

**UTILIZATION OF SOCIAL MEDIA IN AN ORGANIZATION AND COMPETITIVE
ADVANTAGES: DEVELOPMENT OF A CONCEPTUAL FRAMEWORK**

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Abstract

Competitive advantage is a customer satisfactions which depend on relative quality those organizations maintain to possess through which organizations can exceed their rivals' performance, and achieve long-run benefit through the cost leadership. Social media as a cost reduction marketing techniques which is essential to the marketers to improve their understanding of customers' satisfaction and online marketing surface. In seeking to understand whether social media confirm for competitive advantages in which applied the utilization of social media with the models of competitive advantages from literature. Thus, it is timely to analyze the significance of social media utilization as a determine factor of competitive advantage in an organization. Comparatively very few studies have been carried out relationship of social media utilization and competitive advantage. Researchers have explored the specific variables associated with individual, internal and external factors for competitive advantages in an organization. This study aims at proposing a conceptual model for empirical examination of the effects of social media utilization for competitive advantage. Further utilization of social media has been cited as possible moderating factor by reviewing the relevant literature. This study makes a valuable contribution to the existing body of knowledge with the proposed conceptual framework so that it can be used as a basis for the future research in this context.

Keywords: *Competitive Advantages, Social Media Utilization, Influencing factors, Organizations*

INTRODUCTION

Influencing factors are categorized into three major clusters: internal, external and individual factors in an organization (Azevedo, *et al*, 2007 ; Ghobakhloo, *et al*, 2012). Internal factors are defined as factors within the technological context and organizational context. Technological context describes the internal technologies relevant to the firm. Organizational context refers to descriptive measures regarding the organization, such as firm size, managerial structure and internal resources. External factors, however, refer to the factors within the environmental context that describe the arena in which a firm conducts its business: its industry, competitors and dealings with government (Pan and Jang, 2008, Zhu, Kraemer and Xu, 2003, Zhu and Kraemer,2005). Strategically, information technology (IT) tools are employed within firm in order to achieve pre-determined business strategy (Ghobakhloo. *et al*, 2012). Grant (2005) have emphasized resources as an independent variable to achieve the competitive advantages using strategies.

Social media can use as a marketing strategy to reduce the marketing cost in order to that social media utilization can be implemented as a moderator variable. Weinberg (2009) explained social media as a process that empowers individuals to promote their websites, products, or services through online social channels and to communicate with and tap into a much larger community that may not have been available via traditional marketing techniques. Social media are influencing change the attitude of consumers' preferences and behaviors. Organizations mainly care about customers' needs and wants and transform such needs and wants into targeted areas which are competitive dimensions. These dimensions focus on and show great interest in, while providing services and products to meet market demand and it will be help to achieve competitive advantage in organization in which competitive dimensions are cost, quality, time, and flexibility (Krajewski and Ritzman, 1999). According to these literature bases, the study is going to test the moderating effects of social media utilization for competitive advantages in an organization. Hence, human skills, technological stills, firm capacity, firm size, cost of capital, competitive industry and government are the influencing factors for competitive advantages on moderating effects of social media utilization in a business process.

Objective of the study

The purpose of this paper is to propose a theoretical framework so that a future study can explore the moderating effect of social media utilization how to affects to the relationship between exogenous variables of an organization and competitive advantage.

LITERATURE REVIEW

Competitive advantage

Competitive advantage defines as an organizational capability to perform in one or many ways that competitors find difficult to reproduce now and in the future (Kotler, 2000). Companies must compete to keep or gain market share. Organizations mainly care about customers' needs, wants and transform such needs and wants into targeted areas which are competitive dimensions. These dimensions focus on and show great interest in, while providing services and products to meet market demand and it will be help to achieve competitive advantage in organization in which competitive dimensions are cost, quality, time, and flexibility (Krajewski and Ritzman, 1999).

Influencing factors for competitive advantages

Human skill

Human skills can be defined as an ability to work well with others both individually and in group. These skills are equally important for low level, middle level and top level management. Because, managers have to deal directly with people in which good human skills are able to get the best out of their people. They are required to know how to communicate, motivate, lead, and inspire enthusiasm and trust (www.accounting4management.com/human_skills). Grant considers the human resources as comprising of “Skills/ know-how” capacity for communication and collaboration and motivation (Grant, 2005). In most organizations, employees are coincided as significant assets, and along with the role of owner/manager, seriously affect the firm’s survival and success (Nguyen,2009). The users of IT are another valuable resource for firms (Caldeira and Ward, 2003) which need to be developed to contribute to the success of business characteristics of IT users, including knowledge of IT, training, attitudes and intention toward IT, and participation and involvement in adoption process (Caldeira and Ward, 2003). Premkumar and Roberts (1999) suggested that increasing users’ awareness of information telecommunication technologies will also positively influence the process of adopting these technologies, while this awareness could be superior through improved education and training.

