Organizations’ Use of LinkedIn: An Analysis of Nonprofits, Large Corporations and Small Businesses

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Social media and concomitant professional networking are important marketing tools for large and small businesses and nonprofits. The study by Barnes and Mattson (2010) has shown that nonprofit organizations are more active than for-profits in their use of social media tools such as blogs, Twitter, podcasts, video, etc. This study looks at the professional social media tool LinkedIn. Contrary to the findings of Barnes, et al. (2010), this in-depth study of 200 large, 200 small, and 200 nonprofits firms, finds some opposing results: small businesses appear to have greater adoption and usage rates of the professional networking site LinkedIn. The research studied which of each of these businesses had a company page at LinkedIn, whether or not a LinkedIn logo was displayed at the firm’s website and if the organization’s most senior leader maintained a personal page on LinkedIn. Results demonstrate usage trends by type of firm, and discover social marketing needs for types of firms.

INTRODUCTION

On 19 May 2011, a social media tool known as LinkedIn had a successful initial public offering (IPO), with shares bid up 109 percent from the issue price (Woo, Cowan, and Tam, 2011). Launched in 2002, LinkedIn is an online professional network that allows users to connect with trusted contacts to exchange knowledge, ideas, and opportunities within a broader network of professionals. The site has 100 million registered users; Americans account for about one-half of the LinkedIn community (Kim, 2011).

Barnes, et al. (2010) released the results of a longitudinal study on the usage of social media by different types of organizations—specifically, nonprofits, private businesses, and academic organizations. Starting in 2007 and tracking trends through 2009, their 2010 report shows that nonprofit organizations outpace business organizations in their use of social media. Indeed, as the study shows, “a remarkable ninety-seven percent of charitable organizations are using some form of social media including blogs, podcasts, message boards, social networking, video blogging, wikis and Twitter” (Barnes, et al., 2010, p.1).

Absent from Barnes and Mattson’s research, however, is an in-depth discussion of LinkedIn. This paper presents a preliminary examination of the usage of LinkedIn by three types of organizations—nonprofit organizations, large companies, and small businesses—to determine whether usage patterns are in line with Barnes and Mattson’s discoveries about social media, particularly for nonprofits.

LinkedIn: Why It Matters

Many authors have demonstrated that the Internet is a powerful marketing tool that can be used to attract customers, build customer loyalty, and extend a product’s or service’s brand (Reichheld, Markey, and Hopton, 2000; Rowley, 2005; Levy, 2011). Reichheld, et al.’s research of e-commerce executives showed that the value of customer loyalty is exceptionally
important in the virtual environment for two reasons. First, entry costs are low for competitors in this Internet environment; and second, profitable customers tend to be more loyal and actually desire to be loyal. Even the nation’s top military brass has signed up; the Office of the Chairman of the Joint Chiefs of Staff developed and implemented a social media strategy for Admiral Mullen (Office of the Joints Chief of Staff Public Affairs, 2010).

The virtual world is becoming a more significant place for nonprofits as well. According to Rooney, Brown, Bhakta, Fredrick, Hayatte, and Miller (2007), the amount of donations for online and offline giving were practically the same—there is not a statistically significant difference between the dollar amounts donated online. This same study indicated that 1 in every 10 donors makes his or her contributions online, and younger givers (aged 35 or less) are more likely to give online. Not surprisingly, individuals under the age of 35 are the highest Internet users (Zillien and Hargittai, 2009; Chatzoglou, and Vraimaki, 2010). As donors age, their contributions are likely to increase, so it may behoove nonprofits to attract the attention of these younger online givers to build a loyal, supportive base for future years. LinkedIn could be an important tool for non-profit connectivity to donors, in these future years.

Many of these young donors are spending increasing amounts of time at social network sites (Pentecost and Andrews, 2009). Just as websites became a critical part of organizations’ marketing portfolios in the 1990s, social media tools became increasingly important in the 2000s. Also referred to as “inbound marketing” because of the customers’ interaction with the organization, social media appears to be providing a number of advantages to organizations. A survey of 231 professionals involved with their companies’ marketing strategies reveals that the use of social media is lower in cost per marketing lead than outbound or more traditional channels; is the most rapidly growing channel in companies’ marketing budgets; and generates leads that are converted to customers (Lillevålja, 2010). Financial planners have found that LinkedIn is effective for connecting with prospective clients (FPA Research Center, 2009; Winterberg, 2010), while trade associations find that social media provides the ability to go where members are, instead of demanding that they come to the association (DeFlice, 2009).

