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The performance impact of social media in the chain store industry☆

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ABSTRACT

This study examines the role of social media marketing strategy and its relation to organizational culture, strategic leadership, organizational learning, social network, innovation orientation, and performance in the chain store and franchise context. The study uses data from 327 active firms from a chain store and franchise system in Taiwan. The study tests the predictions of relationships using mail survey data from the sample, and employs structural equation modeling (SEM) and fuzzy set qualitative comparative analysis (fsQCA) to analyze the research questions. Results show that social media marketing strategy, organizational culture, strategic leadership, organizational learning, social network, and innovation orientation are key factors in reinforcing a firms' organizational performance within the chain store and franchise system. The study provides theoretical and managerial implications.

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1. Introduction

A broad variety of social media tools enable firms to connect to a wide range of potential and existing customers (Briones, Kuch, Liu, & Jin, 2011; Chang, Yu, & Lu, 2015). Firms need to connect with customers to post content, share ideas, learn, and fulfill social needs (Ferreira, da Rocha, & Ferreira da Silva, 2014). Social media can generate further exchange, is a powerful tool to expand one's network of sources, and helps in connecting with acquaintances and strangers (Chang et al., 2015). This expanded social media can contribute better to improve decision making than traditional methods (Bruhn, Schoenmueller, & Schafer, 2012).

Social media, including Facebook, Twitter, and LinkedIn, provide a continuum of social exchange over time. More companies recognize that social media provide a means to communicate and change the business model creating new opportunities (Kim & Ko, 2012; Sashi, 2012). Specifically, social media emerge as an integral dimension of how people buy (Culnan, McHugh, & Zubillaga, 2010; Zaglia, 2013), and become an important facilitator of customer relationships (Bianchi & Andrews, 2015; Curran & Lennon, 2011). Web-enabled devices, such as smartphones, compact digital cameras, and pocket

video cameras, change the pace of capturing information. Twitter and Facebook lead the new technologies, and social media affect every aspect of business.

The literature defines the term "social media" as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 technology, and allow the creation and exchange of user-generated content (Bianchi & Andrews, 2015; Chang et al., 2015; Kaplan & Haenlein, 2010). Users employ social media sites like YouTube, Flickr, and Twitter to self-replicate among a widely dispersed group of individuals (Bruhn et al., 2012). Kaplan and Haenlein (2011) and Sashi (2012) define social media marketing as electronic word of mouth and as some form of marketing message of a firm, brand, or product. Despite strong buyer enthusiasm, many firms remain skeptical about embracing social media to assist the marketing function (Ferreira et al., 2014; Sashi, 2012). From a marketing-strategy perspective, understanding of how social media obtains maximum benefits is still a research gap. The literature attributes this research gap to a combination of cost, time, and lack of top management knowledge, unproven success metrics, and the company's perceived loss of control (Whelan, Parise, De Valk, & Aalbers, 2011). Because of a number of technology-related challenges, firms are slow to adopt social media as a strategy to leverage business opportunities (Kaplan & Haenlein, 2010). Social media allows for a more fluid and interactive means of communication, messaging in the form of tweets, Facebook post, and blogs (Chang et al., 2015; Culnan et al., 2010). This research aims to fill the research gap, and examines the role of social media marketing strategy and its relation to organizational culture, strategic leadership, organizational learning, social network, innovation orientation, and performance in the chain store and franchise context.

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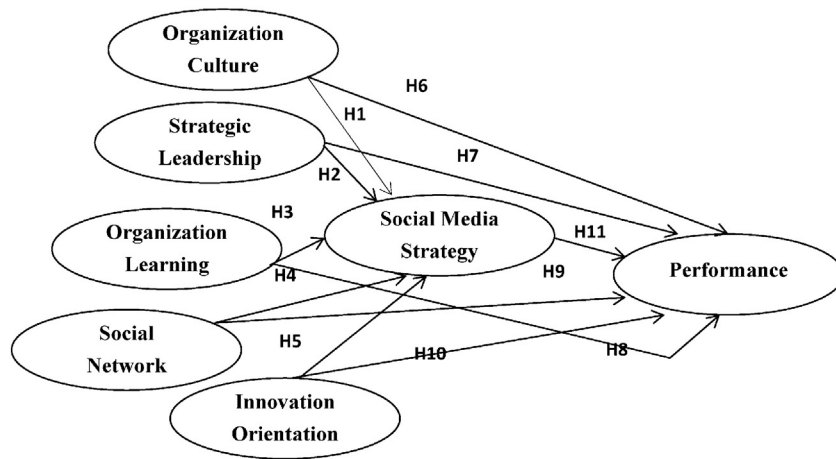


Fig. 1. Research framework.

