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Innovation Strategies of Small and Medium-Sized Central North Carolina Discount Retailers

Godwin Oseloka Okonkwo
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Walden University

College of Management and Technology

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Godwin Oseloka Okonkwo

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Walden University
2016

Abstract

Innovation Strategies of Small and Medium-Sized Central North Carolina Discount
Retailers

by

Godwin Oseloka Okonkwo

MBA, Strayer University, 2011

BS, Shaw University, 1986

Doctoral Study Submitted in Partial Fulfillment
of the Requirements for the Degree of
Doctor of Business Administration

Walden University

April 2016

Abstract

In central North Carolina, small and medium-sized discount retailers have had a high failure rate, which is troubling considering that small businesses create jobs and drive successful innovation that is critical for economic development. The purpose of this phenomenological study was to explore experiences regarding successful innovation strategies of 20 discount retail industry owners and general managers located in central North Carolina. This study was grounded in Rogers's diffusion of innovations conceptual framework and Christensen's disruptive innovation theory. Data collection occurred through semistructured face-to-face interviews with owners and general managers of discount retail industry. Data analysis strategies included a modified Van Kaam method to identify essential ideas and coded data into categories of relevant themes. Three prominent themes emerged during data analysis: (a) Discount retailers supported innovation, (b) innovation was the source of economic growth for these retailers, and (c) discount retailers said they need innovation for competitive positioning. The results may help strengthen innovation strategies of local discount retail businesses, which could produce greater profitability and growth. Further, social change implications include the potential to provide business owners with new ideas, leading to increases in tax revenues, which could help local governments provide better services in their communities.

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Dedication

I dedicate this study to my family for their endurance and support throughout the research process. I also dedicate this study to my father and mother, who are diseased. My parents inspired and motivated me early in my life and gave me the confidence to drive throughout my educational journey. My sincere appreciation goes to my sisters, for encouraging me throughout the process. I also dedicate this study to my church members who kept my spirit up and gave constant prayers that would be indelible. Finally, I wish to thank extended family members and friends, who in one way or another contributed to this process.

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I would also like to acknowledge the helpful feedback I received from Dr. Richard Snyder, the University Research Reviewer (URR). Sir, I thank you for your support. I would like to recognize further my methodologist, Dr. Reginald Taylor, whose feedback and direction was invaluable in completing the research work. I sincerely thank you for your support.

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Section 1: Foundation of the Study

In the wake of business and economic changes, leaders of many small and medium-sized enterprises (SMEs) are looking for innovation strategies to increase performance (Harris, McAdams, McCausland, & Reid, 2013). Although scholarly literature exists on innovation strategies in large companies, limited empirical studies are available on small business innovation strategies (Parida, Westerberg, & Frishammar, 2012). The resultant lack of appropriate strategies has increased pressure on SMEs to be competitive; one way to compete more effectively is through innovation (Hotho & Champion, 2011; Paunov, 2012). Innovation has been a key to growth and in the competitive life of enterprise (Paunov, 2012). This qualitative study explored successful innovation strategies of SMEs in the discount retail industry in central North Carolina. Shrestha (2014) posited that, in the United States, SMEs in the discount retail sell many name brand products at prices lower than do traditional retail outlets. However, Blankson and Crowford (2012) explained that aligning innovation could increase competitive positioning and the efficiency of goods and services.

The U.S. Small Business Administration defined a small business as a business up to 500 employees (SBA, 2011). Many U.S. small businesses have fewer than 20 employees (U.S. International Trade Commission, 2010). Furthermore, the SBA (2011) reported that small businesses pay 43% of private payroll and generate 65% of new jobs. In a study on German small and medium-sized enterprises, Classen, Carree, Gils, and Peters (2013) identified SMEs as those employing fewer than 250 employees. In an international classification of SMEs, Sculoves and Gaile-Sarkane (2012) posited that

European Union SMEs tend to have fewer than 250 employees. Small business is a term used in the United States while SME is the term used internationally. For clarity and transparency, I identified the non-U.S. or international references cited to assist the reader.

Background of the Problem

SMEs have been essential for economic growth and have sustained the employment market for an extended time (Neumark, Wall, & Zhang, 2011). However, SMEs have had a high rate of business failure in contrast to large enterprises (Hotho & Champion, 2011). From an international hospitality industry perspective, Burgess (2013) observed that the increasing pressure to remain competitive both locally and globally has been a significant concern for managers. Some SMEs fear that significant investment in technology will not be cost effective for implementing innovation (Morgan, 2010). In a study on South Korea, Yeo, Kim, Coh, and Kang (2013) noted that the reasons some of the companies are slow to invest in innovation are their lack of knowledge. Using innovation technology increases the ability to compete; as a result, innovation is an area of interest that many business leaders are exploring (Yeo et al., 2013).

According to Morgan (2010), many of North Carolina's enterprises face an uncertain future. Therefore, Morgan recommended adopting innovation strategies to help develop an entrepreneurial platform and cutting-edge developments. The way SMEs operate and contribute to the economy is of interest to the government of North Carolina. The government innovation initiative allowed companies to take risks in research and development, and increase innovation practices. Council members were to strengthen

innovation ideas and strategic innovation technology development, particularly for growing enterprises (North Carolina Scitech, 2010).

Problem Statement

Link and Scott (2012) noted that the absence of innovation in small business resulted in the Small Business Innovation Act of 2011, a congressional act to increase efficiency in innovation development. The SBA (2015) reported that Small Business Innovation Research (SBIR) exceeds \$100 million; SBA was required to allocate 2.8% of its research and design budget to increase private sector innovation development. The general business problem was the high failure rate of SMEs in the discount retail industry in central North Carolina. The specific business problem was the lack of knowledge of successful innovation strategies of SMEs in the discount retail industry in central North Carolina.

Purpose Statement

The purpose of this qualitative phenomenological study was to explore successful innovation strategies of SMEs in the discount retail industry. The targeted population for this study consisted of owners and general managers of small and medium-sized discount retail enterprises located in central North Carolina. This population was appropriate for this study because the participants were SME decision makers who therefore were able to understand the core problems of SMEs. Additionally, their knowledge and experiences brought profound insight in understanding the phenomenon. The findings from this study might contribute to the sustainability of small business owners, leading to economic vitality and sustainable development of the surrounding community. Further social

change implications include the potential to provide the business community with strategies to make effective business impacts, leading to more job prospects.

