What Drives Social Media Relationship Quality in Social Enterprises

Chiou-Fong Wei¹, Ya-Yun Cheng², Chang-Tang Chiang³, Gwo-Hau Ding⁴

Abstract

Purpose: This study investigates how social enterprises can apply social media to promote customer engagement and relationship quality. Drawing on the theory of planned behavior and value co-creation perspective, this study proposed a model illustrating how social enterprises can utilize social media to promote customers’ engagement and strengthen the relationship quality.

Methods: An online questionnaire survey was conducted in Taiwan to collect data and partial least square regression was used to analyze the validated data.

Findings: the study contributes to the literature on the application of social media to promote customer engagement and relationship quality and provides useful guidance for social enterprises seeking to employ social media in order to effectively manage customer relationships.

Keywords: Social Enterprises, Social Media, Relationship Quality, TPB, CCV

1. Introduction

Social media are built on applications of web 2.0, allowing individuals to create and exchange user generated content through web site services (Kim et al., 2010), enabling the firm to monitor consumers’ feedback, and facilitating the consumers’ awareness of others’ perspectives (Gallaugher & Ransbotham, 2010). Consumers are utilizing platforms—such as content sharing sites, blogs, social networking, and wikis—to create, modify, share, and discuss Internet content. This represents the social media phenomenon, which can now significantly impact a firm’s reputation, sales, and even survival (Jan et al, 2011).

Social enterprises emerge as both market failure and government failure. Market failure is defined as “the market is unable to realize all possible gains through trade” (Shepherd & Patzelt, 2011), while government failure is referred to as “misdirected policies result in bureaucratic, ineffective, and wasteful government service delivery” (Trivedi & Stokols, 2011), and social enterprise is regarded as “organizations that aim to achieve a social goal by breaking even (or even making a profit) through the sale of services” (Walk et al., 2015). Under such definitions, social enterprises have several characteristics (Di Domenico et al., 2010). First, they pursue profit strategies by means of transaction as profit organizations. A social enterprise adopts marketing strategies to create economic value for self-sustainability (Walk et al., 2015) instead of an individual or stakeholder’s financial rewards. Second, they aim towards overarching social wealth. The variety of social needs and social problems lead to wide social wealth that a social enterprise addresses, including natural, human, social, and cultural resources (Zahra et al., 2014). Third, they attempt to generate additional benefits beyond their social mission, such as increasing social capital and enhancing community inclusion. Finally, they are most closely associated with communities characterized by limited access to resources (Yang et al., 2010).

Resource scarcity becomes the hurdle for the development of social enterprise and nonprofit organizations (Lin & Wang, 2016). Prior research indicated that network relationships play a substantial role in an entrepreneur’s access resources. Good relationship quality between an entrepreneur and external investors enables the entrepreneur to gain more capital and physical assets from these external investors (Di Domenico et al., 2010). However, these network relationships primarily focus on the entrepreneur and external investors.

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Social enterprise suffers from the lack of a proper instrument to manage customer relationships because traditional customer relationships management (CRM) systems are too costly to implement (Polonsky & Sargeant, 2007). The emergence of social media provides a platform to bridge the gap. Because of their powerful technological and economic features, social media are widely regarded as appropriate platforms for enterprises to manage customer relationships (Kaplan & Haenlein, 2010) and are potential tools that can be utilized by social enterprises to effectively develop good customer relationships and help the firms grow and achieve success.

Few analyses address the relationship quality between an enterprise and its customers, scholars recently found that an enterprise enjoys several benefits from customer engagement which refers to consumer behaviors beyond transaction activities towards a particular brand or enterprise, such as evaluating the product/service by word-of-mouth, providing suggestions, or commenting on blogs (Van Doorn et al., 2010). These benefits include sale growth, cost reductions, knowledge sharing, incentivized referrals, and enhanced customer loyalty (Hollebeek et al., 2016). In online environments, a better understanding of customer engagement can help achieve higher community brand loyalty (Leckie et al., 2016). For the social enterprises, engaged stakeholders and customers were considered to rise to resources and generate social capital (Swanson, 2013). To develop long-term customer relationships and values, the customer role is redefined as a ‘partial employee’ or ‘value co-creator’ (Sweeney et al., 2015).

The main research question of this paper is to explore how a social enterprise encourages customers to continue using a firm’s branded social media and to develop sound relationships on that platform. Based on the theory of planned behavior (TPB; Ajzen, 1991) and value co-creation (VCC; Vargo et al., 2008) perspective, this study aims to investigate how social enterprises can apply social media to promote customer engagement and relationship quality.

