

Organizational Adoption of Social Media in Ethical Fashion

Completed Research Paper

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Abstract

This study investigates how microenterprises in Ethical Fashion (EF) retail adopt and make use of social media. Drawing on an explorative case study, supplemented by an action research approach, we first examine the antecedents of a successful adoption based on the Technology-Organization-Environment (TOE) framework. Subsequently, we shed light on the benefits and drawbacks of social media adoption for the three microenterprises of our case study on the operational and the strategical level. More particularly, we present how they improve value creation through the employment of social media in their value networks and how they overcome the lack of a sophisticated IT infrastructure. Finally, we investigate the reluctance of the three microenterprises to adopt inter-organizational information systems. The findings of our study also reveal a halo effect in the adoption process that may mislead the adopting organization.

Keywords: Organizational Adoption, TOE Framework, Explorative Case Study, Action Research, Social Media, Microenterprises

Introduction

Sustainably and ethically produced fashion is a constantly growing niche in the fashion industry (Crane, 2016). The concept encompasses a wide array of issues such as the environment, fair-trade, human rights, fair wages, animal welfare, and self-interested health concerns (Carrigan et al., 2004). Based on these characteristics, the concept provides customers with meaningful products while fostering sustainable development in developing and less developed regions of the world (Tan et al., 2014). Especially microenterprises, which can be defined by: a) employing fewer than ten employees, b) a balance sheet total below two million euros, and c) a turnover below two million euros d) for at least ten years (European Commission, 2003), are involved in EF value chains. Social media are an important tool in EF marketing in order to increase the involvement of the customers, just as it is done in the mature luxury fashion market (Kim and Ko, 2012). However, there is a lack in the existing literature concerning how microenterprises apply social media in different business processes, especially with respect to overcoming the deficiency of IT infrastructure in comparison to larger enterprises.

The objective of this paper is to shed light on the competitive impact of social media on value creation in microenterprises. In particular, we first examine the antecedents of a successful social media adoption in microenterprises and, second, the effect on the operational performance and strategic management at microenterprises in EF retail. Thus, the research questions (RQ) of our study are the following:

RQ1: How do microenterprises adopt and make use of social media?

RQ2: How do social media affect value creation in microenterprises and their networks?

The absence of a sophisticated IT infrastructure is characteristic of most microenterprises. Little knowledge exists on how microenterprises employ social media under these circumstances as a substitute. We conducted an explorative case study supplemented by action research in order to reach a deep understanding of the adoption of social media in microenterprises, based on the TOE framework as well as on the consequences of the adoption. This approach is duly appropriated as it allows the examination of a contemporary phenomenon in its real-life context (Yin, 1981) and distinguishes our study from others. Furthermore, with our study we respond to the call of Leonardi and Vaast (2016) to investigate how communities and organizations intersect.

The remainder of the paper is structured as follows. With the help of a literature review, section two lays the theoretical foundation for understanding the state of the art regarding the usage of the TOE framework and social media adoption, especially in microenterprises. Subsequently, in section three, the research methodology and the cases are explained. The findings of our study are presented, discussed and summarized in hypotheses in section four. In the final section we summarize the contributions of our study and address implications for further research.

Theoretical Background

TOE Framework

Organizational Adoption

Adoption of innovations takes place on an individual level as well as on an organizational level. The TOE framework (DePietro et al., 1990) is perhaps the most prominent framework to explain the adoption of technological innovations on an organizational level. According to the TOE framework, the organizational adoption of a technological innovation is influenced by the context's technology, organization, and environment, which can be "constraints and opportunities for technological innovation" (DePietro et al., 1990, p. 154). As the contexts are not exclusively defined and may contain various factors, Zhu and Kramer (2005, p. 63) describe TOE as a "generic" framework. Due to its general applicability, the TOE framework has been shown in existing research to be effective in different technological, industrial, national, and cultural settings (Baker, 2012), which also includes microenterprises (Kreuzer et al., 2014; Ott and Laumer, 2012).

Technological Context

The technological context refers to all technology, whether it be equipment or processes, that is relevant for an organization. The context includes technology that is already applied in an organization (Collins et al., 1988) as well as the technology that is generally available but not yet applied in an organization (Kuan and Chau, 2001). The technology which has already been applied demarcates the limits of the current technological capability, whereas the generally available but not yet applied technology influences the further development of an organization. Thus, the adoption and substitution pace of a new technology are restricted by the significance and embeddedness of the already applied technology with respect to its ecosystem and the existing interdependencies (Adner and Kapoor, 2016).

