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Digital technology and marketing management capability: achieving growth in SMEs.


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Digital Technology and Marketing Management Capability: Achieving Growth in SMEs

Abstract

Purpose – The intention of this study is to evaluate the relationships between digital technology, tangible/intangible assets and marketing capabilities in order to gain more insight into the factors related to SMEs’ growth in the UK. Based on resource-advantage theory, this research addresses the question “to what extent does digital technology influence marketing capability which leads to companies’ growth?”

Design/methodology/approach – The data was gathered through 21 in-depth interviews with managers from different multinational organizations and 6 focus groups with employees.

Findings – The study identifies the two key components of digital technology as information quality and service convenience. In addition, the relationships between digital technology, tangible/intangible assets, and marketing capabilities perform the significant role of facilitator of a company’s growth.

Research limitations/implications – The focus on UK SMEs limits the generalisability of the results. Further study should be collected in other sectors and country settings in order to examine the associations identified in the current study.

Originality/value – This study identifies the main impacts of digital technology on intellectual/physical assets. While managers and employees have specified that marketing capability is significant for organizations, there are a few other areas of concern with regard to consequences related to a company’s growth, competence, and core competence, particularly in a SME’s setting.

Keywords – Digital Technology, Information Quality, Service Convenience, Design Innovation, Marketing Capabilities, Growth, Competencies, SMEs
Introduction

Core competence has been a useful tool for organizational strategists since it first appeared in the 1960s. It was defined by Andrews (1971) as “what the company can do particularly well” (p. 46) and an earlier paper by Ansoff (1965) called it a ‘common thread’ (p.105). Ansoff (1965) described business competencies as “a relationship between present and future product markets which would enable outsiders to perceive where the firm is heading, and the inside management to give it guidance” (p.105). A significant study of core competence was carried out by Prahalad and Hamel (1990) who characterized it as the core system that “provides nourishment, sustenance, and stability” (p.82).

The experiential study of marketing capabilities is also being given increased attention in the academic literature (Blesa and Ripolles, 2008; Ribeiro et al., 2009; Tsai and Shih, 2004; Vorhies and Morgan, 2005; Weerawardena, 2003). Marketing capabilities employ a substantial and optimistic view of customers' satisfaction, which eventually indicates a superior organizational performance in terms of sales, profit and competence (Santos-Vijande et al., 2012).

The aim of this paper is greater understanding of digital technology and its influence on design innovation management capability which leads to a company’s growth. Moreover, this study highlights how information quality and its antecedents (information about integrated promotion, product pricing and transactions) in co-operation with service convenience and its antecedents (integrated information access, order fulfilment, customer service) provide greater understanding of the influence of digital technology on design and innovation. Resource-advantage theory will be adopted to examine the relationship between information quality, service convenience, digital technology, tangible/intangible assets, marketing capability, and core competencies. This research evaluates the relationships between these constructs in order to gain more insight and clarification of the factors related to core competence.

This article contributes to the growing literature on digital technology and devices which provide insight into innovation. As claimed by Dewett (2003), technologies provide workers with access to original information by permitting them to link up with peer repositories and
with information experts. Digital technology contributes to innovation and management capability which leads to the growth of SMEs.

The literature of technology adoption delivers an understanding of how informed government policies could help small and medium size enterprises to achieve both growth and innovation (Blackburn et al., 2008). The SME’s ability to learn and acquire knowledge prepares it for further steps of growth, which ultimately determines whether the SME is able to progress to the next stage of development (Blackburn et al., 2008). In particular, this learning aptitude links to knowledge of management capabilities and technology. According to Fruhling and Siau (2007) the human capital accessible within the organization is likely to be a fundamental factor in effective innovation. Consequently, management strengths should be focused on nurturing and exploiting these strategic resources (Wernerfelt, 1984).

This paper is structured as follows. The current study outlines the theoretical background of information quality, service convenience, digital technology, tangible/ intangible assets, marketing capability and core competence and its relationship between the dynamics. Afterwards, the author clarifies research methods. Next, the method is outlined and the results from our analysis are presented. Finally, the research contributions and limitations are summarized along with suggestions for future research.

