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Technology Adoption and the Leadership Imperative: Strategic Management Implications for Retail Travel Firms

This thesis examines the diffusion of innovation theory, intermediation theory and the technology acceptance model, and explores the factors influencing the decision to engage in technology adoption. This is done by using the overarching theory of organizational decision-making to identify concepts and constructs which relate to the decision to adopt. For this study travel agencies will be analyzed in the context of Jamaica, as they represent firms which have similar characteristics in terms of ownership and management structure; in particular where owners are themselves the managers and provide leadership for the organization. There are different rates at which countries adapt and utilize technologies and there are lessons to be learned from a developing country and cultural perspective.

Key words: technology adoption, decision-making, innovation, diffusion

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Purpose of Study

The issue being assessed is the barrier to various levels of technology adoption in travel firms. This work is a derivative of a preliminary output framework created by the author and known as the distilled framework for firm technology adoption which assessed theory on the digital divide, culture, firm strategy and the resource-based view as antecedents. The work further focuses on the role of personal factors such as ownership and leadership as the key drivers of other antecedents to technology adoption through another preliminary output framework which is grounded in the literature on organizational decision-making.

Objectives

1. To investigate the relationship between Ownership/Leadership and technology adoption, through intermediary variables such as firm strategy and company resources.
2. To investigate the complementary roles of the digital divide and culture in influencing personal factors such as ownership/leadership.
3. To develop a conceptual framework that identifies the combination of antecedents of technology adoption for firms through an application of Organizational Decision-Making Theory.
4. To develop a model of staged technology adoption for small travel firms that identifies the characteristics of leaders and firms at each stage in a technology adoption hierarchy.

Literature Review

Organizational Decision Making

The adoption of technologies in organizations speaks to the broader issue of how the decision process unfolds in organizations. Organizational decision-making theory therefore provides an overarching framework for the analysis which will be carried out in this thesis. Organizational behaviour researchers who have focused on behavioural decision research on

a micro level have advanced arguments that are rooted in the bounded rationality concept of Simon (1957). Macro organizational behaviour researchers have developed the area of organizational decision making, which builds on the work of March (1963). The discourse has therefore largely been based on individual decision-making and its relationship to organizational decision-making. A resonant and recurring ideological discussion surrounds whether understanding the individual decision process is the key to disaggregating the organizational decision process.

In attempting to broaden the scope of the discourse, Langley et al. (1995) highlighted that the future of organizational decision-making research must address more complex issues such as the fact that the decision-maker is not only driven by cerebral rationality but also by experiences. Additionally single decisions should be viewed as a network of many issues, which points to the evidence of dynamic linkages rather than simple linear ones. With this in mind this work attempts to identify the multiplicity of concepts which have been identified as pertinent to the study of technology adoption by looking at how these concepts are interwoven though the broad framework of organizational decision-making.

Huber and McDaniel (1986) highlighted that organizational environments of the future are likely to be characterized by greater complexity and therefore called for organizations to recognize that the centrality of the organization rests in what decisions are made and how these decisions are made. Decision-makers in organizations are often referred to as leaders (Victorino, Verma, Plaschka, & Dev, 2006). Therefore an important development in the organizational decision-making literature came from an assessment of leadership styles and decision-making. Tatum et al. (2003) identified that the long-standing distinction between transformational and transactional leadership had an impact on decision-making styles. Kuhnert and Lewis (1987) define a transformational leader as a visionary who is charismatic and influences strategic transformation through motivation. The transactional

leader is defined as an efficient manager who focuses on the task at hand and uses a reward-driven approach. It would appear that these styles affect whether a leader adopts a restricted or comprehensive decision-making style (Tatum et al. 2003).

While the organizational decision-making theory highlights the role of the decision-maker, there has also been some focus on what Langley et al. (1995) refers to as pooled linkages and contextual linkages. Pooled linkages emphasize that decision-making issues are linked because they compete for financial resources and managerial time and energy. As such this research explores these resource issues by taking a deeper look at the Resource Based View of the firm. Alternatively contextual linkages address the role of broader issues such as culture, ideology, structure and strategy on the decision-making of the individual and organization.

Conceptual Developments and the Travel Context

Rogers's work in 2003 supports the leadership literature by highlighting that opinion leadership may be influential. He identifies that opinion leaders may act as change agents and assist with the innovation diffusion process. He then denotes that innovation-decisions are either optional, collective or authority driven. This generalization is useful as contemporary observation of service firms reveals that optional innovation-decisions very rarely result in comprehensive adoption for the social system. Collective innovation-decisions usually gain more traction but are largely leadership driven even though there is consensus by the team. This consensus usually stems from a charismatic leader (Hitt et al., 2001) or an opinion leader (Rogers, 2003). Notably both types of leaders may be categorized transformational leaders. The reality is that while authority innovation-decisions may yield compliance, those with power may also be opposed to the diffusion of a particular innovation. This again magnifies the importance of leadership in the innovation diffusion discourse.

Travel Intermediaries

A discussion of leadership is important in providing strategic change for information-intensive industries, which are significantly impacted by the internet. The Internet means lower distribution costs and higher revenues (Laws, 2001) and also gives rise to new tools to transact business and provides consumers better means to comparison shop (Christodoulidou et al, 2010). Hatton (2004) argues that given the millions paid for commission, pressures from consumers for lower prices and increasing demands for ROI from investors, many seek to remove these payments. Reduced transaction cost and commission therefore present a strong case for the complete elimination of intermediaries (Buhalis and Licata, 2002). This argument identifies the interplay between the firm and the markets, where firms make strategic decisions that enhance profit and consumer behaviour leans towards greater value for money. Internet adoption may however be the only way in which agencies can compete across platforms.

Methodology

Research Design

While there is an exploratory element to this research as it addresses a new approach, it embarks upon the study of theories being applied to a new context which has a greater fit in the explanatory design. Neuman (2006) states that explanatory research is research in which the primary purpose is to explain why events occur and to build, elaborate, extend or test theory.

Data Collection and Analysis

Primary data was collected using semi-structured in-depth interviews with the owner-manager of 32 travel agencies in Jamaica in two phases. Of a population of 43 agencies, these

32 firms are those which share the characteristic of the owner also being the manager. There was a pilot study to test the interview instrument after which a period of two weeks was allowed to make amendments. Phase 1 of data collection, which involved the use of A priori themes from the literature, was then carried out. An analysis period of three months will be used to identify emergent themes after which phase 2 of data collection will be carried out. This is done to allow for an in depth analysis of ownership and leadership issues, how they are influenced and in turn how they influence firm strategy, resource use and ultimately technology adoption. Interviews will be taped and transcribed. This exploration of owners' feelings through in-depth semi-structured interviews allows for the adoption of the Template Analysis technique.

Anticipated Results: Contribution to knowledge

At present, very little is known about the complex relationship between ownership/leadership and technology adoption. In fact, very little research has gone beyond singular relationships between these personal factors and firm strategy and resources. The depth of the discussion has therefore been insubstantial. Gaps in the literature point to a paucity of research on relationships between ownership and variables such as culture, leadership and strategy formulation in the travel industry. There is also a dearth of empirical research on ownership and barriers to strategy implementation for travel firms.

In identifying the key drivers of technology adoption this work aims to profile leaders and firms which are most likely to adopt at varying adoption stages through a model showing determinants of staged adoption by leadership type and firm characteristics.

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