Factors Influencing the Adoption of Facebook as a Marketing Channel among SMEs in Nigeria as a Developing Country: A Conceptual Framework

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ABSTRACT

This paper reviews empirical literature to develop a conceptual framework for the adoption of Facebook as a marketing channel by Small and Medium Enterprises (SMEs) in developing countries like Nigeria. Recent peer-review journal articles were reviewed to develop the conceptual framework for this study. Facebook provides SMEs with a cost-effective strategy for marketing their products and services to both local and international customers. However, SMEs in developing countries like Nigeria are slow in the adoption of Facebook. A literature review has revealed a lack of research on the adoption of Facebook by SMEs from the context of developing countries like Nigeria. Most of the existing studies on Facebook adoption were conducted in developed countries. Findings from such studies cannot be directly applied to SMEs in developing countries because they face different challenges. The paper proposes a conceptual framework based on the Technology-Organization-Environment (TOE) framework that can be empirically tested by a future researcher to determine factors influencing the intention of small and medium enterprises operating in the context of developing countries to adopt Facebook as a marketing channel to enhance their competitive advantage in the modern market. Findings from this study would be beneficial to decision-makers in Nigerian SMEs and Nigerian government agencies with responsibility for strengthening SMEs' activities in the country. It will also encourage and guide SMEs to adopt Facebook as their marketing channel.

Keywords: Facebook, Adoption Factors, SMEs, Developing Countries

INTRODUCTION

SMEs are recognized worldwide as the economic backbone of many countries. They play significant roles such as job creation, poverty alleviation, and enhancement of the national GDP of countries (Samat et al., 2018). However, it has been acknowledged that the transformational power of technological advancement has significantly influenced the procedure for marketing products and services by SMEs. Traditional methods of marketing have become less effective as modern customers mostly patronize social media as a source of information at the expense of traditional media such as newspapers and television (Ali et al., 2016). Hence, it becomes necessary for SMEs to embrace the use of technology for their marketing activities to enhance their competitiveness in the global market. SMEs, especially in developing countries, are characterized by limited financial resources that reduce
their chances of adopting costly technological innovations (Radulovich et al., 2018). However, Facebook provides SMEs with a cost-effective option for marketing their products and services to customers not only within their geographical region but also at global scope. The adoption of Facebook as a marketing channel has been confirmed to bring numerous benefits to the adopting SMEs, such as the increase in sales, reduction in marketing cost, enhanced communication between SMEs and their customers, competitive advantage, and enhancement of business performance (Tajudeen et al., 2018).

SMEs, especially in developed countries, are increasingly adopting Facebook as a marketing channel and are achieving superior performance and competitive advantage by adopting the technology (Leung & Baloglu, 2015). Nigeria has the highest internet penetration in Africa (Dunu & Uzochukwu, 2015) with the development of high-speed internet broadband, such as 4G LTE technology (Njikam et al., 2019). Nigerian customers are using various social media tools, such as Facebook, Instagram, and Twitter. However, Facebook is the most popular, with 80.75% of social media usage (Morah & Omojola, 2018). Surprisingly, despite Facebook's obvious importance for SME growth and development in the modern market, combined with Facebook's high popularity among Nigerians, the adoption of Facebook as a marketing channel among Nigerian SMEs has been identified as low (Abubakar et al., 2017). As a result, the performance of Nigerian SMEs was reported to be much lower than that of SMEs in other developing countries (Gbandi & Amissah, 2014).

Most of the studies on organizational adoption of Facebook were conducted in developed countries. Findings from such studies cannot be directly applied to SMEs in developing countries like Nigeria due to contextual differences (Senyo et al., 2016). Few studies were conducted in the Nigerian context, but their focus was mainly on the influence of Facebook adoption on SMEs performance (Ladokun, 2019), and less attention was paid to determining the factors that influence the SMEs' decision to adopt Facebook as a marketing channel among Nigerian SMEs. Therefore, this research at filling this research gap.