**Literature review**

**Digital technology**

Digital technology is progressively implemented by the firms in order to respond positively to customer needs and, at the same time, improve customer-side operations (Walsh 2007). It supports the interests of consumers and businesses and, at the same time, helps drive sales and increases efficiencies by reducing costs. Information quality can be transferred through digital technology (Watson et al., 2006). Organizations are strongly focused on the use of digital technology to enhance the quality of information provided to their customers (Foroudi et al., 2016). In general, technological innovation can be understood as the employment of a product with enhanced performance appearances so as to distribute new or enhanced services to the customer (Oh and Teo, 2010; Gorla et al., 2010). High quality information transmitted in an appropriate way has a huge impact on customer behavior and marketing (Oh and Teo, 2010). Information quality consists of integrated promotion which includes consistency in branding to support customers; integrated product and pricing information that guarantees
reliability in product images and prices through retail channels; integrated information
transaction which is the collection of a customer’s on-line transactions held by retailers in
order to provide personalized information and services (Oh and Teo, 2010).

Service convenience refers to consumers’ interest in conserving time and effort. Bin and Teo
(2010) state that “processes of integrated information access, integrated order fulfilment, and
integrated customer service” (p.42) play an essential part in achieving service convenience.
Integrated information access in online stores allows the customer to obtain information
related to the product, its availability and locations (Ray et al., 2005; Tallon, 2010).
Integrated order fulfillment allows seamless order fulfillment to the customers, by providing
product availability, easy and quick purchase, and prompt delivery (Porter, 1980). Integrated
customer service provides excellent customer service and support also products purchased
online can be exchanged or returned to the stores (Banker et al., 2006).

Digital technologies play a significant part in almost every organization (Setia et al., 2013)
and have enabled co-operation among firms, information storage and analysis and improved
customer service performance (Ray et al., 2005). They have had an enormous impact on
customer service performance (Ray et al., 2005) and have enhanced the ability to accomplish
service convenience (Eisenhardt and Martin, 2000; Pavlou and El Sawy, 2006; Teece et al.,
1997).

Tangible/intangible assets and marketing capability
Marketing capability requires the use of digital technology (Teece, 2007), as digital
technology determines the organizational capability to research customers, competitors, and
the broader market environment (Day, 1994). Marketing capability can be implemented by
utilising a variety of processes, including sustaining relationships with customers and
suppliers as well as participating in professional associations and using best practices. These
processes require a high level of use of the tangible/intangible assets of a firm. The assets of a
firm itself are defined with a wide variety of meanings. Grant states that “assets are inputs
into the production process - they are the basic unit of analysis”, where a capability is
identified as the capacity for a team of resources to perform some task or activity (Hafeez, et
al., 2006). Marketing capability processes generate inputs for the requirements of
reconfigured operational capabilities (Eisenhardt and Martin, 2000).
Method and analysis

This paper employs qualitative data collection and analysis to uncover patterns, themes, and categories in order to make judgments about “what is really significant and meaningful in the data” (Patton, 2001, p.406). This study conducted 21 in-depth interviews with top managers in the UK from different SMEs and 6 focus groups with a total of 35 people (21 male and 14 female) (see Table 1). This data helped the author to generate a deeper understanding about the research (Palmer and Gallagher, 2007; Yin, 1984), discover new evidence, reveal new dimensions of the problem and to secure vivid, accurate inclusive accounts that are based on personal experience (Foroudi et al., 2016). A conducive and comfortable environment was provided for each interview (Malhotra and Birks, 2000). On average, an interview lasted one hour and half and all the interviews were recorded by two recorders and transcribed verbatim, which ensured the reliability of the data (Andriopoulos and Lewis, 2009).

The research aim was to understand to what extent digital technology influences marketing capability which leads to development of core competence and the SME’s growth. This study followed Foroudi et al.’s (2014, 2016) recommendation to conduct in-depth interviews using a semi-structured technique by developing a qualitative protocol and designing direct questions to discover essential motivation, beliefs, attitudes and feelings about the topic. The interviews were conducted face-to-face between October 2015 and September 2016.

To assess the qualitative results and improve the validity and reliability of the study, triangulation was used in two stages based on Creswell and Miller’s (2000) suggestions. We developed codes by addressing the problem areas, research questions, and key constructs (Palmer and Gallagher, 2007). Then, we used QSR NVivo software for data administration, data storage, and retrieval. NVivo is appropriate software to assist in the interpretation of the text and inter-relationships between codes. In addition, the data was examined to derive the nodes, which influence the inter-relationships of the thematic ideas, the nodes (themes) were reviewed for consistency, and an iterative process was followed throughout the data analysis. Subsequently, the transcripts of the interviews were analyzed. Significant statements which were directly associated with the research question were identified. By identifying a

<<<Table 1 Here>>>
significant word, the results obtained by means of the open questions were scanned and
linked directly to the research question in order to develop a theory.