The present study contributes to social enterprise research by pointing to the intangible assets of customer relationships that are the crux to social entrepreneurs. Our findings indicate that appropriate customer relationships result in trust, satisfaction, and loyal customers for a social entrepreneurship. Next, unlike traditional CRM programs, which analyze customer behavior internally and passively, this study views customer engagement as the co-creation of value for successful CRM (Sweeney et al., 2015). Third, a social media platform is a beneficial practical instrument for a social entrepreneur to manage customer relationships because of its open, economical, interactive, and spreading characteristics. To deliver social mission and social value to customers, a social entrepreneur can host a social media community to discuss the relative social issues with customers in various forms such as text, images, or videos. Finally, considering that fact that the factors proposed in the present study are, at least to some extent, available resources for social entrepreneurs, the authors believe that our findings have considerable practical and workable implications.

2. Literature Review

2.1 TPB

Ajzen (1991) proposed the Theory of Planned Behavior (TPB), the theory discusses the belief factors of conducting a particular behavior under the control of rational will when one has necessary resources and opportunities relate to that behavior (Madden et al., 1992). Through TPB, perceived behavioral control is one of the key factors determining an individual’s intention of a certain behavior in addition to attitude and subjective norms (Ajzen, 1991), thus, TPB can be used to predict customers’ engagement behavior and their willingness to build a relationship with an enterprise.

TPB includes a measure of social influence that is suitable for the intensively social interaction context of social media to predict customer behavior. Despite the TPB having been widely and successfully used to explain and predict a variety of behaviors and a range of populations, including entrepreneurship, social psychology, and consumer behavior (Armitage & Conner, 2001; Madden et al., 1992), little empirical evidence applies TPB in marketing relationship and social enterprises. Therefore, there is a need for more substantive and theory-based research and a deeper understanding of consumer behavior related to establishment of the customer relationship with social enterprises.

2.2 VCC

Co-creation is the joint, collaborative, concurrent, peer-like process of producing new value, both materially and symbolically (Gro inoos and Voi, 2013; Cova et al., 2015). Contrary to the traditional product-dominant logic focusing on tangible resources and arguing that values generate from the exchange, the service-dominant logic focuses on intangible resources and relationships and considers that values come from co-creation (Vargo & Lusch, 2008). Vargo et al. (2008) propose that values are created collaboratively by the exchange entities including local firms, stockholders, employees, customers and suppliers from the VCC perspective.
Among the co-creating value of stakeholders in the business transaction, customers are the most essential in terms of determining value during the process of obtaining, using and disposing of the product or service. Therefore, enterprises should stress the importance of co-creating value with customers and encourage customer engagement in co-creation by developing good customer relationships.

Social media includes discussion forums, blogs, social interactive platforms and rich media sharing sites (news, images and videos) that provide networks, relations, and interactions, which are three elements central to co-creation (Vargo & Lusch, 2004). Thus, social media, with its characteristics for networks, relations and interactions, serves as a platform to foster co-creation for a firm and its customers (Deighton & Kornfeld, 2009). The social interactions in the online environment do not only offer personal benefits (cognitive, personal integrative and hedonic benefits), but also social benefits (other members and firm's benefits) that fulfill participants’ needs (Kohler et al., 2011). The resource integration episodes between two actors (i.e. firm and customer) in a social media setting is exposed and articulated to explain value co-creation outcomes in enhancing the business performance of firms. In this regard we recognize the role of social media platforms as technology engagement platforms in business network value co-creation processes (Frow et al., 2015; Singaraju et al., 2016).

2.3 Social media tool support

Social media employ mobile and web-based technologies to create highly interactive platforms via which individuals and communities share, co-create, discuss, and modify user-generated content. Social media can be used to facilitate the interaction between customers and enterprises (Kietzmann et al., 2011). The new emergent media is a useful tool enabling a firm to monitor customers’ online behavior and provide support for the consumers to participate in the firm’s online brand community (Gallaugher & Ransbotham, 2010). With the social media tool support (SMTS), the firm can communicate quickly and effectively with current and prospective customers and employees at low cost (Perrigot et al., 2012). Effective interactive features of social media can help the firm manage customer relationships in two ways. First, they increase the understanding of potential customers of a firm’s value propositions and products/services. Second, they enhance the connection and idea exchange between customers and firms or among customers (Füller et al., 2010).

2.4 Perceived empowerment

Empowerment refers to “the capacity of individuals, groups and/or communities to take control of their circumstances, exercise power and achieve their own goals, and the process by which, individually and collectively, they are able to help themselves and others to maximize the quality of their lives” (Adams, 2008).

