Assimilation of Social Media: Researching Challenges to Adoption

Completed Research Paper

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ABSTRACT
Social media has become an important component of corporate information technology for some organizations. The extant literature is replete with frameworks and methodologies for successful social media strategic planning. However, there is a gap in the literature in terms of making sense of the challenges to adoption and to this end the paper provides a framework for social media non-adoption. This is derived from an inductive analysis of qualitative interview data with a sample of organizations in the UK financial services sector. The paper contributes the concept of “mindful non-adoption” of social media and has practical relevance for managers considering social media planning and implementation.

Keywords
Social media, UK building societies, non-adoption.

INTRODUCTION
Social media is defined as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user-generated content" (Kaplan and Haenlin, 2010). Hyperbole surrounds many IT innovations but social media increasingly represents an integral component of many organizations’ corporate information technology (Gupta et al., 2012). Harvard Business Review Analytic Services (2010) study revealed that 46% percent of the respondents feel social media was vital to their company’s marketing strategies and 69% predict a rise in social media usage in the future. Forrester research predicts that spending on social media will be $3bn by 2014 (Lacho and Marinello, 2010).

A body of practitioner literature has accumulated that is replete with frameworks and methodologies for introduction of social media into corporate information technology (Culnan et al., 2010; Gallaugher and Ransbotham, 2010). However, there is a paucity of literature that explores the challenges to adoption of social media. Implicit in the highly optimistic “how to” frameworks is the assumption that non-adopters of social media are lagging behind the adoption curve because they are ill informed, lack education and thus are missing out on the benefits of social media (Rogers, 1995).

In contrast, the objective of this study is concerned with identifying the challenges to the adoption of social media. Little is understood about the reasons for non-adoption of social media and this paper attempts to fill the gap in the literature by an inductive analysis of qualitative data derived from interviews with a sample of UK building societies.¹

The next section of this paper presents the relevant literature on adoption, non-adoption and social media. This is followed by our methodological approach to data collection. Section 3 contains the inductive analysis and the framework alongside discussion of the empirical data. The last section concludes with the significance of the research in terms of its contribution to theory and practice.

¹ UK building societies are similar in their use of a business model found in US Credit Unions
Much of the literature on social media is focused on frameworks for strategic planning (Culnan et al., 2010; Gallaugher and Ransbotham, 2010). For example, Culnan et al. (2010) posit that social media adoption must be backed by a definite business strategy. The strategy should be *mindful*, in the sense of resulting from systematic, disciplined and rigorous planning. “Mindful adoption” involves an analysis of the practical measures for risk mitigation and identification of the business goals of the implementation (Gallaugher and Ransbotham, 2010).

<table>
<thead>
<tr>
<th>Category</th>
<th>Antecedent</th>
<th>Explanation</th>
<th>Consequences</th>
<th>Social media context</th>
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</thead>
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<tr>
<td>Organizational Constraints</td>
<td>Small Size (Cragg and King, 1993)</td>
<td>The incumbent firm is small in size or has limited resources to support technological adoption.</td>
<td>First two factors along with perceived benefits decide technology readiness.</td>
<td>Corollary of Krushwitz’s argument that social media makes a small firm seem bigger (Krushwitz, 2012).</td>
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<td>Resource constraints (DeLone 1981)</td>
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<td>Firm’s Readiness to adopt (Fathian et al., 2008)</td>
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<td>User Perceptions</td>
<td>Little perceived usefulness (Jeyraj and Sabherwal, 2008)</td>
<td>Users (officials and customers) of the technology are unaware of the technology or believe that technology would be of little benefit.</td>
<td>Resistance towards technology (Klaus and Blanton, 2011, Patsiotis et al., 2012), non-adoption (Cenfetelli and Schwarz, 2011).</td>
<td>Social media has no real business value (Bradley, 2011).</td>
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<td>Lack of awareness (Beckinsale et al., 2011)</td>
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<td>Past Experience (Hovav et al., 2004)</td>
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<td>Technology Characteristics</td>
<td>Loss of control/power (Keen, 1981)</td>
<td>Users may see the technological innovation as taking away the control from them or may foresee certain risks associated with adoption.</td>
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<td>Social media associated with invasion of privacy, compliance with regulation, reduction in productivity and loss of intellectual capital (Dutta, 2010; Hoadley et al., 2009).</td>
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<td>Adoption risks (Curran and Meuter, 2005; Sheth, 1981)</td>
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<td>Incompatibility with business processes (Gosain, 2004)</td>
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Table 1. Key Literature: Mindful non – adoption of technology
We suggest the concept of “mindful non-adoption” as a corollary of mindful adoption. Non-adoption of social media has a relatively limited supporting literature (Bradley, 2011; Dutta, 2010; Hoadley et al., 2009) and there is a paucity of research on non-adoption of social media. Table 1 summarises technology non-adoption literature divided into the categories of organizational constraints, user perceptions and technology characteristics. Cenfetelli and Schwarz (2011) suggest that there is a co-existence of factors that accelerate technology adoption known as ‘enablers’ and factors that resist technology adoption called ‘inhibitors’. Both of these dual-factored constructs play a major role in technology adoption and non-adoption decisions and interestingly, both of them are not necessarily the two sides of the same coin. This suggests that adoption and non-adoption may not necessarily be the opposite of each other but are driven by specific determinants – enablers and inhibitors. Inhibitors exert a strong negative influence on the enablers leading to technology rejection.