Existing literature has revealed the significant influences of the following factors on Facebook adoption among SMEs in the context of developing countries: Relative advantage (Mohammed et al., 2016), perceived risk (Nassar & Faloye, 2015), cost-effectiveness (Ainin et al., 2015) top management support, government support (Aghimien et al., 2018), organizational readiness, competitive pressure (Agwu, 2018) and, customer pressure (Maduku et al., 2016). Hence, the above factors are used to develop the conceptual framework of this research. See Figure 1.

This study explores the factors that influence the adoption of Facebook as a marketing channel among SMEs in Nigeria as a developing country. Hence, the study has two objectives:

1. To investigate the impact of relative advantage, cost-effectiveness, perceived risk, top management support, organizational readiness, competitive pressure, customer pressure, and government support on the adoption of Facebook by SMEs in Nigeria.
2. To test the robustness of the TOE framework in the investigation of technology adoption in the context of developing countries.

LITERATURE REVIEW

Selection of Theory for the Research

Existing studies have revealed the use of various theories in the investigation of organizational adoption of innovation such as the Diffusion of Innovation Theory (Ainin et al., 2015), the Resource-Based View (Siamagka et al., 2015), the Institutional Theory (Tajudeen et al., 2018), and the Technology-Organization-Environment (TOE) framework (Ahani et al., 2017). This study
uses the TOE framework as its theoretical foundation due to the advantages of the framework over the other theories:

The TOE framework addresses the shortcomings of the Diffusion of Innovation theory that was criticized as a bias towards the characteristics of the technology innovation (Chong & Olesen, 2017). The TOE framework has also addressed the shortcomings of the institutional theory that was centered on environmental factors influencing the adoption of technology innovation. The TOE framework was credited as being a holistic framework that focuses on the entire organizational characteristics of technology adoption Abubakar et al. (2017). The TOE framework has also been described as ideal for predicting and explaining the organizational adoption of any innovation (Shim et al., 2018).

Relationships Between Technological Factors and Facebook Adoption

The technological context encompasses features of technology innovation that affects its adoption by organizations. This study examines relative advantage, cost-effectiveness, and perceived risk as technological factors that influence Facebook adoption among SMEs in Nigeria.

Relative Advantage and Facebook Adoption

The relative advantage was defined as the advantages that are expected through the adoption of Facebook as a marketing channel (Tajudeen et al., 2018). Previous empirical studies from different contexts have confirmed the existence of the positive impact of the relative advantage of Facebook on the adoption of technology by SMEs. An empirical study conducted by Tajudeen et al. (2018) in the Malaysian context has identified a significant positive effect of relative advantage to the adoption of Facebook among SMEs. Furthermore, Alshamaila (2018) reported that the adoption of Facebook SMEs in Jordan was significantly positively influenced by the relative advantage of the technology. Additionally, a quantitative study conducted by Burgess et al. (2017) has confirmed a strong positive relationship between relative advantage and Facebook adoption among SMEs in the Australian context. Thus, it is hypothesized that:

H1: Relative advantage of Facebook has a positive effect on the adoption of Facebook as a marketing channel among SMEs in Nigeria

Cost-Effectiveness and Facebook Adoption

Cost is conceptualized in this study as the perceived cost-effectiveness of Facebook technology. SMEs are usually faced with financial constraints; therefore, the cost of adopting innovation is an influential factor in adopting innovation among SMEs. A study conducted by Odoom et al. (2017) has disclosed a strong positive effect of cost-effectiveness on the adoption of Facebook as a marketing channel by Ghanian SMEs. Moreover, Szolnoki et al. (2018) have reported a positive effect of cost-effectiveness on the adoption of Facebook among SMEs. Ainin et al. (2015) conducted a quantitative study in the Malaysian context that showed a significant and positive influence of cost-effectiveness on the adoption of Facebook among Malaysian SMEs. Facebook provides SMEs with an effective but inexpensive option for marketing their products and services (Abedin, 2016). Hence this study hypothesis that:

H2: Cost-effectiveness of Facebook has a positive effect on the adoption of Facebook as a marketing channel among SMEs in Nigeria.
Perceived Risks and Facebook Adoption

Perceived risk was defined by Chang et al. (2016) as the degree of perception of uncertainty and negative consequences of conducting an activity or behavior. Previous literature has shown that perceived risk significantly and negatively relates to the adoption of Facebook by SMEs. Omenugha (2018) examines the challenges limiting the adoption of social media marketing among the Entertainment and Media (E&M) Industry in Nigeria and found a significant negative effect of perceived risk on social media marketing adoption among SMEs. Also, Alshamaila (2018) found that perceived risk significantly negatively impacted on Facebook adoption by SMEs in Jordan. Thus, this study formulates the following hypothesis:

H3: Perceived risk of Facebook negatively affects the adoption of Facebook as a marketing channel among SMEs in Nigeria.

Relationship Between Organizational Factors and Facebook Adoption

Organizational context includes internal factors of an organization that influence the adoption of innovation into the organization. This study proposes top management support and organizational readiness as the organizational factors affecting the adoption of Facebook.

Top Management Support and Facebook Adoption

Top Management support was defined by Alsaad et al. (2017) as the degree to which the leadership of an organization recognizes the importance of new technology as well as the degree to which it is dedicated to its adoption. An empirical study by Matikiti et al. (2018) has confirmed the significant positive effect of top management support on the adoption of Facebook by SMEs in the South African tourism sector. In a different context, Martins et al. (2016) conducted a mixed-mode study that identified a significant positive effect of top management support on the adoption of Facebook as a marketing channel among SMEs in Portugal. In the Nigerian context, Ahani et al. (2017) found a significant positive relationship between top management support and adoption of social CRM among SMEs in Malaysia. It is therefore proposed that:

H4: Top management support has a positive effect on the adoption of Facebook as a marketing channel among SMEs in Nigeria.

Organizational Readiness and Facebook Adoption

Organizational readiness was described by Yang et al. (2015) as the organizational perception of the availability of resources within organizations that are needed for the adoption of innovation into the organization. The study of Jambulingamis et al. (2015) indicated a significant positive relationship between organizational readiness and the adoption of Facebook as a marketing channel among Malaysian SMEs. Furthermore, Yang et al. (2015) conducted an empirical investigation where organizational readiness was found to have a significant positive impact on the adoption of SaaS (Software-as-a-Service) among SMEs. Moreover, Alsaad et al. (2017) confirmed a significant positive influence of organizational readiness on the adoption of business-to-business commerce among SMEs in Jordan. Hence, this study hypothesizes that:

H5: Organizational readiness has positive effects on the adoption of Facebook as a marketing channel among SMEs in Nigeria.
Relationship Between Environmental Factors and Facebook Adoption

Organizational context encompasses the characteristics of organizations that affect the adoption of innovation into the organization. This study investigates competitive pressure, customer pressure, and government support as the organizational factors influencing the adoption of Facebook as a marketing channel among Nigerian SMEs. Thus, this study reviews the literature on the above factors:

Competitive Pressure and Facebook Adoption

Tajudeen et al. (2018) define competitive pressure as the degree to which an innovation is perceived by organizations to be consistent with their existing work practices, technology infrastructure, values, and culture. Different researchers have found a positive impact of competitive pressure on the adoption of Facebook by SMEs. Abedin (2015) confirms the significant positive effect of competitive pressure on the adoption of Facebook among Australian SMEs. Matikiti et al. (2018) also identified a significant positive effect of competitive pressure on the adoption of Facebook by SMEs in the South African context. In another context, He et al. (2017) conducted a qualitative study that revealed a positive effect of competitive pressure on the adoption of social media as a marketing channel among SMEs in the United States of America. Thus, it is proposed that:

H6: Competitive pressure has a positive effect on the adoption of Facebook as a marketing channel among SMEs in Nigeria.