Nature of the Study

This qualitative study utilized a phenomenological design to explore the successful innovation strategies of SMEs in the discount retail industry. Nolen and Talbert (2011) found that qualitative research presents different participants' perspectives of a phenomenon. Additionally, qualitative research is commonly used to study people in their natural settings (Damianakis & Woodford, 2012).

Qualitative research method was appropriate for understanding human problems and using real people to explore a research phenomenon. A quantitative research method is appropriate for examining relationship between variables. According to Yom (2014), a quantitative research method is suitable for testing, proving, or disproving a hypothesis. Mixed research method studies call for both qualitative and quantitative methods skills, and such an approach would have demanded more time than is available for one doctoral study. Morse and Cheek (2014) posited that mixed research methodology could be challenging due to the combining of different methods. I specifically selected a phenomenological study to understand the lived experiences regarding the phenomenon.

A phenomenological design allows the researcher to utilize face-to-face interviews with open-ended questions (Irvine, Drew, & Sainsbury, 2013). A phenomenological design is appropriate when the researcher wishes to explore experiences (Conklin & Robinson, 2012). A narrative design might not be appropriate for understanding participants' profound views of the phenomenon (Damianakis &

Woodford, 2012). Moreover, researchers use narrative design to identify experiences and life stories. An ethnographic design involves organizational culture, requiring close observation of behavior and function in that culture (Peterson & Sondergaard, 2011). A case study design was not appropriate because it involves individuals and groups to analyze the results. Finally, grounded theory was not appropriate because the theory needs several theoretical samplings of different groups, which is not appropriate for exploratory research.

Research Questions

The research questions consist of one primary research question and a secondary research question. The primary research question is “what are successful innovation strategies of SMEs in the discount retail industry?” The secondary research question is “what challenges do SMEs in the discount retail industry face regarding successful innovation strategies?”

I used a set of interview questions to answer the research questions establishing the phenomenon (see Appendix A). The participants were either owners or general managers of SMEs in the discount retailing industry. I recruited these participants for this study because they were SME decision makers. Thus, they were likely to understand and have experience with the core problems of discount retailing.

The data collected took place in two phases: A pilot study in which two participants answered interview questions followed by the main study. The pilot study was necessary for reviewing the 13 questions, and to ensure that they were clear and did

not cause confusion. Pilot study helped to validate the interview questions for the central study (Catlett & Lovan, 2011).

Conceptual Framework

The diffusion of innovation and disruptive innovation theories formed the conceptual framework for this study. Rogers (2003) developed the diffusion of innovation theory for use in increasing performance. Christensen (2011) developed the theory of disruptive innovation for use in creating future strategies and increasing customer value. These theories were used to guide the investigation into creating change in SMEs. Rogers posited that the decision process goes through channels among members of organizations. The five stages of the decision process are the following:

1. Knowledge: When individuals or units learn about innovation knowledge and start to inquire why and how innovation works.
2. Persuasion: When individuals or groups begin to consider if innovation is helpful to the enterprise.
3. The decision process: When individuals or units decide to adopt or reject the innovation.
4. The implementation stage: When individuals or groups apply innovation to management processes to increase economic growth.
5. The confirmation stage: When individuals or groups agree to the adoption process. (Rogers, 2003)

Christensen's theory of disruptive innovation explains how an innovation disrupts current products on the market, from old televisions and cell phones to flat-screen

televisions and Apple's iPod touch (Christensen, 2011). The Christensen model also stresses the importance of early technology and new business development initiative. According to this theory, the early activity of business development activities should focus on searching for opportunities and addressing those opportunities through parties, partners, and customers and creating a business model that would address those prospects (Christensen, 2011). From an international SME perspective, Zortea-Johnson, Darrock, and Matear (2012) observed that innovation was critical to SME growth and could increase competitive strength. Moreover, SMEs might be efficient by adopting innovation strategies, opening new markets, and improving value (Quinn, McKitterick, McAdam, & Brennan, 2013).

Definition of Terms

Operational definitions for this study are as follows:

Business Process: A process that helps the organization achieve a service or product (Felbacher, Supan, Schweiger, & Singer, 2011).

Diffusion of Innovation: Rogers (2003) defined diffusion of innovation theory as the process by which the rates of new idea and technology spread through the people of a social community.

Disruptive Innovation: Innovation that can create a new service or product and is capable of disrupting existing products or services (Christensen, 2011).

Dissemination of Innovation: The ability to utilize innovation and become accustomed to the process (Nold, 2012).

Human Capital: Set of skills individuals acquire for creating value (Cabello-Medina, Lopez-Cabrales, & Valle-Cabrera, 2011).

Innovation: In the context of the study, the ability to develop goods and services that meet customer demands (Damanpour & Aravind, 2011).

Knowledge Sharing: A collaborative approach to enhancing organizational objectives (Nold, 2011).

Sustainable Framework: The ability of SMEs to create value, drives, and competition in the market (Kiran & Jain, 2012).

Assumptions, Limitations, and Delimitations

Assumptions

The assumptions are factors in the research that a researcher may not control but are part of the study (Denscombe, 2013). The assumptions of the study were the following:

1. Innovation strategies would be necessary for SMEs in their discount retail long-term goals.
2. Innovation would give a competitive advantage to SMEs in discount retailing.
3. The respondents would be in a position to answer the questions, and they would do so honestly.

Limitations

The limitations are possible weaknesses in the study (Kirkwood & Price, 2013). The limitations of the study include the following:

1. The focal point was on successful innovation strategies.

2. The focus was on the discount retail industry.
3. Only owners and general managers were participants in the phenomenological study.

Delimitations

Delimitations are the boundaries a researcher sets in a study (Denscombe, 2013).

The delimitations of the study include the following:

1. This study involved a sample size of 20 participants.
2. The population was a sample of SMEs in discount retail enterprises in central North Carolina.
3. The phenomenological design was appropriate for the qualitative study.

Significance of the Study

Contribution to Business Practice

Innovation might lead to business development and growth (Rosebusch, Brinckmann, & Baush, 2011). The leaders of discount retailers might use the outcomes of this study to make a crucial decision regarding integrating innovation into every aspect of the enterprise operation. Contributions to business practice are the following:

1. The results of the study might provide discount retailers with sufficient information to change business practice.
2. SMEs might combine resources with other enterprises for research and development.
3. SMEs might acknowledge the need for alliances with other SMEs to increase information and knowledge sharing.

