

External and Internal Drivers of Small Retail Businesses' Social Media Use: An Innovation Diffusion Theory Perspective

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Introduction and Purpose. The power of social media (SM) has tempted many firms to integrate SM into their business strategies. If used effectively, SM can help small retail businesses stay in touch with customers, provide better customer service, and expand their market with reduced marketing costs (Delzio, 2015). Nevertheless, some small businesses do not use SM, citing lack of time or resources as barriers ("Small Businesses," 2015). According to the diffusion of innovations theory (Rogers, 1983), perceptions about an innovation predict whether an individual or organization adopts or rejects the innovation; and these perceptions are driven by internal or external factors driving the decision unit's knowledge of the innovation. Norms of the social system surrounding the decision unit can exert external pressures, while the decision unit's internal characteristics, such as organizational culture of openness/learning, can also play a pivotal role in its innovation adoption/rejection decision (Rogers, 1983). Based on this theoretical reasoning, the purpose of this study is to examine how the levels of external pressures and organizational culture of openness/learning influence small business owners'/managers' (hereafter, SBMs) decision to use SM by altering their perceived usefulness and barriers.

Literature Review and Hypotheses. In this study, *perceived usefulness* reflects SBMs' perception of how much their business would benefit from using SM (Davis et al., 1989), whereas *perceived barriers* refer to SBMs' perception of inadequacy that may hinder their SM use (Michaelidou et al., 2011). Perceived usefulness and perceived barriers are top drivers and inhibitors, respectively, of new technology adoption (Pan & Jang, 2008; Siamagka et al., 2015). Thus, we predict that SBMs' perceived usefulness would positively influence their SM use intention (H1), whereas perceived barriers would negatively relate to the SM use intention (H2).

Social influence has been known to drive an innovation adoption intention by influencing the decision maker's perceptions (Davis et al., 1989). *External pressures* address the social influence from external environment around a business, such as stakeholders, competitors, and customers (Iacovou et al., 1995; Shih, 2008). External pressures have been known to exert positive influences on perceived usefulness of an innovation, which in turn influence an organization's adoption intention (Chwelos et al., 2001; Ramayah et al., 2003). Further, although little research is found regarding the influence of external pressures on perceived barriers in organizational innovation adoption, a negative relationship between social influence and perceived barriers was found in the context of individuals' healthcare technology adoption (Murphy et al., 2014). Given this literature, we predict that external pressures positively predict

SBMs' perceived usefulness (H3) and negatively predict their perceived barriers (H4) of SM use; and exert an indirect influence on SBMs' SM use intention through these perceptions (H5).

In addition to the social influence, the organization's internal characteristics, particularly its *openness and learning*, or ability to learn and share knowledge, skills, and techniques (Argyris, 2003), has been found to influence employees' perceived usefulness of an innovation (Al-Jabri & Roztocki, 2015). Further, the culture of openness/learning may foster a supportive environment to enhance employees' skills and knowledge, which may reduce the perceived technical barriers to innovation adoption (Demircioglu, 2018). Thus, we propose that openness and learning positively predicts perceived usefulness (H6) and negatively predicts perceived barriers (H7); and indirectly influence SBMs' SM use intention through these perceptions (H8).

Methods. An online survey was used to collect the data from a U.S. national sample of 186 SBMs. The participants were recruited from The Qualtrics market research panel who satisfied screening criteria of 1) being 19 or older, 2) own or work for an organization which serves final consumers as customers and has 500 or less employees; and 3) hold a position in the organization that can influence its SM use decision. The survey included 5-point Likert-type scales adapted from existing measures for the research variables. Participants consisted of 57% women and 43% men. Majority of them were non-Hispanic White (70%), owners of their business (53%) with at least some college education (90%). Average age of respondents was 45. Majority (90%) of them mentioned that their organization is already using some SM.

Results. Confirmatory factor analysis revealed the validity and reliability of all measures (AVEs > .50; AVEs > SMCs; Cronbach's α > .80). Results from structural equation modeling (SEM) with the maximum likelihood estimation method (Model 1, see Figure 1; $\chi^2 = 428.1$, $df = 183$, $p < .001$; CFI = .89, IFI = .90; RMSEA = .085) revealed that SBMs' SM use intention was positively explained by perceived usefulness and negatively explained by perceived barriers of SM use, supporting H1 and H2. External pressures positively influenced SBMs' perceived usefulness, supporting H3; but did not significantly predict SBMs' perceived barriers, rejecting H4. Openness/learning was a positive predictor of SBMs' perceived usefulness, supporting H6; and a negative predictor of perceived barriers, supporting H7. Then, another SEM, run with additional direct paths from external pressures and openness/learning to SM use intention and 2000 bootstrap samples (Model 2, see Figure 2; $\chi^2 = 403.1$, $df = 181$, $p < .001$; CFI = .90, IFI = .91; RMSEA = .081), revealed that external pressures had direct influences on SBMs' SM use intention, rather than indirect influences (indirect effect C.I. = [-.08, .29], $p = .33$), rejecting H5. On the other hand, the indirect influence of openness/learning on SM use intention was found significant (indirect effect C.I. = [.03, .21], $p < .05$), supporting H8.

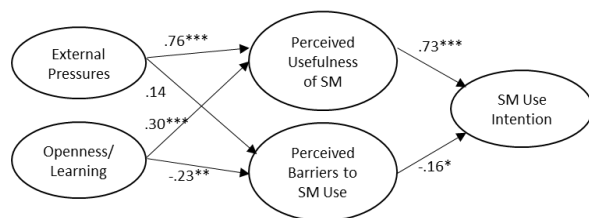


Figure 1. SEM Model 1

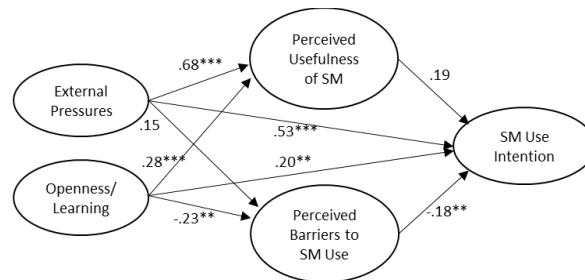


Figure 2. SEM Model 2

Discussion and Implications. This study reveals that openness/learning and external pressures influence small retail businesses' intention to use SM, directly or indirectly by altering their perceived usefulness and barriers. Findings of this study support Roger's (1983) diffusion of innovations theory, which posits that a decision unit's perceptions about an innovation predict its adoption of the innovation, and these perceptions are driven by both internal and external factors. Findings of this study suggest that external pressures, the social norms of increasing SM use, serve an effective catalyst for small businesses' SM use intention, although it may not relieve barriers. The organizational culture of openness/learning can be a helpful attribute for small businesses to appreciate benefits of SM and relieve barriers to using SM. These results provide an empirical model and insights to understand small retail business's social media adoption, which is becoming increasingly important in the era of digital marketing. The findings could be a stepping stone to future research that investigates internal and external drivers of small businesses' SM adoption more deeply.

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