

Chapter 68

Social Media in Micro–Enterprises: Exploring Adoption in the Indonesian Retail Sector


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ABSTRACT

Social media is increasingly gaining traction as a valuable tool for small business. This is particularly the case in micro enterprises in the Indonesian retail industry, where adoption is anecdotally increasing, but with little understanding of the factors enabling such adoption. Consequently, this study proposes a research model derived from the Unified Theory of Acceptance and the Use of Technology and extended by integrating the task-technology-fit framework, along with price value propositions. Online surveys were sent to micro enterprises operating in the Indonesian retail industry with 153 valid responses received. Data analysis used structural equation modelling with SmartPLS 3. The results show that price value and task-technology-fit are perceived as significant factors for influencing positive attitudes towards the adoption of social media among micro enterprises. In addition, attitude and facilitating conditions were found to have a significant influence on intention to adopt social media. These findings hold import implications to theory and practice in this nascent field of research.

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INTRODUCTION

Social media is widely acknowledged as having enabled many recent social, economic, and political transformations. Over the past decade, the economic impact of social media on business organizations has attracted much interest among researchers, policy makers and the general public. These media, which include Wikipedia, YouTube, Facebook, Second Life, and Twitter, have become established as essential for achieving broad organizational advantage (Kaplan and Haenlein, 2010). Such advantages include better connections with stakeholders (Kaplan and Haenlein, 2010), improved brand affinity, increased sales opportunities, enhanced customer support, favorable customer sentiment, effective recruitment (Wood & Khan, 2016), better communication between customers and sellers, heightened relationship building and trust, and easier identification of potential business partners (Kelleher & Sweetser, 2012; Michaelidou, Siamagka, & Christodoulides, 2011). Moreover, social media provide innovative ways for firms to identify product bestsellers and attract and retain customers (Wamba & Carter, 2014).

Concurrent with the rise of social media, has come a growing appreciation of the role of micro enterprises (MEs), which are viewed as pivotal to the economies of many countries. MEs represent the largest proportion of companies in the majority of economies and play an important role because of their flexibility, substantial employment, capacity to generate income, and their ability to innovate. Consequently, their survival and growth has been a major concern in an increasingly competitive globalized business environment often dominated by multinational corporations. However, many more optimistic researchers have heralded social media as a potential equalizer for MEs that has the potential to empower small organizations to effectively compete with their larger counterparts. It is well established that small-to-medium enterprises (SMEs) can benefit from the use of social media (Ainin, Parveen, Moghavvemi, Jaafar, & Mohd Shuib, 2015; Dahnil, Marzuki, Langgat, & Fabeil, 2014; Ghezzi, Gastaldi, Lettieri, Martini, & Corso, 2016; McCann & Barlow, 2015; Wamba & Carter, 2014). Given their widespread use and low cost of adoption (McCann & Barlow, 2015), social media can be a potential solution to overcome the drawbacks many MEs encounter in conducting business, especially their limited human resources, scarce financial resources, and basic IT infrastructure.

Although research on social media in SMEs has deservedly attracted attention, research pertaining to social media adoption among MEs, which typically have five or fewer employees, is still in its infancy, especially in developing countries. This is the primary motivator for this research. This study is empirically contextualized in Indonesia's retail industry because of the anecdotal evidence of the growing diffusion of social media in this industry, the lack of relevant research in such a context, and practical reasons pertaining to access to data. We have especially undertaken to answer this research question: What factors influence the adoption of social media among MEs in the Indonesian retail sector?

This paper commences by providing a theoretical background, research model, research methods, then continues to empirical results followed by a discussion of findings and their implications for theory and for practice. We conclude with a review of our key findings and suggestions for future research directions.

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