4. SMEs might create an organizational culture, allowing creativity and teamwork.
5. SMEs might have an ability to support and promote cutting edge innovation.

Hollen, Bosch and Volberda (2013) claimed that technology has gone beyond administrative use to more business strategies and management processes. According to McDermott and Prajogo (2012), from an international SMEs perspective, innovation has a significant relationship to sustaining SMEs. Rosebusch et al. (2011) argued that innovation adoption with the commitment to implement business strategies would have increasingly positive outcomes. Paunov (2012) posited that SMEs need a new direction in improving managerial operation and driving business growth through innovation.

Implications for Social Change

The implications for social change include the potential to create changes in the business community that might improve performance and increase profit, leading businesses to create opportunities for the community. Moreover, social change implications include the potential to offer the business community innovative solutions to achieve change, leading businesses to expand and hire more people. The implications for social change also include the potential to improve good business practices for business owners, leading to increases in local tax revenues, which could help the government strengthen services provided to the community. The study might result in encouraging business owners in the community to adopt and implement innovation, which may lead to new ideas, the prosperity of business owners, and the surrounding community.

A Review of the Professional and Academic Literature

Given the trends and changes in domestic and global business, SMEs in discount retailing need viable innovation strategies to be able to compete and increase performance. Cae, Liu, and Dena (2014) argued that adopting such strategies was vital for SME performance and could go a long way in sustaining these companies in the long-term. Furthermore, Parida et al. (2012) argued that in the cutting-edge business environment, for SMEs to compete and drive the company, leaders have the option to adopt innovation strategies. The purpose of this qualitative phenomenological study was to explore successful innovation strategies of SMEs in the discount retail industry in central North Carolina.

Literature Search

The sources for the literature review included dissertations, federal government publications, peer-reviewed journal articles, and books. The literature review included scholar articles using Walden University databases, including Pro-Quest Central, Science Direct, and Info Science as well as Google Scholar. Furthermore, the primary search keyword strings were: *innovation initiative in North Carolina*, *cutting-edge developments in central North Carolina*, *SME contributions to the U.S. economy*, and *innovation as a growth driver*. Moreover, involved in the study are *financial disparities*, *competitive advantages*, *innovation integration*, *impediments*, *innovation arguments*, *diffusion of innovation*, and *disruptive innovation theory*.

Definition of Innovation

The word *innovates* originally derived from the Latin *innovare*, meaning to change or renew (Ersoz & Karaman, 2011). Varis and Littunen (2010) stated that innovation is “newness” regarding product, process, production method, and technology. Additionally, Caker and Erturk (2010) defined innovation as making new products or services, or the ability to use management processes and adapt to change. Furthermore, innovation could be the generation of a new idea that meets existing market needs (Damanpour & Aravind, 2011; Sang, Lee, & Trimi, 2012). An international study of SMEs revealed that to innovate might be what drives SMEs (Sok, O’Cass, & Sok, 2013). From an international technology industry perspective, Lopez-Nicolas and Merono-Cerdan (2011) observed that the innovation strategies could improve performance and develop competitive strategies for SMEs.

Innovation could be the key driver of economic growth (Evangelista, Lucchese, & Meliciani, 2013). Innovation might be a desire to maintain market position and increase the efficiency of products and services (Ettlie & Rosenthal, 2011; Melton & Hartline, 2010). According to Story, Boso and Cadogan (2015), the globalization of goods and services are becoming competitive, and SMEs needs innovation strategies to compete. Blankson and Crowford (2012) stated that some of the discount retail stores lack the innovation for competitive positioning and lean retailing. According to Leung, Cheung, and Chu (2014), innovation could bridge the competitive gap and increase market positioning. Moreover, innovation might help to create value for customers.

Innovation Initiative in North Carolina

In central North Carolina, most SMEs in the discount retail industry have been slow to embrace innovation (Morgan, 2010). Morgan (2010) listed several reasons for slowness, including fear of losing what they had built, not understanding the application of innovation technology, lack of resources, and regulatory burden on enterprises. The indecisiveness of management on organizational change could erode the competitive edge in the market, and experience the consequent loss of business value (Hulme, Thomas, & DeLaRosby, 2014). Further, Hulme et al. (2014) claimed that the fear of change could erode productivity and future market value. The government of North Carolina collaborated with small, medium, and big businesses on innovation initiatives to integrate cutting edge developments within businesses. The executive council on this innovation initiative by the former governor provides support to strengthen the entrepreneurial platform, increase growth, and build better performance (North Carolina Scitech, 2010).

Morgan (2010) noted that the answer for some of these firms was to embrace and implement innovation strategies to increase performance. Further, Herrmann and Nadkarni (2014) claimed that SME leaders lack the determination to employ innovation strategies because of costs associated with new changes. The North Carolina innovation initiative provides ideas and supports to foster new processes in cutting edge developments so that productivity and growth could emerge (Ribeiro-Soriano & Galindo-Martin, 2012). The initiative council provides the foundation and supports for developing small, medium, and large business to move beyond their present state to achieve optimal

results. Using innovation technology increases the ability to compete; as a result, innovation is an area of interest that many business leaders are exploring (Yeo et al., 2013). According to Morgan (2010), many of North Carolina's enterprises face an uncertain future. Therefore, Morgan recommended adopting innovation strategies to help develop an entrepreneurial platform and cutting-edge developments. The way SMEs operate and contribute to the economy is of interest to the government of North Carolina. The government initiative opened the way for companies to take risks in research and development, and increase innovation practices. Council members were to strengthen innovation ideas and strategic innovation technology development, particularly for young enterprises (North Carolina Scitech, 2010).

North Carolina Scitech (2010) reported that the central innovation initiatives aimed at reviving companies are:

- The ability to support and promote the cutting-edge of innovation.
- The ability to initiate innovative enterprise practices
- The idea to formulate and retain innovation research.
- The approach to supporting emerging and old businesses in transforming innovation processes.
- The ability to support investment in both private and public innovation programs.
- The ability to identify the gap in North Carolina innovation technology.

According to NCSCITECH (2010), to ensure that North Carolina achieves the mission, three themes are necessary to foster continued innovation:

- Financial Capital: Funding to encourage cutting-edge innovation.

