

“Reconnoitering the Influence of Social Media Adoption on Business and on Psychological Performance - A Check on the Role of Social Capital?”

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ABSTRACT “

The aim of this paper is to examine the role of social capital in the relationship between social media adoption and business performance of service sector companies in India. The study is quantitative where the data has been collected through a web-based survey. On the data collected, PLS SEM has been implemented for testing the hypothesis. The results of the study found a strong influence of social capital in the relationship between social media adoption and business performance. This study provides insight to the companies who are still in the process of adopting social media.”

Key words: Social media, Business performance, Social websites, Social networking sites, Social Capital

1. INTRODUCTION“

The impact of COVID-19 on the Indian Economy has been very upsetting. India's developments have been reduced by World Bank and credit rating agencies for 2021. After the trade liberalization in 1990, India has buzzed lowest on statistics over the past three decades(The times of India,2020). According to The Hindu Business Line, 2020, during this pandemic when the first lockdown of 21 days was announced, the Indian economy was expected to lose 32,000”crores every day. Due to this lockdown, it was expected that around 53 percent of the organizations are going to suffer (The Indian Express, 2020). The densely populated cities of the country like Delhi, Kolkata, Chennai, Ahmedabad, and Mumbai were the most affected cities by COVID-19 and these cities were actually the fuel of the Indian economy. Many business entities limited their business operations which resulted in the disturbing economic activities of the industries that lead to the growth. “

The unlooked commute inside the external surroundings which disrupts the whole international economic system is the novel Coronavirus-2019/ COVID-19 pandemic. World Health Organization(WHO) on March 11, 2020, declared COVID-19 as a global pandemic. COVID-19 cases were increasing day by day all around the world. Experts have considered COVID-19 as the biggest disaster in the last decade. The impact of the pandemic was higher than the global financial crisis in 2007 and 2008 on the global world. Reduced demand for production and lowered financial stability of the firms is the impact of COVID-19 itself. Continuous demands have been reduced which in turn have negatively affected the revenue and creditworthiness of the organization (Organization for Economic Cooperation and Development, 2020).”

Every sector of the economy was affected by the pandemic. The Indian sectors are divided into three categories-primary, secondary, and tertiary. This study has focused on the service sector because for the economic development of any country including India, the service sector which is also the known as tertiary sector is vital. In the last three decades, the service sector has developed as one of the fastest growing sector in the global economy. The increasing contribution of the service sector in the gross domestic product(GDP) of India stipulates the significance of service sector to the Indian economy (GOI 2019-2020). The contribution of service sector to the total GDP of India in 1950 was 33.25 percent , its contribution in GDP increased to 50.98 percent in 2000-01 (GOI 2001), then to 54.3 percent in 2020-2021which is 8.8 percent reduction from 2019-2020 due to COVID-19 pandemic. Service Sector was badly hit by the pandemic and its share in India's GVA declined from 55 percent in 2019-2020 to 53 percent in 2020-2021. The impact of pandemic in different areas of service sector was not same. In service sector, sub-sectors like tourism, hotel, entertainment, restaurants have been severely hit by pandemic whereas influence of pandemic on sub-sectors like financial institutions, insurance, professional services was subtle.

With the advancement in the information technology, service sector performance has been increased. The companies are able to communicate in a better way with their customers, and are providing new ways to deliver the services to the customers. With the COVID-19 situation arising in all over the world, service sector companies are more moving towards the adoption of technology to conduct the business. “One such technology

which is being adopted by the service sector is social media sites like Facebook, Twitter, LinkedIn, Instagram and Youtube.”

With the increase in social media websites and applications, social media is becoming an integral part of online life. Organizations are adopting social media for promoting their products, brands, developing connections with the customers and encourages new business.“

Social media use results in the development of social capital, which in turn helps organisations manage their knowledge more effectively.” The quality of knowledge received little attention in the prior research, which was primarily concerned with the quantity of knowledge generated or shared via social media. There is a shortage of awareness regarding how organisations should prioritise excellent knowledge and what effects it may have on the operation of businesses.“

This study makes an effort to examine the relationship between social capital and the adoption of social media,”as well as how these factors affect corporate success in the Indian environment. Prior research has concentrated on the connections between individuals, such as those between corporate success, social capital, and social media. Furthermore, numerous studies to explore the relationships among these variables were conducted in the customer perspective. Also, social media has been used as a mechanism to influence the firms innovativeness, perceptions from the employees (as the users of knowledge that is created) how knowledge is created, shared and used that impacts the business performance is to be studied empirically.