According to Tushman and Nadler, innovations that exist outside of an organization differ with respect to their impact on an organization when it adopts the innovation. Thus, Tushman and Nadler (1986) distinguish between innovations that create incremental, synthetic or discontinuous change. Incremental changes have a minor impact on an organization and involve only little risk. An example of such a change is the upgrade of an enterprise resource planning system. Synthetic changes result from existing ideas or technologies being reconstructed and combined in an innovative way. These kinds of innovations influence an organization more deeply and travel with moderate risk, as in, for example, crowdsourcing of patient data via social media (Kallinikos and Tempini, 2014). The highest impact on an organization with respect to change and risk arises from discontinuous change. In recent years the term "disruption" has frequently been used for technologies like 3D printing or blockchain, which

radically change business processes and even business models in many industries. Concerning the last-named category in particular, the distinction between “competence-enhancing” and “competence-destroying” (Tushman and Anderson, 1986) innovations is crucial. Competence-enhancing innovations enlarge the expertise of companies and contribute to further development. Competence-destroying innovations may render existing technologies and expertise obsolete. Taking the example of the blockchain technology, it can be a competence-enhancing innovation for logistics service providers as they may be able to improve speed, effectiveness, and transparency in supply chain management (Korpela et al., 2017). However, the same technology might devastate the banking industry as a result of its ability to replace the trusted third party (Peters and Panayi, 2016).

Organizational Context

The organizational context represents the characteristics and resources available in order to successfully adopt and operationalize a technological innovation. Elements of the organizational context include financial readiness, slack resources, top management support, involvement of the employees, the degree of centralization, technology competence and, to a lesser degree, the size of the organization. Large organizations are generally more likely to adopt innovations (Damanpour, 1992). However, this point of view gives rise to much criticism, as size seems to be a rather generic measure that includes several other variables (Kimberly and Evanisko, 1981). Financial resources seem to be a fundamental requisite toward making an innovation adequately accessible for an organization (Iacovou et al., 1995). Slack resources are considered to support adoption (Rogers, 1995) without being necessary for innovations insofar as innovation can also take place in the absence of slack (Nohira and Gulati, 1996). The support of the top management is a facilitator of adoption as such support can promote change by articulating a vision for the organization and establish a climate that is open for innovation (Thong, 1999). This can in turn trigger a positive attitude among the employees and significantly increase the adoption rate, especially when the influencers within the organization commit to the innovation (Damanpour, 1991; Valente, 2012). Decentralized organizational structures also seem to foster the adoption among employees insofar as decentralization goes along with an emphasis on teams, a degree of fluidity in responsibilities for employees and a promotion of lateral communication in addition to communication along reporting lines (Baker, 2012; Damanpour, 1991). Finally, a high technology competence on the part of the users can enforce adoption as well (Iacovou et al., 1995).

Environmental Context

The environmental context describes the setting in which an organization operates. This includes the size and structure of the industry, the technology support infrastructure, and the regulatory environment (DePietro et al., 1990). The size and structure of an industry have been identified as the most important aspects of the environmental context (e.g., Iacovou et al., 1995; Ramdani et al., 2013) as they exert pressure on an organization and therefore influence the adoption behavior thereof. The size and the structure of an industry are determined by the numbers and types of competitors, customers and partners in the value chain, such as suppliers, retail partners or service providers. Regarding competitors and customers, organizations show a higher intention of adopting new technologies in order to maintain the competitive advantage and to bear up in intense competition (Kuan and Chau, 2001) as well as to meet the expectations and demands of the customers of an organization. According to Iacovou et al. (1995), value chain partners can influence the adoption decision by explaining the perceived benefit (recommendation strategy) via the provision of incentives (promise strategy), and by the application of negative sanctions in the case of non-implementation (threat strategy). In general vertical relations in value chains accelerate the adoption of new technologies (Alipranti et al., 2015).

The technology support infrastructure refers to the availability of skilled labor and the availability of consultants or other suppliers of technology services that ensure error-free access to the new technology (Baker, 2012). According to Ott and Laumer (2012), this aspect is more important for microenterprises than for any other enterprise. Governmental regulations may improve the availability of skilled labor. Other governmental regulations regarding topics like environmental protection or safety requirements can be beneficial or impose new constraints.

Social Media Adoption in Theory

Nowadays, social media are widely represented among organizations and contribute to the equity value (Luo et al., 2013). Enterprise social media include social networking sites, blog platforms, microblogging tools, wikis, as well as social tagging tools. These allow employees to communicate with others or to broadcast messages to the whole organization, to explicitly indicate or implicitly reveal particular coworkers as communication partners, to post and edit text and files linked to themselves or others, and to view the content provided by anyone else in the organization at any time (Leonardi et al., 2013). Enterprises make use of these characteristics for different purposes such as promotion of products, services and brands; obtaining information to improve, promotion of social causes, creation of internal or external communities, provision of services, and the education of users (Gonzalez et al., 2015; Leonardi and Vaast, 2016). According to Colbert et al. (2016), the use of social media changes the work of the employees and organizations.

In contrast to other technological innovations, the diffusion of social media “has taken place from the outside in of the organization, from the bottom-up, and from the leisure to the work realms” (Leonardi and Vaast, 2016, p. 153). This indicates that the individual adoption of social media does not seem to constrain the use of the technology in an organization. Instead, the management might be concerned that the use of social media at the workplace impedes the productivity of the employees. The work of Shami et al. (2014) reveals the untenability of these concerns.