- Human Capital: Making sure companies have the right competencies and information to compete.
- Collaboration: Encouraging collaboration among businesses to enable network sharing and new opportunities.
- Innovation Strategies: Encourage innovation, could be a driver of competitive positioning and opportunities for SMEs.

The innovation initiative encourages small, medium, and large firms to take advantage of the innovation program and move toward cutting-edge developments. Additionally, such position results in increasing productivity and being able to compete in the market (North & Kumta, 2014). According to Link and Scott (2012), Small Business Innovation Research (SBIR) indicated public funding for innovation research stimulates employment, and could create business development and encourage innovation processes in SMEs. Further, innovation programs support business to leverage low-interest rate to spur business and technology development. North and Kumta (2014) reported that such interest rate might be an advantage for enterprise development and gaining a competitive edge. There is a need for SMEs to embrace cutting-edge and redefine their position for competitiveness. Government innovation initiative could encourage more business involvement to embrace innovation development. Paunov (2012) explained that innovation gap for SME is concerning. Chun and Mun (2011) posited that SMEs might face challenges integrating innovation because of the cost associated with development. Innovation technology increases the ability to compete, and business leaders are looking for ways to be competitive (Yeo et al., 2013).

Table 1

Initial Recommendation to Encourage Innovation

Program	Implementation
Increase Capital Investment	Support investment for small business development.
R & D Development	Support small business portion of R & D credit.
Small Business Tax Credit	Increase tax credit for existing enterprises.
Strategic Target	Support innovation development firms.
New Venture Tax Credit	Promote new business tax credit.
Business Incentives	Support business incentives for existing firms.
Volunteer Mentoring Organizations	Leveraging on intellectual capital is mentoring.
Network	Support innovation collaboration among firms R & D Network.

Note. Adapted from NC SciTech (2010). NC Innovation Council. Retrieved from http://www.ncscitech.com/portal/6/Documents/Resources/Innovation_Council_Initial_Recommendation.pdf

Cutting-Edge Developments

The Government Innovation Council and academic institutions are evolving into an innovative ecosystem for new and emerging companies to support innovation. The slow acceptance of innovation technology among many enterprises is eroding the competitive edge in the market (Mohapatra, 2012). North and Kumta (2014) reported that

government initiative program could promote and back companies to leverage the benefits of pursuing innovation.

Lawler and Joseph (2012) argued that leaders of SMEs envision future profit, and consequently need to transform their companies into a cutting-edge management process. The government and firms' collaborative effort on cutting-edge development could play an essential role in providing a competitive advantage and transforming innovation management strategies. Therefore, research and development in innovation help emerging companies strengthen business orientation, knowledge, and innovation technology activity (Audretsh, Leyden, & Link, 2012). The management of SMEs, therefore, aligns their framework with innovation strategies and integrates a competitive strategy to sustain domestic and global markets.

There is an absence of knowledge of successful innovation strategies for use in addressing a high business failure rate of the discount retail industry in central North Carolina. Innovation for SMEs in discount retailing is becoming relevant. According to Morgan (2012), the future of firms depends on innovation. Additionally, Morgan stated that companies innovate because they need to streamline the process to increase productivity and performance. Furthermore, Morgan recommended adopting innovation strategies to help develop an entrepreneurial platform and cutting-edge developments (Figure 1). SMEs need creative management that could encourage employee creativity, new knowledge, and competencies necessary for contemporary management. Further, network alliances can be encouraging for information sharing to leverage the market and be competitive.

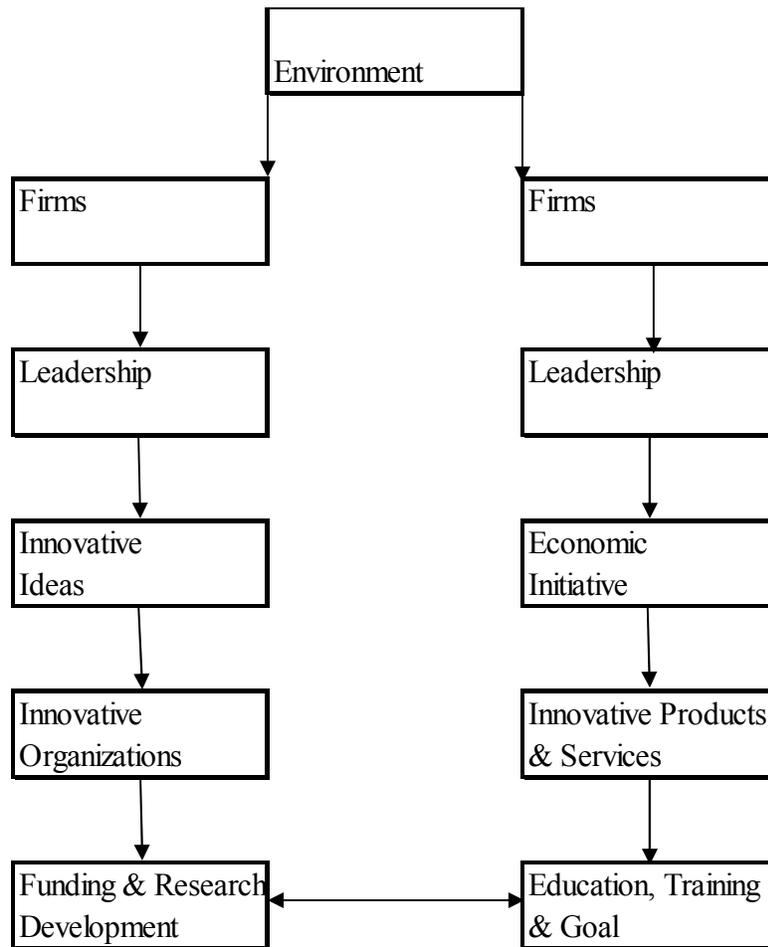


Figure 1. A flow chart showing the process of cutting-edge development. It represents the expression of organizations that empower innovation activities, integrating knowledge, and coordinating at a different level of innovation adoption and implementation. The initiative supports innovation in SMEs. Adapted from NC Commerce. (2010). North Carolina Innovation Council. Retrieved from http://www.nccommerce.com/Portal/6/Document/Resources/Innovation_Council_Initial_Recommendation.pdf

The collection of organizational programs, policies that create innovative idea translate to products and practices. The emerging ecosystem might empower businesses for economic development. Additionally, along the ecosystem might require Government and private funding to support innovation development. NCCOMMERCE (2010) agreed

that at each point, the government might create a supportive policy for SMEs to increase strategic investment and spur growth.