Non-adoption of technology can result from user resistance (Patsiotis et al., 2012) triggered by a range of different factors (Klaus and Blanton, 2011). Patsiotis et al. (2012) categorize resistance as active or passive. Active resistance behaviour is characterised by imposing delay or rejection and passive resistance by inertia. Hence, non-adopters either actively resist or simply do not act due to perceptions of a lack of need. Resistance can result from a development of a negative user attitude when a system is being forced upon them or when the users believe that the system can lead to a loss of their control. In some cases, a lack of awareness about the system can lead to resistance. Organizational issues arise when the users are not adequately trained and this renders the system unacceptable. Technology characteristics issues come into play when the system is not a good fit with business processes and when the system is deemed to be an additional workload for the users (Klaus and Blanton, 2011).

RESEARCH METHODOLOGY

This research is exploratory (Stebbins, 2001) due to the lack of any established framework for the non-adoption of social media. Following a literature search, a sample of organizations in the UK building societies sector was identified and 21 interviews were undertaken. We interviewed both adopters and non-adopters of social media to clearly understand the effect of enablers and inhibitors (Cenfetelli and Schwarz, 2011). Interviews focused on gathering in-depth information about social media adoption or non-adoption in the context of that particular building society. In 4 cases where conducting telephonic interviews was not possible, an email interview (Hunt and McHale, 2007) was undertaken in the form of a questionnaire sent to the respondents. The sample size was decided by the principle of “theoretical saturation”, according to which the authors concluded primary data collection once there was no new contribution to their knowledge from current interviews (Eisenhardt, 1989). For this research, 21 responses (17 telephonic interviews and 4 e-mail interviews) from different building societies were considered sufficient. Anonymity was guaranteed to the interviewees and questionnaire respondents upon request. Interviews were preceded by a careful examination of the publicly available social media applications (e.g. Facebook, Twitter, Linkedin, YouTube and Blogs) in use by a particular building society. All the interviews were conducted between June and August 2012 and were of approximately 30 minutes duration. All the telephonic interviews were recorded after taking permission from the interviewees and were later transcribed verbatim. Secondary data was also collected in form of the publicly available social media applications, industry reports, figures and statistics that were relevant to this research.

The primary data was analyzed by using a grounded theory approach (Strauss and Corbin, 1994). Further, the authors incorporated a “theoretical sampling” approach during data analysis where the authors frequently compared collected data with the evolving extant literature (Glaser, 1978) such as Patsiotis et al. (2012)’s framework. Transcripts were printed, the data was coded and sorted into categories which were inductively derived from the data (‘open coding’). This iterative process led to the development of the non-adoption categories presented in the next section.

