

**Franchisors on *LinkedIn*: Determinants and Outcomes of
Adoption and Use of a Multipurpose Social Media Network ¹**

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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*.