Several studies describe the organizational adoption of social media in which the TOE framework with the above-mentioned aspects of the contexts is frequently used. The role of the management during the adoption of social media is described diversely. While the support of the management adoption is assumed to be highly important in general, Tajudeen et al. (2017) found no evidence for the significance of the management style. Then again, Brink (2017) highlights the importance of the management as an enabler of an innovation-friendly atmosphere and a centralized and simultaneously distributed leadership, which he describes as important antecedents for the adoption of social media in small and medium-sized enterprises. Wolcott et al. (2008) also emphasize the importance of the management but describe it as an impediment in the case of microenterprises because of its restrained attitude towards social media. He et al. (2017) follow this stance with respect to older managers. Likewise, Wood and Khan (2016), who focus on enterprises whose business model is solely based on social media, name a lack of strategy as a threat for the adoption of social technologies. Other organizational aspects that influence the adoption of social media in microenterprises are the current business performance (He et al., 2017) and lack of time (Wolcott et al., 2008).

The general IT capabilities in microenterprises is frequently mentioned and highlighted as a rather restrictive aspect of the technological context (He et al., 2017; Schaupp and Bélanger, 2013; Wolcott et al., 2008). The same is true for the technical infrastructure, which can be divided up into the existing internal infrastructure (Wolcott et al., 2008) and the access to external infrastructure (Schaupp and Bélanger, 2013). In addition to the above characteristics of social media, the interactivity of the communication (Tajudeen et al., 2017) and its cost-effectiveness (Schaupp and Bélanger, 2013; Tajudeen et al., 2017) are generally used to explain the perceived benefits of innovation adoption. But in the case of small and microenterprises, costs and investments can be a hindrance (Wolcott et al., 2008). Wood and Khan (2016) name brand affinity, sales opportunities and customer support as positively perceived benefits, whereas they identify security concerns regarding records management, legal, privacy and identity risk as downsides of social media. Schaupp and Bélanger (2013) also mention customer support, sales opportunities, and broader marketing enhancement as benefits of social media and add the improvement of internal operations. Further perceived benefits are the ease of use and enjoyment (He et al., 2017).

The environmental context is the least described context and is reduced to the influence of external parties. He et al. (2017) outline rather broadly the influence of peer groups, which are largely competitors. Schaupp and Bélanger (2013) could not find support for their hypothesis of a significance of competitive pressure; instead they found customers’ demands to be a significant driving force.

Figure 1 gives an overview of the theoretical antecedents for social media adoption in microenterprises according to the TOE framework and the aforementioned literature (e.g. He et al., 2017; Schaupp and Bélanger, 2013; Wolcott et al., 2008).

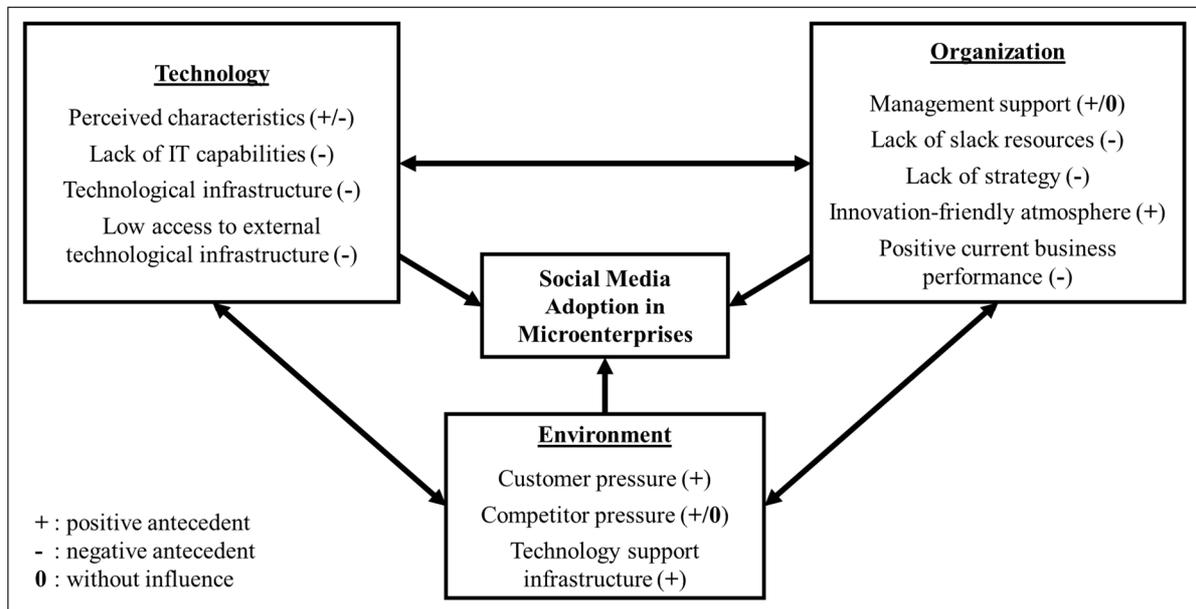


Figure 1. Theoretical Antecedents for Social Media Adoption in Microenterprises

Methods

Study Design

The objectives of the current study are, first, to examine the antecedents of social media adoption in microenterprises and, second, to examine the effect of such an adoption on the operational performance as well as the strategic management (Figure 2). As mentioned in the section on the TOE framework, adoption takes place on both an organizational and an individual level. We acknowledge the importance of individual adoption and the usefulness of related concepts like the technology acceptance model (TAM, Davis et al., 1989), or approaches that combine the TOE framework and TAM (Frambach and Schillewaert, 2002; Gangwar et al., 2015). However, in our study we do not investigate the individual adoption of social media, as we assume it to be sufficient in our case (Rauniar et al., 2014).