Several researchers have sought to study LinkedIn in several different contexts. Zizi (2009) studied the tone of interpersonal interaction. Davison, Maraist, and Bing (2011) examined how LinkedIn has impacted human resources practices in terms of hiring and firing. Brown and Vaughn (2011) examined how hiring managers use social media sites to gain a better picture of potential hires, but finding information on such sites inconsistent due to a lack perceived standard practices by individual users. Aula (2010) studied how a firm manages its reputation and its relations to social media and found that as social media usage increases, risks to the firm’s image also increase. Thus, strong management controls are needed with regard to social media sites. Foux (2010) examined “social customers” and how those who use social media are customers of companies who use social media. His findings indicate the need for organizations to engage social media mechanisms to reach customers and constituents. Comer (2010) defines the strategic uses of LinkedIn as follows: building relationships, understanding prospects, hand-picking specific prospects, attracting prospects to a particular brand, and listening to clients. He finds that users are successful and affluent.

Digital platforms such as LinkedIn provide organizations an opportunity to connect on a more personal level enabling organizations to better understand and target appropriate audiences. These marketing “touch points” help organizations integrate their messages into the rhythm of their customers’ or donors’ daily lives and enter a more personal dialogue with them (Martin and Todorov, 2010). They also provide a less expensive channel for reaching targeted customer segments— primarily those who choose to participate in an organization’s
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online activities—that could benefit organizations with more limited resources, such as nonprofits and small businesses (Daniasa, Tomita, Stuparu, and, Stanciu, 2010). This being the case, deeper analysis into the use of LinkedIn by the three types of organizations to augment Barnes and Mattson’s initial research was needed. This study seeks to determine the extent to which nonprofits are using LinkedIn compared with business organizations, in keeping with Barnes and Mattson’s study. This study also was interested in whether or not social media usage—specifically the LinkedIn tool—differs among large or small businesses.

WHICH ORGANIZATIONS ARE MAXIMIZING LINKEDIN USAGE: RESEARCH QUESTIONS

The use of social media with some type of business end portends several different objectives for corporate users versus individual person usage. Individuals use social media for business purposes such as networking opportunities, business research, business knowledge, contacts, and product knowledge. Businesses (small- and medium-sized businesses, large firms, and nonprofits) are theorized to use social media for exposure/awareness, client contacts, as a funnel to sales and revenues, access to a potential employee pool, and public relations (Wander, 2007; Kaplan and Haenlien, 2010; Scott, 2010). In particular, using LinkedIn as a part of an organization’s social media strategy is likewise foreseen to enhance these underpinning goals. Understanding the use of LinkedIn by different kinds of firms and nonprofits will aid in understanding the theoretical underpinnings of an organization’s social media strategy. Given the aspirations and resources of different size organizations, it seems likely that small firms and nonprofits would find resources like LinkedIn financially appealing (Hills, Hultman and Miles, 2008). This is especially true since small businesses are more apt to spend money on social media type endeavors (Efrati, 2011). The need for small firms and nonprofits to generate word of mouth referrals also bends these companies toward social media like LinkedIn (Trusov, Bucklin and Pauwels, 2009), While Barnes and Mattson’s study was based on telephone surveys of the different types of organizations, this study focused on physical evidence that could be gleaned directly from the Internet. In keeping with Barnes and Mattson’s initial findings that nonprofits are outpacing commercial-sector organizations in their social media usage, it is hypothesized that nonprofit organizations would have a higher participation rate on LinkedIn, as demonstrated by having created a company account and company page on the social media site. The first research question, therefore, is as follows: RQ1: Is the frequency with which nonprofit organizations have an organizational page on LinkedIn higher than that for either large or small businesses?

Although recognition that social media may provide a less expensive and, hence, more desirable marketing channel for small businesses, it is hypothesized that large corporations are including social media in their marketing portfolios at a faster rate than smaller companies because they have much greater resources to apply to this challenge. The second research question is that: RQ2: Is the frequency with which large businesses (Fortune 200) have an organizational page on LinkedIn higher than that for small businesses?

Next, determination as to whether or not organizations were maximizing the use of this social media site as part of their overall marketing strategy was needed through looking for visible evidence that this was the case. In keeping with the concept that nonprofits are savvier in their use of social media than corporations, the third question is: RQ3: Is the frequency with which nonprofit organizations display the LinkedIn logo on their websites higher than the number of Fortune 200 or Inc. 200 companies displaying their logos?

