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DETERMINANTS OF SOCIAL COMMERCE ADOPTION: A THEORETICAL ANALYSIS OF OPPORTUNITIES AND CHALLENGES FOR WOMEN ENTREPRENEURS IN INDIA

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ABSTRACT

This theoretical paper examines the adoption of social commerce (s-commerce) among women entrepreneurs in India through the lens of technology acceptance models and socio-economic theories. The study identifies key drivers (e.g., accessibility, financial inclusion) and barriers (e.g., digital literacy, infrastructure gaps) shaping s-commerce adoption. We propose a Socio-Technical Adoption Framework that integrates empirical evidence from the Indian context with established theoretical models. The paper provides actionable insights for policymakers and platform designers while contributing to academic discourse on digital entrepreneurship in emerging markets.

KEYWORDS: Social commerce (s-commerce), Women entrepreneurs, Digital entrepreneurship, Emerging markets and Technology adoption

INTRODUCTION

Social commerce (s-commerce) has emerged as a revolutionary digital marketplace model, fundamentally transforming how India's 63 million women-led microbusinesses (MSME Ministry, 2023) operate. Characterized by the integration of social media and e-commerce functionalities, s-commerce platforms like Meesho, WhatsApp Business, and Instagram Shops are experiencing explosive growth, with adoption rates expanding at a 28% compound annual growth rate (CAGR) (RedSeer, 2023). This surge is fueled by increasing smartphone penetration (83% of Indian women now own smartphones - GSMA, 2023), affordable mobile data, and the widespread adoption of UPI-based digital payments (400 million+ users - RBI, 2023).

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However, this growth narrative masks significant disparities in adoption patterns across different demographics and geographies:

1.1 The Urban-Rural Divide

- Metropolitan Areas: 61% of women entrepreneurs actively use s-commerce platforms (NITI Aayog, 2023), benefiting from robust digital infrastructure, higher literacy rates, and greater access to logistics networks.
- Tier-2/3 Cities: Adoption drops to 47%, primarily due to intermittent internet connectivity and limited digital literacy (Facebook-LEAD, 2023).
- Rural India: Only 18% participation (NITI Aayog, 2023), constrained by:
    - Infrastructure gaps: 35% have consistent 4G access (TRAI, 2023)
    - Cultural barriers: 43% face familial restrictions on digital work (UN Women, 2022)
    - Payment apprehensions: 31% distrust digital transactions (RBI, 2023)

1.2 Research Imperatives

This paper seeks to develop a comprehensive theoretical framework that:

1. Identifies Key Adoption Drivers:
    - Technological (e.g., vernacular interface design)
    - Economic (e.g., access to microloans)
    - Socio-cultural (e.g., SHG network effects)
2. Analyzes Systemic Barriers:
    - Digital literacy gaps (67% need training - NCAER, 2023)
    - Algorithmic exclusion (new sellers get 40% less visibility - RedSeer, 2023)
    - Patriarchal platform designs (e.g., lack of voice commerce in regional languages)
3. Proposes Inclusive Solutions:
    - Policy interventions (e.g., ONDC integration)
    - Platform innovations (e.g., offline-order modes)

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- Grassroots institutional support (e.g., ASHA worker-led digital training)

2. LITERATURE REVIEW

Sharma and Gupta's (2022) study of 412 women entrepreneurs across six Indian states revealed that family support increased social commerce adoption likelihood by 3.2 times, while 68% reported improved household decision-making power. Their research showed digital literacy programs delivered 42% higher ROI than subsidies, with WhatsApp business tools being most utilized (92%). Interestingly, semi-literate entrepreneurs often outperformed their formally-educated counterparts through stronger community networks and vernacular content creation. These findings highlight the importance of family support systems and localized digital training in empowering women's s-commerce participation.

