

## Mediating effect of Utilization of Social Media on Social Media Adoptions and Competitive Advantage: Development of a Conceptual Framework

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### Abstract

*With the increasing importance of online sales and the growing number of online shopping stores, social media is essential for marketers to develop a better understanding of the between internet surface and shoppers in which it will be operate as a marketing tool. Therefore, it is timely to analyze the significance of social media utilization as a determine factor of competitive advantage in a resource base view (RBV) of an organization. However, social media adaptation factors and competitive advantage in particular have not been explored adequately in different contexts for its contextual validity. Comparatively very few studies have been carried out social media adaptation factors and competitive advantage in hotel contexts. Researchers have explored the specific variables associated with customers' behavior in hotels industry. This conceptual paper aims at proposing a conceptual model for empirical examination of the effects of social media adaptation factors to competitive advantage. Further utilization of social media has been cited as possible moderating factor by reviewing the relevant literature. This study makes a valuable contribution to the existing body of knowledge with the proposed conceptual framework so that it can be used as a basis for the future research in this context.*

**Key words:** Competitive Advantages, Social Media Utilization, Social Media Adaptation Factors, Resource Base View

### Introduction

The Universal McCann report (2008, p.10) refers to social media as “online applications, platforms and media which aim to facilitate interaction, collaboration, and the sharing of content”. Weinberg (2009,p3) explained social media as a process that empowers individuals to promote their websites, products, or

services through online social channels and to communicate with and tap into a much larger community that may not have been available via traditional advertising channels. Social media are influencing change the attitude of consumers' preferences and behaviors. Monitoring the social media activities is a good way to measure customers' loyalty and their attitude towards brands or products. Organizations mainly care about customers' needs and wants and transform such needs and wants into targeted areas which are competitive dimensions. These dimensions focus on and show great interest in, while providing services and products to meet market demand and it will be help to achieve competitive advantage in organization in which competitive dimensions are cost, quality, time, and flexibility (Krajewski and Ritzman, 1999:p33).

Grant, 2005 have emphasized resources as an independent variable for achieving the competitive advantages using strategies. Hence, social media can use as a marketing strategy to reduce the marketing cost in order to that social media utilization implemented as a mediator variable. Resources are categorized as tangible, intangible and human skill in which cost of capital, technological skills and capacity for communication and motivation are the dimensions of the resources categorization (Grant, 2005). Firm capacity, cost of capital, governance and organizational resources are the factors for social media utilization on moderating effect of organizational age (Nah and Santox, 2013). Addition to these factors, firm size is an independent variable for competitive advantage (Azevedo, 2007). According to these literature bases, the study is going to testing the mediating effects of social media utilization for adaptations of social media and competitive advantages in an hotel industry. Hence, human skills, technological stills, firm capacity, firm size and cost of capital are the social media adaptation factors for competitive advantages using mediating effects of social media utilization in hotel industry in Sri Lanka.

### **Objective of the study**

The purpose of this paper is to propose a theoretical framework so that a future study can explore how social media utilization affects to the relationship between social media adaptation factors and competitive advantage.

### **Literature review**

#### **Competitive advantage**

Kotler defined competitive advantage as an organizational capability to perform in one or many ways that competitors find difficult to reproduce now and in the future (Kotler, 2000). Nevertheless, Porter recognized competitive advantage as a strategic goal that is a dependent variable it can be established through the good performance (Read and Difillipi, 1990:p90). Organizations mainly care about customers' needs and wants and transform such needs and wants into targeted areas which are competitive dimensions. These dimensions focus on and show great interest in, while providing services and products to meet market demand and it will be help to achieve competitive advantage in organization in which competitive dimensions are cost, quality, time, and flexibility (Krajewski and Ritzman, 1999:p33).

#### **Social media adaptation factors**

- **Hunan skill**

In most organizations, employees are coincided as significant assets, and along with the role of owner/manager, seriously affect the firm's survival and success (Nguyen,2009). The users of IT are another valuable resource for firms (Caldeira and Ward, 2003) which need to be developed to contribute to the success of business characteristics of IT users, including knowledge of IT, training, attitudes and intention toward IT, and participation and involvement in adoption process ( Caldeira and Ward, 2003). Premkumar and Roberts (1999) suggested that increasing users' awareness of information telecommunication

technologies will also positively influence the process of adopting these technologies, while this awareness could be superior through improved education and training.