SME Contributions to the U.S. Economy

SMEs are a significant employment resource in the economic development of the United States (Feldbacher, Suppan, Schweiger, & Singer, 2011). Additionally, the degree of using business process management has its foundation as far back as the 1990s. Moreover, Feldbacher et al. (2011) described business process management as using innovative streamline operations. Business process management helps SMEs regarding utilizing methods and techniques in productivity and performance. U.S SBA (2011) reported that SMEs has generated 64% of new jobs in the last 17 years. An international study focusing on SMEs recognized that, in developing countries, SMEs carry the economic load of creating employment (Jasra, Khan, Hunjra, Rehman, & Azam, 2011). In the United States, small businesses have fewer than 500 employees (U.S SBA, 2011). In contrast, Sceuloves and Gaile-Sarkane (2012) reported that, in an international study focusing on the classification of European Union, SMEs tend to have fewer than 250 employees.

SMEs comprise 30% of the U.S. export business (Henneberry, 2013). SMEs could increase their exports if a high percentage of SMEs embrace and implement innovation in their management processes. In the United States, SMEs have made an impact in Gross National Product and employed a greater number of all workers (Neumark, Wall, & Zhang, 2011). Further, the existence of SMEs is essential to the economic growth; innovation may improve management processes and spur performance.

Innovation Technology Spending

Increased spending on innovation technology spending is making an impact on the U.S. economy. According to Wexler (2010), innovation growth in the United States was \$567.5 billion, driven by the innovation technology equipment. Additionally, Wexler predicted future sales to be 6.8% domestically and 8.1% globally. SMEs have borrowed about \$1 trillion to help their business grow; \$585.5 billion from the business loan, \$421.6 billion from credit institutions and the rest from other sources. (U.S. SBA Finance, 2011). Some SMEs finance their businesses through personal investments and bank loans; other finances could emanate from venture capital or equity fund markets (U.S. SBA, 2011).

SMEs in recession period continue to contribute immensely to sustaining the economy of United States, irrespective of credit availability (Neumark et al., 2011). In a study from the United Kingdom on technology industry perspective, Ganotakis and Love (2012) observed that the innovation increases performance and SMEs must embrace cutting-edge developments to improve processes. Chun and Mun (2011) posited that innovation strategies might enhance the economic vitality of SMEs.

Innovation as a Growth Driver

Academic scholars focus on innovation and growth since the emergence of the business process (Audretsch & Pena-Legazkus, 2012). Additionally, continue to work to simplify the best ways companies could fuel business growth and increase entrepreneurial activities. Innovation occurs because companies have seen proven success in business performance (Fatus-Villafranca, Jarne, & Sanchez-Choliz, 2012; Hsu &

Chen, 2012). Innovation encourages the growth environment by integrating the workforce and bringing a new culture of collaboration. According to Batabyal and Nijkamp (2012), when cooperation exists in the company, employees tend to bring forth their best efforts regarding creativity to help their business grow.

Innovation process. In the international technology industry, the global business environment has caused SMEs to rethink the business process (Chang, Ho, Chiang, Chang, & Yen, 2011). In a market that is unstable, company leaders should recognize and plan for an efficient way of creating a competitive edge, by investing in technology innovation, enhancing competencies, and increasing competitiveness. Moreover, in a study focusing on Spain, Somoza (2011) noted that SMEs need technology innovation to streamline business processes and improve performance. Further, Hong, Marvel, and Modi (2015) found that SME business groups and associations could integrate business processes, facilitate the efficient sourcing of information, and improve the competition.

Innovation challenges. The success of SMEs depends on the level of technology innovation and external sources of knowledge. According to Chun and Mun (2011), external knowledge is an essential part of the innovation process and includes collaborating with other firms on R&D on innovation projects. Adoption of innovation processes could increase the ability of SMEs to provide more labor workforce and significant employment opportunities (Jasra et al., 2012). Now, many SMEs are not entirely engaging in innovation adoption and are not as evolving as large organizations that have the resources to change market trends. SMEs often use of personal resources to compete with large firms, have proven unsustainable (Chun & Mun, 2011). Additionally,

the economic environment in which SMEs operates in the United States is characterized by many challenges, such as how to improve business and how to thrive in competitive environments created by big business.

Innovation ideas. Some SMEs fail because of the lack of innovation (Paunov, 2012). SMEs could benefit from innovation strategies to level the competitive field, and implement the strategies essential to long-term survival. According to Hage, Mote, and Jordan (2013), innovation strategies have redefined the way SMEs streamline business and have ideas to sustain business growth. Therefore, innovation is critical to SMEs to survive and compete in the market. According to Buganza, Colombo, and Landoni (2014), SMEs need streamlined processes to create a sustainable strategy. Leavengood (2011) claimed that innovation has emerged as a growth driver for SMEs in streamlining business process and improvement.

Financial Disparities in Small, Medium, and Large Businesses

The role of innovation does not only involve new development, but also involves system process, management models, and practices (Sawhney, Wolcott, & Arronzi, 2011). Innovation could make a difference in a competitive market, which allows SMEs to streamline its processes. The reality is that there are still huge gaps in the way many SMEs manage their businesses. An international study of SMEs found that disparities are in resource allocation, which could prevent SMEs from competing effectively in the market or in improving their framework (Masurel & Nijkamp, 2011). Moreover, Padachi, Howorth, and Narasimhan (2012) in an Asian study focusing on SMEs, observed that there are differences in the financial structure compared to large companies. The use of

informal sources of financing including bootstrap and private loans instead of structured bank lending has been a problem for SMEs. Small businesses could improve their resources by forming alliances that give them greater power to resonate with financial institutions, essentially to leverage with large firms (Padachi et al., 2012). The policy makers need to intervene to save SMEs from eroding the market. Policymakers could help SMEs by lowering interest rates or allocating direct funds to the SBA to help SMEs obtain loans to grow their businesses.