Results and discussion

The literature review revealed that concepts of core competence and its dynamics are not
clearly defined. In order to address the gap, a conceptual framework was developed that
includes the key research constructs (Figure 1) based on the literature and qualitative study.
Generating an employee’s-level conceptual framework developed from resource advantage
theory demonstrates that: (1) there are relationships between information quality, service
convenience, digital technology, tangible/ intangible assets, marketing capability, and
compact growth; and that (2) there are connections between other theoretically
acknowledged variables. One research question is addressed “to what extent does digital
technology influence marketing capability which leads to a company’s growth?”

The findings, from the study suggest that tangible/intangible assets and digital technology
influenced marketing capabilities, and that marketing capabilities influenced the SMEs’
growth and development of their core competencies. Every entrepreneur had a unique
perception but the majority claimed that the SME was an increasingly important
phenomenon. Innovations and knowledge may lead to the utilisation of new or improved
products or processes. The managers of these SMEs have confirmed that to be successful in
meeting adversity one should possess a good knowledge of all the business functions. The
manager who masters these elements can be successful in future developments.

This paper evaluates the relationships between the constructs in order to gain more insight
and clarification of the factors related to core competence in UK SMEs. Nevertheless, this
study is one of the first to empirically confirm the assumption made by researchers (Mahoney
and Pandian, 1992) that it is an understanding of digital technology, tangible/intangible assets
and its influence on marketing capability which leads to core competence. This would result
in insights that might make a substantial addition to present knowledge and support to future
research in this field (Hafeez et al., 2016). To identify the core competencies of a firm, it is
essential to examine the features of its components (Dierickx and Cool, 1989).

Moreover, this paper highlights how information quality and its antecedents (information
concerning integrated promotion and product pricing and transactions) in conjunction with
service convenience and its antecedents (integrated information access, order fulfilment,
customer service) provides greater understanding of digital technology which influences
tangible/ intangible assets, marketing capability and competence. Employing data from
interviews in UK SMEs, this paper attempts to scrutinise the relationship between
information quality, service convenience, tangible/ intangible assets, digital technology,
marketing capability, competence and core competencies.

“Business concept” was defined by interviewees as a perception of how to manage and carry
out an economic activity; it involves assumptions and behavioural rules. A business concept
innovation reconceives or breaks with widely accepted ideas and behaviors about how a
business should be, changing the perception of how to run the business. To answer the
question ‘how did you action your business concept into reality?’ the following comments
illustrate the managers’ assessments:

“...there it was ‘the wonky teapot on gum tree. I made some notes at
home about what I will be discussing and then I straight away talk to
owner of business, and I manage to complete deal but the business
concept did not finish there’”.

“...I was working in catering industry for 10 years. After gaining so
much experience and being passionate about the products and
customer service I have decide to open my own business. I put all my
heart into it and always give 100%. My customers are my guests and
I treat everyone as a special”.

Innovation gives rise to a new or significantly improved mental model relating to a business,
which leads to substantial modifications in a firm’s methods and general knowledge. This, in
turn, makes it possible for catering companies, for example, to develop their own innovations
where knowledge and technologies are applied in a new way. Moreover, business concepts
help SMEs to achieve competitiveness. Likewise, service and product characteristics will
differ among firms with different business concepts. The managers should try to invent a new
business concept which will help them devise ways to grow their company.

Competitive advantage is fulfilling an unmet consumer need in a market segment
(Hinterhuber, 2013). Burns (2011) believes that innovation and opportunity are key to
gaining competitive advantage. A business needs to innovate with its products and services in
order to gain competitive advantage in the market. Innovation can maintain and improve
competitive advantage and also extend the business’s life. Managers must first identify their
competencies that give them competitive advantage over other similar companies in the same
market place. Moreover, managers stated that sources of advantage were “... quality good
product”... and “… high quality product and the best customer service”. If a company does not develop new technologies or new scientific knowledge, then where
can their innovations come from? The answer to this question requires recognising the
existence of non-technological knowledge. In SMEs this knowledge is specific to the
company. In other words, it is knowledge accumulated from the learning process of each
business process. Every firm, in every industry, gains specific knowledge from its activities
(Aldebert et al., 2011), which comes from the firm's market, organization, production and
delivery process and so on. Such innovation changes dramatically as business and products
are conceived, creating a pattern about how and what knowledge, or other firm resources,
must be used (Gupta et al., 2016). For example, a catering SME could introduce a side-line of
delivery options for local businesses and organizations. Furthermore, these catering SMEs
could host a small special event in their premises such as art days or cultural music nights.
Bringing cultural themes into their businesses could be good way to attract new customers
given that they have small marketing budgets.

