



Social tie formation in Chinese online social commerce: The role of IT affordances

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ABSTRACT

Social media technology creates an opportunity to shift the formation of impersonal relationships from offline to online. The theory of IT affordances provides a basis for theorizing how the use of online social commerce (OSC) technology facilitates the formation of social ties in an OSC context. In this paper, integrating theories of IT affordances and social ties, we develop a model to explore how the six sub-dimensions of OSC IT affordances (i.e., visibility, metavoicing, triggered attending, guidance shopping, social connecting, and trading) aid buyers and sellers in building strong and weak OSC ties. A survey of 511 buyers from WeChat shows that five of the six IT affordances enhance the quality of interactivity, and thereby facilitate social ties (both strong and weak), which in turn contribute to buyers' repurchase intentions. Additionally, the findings confirm the positive moderating effect of perceived effectiveness of e-commerce institutional mechanisms (PEEIM) on the strong tie formation process. This paper advances the affordances and social tie literature by examining the antecedents and outcomes of OSC social ties in more detail. Our findings not only benefit the researchers in interpreting how technology helps form different types of relationships in OSC, but also assists practitioners in developing better OSC management strategy.

1. Introduction

The advent of social media has transformed traditional e-commerce to *online social commerce* (OSC) (Chen & Shen, 2015; Hajli, 2015). OSC refers to harnessing the power of social media for commercial activities through social interactions (Wang & Zhang, 2012). With OSC growing rapidly worldwide and becoming more competitive, many studies have been conducted to understand and explain what makes users increasingly engage in OSC and how to encourage repurchase transactions (e.g., Zhang & Benyoucef, 2016). While obviously no single factor can explain the phenomenon, there is consensus that social tie is a key predictor (Liang, Ho, Li, & Turban, 2011; Liu, Cheung, & Lee, 2016; Xiang, Zheng, Lee, & Zhao, 2016). In the OSC context, three categories of social ties are most common: buyers-buyers, sellers-sellers, and buyers-sellers. In this study, we focus on the buyers-sellers tie because buyers and sellers are two important entities in an OSC context; they are directly associated with a deal and repeat transactions (Chen, Su, & Widjaja, 2016).

Previous research has indicated that the essence of OSC is conducting commercial activities by taking advantage of social relationships (Liang et al., 2011), which can be easily and quickly created as

well as maintained and transformed to commercial flow (Ou, Pavlou, & Davison, 2014). Buyer-seller relationship is a kind of social tie, which is normally defined as a close and pervasive interpersonal relationship. It has been broadly cited in commerce settings, especially in China (Gu, Hung, & Tse, 2008). An understanding of this social tie is imperative in OSC because it can help clinch a commerce deal as well as enhance the efficiency of the transaction through reciprocal exchanges of mutual benefits and lubricating personal social interactions (Huang, Chen, Ou, Davison, & Hua, 2017). Additionally, given the weak institutional protection for consumers and the lack of institution-based trust in online platforms, more and more buyers and sellers inherently favor building interpersonal ties to conduct transactions (Martinsons, 2008). Although the buyer-seller social tie has attracted much attention, empirical work considering the nature of this social-tie building mechanism and its effects on buyers' repurchase behavior is still scant. Moreover, as buyers' investment, motivation, and commitment to develop social ties with sellers vary, it is necessary to further distinguish the category of buyers-sellers social ties into different types. However, previous studies mostly adopted social tie as a general concept and few studies have classified it into different types in an OSC context.

Prior work has indicated that social ties can be created by IT use

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(Sheer & Rice, 2017; Yoon, Choi, & Sohn, 2008). However, we still know little about the exact role IT plays in OSC social-tie building. Ou et al. (2014) found that, on Chinese e-commerce platforms, a *swift guanxi* can be developed by computer-mediated-communication (CMC) technologies. We contend that OSC technology is not limited to promoting communication, but also covers more functions to support users in transaction processing than CMC tools have (Dong, Wang, & Benbasat, 2016). However, how the OSC technology assists in building buyer-seller social ties on an OSC platform has not yet been sufficiently explored; this is the research gap this paper attempts to fill. To address these deficiencies, we set out to answer the following overarching research question: *Can OSC technology help create buyer-seller social ties, and further differentiate them into various types?* Given IT affordance has been used to holistically understand the interplay of IT usage and users' actions (Piccoli, 2016), this study applies affordance lens to provide a theoretical foundation.

One issue of OSC is trust. It is sometimes not easy for buyers to trust sellers and to build social ties with them since some sellers may provide mendacious information (Bai, Yao, & Dou, 2015). In addition, the risk-taking, institutional, commercial context provides weak protection for consumers; they may suffer potential risks or negative transaction experience (Huang et al., 2017). Fang et al. (2014) call for future research to further consider the effects of institutional mechanism on online transactions. Answering this call, we attempt to explore the moderating effects of *perceived effectiveness of e-commerce institutional mechanisms* (PEEIM; a perception of institutional mechanisms to assure buyer's safe transactions) on buyer-seller social tie building.