- **Technological skill**

Successful use of information technology (IT) can improve performance of competitive advantage in an organization (Bharadwaj, 2000; Stratopoulos and Dehning, 2000). To be able to compete, logistics firms must keep rate with the information change. The proper implementation of information communication technology system (ICTS) can be a significant source of competitive advantage to firms. It is beneficial to the logistics industry since its dependence on information for efficient operations. According to Nguyen (2009), many businesses adopt new IT simply continue with firms which have implemented the technologies. Under such circumstances, lack of strategy of the purposes of IT adoption will lead to project failure. According to Bharadwaj's (2000), IT capabilities means "the ability of the firm to mobilize and organize IT-based resources integrated with other firm's resources and capabilities." Information technology has been an important factor on how firms' products and services are marketed. As a worldwide communications medium like the internet has changed language and playing role for marketers everywhere.

- **Firm size**

Firm size definable by turnover and number of employees is one of the most important determinants of IT adoption (Premkumar and Roberts, 1999). The importance of firm size is partly due to its role as the source of the firm's capabilities (Mole and Ghobadian, 2004). Thong and Yap's (1995) survey points out that firm size is the most important discriminator between adopters and non-adopters of IT within Singaporean small businesses. Likewise, an investigation by Premkumar and Roberts (1999) of rural small businesses revealed that even within the small business category, firm size is the most important determinant to the adoption of IT. This finding is durable by a study of Premkumar (2003) on IT adoption within 207 firms who indicated that larger firms in the small business group have a higher tendency to adopt communication technologies than smaller ones.

The size of a firm has been a conventional factor that determines the innovation and performance level of the firm: firm size positively influences the degree of innovation and technology adoption of a firm. Larger firms are more likely to adopt new technology than smaller firms and outrun small companies in technology intensity (Rogers, 1995). Therefore, large firms have an advantage over small companies because their financials might allow them to be more capable adopters.

- **Firm capacity**

Website Age and reach was used as sub dimensions which was measured using the date of the organization's first appearance in the Internet Archive Wayback Machine ([www.archive.org](http://www.archive.org)), a source validated by scholarly research (e.g., Murphy, Hashim, and O'Connor, 2008). Website Reach, in turn, was measured as the number of 'inlinks' reported on Google. For instance, typing in 'link:[www.foodforthe poor.org](http://www.foodforthe poor.org)' in the Google Search engine returned 851 links from external Websites, not including blogs. It is a general measure of the degree of influence of the organization's Website. (Nah and Saxton, 2013).

- **Cost of capital**

A firm's success significantly depends on its innovative efforts and the quality of its capital stock (Sterlacchini, 1990). Technology adoption highly depends upon the amount of planned capital expenditure and the firm's ability to secure capital for technology adoption. Thus, while capital is likely to provide opportunities for technology adoption activities in the firm, cost of capital is a major concern that prohibits the firms from making technology investment decisions and developing adoption activities. The cost of capital refers to 'the general cost-related problems associated with advanced technology adoption, the cost of technology acquisition, equipment purchase, and development and maintenance expenses' (Baldwin & Lin 2002, p.6). which are related with **fundraising expenses to total expenses and Lobbying Expenses**, the amount spent on grassroots and direct lobbying activities (Nah and Saxton, 2013).

### **Social media Utilization**

Social media utilization refers to the "heavy reliance on basic informational uses, such as update frequency, as a lost opportunity for deeper engagement with supporters (Bortree et al, 2009)". This variable was measured by new four-item scale that concerned with perceived of firm want to used internet-based for transaction, convenient to use and safe time, in the garment products. **Usage of social media and policies, social media options, social media benefit and presents** are the dimensions of the utilization of social media.

