></td>
<td>Sales and New Market - Globally (V8)</td>
</tr>
<tr>
<td></td>
<td>Resources utilization (V9)</td>
</tr>
<tr>
<td></td>
<td>Operation efficiency and quality improvement (V10)</td>
</tr>
<tr>
<td></td>
<td>New products (11)</td>
</tr>
<tr>
<td></td>
<td>Procurement business process (12)</td>
</tr>
</tbody>
</table>

3.2 Research Hypotheses

The proposed relationships in the research measurement model are tested through hypotheses H1-H2. The research measurement model explored the relationships between factors. The research questions are answered using SEM and the research measurement model is tested using CFA. In the literature on social media adoption, it is well accepted that the alignment between production or distribution capabilities and market requirements and needs is one of the major keys to business innovation. The following hypothesis propose a relationship between the perceptions of enterprise managers of social media adoption and the impacts on business innovation, measured in terms of FB, Twitter, and YouTube.

H1o: there is no relationship between the adoption of social media and the perceptions of enterprise managers of business innovation.

In order to test the relationship between the related legal issues (Privacy, Security, and Disclosure of Confidential Information) of social media adoption within enterprises in Qatar and their business innovation, the following hypothesis is proposed:

H2o: there is no relationship between the legal issues of social media adoption and business innovation.
3.3 Research Approaches

The current research of social media adoption in Qatar is not very extensive when applied to discuss the benefits and influencing legal issues. Thus, to gain deeper understanding of the related aspects in the Qatari context, this current study is conducted with both qualitative and quantitative approaches to explore the awareness and adoption of social media adoption and examine the influence of legal issues on its business innovation. Hence, in this research, quantitative approach was carried out to complement and validate the constructs developed and redefined through the qualitative approach. The questionnaire referenced in this study was used to explore the perceptions and the awareness of managers about the adoption of social media and the related legal issues in Qatar and to examine its influence on their business innovation. Also the purpose of the questionnaire is to produce quantitative descriptions of some aspects and issues of the study population. The questionnaire was developed based on the literature review and refined with results from the interviews and information collected from the previous procedures of the research. A pilot test conducted to check the validity of the questionnaire, eliminate any uncertainty and make appropriate changes according to respondent’s suggestions. The sample in this study is selected as a stratified random sample. The minimum number size of sample (SS) will be determined using the following equation:

\[ SS = Z^2 \times (P) \times (1-P) / C^2 \]

Where:
- \( Z \) = value (e.g. 1.96 for 95% confidence level)
- \( P \) = percentage picking a choice, expressed as decimal (0.5 used for sample size needed)
- \( C \) = confidence interval, expressed as decimal (e.g., .04 = ±4).

The fourth procedure is the data coding and analysis. This procedure includes presentation, hypothesis testing and analysis of results. Various quantitative statistics of methods such as factor analysis, t-test, analysis of variance and correlation were employed on the interview and
questionnaire data. SEM conducted to examine the hypothesised relationships between factors and lower and higher influence factors (Moore 2004). ‘SPSS v20’ will be used to evaluate and perform all the analysis to test the hypotheses. Furthermore, this research will use content analysis of interview transcripts to identify important themes. The results in terms of rejecting or accepting the hypothesis, tests were conducted to compute the probability values (P). P values measure the extent to which the test statistics disagree with the null hypothesis.

3.4 Population and Sampling Frame

Sampling is important if budget and time restrictions prevent the study from surveying the whole population. Sampling also gives higher accuracy and faster results. The population in the current research consists of enterprises in Trade, Restaurants and Hotels sector in Qatar. This sector proves to be one of the most promising for Qatar’s future as the tourism industry gathers momentum. Therefore, in this study all Qatari Trade, Restaurants and Hotels comprise the total population, 200 enterprises of Trade, Restaurants and Hotels in Qatar have been chosen as a sample. The sample of Trade, Restaurants and Hotels enterprises in this study are stratified randomly selected from the population of Trade, Restaurants and Hotels sector in Qatar accessed through the Annual Qatari Handbook Index (2013).