Interactivity is a key property of online commerce environment that fosters users' active engagement in communications and transactions (Yoon et al., 2008). Due to the interactive nature of the OSC, buyers can engage in two-way, self-driven, and synchronized communication with greater control over the process of transaction. Research suggests the promising role of interactivity and IT features of platforms in enhancing social-tie building with customers in the online environment (Fiore, Jin, & Kim, 2005). Thus, interactivity plays an essential bridging role in shaping buyers' social tie with sellers by leveraging the interaction between individuals and technology.

In summary, addressing the several gaps existing in previous research, this study integrates IT affordances, interactivity, and PEEIM as the antecedents and repurchase intention as the outcomes of buyer-seller social ties in our research model. By examining how OSC IT affordances work in forming buyer-seller social ties and in facilitating the actualization of OSC repeat transactions, we can better understand social ties. Three specific research questions guide this paper: (1) *What is the nature of the social ties between buyers and sellers in OSC?* (2) *How do OSC IT affordances enable the formation of buyer-seller social ties? And does PEEIM have a moderating effect during this social-tie formation process?* (3) *What are the effects of buyer-seller social tie on OSC repeat transactions?*

Findings of this study contribute to the existing literature on social commerce. First, few studies have examined how and why IT can help build social ties in OSC context. This study contributes to the extant literature by deepening our understanding of OSC buyer-seller social tie formation mechanisms. By using an affordance lens and conducting an in-depth exploration, this study investigates how OSC IT affordances influence the generation of different types of buyer-seller social ties through interactivity and institutional mechanism. Second, this study also extends IT affordance research. Though the extant research has used affordance as a powerful theory foundation, empirical work on affordance is scant. To our best knowledge, this is the first study that empirically examines the antecedent effects of IT affordance on social ties in an OSC context. Third, this study develops a framework of social ties formation by considering more comprehensive and appropriate factors and examines its effect on repurchase behavior in OSC. We believe this framework would be useful for further studies on social commerce. Additionally, this study provides useful guidelines for OSC

practitioners on how they should design or harness IT in a more optimal fashion to improve interpersonal interaction. Also, sellers can consider how they should build buyer-seller social ties and develop different tie types by leveraging specific IT features and the institutional mechanism supported by the platform to effectively enhance social and commercial power.

This paper is organized as follows. First, we present the theoretical development, followed by our model and related hypotheses. Next, we describe our research methodology, analysis, and results. Finally, we discuss the study's contributions and implications.

2. Theoretical development

2.1. Social ties and tie strength in OSC

A *social tie* refers to a set of social interactions between two or more individuals (Wang & Chang, 2013), reflecting "a special type of relationship that bonds the exchange partners by reciprocal exchange of favors and mutual obligations" (Wu & Chiu, 2016, p. 3399). Different from traditional relationships, a *social tie in OSC* is a buyer's perception of a quickly-formed interpersonal relationship with a seller embedded in the online business context (Ou et al., 2014). Social ties play an important role in acquiring competitive business advantage for individuals and organizations (Yoon et al., 2008). For example, high-quality social ties can help form customer loyalty and increase sales (Xiang et al., 2016). Customer-to-customer platforms rely primarily on the aggregation of individual buyer-seller social ties, especially in China (Ou et al., 2014). Individual online buyers often wish to build online relationships with sellers to lubricate and enhance the efficiency of transactions, especially in an uncertain online market system (Huang et al., 2017). Previous studies have shown that social ties are important to consumers' purchase decision-making (Wang & Chang, 2013). A well-established social tie with sellers can reduce transaction cost (Standifird & Marshall, 2000), increase the enjoyment associated with social interactions (Huang et al., 2017), facilitate exchange of reciprocity, and enable buyers to reduce uncertainty and achieve price or service priority.

Tie strength refers to the potency of the bond between members of a network (Granovetter, 1973). It is associated with many outcomes such as reducing service failure derived from customer complaints (Mittal, Huppertz, & Khare, 2008), and facilitating peer influence contagion (Aral & Walker, 2014). According to Granovetter (1973), social ties can be categorized into strong ties and weak ties based on tie strength. This two-dimensional model of social ties has guided much research (Aral & Walker, 2014; Koroleva & Kane, 2016; Krämer, Rösner, Eimler, Winter, & Neubaum, 2014; Shen, Chiou, Hsiao, Wang, & Li, 2016). It is reasonable to distinguish in a dichotomous way between strong ties and weak ties because both types of ties influence consumer's decision-making process (Wang & Chang, 2013). First, starting out from Granovetter's study, current research on tie strength in social networking sites gravitates to the opinion that weak tie is more important. Thus, sellers may tend to build weak ties while undermining strong ties in OSC. Second, it has been suggested that strong and weak tie may have different consequential and interactive effects. Consequently, distinguishing between these two types of social ties in an OSC context is imperative, and increases our understanding of the detailed role of tie strength in influencing consumers' repurchase behavior.

Operationally, tie strength can be measured in terms of the interaction's time, frequency of interaction, emotional intensity, intimacy (mutual confiding), and reciprocal exchanges (Granovetter, 1973; Marsden & Campbell, 1984). With regard to the definition of strong and weak ties, Krämer et al. (2014) elucidated that strong ties provide emotional support, whereas weak ties provide information support. However, this definition is limited strong/weak ties to one dimension, which cannot characterize the nature of the two ties. Based on the merit of current research, we considered other aspects going beyond

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