Market change. Unal, Afsarmanesh, and Angelov (2014) observed that SMEs lack the resources to shift to current market trends, which is because of lack of innovation in the operation processes. Additionally, Andreassen, Lervik-Olsen, and Calabretta (2015) explained that changing trend was necessary for a competitive market. According to Fitjar and Rodriguez-Pose (2012), the capacities to innovate are more prevalent in big businesses than in SMEs, which is significant discovery because of SME failure rates. Nemutanzhela and Iyamu (2011) argued that the survival of an organization depends on the innovative operation. Several researchers have noted the failure of SMEs in modern history, but few have sharply written about the need to use the innovation. Rosenbush, Brinckmann, and Baush (2011) revealed that SMEs has attracted empirical studies on the need for performance. Although there has been a mixed result of innovative practices, more SMEs are looking at innovation to level the playing field (Classen, Gils, Bammens, & Carree, 2012). Furthermore, Baregheh, Rowley, Sambrook, and Davies (2012) posited that innovation leverage brings a significant competitive edge.

Competitive Advantage through Innovation Strategies

Innovation was an important entrepreneurial process and critical part of the competitive edge in the market (Bock, Opsahl, George, & Gann, 2011). SMEs, therefore, need innovation strategies that can transform business changes at a fast pace so that companies could leverage ahead of competitors. Furthermore, a market orientation emphasis on market information and understanding customer needs and wants provides a competitive edge for the enterprise. Besides, the core of any enterprise is to increase customers and brand values, which are the fundamentals of gaining a broader business platform. SMEs could improve their innovation strategies through customer value, brand value, market orientation, knowledge management, resource advantage, human and social capital, and SME business advantage.

Customer value. Every business should develop a particular innovation application to help the company grow and be sustainable in the long-term (Bock et al., 2011). According to Christensen (2011), few of the companies are likely to lead their industry in the innovation or address needs within their value network. Moreover, Christensen argued that companies must create value for their customers and strengthen the competition in the marketplace. Any business leader who wants to prosper must address this question: Could our company sustain current market trends? According to Ryan (2013), in an international study focusing on SMEs, value creation was evolving when the Netflix Company used cutting-edge innovation to capture the video-renting market. The company became successful on-demand streaming content, making Netflix the number one video renting business. Additionally, Ryan (2013) found that Netflix used

innovation strategy as a change to leveraging on value to customers and creating a successful digital format. Further, in a study done in Europe, Chang and Hughes (2012) reported that using innovation strategies could help SMEs to compete in business and increase growth.

Brand value. Brand value entails how consumers perceive products (Xu & Bernard, 2011). Granados (2011) posited that product positioning could gain a competitive advantage. Additionally, in maintaining customer value creation; brand includes company name, trademark, logo, marketing advertisement, product design and the organizational credibility. According to Xu and Bernard (2011), the organizational image is of critical importance, especially in the area of corporate branding, which could increase a company's market advantage.

Granados (2012) explained that organizations need a target market and strategies that would make them sustainable long-term. Further, Granados (2012) argued that companies are redefining their new value creation and sustaining business challenges. According to Rodrigues, Souza, and Liet (2011), the need is to increase brand products and image of the organization to fit the competitive business environment. Brand value is everything in business. If a customer realizes that the value has doubt, the customer may choose to go to a competitor; thus, the value is crucial for customers (Moon, Miller, & Kim, 2013). Granados (2012) argued that the innovation was the key to success in managing brand and customer value creation. Additionally, Moon et al. (2013) explained that SMEs could develop brand and customer value by formulating an innovative framework with available resources, primarily in niche markets.

Early in the twentieth century, Ford Motors Corporation created an automobile brand in its car manufacturing products (Lipinski, Walsh, & Crothers, 2011). Ford Motors' business purpose at that time was to get everyone driving a car. Henry Ford created a value chain and lowered the price for consumers. At that early stage, Ford built brand equity to be competitive in the market with foreign manufacturers, mainly European cars. According to Lipinski et al. (2011), Ford established a name and gained loyal customers. Further, he was successful in creating communities of owners. In a similar manner, SMEs could build a client base by providing for the needs of customers. The critical point in the life of an enterprise is when its customers do not perceive value creation. The necessity of that business would be to change the framework to rebrand its image, the product line, and organizational credibility so that the company could be sustainable (Lipinski et al., 2011).

Market orientation. Cooper (2011) explained market orientation as a strategy that meets the needs and wants of customers. Furthermore, sharing information and market activities could create value for customers; market knowledge could factor in a competitive positioning. According to Storbacka and Nenonen (2015), the ability of SMEs to drive depends on the technology innovation and understanding market information. The knowledge of the business environment could be a competitive advantage, and SMEs should endeavor to evolve.

Knowledge management. Learning and transferring the right knowledge skills to the organization are an essential competitive advantage. According to Krogh, Nonaka, and Rechsteiner (2011), human knowledge management involves the process of

acquiring knowledge. Krogh et al. (2011) argued that presenting information to people does not mean acquiring learning; for the learning to take hold one has to be a part of the process. Chun and Mun (2011) revealed that some SMEs are moving towards innovation knowledge to improve their competencies and to build a competitive edge.

Resource advantage. The competitive benefit of a firm depends on its resources (Frishammar, 2012). Frishammar (2012) revealed that SMEs with a strategic direction could make necessary changes by taking advantage of business resources using creativity to redefine its position. Moreover, even a small company without enormous resources could find a market niche to succeed in that business. According to Damanpour and Aravind (2011), utilizing innovation was the goal of achieving a competitive market. Additionally, the growth expectation depends on the establishment of the organizational sustainable long-term plan, and enhancements that are appropriate to turn around SMEs.

Human and social capital. In a study from Taiwan focusing on SMEs Hsu and Sabherwal (2011) found that organizations should be able to develop a particular program within their capabilities to achieve innovation performance. From an international SMEs perspective, Cabello-Medina, Lopez-Cabrales, and Villa-Cabrera (2011) observed that the value of employee skills was an essential part of the innovation process. In the same way, Cabello-Medina et al. argued that efficient communication in the workplace environment could encourage cohesiveness within employees. Further, SMEs need innovation leaders to ensure the process (Martin, 2011). Therefore, innovation was vital to competition and long-term goals.