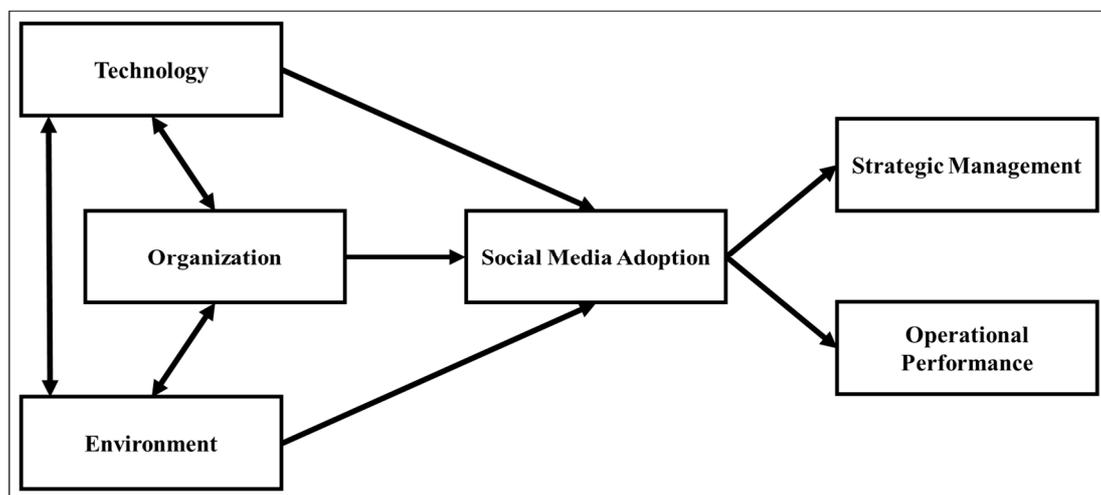


Figure 2. Research Model of this Study

We conducted a qualitative explorative case study, supplemented by an action research approach in order to shed light on the organizational adoption of social media in microenterprises and the consequences thereof. Several studies apply and empirically validate the appropriateness of using the case study approach in the examination of social media adoption (Leonardi and Vaast, 2016). Case studies “focus on understanding the dynamics present in single settings” (Eisenhardt, 1989, p. 534) and are not necessarily restricted to a single case (Eisenhardt, 1989). With the help of a case study it is possible “to examine: (a) a contemporary phenomenon in its real-life context, especially when (b) the boundaries between phenomenon and context are not clearly evident” (Yin, 1981, p. 59). When employing case study research, researchers are required to put their own perceptions of the research object forward for discussion in order to prevent a subjective bias and to choose the cases carefully for the sake of generalizability (Flyvbjerg, 2006). Thus, the selection of the cases can be conducted randomly or in an information-based manner (Flyvbjerg, 2006). Data may be qualitative or quantitative and is gathered by means of a combination of different methods such as interviews, questionnaires and observations (Eisenhardt, 1989).

Even more practice-oriented than a case study is the action research approach (McNiff and Whitehead, 1988). We employed it in our study as proposed by Weick and Quinn (1999), that is to say, continuously in a sequence of freeze, rebalance and unfreeze. By doing so, behavioral patterns can be revealed and discussed with the participants as well as with other experts. Afterwards the participants are free to decide how to proceed based on their insights. Data can be attained through the decisions and actions of the participants and also by the impact of these decisions and actions. This *modus operandi* embeds the researchers in the actions of the research area by which they might become biased in evaluating the results of their research. An adequate measure to overcome this effect is to crosscheck the findings with the existing literature, the participants, academics and other experts in the field of research (McNiff and Whitehead, 1988).

Data Collection and Analysis

To conduct our study, we proceeded as follows. First, we defined a simple set of characteristics which should be fulfilled by the microenterprises in our case study. Thus, they should a) be a B2C retailer of EF and b) meet the criteria for microenterprises (European Commission, 2003). In a second step we identified valid and relevant microenterprises with the help of a survey among exhibitors and participants of the Ethical Fashion Show Berlin, which is one of the leading exhibitions for EF. As a result, 31 microenterprises became relevant for our research and were invited to participate in our case study. Even though the attitude of the sampled group towards our research was generally very positive, only three microenterprises agreed to join our research. Hence, we applied a combination of information-based and random case selection (Flyvbjerg, 2006). A detailed description of the cases of our study is provided in the next section.

