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A behavioral approach to organizational innovation adoption[☆]Hannu Makkonen^{a,*}, Wesley J. Johnston^b, Rajshekhar (Raj) G. Javalgi^c^a Turku School of Economics, FI-20014, University of Turku, Finland^b Center for Business and Industrial Marketing, J. Mack Robinson College of Business, Georgia State University, USA^c Cleveland State University, USA

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ABSTRACT

The effective adoption of continuously developing new technologies is a critical determinant of organizational competitiveness. However, the current literature provides scant understanding on the issue of how organizations actually adopt innovations, instead offering divergent and contradictory conceptualizations, as well as models of adoption, as a dichotomous choice rather than organizational behavior. Respectively, this study introduces a customer-dominant logic lens in the organizational adoption context to provide a behavioral approach on organizational innovation adoption. The study examines four qualitative cases and contributes to the literature by conceptualizing the continuous and specific adoption activities that organizations engage in for adoption, identifying goals and technical infrastructure, business relationships, and key individuals as the main elements in organizations that shape the activities and thus adoption behaviors, and providing an example typifying different kinds of adoption behaviors. These new conceptualizations and the empirical accounts regarding organizational adoption behavior provide implications for further research and for management.

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1. Introduction

In an ever-changing business environment, the effective adoption of continuously developing new technologies is a critical determinant of organizational competitiveness. Innovation adoption comprises means for reconfiguring the resource base and improving performance to keep up with the competition. However, the previous research largely neglects the issue of *how* organizations adopt innovations, largely building instead on a variance approach (see Mohr, 1982) in describing adoption as a choice rather than a behavioral process (see Makkonen, 2008; Makkonen & Johnston, 2014). In other words, the studies focus on innovation and related choice rather than organizational needs, and the actions to fulfill them through adoptions (see Everdingen, Sloot, Nierop, & Verhoef, 2011; Frambach & Schillewaert, 2002; Siamagka, Christodoulides, Michaelidou, & Valvi, in press; Waarts, van Everdingen, & van Hillegersberg, 2002). Thus, little is known about the actual undertakings and behaviors that relate to organizational innovation adoption.

To contribute to the described gap in knowledge, the focal study builds towards a *behavioral approach to organizational innovation adoption*. The aim is to complement the choice- and innovation-oriented view dominating the literature by launching a behavioral and an adopter-oriented view on organizational innovation adoption. To avoid association with the choice contaminated idea of the term

process, we intentionally employ the notion of *behavioral approach* instead of a process approach (see Cyert & March, 1963; Levinthal, 2011). In other words, the previous adoption research employs the term process to locate the adoption as a culmination of the stages that precede the adoption choice. However, the content of these process phases is beyond the focus of such studies. In our study, the behavioral approach is inherently processual, but our idea and use regarding the term process refer to the adopter organization's activities that aim to find solutions to certain organizational needs, leading to eventual adoption of an innovation among other potential solutions. Launching the *behavioral approach to organizational innovation adoption*, the focal study provides explicit answers to the following research questions:

1. What are the main activities that constitute organizational innovation adoption behavior?
2. What are the main elements in organizations that shape their organizational adoption behavior?

Regarding the first research question, the study aims to define and organize the activities the adopter organization engages in and that produce the adoption. The second research question refers to the aim of finding the elements in organizations according to which organizations conduct the adoption activities. The outcomes of these research questions facilitate understanding of adoption and the related organizational behavior. On this basis, the study proposes a typology of adoption behaviors that visualize the findings.

The study proceeds as follows. The second section takes up the lens of customer-dominant logic and the notion of customer needing to

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conceptualize *organizational innovation adoption behavior* in terms of the activities undertaken to identify, evaluate and match potential needs and solutions, and implement the resulting need-solution coupling in company practices. The third section presents the methodology and the fourth the findings and discussion. Section five presents the conclusions and implications of the study.

All the case studies focus on innovations in which service is an integral part of the total solution, comprising production machinery and other physical artifacts, as well as those related installation and long-term maintenance and update services. This blurs the boundaries between services and goods innovations (see Kindström & Kowalkowski, 2014; Windahl, 2015; Vargo & Lusch, 2004). Consequently, the study and conceptualizations aim to provide a universal platform for studying organizational innovation adoption, and to answer calls for a common framework (Drejer, 2004; Nijssen, Hillebrand, Vermeulen, & Kemp, 2006) that does not build on the categorization of offerings as either goods or services but sees both from the customer perspective as solutions to meet particular needs.

2. Theoretical background

2.1. A need for a behavioral approach on organizational innovation adoption

The adoption and diffusion studies mainly focus on the *social-system-level diffusion pattern*, that is “...the process in which an innovation is communicated through certain channels over time among the members of a social system” (Rogers, 2003, p. 5). In this context, the focus is on explanatory variables for the adoption choice; for example, on *innovation characteristics* – relative advantage, compatibility, complexity, trialability, observability (e.g., Everdingen et al., 2011; Vowles, Thirkell, & Sinha, 2011; Frambach & Schillewaert, 2002; Waarts et al., 2002) These variables describe the likelihood of the innovation's adoption and are used to aggregate knowledge on its spread over the community under scrutiny. Thus, the focus is set on the macro-level diffusion pattern rather than on the micro-level adoption process as such.