The purpose of this study is to analyze the effects of the emerging social media environment on organizational strategy and performance, from a resource-based viewpoint and the social media marketing theory. The research identifies relevant gaps where the literature does not adequately address the research questions; in addition, this article argues that certain characteristics of performance and strategy enable organizations to increase the likelihood of adapting social media to add extra value. This research addresses the question of how organizations can leverage social media strategy to achieve competitive advantage. This article's contribution is significant because of the lack of research on social media and organizational performance from a marketing perspective.

2. Literature review

2.1. Social media

Social media changes the classic business dynamics. Through more efficient communication means, such as weblogs, social networks, social bookmarking sites, wikis, and virtual worlds (Curran & Lennon, 2011), social media facilitates promotion to dispersed individuals with seemingly marginal concerns (Rodriguez, Peterson, & Krishnan, 2012). In addition, social media allows salespeople to coordinate internal value creating functions, and delivers superior value in customer relationships (Bharadwaj, 2000; Kaplan & Haenli, 2009). Social media also captures the attention of managers. A recent global survey of managers finds that almost half of the buyers pay attention to the role of social media in the buying process (Agnihotri, Kothandaraman, Kashyap, & Singh, 2012). In fact, the structure of social media is an antecedent to social capital creation and maintenance (Kaplan & Haenli, 2009). Social media fosters mutual enrichment through conversation, exchange, and participation (Whelan et al., 2011). In addition, social media reduces transaction and coordination costs, and is an important marketing strategy in which organizations build relationships with customers (Agnihotri et al., 2012; Culnan et al., 2010).

2.2. Organizational culture

The literature defines organizational culture as a pattern that a group invents, discovers, or develops (Argyris, 2003). Capaldo (2007) indicates the positive effect of organizational culture on organizational performance. Effective leadership depends on the theoretical approach (Cummings, 1965) and on leadership studies (Elenkov & Manev, 2005). Organizational culture includes the system of shared values, beliefs, and assumptions that help individuals and groups to function within organizations (Fiol & Lyles, 1985). Organizational culture is a pervasive social system phenomenon that affects managers' choices of

desired outcomes (Elenkov & Manev, 2005), decisions about the means to achieve desired outcomes (Levitt & March, 1988), and the behavioral norms of individuals and groups within an organization (Elenkov & Manev, 2005). From this strategic perspective, the competing values approach supports many empirical examinations of organizational culture in organization theory, and participates in a number of marketing studies. Social media marketing researchers and managers consider organizational culture as an important issue.

2.3. Strategic leadership

Many researchers work in the field of leadership styles (Elenkov & Manev, 2005). Moorman (1995) states that a firm's organizational system determines how to use information and that leadership can influence the adoption rate. Researchers and scholars study the relationship between leadership and strategy. However, scholars do not pay attention to the scientific and philosophical bases of leadership style (Vera & Crossan, 2004). Leadership affects the overall behavior and thinking of any organization's staff and strategic leadership implies an intellectual consideration of problems. These meta-analyses support the theory that leaders focus on collective goals and promote their commitment, effort, and performance (Elenkov & Manev, 2005). Thus, strategic leadership promotes learning and innovating to enhance the overall performance (Bontis, Crossan, & Hulland, 2002; House & Aditya, 1997; Vera & Crossan, 2004).

2.4. Organizational learning

Social media is a function of organizational learning due to its ability to connect and share knowledge across people's networks (Argyris, 2003). Levitt and March (1988) provide further evidence of how embedded processes and tools prevent individuals within the organization from adopting new effective methods. Firms have trouble learning, changing, and improving themselves (Argyris, 2003); however, organizational learning represents the development of knowledge that influences behavioral changes and leads to enhanced performance (Crossan et al., 1999; Fiol & Lyles, 1985). Thus, organizational learning is a process by which a firm acquires information, understanding, know-how, techniques, and practices to improve organizational performance (Fiol & Lyles, 1985). Therefore, firms with high levels of learning usually have greater innovations (Levitt & March, 1988). Consequently, firms with organizational learning can update their knowledge base to respond to uncertainties and adapt to external changes at a faster rate to maintain a long-term competitive advantage (Argyris, 2003).

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