Factors Influencing SMEs Adoption of Social Media Marketing

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Abstract

Social media marketing usage and adoption as a new communication tools by organization and SMEs is increasingly globally and offers unique opportunities for small and medium enterprises and marketing researchers to undertake research that will have an impact. The purpose of the paper is to review the academic literature on factors that drive social media marketing adoption in SMEs and organization. The topic enable others to establish a balanced picture of the current state of global social media marketing adoption research. It also offers a useful means to analyze the kinds of research that needs to be pursued to make additional research progress in the related area of social media marketing.

Keywords: Social media marketing; technology adoption; SMEs; literature review

1. Introduction

Small medium enterprises (SMEs) is recognized as one of the main contributors to economic, development and employment growth. Despite it play a major role in today’s world economy, SMEs is well known having limitation and acceptance barriers in adopting a new technology although the revolution of internet and communication channel has changed the way people conduct business today. In recent years, social media has became a new marketing communication tool in rapid and dynamic pace. Increasing numbers of businesses leveraging the social media and other electronic media in conducting their marketing efforts, giving the chance for electronic based marketing researchers to study more in this area. While having the adoption barriers, implementing social media marketing by SMEs might create not only a lot of opportunity but can change the shape and nature of its business all over the world.

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From the author view, it is noticed that the trend of utilizing social media offers a research opportunity. Thus, it is essential to understand the factors that contribute the adoption of social media marketing among SMEs in conducting marketing activities within business enterprises.

This paper reviews related studies on SMEs barriers to adopt technology, the emerging social media-marketing concept and the factors that related to adoption. The structure is organized as follows. In Section 2 there will be a literature review on social media and e-marketing, Section 3 describes SMEs and technology adoption barriers, Section 4 explains the social media marketing adoption within SMEs and Section 5 list of literatures on factors that influence the adoption. Finally, the paper is concluded with description of future work.

2. Social media marketing: a subset of e-marketing

Social media marketing can be viewed as a new field and a new business practice involved with the marketing of goods, services, information and ideas via the online social media. However, there is also confusion between the discipline called social marketing and social media marketing. Numerous references on internet have mislabelled social media marketing as simply social marketing.

Social media offer a unique marketing communication method (Eagleman, 2013). Social media marketing makes use of these social media applications as an extension to fulfil the traditional marketing. Marketing activities via online applications that allow the production of information and being collaborate among users (Kaplan and Haenlein, 2010) and leverage mobile and web-based technologies to create interactive medium where users and group members sharing, co-creating, discussing, and modifying known as user-generated content (Kietzmann et al., 2011). By manipulating the user generated content has enable businesses to forecast the future purchasing behavior of their customers more accurately (Kim and Ko, 2011), enhances brand post popularity (Vries et al., 2012), attract new customers (Michaelidou et al., 2011), build awareness, increase sales and build loyalty (Castronovo, 2012). The rapid use of users and the intensity of user-generated content might create not only a lot of opportunities for small business enterprises but also can eliminate a lot of its threats. As Michaelidou et al. (2011) noted that using social media does not require a great financial investment relatively low cost.

In this paper, the terms social media marketing and Internet marketing will be used interchangeably and will be taken to include the activities of e-marketing. The definition of social media marketing includes using the social media platforms and its related technologies and features to help achieve marketing objectives in conjunction with other marketing communication tools.

3. SMEs and technology adoption barriers

SMEs has a significant contribution to many countries. Literature regarding the contribution of SMEs to economy covered vast and wide facet. Kuan and Chau (2001) iterated that the new job creation, contribution to gross national production (GDP) and production of innovation in technology are some of major SME contribution in US. Same evidence in Europe, where 99.8 percent of the firms establishment are SMEs and created two-thirds of the turnover and business employment (Carayannis, et al., 2006). SMEs raise the standards of living for their families and also play an crucial task in contributing towards a stable and sustainable social and economic community environment (Samujh, 2011).

Over the past few decades, numerous studies have been conducted by policy makers, academicians, and business consultants to investigate the types of business problems encountered by SMEs. Many of the studies able to identify not only the types of problems small business face, but also the relative significance of these problems. In Malaysia, the problems faced by SMEs are the lack of sales and marketing to the use out-of-date technology in their operation (Hashim, 2007). SMEs has uniqueness with limited resources, capital, human and technology (Davis and Vlaida, 2006). There also has been a research on the factors inducing SMEs to introduce information technology (Morgan et al., 2006; Riemenschneider et al., 2003).