Digital marketing leveraging social media channels provides SMEs with a new innovative
way to interact with customers, providing an alternative, cost effective, and attractive
proposition. The competitive environment reflects how businesses compete and function
within an environment. In a place where there is a demand for a particular product, it is likely
there will be more sellers with similar products. Interviews included the question, ‘do you
think your products are competitive taking the current demand into consideration?’ The
following quotations reflect the answers:

“...Maybe some people will be attracted. But if it's different, and you
don't want that sort of customer really, in general, who get attracted
with the price. That is foolish doing that anyway for...”.

“...My customers are mainly local people. They love the products and
the atmosphere in the place. Also we adapt our menu to customer’s
needs ... allergies, special products intolerance and level of spices. In
my culture we tend to eat very spice, but of course not everyone can
take it the same level ...so we have to take this also into our
considerations ...”.
SMEs have direct and indirect competitors. They are surrounded by many competitors who sell similar products at lower prices. In turn, they offer different kinds of benefits to their customers. For example, a restaurant offers discounts to students while another does not charge corkage so their customers can bring their own alcohol without incurring an extra charge. Indirect competitors like local supermarkets offer a substitute by selling ready meals. However, the food is the best quality since it is not only tasty but also healthy and their meals are unique. In order to gain new customers and keep existing customers happy, one of the shops offers online take-out ordering through its website. Because of the locations the demand for their product is always very high. The owners should concentrate on an individual product to ensure they are being competitive all the time and improve growth.

Growth and development can be summarised as business owners wanting to increase their market share by expanding the business. This can be in the form of increasing floor space, marketing initiatives, and employing further employees to build on current successes and exploit opportunities. To understand the entrepreneurs’ growth and development to date, interviewees stated:

“.... I invested fifteen thousand pounds into my business…I break even at the end of my 6 months...I very happy”.

“... I have opened my place 24 years ago ...due to my hard work and my passion my business is making more money every year...”.

Currently one of the business owners is an example of an entrepreneur bringing his idea forward and implementing it which resulted in employment opportunities for local residents. Although the business has been running for only 6-8 months it is estimated to be worth four times more than its purchase price. Taking into consideration such a short period of time and current value of the business it can be assumed that the value of this business by the end of its financial year will increase, even though they face so many challenges in managing the business.

According to Daft and Marcic (2004) challenge management reflects difficulties and problems managers and owners can face in running and managing their business on a daily basis. SME owners face many challenges in globalized markets. However, the greatest problem is how to effectively manage the all encompassing functions of a business without causing conflicts within these functions. One question was, “what do you consider to be the
most challenging aspect about being a manager in business today?” which elicited responses such as:

“… If I mean, if I lost interest, I believe that would be challenge losing my interest. So, I have to keep working very hard and then doing lots of money and success. So that might keep me focused. If I lost money, you’ve got to focus If you did not, you lost interest. You just think you are just wasting your time or just. That’s dangerous. Otherwise, forced, and then, I don't believe they can take you down. Because I know…”

“…hmm...without assumption it is staff...I have to keep control on them at all the times , They are very important part of my business but I have to ensure that they work as hard as I do ... so finding the right people it is very difficult …”.

Owners of small businesses confront many challenges in managing their business. These involve understanding financial responsibilities, creating products which suit customers, and recruiting employees with the appropriate skills set. However, the biggest challenge that they face is business regulations and taxes. Therefore, they need to understand the content of regulation for the industry, and how it impacts their businesses. They need to develop the skills necessary to deal with it. In our sample, two companies also experienced difficulty in finding appropriate staff who understood and supported their business objectives. For small businesses, it is personalities and skills which matter. To be successful in meeting adversity, the owners of SMEs should possess a conceptual knowledge of all business functions by designing strategies for future growth and development.

