Chapter 10

Impact of Social Media Readiness on Social Media Usage and Competitive Advantage

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ABSTRACT

Usage of social media within organizations’ value chains has been increasing rapidly. There are several benefits and savings projected due to usage of social media. As a result, there is also a lot of hype that is typical of any new web phenomenon. On the other hand, saner voices are cautioning against excessive hype and point to high failure rate of social media initiatives. Lack of best practices or frameworks and incomplete understanding of how to make best use of social media are some of the reasons cited for this high failure of social media initiatives. In addition, there are several other aspects related to governance, people, and processes that need to be addressed to improve success rate of these initiatives. Therefore, effective implementation of a social media initiative includes addressing all those aspects that relate to governance, people, and processes. The authors use a construct, “Social Media Readiness,” that encapsulates these aspects. This chapter summarizes research that shows how readiness can impact social media use.

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INTRODUCTION

This chapter has been excerpted from the author’s PhD thesis, which is entitled Social Media for Competitive Advantage: A Study of Select Indian Organizations. The research looks at several ways of analyzing social media and how an organization can achieve sustained competitive advantage by means of using social media.

One of the aspects that has an impact on social media usage and competitive advantage is an organization’s readiness. “Social Media Readiness,” or “Readiness,” can be defined as the extent to which an organization is prepared – with respect to factors not just related to technology but also with respect to organizational and business imperatives – to be able to implement social media initiatives successfully.

This chapter summarizes the research’s findings with respect to the impact of readiness on social media usage. An effort has been made to keep its focus specific to this aspect (readiness) alone; but other aspects have been called out to provide better context.

FOCUS OF THIS CHAPTER

Readiness is a multi-level and multi-dimensional construct and is very similar to constructs such as “Maturity Model” used in various other information management models (Durga, 2012; Pelz-Sharpe et al., 2009). Some of the similarities between a maturity model and a readiness model are:

1. **Both of them usually encapsulate multiple high-level categories or factors, with each of those factors consisting of multiple dimensions.** These dimensions describe capabilities that are required by an organization for specific objectives. For example, the ECM Maturity Model (Pelz-Sharpe et al., 2009) describes capabilities required by an organization to be successful with respect to its information management initiatives. The readiness model described in this chapter describes factors required for the success of social media initiatives.

2. **Both readiness and maturity models typically describe a “graded set of capabilities” using multiple levels for each dimension.** As an example, for a specific dimension, Level 4 will have incrementally better capabilities (or maturity or readiness) than will Levels 1 to 3.

3. **Organizations can use both these models to access and audit their current state as well as arrive at a roadmap for a future state.** As an example, an organization can match characteristics of each level with their own state to arrive at what level they are currently at.
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