Because large corporations have greater resources to expend on marketing, it is theorized that large businesses are more likely
to take the time and effort to display the LinkedIn logo on their corporate websites than small businesses. As such, the fourth research question is that:

RQ4: Is the frequency with which Fortune 200 companies display the LinkedIn logo on their website higher than the number of Inc. 200 companies that display their logo?

If the use of social media is considered an important touch point by an organization, the use of these sites should be mirrored in the behavior of the organization, including its leadership. From an organizational culture perspective, it is important to see whether or not the highest company officer was using LinkedIn, as a show of commitment to this leg in a marketing and recruitment strategy. Because nonprofit organizations appear to be more forward leaning in their use of social media, the fifth research question is that:

RQ5: Is the frequency with which a nonprofit senior leader has a personal page on LinkedIn higher than the frequency with which senior leaders of Fortune 200 or Inc. 200 companies do?

As the Office of the Chairman of the Joint Chiefs of Staff has shown, larger organizations have the resources to create and implement a social media strategy, including setting up accounts for senior leaders. If, as hypothesized, large organizations have greater resources to apply to the use of social media as part of a larger marketing scheme, research question number six would follow:

RQ6: Is the frequency with which a Fortune 200 senior leader has a personal page on LinkedIn higher than the frequency with which a senior leader of an Inc. 200 company does?.

**METHOD**

To compare the participation and usage of LinkedIn by the three types of organizations (large and small companies, and nonprofits) examination of visible, physical evidence of usage was conducted. First, the lists of organizations for each of the three organizational types were assembled. This study used Forbes’ “200 Largest U.S. Charities” list, a compendium of the nation’s largest charitable organizations that Forbes publishes annually based on the amount of private, nonprofit support the organization received in the latest fiscal reporting period (Barrett, 2010). The list of large companies was gleaned from the “Fortune 500,” a list of companies that are ranked by Fortune magazine (Fortune, 2011). This study used the top 200 companies from this list as the representatives for large companies. To assemble a list of small companies, the study used the “Inc. 200”—a list compiled by Inc. magazine of the top 200 U.S.-based, privately held, for-profit, independent companies—and assesses their revenue growth from 2006 to 2009. The minimum revenue for a company to make the list in 2009 was $2 million (Inc. Staff, 2011).

With the list of organizations assembled, examination of the LinkedIn site at www.LinkedIn.com was done to find whether each of the 600 organizations had a company page at LinkedIn. If the organization had a LinkedIn account and company page, this was recorded as a “yes.” Next, examination was done by visiting the organization’s website to record whether or not a LinkedIn logo was displayed at the website; if a LinkedIn logo was seen on the homepage, this was recorded as a “yes.”

To assess senior leadership acceptance of and support for the use of LinkedIn, the Chief Executive Officer (CEO) for the organization was identified based on information found at the organization’s website. If the organization did not have a CEO, the senior-most leadership position in the organization was identified; this often was a President for nonprofits. Once the identification of the senior most person was completed, LinkedIn was checked to confirm whether or not the senior leader maintained a personal page on the social media site. The identification of this page was used as evidence that the senior-most leadership of the
organization was actively participating in LinkedIn.

To test the research questions, chi-square tests were conducted. For each of the three dependent variables, a test was conducted to see if there were overall differences between the three types of organizations. These analyses were followed by paired comparisons.

RESULTS

Table 1 shows the number of companies that have a page on LinkedIn, the number of companies that have the LinkedIn logo on their website, and the number of CEOs who have a page on LinkedIn, each sorted by type of organization. Absolute frequencies as well as percentages are shown. Because the Inc. 200 list included companies that tied for a place on the list, the top 200 slots were actually filled by 202 companies.

Using chi-square tests, the study analyzed whether the frequency with which LinkedIn was used differed among the three types of organizations. It was hypothesized that LinkedIn would be used most frequently by the Forbes 200 nonprofit organizations and least frequently by the Inc. 200 organizations.

Page on LinkedIn

A significant difference was found between the three types of organizations in terms of the number of companies that have a page on LinkedIn (c² (2, N=602) = 13.43, p<.001). Paired comparisons of the three types of organizations showed, however, that the differences were not entirely as expected.