Besides a review of the literature, data was gathered in different ways at different stages and elaborated through qualitative data analyses (Eisenhardt, 1989). We started with guideline-based interviews to comprehend the strategies of the microenterprises, their business models, their structures regarding the TOE framework as described above, the current state of their businesses, and how they made use of social media. Afterwards, we compared the different approaches and analyzed the material of our research with a deductive analysis based on the propositions derived from the review of the existing literature. Based on the results, we explained different approaches to making use of social media and discussed them individually with the participants. In the next stage we observed in infrequent meetings the decisions the participants made, how they proceeded and how the contexts of the TOE framework changed in the different cases. We then organized a workshop for all of the participants as well as the experts in the field of EF. In these workshops the participants exchanged their experiences and evaluated their approaches together with the experts. After a period of three weeks, we conducted a second round of guideline-based interviews analogous to the first one in order to capture the changes regarding the adoption and the application of social media.

Studied Cases

In what follow we will briefly describe the three microenterprises of our case study based on the results of the first stage of our study. All participants asked us to anonymize their data. We will thus use the identifiers Case A, Case B and Case C for the three microenterprises (Table 1). As mentioned above and as described in the introduction, every case represents a microenterprise in the sense of the definition of the European Commission (2003). We also introduced the characteristic “Social Media Maturity”. We did this because we argue that the adoption of social media is an ongoing process that is not exhausted by a sporadic use of social media. An organization needs to achieve a distinct maturity level to reach a successful adoption. For the assessment of the social media maturity, we refer to the social media maturity model of Geyer and Krumay (2015).

Table 1. Overview of the Participants of the Case Study

	Case A	Case B	Case C
Founded	2011	2013	2013
Employees	Fewer than ten	Fewer than ten	Fewer than ten
Balance Sheet Total	Below two MM euros	Below two MM euros	Below two MM euros
Turnover	Below two MM euros	Below two MM euros	Below two MM euros
Applied Social Media Technologies	- Blog - Chat - Facebook - Instagram - Pinterest - Twitter	- Facebook	- Facebook - Instagram - WhatsApp
Social Media Maturity	Experienced user	Experimenter	Developer

Case A is the most mature of our cases. Since 2011, the microenterprise has sold premium accessories like bags, jewelry and woolen fabrics made of sustainable resources to its customers, first online and later in its shop. Its philosophy is to combine high-quality craftsmanship with exclusive design and a positive social impact on the communities it is working with. By the same token, it intends to protect the culture of the regions of provenance. Products are sourced from small communities in Africa, Asia and Europe, with a work environment conforming to labor standards and fair wages. The products are designed by the communities themselves and supported by designers who are liaised by the microenterprise. Social media are adopted to a great extent. Case A uses a variety of social media technologies for their marketing efforts, as depicted in Table 1, and has a PR executive who coordinates the social media activities. Referring to the aspects of the maturity model of Geyer and Krumay (2015), we classify Case A as an experienced user.

Case B represents an EF retail microenterprise that focuses on customers who are willing to pay reasonable prices for clothing and accessories that are sustainable in the sense of ecological utilization of resources as well as being produced in a socially responsible way. In contrast to the other cases, Case B does not source its products directly from micro-producers in developing regions but from renowned eco-fashion labels. It also does not sell its products online. The use of social media is restricted to the use of a Facebook page. Hence, we classify Case B as an experimental user of social media with a rather low level of maturity.

The philosophy of Case C is similar to that of Case A. It also offers premium accessories and woolen fabrics that are produced in a holistically sustainable way. Likewise, the products are sourced directly from communities in developing regions and were first sold online and later in a shop as well. Regarding the employment of social media, Case C is developing itself. It started to use a few social media as depicted in Table 1 and experienced their positive impact on marketing activities.

Findings and Discussion

Social Media Adoption in Ethical Fashion Microenterprises

Influence of the Technological Context

According to the reviewed literature, the IT capabilities, the technological infrastructure and missing access to external technological infrastructure hinder the adoption of technological innovations at microenterprises from the perspective of the technological context. Considering the results of our research, we found evidence that partially indicates alternative perspectives. Missing IT capabilities is named as a major restriction (He et al., 2017; Schaupp and Bélanger, 2013; Wolcott et al., 2008). In the course of our study two different facets of IT capabilities revealed themselves: the pure technical use of social media on the one hand, and making use of social media, on the other. While the pure technical use of social media was trouble-free in every case, Case B struggled with the appropriate use of different social media use and stated: “Of course we know how to use Twitter, Instagram and so on. But it has to look professional. Otherwise it makes no sense.”

The existing technological infrastructure is also considered to be a major restriction (Wolcott et al., 2008). We argue for the opposite. The applied social media technologies were not interrelated with the given IT infrastructure in any of the cases, and, therefore, it was not necessary to meet specific technical requirements. On the contrary, the rather poor IT infrastructure fostered the use of social media for marketing activities due to the absence of a sophisticated IT tool. The same is true for the access to external technological infrastructure, which, if it is low, is considered to affect the adoption in a negative manner (Schaupp and Bélanger, 2013). We could not ascertain a low access to an external technological infrastructure for these microenterprises with regards to poor data networks, which is important for the use of social media. However, regarding the suppliers in Cases A and C, a poor data network is not uncommon. Nevertheless, in both cases, social media were confirmed to be the most effective communication tool. Therefore, we agree that access to external infrastructure may foster adoption, but we dismiss the assumption that low access to external infrastructure must impede the adoption of social media in general.

