

The Assessment of Innovation Management in
Small & Medium-sized Enterprises (SMEs) in Singapore Retail Industry

by

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ABSTRACT

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In memory of my father, FU Cheng-Jian

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Abstract

The importance of innovation in association with organizational competitiveness and growth is widely researched and documented in academic literature. Innovation is generally considered the most valuable source of growth and competitiveness, since organizational innovations themselves have impact on business performance with regard to productivity, lead times, quality, and flexibility. Innovations can assist firms in building distinctive competencies or capabilities which result in developing new products/services, or improving existing products/services, or reducing the costs of producing such products/services. Innovativeness is the most important determinant of an organization's performance. Innovation can take place only if the organization has innovation capabilities.

There are many international studies on innovation capability with the aim of developing the concept itself and trying to identify the capabilities needed that allow the firm to innovate. However, there is a lack of research studying innovation capabilities holistically and systematically. Existing empirical studies on innovation capabilities and its impact on performance are also inconclusive and even contradictory. Previous researches have established that Small & Medium Enterprises (SMEs) are crucial economic actors within the economy of nations. There is, however, a shortage of data relating to SMEs and how they should approach innovation management, as the current literature does not provide universally acceptable theory and comprehensive frameworks

for measurement of innovation capabilities and their impact on company performance. As such, carrying out research on innovation management practices, in this case innovation capabilities, targeting retail SMEs in Singapore context will help plug the research gap.

This study is carried out based on the foundation of three theories: the resource-based view (RBV), dynamic capability view (DCV), and knowledge-based view (KBV), with the aim to identify key innovation capabilities at firm-level and investigate how such innovation capabilities impact retail SMEs (growth) performance. A research framework based upon extant literature was developed for quantitative investigation. In addition, a follow-up focus group discussion was conducted to gain further insights on innovation management practices, issues, and challenges facing.

Primary data were collected from 220 retail SME management staff for empirical verification of the quantitative model using Structural Equation Modeling (SEM) technique. The model was accepted based upon model fit to data and theory and 27 hypothesized relationships under the research model were examined and analysed thereafter. Qualitative focus group discussion was conducted among 6 retail SME management staff to solicit in-depth richer insights on innovation management practices in retail SMEs in Singapore. The findings support most of the hypothesized relationships in the quantitative model. Implications of the findings are discussed and future research directions are recommended.

The results derived from Singapore suggest that Leadership, Innovation Resources, and People Management are significant antecedents of innovation processes (including Innovation Process, Innovation Portfolio and Project Management, and Idea Management and Intellectual Property). It is worth-noting that People Management affects innovation processes in a negative manner. Although Technology Management also negatively affects innovation process, it does not have significant impact on Innovation Portfolio and Project Management and Idea Management and Intellectual Property respectively. Organization Learning and Knowledge Management positively impacts Idea Management and Intellectual Property as expected. Innovation Network positively affects Innovation Process, however, it has no significant impact on Innovation Portfolio and Project Management, or Idea Management and Intellectual Property. Innovation Process, Innovation Portfolio and Project Management, and Idea Management and Intellectual Property all positively affect retail SMEs company (growth) performance.

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Contents

Abstract.....	iv
List of Tables	xvii
List of Figures	xviii
Acknowledgements	viii
Certificate of Authorship	x
Chapter 1. Introduction.....	1
1.2 Background.....	5
1.3 Innovation Management in Retail SMEs in Singapore Context.....	6
1.4 Problem Statement and Research Questions	13
1.5 Proposed Conceptual Framework.....	15
1.6 Scope of the Study.....	19
1.7 Significance of the Study.....	20
1.8 Research Methods and Analyses.....	22
1.9 Research Contributions and Implications	22
1.10 Research Limitations	24
1.11 Outline of the Thesis.....	26
Chapter 2. Literature Review and Theory Development.....	29
2. Introduction	29
2.1 Theoretical Foundations for this Study	29

2.2 Innovation Concept	39
2.3 Typologies of Innovation	44
2.4 Measuring Innovation Activities – From Performance Measurement Perspective	52
2.5 Review of Innovation Management Frameworks and Assessment Tools	56
2.6 Innovation Capability	80
2.7 Individual Innovation Capabilities	85
2.8 Innovation Process Concept	111
2.9 Innovation and Firm Performance/Results	121
2.10 Theorization of Hypotheses	125
2.11 Review of Relationships Between Innovation Antecedents, Innovation Process, and Firm Performance	144
2.12 Small and Medium Enterprises (SMEs) and Innovation in SMEs	157
2.13 Small and Medium Enterprises (SMEs) and Retail Industry In Singapore	159
Chapter 3. Research Methodology	165
3. Research Methodology	165
3.1 Introduction to Research Methods	165
3.2 Quantitative Approach to Social Science Research	165
3.3 Qualitative Approach to Social Science Research	167
3.4 Research Design: Mixed Methods Approach	170