2. Review of Literature

2.1 Social Media

In the previous five years, social media has significantly changed from being primarily monologue-driven blogs to something that is now much more participatory, dynamic, and distinct from traditional media like TV, newspapers, etc. Millions of users regularly exchange content on topics of interest on a variety of social media platforms, including blogs, social networking sites, wikis, and others. Social media has been successful because of the ability to share material and connect in real-time.“

One area of increasing adoption of social media in organizations is giving a hope to managers that this new technology can improve the organizational processes. The development and management of both transactional and relational activities in businesses (Kaplan and Haenlein, 2010; Kumar et al., 2016) as well as the management and communication of brands (Ashley and Tuten, 2015) have recently become spearheaded by social media and social networking sites. The number of Fortune 500 firms using social media at the corporate level has increased, with up to 84 percent of them having Facebook pages, 86 percent having Twitter accounts, and 97 percent having LinkedIn profiles. This never-ending increase denotes a long-term trend in social media use among corporations(Okazaki & Taylor, 2013). As a result, social media has emerged as a growing platform for businesses and consumers to interact and conduct profitable business. 1.28 billion active users accessed the social network every day, and more than 500 million tweets were posted on Twitter every day, according to statistics from the first quarter of 2017. Because of this, many businesses are communicating with customers using these channels by providing links and services from their Facebook and Twitter sites.”

Progressively, organizations are hoping to use social media to associate with partners and seek after a few advantages. (QALATI et al., 2020) in his research, examined how technology, organisation, and environmental variables affect SMEs' adoption of“social media.”They discovered that“ "relative advantage, interactivity, visibility, top management support, and institutional pressure" had a direct impact on SMEs' adoption of social media. Subsequently, they discovered that social media adoption has a favourable impact on SMEs' performance.”

2.2 Social Media and Business

Social media is a platform with different uses for different people. Majorly social media is used to connect with other people, communicate with them, and share each other's opinions, perceptions, experiences, and knowledge. Social media adoption aids in the refinement of business performance. It helps in boosting connections with business associates, exchanging knowledge, and organizing communication(Rinaldo et.al, 2013).“

In the previous literature, a lot of studies have focused on SM adoption and its influence on either SME's performance or in general firm's performance irrespective of the sector. It is essential to note that based on previous literature, results cannot be generalized to every sector. The influence of SM adoption on business performance is affected due to every sector's own organizational and environmental factors. In the previous paper, the technological, organizational and environmental framework(TOE) has

been adopted to investigate the influence of SM adoption on the business performance of service sector companies in India. These factors individually include certain variables which affects the decision of any organization to embrace any latest innovation/technology (Parveen, 2016). Technological factors included variables like a relative advantage, complexity, compatibility, trialability, and observability. Organizational factors included management support, innovativeness, and previous IS experience. Environmental factors included competition, customer pressure, and time.

2.3 Social Capital

Social capital is "the sum of actual and potential resources embedded within, available through, and derived from the network of relationships possessed by a social unit". The maximisation of social capital is made possible by three essential infrastructures: technical, structural, and cultural. The term structural infrastructure describes the existence of trust-building norms and practises. The cultural component is made up of shared settings. The technological aspect deals with the connections within the company made possible by technology. Social capital is necessary for the blending and exchanging of existing information in order to produce new knowledge. Technology is a crucial component of the structural dimension required to mobilise social capital for the generation of new knowledge.

The structural interpretation of social capital states that social interactions are a part of it. It is seen as a vital component of social capital that contributes to the development of social capital exchange opportunities (Adler and Kwon, 2002). Actors in the process form comparable opinions as a result of these social interactions. In this sense, social media interactions between businesses foster the growth of mutually shared ideas and visions. "assets anchored in these relationships, such as trust and trustworthiness, are referred to as the relational dimension of social capital. Organisational trust builds as social contact does."