Strategies for future growth and development involve developing a structural model, which contains all the required tools. This model prepares a business to grow and develop. Strategy contains elements such as product, timing, methods, economic and business case and differentiation. Strategic planning is the process of guidance for development. Strategy must be consistent, measurable and flexible. Strategic objectives are the key for future growth and development for SMEs. However, in order to achieve success the owners must be committed to the business, value employees, promote the business, have plans to expand and be skilled in all the aspects of the organization. This study was concerned with what the business owner can do which will make a difference to the future growth and development of the business. This can be explained by the comment of managers:

“… Lisa is my employee. But I consider she is my colleague. And you should be forgetting whose boss. We must concentrate there, and as
long as the business is getting bigger and bigger. She needs to be into it and then, looking forward to do it for a long time. If she just stood there, I say, no, she's wasting her time. You know, she's getting some profit. But whenever she's ready, we can open another coffee shop for her. For example, we moving across the road which is three times bigger when this is settled down. Yeah, after Christmas, we will just operate it from there”.

“...It is nothing more that hard work... you have to stay focus and be passionate about what you do ...otherwise you will not be able to survive ... I am very happy with my current size of the business and I am not planning to expand it ...but I have only one wish ... I would like to keep this in my family and I am hoping that my daughter will be able to take over the business”.

There are different strategies which can lead to the growth and development of a business. The owners have strategies to expand the business and ensure long term success. They understand and value their employees, as they believe they are key for future growth and development. After all, they possess great understanding of all business functions but they are not focused on expanding the business. The majority of interviewees were satisfied with the current size of the business. Their strategy was based on hard work in order to keep their customers happy so they will be repeat customers. They focus on their products and services to provide the highest standard at all times. The majority have a lot of experience in their industry which helps them to build effective strategy. Three owners are planning to move their businesses nearby to premises which are three times bigger than the present ones.

Antecedents of digital technology

This study supports the assertion that information quality and service convenience are linked to digital technology. In relation to information quality, interviewees observe that information quality including integrated promotion information, integrated product and pricing information and integrated information transaction are linked to digital technology. In addition, the data analysis suggest that service convenience, including integrated information access, integrated order fulfillment, and integrated customer service are linked to digital technology. A director of one of the SME accountancy firms explained that:

“...digital technology is a key enabler in the way our firm interacts with clients and provides with competitive advantage. Technology aspects have been embedded in the work environment in order to enhance the internal quality and methodology. For example, the firm uses an integrated global ERP system to manage and support a paperless working environment, with analytical capability which
provides visualization of big data, using the volume of financial information gathered during projects. All this integrates seamlessly, to enhance the overall quality of service provided to our clients”.

Small and medium-sized enterprises (SMEs) in the UK, can be defined in terms of employment, asset value and sales (Rostamkalaei and Freel, 2016). However, Jasra et al.’s (2011) definition of SMEs is made more specific by determining what they represent in terms of numbers of employees, and their capability.

Digital technology and marketing capability

In relation to digital technology, they discovered that the use of digital technology was positively related to tangible/intangible assets and their results show that the frequent engagement of tangible/intangible assets is positively linked to customer-relationship capabilities. Furthermore, the relationship between tangible/intangible assets and corporate brand identity capabilities shows that frequent engagement of tangible/intangible assets is positively linked to corporate brand identity capabilities which support the hypotheses. In addition, frequent engagement of tangible/intangible assets is positively linked to customer-relationship capabilities as well as to social media/communication capabilities. The results indicate a strong relationship between marketing capabilities and competence from the employees' viewpoint of an organization's core competence. The data demonstrate that the employee’s view of information quality, service convenience, digital technology and tangible/ intangible assets and marketing capabilities facilitates the relationship between competence and organizational core competence. Accordingly, the relationship between the employee’s view of information quality and digital technology; service convenience and digital technology; digital technology and tangible/intangible assets; tangible/intangible assets and marketing capabilities were related.

The outcomes suggest that all dynamics including information quality, service convenience, digital technology, tangible/intangible assets, marketing capabilities perform a significant role as facilitator between the competence and core competence. This illustrates the concept of employees-based core competence, defined as as organizational routines manifested in business activities and processes that bring assets together and enable them to be deployed advantageously (Hamel and Parahalad, 1990; Drejer, 2000).

Irrespective of the nature of the business they are in, or the competition they face,
management should consistently observe the efficiency and appropriateness of the
competence in respect to the organizational core competence. A global firms' core
competence was conceptualized as consisting of both internal and competitive dimensions.
The competences perceived by the employees are encouragingly linked to organizational core
competences.