3.5 Selection of Subjects for the Study.....	.172
3.6 Population and Recruitment of Respondents.....	.173
3.7 Sample Size175
3.8 Procedure of Data gathering177
3.9 Construction of Research Instruments: Innovation Management Survey Questionnaire (IMSQ) and Open-ended Innovation Management Questionnaire (OIMQ)178
3.10 Scientific Reliability and Validity of the Mix- Method Research185
3.11 Pre -Testing of Instrument.....	.189
3.12 Reliability Analysis of the Instrument.....	.190
3.13 Validity Analysis of the Instrument193
3.14 Common Method Biases Check.....	.197
3.15 Ethic Review of Human Subjects.....	.198
3.16 Statistical Methods and Data Analysis198
Chapter 4. Data Analysis & Results and Discussion203
4.1 Examination of Data203
4.2 Demographic Characteristics of Participants and Firm Profile.....	.206
4.3 Descriptive Findings of Variables.....	.209
4.4 Assessing the Measurement Models.....	.212
4.5 Assessment of Reliability and Validity of Latent Constructs242

4.6 Overall Results of Measurement Development.....	247
4.7 Assessing the Structural Model and Hypotheses Testing	250
Chapter 5. Qualitative Study: Focus Group Discussion Findings.....	309
5. Introduction	309
5.1 Focus Group Discussion Results.....	309
Chapter 6. Summary and Implications.....	343
6. Introduction	343
6.1 Summary of the Study.....	344
6.2 Theoretical Contributions and Managerial Implications.....	352
6.3 Limitations	369
6.4 Future Research Directions	371
6.5 Conclusion	372
Appendix A.....	375
References	379

List of Tables

Table 2.2.1 Summary of Definitions of Innovation	43
Table 2.3.1 Summary of Typologies of Innovation	50
Table 2.5.2 Comparison of various Innovation Management Frameworks and Assessment Models	78
Table 3.9.1.1.1 Measurement Items for Each of the Construct and Sources.....	180
Table 3.12.1 Reliability Test of the Construct.....	191
Table 3.13.2.1 Summary of Inter-Item Correlation and Item-to-Total Correlation Values	195
Table 4.1.3.1 Response Bias Analysis of Demographic Data.....	206
Table 4.2.1.1 Demographic Characteristics of Participants (n=220)	208
Table 4.2.2.1 Profile Summary of Companies represented in this Study	209
Table 4.4.1 SEM Goodness of Fitness Indices.....	213
Table 4.4.2 Other Standardized Estimates to Measure Model Fit.....	214
Table 4.4.1.1 Summary of Initial CFA Findings: Leadership.....	215
Table 4.4.2.1 Summary of Initial CFA Findings: People Management.....	217
Table 4.4.3.1 Summary of Initial CFA Findings: Organization & Culture.....	219
Table 4.4.4.1 Summary of Initial CFA Findings: Innovation Strategy & Business Model	221
Table 4.4.5.1 Summary of Initial CFA Findings: Organizational Learning & Knowledge Management.....	224

Table 4.4.6.1 Summary of Initial CFA Findings: Technology Management.....	226
Table 4.4.7.1 Summary of Initial CFA Findings: Resource Management.....	228
Table 4.4.8.1 Summary of Initial CFA Findings: Innovation Networking.....	230
Table 4.4.9.1 Summary of Initial CFA Findings: Innovation Process.....	231
Table 4.4.10.1 Summary of Initial CFA Findings: Idea Management & Intellectual Property.....	234
Table 4.4.11.1 Summary of Initial CFA Findings: Innovation Portfolio & Project Management.....	237
Table 4.4.12.1 Summary of Initial CFA Findings: Company Performance/Results	240
Table 4.5.1.1 Reliability Testing of Each Latent Construct.....	243
Table 4.5.2.1 Convergent Validity of Each Latent Construct	245
Table 4.5.2.3.1 Construct Correlations and AVE.....	249
Table 4.7.3.1 Comparison of Results of Measurement and Structural Models.....	256
Table 4.7.3.1.1 SEM Results for Hypothesized Paths in proposed Concept Model	258
Table 5.1.1 Profile of Focus Group Discussion Participants.....	310
Table 6.2.1 Contributions of this Study.....	358
Table 6.2.2 Summary of Innovation Management Practices based upon Retail SME Management Representative Focus Group Discussion.....	362

List of Figures

Figure 1.5.1 Conceptual Framework of this Research.....	18
Figure 2.5.1 Davila et al' Business Modeel for Innovation	58
Figure 2.5.2 Nine-stage Innovation Process	60
Figure 2.5.3 Pentathlon Framework	62
Figure 2.5.4 Muller et al' Structural Perspective Model	63
Figure 2.5.5 MINT Framework.....	65
Figure 2.5.6 Business Growth Model.....	67
Figure 2.5.7 Ten Types of Innovation Model.....	69
Figure 2.5.8 Innovation Diamond Model	71
Figure 2.5.9 Kearney's House of Innovation Model	73
Figure 2.9.1 Conceptual Framework of this Research.....	124
Figure 3.4.1 A Mixed-methods Sequential Explanatory Design for this Research.....	172
Figure 4.7.1.1 Conceptual Framework /Model – Hypothesized Relationships	251