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## Examining the impact of managerial involvement with social media on exporting firm performance

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### ABSTRACT

The growth of social media presents international businesses and marketers with unprecedented risks and challenges. Marketers are becoming aware of the threat of losing control over their message and are also beginning to realize the potential of social media as a marketing tool. Based on export managers' beliefs about social media use outcomes, as well as their attitudes, intention to use, and actual use of these applications of Web 2.0, three groups of Spanish exporters are identified according their managerial involvement with social media tools: 'potential in SM', 'initiated in SM', and 'expert in SM'. Considering other firm characteristics and type of sector, these three clusters of exporting firms are fully characterized and their relationship with firm performance is determined. From these results, relevant implications emerge for academic researchers, entrepreneur-managers and policy-makers.

### 1. Introduction

It is now widely accepted that the Internet and allied information and communication technologies (ICT) have facilitated enterprises' internationalization. Moreover, as the World Wide Web has evolved, it has provided new tools that enable such firms to internationalize more rapidly and engage more effectively with customers in a wider range of more complex business activities (Bell & Loane, 2010). In fact, advances in the area of ICT have brought sweeping changes to people and firms' life and to the marketing practice. As a result, online marketing is claiming an ever-increasing portion of the marketers' attention and corporate budget.

The most profound effect of the Internet on marketing practices was the migration of market power from the business to the customer (Constantinides, Lorenzo, & Gómez, 2008; Rha, Widdows, Hooker, & Montalto, 2002; Rogers, Chamberlin, Ellison, & Crean, 1997; Urban, 2005; Varandarajan & Yadav, 2002; Wind & Mahajan, 2001). By accessing the Internet, customers obtain new tools and access to businesses on a global scale, gaining access to almost unlimited information about products and services while virtually walking on a global high street.

A new development in the Internet domain became the source of a second wave of customer empowerment. This development is widely known as social media and implies new forms of one-to-one communication and one-to-many broadcasting of user-generated content.

The social media era increases the available information over

products, services and commercial outlets accessible to consumers, but also affects the nature and dissemination modes of marketing information (Shin, Pang, & Kim, 2015). While marketing information was traditionally generated by corporations and channeled to markets through one-way mass media, or traditional direct media channels (like direct mail and tele-marketing), the social media-based product, brand and company information are used, generated and transmitted through personal social networks, blogs, online communities, customer forums, etc. Therefore, and importantly, beyond the control of marketers a lot of the information exchanged refers to customer experiences from using products or services and user comments in the form of product reviews, recommendations to other customers, remarks about improvements and even advice for use. There is evidence that customer-generated information plays an increasingly important role in the decision-making process (Constantinides et al., 2008) since this information is usually perceived as more reliable and unbiased. Therefore, unlike traditional IT, social media manage the content of the conversation or interaction as an information artifact in the online environment (Yates & Paquette, 2011).

Social media is different from other kinds of technologies in that they employ mobile and web-based technologies to create highly interactive platforms by which individuals and communities share, co-create, discuss, and modify user-generated content (Gagliardi, 2013; Kietzmann et al., 2011). In addition, social media have introduced new customer-centric tools that enable customers to interact with others in their social networks and with businesses that become network

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members (Kietzmann et al., 2011). These technologies have the potential to provide greater access to customer information either directly through firm-customer interactions or indirectly through customer-customer interactions. Furthermore, social media allow for this exchange of information in a fast, low cost, and efficient manner (Schniederjans, Cao, & Schniederjans, 2013). Therefore, social media can have a more direct and faster impact on performance than other information technologies.

Many firms, especially those exporting, are already trying to cope with the situation by integrating social media strategies into their export marketing programs. While the globalization of business processes offers wide growth opportunities, companies have to overcome the challenges of geographical distance. In a sense, firms selling their products in international markets face more uncertainty and difficulties in performing their activities, due to the fact they are in more unknown environments than purely domestic companies focused only on their domestic markets; thus, the latter behave in a well-known environment that reduces the level of risk and uncertainty.

Social media can be considered as a technical solution that can be used to overcome distance (Diviné, Schumacher, & Stal-Le Cardinal, 2011). For example, according to Okazaki and Taylor (2013), social media create value in the context of international activity, especially international promotion. The three foundations, namely networking capability, image transferability, and personal extensibility, provide marketers with new opportunities to reach consumers across the globe. All three factors facilitate interaction across geographic and psychological boundaries.

Arnone and Deprince (2016) observed that social media facilitate the creation and development of relationships among international partners, such as customers, distributors or importers. Companies use this linking potential to strengthen their business relationships at three different levels: the company level, the professional-individual level and the private-individual level. At each of these levels, it seems that the use of social media helps reduce psychic distance and facilitates players' relationships. Specifically, Arnone and Deprince (2016) affirm that at the company level, social media can facilitate the creation of new business relationships among foreign partners and ease the access of small companies to new business opportunities. At the professional-individual level, the use of social media by companies allows a more individualized management of business relationships.