Technological skill

Technological skill is the knowledge and proficiency in certain specialized field in which include; engineering, computers, accounting, or manufacturing. These skills are more importance at lower level management since these managers are dealing directly with employees doing the organizational work (<http://www.ask.com/question/what-is-the-definition-of-technical-skills>). Successful use of information technology (IT) can improve performance of competitive advantage in an organization (Bharadwaj, 2000; Stratopoulos and Dehning, 2000). To be able

to compete, logistics firms must keep rate with the information change. The proper implementation of information communication technology system (ICTS) can be a significant source of competitive advantage to firms. It is beneficial to the logistics industry since its dependence on information for efficient operations. According to Nguyen (2009), many businesses adopt new IT simply continue with firms which have implemented the technologies. Under such circumstances, lack of strategy of the purposes of IT adoption will lead to project failure. According to Bharadwaj's (2000), IT capabilities means "the ability of the firm to mobilize and organize IT-based resources integrated with other firm's resources and capabilities." Information technology has been an important factor on how firms' products and services are marketed. As a worldwide communications medium like the internet has changed language and playing role for marketers everywhere.

Firm size

Firm size definable by turnover and number of employees is one of the most important determinants of IT adoption (Premkumar and Roberts, 1999). The importance of firm size is partly due to its role as the source of the firm's capabilities (Mole and Ghobadian, 2004). Thong and Yap's (1995) survey points out that firm size is the most important discriminator between adopters and non-adopters of IT within Singaporean small businesses. Likewise, an investigation by Premkumar and Roberts (1999) of rural small businesses revealed that even within the small business category, firm size is the most important determinant to the adoption of IT. This finding is durable by a study of Premkumar (2003) on IT adoption within 207 firms who indicated that larger firms in the small business group have a higher tendency to adopt communication technologies than smaller ones. The size of a firm has been a conventional factor that determines the innovation and performance level of the firm: firm size positively influences the degree of innovation and technology adoption of a firm. Larger firms are more likely to adopt new technology than smaller firms and outrun small companies in technology intensity (Rogers, 1995). Therefore, large firms have an advantage over small companies because their financials might allow them to be more capable adopters.

Firm capacity

Grant, 2005 define the organizational capabilities as the firm's capacity to undertake a particular productive activity in which considers human resource, tangible resources and intangible resource together forming organization capabilities. They are complex combination of assets people and processes that organizations use to transform inputs into outputs. Social media as a intangible resources which is transform inputs into outputs which is competitive advantage. Website age and reach facilitate to utilized the social media which was measured using the date of the organization's first appearance in the Internet Archive Wayback Machine

(www.archive.org), a source validated by scholarly research (e.g., Murphy, *et al*, 2008). Website Reach, in turn, was measured as the number of 'inlinks' reported on Google. (Nah and Saxton, 2013).

Cost of capital

The cost of capital is the rate of return that could be earned on an investment with similar risk. The cost of capital is used for evaluating a new project of a company, as it is the minimum return that investors expect for providing capital to the company. Thus, the cost of capital is a benchmark that a new project has to meet (www.cfainstitute.org/learning/). Technology adoption highly depends upon the amount of planned capital expenditure and the firm's ability to secure capital for technology adoption. Thus, while capital is likely to provide opportunities for technology adoption activities in the firm, cost of capital is a major concern that prohibits the firms from making technology investment decisions and developing adoption activities. The cost of capital refers to 'the general cost-related problems associated with advanced technology adoption, the cost of technology acquisition, equipment purchase, and development and maintenance expenses' (Baldwin and Lin 2002) which are related with fundraising expenses to total expenses and Lobbying Expenses, the amount spent on grassroots and direct lobbying activities (Nah and Saxton, 2013).

Competitive industry

Firms must compete in a complex and challenging context that is being transformed by many factors from globalization, technological development and rapid diffusion of new technology, to the development and use of knowledge. Many firms, pressure to carry on with the competition to increase survival, growth, managing change, promoting services to customers and staying competitive and enhancing innovation abilities forced to adopt IT (Premkumar, Roberts, 1999 and Nguyen, 2009). The ability of a firm to survive depends on how the firm takes advantage of the opportunities in the market place to satisfy its customers. Many companies have demonstrated their capabilities of been sensitive to their customers by trying to understand customers' needs, customers' complaint and planning long range marketing programs to meet those needs. (Sut Sakchutchawan, *et al*, 2011).

Government

Poter (1985) suggests that the basic role of government today is an economic one and that even in an international economy, the government has a key role to play in ensuring the competitiveness of the firms operating within its borders by creating business environment, along with supporting institution that enable the nation to productively use and upgrade its

inputs. Macroeconomic policies and international trade policies can be used to measure the role of the government regarding any type of the business.

