

Relationships in Technological Processes: Finding the Common Ground between Diffusion of Innovations and Relationship Marketing Theories - A Case Study

Francisco Chia Cua, FCC Consultants, Inc., Quezon City, Philippines

Steve Reames, College of Business Administration, A'Sharqiyah University, Seeb, Oman

Joe Choon Yean Chai, Department of Marketing, University of Otago, Dunedin, New Zealand

ABSTRACT

The process model and theory of Diffusion of Innovations (DOI) and the new idea of how technology spreads in an organization are discussed. A comparison between DOI and the Relationship Marketing (RM) theory is examined. Managers who desire innovation or utilize RM theory for third-party change agents are explored. Request for Information (RFI), and Request for Proposal (RFP) utilized by managers that desire technological innovation in the procurement process is discussed. A case study of the commercialization, innovation, feedback-assessment procurement processes of the DOI is conducted in a large public-sector university that procured and implemented an Enterprise Resource Planning (ERP) system. The study revealed that the innovation process was inadequate to explain the outcome. The conclusion reveals that an opportunity or a threat is co-dependent on how each party perceives on or the other's premise; either premise is irrelevant if one side or the other refuses to foster the relationship.

Keywords: *Diffusion of Innovations (DOI), Enterprise Resource Planning (ERP), Financial Management Information Systems (FMIS), Procurement Process, Relationship Marketing (RM), Request for Information (RFI), Request for Proposal (RFP), Single-Case Study*

INTRODUCTION

This paper will discuss, in the literature review, the process model and theory of Diffusion of Innovations (DOI) which will explain how, why, and at what rate a *new idea* of technol-

ogy spreads in an organization. In addition, a comparison between DOI and the Relationship Marketing (RM) theory is made to illustrate how a *commitment* from both the vendor and the organization occurs during the technological process.

This study examines and presents the RM theory for the third-party change agent ap-

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pointed to manage the Request for Information (RFI) and Request for Proposal (RFP) stages, who desires to use innovation within a structured procurement process, providing both an explanation and leverage to an organization that is undertaking a technological innovation process.

The discussion of the commercialization, innovation, and the feedback-assessments procurement processes of the DOI utilizes a single-case study of a very large public-sector university that procured and implemented an Enterprise Resource Planning (ERP) system. The study revealed that the innovation process model (i.e., the Diffusion of Innovations, and its parallel processes of diffusion, feedback-assessments and relationship-commitment) was inadequate to explain the distrusts, disputes, and disagreements which arose during this time. The paper concludes that the harmony or the conflict among the parties represents either an opportunity or a threat, and is co-dependent upon how each party perceives the other's premise. Moreover, either premise is irrelevant if one side or the other refuses to foster the relationship.

Research Questions

To clarify the intertwining construct, several questions surfaced. Among them were:

- How do relationships facilitate the diffusion of innovations?
- How do exchange partners interact and establish their relationships?
- Who initiates the activities?
- How and under what circumstances are they initiated?
- What were the dimensions of the innovation?
- How did the initiation phase start?
- What (or who) triggered the innovation?
- How did the exploration phase begin?
- Who were the key participants?
- What were the key barriers? What were their implications, especially to the executive sponsor?
- What factors affected the perception and the process?
- Did the process make sense? Why? Why not?

The anecdotal evidence (presented in the fourth section) answers these questions and leads to a type of knowledge called justified true beliefs. After further analysis and interpretation, they can be used to form reasoned arguments and to explain the research problem.

LITERATURE REVIEW

Innovation vs. Commercialization

The wide interpretation of the term *innovation* muddles its true definition. Here, the term uses the definition by Rogers ([1962] 2003, p. 12): An innovation is something "perceived" to be new by the target audience (the customer-organization). It is not necessarily a new invention (Tarde, 1903) or combination (Schumpeter, 1934). An innovation is irrelevant unless it passes through the commercialization process by the vendor (seller) and the innovation process by the customer (buyer). In the diffusion of innovations (Athaide *et al.*, 1996; Bhidé, 2009; Golish *et al.*, 2008), if either of these two processes is missing or does not align with the other, the innovation is put at risk. Three issues critical to the innovation process are the matchmaking stage, the business case, and the perceived attributes of innovation.

The commercialization process is conducted by the vendor and the innovation process, by the customer-organization. The process model of Diffusion of Innovations (DOI) theory explains how, why, and at what rate a new idea spreads (Rogers, [1962] 2003), but not the how and why sellers and buyers commit themselves

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