The fundamental focal areas of the adoption and diffusion research lie in communications and imitations among potential adopters with regard to an innovation. Innovation in these studies is completely new and substantially better compared with previous measures, such as hybrid seed corn for Iowa farmers (Ryan & Gross, 1943), or tetracycline for physicians (Coleman, Katz, & Mentzel, 1966). In this type of setting, the awareness of innovation eventually leads to adoption and, thus, the focus on elements fostering the choice is justifiable. Modern business markets display neither a similar kind of absolute newness with regard to innovation nor as homogenous communities with regard to adopters. These circumstances reveal a need to expand the focus from adoption choice towards *adoption process and the underpinning adoption behavior*. In this research, adoption is not a mere building block in a diffusion pattern, but comprises a meaningful research area of *organizational behavior* featuring organizational motives, actions, goals, and orientations, with regard to the innovation (see Mohr, 1982; Cyert & March, 1963).

As a behavioral process rather than a mere choice, the role of the adopter shifts from object to subject. Consequently, the adoption process is not something that befalls the adopter but that the adopter undertakes (see Davidson, 1980; Goldman, 1970). The recent research has taken steps towards opening up the behavioral black box of adoption (see Yang, Kankanhalli, Ng, & Lim, 2015). Despite their merits, however, the focus in these studies largely reflects the choice-orientation. Organizational undertakings and thus the adoption process proceeds in a stage-wise manner towards the eventual adoption of the innovation. Thus, the innovation-centricity overshadows the idea of adopter's need, and the description of the adopter's actions as problem solving

or solution seeking that goes far beyond the innovation and its actual adoption. Consequently, theoretical development is essential to move beyond choice-orientation and describe organizational innovation adoption as adopter behavior.

2.2. A customer-dominant logic perspective on organizational innovation adoption

The perspective of customer-dominant logic (CDL) (Heinonen et al., 2010; Heinonen, Strandvik, & Voima, 2013; Heinonen & Strandvik, 2015) explicitly underscores the primacy of the customer. Customer reasoning and actions with regard to a supplier offering as a means for achieving customer goals are in focus. The notion of customer needing, which Strandvik, Holmlund, and Edvardsson (2012), p. 135) define as “the customer's mental model of desired value in use concerning a specific task in their business”, offers a particular device to operationalize CDL. For the purposes of this study, CDL and the notion of needing provide a theoretical background described in Fig. 1. This perspective facilitates the transition of the focus from adoption choice to adoption process (cf. Makkonen, 2008): from innovation (offering) to customer needs and needing, and from markets as external and objective to markets as socially constructed and subjective (see Callon & Muniesa, 2005; Kjellberg & Helgesson, 2007).

The outer layer of the framework describes markets as a web of interlinked needs (white circles) and solutions (black circles). According to the idea of CDL, seeing a focal offering and its position with regard to the “customer's complex integration of offerings and their own resources (Heinonen & Strandvik, 2015, 116)”, the center of the framework describes the adopter organization's internal landscape as a composite of interlinked needs and solutions where the newly adopted innovation assimilates.

Due to the context of adoption, needing in the framework is expressed context-specifically as *adoption behaviors* that locate between the adopter organization and markets. The previous literature defines the concept of needing as a dynamic notion that describes a mental model and actions with regard to the external and internal landscapes and the respective intents and goals of the actor (Strandvik & Holmlund, 2015). Thus, needing features both the actual needs and solutions in place as well as external opportunities the actor may pursue and the dynamics between the two. In line with the framework, the innovation is in effect no longer an exogenous entity, but becomes relevant or actualizes through the adopter's perceptions and interpretations with regard to identifying needs and solutions, their evaluation and matching, and implementation in the company's practices (see; Cohen & Levinthal, 1990; Cook & Brown, 1999; Marabelli & Newell, 2014).

The framework views innovation from the adopter organization's perspective and with regard to its adoption behaviors. This perspective describes innovation as a solution that is relevant only in terms of coupling with the adopter's need and being in fit with the adopter's internal landscape of interlinked need-solution couplings. The drivers of adoption behaviors may be external or internal but according to the framework relate to the development and identification of an internal need or an external solution, and a respective aim for improved performance by matching the two (see Strandvik & Holmlund, 2015).

3. Methodology

3.1. The research approach

The authors conduct an in-depth, longitudinal qualitative field study to enhance understanding of organizational adoption behavior. The study employs theoretical sampling to implement the research in the empirical context (Miles & Huberman, 1994). First, the study aims to achieve maximum variation in adopter firm size. This is because a variety of quantitative surveys reports company

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