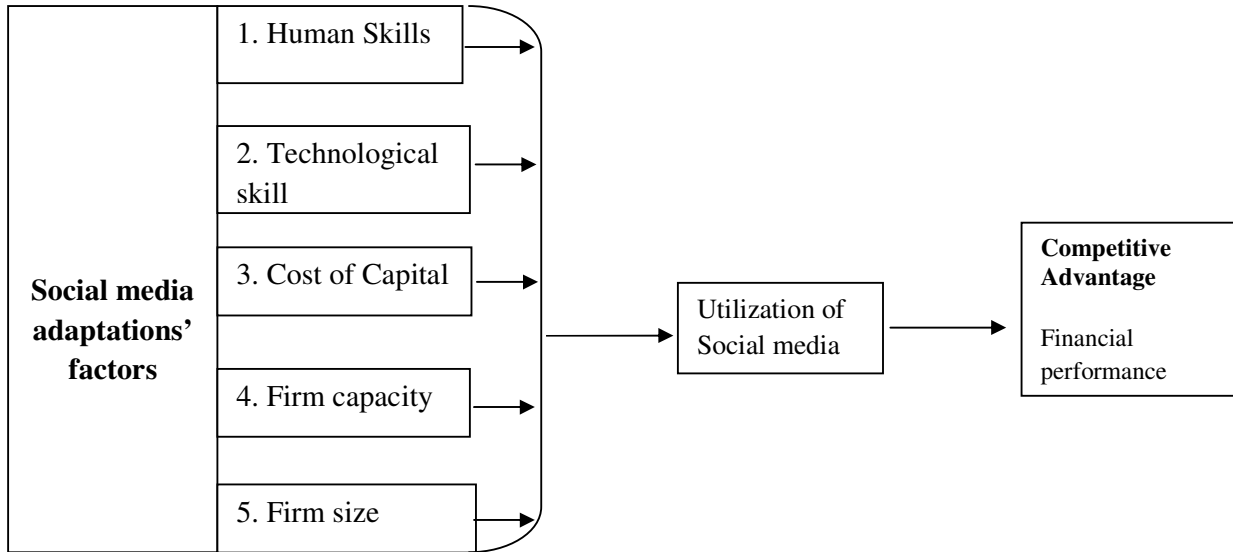
### **Methodology**

This study involves a development of conceptual framework for empirical exploration of a phenomenon. Therefore, it reviews the existing literature for identifying concepts and relationships relating to the phenomenon. Basically 250 abstracts of articles were scrutinized to check their relevance to the phenomena under consideration. Finally, 175 articles were selected and reviewed for identifying the concepts and relationships involved.

### **Development of the theoretical framework**

The proposed theoretical framework was developed based on the identified variables and relations through the literature review pertaining to the research problem of the study.

The proposed theoretical framework was designed by taking into consideration a social media adaptation factors in a RBV of an organization. The RBV in an organization is, basically, related with the profile of the human skill, in terms of IT knowledge, IT skills and IT education. In the second and third place, the internal factors are characterized by cost of capital and technological skill in which consider the IT utilization and IT infrastructure. In the fourth, organizational capacity consider with existing web site in the industry and fifth independent variable is size of the firm in which consider the number of employees. Competitive advantage measured on financial performances means sales growth or operational income of the hotel industry. Utilization of social media consists of usage of social media and policies, social media options, social media benefits and presents.

**Figure 1: Proposed conceptual framework**

### Conclusion and implications

This paper proposes a theoretical framework for exploring the adaptations of social media in which relevant internal and individual factors in a resource base view (RBV) in an organization. Even though the proposed framework is yet to be tested empirically, the description of the interactions between variables will add significant value to the body of knowledge on marketing literature. First, this paper has offered an extension of the body of knowledge on identification of the social media adaptation factors in RBV in an organization and mediating effect of the social media utilization for competitive advantage. This paper addresses the knowledge gap of mediating variable effect with social media adaptation factors and competitive advantages relationship. This has not been explored previously. This paper points out this knowledge gap and stress the importance of addressing it empirically. Therefore, proposed theoretical framework of this paper will set a new direction for future research to understand the mediator effects on social media adaptation factors and competitive advantages relationship.

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