Thus, interactions between organisations can aid in developing trusting bonds with other organisations. The relational dimension of social capital is formed by the desire of the organisations participating in social interaction to share knowledge, which can be influenced by trust "(Levin and Cross, 2004, Szulanski et al., 2004)". While trustworthiness is an attribute of an individual involved in the relationship, trust is an attribute of the relationship as a whole. A shared code or other characteristics that promote a common knowledge of group objectives and appropriate behaviours within a social system are examples of cognitive qualities. A set of similar values or shared values inside an organisation aids in the growth of this aspect of social capital. A shared understanding between the participants is necessary for meaningful knowledge exchange (Nahapiet and Ghoshal, 1998; Grant, 1996). Trust in social interactions is more likely to grow in organisations that share similar ideals. "The relational dimension of social capital is represented by the social interaction linkages in the structural dimension of social capital that grow trust and perceived trustworthiness."

2.4 Social Media and Social Capital

The positive impact of social media on social capital has been supported empirically by a number of research conducted at the individual level "(e.g. Baehr and Alex-Brown, 2010, Ellison et al., 2007)." Due to the ability of electronic connections to both establish new ties online and sustain those that already exist, social media should have a favourable impact on structural capital (Zhao, 2006). Social media should assist in enhancing "inter-organizational communications and interactions, boosting structural capital, as businesses utilise social media to communicate with clients, suppliers, rival businesses, and other businesses in their industry (Bughin et al., 2011)."

Job satisfaction, social capital (both bridging and bonding social capital), and company social media use (both work-related and social-related use) were all considered in this study by Fu, Sawang, and Sun (2019). They found that "both work-related use and social-related use had a noticeable impact on how bridging and bonding social capital is used. They also observed that, while use for social purposes is more advantageous to the building of bonding social capital, use for professional purposes actually builds bridging social capital. (Tiwari, Lane & Alam, 2019) in their study confirmed that users of social networking sites in rural communities are bound to have more significant levels of bonding and bridging SC in comparison to the nonusers of social networking sites."

Akintimehin et al., 2019 studied the influence of internal and external social capital on financial and non-financial performance and found that internal social capital had a significant impact on nonfinancial performance if the age of firm is not considered as a control variable. When the age of the firm is considered as the control variable, (Akintimehin et al., 2019) found that social capital had a remarkable impact on business performance. They recommended that employees should try to create external social capital crucial for the success of the business. In a systematic review based study, the researchers found "that social capital can be created using social media, especially in times of pandemic like COVID-19 by small businesses. (Harun, Ahmad & Sabri, 2021) in his review-based study recommended to micro businesses to use social media platforms like Facebook, Youtube, WhatsApp, etc. as a medium to increase their social capital which

in turn can reinforce their capacity and encourage the maintainability of microbusiness performance from the effects of the COVID-19 pandemic.

H₀₁: There is no relationship between social media adoption and social capital”

2.5 Social Capital and Business Performance“

H₀₂: There is no relationship between social capital and business performance

This study attempts to study the relationship between social media adoption and social capital and their impact on business performance in the Indian context.” Prior studies have focused on individual relationships such as social media and business performance, social media and social capital, social capital, and business performance. Furthermore, numerous studies to explore the relationships among these variables were conducted from the customer perspective. Also, social media has been used as a mechanism to influence the firm’s innovativeness, perceptions from the employees (as the users of knowledge that is created) how knowledge is created, shared, and used that impacts the business performance is to be studied empirically.

H₀₃:-Social capital plays no part in the association between the use of social media and business performance.

At the level of practice, there are significant implications for decision-makers in the organizations. This study will help them understand how social media may add value to their business in the form of improved customer experience, and better knowledge management. This study will help the managers understand that merely investing in social media is not enough, they have to manage their social media so as to create social capital and enhance the organizational knowledge quality.“

2.6 Mediating Role of Social Capital

Social media adoption alone is not sufficient for the achievement of improved business performance. They have to take advantage of social capital generally followed by social media adoption. Social capital is created through social media by establishing connections with expertise all around the world, discuss the problems on social media platforms, sharing their opinions. Law et. Al.,(2008) in his study confirmed that social media helps in developing social capital and influences the knowledge contribution. Social capital served as a mediator in the association between the use of social media and business success in the study by Kamboj et al. (2017). It has been evident from the past literature that social capital has a positive influence on the business performance (Andrews 2010; Leana and Pil 2006). In one of the previous research it has been explained that social media has three uses- social, cognitive and hedonic. They concluded that hedonic use of social media contributes to social capital and in turn it has a positive influence on business performance.”