Constructed upon the examination of the gap acknowledged by academics and practitioners
(Hafeez et al., 2002) this study has conducted a systematic investigation of the factors which
influence organizational core competence. The results show that core competence in relation
to the research model comprises six factors: information quality, service convenience, digital
technology, tangible/intangible assets, marketing capabilities and competence. Information
quality is abstracted in relation to its dynamics involving integrated promotion information,
integrated product and pricing information and integrated information transaction which
deliver stability in branding to support customers and distinguish the firm from its
competitors (Oh and Teo, 2010). Service convenience including its components “processes of
integrated information access, integrated order fulfilment, and integrated customer service”
(Oh and Teo, 2010 p. 42) compose consumer perceptions of the services offered by the
organization and its benefits.

Digital technology adopted by the organization enhances the ability to respond positively to
customer needs and, at the same time, improves customer-side operations (Walsh 2007).
Digital technology focuses on the consumers and businesses and, at the same time, helps
drive sales and increases efficiencies by reducing costs. Assets are resource endowments that
a firm has accrued over time, and that can be deployed for forming a competitive advantage
(Amit and Schoemaker, 1993; Day, 1994; Fahy and Smithee, 1999; Grant, 1991). Marketing
capabilities successfully deployed build greater customer value and enhance the ability to
deliver a competitive advantage (Fahy and Smithee, 1999; Kay, 1993; Williams, 1992).

Digital technology enhances learning and it is one of the most critical elements of design
innovation. Innovation design focuses on developing new products and market segments, it
plays an important role in the marketing department where constant interaction and exchange
of information with customers is fed back to the design department. In the product design
department management capability strongly focuses on developing new products and market
segments, by monitoring market trends and seeking market opportunities (Foroudi et al., 2016).

According to scholars (Gupta and Wilemon, 1990; Foroudi et al., 2016), the effective relationships amongst design activities and marketing can generate product innovation. In addition, innovation is of crucial importance for fast growing SMEs (Coad and Rao, 2008). SMEs that carry out product innovations will achieve greater growth rates than those that do not (Gupta et al., 2016). Firms with better internal management capability will be able to innovate, relative to firms with lesser internal capability.

*Marketing capability, company’s growth, and competencies*

This study also reveals certain characteristics of the core competence by showing how the organizational core competence is developed, measured and managed. Strategies to construct organizational core competence are reviewed in relation to both company tangible/intangible assets and marketing capabilities. The view of organizational core competence of employees-based outlooks is reviewed by demonstrating the effects of a digital technology on marketing capabilities and tangible/intangible assets with the aim of building organizational core competence.

The results show mediation and direct effect between the firm’s tangible/ intangible assets and its marketing capabilities. An optimistic approach toward market-sensing, corporate brand identity, customer relationship and social media/ communication capabilities are evidence of earlier proficiencies and notes from the accountancy firm about organizational core competence facilitate the relationship between tangible/ intangible assets and marketing capabilities. The findings indicate that the four dynamics (market-sensing, corporate brand identity, customer relationship and social media / communication capabilities) can be driven by the tangible/ intangible assets. One consultancy, accountancy based firm that underscores the significance of marketing capabilities adapted by tangible/ intangible assets in developing the competence which leads to core competence stated that:

“…with the rapid advancement in technology, the firm’s focus on promoting its services has significantly changed. In addition, to using the tradition marketing methods such as personal brochures, articles, we now use a variety of online methods to promote thought leadership, new innovative ideas and concepts. For example, the social media in the form of tweets, blogging is used frequently to promote the recent trends in the market. The firm is using apps to
target specific customers, engaging and collating valuable information, which provides valuable information in developing our future marketing capabilities”.

In addition, one participant added:

“The of customer relationship management (CRM) technology helps us gather and share all data relating to customer services, product, offerings and pricing. The global database is accessed by all professionals across the network firm, this provides detailed analysis and information on customer behaviors, key relationships and sale management process”.

This quotation demonstrates the effect on employees’ outlooks of core competence and its dynamic marketing capabilities and company tangible/intangible assets which mark an enormous impact on organizational core competence. Furthermore, Hunt and Morgan (1995) emphasize that “a comparative advantage in assets can transform into a competitive advantage in the marketplace and superior financial performance...” (p.7). These statements indicate that throughout the development and leveraging of firm assets the firm determines a set of capabilities including marketing capabilities that allow the organization to accomplish greater levels of firm performance. An effective marketing capability positively influences firm performance consistently across functional environments (Hunt and Morgan, 1995). It is generally accepted that firms utilise their marketing capabilities through their assets to communicate on behalf of the firm and boost the firm’s performance and competence.

