ANTECEDENTS OF EARLY ADOPTION AND USE OF SOCIAL MEDIA NETWORKS
STAKEHOLDER COMMUNICATIONS:
EVIDENCE FROM FRANCHISING

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Antecedents of early adoption and use of social media networks for stakeholder communications: Evidence from franchising

Abstract

The motivation for this paper arises from the importance of stakeholder communications for firms and the rapid emergence of social media networks as a means of such communications. Our purpose is to understand the early adoption and use of social media networks for such communications by firms. Specifically, we examine the use of Facebook (the most popular social networking site) by franchisors and focus on two questions: (1) antecedents of early adoption of Facebook by franchisors, mainly in terms of system age, size, organizational form, advertising royalty rates, industry, and internationalization, and (2) variations in use of Facebook (in terms of content) by these franchisors and the way these variations relate to the characteristics of the franchisors and their systems. Our empirical study covers 408 franchisors doing business in the French market. The analysis approach is quantitative, with the use of t-tests and Levene tests, Pearson chi-square tests and a logistic regression model, as well as a content analysis of the franchisors’ Facebook pages. At the time we collected data, we found that only 21.3 per cent of the franchisors had a presence on Facebook. Several characteristics of the system (for example, percentage of company-owned outlets, advertising royalty rates, industry) influence whether a franchisor has a presence on Facebook as well as the nature of content on the relevant Facebook page. We draw on organizational theories (resource-based theory) and institutional economic theories (agency theory) to explain these results. These research findings can help the franchisors to better understand the role of social media networks for stakeholder communications.

Keywords: Franchising, communication, social media networks, stakeholders, Facebook.