Compared to larger corporation, most SMEs perceived the barriers of implementing IT into their business operations as expensive initiative, risk, complex procedure, technical expatriate, and customer services (Chong et
Even there is a significant interest in social media based marketing, very little notable research specific on adoption process with related technology adoption theories has been produced. Pookulangara & Koesler (2011) conceptual paper puts forth a research model using Hofstede’s cultural dimensions and Technology Acceptance Model 3 to examine the cultural influence on social networking and its influence on purchase intention. Curtis et al., (2010) applied the Unified Theory of Acceptance and Use of Technology (UTAUT) exhibits positive correlations between UTAUT factors and credibility, which indicate a greater likelihood to adopt social media in public relations departments. Sarosa (2012) used Actor Network Theory (ANT) by Indonesia SMEs to explain the adoption social media networks due to its ability to explain the adoption phenomenon as an interactive process between organisations and its environment rather than focusing on individual factors that may affecting the adoption.

Although there are a significant number of attempts has been done by different researchers that contribute the body of knowledge in social media marketing in a different domain and industries, previous literature has not specify clearly approach to measure on social media marketing adoption technologically.

To keep the issue for an open discussion for this paper, an inclusive term of social media marketing adoption is defined to cover the multiplicity of related technology adoption within e-marketing, internet marketing and ICT technology adoption which applied the relevent theories of technology adoption and can be adapted.

### 3.2 Related Theories on Technology Adoption

In order to describe the process of social media marketing adoption, it is essential to scrutinize the adoption concept. To answer questions of how and why social media marketing adoption occurs, it is necessary to turn to the available technology adoption theory. Different definition of technology adoption in organizations has been provided by prior literature such as decision to accept and use the innovation, implementation success (Bruque and Moyano, 2007; Cotter, 1993), extent of usage (Ayu and Abrizah, 2011) and effectiveness and success of adopted IT based on acceptance of or satisfaction with IT (Chen et al., 2012; Hwang, 2010).

Some of the perspectives that have been offered are theories about diffusion, and these explain and predict how and why a technology is adopted through different channels. Other theoretical perspectives involve human behavior and the impacts they have on an individual’s willingness to adopt and their likely effectiveness in using a technology. Many theories that deal with technology adoption are not specific to social media marketing adoption, yet it still has relevancy when being view in a general technology adoption context.

#### 3.2.1 Theories about Diffusion

Many previous works has refer to Beal & Bohlen (1957) who introduced a various stages of technology adoption started from awareness, interest, evaluation, trial and adoption. The five stage of technology adoption is a key research to understand the adoption stages among country. It offers the stages, which allow us to categorize a country in technology adoption. To compare on timing and progress of adoption, Rogers (1995) proposed 5 adopter categories which emphasis on population of the adopters. Even Roger’s work hypothesized a country level, this pattern has been extend to individuals, organizations, and industries within a country. It also is expected that the pattern will be similar for the global context of social media technology.

Bass in 1969 categorized technology adopters into two categories: innovators and imitators. Innovators in the social media adoption context are firms or countries that base their technology adoption decisions independent of the decisions of other firms or countries. Meanwhile, imitators are influenced by other firms or countries in their decisions to adopt.
The generalized Bass Model (Bass et al., 1994) introduced decision variables such as marketing effort and price. He concluded that marketing effort and price decision variables affected time to technology adoption. The original Bass model and the newer model only provided the same fit so long as marketing effort remained constant.

The Situational Motivation Scale (SIMS) was developed as a means for measuring situational intrinsic and extrinsic motivation (Guay et al., 2000). Eagleman (2013) applied SIMS in his study to understand motivations of sport organizations currently using social media, which SIMS served as an appropriate scale to measure motivation. (Curtis et al., 2010) study on social media use amongst public relations practitioners used the SIMS to measure respondents’ motivation for using Twitter for their jobs.