3. Research Design

The research design of the study was empirical. The research was conducted through quantitative survey. The survey method was used to test the conceptual model. A self-structured research instrument was used to collect data from the companies.

3.1 Research Questions“

The literature demonstrates the relationship between the use of social media and business performance, social capital and business performance, and their relationships individually; therefore, the main goal of the study is to investigate the relationship between these variables collectively by addressing the following research questions:

1. What is the influence of social media adoption on business performance?
2. What is the role of social capital in the relationship between social media adoption and business performance?”

3.2 Research Objectives“

1. To study the influence of social media adoption on business performance of select companies.
2. To study the influence of social media adoption on the social capital of select companies.
3. To study the role of social capital in the relationship between social media adoption and”business performance.“

3.3 Scope of the study

The scope of the study will be limited to the Service sector companies (according to the National Industrial Classification,2008) listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) of India. The stock exchange listed (NSE and BSE) companies which have their presence on social media sites like Facebook, Twitter, LinkedIn, Youtube and Instagram will be considered. The managers who have decision making power in the firms will be considered as respondents for our study.”

3.4 Sources of Data

Both primary and secondary were collected in the study. The primary data was collected from the managerial personnel having certain decision making power (IT manager, Marketing Manager, Operations Manager or Knowledge Manager) in the company. The respondent was interviewed by using questionnaire. All the questionnaires were distributed and collected by emails because of the situations of pandemic all around India. The secondary data was composed from the books and journals. The list of service sector companies present on both BSE and NSE were considered as population of the study which was 360. Out of these 360 companies, those companies who had their presence on at least one social media site like Facebook, Twitter, LinkedIn, Instagram or Youtube were considered as the final sample of the study which was 264.

3.5 Study Area

The sample data was collected from all over India. Only service sector companies which were listed on BSE and NSE and had their presence on at least one social media site like Facebook, Twitter, LinkedIn, Instagram or Youtube were targeted in the study.

3.6 Sampling Design

Purposive sampling techniques were used to collect the data from service sector companies. All service sectors were targeted on the basis of National Industrial Classification 2008. The present study's sample comprised 264 companies out of which 232 companies have responded. A self structured research instrument was used to collect information from companies. The data was collected from the managers who had power to take the decisions in the company. Five point Likert Scale(1 Strongly Disagree5 Strongly Agree) was used in the study.

3.7 Sampling Frame

As per the National Industrial Classification 2008, the industries included in the service sector are-Banks, Telecommunication, Finance, Healthcare, Hotels, Insurance, Information Technology (Hardware and Software), Media, Computer Education, Education, Entertainment. The list of service sector companies that are listed on both the BSE and NSE, totaling 360 companies, represents the study's population size. Out of this list, companies which are present on at least one social media site like Facebook, Instagram, Twitter, LinkedIn and YouTube were considered for the study and it reduces the number of companies to 264.

Managerial personnel who have certain decision making power (IT manager, Marketing Manager, Operations Manager or Knowledge Manager) in the organization will be considered as the respondents from each company. These profiles have been selected on the basis of previous literature(Durcikova and Gray, 2009).

During the data collection, if the companies start adopting the social media, we will be considering that list as well. The responses in the questionnaire had been registered on a five pointlikert scale with "1" being "Strongly Disagree", "2" being "Disagree", "3" being "Neutral", "4" being "Agree" and "5" being "Strongly Agree". The articulations in the questionnaire had been adapted from the previous research and the details of the previous research are shown in Table 1."

