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Adoption of social media networks by Indonesian SME: A case study

Samiaji Sarosa^{a*}

^a *Atma Jaya Yogyakarta University, Jl. Babarsari 43, Yogyakarta 55281, Indonesia*

Abstract

We observed how an Indonesian SME using social media networks (Facebook and Twitter) for their business. The adoption of social media network to promote and conduct business in SMEs is quite new. We used Actor Network Theory (Callon 1999; Latour 2005; Law 1999) to explain the adoption social media networks due to its ability to explain the adoption phenomenon as an interactive process between organisations and its environment rather than focusing on individual factors that may affecting the adoption (Kautz 2004; Slappendel 1996). The qualitative approach was deemed appropriate for this study since the use of a process-based perspective required a thorough analysis and understanding of the social media networks adoption process. The qualitative approach with semi-structured interviews allowed us to explore in depth all the factors and the interaction of all stakeholders within a social media networks adoption process by Indonesian SME (Creswell 2003; Leedy & Ormrod 2005). As a result we found a number of factors that enable the success of using social media networks for supporting business.

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Keywords: Actor Network Theory, SMEs, Indonesia, Social Media Networks, Twitter, Facebook

* Corresponding author. Tel.: +6281328096124; fax: +62274485227.

E-mail address: systemscraft@gmail.com.

1. Introduction

Small and Medium Enterprises (SMEs) arguably form a significant proportion of economic development in many countries including Indonesia (Aragon-Sanchez & Sanchez-Marin 2005; O'Regan & Ghobadiah 2004). We observed how an Indonesian SME adopted social media networks to support their business. The company we studied has been using Twitter and Facebook for quite sometimes. They also have been building a website as a main entry point to their company and center of activities.

Typical adoption of innovation study used diffusion of innovation theory (Rogers 1995) to explain the phenomenon. Such approach have been heavily criticize due to pro innovation bias view and the tendency to focus more on factors (drivers and barriers) instead of the adoption process itself (McMaster 2001; McMaster & Kautz 2002). We used Actor Network Theory or ANT (Callon 1999; Latour 2005; Law 1999) to explain the adoption social media networks due to its ability to explain the adoption phenomenon as an interactive process between organizations and its environment rather than focusing on individual factors that may affecting the adoption (Kautz 2004; Slappendel 1996).

The qualitative approach with semi structured interview and observations is deemed appropriate for this study since the use of a process-based perspective required a thorough analysis and understanding of the IT-based accounting systems adoption process (Kautz 2004; Slappendel 1996). The qualitative approach with semi-structured interviews allowed us to explore in depth all the factors and the interaction of all stakeholders within social media networks adoption process (Creswell 2003; Lam, Boymal & Martin 2004). Observations allow us to see first-hand the actual use of social media networks in daily operations. Constant comparison based on grounded theory was conducted (Corbin & Strauss 2008; Glaser & Strauss 1967). We found pattern emerged that deemed important to be analyzed and explored further.

On the next sections we will discuss the theoretical based of our study along with the methodology justification. We also reveal our respondents profile continued by our findings. At the end we present our conclusions.

2. Adoption of Innovation within SMEs

Studies of the adoption of innovation can be considered as originating from the study of the diffusion of innovation (DOI) and more specifically diffusion of IT innovation (McMaster 2001; McMaster & Kautz 2002; Rogers 1995). The notion of diffusion is often associated with the effort to spread innovation to a greater audience using communication channels, while adoption is often associated with the decision to accept and use the innovation (Bøving & Bøker 2003; Brown 1981; Rogers 1995; Schon 1971). Innovation is associated with something new, such as ideas, artifacts or products (Rogers 1995) In this paper the use of social media networks into the organization to support business is considered as an innovation.

2.1. Definition of adoption

Basically there are three different definitions of adoption of innovation. The first refers to the Diffusion of Innovation (DOI) theory (Rogers 1995), in which adoption means decision to make physical acquisition of technical artefacts or a commitment to implement innovation with the emphasis being on the decision to adopt (Aiken, Bacharach & French 1980; Fichman & Kemerer 1993). The commitment to use the innovation is the result of a decision to make full use of an innovation or adoption (Rogers 1995). Rogers's diffusion of innovation theory was drawn mainly from communication theory. Accordingly, its main idea was concerned with the process of communicating the idea of innovation to the potential adopters. The main objective is to convey the innovation message and encourage the potential adopters to accept the innovation. Adoption would be achieved in the adopter's mind and it is not important how the innovation is actually put into use by the

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