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Peer effects and externalities in technology adoption: Evidence from community reporting in Uganda*

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Abstract

Do social networks matter for the adoption of new political communication technologies? We collect complete social network data for sixteen Ugandan villages where an innovative reporting mobile platform was recently introduced, and show robust evidence of peer effects on technology adoption. However, peer effects were not observed in all networks. We develop a formal model showing that while peer effects facilitate adoption of technologies with minimal externalities (like agricultural practices), it can be more difficult for innovations with significant positive externalities to spread through a network. Early adopters might congest the benefits, leading others to discount information about the technology's value. Thus, peer effects are likely to emerge only where informal institutions support truthful communication. We show that the observable implications of our model are borne out in the data. These implications to social diffusion might help explain the slow and varied uptake of new political communication technologies around the world.

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