Design innovation can be defined as an implementation of new ideas or behavior within an organization (Helfat et al., 2007). Design innovation in association with management capabilities enables SMEs to grow. Management capabilities highlight the importance of the learning process that are an essential part of innovation (Pittaway and Rose, 2006). Specific managerial activities or skills optimize the design process. The growth of SMEs has attracted notable attention from organizations and entrepreneurship research. This attention is essential in entrepreneurship studies as well as managers and policy makers. Growth is vital to small and medium-sized enterprises (SMEs). When deciding their growth strategy, SMEs face big decisions on how to expand and improve their product markets through innovation.

Interviewees defined corporate brand identity as ‘the set of meanings by which a company allows itself to be known and through which it allows people to describe, remember and relate to it’ which is consistent with the views by previous studies (Topalian, 1984; Olins,
1989; Markwick and Fill, 1997). Corporate brand identity encompasses several qualities of a company such as business strategy, corporate culture, behavior and corporate design, all of which cooperate with each other and result in differentiating one firm from another. Corporate brand identity allows assets to be more equitably valued and facilitates the company’s access to capital markets (Beatty and Ritter, 1986).

In addition, customer-relationship capabilities were highlighted by participants as a significant element in order to attain superior performance. Bowersox et al. (1999) defined customer-relationship capability as “the competency of building lasting distinctiveness with customers of choice” (p.42) which includes “identifying the long-term requirements, expectations, and preferences of current and/or potential customers and markets, and focusing on creating customer value” (p.31). Four capabilities must occur in order to accomplish customer relationship capabilities: segmental focus, relevancy, responsiveness, and flexibility (Bowersox et al., 1999).

Marketing capabilities should influence competence. Equally, the greater number of respondents in this sample suggested that marketing capabilities deliver enormous effect on a company's competence which leads to organizational core competence. In line with Hunt and Morgan (1995), marketing capabilities are a resultant from the assets a firm possesses and are a dominant driver of firm performance and competence. Consequently, marketing capabilities assist as a facilitator between tangible/intangible assets and firm performance and assets will also influence directly firm performance or competence. Therefore, marketing capabilities fully facilitate the impact of assets on firm performance and competence. The entire sample agreed that information quality and service convenience influenced digital technology, that digital technology is positively linked to tangible/ intangible assets and that marketing capabilities in association with the firm’s assets influenced competence. This result suggests that effectively utilised digital technology influences the marketing capabilities which, in turn, influence competence. Likewise, digital technology has an enormous impact on marketing capabilities which lead to core competence. This assessment is clarified by the following statement from a Director of a Consultancy and Accountancy Firm:

“Every aspect of a marketing campaign within the firm is used to collate valuable information about our customer’s issues, challenges etc. These campaign act as useful tools to inform the leadership of the gaps in the core competency within the firm and areas which require more investment. For example, over the last 10 years the firm has
significantly invested in developing the cyber capabilities, this is as a
direct result of market trends, challenges/issues faced by our clients,
the need for which was established through various marketing
campaign, research etc.”

Conclusion

The aim of this research is to address the gaps in previous studies regarding (1) the
relationships between information quality, service convenience, digital technology, tangible/
intangible assets, marketing capability, competence and core competences; and (2) the
relationships between other theoretically acknowledged variables. The results demonstrated
a strong relationship between the variables. Digital technology has an enormous impact on
marketing capabilities which leads to the development of core competences in UK firms.
Moreover, it suggests further avenues of theoretical and managerial research to boost the
understanding and supervision of core competences in UK firms.

The advantages of innovation in terms of growth have been recognised for SMEs.
Information quality combined with service convenience is related to improved performance.
Digital technology is an effective way to transform information in order to innovate. Greater
management capabilities and technological developments offer opportunities to SMEs in
order to achieve growth and innovation which can be delivered through greater resources and
help SMEs to attract and retain more customers (Gupta et al., 2016).

Innovation policies in a developed country, such as the UK, promote the adoption of
technologies and good practices by small and medium-sized enterprises (SMEs). Although
policy makers should try to increase innovation performance in SMEs by providing relevant
training in the use of technology and better access to higher education, which enables
entrepreneurs to gain knowledge of design innovation. Such informed policies could lead to
the growth of SMEs given that this kind of firm represents a big part of the economy.
Based on the review of the related literature and qualitative analysis, the research framework
is presented in Figure 1.