Empowerment is an important concept for collaboration, civic engagement, and community consciousness (Maynard et al., 2012). From the perspective of management, enterprises can encourage customers to engage in the VCC activities through empowerment. Perceived empowerment can increase an individual’s perception of self-efficacy and power of determination (Füller et al., 2010). This type of empowerment can be categorized as psychological empowerment. Another type of empowerment is structural empowerment, which refers to forms of sharing resources including power, decision, and control under the organizational hierarchy (Maynard et al., 2012).

The diffusion and features of technology will influence customers’ perceived empowerment. The internet is a tool empowering customers (Shankar et al., 2006). According to Füller et al. (2010), an internet-based co-creation platform can increase users’ individual perception of autonomy and self-efficacy. Labrecque et al. (2013) indicate that the contents created by customers in the virtual environment have transferred the marketing power held by the firms to customers. Using social media, customers can enjoy convenience, free expressions of opinions, and idea presentation, satisfying their social and psychological needs, and thereby easily expand their individual influences on the market. In addition to having more information about competitive products available anywhere on mobile devices, customers can easily express and distribute their opinions to large audiences, and companies are likely to find it increasingly difficult to manage the messages that customers receive about their products/services (e.g., Schultz, et al., 2005; Malthouse, et al., 2013). Therefore, this study proposes the following hypothesis:

H1. The SMTS is positively related to customers’ perceived empowerment.

2.5 Social influence

Social influence refers to the extent to which an individual’s behavior in a certain social context is influenced by others (Rice et al., 1990). A person will conform his or her subjective norms to meet the expectations of other people which are important to him or her such as friends or family members (Christian et al., 2012).
The subjective norms will influence the person to change his or her behavior beliefs because he or she desires to be accepted by the group. Therefore, the subjective norms can be used to predict an individual’s behavior intention and are a particular form of social influence. Based on the perspective of social value, a person or a group tries to influence others' cognition, belief, attitude, and behavior through social value (Maecker et al., 2013).

In general, social influence can be divided into two types: normative influence and informative influence (Deutsch & Gerard, 1955). Normative influence means that an individual complies with his or her group’s social norms, while informative influence denotes that the individual selects an appropriate way to behave by observing others’ behavior as the information source for making decisions. By utilizing social media, the firm can enable customers to reach a variety of information sources, thereby influencing their intention to engage with the firm. In addition, the rich functionalities of social media offer a channel for a brand community manager or a customer to influence other customers. For example, Facebook users can use “Like” or “Share” to express their feelings or to deliver messages to their friends. They can use different forms of content to influence other consumers such as texts, images, or videos. Accordingly, the following hypothesis is proposed:

**H2.** The SMTS is positively related to customers’ social influence.

### 2.6 Perceived identity

Self-perceived identity means individuals’ having a state of cognitively, emotionally and behaviorally consistent interpretation of themselves, the environment and all factors of their lives, which is specific but also in compliance with the society (Ersanli & Şanlı, 2015). Kenz (2005) argues that the extent to which self-value matches with the group norm will affect a person’s identity in the environment. From the perspective of marketing, customers tend to think or behave similar to other group members of the brand community by obtaining the group identity (Hoyer & MacInnis, 2001). When the member has a stronger group identity, he or she will contribute to the community and expect reciprocity from the interaction with other community members. In general, the member can receive the notification messages to understand the other community member’s thought, attitude or behavior in the social media platform when the community members post or reply to messages in the community. With the SMTS, customers are able to learn others’ values and behaviors in the brand community, and it is expected that their perceived identity will be influenced. Therefore, the following hypothesis is proposed:

**H3.** The SMTS is positively related to customers’ perceived identity.

### 2.7 Value belief

According to the theory of expected value, an individual’s behavioral decision will be influenced by expectation belief and value belief. Expectation value refers to the assessment of one’s ability, while value belief is defined as an individual’s evaluation of pleasure, achievement, practicality and price (Eccles et al., 1983; Fredricks & Eccles, 2002). Satisfying the demand of customers and offering them values are the primary goals of enterprises. Customers’ perceived value is an overall evaluation of the utility of a product or service in terms of cost and benefits (Zeithaml, 2000). The customers’ value judgment is an important portion in identifying customers’ perceived value (Ulaga & Chacour, 2001). There are social missions in social enterprises; these unique missions may increase customers’ perceived value if customers are aware of the firms’ value propositions. With SMTS, firms can explicitly illustrate and effectively promote their value propositions to their customers with the expectation that customers’ value beliefs will be increased. Therefore, the following hypothesis is proposed:

**H4.** The SMTS is positively related to customers’ value belief

Value can be regarded as the result co-created by customers and firms, during which customers develop their value belief based on the confirmation of the firm's value propositions (Frow & Payne, 2011). In general, higher value belief means that customers are more satisfied with the co-creation process; therefore, they may have higher perceptions of identity with the firm. Therefore, the following hypothesis is proposed:

**H5.** Customers’ value belief is positively related to their perceived identity.

### 2.8 Social media consumer engagement

Schultz and Peltier (2013) proposed that consumer engagement is an elusive construct, and that researchers and marketers needed to better define, conceptualize, and operationalize this measure of relationship strength. When a user acts (e.g., post, reply, like or share) in the social media community, notifications are sent not only to the community members directly but also to the actor’s friends indirectly. Social media contributes to customers’ empowerment perceptions (Füller et al., 2010). The stronger the customer’s empowerment perception of SMTS is, the stronger the support and effectiveness that the consumer feels that the firm’s brand community renders, hence boosting his or her social media consumer engagement (SMCE; Sashi, 2012), thus, the following hypothesis is proposed:
**H6. Customers’ perceived empowerment is positively related to their SMCE.**

In the social media platform, customers can easily influence others or be influenced by others in the firm’s brand community. When social influence becomes more evident, customers will have a stronger connection between themselves and the community. Customers will perceive that they are valued, and experience mutually beneficial feelings. Moreover, the mutual responsiveness and intention to embrace each other can be enhanced (Dholakia et al., 2004). Previous studies have confirmed that social influence is one of the key factors that drives a user to continuously contribute content to social media to maintain network position and status (Susarla et al., 2012). Therefore, social influence may promote customer engagement in the brand community, and this study proposes the following hypothesis:

**H7. Customers’ social influence is positively related to their SMCE.**

Based on the theory of place attachment, when consumers have a strong sense of identity and belonging to the firms’ brand community using social media, they will further experience a strong psychological bond (Goel et al., 2011) and therefore increase their engagement in the community. Based on this argument, it can be assumed that when a community member feels psychologically linked to the social media community and finds distinctive community values to achieve the identification in the social group, he or she will continuously engage with the community. Accordingly, this study proposes the following hypothesis:

**H8. Customers’ perceived identity is positively related to their SMCE.**

**2.9 Social media relationship quality**

Companies have generally embraced social media because of its potential for engagement and collaboration with consumers. Through social media, marketers can gain rich, unmediated consumer insights, faster than ever before, and can foster loyalty through networking (comScore, 2011). Customer engagement behavior will influence the firm’s operational results including service quality, customer satisfaction, and other business performance (Skaggas & Youndt, 2004). In particular, previous research has found that customer engagement is an antecedent of relational quality. Relational quality refers to a customer’s overall evaluation of the firm (Liang et al., 2011) and can be measured by three dimensions: trust, satisfaction and commitment (Palmatier et al., 2006). Coleman and Heriot (2014) identify that a set of customer engagement items such as re-site visits, tweets, followers, product reviews, shares, and likes are key indicators in social media marketing to measure customer quality relationships. Based on the argument above, this study includes the following hypothesis:

**H9. SMCE is positively related to their social media relationship quality.**

### 3. Materials and Methods

#### 3.1 Measures

The measurement items were preliminarily developed from previous literatures and then revised to fit the context of social media and social enterprise (Haynie & Shepherd, 2009). This research adapted five items from Venkatesh et al. (2012), Füller et al. (2009), and Moore and Benbasat (1991) to measure social media tool support. Pura’s (2005) six-item scale was used to measure value belief. Perceived empowerment was adapted from three items by Amichai-Hamburger (2008) and Füller et al. (2009). The three-item scale of Venkatesh and Davis (2000) and Venkatesh et al. (2012) was used to measure social influence. Three-item scale was applied to measure perceived identity from Algesheimer et al. (2005). The six-item scale was adapted to measure social media customer engagement from Zhang et al. (2014) and Yoo et al. (2013). Finally, this study used four-item scale created by Caceres and Paparoidamis (2007) to measure social media relationship quality. All the items are listed in appendix 1. The items were predominantly formulated as Likert-type statements anchored by a 5-point answer scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Two scholars in the management field who are competent in the subject area in both English and Chinese translated all the measures from English into Chinese in the proposed model. The measures were back-translated into English by another two scholars who are also competent in the subject area in both languages to ensure equivalent meaning (Brislin, 1980). This procedure was performed to minimize the construct bias, method bias and item bias commonly found in cross-cultural studies (see, e.g., Chidlow et al., 2014). Partial least squares structural equation modeling (PLS-SEM), which employs a component-based approach for maximum estimation of the explained variance of the dependent variables rather than model fit, was used to evaluate our measures and the proposed model (Hair et al., 2011). PLS-SEM was chosen to accommodate the relatively large number of constructs. Additionally, when the goal of the research is prediction, PLS is also particularly appropriate for exploratory research because it requires minimal demands with respect to measurement scales, sample size, and residual redistributions (Henseler et al., 2009).
3.2 Sampling and data collection