As in theory, the perceived characteristics are described positively in almost every analyzed case. We will come back to this aspect in the section on the impact of social media adoption. Reservations were expressed regarding privacy and data security, although they were not conceived of as problematic with respect to marketing activities. In queries, Case A reported: “Sometimes some of our customers ask whether we gather and analyze their data. We can reassure them that we do not – except for using their email address for our newsletter. I mean, we are not Google, are we?” In a later stage of our study, Case C issued caveats regarding its own data security: “If we started to use social media in other contexts, privacy and data security could be an issue.”

Influence of the Organizational Context

During our study, the support and the attitude of the management turned out to be crucial for the adoption of social media. In Case C these aspects acted as the driving force of adoption inasmuch as it evaluated different technologies, developed concepts for the employment of social media and discussed them with the employees, which fostered the adoption immensely. Leadership and the creation of an innovation-friendly atmosphere as previously reported by Brink (2017) and Terziovski (2010), were key success factors in this case. In Case A, the management highlighted the importance of social media by creating a new position. This decision depicts the implementation of a strategy, which turned out to consolidate the initial adoption and to foster the post-implementation adoption.

However, we argue that a lack of strategy (Wood and Khan, 2016) does not exclude but hinders adoption. The importance of the embeddedness in a strategy seems to grow with the progress of the adoption. In Case A the initial adoption was completed, and the devising of a strategy helped to initiate the post-implementation adoption. In Case C, the social media activities had reached a point where a well-defined strategy was needed to orchestrate the different efforts. In Case B, social media were not part of the strategy and the management had a vague attitude towards the technology at the beginning

of our study: “Sure, social media are very important nowadays. But we are doing fine and have plenty of work. We have no need for more social media technologies at the moment.” This statement indicates an uncertainty. If Case B had formulated a strategy including social media at that stage, a failure regarding social media adoption and the business performance would have been very likely. But the statement of Case B also addresses two other important aspects that impede adoption: a positive current business performance (He et al., 2017) and a lack of slack resources (Rogers, 1995; Wolcott et al., 2008). Coming back to Case A, slack resources were created by the employment of a social media executive.

Influence of the Environmental Context

The environmental context is the least described context in the literature. In the case of microenterprises, described aspects are the technology support infrastructure in the sense of an advisory capacity (Ott and Laumer, 2012), and pressure from competitors (He et al., 2017; Schaupp and Bélanger, 2013; Tajudeen et al., 2017) as well as from customers (Schaupp and Bélanger, 2013; Tajudeen et al., 2017). First, we found no evidence for the importance of a technology support infrastructure. Reasons for this might be the individual adoption having been completed and the high experience in handling social media in private life (Rauniar et al., 2014).

Likewise, we found no evidence for real “pressure” (Tajudeen et al., 2017, p. 14) from the customers or competitors to use social media content. Instead, the use of social media seems to evolve on its own. In Cases A and C, which had already adopted social media to a certain degree, social media were perceived as a helpful tool to create customer awareness and loyalty, as was stated in Case A: “Social media turned out to be a very effective way to transmit our ideas and stories. Of course, almost every label uses social media today. But that’s not it. It’s about the content.” This statement reveals that social media were chosen because they were perceived to be appropriate tools, not because they were demanded by the customers. It also reveals that it was not the intention to follow the approaches of the competitors. However, Case B is different in this instance. As mentioned before, they felt uncertain and no need to extend their social media activities at the beginning. When we as academics discussed alternative courses of action with them, one reply was: “Well, that’s theory....” At a later stage, when we organized a workshop with our participants and other EF experts, Case B could reduce its uncertainty and was more likely to extend its social media activities. We argue that this development is not a result of pressure but of cooperative benchmarking.

Communication with the suppliers was another aspect of the environmental context that influenced the use of social media positively in Cases A and C. Hitherto, suppliers have been described in the literature as another source of pressure (Tajudeen et al., 2017). This viewpoint is based on the assumption that the supplier occupies a powerful position. In Cases A and B, power is more or less balanced between the retailers and the producers. Both participants voiced the advantageousness of social media as a communication tool on the supply side. Case C characterized its communication with suppliers as follows: “Our communities do not use sophisticated IT tools. Therefore, we send the orders via mail in most of the cases. But if I need a quick reply or if I don’t want to be too formal, I send WhatsApp messages.” So, the lack of an appropriate IT infrastructure at the suppliers as well as a personal relationship to the suppliers seem to foster the adoption and use of social media.

Impact of Social Media Adoption

Impact on the Operational Performance

The description of the adoption and its antecedents in the different contexts is indicative of the impact of social media on the operational performance of microenterprises in EF retail. Several benefits of the utilization of social media have already been described in the literature. Accordingly, all cases use social media to promote their products (Gonzalez et al., 2015; Leonardi and Vaast, 2016) as well as to enhance their brand affinity and sales opportunities (Schaupp and Bélanger, 2013) in a cost-effective (Schaupp and Bélanger, 2013; Tajudeen et al., 2017) way. Furthermore, Cases A and C also use such media to promote social causes and to educate their customers (Gonzalez et al., 2015; Leonardi and Vaast, 2016) as they provide additional information on the supplying communities in developing regions.