3.5 The Questionnaire

To collect the quantitative primary data, this research designed a questionnaire that translates the information needed into a set of specific questions; motivates respondents to complete the questionnaire and minimizes response error. To collect the data, 200 of Trade, Restaurants and Hotels enterprises in Qatar were given a hand-delivered questionnaire. In this current study, the questionnaire is the tool used to collect quantitative data about the adoption of social media in Trade, Restaurants and Hotels sector in Qatar, and legal issues influence on business innovation.
The respondents were asked to indicate their perceptions of the factors on a five-point Likert scales. Survey questions were developed using a deductive approach using both the literature and subject matter experts. The revised questions were combined into the Guttman scales. The third part of the questionnaire measures the extent of social media adoption, used the following indicators and percentages, as described in Table 2. The questions in this part of the questionnaire evaluated the level of the social media adoption in the selected enterprises by measuring the percentage of activities, which are conducted on-line.

Table 2: Definitions of the 5 scales used to represent the extent of social media adoption

<table>
<thead>
<tr>
<th>Scale</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td>Activities are not performed by social media in your enterprise.</td>
</tr>
<tr>
<td>&lt; 25%</td>
<td>Activities are performed by social media in your enterprise, but less than 25% of total activities are conducted by social media.</td>
</tr>
<tr>
<td>25%-50%</td>
<td>Activities are performed by social media in your enterprise, but only 25%-50% of total activities are conducted by social media.</td>
</tr>
<tr>
<td>51%-70%</td>
<td>Activities are performed by social media in your enterprise, but only 51%-70% of total activities are conducted by social media.</td>
</tr>
<tr>
<td>&gt;70%</td>
<td>Activities are performed by social media in your enterprise, and more than 70% of total activities are conducted by social media.</td>
</tr>
</tbody>
</table>

Source: Developed for this research, based on (Dillman 2000; Kline 2005; Moore 2004)

The second section in part three of the questionnaire seeks to discover the degree to which business innovation will be improved by adopting social media. Thus, in this section respondents are considering the overall percentage of the changes that took place beginning in the first year of adoption through to the present period. Table 3 lists the definitions of 5 scales used to represent the percentage of the improvements in business innovation since social media has been adopted.

Table 3: Definitions of the 5 scales used to represent the improvements in business innovation

<table>
<thead>
<tr>
<th>Scale</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>None = ‘Did Not Change’</td>
<td>Social media adoption did not change your enterprise business innovation</td>
</tr>
<tr>
<td>&lt;25% = ‘Changed Slightly’</td>
<td>Social media adoption was used to make relatively minor changes in your enterprise business innovation</td>
</tr>
<tr>
<td>25%-50% = ‘Changed Moderately’</td>
<td>Social media adoption was used to make relatively important changes in your enterprise business innovation – but most of existing process was left intact.</td>
</tr>
<tr>
<td>51%-70% = ‘Changed Significantly’</td>
<td>Social media adoption was used to make relatively large changes in your enterprise business innovation – changing most of the existing process.</td>
</tr>
<tr>
<td>&gt;70% = ‘Changed Radically’</td>
<td>Social media adoption was used to make completely changes and re-engineer existing in your enterprise business innovation</td>
</tr>
</tbody>
</table>

Source: Developed for this research, based on (Dillman 2000; Kline 2005; Moore 2004)
3.6 Questionnaire Analysis

The SEM is conducted on the research measurement model to test the hypothesized relationships between factors, and between lower and higher factors. SEM involves the application of several statistical techniques to examine the relationship between continuous or separate predictor factors and continuous or separate principle factors. The method combines the analytical techniques of regression and CFA to remove all of the error variance in the factors. The software packages used in this research are ‘SPSS’ for data screening and analysis and ‘EQS’ for conducting the SEM and CFA analyses. The structural measurements model is developed to be as simple as possible by using few proposed paths. The CFA tests whether the implied relationships in the structural research model are relevant to the observed data. The results in terms of rejecting or accepting the hypothesis based upon the results of the questionnaire, test conducted to compute the probability values (P) and Chi-Square test. The statistic that used to measure the five-point Likert scale reliability in research is Cronbach’s alpha. While there is disagreement among researchers as to the minimum acceptable alpha level for confirming reliable scale, 0.70 percent or greater is preferable, but approximately 0.60 percent is the most widely supported standard (Cohen et al., 2003).
References:


Moore, D 2004, *Interviews on the application and appropriateness of SEM and CFA analysis*, conducted at Clemson University, Clemson, South Carolina.