This study conducted an online questionnaire survey in Taiwan to collect data. The subjects were consumers who used social media to interact with social enterprises. Questionnaire invitations were posted on 46 Facebook fans pages for social enterprises in Taiwan, and customers of social enterprises were invited to complete the questionnaire. A convenience sample of 396 respondents who recognize the values or the missions of social enterprises participated the survey, and among them, 32 questionnaires were excluded because of identity redundancy or incomplete response, leaving a total of 364 valid questionnaires for a response rate of 91.9%.

For the gender distribution of the sample, the majority of the respondents, 56 percent, were female. The majority of sample age, 78.9 percent, ranged from 25 to 54 years old. The second most common age range, 12.8 percent, was from 18 to 24 years old. Regarding the educational level of the sample, most of the respondents had graduate school and college educations, 53.2 percent and 33 percent, respectively. Regarding the occupation distribution, 27.5 percent were professionals that accounted for the plurality. The second most common occupation, 18.3 percent, were people from services and sales.

4. Result

4.1 Common method variance and non-response bias

With regard to the issue of common method variance in a self-administered questionnaire survey, this research adopted Harman’s single factor test (Malhotra et al., 2006). Five factors with eigenvalues greater than one were chosen. The explained variance of the first factor was 19.29%, below the threshold value of 50%, indicating that common method bias was not a significant problem in our data.

Non-response bias was examined by following Armstrong and Overton’s (1977) procedure. Separating the ordered samples into two groups, we performed an independent t-test to compare the early responses with the late responses based on the dependent variables (i.e. social media relationship quality). The results showed no statistical significance, indicating that non-response bias was not an issue in this study.

4.2 Measurement model

To verify the reliability and validity of the proposed measurement model, this study used Cronbach’s α (Alpha; Cronbach &Meehl, 1955) and composite reliability (CR) to test the measures’ internal consistency reliability. Convergent validity and discriminant validity were examined (Hair et al., 2014). Three requirements must be fulfilled to evaluate convergent validity. First, the factor loadings should be both greater than the cut-off value (0.5) and significant (Kline, 2005). Second, each construct’s average variance extracted (AVE) should be 0.5 or higher. Third, the CR should exceed the threshold value (0.7; Nunally & Bernstein, 1994). The AVE is the overall mean value of the squared loadings of a set of indicators (Hair et al., 2014). Discriminant validity refers to the degree to which the construct is empirically distinct from the other constructs that it is intended to measure. The Fornell and Larcker (1981) criterion, a common method for assessing discriminant validity, requires each construct’s AVE to be higher than the highest squared correlation with any other construct. Discriminant validity was further evaluated by extracting the factors and cross loadings of the respective constructs’ indicators.

The data displayed in Table 1 indicate that the minimum factor loading is 0.713 and is significant. The minimum AVE is 0.626 (social media tool support), and the minimum consistency reliability is 0.759 (social influence). The Fornell and Larcker criterion is also met. Each item loading is above 0.7. These data support the measurement model’s reliability and validity.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Items</th>
<th>Loadings</th>
<th>Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media tool support</td>
<td>5</td>
<td>0.804* 0.891*</td>
<td>0.852</td>
<td>0.893</td>
<td>0.626</td>
</tr>
<tr>
<td>Value belief</td>
<td>6</td>
<td>0.713* 0.824*</td>
<td>0.871</td>
<td>0.903</td>
<td>0.609</td>
</tr>
<tr>
<td>Perceived empowerment</td>
<td>3</td>
<td>0.864* 0.926*</td>
<td>0.884</td>
<td>0.927</td>
<td>0.810</td>
</tr>
<tr>
<td>Social influence</td>
<td>3</td>
<td>0.717* 0.888*</td>
<td>0.759</td>
<td>0.862</td>
<td>0.677</td>
</tr>
<tr>
<td>Perceived identity</td>
<td>3</td>
<td>0.797* 0.830*</td>
<td>0.801</td>
<td>0.871</td>
<td>0.628</td>
</tr>
<tr>
<td>Social media consumer engagement</td>
<td>6</td>
<td>0.802* 0.893*</td>
<td>0.904</td>
<td>0.929</td>
<td>0.724</td>
</tr>
<tr>
<td>Social media relationship quality</td>
<td>4</td>
<td>0.834* 0.903*</td>
<td>0.886</td>
<td>0.921</td>
<td>0.746</td>
</tr>
</tbody>
</table>

*p < 0.001
Table 2 also reports that the correlation coefficient (between customer engagement and relationship quality) with the greatest value is 0.783, which is below the cut-off value of 0.90 (Hair et al., 2010). Therefore, no multicollinearity problem exists. Finally, Table 2 demonstrates that all indicators load strongly with their construct and do not have stronger connections with other constructs. In conclusion, the statistical analyses confirmed that the reliability and convergent and discriminant validity of the measurement model are satisfactory.