Social media Utilization

Social media utilization refers to the "heavy reliance on basic informational uses, such as update frequency, as a lost opportunity for deeper engagement with supporters (Bortree, *et al*, 2009). Social media is treated same as any other marketing/ communication channel in the marketing strategy. (Bernoff and Li, 2008). Social media performance assessment includes a variety of monitoring tools, metrics, and measuring. These all are usually used for tracking the progress of a social media marketing strategy (Evans, 2008). This variable was measured by new four-item scale that concerned with perceived of firm want to use internet-based for transaction, convenient to use and safe time, in the garment products. Usage of social media and policies, social media options, social media benefit and presents are the dimensions of the utilization of social media.

METHODOLOGY

This study involves a development of conceptual framework for empirical exploration of a phenomenon. Therefore, it reviews the existing literature for identifying concepts and relationships relating to the phenomenon. Basically 300 abstracts of articles were scrutinized to check their relevance to the phenomena under consideration. Finally, 200 articles were selected and reviewed for identifying the concepts and relationships involved.

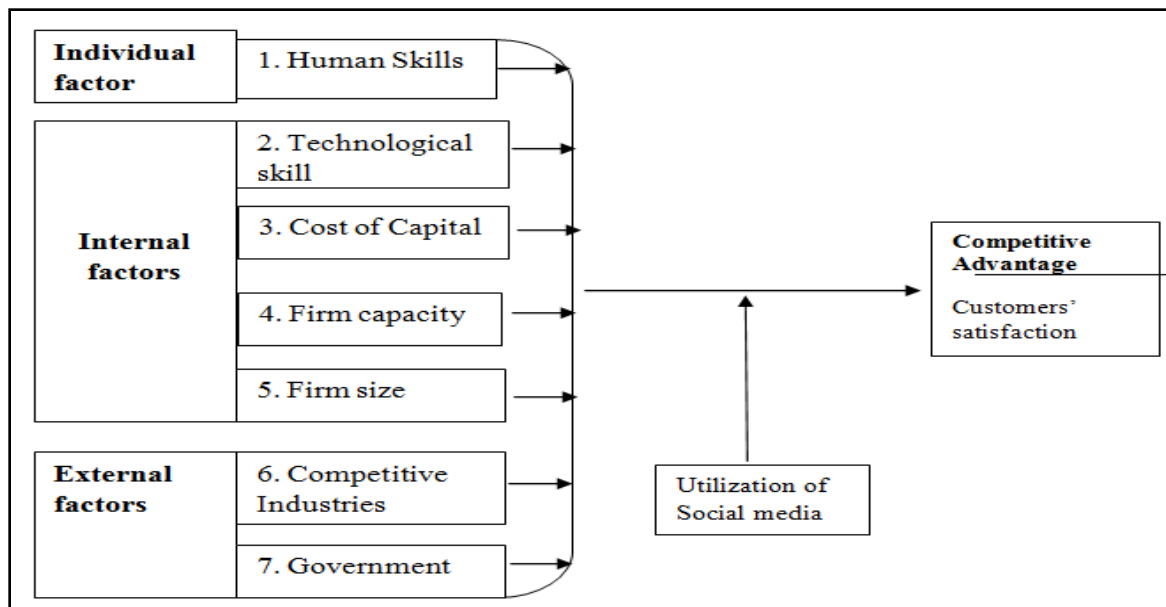
Development of the conceptual framework

The proposed theoretical framework was developed based on the identified variables and relations through the literature review pertaining to the research problem of the study.

The proposed theoretical framework was designed by taking into the influencing factors in an organization. Any type of the business is basically, related with the profile of the individual, internal and external factors. Human skill as an individual factor its dimensions are, top management support and commitment, innovativeness, familiarity of administration, in terms of IT knowledge, IT skills and IT education. In the second and third place, the internal factors are characterized by cost of capital and technological skill in which consider the level of investment, level of technology adoption, IT utilization and IT infrastructure. In the fourth, organizational capacity consider the both tangible and intangible resources with existing web site in the industry which will be help to utilize the social media. Fifth independent variable related to internal factors is size of the firm in which consider the number of employees. As a component of external factors, role of competitive industry and government measure through the external expertise, services availability, support and the macroeconomic policies. Competitive

advantages have ability to measure on financial performances means sales growth or operational income of the industry or market share. Utilization of social media consists with social media policies, social media options, social media benefits and presents.

Figure 1: Proposed conceptual framework



Conclusive Remarks and implications

This paper proposes a theoretical framework for exploring the utilization of social media in which relevant internal, individual and external factors in an organization. Even though the proposed framework is yet to be tested empirically, the description of the interactions between variables will add significant value to the body of knowledge on marketing literature. First, this paper has offered an extension of the body of knowledge on competitive advantages in an organization and moderating effect of the social media utilization. This paper addresses the knowledge gap of moderating variable effect with competitive advantages in an organization. This has not been explored previously. This paper points out this knowledge gap and stress the importance of addressing it empirically. Therefore, proposed theoretical framework of this paper will set a new direction for future research to understand the moderator effects of social media utilization for competitive advantages.

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