

When Does "Facebooking" Make Us Avoid Risks? The Effect of Social Networking Orientation on Risk Preference

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Abstract. Will consumers' social networking orientations influence their psychological functioning on subsequent tasks in seemingly remote, unrelated domains? Prior research on social capital suggests the distinction between a bonding orientation, with which people seek to cement connectedness among exclusive and relatively homogeneous groups, and a bridging orientation, with which people focus on creating new contacts with different groups, resulting in spanning diverse social cleavages. Building on the resource depletion paradigm, we propose and find that consumers become more risk-averse after performing bridging- versus bonding-oriented activities on Facebook. We also confirm the depletion of risk-taking resources as the underlying process by showing its mediating role between social networking orientation and risk preference.

Keywords: Social media, social networking orientation, Facebook, risk perceptions.

1 Introduction

Over the past decade, social networking services have become an integral part of managing relationships with others and understanding the world. By connecting with others online and accumulating "friends," individuals can establish their social networks, thus growing their social capital. Reflecting on such a near-endemic phenomenon of living with social network services (SNS), the extant research in marketing and consumer behavior has investigated several issues regarding social network service, such as the valuation of online networks [1] or word-of-mouth communications [2]. Less is known, however, about how consumers' experiences with social networking services influence their psychological functioning, such as decision-making styles and risk preferences. By filling this gap, the present research examines downstream influences that the use of social networking sites may have on consumer decision-making, particularly on risky choices.

We propose that an individual's primary motivational foci of social networking affect their everyday decisions associated with risk (e.g., investment-related or health-related decision-making). Building on the resource depletion paradigm that suggests that people who engage in an initial self-regulation task perform worse on a subsequent task demanding self-regulation resources [3-5], we posit that humans have a limited amount of risk-taking resources. Thus, once their risk-taking resources are drained, individuals will act more conservatively in subsequent tasks. Specifically, given that bridging- versus bonding-oriented activities are involved with a higher level of social risk, thereby depleting more resources, we hypothesize that consumers may become more risk-averse after performing bridging- versus bonding-oriented social networking activities. We conducted an experiment to examine this hypothesis.

2 Method

Sixty-five undergraduate students participated and were randomly assigned to the either bridging- or bonding-orientation condition. Participants in the bridging condition were asked to choose some people on their friend lists with whom they had not personally interacted (e.g., someone from a class or friends' friends), and visit each person's Wall. The participants were then asked to spend about 10 minutes reading their friends' recent events and leaving Wall posts. In contrast, those in the bonding condition were asked to choose some people whom they felt close to and whom they often interacted with (e.g., best friends).

After completing the task, participants were asked to indicate on seven-point scales how socially risky (1 = not risky at all; 7 = very risky) and how stressful (1 = not stressful at all; 7 = very stressful) they perceived the Facebook activities to be. We averaged the two items and used a composite index to understand underlying process. Next, as a purportedly separate study, participants were asked to engage in a task to measure their risk preferences, which required deliberation to gauge between risks and payoffs in their choices [6]. Their response to this task was used in calculation of their risk preference index.

3 Results

First, we analyzed the risk preference index to investigate whether the bridging activities made participants more risk-averse in the subsequent task than did the bonding activities. A one-way ANOVA indicated that participants became more risk-averse after completing the bridging versus bonding activities on the Facebook ($M_{\text{bridging}} = 2.81$, $M_{\text{bonding}} = 3.73$, $F(1, 56) = 7.19$, $p < .01$). Risk preference was significantly lower than the midpoint of the seven-point scale in the bridging condition ($t(31) = 5.32$, $p < .001$), whereas it was not in the bonding condition ($t(27) = 1.19$, $p > .25$).

We also confirmed that participants in the bridging versus bonding condition spent their risk-taking resources ($M_{\text{bridging}} = 3.55$, $M_{\text{bonding}} = 2.59$, $F(1, 56) = 6.22$, $p < .05$)

while completing the Facebook activities. Furthermore, in order to test mediation via resource depletion, we conducted a mediational analysis using bootstrapping procedures [7, 8], which demonstrated that an indirect effect via resource depletion was significant (95% CI = [-.3216, -.0053]).

4 Discussion

These results provide evidence that when activities on social networking sites center on bonding (vs. bridging), consumers tend to make more risky decisions. Theoretically, this research can shed light on hitherto unknown influences that experiences with social networking service unwittingly exert on human decision processes, which could be explained as a result of depletion of risk seeking resources. In particular, given that the subsequent consequences of online social networking can apply to a variety of decision domains (including decisions that are not directly related to social networking sites), this research promises to advance our understanding of consumers' implicit decision-making processes, and the insights gleaned from this research can carry societal significance.

Acknowledgement. This work was supported by the National Research Foundation of Korea Grant funded by the Korean Government (NRF-2011-330-B00080).

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