Table 1: Items selected for measuring Social media adoption and business performance

Construct	Items	Sources
Social Media Adoption	Increased customer engagement Increased customer retention Enhanced customer service Employee satisfaction Customer satisfaction	Apigian et al. (2005), Teo & Choo (2001), Mirani & Lederer (1998), Elliot & Boshoff 2005 and Molla &Heeks, (2007), Aininet al. (2015)
Business Performance	Increasein sales transactions Increase in sales volume Improved market share ROI Profit Revenue	Rodriguez et al. (2014),Ferrer et al. (2013),Wong (2012),Kwok and Yu (2013),DeLone and McLean, 2003).Ramayah et al.(2011),Ainin et al. (2015). Cao et al. (2018), Parveen et al. (2016)."

Construct name	Statements	Sources
Bridging Social Capital	Social media helps in getting specialized knowledge. Organizations feel like a part of large community on social media. Interacting on social media helps organizations to connect with the world.“	Sheer and Rice (2017), William 2006
Bonding Social Capital	There are several people on social media organization can trust on to help solve their problems. Through social media, organizations can take advice about making very important decisions”	

3.8 Pilot Testing

Pilot testing refers to the examination of the questionnaire (Teijlingen& Hundley 2002). Pilot testing and internal reliability are used synonymously. To examine the internal reliability of the questionnaire, Cronbach alpha was measured. The value of Cronbach alpha should vary between 0 to 1 and if the value of Cronbach alpha is less than 0.7, it is considered unsatisfactory. The desired value of Cronbach alpha should be more than 0.7(Cortina, 1993). Before the start of final data collection, the target respondents filled the revised questionnaire and to administer the pilot testing, internal reliability of the questionnaire was established. For every construct, the Cronbach alpha was calculated. In the present study, Cronbach alpha for every construct came out to be more than 0.7, therefore the internal reliability of the questionnaire was established. After the internal reliability of the questionnaire, the data collection from the selected sample was the next step.

Table 2: Internal Consistency(Cronbach Alpha) (Reliability Analysis)

S.No.	Exogenous/Endogenous Variables	Cronbach's alpha	Range of Cronbach Alpha
1	Bonding Social Capital(BON_SC)	0.769	Acceptable
2	Business Performance(BP)	0.913	Acceptable
3	Bridging Social Capital(BR_SC)	0.717	Acceptable
7	Social Capital(SC)	0.836	Acceptable
8	Social Media Adoption(SM)	0.885	Acceptable

Source: Author's Calculations

After establishing the internal reliability of the questionnaire as the Cronbach alpha for every construct came out to be more than 0.7, the next step was the data collection from the respondents.

3.9 Statistical Tools

Appropriate tools should be embraced in order to get useful findings and results(Ali & Bhaskar,2016). Structural Equational Modelling(SEM) was adopted for the current study. To examine the relationship between unobserved variables in the theoretical framework, SEM is the appropriate tool(Akter et.al.,2017).

3.10Indicator Reliability

To eliminate the likelihood of biasness, reliability of the scale is determined. There are many ways to check the reliability. In this study, the indicator reliability has been considered. (Hair Jr et al., 2021) mentioned in their study that the relationship between variables and their indicators need to be assessed for reflective measurement models. According to the results, the values of indicators are above 0.7 which was a requisite.

Table 3: Indicator Reliability

Latent Variable	Indicator	Loadings	Latent Variable	Indicator	Loadings
Business Performance	BP1	0.811	Bonding Social Capital	BON_SC1	0.829
	BP2	0.841		BON_SC2	0.842
	BP3	0.859	Bridging Social Capital	BR_SC6	0.951
	BP5	0.87		BR_SC7	0.731
	BP6	0.81		BR_SC8	0.711
	BP7	0.811	Social Media Adoption	SM3	0.784
Social Capital	SC12	0.715		SM6	0.892
	SC19	0.71		SM7	0.823
	SC3	0.874		SM8	0.827
	SC4	0.803			
	SC8	0.756		SM9	0.81

Source: Author's Calculations

3.11 Composite Reliability

In this study, the internal consistency is demonstrated through Composite reliability as well as Cronbach alpha. (Hair et al., 2019) confirmed in his study that in order to establish internal reliability, Cronbach alpha is the major criteria and its value must be greater than or equal to 0.7. For establishing the composite reliability of any factor or variable or any construct, its value should be more than 0.7 (Hair et al., 2019). According to the table of composite reliability, since the value of CR was coming out to be more than 0.7, therefore the CR of all the variables is demonstrated, henceforth the internal consistency of the questionnaire was also demonstrated.