Several works have investigated the impact of ICT in general on business performance (Bharadwaj, 2000; Zhang & Tansuhaj, 2007; Liang, You, & Liu, 2010; Liu, Ke, Wei, & Hua, 2013; Pezderka, Sinkovics, & Jean, 2012; Zhang, Sarker, & Sarker, 2013; Mathews, Bianchi, Perks, Healy, & Wickramasekera, 2016), and more specially, some authors also highlight the potential influence of the firm's social media usage on international business and export marketing strategies (Berthon, Pitt, Plangger, & Shapiro, 2012; Maltby, 2012; Okazaki & Taylor, 2013; Alarcón, Rialp, & Rialp, 2015). However, despite social media's great potential, especially for export-oriented companies, to date very limited attention has been paid to the relationship between social media adoption and international performance among exporting firms. Hence, more explanation and understanding is needed in order to determine whether the use of social media has an impact on performance in export companies. Thus, given the lack of knowledge of the influence of use of social media on an export firm's performance, the objective of this research is to understand the use of social media by exporting firms in their business strategy, and to know if there is heterogeneity between companies, it means, if exporting firms differ with regard their higher or lower managerial involvement in relation to social media. As a second objective, this research pretends to analyze how the relationship between the use of social media and the exporting firm's performance is. More specifically, to know if a more proactive behavior regarding managerial social media usage involves a higher company's performance, since these digital social media offer several advantages for those exporting

companies incorporating them into their business strategy but there is not empirical evidence till the date.

To accomplish this, this article presents the findings of a study aimed at mapping the use of social media as marketing tools by export-oriented companies and the effect of their involvement in social media on their performance. The study identifies segments of Spanish exporting companies regarding their export managers' beliefs about social media use outcomes, attitudes, intention to use and their use of social media. Profiles will be also characterized attending firm internal and external characteristics. These different profiles are then related to the exporting firms' performance—an issue that can be relevant for academics, managers and policy-makers.

The paper is organized as follows: Section 2 provides the background for relating social media to firm internationalization and export performance, and mainly identifies the constructs that will be considered for generating the different profiles; Section 3 describes the data collection, measurement of constructs and methodology; Section 4 presents the results of our analysis, followed by the conclusions, limitations and implications of the current research.

## 2. Conceptual framework: social media and export behavior

### 2.1. Web evolution

The role of the Internet user during the developmental phase of the Web was that of a mere information consumer. Pages in Web 1.0 were characterized by being static, with webmasters having absolute control of all the information; pages were designed for being read, with essentially no interaction between users.

Internet users have moved from being simply consumers to being producers and creators as well, with the newest trend in the design and use of web pages: the social web. The user is the centre of the information but also the content generator. Blogs, chats, newsgroups and social networking sites promote a greater degree of participation. This interaction has major commercial implications as the consumers themselves have an increasing influence on products and the strategies used to sell them (Riegner, 2007). The social media domain has become an important tool of interactive marketing, and commercial budgets for social media marketing are growing at the cost of other forms of interactive and traditional marketing. Undoubtedly, a key interest of marketers is how to minimize the negative effects of customer empowerment and utilize social media to their advantage so that they can extract the maximum possible value from social media-based marketing approaches (Regus Report, 2010). In this sense, over the last several years we have observed an explosion in the number of social media applications adopted by businesses.

Academic research into social media has been mainly focused on their impact on corporate processes (Craig, 2007; Shin et al., 2015; Stolley, 2009; Yakel, 2006), on the importance of online communities for corporations (Du & Wagner, 2006; Kolbitsch & Maurer, 2007; Swaine, 2007), or on issues regarding the effects of these new technologies on businesses (Boll, 2007; Deshpande & Jadad, 2006; Karger & Quan, 2005). Likewise, an increasing number of studies suggest that corporate interest in the social media domain keeps growing, and more and more firms are introducing different forms of social media into their daily business routines as well as into their marketing strategies (Constantinides et al., 2008).

However, despite the academic efforts, few studies provide evidence regarding how corporations integrate social media applications into their operations (DeFelice, 2006). According to Bernoff and Li (2008), companies can deploy social applications in different departments to accomplish a variety of objectives (see Table 1).

Different authors agree that the Internet has become one of the most important tools for conducting international business and marketing activities (Sinkovics, Sinkovics, & Jean, 2013; Stevenson & Hamill, 2002). In particular, ICT have been found to be especially crucial for

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