### Table 2. Sample statistics and correlation coefficients

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Mean</th>
<th>SD</th>
<th>SDTS</th>
<th>VB</th>
<th>PE</th>
<th>SI</th>
<th>PI</th>
<th>SMCE</th>
<th>SMRQ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social media tool support (SMTS)</td>
<td>1.895</td>
<td>0.597</td>
<td>0.791</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value belief (VB)</td>
<td>1.804</td>
<td>0.577</td>
<td>0.592</td>
<td>0.780</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived empowerment (PE)</td>
<td>2.294</td>
<td>0.845</td>
<td>0.525</td>
<td>0.529</td>
<td>0.900</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social influence (SI)</td>
<td>2.666</td>
<td>0.776</td>
<td>0.543</td>
<td>0.526</td>
<td>0.619</td>
<td>0.823</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Perceived identity (PI)</td>
<td>2.158</td>
<td>0.710</td>
<td>0.520</td>
<td>0.675</td>
<td>0.637</td>
<td>0.684</td>
<td>0.793</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social media consumer engagement (SMCE)</td>
<td>1.894</td>
<td>0.643</td>
<td>0.557</td>
<td>0.597</td>
<td>0.604</td>
<td>0.461</td>
<td>0.851</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social media relationship quality (SMRQ)</td>
<td>1.911</td>
<td>0.603</td>
<td>0.588</td>
<td>0.705</td>
<td>0.614</td>
<td>0.601</td>
<td>0.701</td>
<td>0.783</td>
<td>0.864</td>
</tr>
</tbody>
</table>

Note. Diagonal elements are the square root of average variance extracted. SD = Standard deviation

#### 4.3 Structure model

As shown in Figure 1, the explanation powers (R2) of social media consumer engagement and social media relational quality were 51.8% and 61.3%, respectively; the explanation powers of value belief, perceived empowerment, social influence, and perceived identity were 35%, 27.6%, 29.5%, and 47.8%, respectively. The R2 values of the six endogenous variables were larger than 25% (Hair et al., 2011), indicating that significant amounts of variance in these variables were well explained by the proposed independent variables.

In the research model, social media tool supports directly influenced customers’ perceived empowerment, social influence, perceived identity, and value belief, with path coefficients of 0.525 (p < 0.001), 0.543 (p < 0.001), 0.185 (p < 0.05) and 0.592 (p < 0.001), respectively, thus supporting Hypotheses 1, 2, 3, 4. As depicted in Figure 1, customers’ value belief had a positive impact on their perceived identity. The path coefficient was 0.566 (p < 0.001), strongly supporting Hypothesis 5. Additionally, the result indicated that customers’ perceived empowerment and perceived identity directly influenced social media consumer engagement, with path coefficients of 0.325 (p < 0.001) and 0.554 (p < 0.001). Therefore, Hypothesis 6 and 8 were strongly supported, as predicted. However, the data showed that customers’ social influence was statistically insignificant in terms of social media consumer engagement. The path coefficient was -0.119 (p > 0.05), which indicates that the Hypothesis 7 was not supported possibly because the social enterprise is at the start-up stage and the perceived social norm in the brand community on social media is under development, thus, customers will not feel strong pressure from others’ influence. Another explanation is that other moderators may influence the direct effect. This finding also indicates that perceived empowerment and perceived identity are more important factors than social influence and a firm should consider these factors to encourage customer engagement in its social media-based brand community. Finally, social media consumer engagement directly influenced social media relationship quality with path coefficients of 0.783 (p < 0.001). Hypothesis 9 was strongly supported, as predicted.