Table 4: Composite Reliability

Construct	Cronbach's Alpha	Rho A	Composite Reliability
BON_SC	0.769	0.769	0.822
BP	0.913	0.921	0.932
BR_SC	0.717	0.793	0.844
SC	0.836	0.878	0.877
SM	0.885	0.896	0.916

Source: Author's Calculations

3.12 Convergent Validity

Convergent validity of any factor or construct also verifies the high correlation among that construct or factor items. According to Fornell and Lacker(1981), if the AVE(Average Variance Extracted) is higher than 0.5, the convergent validity of the construct is demonstrated. Convergent validity of every construct was demonstrated as the AVE value for all the variables was more than 0.5, therefore proving the scale validation.

Table 5: Convergent Validity

Variable	Average variance extracted (AVE)
BON_SC	0.699
BP	0.695
BR_SC	0.648
SC	0.591
SM	0.685

Source: Author's Calculations

3.13 Discriminant Validity

The next step in scale validation is to demonstrate the discriminant validity. The concept of discriminant validity was given by Campbell and Fiske(1959). To prove the discriminant validity, the square root of AVE of every construct should be more than the correlation coefficients of every construct in the respective rows and columns. However, if the square root of AVE of every construct is less than the correlation coefficients of every construct in the respective rows and columns, the discriminant validity is not proved(Fornell&Lacker, 1981). As shown in the table, the square root of AVE of every construct was higher than the correlation coefficients of every construct in the relevant rows and columns, the discriminant validity was proved.”

Table 6: Discriminant Validity through Fornell- Larcker criterion

	BON_SC	BP	BR_SC	SC	SM
BON_SC	0.835				
BP	0.536	0.852			
BR_SC	0.555	0.575	0.801		
SC	0.645	0.58	0.556	0.764	
SM	0.563	0.802	0.449	0.538	0.835

Source: Author's Calculations

3.14 Collinearity Check

According to Kim, 2019, to measure the multicollinearity, VIF(variation inflation factor) is one of the diagnostic tool. (Kim, 2019) mentioned in the study that the cut off value of VIF is 5. (Hair et al., 2011; Kock & Lynn, 2012) confirmed in their study that if the value of VIF is less than 5, it can be concluded that multicollinearity does not exist.

In the given model, the value of VIF for every item was less than 5, it can be concluded that the problem of multicollinearity does not exist.

Table 7: Multicollinearity assessment of constructs through VIF values

Construct	Item	VIF	Construct	Item	VIF
SM	SM3	1.873	BONDING SOCIAL CAPITAL	BON_SC1	1.187
	SM6	3.16		BON_SC2	1.187
	SM7	2.031	BRIDGING SOCIAL CAPITAL	BR_SC6	2.908
	SM8	2.373		BR_SC7	1.919
	SM9	2.183		BR_SC8	1.788
BUSINESS PERFORMANCE	BP1	2.364	SOCIAL CAPITAL	SC12	2.636
	BP2	4.705		SC19	2.659

	BP3	4.83		SC3	2.316
	BP5	2.761		SC4	1.864
	BP6	3.523		SC8	1.649
	BP7	3.175			

Source: Author's Calculations

4. DATA ANALYSIS

4.1 Path analysis & Hypothesis testing in PLS-SEM

Table 8: Hypothesis Testing

Relationship	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Path Coefficients(β)	Alternative Hypothesis Status
SM -> BP	0.751	0.751	0.034	22.331	0	0.626	Accepted
SM -> SC	0.19	0.191	0.06	3.166	0.002	0.19	Accepted
SC -> BP	0.145	0.144	0.038	3.809	0	0.145	Accepted

Source: Author's Calculations

Objective 1: To study the influence of social media adoption on business performance of select companies.

Determining the impact of social media adoption on business performance is the study's primary goal. This conclusion that social media use affects corporate performance in various contexts is supported by prior work. The purpose of this research is to examine the impact on businesses in the service sector.