<<<Figure 1>>>
The current commentary builds on the growing body of research on the subject of core competence. With deeper engagement in competence issues, firms exploit digital technology more frequently by utilising company assets and enhancing the ability to attain core competence. The authors suggest a combined conceptualization that combines digital technology and marketing capability at the center of the firm’s strategy to generate competence and core competence.

The greatest contribution of the present research is to increase comprehension by investigating employees’ valuations of the impact of digital technology and marketing capabilities on firms’ financial competence. Numerous academics indicate that digital technology, tangible/intangible assets and marketing capabilities are associated with core competence; however they have not investigated this correlation. Nevertheless, the present study offers a corroborated framework which shows the relationships among the dynamics of a core competence. It discusses the gaps in current knowledge and answers earlier demands for research from the viewpoint of marketers (Foroudi et al., 2014). The creation of a unique model for core competence is a fundamental requirement of the current investigation. The major task is, in this view, the conduct of (multi-disciplinary) studies into interactions, which can be transformed into outcomes with practical applicability (Palmer and Bejou, 2006). This study aims to clarify, with a more holistic method, the relationships between information quality, service convenience, digital technology, tangible/intangible assets, marketing capabilities, competence and core competence in the judgement of employees within the financial sector.

The results of this study deliver assistance for strategic ‘decision-makers’ who demand to comprehend the broad connections between a core competence and features of its components (i.e., information quality, service convenience, digital technology, tangible/intangible assets, marketing capabilities, competence) from the employee’s perspective, and its effect on an organizational competence.

Additional potential contributions can be discerned since this investigation related to the managers’ and decision-makers’ approaches (Sedera and Gable, 2010). As stated by Candra (2016) firms require a lifecycle-wide knowledge for devising strategy. The innovative uses made of firms’ tangible/intangible assets have naturally sought to increase the exploration of
digital technology and exploitation of marketing capabilities (Levinthal and March, 1993). The present study establishes the significance of all the dynamics of competence with each component delivering a distinct and significant contribution to organizational core competence. It is hoped that this research will aid managers to successfully and efficiently develop their organizational related competence, thus improving levels of competitive advantage and firm success (Sedera and Gable, 2010).

We propose that, to attain a competitive advantage, firms must possess a full understanding of what establishes a core competence, which is influenced by three central features, specifically: digital technology, tangible/intangible assets and marketing capabilities. These findings acknowledge the relative weighting of the dynamic hypotheses that influence core competence. Consequently, the present study has substantial implications for managers and strategic decision-makers when forming or adjusting core competence.

Limitations and future research directions
The present analysis amounts to a preliminary analysis of the concept of core competence, addressed to the problems of creating competitive advantage and firms’ success. Nonetheless, these outcomes must be interpreted in the light of this study’s limitations associated with the method of sampling/analysis used, as well as its measurement (Foroudi et al., 2014). The present study was undertaken in a particular background and location while in another location and another industry segment, the outcomes could have been different. Though, the authors have based their findings on qualitative research and earlier studies of different samples, the individual characteristics of core competence that we have identified might prove to be different. Hence, it is suggested that a further study is conducted to confirm these findings in different sectors so as to assess the generalizability of the result.

Additional limitations of the present study includes the number and type of employees and using a larger sample would improve the reliability of the results (Churchill, 1999). Future studies must repeat this investigation with more sectors and a larger number of employees. Furthermore, in relation to the exploration strategy, the qualitative investigation was aimed at managers as well as academics, though managers’ and academic’ outlooks are not identical.

This study examined the relationships between information quality, service convenience, digital technology, tangible/intangible assets, marketing capabilities, competence and core
competence, as observed by employees. Possibly a future analysis might generate dissimilar outcomes from the similar research scales and hypotheses. Though this research engaged mixed methods, a wider investigation could expand our knowledge of the implications of the competence.
References


### Table 1: In-depth interviews with managers

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<tr>
<th>Interview date</th>
<th>Interview position</th>
<th>Interview approx. length</th>
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<tr>
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</tr>
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<tr>
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<tr>
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<td>32 min</td>
</tr>
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**Topics discussed:**

- The understanding of core competence
- The factors that influence core competence
- Their experience of what they understand the tangible/ intangible assets and its influence on core competence
- Discussion of digital technology and whether it influences on competence
- Discussion of marketing capability and the main perceived impacts on core competence

Source: The Researcher
Figure 1: Framework of digital technology, tangible/intangible assets, marketing capability, and competencies