Besides the customer-oriented performance, the operational performance of the supply side is also affected by social media adoptions. Due to the interactive nature of social media (Tajudeen et al., 2017), they have turned out to be an appropriate tool that can be selected under certain conditions to solve conflicts with the supplying communities and to empower the relationship between the supplying communities and retailers (Schaupp and Bélanger, 2013; Watson-Manheim and Bélanger, 2007).

Impact on the Strategic Management

The synthetic (Tushman and Nadler, 1986) and competence-enhancing (Tushman and Anderson, 1986) employment of social media allows Cases A and C to add value to its products. Aside from the high quality of the products they receive, the customers are provided with additional information on the places of origin and the people who produce the products. The customers learn about the lives of these people as well as their cultures, and they are enabled to make a positive impact. This kind of social media-enabled business model has several advantages. First, it creates a beneficial ingratiation impression for the customers (Schniederjans et al., 2013). Second, taking the example of the designers who are put in touch with the producing communities, it involves people in networks that act as a source of new, creative ideas (Gonzalez et al., 2015; Storbacka et al., 2016). Within these transparent networks the users can decide from whom they receive information (Leonardi and Vaast, 2016). Third, based on the aforementioned, a social media-enhanced business model offers a competitive advantage in comparison to large (conventional) fashion retailers, who are unable to develop a similar impression (Terziowski, 2010). Fourth, social media prepares the ground for further technological innovation (Gonzalez et al., 2015; Leonardi and Vaast, 2016). To give an example: Different approaches for refinements of the existing business models were discussed during the workshop. As a consequence, Case C started to develop a concept for conducting deliveries directly from the producing communities to the customers, based on crowdshipping (Cohen and Muñoz, 2016) and social media technologies.

Despite the foregoing, the adoption of social media seems to have caused a negative impact in Case B. After the discussion part of the workshop, Case B came back to our initially proposed courses of action, asked for more information and spent resources on advancing their social media activities. At this point of our study we were wondering whether Case B's decision was biased by the study design (McNiff and Whitehead, 1988). We discussed this issue with Case B and came to the conclusion that the decision could just as well have been made without our intervention. Nevertheless, Case B's decision seems to be ill-conceived. Despite intensive discussions during the workshop, Case B did not set up an online shop, like in the other cases where online shops contributed to their profits to a large extent. A possible explanation for this halo effect is that the perceived benefits of social media and the influence of external parties, especially at an early stage of adoption, outshine other (more promising) alternatives. Referring to Riemer and Johnston (2012), we call this phenomenon "place-taking."

Implications for Theory and Practice

Our findings contribute to the existing literature on social media adoption, especially in the case of microenterprises, in different ways. First, we provide a rich case study in which we shed light on the antecedents for a successful adoption of social media in microenterprises and how social media impact operational performance and strategic management (Figure 3). Social media turned out to be an innovative core business technology that integrates products and services, potentially has an impact on the entire business, has strategic relevance to the enterprise, and thus might offer a competitive advantage to early adopters (Swanson, 1994). To our knowledge, this kind of pervasiveness has never been described before in the case of social media. Therefore,

Hypothesis 1: *Social media are an important tool to microenterprises for fulfilling value propositions and delivering value to customers.*

Second, in contrast to Wood and Khan (2016), we found evidence based on Schlagwein and Hu (2017) that social media enable other innovation adoptions, like crowdshipping. We also show how managers make use of social media in urgent cases and in conflict resolution (Watson-Manheim and Bélanger, 2007). Furthermore, we present a practical example of how the boundaries of an organization fade, how coincidental value creation in changing networks gain importance (Lavie, 2006), and, as a consequence,

network articulation and social transparency (Leonardi and Vaast, 2016) gain relevance in the inter-organizational context as well. Hence,

Hypothesis 2: *Social media enable the evolvement of inter-organizational networks of value creation.*

