Market Orientation and Manager’s Innovativeness in the Adoption of Managerial IT in Small Firms: Application to the Retail Sector

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ABSTRACT

This research examines the effect of market orientation and the managers’ propensity for implementing technological innovations in small retailers. In particular, the authors consider four management IT: computerized order management systems, inventory and sales control systems, customer information management systems, and commercial web pages. Information was collected through a personal survey from managers and owners of 272 small retail companies. The results obtained show that the manager’s innovativeness is the main determinant of the implementation of new administrative and commercial technologies in small retailers. The market orientation of an organisation does not directly influence the adoption of IT. However, this variable positively affects the manager’s innovativeness and therefore plays an indirect role in the implementation of IT. Therefore, the results obtained show that, in reduced dimension companies, corporate behaviours are widely determined by the individual decisions of the manager.

Keywords: Innovation, Innovativeness, Management Technology, Market Orientation, Retail Sector, Small and Medium Enterprises (SME)

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INTRODUCTION

The current business context is marked by the fast and continuous evolution of corporate strategies to allow companies to become adapted to the changes of consumers’ needs and desires. Within this context, it is very difficult to find a sector that has not submitted to a process of continuous innovation and re-orientation of the business in the face of the market’s dynamic nature (Hurley & Hult, 1998). In the case of the retail sector, this process of change is outlined by continuous episodes of concentration and internationalization, the success of distributor brands, and higher control of activities by retailers (Burt, 2000; Coe & Wrigley, 2009; Dawson, 2000; Harvey, 2000).

Changes in the competitive environment demand a continuous adaptation of managerial processes in companies. Accordingly, market orientation is becoming increasingly important in strategic and marketing management (Aldas-Manzano, Küster, & Vila, 2005; Bodlaj, 2010; Day, 1992; Gruber, 2003; Im & Workman Jr., 2004; Laforet, 2008; Pelham, 2000; Rapp, Schillewaert, & Hao, 2008). For this, companies must gather information about their markets of reference, distribute such information internally among functional departments and offer an answer to the market in terms of strategies and tactics (Carbonell & Escudero, 2010; Kohli & Jaworski, 1990; Zortea-Johnston, Darroch, & Matear, 2012). These processes implicitly assume continuous innovation (Narver & Slater, 1999), aiming at providing a superior value to the consumer and improving a company’s performance. The development of new products and services (Carbonell & Escudero, 2010) and/or the implementation of new management processes and tools (Han, Kim, & Srivastava, 1998) are also important in this process.

In this perspective, innovation is seen as a directive technology, strategy or tool that is used by a company for the first time—regardless of if it was previously used by another company—or a redesign that improves a process (Nord & Tucker, 1987; Tornatzky & Fleischer, 1990). In the case of retail companies, technological innovations affect the internal processes of a company in terms of the service offerings provided to a client. In this case, it is important to highlight the computerized order management systems, the inventory and warehouse control systems, and the accounting management programs, among others. Regarding the technological innovations applied to commercial management, customer databases and commercial Web pages have experienced a remarkable development over the last few decades (Coe & Wrigley, 2009).

Generally, the implementation of these technological innovations (both internally as with a commercial orientation) has been more intense for large retailers as compared with small ones. In contrast, the technological innovation process for small retailers has been slower, and it has been usually consequence of a mechanism of imitation of the competition (Abrahamson, 1991; Brockman & Morgan, 1999; Coe & Wrigley, 2009). In this context, the objective of this research is to examine the effect of market orientation and the managers’ propensity for implementing technological innovations in small retailers. In particular, on the basis of the results of a preliminary qualitative research, four management innovations were selected for this research: computerized order management systems, inventory and sales control systems, customer information management systems, and commercial web pages.

This research presents five basic contributions. First, it examines the role of the market orientation of a company in implementing technological innovations, an issue that has been scarcely studied in the literature (Bodlaj, 2010). Second, this research conceives managers’ innovativeness as determinant of the implementation of IT, given manager importance in the strategic decision making in small firms. Third, it examines the existing relationship between the market orientation and the propensity to innovate, a topic that has been scarcely analysed in the literature. Moreover, this study focuses on small companies, a field in which there is a noticeable lack of technological innovation but which has been object of very little empirical
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