SMEs' alliance advantage. Companies must adopt a new role and behavior regarding new organizational culture, and strategies for establishing a business framework (Krogh, Nonaka, & Rechsteiner, 2011). Organizations bring into focus a new structure by using quality management and innovation practices (Leavengood, 2011). Moreover, Wynarczyk, Piperopoulos, and McAdam (2013) posited that creating a streamlined business process is an important business strategy for increasing cost efficiency and productivity. SMEs could compete in the market if enterprises could create groups that aim at protecting each other's business survival (Xue, Wei, & Zeng, 2011). Further, Xue et al. (2011) recommended that SMEs form an alliance to support members. Factors that foster SMEs are the following:

- The need to create a regional alliance of economic development of SMEs.
- SME collaboration platform for development strategies aimed towards improvement, innovation, and network sharing.
- The need for SMEs to embrace technology change, which is essential for streamlining business processes, and necessary for cost efficiency and enterprise development.
- The need for SMEs to pull their resources together to increase their strength against big organizations; vital to their survival. (Xue et al., 2011)

Strategies Integration in SMEs

From an international management perspective, Behery, Jabeen, and Parakandi (2014) found that SMEs need to integrate innovation strategies to compete. Prieto and Perez-Santana (2014) explained that management could encourage employees to be

creative and contribute to business objectives. Furthermore, SMEs need a clear focus on goals regarding creating products or services value. Christensen (2011) observed that creating customer value should be a priority of every enterprise.

Differentiation. Differentiation evolves creating a products or services that have a unique quality (Melton & Hartline, 2010). Therefore, customers could perceive the value of goods and services; creating loyal customers. SMEs with limited resources can gear their services in a niche market to gain customers. Griffin et al. (2013) emphasized the importance of niche markets to satisfy specific market needs.

Customer relationship management. SMEs could encourage a business relationship with clients. Using customer input was an effective strategy for increasing customer value (Christensen, 2011). Additionally, customers are part of the success of any enterprise, and business managers need to make an effort to nurture customer relationship (Stock, 2014). Equally important, the long-term sustainability of enterprises is creating a product and service value and maintaining a customer base.

Furthermore, customer relationship also evolves the strategies companies use to increase the quality of interactions with customers so that customers can have knowledge of products (Khodakarami & Chan, 2014). Moreover, this relationship might involve technology support, sales and marketing support. Khodakarami and Chan (2014) revealed that if this customer relationship is properly functional, there will be a much better flow of operational activities; resulting in better profit and market share.

One important area in the customer relationship was the opportunity for the customers to provide an idea for products improvement (Stock, 2014). Customer

relationship should be fundamental to any SMEs that want to sustain their business.

Khodakarami and Chan (2014) noted that the client relationship builds the preferences of customers, and also makes the long-term success of the organizational brand.

Advantage of Innovation in SMEs

- The use of innovation strategies has made business efficient (Sok et al., 2013).
- Aligning innovation might foster business development and growth (Paunov, 2012; Rosli, Kuswanto, & Omar, 2012).
- The use of Internet networking might be an advantage in developing customer base (Anderson, Jarneus, Masog, Rosenquist, & Sundberg, 2013).
- The use of social media through network sharing could increase the exposure to services or products (Anderson et al., 2013).
- The use of innovation might streamline the production process, manage waste, and increase the bottom-line (Chiaroni, Chiesa, & Frattini, 2011).
- The use of innovation strategies could help companies to compete (Eisenberg, Johnson, & Pieterse, 2015).
- The use of innovation strategies could lead to better economic development (Cakar & Erturk, 2010).

Impediment to Innovation in SMEs

1. The cost associated with innovation could be of concern to the management of SMEs (Purcarea, Espinosa, & Apetrei, 2013).
2. Innovation could disrupt existing patterns of management (Sosa, 2013).

3. The lack of knowledge for innovation is an impediment to innovation adoption (Phelps, Heidl, & Wadhwa, 2012).
4. The lack of creative management might cause loss of interest in innovation (Somech & Drach-Zahavy, 2011).

Analysis of Innovation Management and Traditional Management

Value creation is the primary objective of any business entity (Liao, Rice, & Lu, 2014). A perception exists that the value creation takes a long time to emerge in some of the traditionally managed enterprises (Gonroose & Voima, 2013). The holding back of traditional management on organizational change could erode the competitive edge in the market, and experience the consequent loss of market value and profit (Revilla & Fernandez, 2013). Innovation strategy might be a driver of competitive positioning and opportunities for SMEs (Liao et al., 2014). Leal-Rodrigues, Roldan, Leal, and Ortega (2013) explained that creativity and knowledge are the essential parts of innovation, important in managing innovation in SMEs. Traditional management tends to control ideas and prevent them from becoming reality; that might not be sustainable.

Innovation could be the driver of growth (Hotho & Champion, 2011). Furthermore, in innovation, managed SMEs risks are part of the strategy to succeed. In traditionally managed companies, growth is slow because of management control of resources (Mohapatra, 2012). Additionally, risks are not part of the strategy when management is afraid of losing resources.

The Challenges Facing SMEs

An international study focusing on SMEs found that an existing problem in some SMEs is the lack of understanding of how innovation could be involving in their strategies (Xiabao, Wei, & Yuzhen, 2013). The adoption of innovation is a critical time in the life of an enterprise. Rogers (2003) explained that innovation-decision process has five stages:

1. Knowledge: When a company learns about innovation and starts inquiring why and how change can work in existing business.
2. Persuasion: When an enterprise begins to consider if the innovation is helpful in its strategies.
3. Decision process: When a company decides to adopt or reject the innovation in their businesses.
4. Plan implementation: This is applying the innovation to management processes to increase economic growth.
5. Confirmation stage: This involves the agreement of the company on the success of the innovation adoption process.

The lack of resources could prevent an idea from emerging (Halme & Korpela, 2013). However, unavailable resources could prevent an enterprise from the decision to implement innovation. In the area of the competitive edge, some SMEs are still struggling to compete with large businesses and need innovation strategies (Damanpour & Aravind, 2011). Additionally, Damanpour and Aravind (2011) suggested that using the innovation is the goal of achieving a competitive market.

The idea of skill development is an important part of innovation in SMEs. Human skills could play a significant role in making an innovation successful (Cabello-Medina et al., 2011). Further, Cabello-Medina et al. (2011) argued that social capital brings about efficient communication in the workplace environment and allows teamwork to exist. SMEs need to be creative to sustain a long-term framework. The implementation factor can go a long way in supporting enterprises. In SMEs, short-term thinking will not achieve success and management need innovation to be sustainable (Martin, 2011). Innovation change could be difficult for some of the SMEs, but that may be what SMEs need to be successful.