To our surprise, some indirect effects occurred in the structural model, this study applied the mediation analysis techniques (Hair et al., 2017; Cepeda et al., 2017; Nitzel et al., 2016) to assess the mediation effects by using the 95% bias corrected bootstrap confidence interval (95% BC bootstrap CI) method to verify whether a mediator carries the influence of an independent variable to a dependent variable (Baron and Kenny, 1986). The key point to determine a mediation effect is the evaluation of the significance of the indirect effect. If the confidence interval for an indirect effect does not include 0 value, it means the mediating effect is significantly different from 0.
Summarized in Table 3, the statistical outcome implied that social media tool supports elicited customers’ value belief and in turn led to a higher level of customers’ perceived identity. The direct effect of social media tool supports on customers’ perceived identity was 0.185 ($p < 0.05$). Its indirect effect, significantly mediated by customers’ value belief was 0.335 with 95% BC bootstrap CI of 0.237 to 0.433, creating a total effect of 0.520 ($p < 0.001$). In addition, social media tool supports not only directly influenced customers’ perceived empowerment, social influence, perceived identity, and value belief but also enhanced the extent of social media consumer engagement. The direct effect of social media tool supports on social media consumer engagement was 0.259 ($p < 0.01$). Its total indirect effect, mediated by customers’ perceived empowerment, perceived identity, social influence, and the interaction between value belief and perceived identity, was 0.299 with 95% BC bootstrap CI of 0.164 to 0.465, creating a total effect of 0.558 ($p < 0.001$).

### Table 3. Summary of mediating effects tests

<table>
<thead>
<tr>
<th>Effects</th>
<th>Path</th>
<th>Coefficient</th>
<th>95% BC Bootstrap CI (2.5% - 97.5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct</td>
<td>SMTS → PI</td>
<td>0.185*</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SMTS → SMCE</td>
<td>0.259**</td>
<td></td>
</tr>
<tr>
<td>Indirect</td>
<td>SMTS → VB → PI</td>
<td>0.335***</td>
<td>0.237 - 0.433</td>
</tr>
<tr>
<td></td>
<td>SMTS → PE → SMCE</td>
<td>0.137**</td>
<td>0.050 - 0.260</td>
</tr>
<tr>
<td></td>
<td>SMTS → PI → SMCE</td>
<td>0.094*</td>
<td>0.012 - 0.197</td>
</tr>
<tr>
<td></td>
<td>SMTS → SI → SMCE</td>
<td>-0.102</td>
<td>-0.263 - 0.020</td>
</tr>
<tr>
<td></td>
<td>SMTS → VB → PI → SMCE</td>
<td>0.170***</td>
<td>0.092 - 0.263</td>
</tr>
<tr>
<td>Total Indirect</td>
<td>SMTS → PI</td>
<td>0.335***</td>
<td>0.237 - 0.430</td>
</tr>
<tr>
<td></td>
<td>SMTS → SMCE</td>
<td>0.299***</td>
<td>0.164 - 0.465</td>
</tr>
<tr>
<td>Total</td>
<td>SMTS → PI</td>
<td>0.520***</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SMTS → SMCE</td>
<td>0.558***</td>
<td></td>
</tr>
</tbody>
</table>

*p < 0.05; **p < 0.01; ***p < 0.001

5. Discussion

Implications

This empirical study investigated how social enterprises can apply social media to promote customer engagement and relationship quality. Drawing on the TPB and VCC, this study proposed a research model and validated it by conducting PLS analysis on data collected from an internet questionnaire survey. The analysis results revealed that social media tool support positively affects customers’ social influence, perceived empowerment, perceived identity, and beliefs in the value propositions of the social enterprise. In addition, customers’ value beliefs also affected their perceived identity. Customers’ perceived empowerment and perceived identity positively affected their engagement, and customer engagement positively affected relationship quality.

These relationships reveal that social media provides a substantial platform to manage customer relationships. Because a social entrepreneur usually purposely locates the enterprise in a poor function market (Di Domenico et al., 2010), the present study confirms that social media is an economical and effective resource to manage customer relationships to break through the liabilities of smallness, newness, and specialized organizational resources (Adams et al., 2012). Moreover, in line with previous studies (Amichai-Hamburger, 2008; Füller et al., 2009), this study also confirms customers’ beliefs that they can change the society or community by interacting and sharing information with other friends on social media. In addition, the value belief to an origination is an antecedent of individual identity.

For the practical entrepreneurs, in addition to leveraging social media to manage customer relationships, social media serves as an arena to improve customer value and deliver social mission to other potential customers outside the community. More specifically, the social value that a social enterprise offers can be thoroughly discussed within the community, and consensuses can be disseminated and propagated beyond the community by word of mouth or “share” mechanism support by social media. The more people that are concerned about the social issue, the more social value that can be created and the higher the chance is to change the society towards advancing the well-being of people, communities, and societies.