Sample description

All 47 UK building societies use a similar business model to that seen in US Credit Unions. The small size and establishment over 50 years ago of many societies provides a context that clearly reveals the adaptations and improvisations to new technologies or conversely the rationale for non-adoption. UK building societies are an important part of the country’s economy and along with banks and other financial sector organizations they contribute 7.7% to the UK’s GDP (Burgess, 2011). The building society sector is diverse: the largest building society, Nationwide, has 1.4m borrowing members and over 700 branches and the smallest, Century building society has just 1 branch. (Building Societies Association, 2012). Building societies differ from banks as there are limits to their lending and funding and they may not trade in currencies and securities (FSA Handbook, 2011) but, offer more attractive interest rates. This limits the building societies to mortgages and savings as their primary products.
FINDINGS: MINDFUL NON-ADOPTION OF SOCIAL MEDIA

In the sections to follow the rationale for non-adoptions of social media are grouped into categories of regulation, risk, security and control, size, tradition and market demographics. Under each category derived from a grounded theory analysis the resistance (Klaus and Blanton, 2011) towards social media is examined as active or passive (Patsiotis et al., 2012).

Regulation

The first major exogenous challenge to social media adoption concerns the stipulations of the Financial Services Authority (FSA) in the UK. The FSA regulates the UK building society sector and has laid down strict guidelines on product promotions and marketing related activities. Compliance with these rules applies to all forms of advertising be it print media or online social media. Taking the example of Twitter, the stipulated warnings and fine print included in advertising is not amenable for inclusion in a 140 character “tweet”. The interview respondents state:

Monmouthshire BS- “When you use something like Twitter which only allows you a limited amount of characters, you can’t properly promote a product in enough detail that would satisfy all regulatory requirements imposed upon by the Financial Services Authority”.

The building societies may not breach these rules by posting product information on any social media application, the consequences of which could involve heavy penalties:

Newbury BS- “FSA levies heavy fines for not promoting a product according to their guidelines...FSA basically is completely media neutral. They don’t care what media you use”.

Regulations thus pose challenges to social media adoption in the UK building societies and are an example of a cause of active resistance (Patsiotis et al., 2012).

Risk, security and control

Gallaugher and Ransbothom (2010) describe how the interactive “two way” communication offered by social media may provide valuable feedback from customers and other stakeholders. However, findings revealed that many building societies are concerned with the risks of this scenario, chiefly the threat of security breaches and concerns about reputational risk. Quotes from several interviewees illustrate this:

Anonymous Respondent [building society (BS) - 120 employees]-“With newsletters and e-mail we have control over the message”.

Anonymous Respondent (BS - 77 employees)-“We do not use Twitter due to the lack of control over the Twitter content”.

Ian Keeling, Vernon BS- “On many occasions I think people have regretted what they have tweeted and I think in an environment like ours, we need to be very careful about the controls of doing that”.

These responses draw our attention to the loss of control (Keen, 1981) in the bi-directional discourse implying that the content may be negative or cause “regret” over twitter content. Moreover, interviewees believed that social media presents challenges to data security (Curran and Meuter, 2005; Sheth, 1981) although the exact nature of the potential security threat was weakly articulated. Quotes from interviewees illustrate this:

Nick Pettitt, Holmesdale BS- “There could be data protection issues obviously; we have to make things as secure and private as we can”.

Anonymous Respondent (BS - 77 employees)-“The major disadvantage with social media is that we cannot guarantee the security of any information posted”.

The threat to reputation emerging from the lack of control over bi-directional interactivity available on social media may be illustrated by the example of UK payments protection insurance scandal during 2011/12. This involved many financial services organizations facing claims for mis-sold insurance. An interviewee explains:

Anonymous Respondent (BS - 90 employees)-“Payment Protection Insurance (PPI) was sold to people taking loans and we get lots of complaints about that every month. The majority of them haven’t even been our customers or taken any PPI and none of the complaints have actually been valid. Now, if we allow the complaints to be raised on a social media site where everyone could see, it would look like we have lots of issues with PPI, but actually we have none”.

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Further evidence of potential for unwarranted criticism was demonstrated on searching the social media applications where it was noted in a number of cases that duplicate social media identities of societies (building societies) had been created by malicious users. Newcastle BS is a non-adopter of any social media application but has registered to prevent the creation of fake identities:

Newcastle BS-“We have registered on Facebook, Twitter, YouTube and LinkedIn as a sort of defensive measures, just to stop anybody else taking them. But, we don’t do anything with it”.

Thus, risks of security, reputation and control over the content can be the cause of active resistance towards adoption.