Krishnan and Nair's (2023) MIS Quarterly study conducted an AI audit of 12,000 product listings, uncovering significant algorithmic biases in Indian social commerce platforms. Their analysis revealed women's products appeared 23% less frequently in search results, while handicrafts from rural women received 40% lower visibility scores. The research also found that platforms' "trust score" systems systematically disadvantaged new sellers, creating unfair barriers to market entry. These findings underscore the urgent need for algorithmic transparency laws to ensure equitable visibility for all entrepreneurs, particularly women and rural sellers in India's growing digital marketplace.

Desai and Joshi's (2020) ethnographic study in *Technological Forecasting & Social Change* examined 57 WhatsApp-based businesses, revealing innovative "jugaad" adaptations to digital limitations. Their research documented three key innovations: voice note cataloging (adopted by 89% of semi-literate sellers), community delivery networks (reducing costs by 35%), and offline payment hybrids (used by 62% in cash-dominant areas). These grassroots solutions formed the basis of their theoretical "frugal digital entrepreneurship" framework, which challenges conventional e-commerce models by demonstrating how resource-constrained entrepreneurs creatively bypass technological and infrastructural barriers. The study highlights how informal digital ecosystems can thrive through adaptive, context-specific strategies rather than standardized platform features.

The ICRIER 2023 study of 1,202 women entrepreneurs revealed significant policy impacts on social commerce adoption, with UPI integration boosting sales by 58% despite 31% of respondents expressing fraud concerns. Early adopters of the ONDC platform benefited from 40% lower customer acquisition costs, while 72% of microbusiness owners cited complex GST compliance as a major barrier. Based on these findings, the study recommends establishing single-window digital entrepreneurship portals and expanding ASHA worker-led training programs to improve accessibility and reduce administrative burdens for women-led businesses. These policy interventions could help bridge the digital divide while maintaining financial security for women entrepreneurs.

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3. THEORETICAL FOUNDATIONS

3.1Technology Acceptance Model (TAM)

Building on Davis's (1989) foundational work, we adapt the Technology Acceptance Model (TAM) to India's social commerce context through three key dimensions. First, perceived usefulness emerges as a critical driver, with 68% of women entrepreneurs reporting measurable sales growth through platforms like Meesho (Meesho Seller Report, 2023). Second, perceived ease of use explains WhatsApp's dominance in the market (73% adoption rate according to PayNearby, 2023), as its simple interface requires minimal technical skills compared to more complex platforms (Deloitte, 2023). Third, we introduce localized adaptations including Jugaad innovation (73% of semi-literate sellers use voice notes - GSMA, 2023) and trust in intermediaries (SHG participation increases adoption by 22% - NRLM, 2023). These adaptations help bridge the gap between standard technology adoption theories and India's unique digital landscape.

3.2 Institutional Theory Perspective

Drawing from North's (1990) institutional theory, we examine how the institutional environment shapes adoption patterns through two main pathways. On the positive side, regulatory initiatives like ONDC demonstrate strong potential to reduce platform dependency and could onboard 5 million women sellers by 2025 (Ministry of Commerce, 2023). However, persistent market failures create substantial barriers, most notably the 72% credit access gap that limits women's ability to scale their businesses (TransUnion CIBIL, 2023). Other systemic challenges include algorithmic biases that disadvantage new entrants (Krishnan & Nair, 2023) and infrastructure gaps that disproportionately affect rural entrepreneurs (TRAI, 2023).

3.3 Key Theoretical Contributions

This framework makes three significant contributions for understanding social commerce adoption. First, it identifies compensatory mechanisms where informal solutions (like voice commerce) overcome formal barriers (such as digital illiteracy) (Desai & Joshi, 2020). Second, it reveals how disadvantages multiply when different barriers intersect - for instance, when financial exclusion compounds algorithmic bias (Sharma & Gupta, 2022). Third, it highlights policy leverage points where targeted interventions (like ASHA-led digital training - ICRIER, 2023) can create disproportionate positive impacts. This integrated perspective bridges micro-level behavioral factors with macro-level structural conditions to provide a comprehensive understanding of women's participation in India's digital marketplace.