Social media introduce substantial and pervasive changes to communication between organizations, communities, and individuals. This presents an enormous challenge for firms, as many established management methods are ill-suited to deal with customers who no longer want to be talked at; instead, customers want firms to listen, appropriately engage, and respond. (Jan, 2011). Social enterprises, which are lacking of resources, can utilize the effective, efficient and economic marketing tools to deal with customers. Social enterprises emphasized on operation of social media will generate benefits on their social mission. By analyzing consumers’ perceived empowerment, perceived identity, and value beliefs, social enterprises can monitor and understand how social media activities vary in terms of their function and impact, so as to develop an effective social media strategy based on the appropriate ways of enhancing relation quality for their brand community.

6. Conclusions

Limitations and future directions

The study contributes to the literature by illustrating how social media application can promote customer engagement and relationship quality, and it provides useful guidance for social enterprises to employ social media to effectively manage customer relationships. Based on the research results, social enterprises can utilize social media so that consumers have a more in-depth understanding of their value propositions, become more powerful and willing to engage in the firms’ online brand community, and develop good relational quality. Nevertheless, the study has its limitations. First, the online survey conducted in the study was targeted at the social enterprises in Taiwan. Application of the research findings in other countries should be mindful that regional difference may hinder the generalizability of the study results. Second, because the social enterprises are still developing and the core values of these organizations are promoting, only 364 valid responses who understand the mission of social enterprises were used for the data analysis. Although the study used bootstrap sampling technique to reduce the restrictions of a small sample and employed the PLS analysis accordingly, the proposed model might be more convincing if it were validated by a further study with a larger sample. Third, consumers’ offline engagement and their engagement in social media environments might impact each other (Brodie et al., 2011). However, this study did not consider consumers’ offline behavior and their original attitudes towards and satisfaction with the enterprises’ brands. Subsequent research could further explore this by including these factors in the research model.

Despite these limitations, they also provide directions for future studies. First, because economic value is so important to support the sustainability of a social enterprise, future studies might investigate the drivers that influence a customer’s purchase intention on social media (i.e., social commerce). Next, examining the formation of customer relationships is another stream to contribute social entrepreneurship.
More specifically, a process model is useful to elucidate the generative mechanism of the relationship between entrepreneurship and customers. Finally, because social media provides an occasion to aggregate customer behavioral footprints, future research can collect these data to identify customer roles on social media hosted by a social enterprise. Better understanding of customer roles and behavioral patterns helps a social enterprise co-create value with the customers (Yang et al., 2014).

Appendix

Social media tool support (Venkatesh et al., 2012; Füller et al., 2009; Moore & Benbasat, 1991)
TS1: It is joyful to interact on this social enterprise's social media.
TS2: Using its social media makes me understand this social enterprise.
TS3: Using its social media helps me understand this social enterprise's social mission.
TS4: Using its social media helps me understand this social enterprise's products and service.
TS5: Using its social media makes me to communicate with this social enterprise's employees and customers easier.

Value belief (Pura, 2005)
VB1: The price of this social enterprise's product and service is acceptable.
VB2: I need this social enterprise's products and service.
VB3: My value is consistent with this social enterprise's value proposition.
VB4: The value of the products/service that social enterprise offers is helpful for the society.
VB5: This social enterprise's value proposition is important.
VB6: I fully understand this social enterprise's value proposition.

Perceived empowerment (Amichai-Hamburger, 2008; Füller et al., 2009)
PE1: I have influence on this social enterprise because of the various interaction.
PE2: I have opportunity to participate the activities held by this social enterprise with other members by various interactions.
PE3: My opinion is taken into consideration because of various interaction with this social enterprise.

Social influence (Venkatesh & Davis, 2000; Venkatesh et al., 2012)
SI1: People who can influence me think this social enterprise's core value is good.
SI2: People who can influence me think I should buy this social enterprise's products or service.
SI3: I will earn a reputation if I buy this social enterprise's products or service.

Perceived identity (Algesheimer et al., 2005)
PI1: I am a member of this social enterprise's consumer community.
PI2: I share the same value with this social enterprise's consumers.
PI3: I am proud of this social enterprise's consumer.

Social media consumer engagement (Zhang et al., 2014; Yoo et al., 2013)
CE1: It is important to interact with this social enterprise's consumers by its social media.
CE2: If I have good idea, I will provide to this social enterprise by its social media.
CE3: I read the information or news about this social enterprise by its social media.
CE4: I will attend this social enterprise's activities by its social media if available.
CE5: I would introduce this social enterprise's business concept to my friends by its social media.
CE6: I would recommend this social enterprise's products or services to my friends by its social media.

Social media relationship quality (Caceres & Paparoidamis, 2007)
RQ1: This social enterprise can response customers' needs by its social media.
RQ2: I am satisfied with the interaction with this social enterprise by its social media.
RQ3: I trust this social enterprise by its social media.
RQ4: I am willing to maintain the relationship with this social enterprise by its social media.

References