### 3.2.2 Theories on Behavioral Perspective

While related theories of technology adoption are useful to explain technology adoption outcomes, behavioral theories focus on the individual analysis level where human behavior has its impacts. The Theory of Reasoned Action (TRA) by Ajzen (1991) stated that attitudes and subjective norms influence behavioral intention. Davis (1989) applied TRA to the individual level of technology adoption behavior. The resulting outcome was one of the most recognizable behavioral theories of technology adoption, the Technology Acceptance Model (TAM). Two key constructs influence an individual’s intention to use a technology are Perceived Usefulness (PU) and Perceived Ease of Use (PEU).

TAM provided a widely accepted model in many different technology. The model had been tested for more than two decades predicting and explaining behavior. Research by Oh et al., (2009) and Grandon and Pearson (2004) has used and tested TAM across a multiple technology field. Venkatesh et al., (2003) extended TAM and introduced factors from related models, incorporated alternative belief factors, and examined antecedent and moderating factors to the existing usefulness and ease of use constructs. An example of this approach resulted in the Unified Theory of Acceptance and Use of Technology (UTAUT). It uses constructs including performance expectancy, effort expectancy, social influence, and facilitating conditions, with moderators of gender, age, experience, and voluntariness of use ultimately influencing technology adoption intentions. The result outperformed eight existing models in predicting technology acceptance.

While extended TAM and UTAUT are tested and believed to be effective in investigating technology adoption for individual, TAM is still valid and more suitable to investigate technology adoption by business organization such as SMEs. This being supported by Rogers (1995) who defined innovation as an idea, practice, or object that is perceived as new by individual or another unit of adoption.

Researchers Yu & Tao (2009) explained since a business comprises a group of individuals, meaning business behavior is collective behavior of individuals, the Perceived of Usefulness of business level TAM can be defined as the number of benefits obtainable by the company using the new technology, which is subjectively evaluated by key decision makers in firms. Likewise, Perceived Ease of Use can be defined as the degree to which business can effortlessly use the new technology. Effort in this context can refer to monetary investment, employee training time, technology switching barriers and maintenance costs.

In the case of SMEs where the business decision-making process for the business owner or manager is identical to the individual decision making process. From the literature, the new technology adoption behavior demonstrated by the business might depict the same behavior by a single individual. This can be concluded as generalized business level technology adoption attitude and behavior maybe can also be effectively explained by TAM.

Another relevant perspective, Task-Technology Fit Theory, believed that task and technology characteristics influence the use and performance of different technologies by human users (Goodhue and Thompson, 1995). Various researchers have explored its strengths and weaknesses. Vatanasakdakul and D’Ambra (2007) have argued that utilization, national culture, business relationships, and technological infrastructure are precursors to task and technology fit between organizations. (Massey et al., 2001) found that cultural differences, especially with respect to country of origin significantly impact individual perceptions of Task-Technology Fit Theory.
4. Social media marketing adoption factors

The author reviewed the literature by determining the initial databases that could be considered as the potential publications outlets in the field of E-Marketing, Internet Marketing and Social Media Marketing. Based on that, the literature search was based on some related domain to investigate the different research areas, theories and methodologies applied in the literature of E-Marketing in general and E-Marketing in Small Medium Enterprises (SMEs) in particular. These related domains are E-Marketing, Internet Marketing, E-Business and E-Commerce. Author has examined a group of studies that represent different kinds of internal and external factors that related to technology adoption.

• End Users

From literature, end user has a major influence to the technology adoption process among SMEs. Bruque & Moyano (2007) mentioned that training system in SMEs will allow the transfer of knowledge required to make use of the new tools at the same time modify the workers’ attitude towards technological change. Insufficient and lack of technical knowledge, combined with little appreciation of the benefits of e-commerce, remains a major difficulty for SMEs (Stockdale and Standing, 2006). Others such limitations on specific technical does exist but can be overcome by hiring suitable technical person (Gilmore et al., 2007).

El-Gohary (2012) found out the usefulness and ease of use has a reasonable positive direct impact on E-Marketing adoption by Egyptian small tourism organizations. The result confirmed the study by Grandon and Pearson (2004), when perceived usefulness were found to be statistically significant as determinants of e-commerce adoption. Pookulangara and Koesler (2011) also tested perceived usefulness in research on social media usage and it’s impact to online purchase intention. There are also studies on perceived compatibility and relative advantage to adoption process (Al-Qirim, 2007; Kendall et al., 2001).