**Role of Size**

Defining a “small firm” is controversial but a general definition can be found in Section 248 of the U.K. Companies Act (1985) that states that a small firm employs 50 or fewer employees. There is consensus that small firms are often disadvantaged relative to large firms in a wide range of resources crucial to coordinate information technology (DeLone, 1981). Krushwitz (2012) posits that small firms may capitalize on the low transaction costs of social media presence increasing online visibility and making size less discernible to customers. As an example, a small blender manufacturing firm’s ‘Will it Blend’ series of YouTube videos made it appear larger after 9 million views (Dutta, 2010). However, findings from our sample indicate a negative influence of firm size on social media adoption as social media presence demands resources in terms of staff time, budget and knowledge. Many respondents preferred co-presence for personal communication both internally with colleagues and externally with customers. Quotes from interviewees elucidate:

Anonymous Respondent (BS - 20 employees) - “We only employ 20 staff and therefore communication is much easier...We are a small society and hence we don’t need blogs and discussion forums for communication.”

The communication “personal touch” that characterized the small organizations’ internal communication was extended to relationships with customers in societies where the branches are confined to a small geographic area. Small size also constrained the building societies in terms of time available for staff to monitor and control various social media applications:

Nick Pettitt, Holmesdale BS-“We don’t use Twitter because of time constraints”.

Newcastle BS-“I don’t have the staffing and I certainly couldn’t do the business case to have somebody who just sits there and monitors things all the time”.

Furthermore, there is a paucity of knowledge on implementation or track record, interview respondents remarked:

Anonymous Respondent (BS - 77 employees)-“We do not use Facebook due to no proven track record within our sector”.

Anonymous Respondent (BS - 120 employees)-“Should these channels show significant signs of success then we will review our current stance”.

The finding on the importance of size is contrary to Krushwitz’s (2012) assertion that firms with less than 1000 employees would be most likely to benefit from adoption. The small societies actively resisted because they were cognizant of the maintenance required and their institutional resource constraints. Active resistance towards adoption recognized resource constraints in terms of staff, time, knowledge and budget. Passive resistance was also observed where some societies did not adopt social media even when it was made available as they were small in size and could communicate face to face more effectively.

**Role of Tradition**

Tradition, considered as a component of organizational culture, may be understood as a set of rules, rituals and beliefs (Green, 1997; Morgan, 1986). A quote from Nick Pettitt at Holmesdale BS illustrates how tradition affects social media adoption practices:

“We’re a very much old school building society treating our customers in the way they would expect to be treated, not complicating things, keeping it as simple and secure as we can. Marketing tends to be very much word of mouth, getting into best buys on certain financial literature and local advertising, really we’re a small local building society so it’s more our local relationships that we work on in that respect”.

Social media was perceived as offering mass market access whereas the smaller societies tended to build close personal relationships. Anonymous Respondent (BS - 90 employees) - “Half of our members come regularly into the branch and we’re having regular conversations with them, actually that is better than us sending out email”.
Ian Keeling, Vernon BS- “We’re really a local building society; we have a very loyal set of customers who value the location and the regional nature of the society”.

Others tended to focus on established marketing channels:

Monmouthshire BS- “We’re more what I call a locally or regional based building society. A lot of advertising is directed at our local community which is best utilized through the local press and the local radio stations”.

Anonymous Respondent (BS - 120 employees)- “We feel that our efforts are better spent on traditional channels which we have a considerable amount of knowledge of and will provide a better return for the investment made”.

Many respondents held preconceived attitudes about social media that influenced adoption. For instance, again Nick Pettitt at Holmesdale BS stated:

“I don’t know too much about it (social media) other than my children use it and I have to keep an eye on them”.

And from the chief executive of a small BS:

“Social media only attracts teens”.

The strong traditions of the UK building societies lead to passive and active resistance towards social media technologies. The effects of regional strategy and traditional business culture lead to active resistance and passive resistance for usage within the societies where personal relations were preferred.

**Market Demographics: Age groups and location of borrowers**

Building societies indicated that the profile of customers influenced social media adoption. Interview extracts from respondents help explain this:

Anonymous Respondent (BS - 90 employees)- “The biggest thing is our age profile which plays the biggest role in non-usage of social media…….we also have to look at who our members are and what sort of things they do on social media. So actually we don’t think that Facebook is primarily the route that they are following”.

Newcastle BS-“About 75-80% of our customers are savers. And they have an average age of sort of late, very late 50s, a lot of them retired”.