Customers Pressure and Facebook Adoption

Maduku et al. (2016) explain the term customer pressure as the extent to which firms feel pressured by the requests and requirements of their customers to adopt an innovation. Previous studies have indicated positive relationships between customer pressure and the adoption of Facebook in organizational level studies. In the Malaysian context, Ahani et al. (2017) reported that customer pressure has a significant and positive impact on the adoption of social CRM among SMEs. In the Indonesian context, Rugova and Prenaj (2016) conducted an empirical study that testified the significant positive effect of customer pressure on the adoption of Facebook among SMEs in Yogyakarta, Indonesia. Furthermore, the study of Ndekwa and Mujuni Katunzi (2016) disclosed the significant positive influence of customer pressure on the adoption of social media marketing by SMEs in the tourism sector of Dar es Salaam city, Iringa region, and Rukwa region of Tanzania. Consequently, this study hypothesized that:

H7: Customer pressure has a positive effect on the adoption of Facebook as a marketing channel among SMEs in Nigeria.

Government Support and Facebook Adoption

Government support was defined by Kim et al. (2017) as the level of assistance provided by the authority such as government and government agencies to enhance the adoption of innovation within organizations. Existing literature has shown a positive relationship between government support and the adoption of Facebook by SMEs. A recent study by Abu Bakar et al. (2019) has confirmed a significant relationship between government support and the adoption of social media by SMEs in the United Arab Emirates. Ogbo et al. (2019) also confirmed a significant positive impact of government support on the adoption of Facebook by SMEs. The study of Ndekwa and Mujuni Katunzi (2016) has also revealed a significant positive effect of government support on the adoption
of social media marketing among SMEs in Tanzania. Therefore, this study proposed the following hypothesis:

H8: Government support has a positive effect on the adoption of Facebook as a marketing channel among SMEs in Nigeria.

**Conceptual Framework and Hypothesis Development**

The research model is made up of eight independent variables that are proposed as the factors influencing the adoption of Facebook as a marketing channel among SMEs in Nigeria as a developing country. There are three variables from the technological context of the TOE framework (relative advantage, cost-effectiveness, and perceived risk), two variables from the organizational context of the (top management support and organizational readiness) and three variables from the environmental context (competitive pressure, customer pressure, and government support). The model also contains Facebook adoption by SMEs as the dependent variable of the study (See Figure 1).

![Conceptual Framework of the Study (Tornatzky et al., 1990)](image-url)
RESEARCH METHODOLOGY

This research aims at developing a theoretical framework for the investigation of the factors influencing the adoption of Facebook as a marketing channel from the perspective of small and medium enterprises in Nigeria as a developing country. The methodology employed by the researchers includes library search and evaluation of the existing peer-review empirical literature on the adoption of Facebook in the SMEs context. Articles on Facebook adoption in other areas like education were excluded from this study. The peer-review journal articles used in this research were obtained from credible online databases like Web of Science, Scopus, Science Direct, and Google Scholar. Additionally, recent articles were used for this study ranging from articles published in 2014 to 2019.

CONCLUSION

This study proposes a conceptual framework for investigating the influence of TOE factors on the adoption of Facebook as a marketing channel among SMEs in Nigeria as a developing country. The framework proposed by this research provides the opportunity for future researchers to empirically investigate the factors influencing SMEs' intention from developing countries to adopt Facebook as a marketing channel. It is anticipated that this study will enhance the understanding of the benefits of Facebook adoption among Nigerian SMEs and motivate them to adopt Facebook as a marketing channel to enhance their competitive advantage in the global market. Moreover, the study will reduce the literature gap on Facebook adoption between developed and developing countries.

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