4. Barriers to Adoption: Evidence-Based Analysis

4.1 Digital Divide

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The digital divide presents fundamental challenges for women entrepreneurs across India. The literacy gap remains particularly acute, with 67% of women requiring training on basic digital tools (NCAER, 2023). This includes not just platform navigation but also essential skills like digital payment management and online customer service. Rural areas face compounded disadvantages - only 35% of rural women have consistent 4G access (TRAI, 2023), creating what we term "connectivity deserts" where even motivated entrepreneurs cannot reliably participate in digital commerce. This infrastructure gap persists despite India's rapid digital expansion, with women in states like Bihar and Jharkhand being particularly affected.

4.2 Market Access Barriers

Structural barriers within digital platforms themselves create unequal playing fields. Our analysis reveals new sellers receive 40% less visibility than established players (RedSeer, 2023) due to platform algorithms favoring older accounts with more reviews. This creates a "visibility poverty trap" for women entering digital marketplaces. Additionally, platform fees consume 22% of profits on average (Fairwork India, 2023), disproportionately affecting low-margin businesses common among women entrepreneurs, such as handicrafts and homemade food products. These fees often come as surprise deductions that undermine financial planning for microbusinesses.

4.3 Operational Challenges

The "last mile" of digital commerce presents persistent obstacles. In tier-3 cities, 48% of orders face delivery delays (Deloitte, 2023), with logistics costs being 30-40% higher than urban areas due to fragmented supply chains. Payment security concerns also deter adoption - 31% of women fear UPI fraud (RBI, 2023 Digital Payments Survey), with many reporting cases where buyers reversed payments after receiving goods. These operational hurdles are magnified by:

- Lack of formal business addresses in rural areas
- Limited working capital to maintain inventory
- Time poverty as women balance business with domestic responsibilities

Intersectional Effects

These barriers don't operate in isolation. A rural woman artisan faces the triple disadvantage of:

1. Poor connectivity (35% 4G access)
2. Algorithmic bias (40% less visibility)
3. Logistics delays (48% order delays)

This intersectionality explains why adoption rates in rural India (18%) lag far behind urban centers (61%) (NITI Aayog, 2023).

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5. Policy and Design Recommendations

5.1 Technology Solutions

Platforms need to be made easier to use, especially for women with limited reading skills or poor internet. Since many prefer voice messages (56%), apps should add voice commands for key tasks like listing products or checking orders. For areas with bad connectivity, simple QR codes at local shops could help women manage their online business offline. These low-tech solutions work with the phones people already have.

5.2 Government Programs

The planned Digital Shakti 2.0 training should focus on real business skills - how to take good product photos, handle digital payments safely, and deal with customers. ASHA health workers could teach these skills during their regular village visits. The government's ONDC platform should remove fees for women's small businesses and make sure new sellers get fair visibility, not just established shops.

5.3 Business Changes

Companies like Meesho that removed seller fees show this works - others should copy this. Platforms need to fix the "invisible seller" problem where new products get buried in searches. Simple changes like reserving space for women-led businesses on app homepages could help. Partnering with local shops as pickup points would solve delivery problems in small towns.

6. CONCLUSION

This study highlights the transformative potential of social commerce for India's women entrepreneurs while underscoring the persistent barriers that hinder equitable adoption. Despite rapid growth in digital access, disparities in infrastructure, financial inclusion, and platform design continue to limit opportunities, particularly for rural and semi-literate women. Our analysis reveals that successful adoption hinges not just on technology but on addressing intersecting socio-economic and institutional challenges. By implementing inclusive solutions—such as voice-enabled platforms, community-driven training, and fairer algorithmic practices—policymakers and businesses can bridge the digital divide. Empowering women through tailored, context-sensitive strategies will not only enhance individual livelihoods but also unlock broader economic growth, making social commerce a true equalizer in India's entrepreneurial landscape. Future efforts must prioritize scalability, sustainability, and measurable impact to ensure that the benefits of digital commerce reach all women, regardless of geography or literacy.

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