T statistic value of the relationship between SM -> BP had a T statistic value of 22.331. This establishes our alternate hypothesis that social media has a significant positive influence on business performance.

The initial goal of this investigation has been realised in light of the aforementioned hypotheses. The results indicate that the use of social media by businesses has a significant impact on their performance. The business performance of the organization is influenced both subjectively as well as objectively. With the adoption of social media, respondents had agreed that there is an increase in customer engagement, customer retention, customer service, employee satisfaction and customer satisfaction. These findings are also confined with the previous studies done by Apigian et al. (2005), Teo & Choo (2001). Results of the study also confirm to the statement that with the social media adoption, there is an increase in sales transactions, sales volume, market share, profits and revenue. These results confirm to the previous studies done by Rodriguez et al. (2014), Ferrer et al. (2013), Wong (2012), Kwok & Yu (2013)."

Objective 2: To study the influence of social media adoption on the social capital of select companies.

In the study, the second objective was to study the influence of social media adoption on the social capital. In light of this, hypothesis was framed as follows:

H₁: There is a significant relationship between social media adoption and social capital

Social media adoption has a significant influence on social capital since the T statistic of the relationship between SM -> SC had a T statistic value of 3.166. With this, our alternate hypothesis is accepted and null hypothesis is rejected. According to the results it can be concluded that social media adoption has a strong influence on social capital."

4.2 Mediation Analysis

When the relationship between two variables is mediated by a third variable, it is called the mediation effect. Mediation analysis aims at describing how the change occurs in the dependent variable due to the independent variable.

The mediating role of social capital on the relationship between social media adoption and business performance is shown in Table 9. The results show a significant relationship between social media adoption and business performance ($\beta = 0.626$, $p < 0.05$). When social capital was included as a mediator, the significance of each of the individual paths i.e. from social media adoption to social capital ($\beta = 0.190$, $p < 0.05$) and path from social capital

to business performance($\beta=0.145$, $p<0.05$) is significant-reveals that the indirect effect($0.190*0.145=0.027$) is also significant.”

Table 9: Specific Indirect Effects

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	p-Values
SM -> SC -> BP	0.027	0.027	0.010	2.788	0.005

Source: Author's Calculations“

The above-mentioned table highlights the indirect effect of social media adoption on business performance. The results of the indirect effects of SM->SC->BP show that SC mediates the relationship between SM->BP with p-value less than 0.05. The results determined are consistent with the results of Kamboj, S., Kumar, V., & Rahman, Z. (2017).”

“Objective 3: To study the role of social capital in the relationship between social media adoption and business performance.

The third objective of the study is to determine the role of social capital in the relationship between social media adoption and business performance. With respect to this objective, following hypothesis was framed:

H₂: Social capital plays a significant role in the relationship between social media adoption and business performance.

Table 1.8 highlights the importance of social capital in the relationship between social media adoption and business performance. From this finding, it can be concluded that social media adoption should be encouraged in the organization since this initiative is going to help the organization to create social capital which can contribute in the business performance. The connections created through social media are useful for the organizations to solve their business problems. These findings are in line with the findings of another researchers Sheer and Rice (2017) and William (2006). With respect to the discussions on the results received in the above tables 8 and 9, it can be concluded that alternate hypothesis is accepted and the third objective of the study is also achieved. At last, it can be concluded that social capital acts as a mediator in the relationship between social media adoption and business performance.”

5. CONCLUSION AND DISCUSSION“

The objective of this paper was to study the role of social capital in the relationship between social media adoption and business performance of service sector companies in India. The results in the study indicate that social capital plays a significant role in the relationship between social media adoption and business performance. From the mediation analysis, it is found that social capital acts as a mediator in the relationship between social media adoption and business performance.

This model highlights that when an organization has generated social capital through social media adoption, the organizations can achieve new heights in business. This model also explained that with social media adoption, how organizations are creating social capital and are taking advantage of that to achieve desired business performance.

The current study is an eye opener for the owners of the organizations which have still not adopted social media to search for the right platform to be adopted and can move one step ahead in the progress of their organization.”

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