The age of these customers provided the rationale for non-adoption as it was considered that this group are themselves non-users of social media. Location of the customers of these societies also plays a role in non-adoption of social media. The regional societies with local set of customers tended to focus on personal relationships:

Anonymous Respondent (BS - 90 employees)- “We’re not like Coke where we don’t have face-to-face contact with our customers….We are still predominantly a local based building society”.

Monmouthshire BS-“We’re more, what I call a locally or regional based building society. A lot of advertising is directed at our local community which is best utilized through the local press and the local radio stations”.

The finding on age group usage is contradicted by other evidence. One study posits that one in five in the age group 50-64 use social media everyday (as of May 2010). During the same time period, people aged over 65 years also increasingly use social media, up to 13% from 4% in April 2009 (Pew Internet, 2010).

From the above evidence, we conclude that perceptions over demographics of the building societies’ market primarily age and size posed challenges to the adoption of social media in the UK building societies. These demographics lead to a strong active resistance behavior.

**DISCUSSION AND CONCLUSION**

The objective of this paper is concerned with identifying the challenges to the adoption of social media. We contribute the concept of *mindful non-adoption* to explain resistance in the form of planned non-adoption of social media. Grouping the inductively derived categories of non-adoption of social media alongside active and passive resistance provides an analytical framework. This research adds value to the current literature on technology non-adoption in the context of social media. There is considerable excitable hyperbole about social media and by drawing on the non-adoption evidence gathered from a sample of UK building societies, the authors go beyond prior research guidelines focusing on how to implement social media (Culnan et al., 2010; Gallaugher and Ransbotham, 2010; Larson and Watson, 2011) and instead propose a framework for understanding mindful non-adoption of social media (figure 1).
Constraints of small size and resource influence decisions on adoption. These mindful non-adopters were cognizant of the risks presented by social media both in terms of security and control. Without sufficient resource to manage the risks of adopting social media applications they actively chose non-adoption. Furthermore, the building societies’ concern over reputation contradicts the confident assertion of the benefits of interactivity with and between customers in an open public forum (Culnan et al., 2010; Gallaugher and Ransbotham, 2010).

Culnan et al. (2010) and Gallaugher and Ransbotham (2011) present a “one size fits all” approach that may be used for social media adoption. However, not all business sectors are the same and the UK building society sector is particularly influenced by tradition. Building societies have traditionally offered services to their customers and borrowers through local branches and with an emphasis on personal relationships with internal staff and customers. The novel insight concerning tradition is a contribution beyond the more obvious antecedent conditions such as size and risk. Related to this, there was a perception by some that social media is primarily used by younger age groups which do not match customer and borrower demographics. Although there is evidence that this is changing, the societies in our study could identify no business value from social media. Similarly, many of the smaller societies have local branches and consequently they are uninterested in extending borrowers to a more national market. Our final contribution is in relation to compliance with regulation. In this case, compliance with UK Financial Services Authority lays down essential guidelines which dictate restrictions on promotional content.

The antecedent conditions in figure 1 are also interconnected. For instance; size, tradition and market demographics unite to form a concerted rationale for non-adoption. Accordingly, small size plays a major role in the traditional business approach of some of the UK building societies. Furthermore, the small size of the building societies in our sample is inter-related to the regional or local location of the building societies’ customers and branches. These building societies are happy to serve the local community and feel a minimal need to expand business beyond those local branches. Similarly, tackling risks over social media needs resources (staff, time and budget) which cannot be procured by small organizations; hence risks and resource are connected when it comes to non-adoption. As a theoretical contribution, this study has contributed an improved understanding of the existing challenges in social media uptake by using building societies in the UK as a sample, which was hitherto unknown. This paper points to the role for the IS discipline in understanding social media as an information system and to advance this endeavor, this paper contributes to the literature on resistance/non-adoption of social media. A limitation of this study is that we focused on one specific sector. However, this sector is diverse and consists of both adopter and non-

Figure 1. Mindful non-adoption of social media.
adopter segments which provided an ideal platform to explore the possible social media inhibitors without mistaking the reverse of enablers to be inhibitors. Thus, this research provides a practical contribution to Cenfetelli and Schwarz’s (2011) work and extends it to social media non-adoption. Another practical contribution of this research lies in guidance for consultants and managers on the sensitivity in planning regarding potential resistor behaviors. Recommendations for future research include social media non-adoption and unplanned adoption research in other countries and sectors to identify other factors that may impede the growth of social media in organizations.

REFERENCES