• Organizational

Management will facilitates and rationalises the interchange of information in the new structure (Bruque and Moyano, 2007). Top management influence in matters of resource availability ensures that adequate money, time and human talent are available for the initiation and completion of new e-commerce projects (Tarafdar and Vaidya, 2006). This organizational characteristics determine the extent of EC adoption. For instance, awareness and enthusiasm about emerging technologies, comfort with their use on part of managers, and the existence of related experimentation and innovation positively influence the adoption (Tarafdar and Vaidya, 2006). Small businesses that adopt IT are larger in size however competitiveness of environment and information intensity are not significant influencer between adopters and non-adopters of technology (Thong and Yap, 1995).

• Technological

No systems sophisticated enough to measure effectiveness of e-marketing. To identify sales derived from the technology is difficult when it comes to return of investment and cost involved (Gilmore et al., 2007). Many research includes cost as an important variables to determine the factor influencing adoption (El-Gohary, 2012; Al-Qirim, 2007; Kendall et al., 2001; Gilmore et al., 2007). Previous studies shows users has became more receptive towards internet, however there are some expectations and concerns about credibility of technology when it comes to money invested (Curtis et al., 2010; Stockdale and Standing, 2006). Eventually there are still some barriers to SME when in comes to language and common technology problem such as spamming (Kendall et al., 2001). Innovation in technology has also a concern on technology compatibility with other business related enviroment within organizations (Al-Qirim, 2007).
• Management

In SMEs, electronic based marketing adoption process is directly affected by top management where all decisions from daily functions to future investments are made by them (Bruque and Moyano, 2007; Nguyen, 2009). Management role will leads to a higher level of commitment and participation among the member and workers in their firm, and consequently, a stronger involvement in technology adoption (Bruque and Moyano, 2007). Leaders who are well informed about emerging technologies can induce other managers to consider their use. Leaders who are positively disposed towards e-commerce deployment encourage and support the innovations (Tarañdar and Vaidya, 2006). Small businesses that adopt IT more likely to have CEOs who possess positive attitude, innovative and knowledgeable towards adoption of technology (Thong and Yap, 1995).

• Business Environment

SMEs perceived technology as a tool to stay in competition. When the competitors start to use technology to stay ahead, SMEs tend to jump into the wagon and start to embrace the new technology (El-Gohary, 2012; Al-Qirim, 2007; Ifinedo, 2011; Grandon and Pearson, 2004). Government influence, policy and initiatives influence the adoption. The basic infrastructure such as high speed internet connection is important to encourage the usage of technology (El-Gohary, 2012). Another important factors is when the market is ready and available to use the medium and can accept such transaction electronically (Al-Qirim, 2007; Kendall et al., 2001). Same situation with vendors and business partners (Al-Qirim, 2007; Ifinedo, 2011; Kendall et al., 2001; Stockdale and Standing, 2006). Globalization, economy climates and market trend are important external factors that affect the SMEs decision (Stockdale and Standing, 2006; El-Gohary, 2012). Pookulangara and Koesler (2011) also tested culture as a mediating factors to adoption in social media marketing.

6. Discussion and future research direction

Comparatively there is little research that has focused on the social media, scholarly research on social media and its marketing communications role within the business and organization industry is expanding. Social media marketing refers to the use of social media technology in order to conduct a firm’s marketing activities. Even many SMEs facing many limitations including technology adoption as the obstacles for this group to grab the opportunities that can help the company enhancing their business performance, social media marketing perceived as a very promising channel of business communication. However, with their limited resources, any misconception and lack of understanding on technology would have a severe effect on small businesses.

By reviewing the relevant literature it is noticed that definitions of social media marketing has a significant relationship with e-marketing. Since internet marketing only refers to the Internet, World Wide Web, e-mails, El-Gohary (2010) proposed a diagram to shown how internet marketing is a subset of a broader scope e-marketing. Meanwhile Kaplan and Haenlein (2010) refer social media as an online applications that has a close aligned characteristics with internet application. Thus there is a significant evidence to categorize social media marketing as a part of internet marketing. From the author’s point of view, it is valid to define, classify and assess social media marketing as a part of e-marketing.

From the literature, shown that many studies applied technology adoption theories and frameworks to evaluate and assess various effect on businesses and organization. Internal factors such as users and individual has been identified as a main contributors that affect the adoption. For SMEs, it is valid to include factors such managerial and organizational. As business environment and global economy factors are also important, thus to include such factors as external determinant is also relevant for future research direction.
References