In contrast to the research question, there are actually fewer Forbes 200 nonprofit organizations than Fortune 200 companies that have a page on LinkedIn, although this difference failed to reach significance (c²(1, N=400)= .38, p=.54). As predicted, the number of Fortune 200 organizations with a page on LinkedIn is higher than that of Inc. 200 companies (c² (1, N=402)= 7.04, p<.01). The number of Forbes 200 nonprofit organizations that have a page on LinkedIn exceeds the number of Inc. 200 companies that have a page (c²(1, N=402)= 10.41, p<.01), which is also in line with the research question.

Logo on Website

The number of companies that use the LinkedIn logo on their website differs significantly between the three types of organizations (c² (2, N=602) = 29.51, p<.001). Paired comparisons showed, once more, that the differences were not entirely as hypothesized.

In line with the research question, the number of Forbes 200 nonprofit organizations that use the LinkedIn logo on their website was found to be higher than the number of Fortune 200 companies that use the logo (c²(1, N=400)= 10.10, p<.01). In contrast to what was expected, however, the number of Fortune 200

| TABLE 1: | Pages on LinkedIn, LinkedIn logos, and CEOs who have a page on LinkedIn, by type of organization |
|----------|--------------------------------------------------|---------------------------------|---------------------------------|
|          | Page on LinkedIn | Logo on Website | CEO on LinkedIn |
| Fortune 200 | 189/200 | 94.5% | 7/200 | 3.5% | 16/100 | 16% |
| Inc. 200   | 171/202 | 84.6% | 43/202 | 21.3% | 74/100 | 74% |
| Forbes 200 Nonprofit | 186/200 | 93% | 24/200 | 12% | 39/100 | 39% |
organizations that use the LinkedIn logo on their website is significantly lower than the number of Inc. 200 companies using the logo ($c^2 (1, N=402)= 29.19, p<.001$). Fewer Forbes 200 nonprofit organizations use the LinkedIn logo on their website than Inc. 200 companies, although this difference failed to reach significance ($c^2 (1, N=402)= 6.24, p=.01$).

**CEOs on LinkedIn**

A chi-square test including 100 companies in each type of organization was run to see if there are significant differences in the number of CEOs who have a page on LinkedIn. The outcome is significant ($c^2 (2, N=300) = 69.60, p<.001$). Again, paired comparisons demonstrated that the differences were not entirely as expected.

CEOs of Inc. 200 companies are far more likely to have a page on LinkedIn than CEOs of either Fortune 200 or Forbes 200 nonprofit organizations (74 of the CEOs of Inc. 200 companies have a page on LinkedIn versus 16 CEOs of Fortune 200 companies and 39 CEOs of Forbes 200 Nonprofit companies). Both differences are significant ($c^2 (1, N=200)= 67.96, p<.001$ for the comparison with CEOs of Fortune 200 organizations and $c^2 (1, N=200)= 13.27, p<.001$ for the comparison with CEOs of Forbes 200 nonprofit organizations). These findings contradict the research questions. The finding that CEOs of Forbes 200 nonprofit organizations are more likely than CEOs of Fortune 200 organizations to have a page on LinkedIn ($c^2 (1, N=200)= 24.92, p<.001$), is in line with the research question.

**DISCUSSION**

Despite nonprofit organizations’ early adoption of other social media, the research shows that their marketing efforts and networking energy are not directed toward LinkedIn. The evidence shows that all three types of organizations participate to a significant degree, scoring an 85 percent participation rate or higher as demonstrated by the creation of an organizational page on the social media site. Somewhat surprisingly, Fortune 200 companies are most active in this regard, but nonprofit organizations are close behind. Given the Barnes and Matson’s study of nonprofits’ high adoption rate of social media, it was expected that these roles to be reversed, but the deep pockets of the Fortune 200 may indicate a greater capability to exploit an array of marketing channels (Barnes, et al., 2010). The high participation rate and lack of a significant difference among the three types of organizations indicates a general recognition of LinkedIn as one tool in the organizations’ social media marketing tool kits. That, however, is where the strategies start to diverge.

Small businesses, as represented by the Inc. 200, appear far more focused on leveraging LinkedIn as a tool than the other two types of organizations. As the research on the inclusion of the LinkedIn logo on the organization’s website shows, small companies are including this visual reminder on their websites more often. Small businesses are ahead of nonprofits in this regard but are significantly ahead of the Fortune 200 organizations. Given that both small businesses and nonprofits are more likely to have fewer marketing resources to implement and maintain social media strategies, the fact that both small businesses and nonprofits are far more aggressive than Fortune 200 companies may indicate a deeper understanding of the benefits of this free resource for their networking and marketing needs.

