Franchisors on LinkedIn: Determinants and Outcomes of Adoption and Use of a Multipurpose Social Media Network

Manish KACKER
Associate Professor, Marketing
Michael Lee-Chin & Family Professor in Strategic Business Studies
DeGroote School of Business, McMaster University
1280 Main St. W. Hamilton, ON, L8S-4M4 Canada
Voice: 905-525-9140 x 21658 Facsimile: 905-521-8995
Email: mkacker@mcmaster.ca

Rozenn PERRIGOT
Associate Professor, Marketing
Graduate School of Management (IGR-IAE), University of Rennes 1
& ESC Rennes School of Business
Center for Research in Economics and Management (CREM UMR CNRS 6211)
11 rue Jean Macé - CS70803 - 35708 Rennes Cedex 7 - FRANCE
rozenn.perrigot@univ-rennes1.fr

Presented at the 28th Annual International Society of Franchising Conference
Ernest N. Morial Convention Center
New Orleans, Louisiana, U.S.A.
February 21-23, 2014

1 Rozenn Perrigot thanks the French National Research Agency (references: FRANBLE – ANR-12-BSH1-0011-01), the Human Sciences Institute in Brittany (reference: FRANNET) as well as the sponsors of the Center in Franchising, Retail & Service Chains for their significant support. Manish Kacker thanks The Michael Lee-Chin & Family Institute for Strategic Business Studies for significant support. The authors also sincerely thank Marc FOGELGESANG and Kelly PRIOUX for their valuable assistance in the data collection process.
Franchisors on LinkedIn: Determinants and Outcomes of Adoption and Use of a Multipurpose Social Media Network

Abstract

Social media networks play a key role in organizational strategies pertaining to social commerce. In this paper, we investigate determinants and performance outcomes of organizational adoption and use of social media networks by studying franchisors’ presence on LinkedIn. We draw on resource-based theory and institutional economic theories of incentives and externalities as well as the multidisciplinary literature of organizational adoption and use of innovations to develop hypotheses that (i) link franchisor characteristics and partnering strategies to the adoption and extent of use of LinkedIn and (ii) the extent of use of LinkedIn by a franchisor to the performance of its LinkedIn page. We empirically assess these hypotheses using data on 500 U.S. franchise chains from Entrepreneur’s Annual Franchise 500 list for 2011 and a content analysis of LinkedIn pages for 317 franchise chains. One key finding is that franchisor adoption of LinkedIn is positively influenced by franchise chain size, franchising fees, franchisor marketing communications and franchisor qualification expectations for prospective franchisees as well as negatively affected by franchise concept complexity. A second important finding is that, among franchisors who adopt LinkedIn, the extent of use of LinkedIn is positively impacted by franchise chain size, franchising fees and negatively affected by franchisor age. A third notable finding is that the performance of franchisors’ LinkedIn pages is positively impacted by the richness of information about franchise chain and recruitment. Taken together, our findings shed light on how franchisor characteristics and partnering strategies impact franchisor adoption and use of LinkedIn and how franchisor’s use of LinkedIn influences the performance outcomes associated with its LinkedIn page.

Keywords: Franchising, social media networks, social commerce, organizational innovation adoption, organizational performance, LinkedIn.