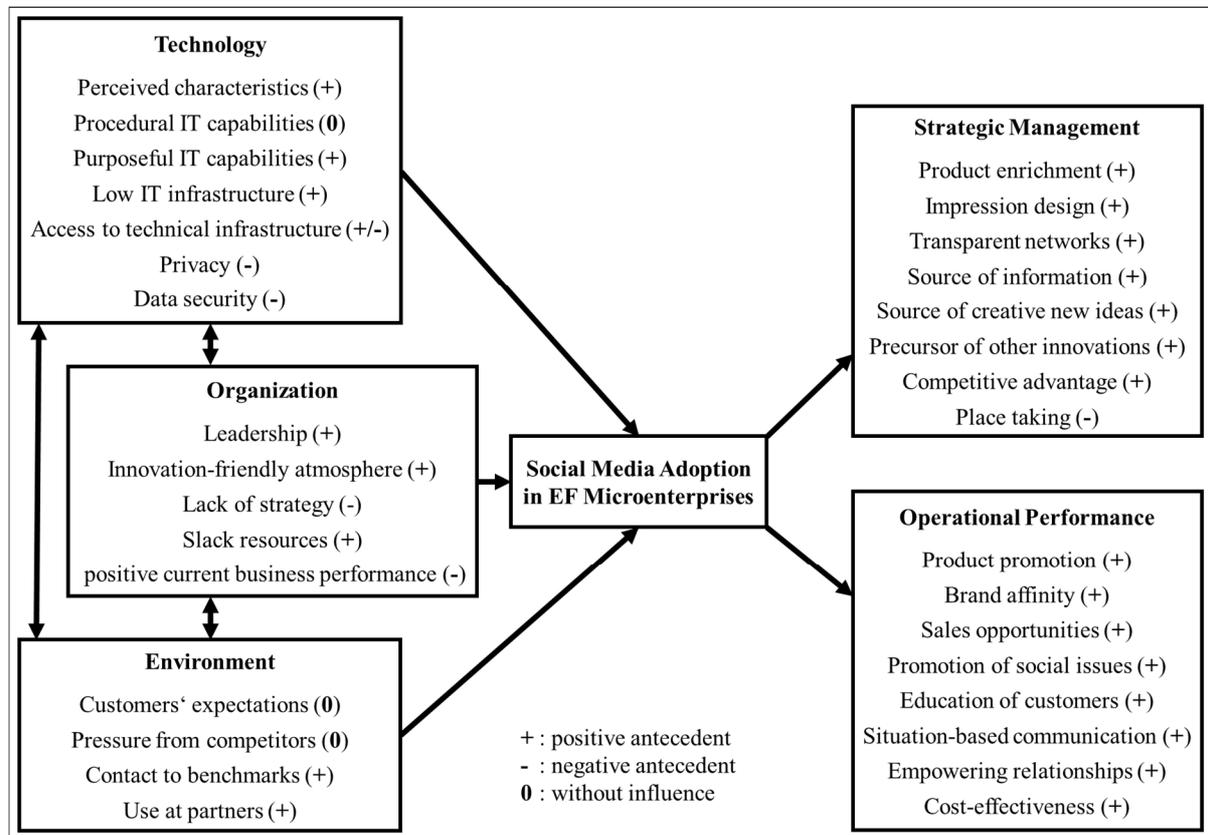


Figure 3. Antecedents for Social Media Adoption and its Impact in Microenterprises

Third, we were able to determine a new facet in social media adoption. Complementing Kreuzer et al. (2014), our study likewise confirms that microenterprises are reluctant adopters of inter-organizational information systems, which might be explained by their rather poor resources. But our study also reveals that microenterprises are able to compensate this reluctance by employing given technologies and concepts synthetically in the sense of Tushman and Nadler (1986). This resilience seems to be essential for microenterprises. Even so, as mentioned previously, it might lead to what we called “place-taking:” the outshining of other (more promising) alternatives due to the perceived benefits of social media and the influence of external parties, especially at an early stage of adoption. This illustrates a facet of social media adoption that has also never, to our knowledge, been described. Thus,

Hypothesis 3: *Microenterprises use social media in the absence of a sophisticated IT infrastructure for their business process management.*

Hypothesis 4: *Due to their perceived benefits, social media can outshine more promising innovations at an early stage of adoption.*

Conclusion

In our study we examined the contemporary phenomenon of social media adoption in the real-life context of EF retail microenterprises in order to clarify the boundaries between phenomenon and context (Yin, 1981). We shed light on how social media replace to a certain degree a sophisticated IT infrastructure (at microenterprises) by drawing on the TOE framework and an explorative case study, supplemented by an action research approach. By doing so, our study distinguishes itself from other studies and is able to reveal the antecedents and the possible impact of a successful adoption, which is

valuable for researchers as well as for practitioners. Our study suggests that social media are an important tool for fulfilling value propositions and delivering value to customers, but also with respect to the enhancement of intra- and inter-organizational routines. As a consequence, our results contribute to calls to investigate the use of social media in inter-organizational contexts holistically.

However, our study as presented in this paper has certain limitations. The significance of our study is limited insofar as we examined only three cases. Likewise, the design of our study as an explorative case study, supplemented by action research, does not allow us to prove our hypotheses with statistical data. Inasmuch as the case selection was based on the EF Show, our cases in all likelihood do not cover the whole range of characteristics of EF retailers. This is a limitation because not every microenterprise is able to attend the exhibition. Moreover, we did not examine the individual adoptions of the managers/owners, which seem to be considerable in the case of microenterprises.

Further research with a larger sample size seems to be necessary regarding the constructed hypotheses. This should include quantitative investigations to determine whether our findings apply also to other microenterprises (in EF), such as pure online retailers or pure producers with direct sales. Furthermore, whether the effect of place-taking is also true for other kinds of innovation and in larger organizations could be researched in more depth. Future research could also examine the individual adoption of the managers/owners, including investigations concerning the role played by the age of the adopters.

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