Perhaps most interesting is the CEO adoption rate of LinkedIn. CEOs of small businesses appear far more likely to participate directly in LinkedIn. These CEOs may view LinkedIn as a useful and inexpensive tool for networking with potential customers and prospective employees. Given LinkedIn’s focus on professional networks that are built at a personal level, this social media tool may be best suited for smaller organizations that are working at a more personal level to generate revenue, such as nonprofits or small businesses. Additionally, small businesses tend to use
entrepreneurial marketing techniques that focus more on experience, intuition, and adaptive strategies (Hills, et al., 2008). This approach may partially explain the greater use of LinkedIn by small business CEOs.

**IMPLICATIONS**

Internet users increasingly are using social networks to share content—e.g., information, views, or news—with friends and family (Ayers, 2011). Organizations use social media to safeguard or build reputations, find new customers, build communities, and engage customers or constituents in conversations (Jones, Temperley, and Lima, 2009). Small business CEOs tend to be involved in many aspects of the company and as a result, may perceive less of a social distance from their customers, which could lead to greater participation rates. In turn, their accessibility on LinkedIn, as evidenced by their greater participation rates, may lead to higher connection rates for their companies overall and stronger social networks. These stronger networks, in turn, could help reinforce a company’s image as responsive to and supportive of its customers when compared to larger, more bureaucratic organizations.

Indeed, research indicates that small businesses spend roughly the same as large companies in the U.S. online advertising market, indicating that an online presence is a key ingredient in the small business marketing strategy (Efrati, 2011). Moreover, research also shows that word-of-mouth referrals, such as those that are easily created through a professional social networking site such as LinkedIn, are important for new customer acquisitions—a critical element for small businesses (Trusov, et al., 2009). Conversely, if CEOs maintain a page on LinkedIn but fail to respond to LinkedIn messages or connections, this action may negate the benefit and actually be counterproductive.

Jaskyte (2011) suggests that nonprofit adoption of innovative technologies and techniques may be dependent on top leadership in the organization. As such, the results of this LinkedIn study may shed more light on the resourcefulness of small organizations, including small businesses: it would appear that small businesses in general, and small business CEOs in particular, view the LinkedIn social networking site as a critical component of a successful and inexpensive marketing campaign.

From a limited resources perspective, both small businesses and nonprofits may be using LinkedIn to find and recruit talent for their organizations, at least more so than large corporations. Lacking the resources to staff a sophisticated human resources department, small businesses and nonprofits may view LinkedIn as a more cost-effective method to identify and contact potential employees, as well as tap into the potential employee’s LinkedIn network as a source of information about the prospect.

**LIMITATIONS OF RESEARCH**

While nonprofits are typically viewed as resource scarce and dependent upon grants and donors for their operating budgets, the choice of the Forbes 200 nonprofits may skew the results somewhat. Given the position of these nonprofits as having the largest operating budgets in the country, as defined by Fortune magazine, their actions may be more akin to those of large companies whose marketing budgets are significant. For example, given the name recognition and successful branding of such well known organizations as the American Red Cross with its nation-wide disaster relief appeals or the Salvation Army with its ubiquitous Christmas ringers, the more successful nonprofits may operate more like a large corporation than a small business.

The data gathered for this comparison is highly perishable, as participation rates can change at any moment. As such, this study represents only a snapshot in time, compared to longitudinal studies, and overall analysis could be improved by continuing the study year-over-year. The study examines the empirical
evidence, but without further interviewing the organizations’ leadership, it is hard to
determine the reasons why some organizations participate more fully in the LinkedIn social
networking opportunity. Follow-up surveys or interviews with company leadership and/or
marketing departments could shed more light on why there is a difference among
organizational approaches to this particular type of social network and assess organizational
strategies vis-à-vis this marketing tool. Also, while the study presents the first deep-dive
analysis of organizational usage of the LinkedIn social network, it does not tackle the larger
issue of effectiveness associated with organizational participation, which is beyond
the scope of this study.

This study also may be skewed by the comparison of the Fortune nonprofit 200 to the
Inc. 200. Because the largest nonprofits have operating budgets that more closely mirror
those of large companies, they might not have the same resource constraints as small
businesses. The results of this study indicate that a comparison between smaller nonprofits
and small businesses may be more valid and yield interesting insights into organizational use
of LinkedIn.

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