Argument on Innovation

Some SME managers have inherent business practices within family owned companies to keep the enterprise within the traditional concept (Gonroose & Voima, 2013). Furthermore, Gonroose and Voima (2013) posited that the controlling factor was part of the issue undermining innovation integration. Sok et al. (2013) argued that the traditional management was a thing of the past; introduction of innovation could be the emerging prospect for SMEs. Additionally, Sok et al. observed that improving family businesses in the contest of innovation might take a long time. From an international service industry point of view, Saunders, Gray, and Goregakar (2014) argued that some SMEs with an innovative approach are more committed to learning new ideas than those that are less innovative.

Lack of knowledge innovation concerns for SMEs (Saunders et al., 2012). Additionally, there was a little effort within SMEs to encourage the creativity factor

necessary for innovation. Harris, McAdam, McCausland, and Reid (2013) posited that SMEs need a culture of innovation within the organizational setting, to embrace innovation practices and increase opportunities. Moreover, Naranjo, Valencia, Jimenez, and Sanz-Vale (2011) argued that organizational cultures that value creativity and teamwork are more successful at adapting innovation.

Disruptive Innovation

Innovation technology could be obsolete if companies fail to keep up with the pace of innovation change (Christensen, 2011; Mull, 2011). According to Mull (2011), only being successful with an existing product line does not guarantee future success. Organizations must continue to reinvent themselves through research and development to ensure a sustainable future (Paul & Prithiviraj, 2012). Therefore, management should encourage creativity and align the culture of the organization with innovation adoption. Furthermore, leaders should increase the competencies of each employee, part of the critical factor of knowledge adoption.

Christensen (2011) explained the principles of disruptive technology and suggested ways managers can adopt a framework to be efficient and provide customers with what they need. The principles of disruptive technology are as follows:

- Organizations must endeavor to provide customers and investors with what they need, regarding products and services.
- Organizations must focus on growth needs, but remember that venturing into smaller markets is essential for a long-term strategy.

- An effective strategy requires a quick decision to implement because delay can erode a competitive advantage. (Christensen, 2011)

Diffusion of Innovation

Rogers (2003) wrote that the innovation was a decision process that involves knowledge in making the decision to adopt or reject a new concept. Diffusion of innovation is a process of involving innovation to different stages of the social system (Rogers, 2003). Further, new ideas bring a new direction and better value to the organization (Wu, Hall, & Cegielsk, 2012). Therefore, innovation is the key to increasing growth. The factors that lead to innovation adoption are the following:

1. The compatibility factor exists when innovation adopters can be consistent with existing processes, essentially working with operational goals.
2. The complexity of innovation involving the transformation of innovation requires learning processes and skill sets.
3. The trial period is the evaluating stage; ascertain if innovation is appropriate for the enterprise.
4. The observable factor will result from businesses accepting or not implementing the innovation process. (Rogers, 2003)

Rogers (2003) explained that the analysis of innovation adoption or early adopters represents 13.5% of the population. Additionally, the “laggards” who are at the opposite end represents 16% of the population that would only accept innovation when everyone else accepts it. Furthermore, the early and the late majority believes that the innovation

was significant to business value, representing 34% of the population respectively (Rogers, 2003).

Transition and Summary

The purpose of this qualitative phenomenological study was to explore successful innovation strategies of SMEs in the discount retail industry. I focused on samples of SMEs in the discount retail industry, in central North Carolina. The participants uncovered their experiences of the phenomenon through answering questions. According to Finlay (2013), the need was to bring the experiences of participants to find the phenomenon. I used a minimum of 20 participants for the interview. Laforet (2011) observed that the innovation leads to development and improvement of business processes. Sok et al. (2013) indicated different ways SMEs could develop through creative and innovative management, and by implementing different competitive strategies. In a study focusing on the SME industry, Alegra, Sengupta, and Lapiedra (2011) found that knowledge management was necessary to understanding and implementing effective innovation. Therefore, the need was to create an organizational culture and align processes to be successful. In the conceptual framework of the study, Rogers's diffusion of innovations theory allows SMEs to be efficient, and Christensen's theory of disruptive innovation encourages companies to be more customer oriented.

Section 2 includes the purpose of the study, the role of the researcher. Furthermore, data collection process, ethical research, and reliability and validity. Section 3 contains the presentation of findings and the application to professional practice.

Section 2: The Project

There is an absence of successful innovation strategies to use in addressing a high business failure rate of the discount retail industry in central North Carolina. However, Blankson and Crowford (2012) explained that aligning innovation could increase competitive positioning and the efficiency of goods and services. This section contains a restatement of the purpose, the role of the researcher, participants, method and design, and population and sampling. Furthermore, the research contains information regarding data collection, instruments, data collection techniques, data organization, and data analysis techniques. The final sections include the reliability and validity of the study and a summary.

Purpose Statement

The aim of this qualitative phenomenological study was to explore successful innovation strategies of SMEs in the discount retail industry. The targeted population consisted of owners and general managers of SMEs in the discount retail industry located in central North Carolina. This population was appropriate for this study because owners and general managers understood the challenges and could make immediate changes to affect their companies. The findings of this study may improve good business practices for business owners, leading to more employment in the community. Further, social change implications may lead to improving productivity and cost savings, resulting in increasing revenue for the community.

Role of the Researcher

The purpose of this qualitative study was to explore successful innovation strategies of SMEs in the discount retail industry in central North Carolina. I used a phenomenological design to capture the lived experiences of participants and understood their different perspectives. This design facilitated my analyzing the views and the experiences of the participants for emerging themes that were crucial to the study (Tufford & Newman, 2012). Logie-Maclver, Piacentini, and Eadie (2012) concluded, in a study of SMEs, that understanding the perspectives from the source gives the researcher insight into the phenomenon.

I asked the participants if they could consent before the commencement of the interviews. The participants agreed and signed the consent form. The respondents could withdraw without penalty and that the process would be confidential. A tape recorder was part of the interview and ensured participants that data would remain in a secure place for the duration of 5 years to protect the rights of participants.

I worked and lived in the study area in central North Carolina, did not have any other relationship with the paragraphs. Because of my experiences living in this area, I have observed economic changes within SMEs and concerned about the lack of innovation in SMEs in the discount retail industry. My purpose was to explore successful innovation strategies to improve business practice.

Participants

The aim of this qualitative phenomenological study was to explore successful innovation strategies of SMEs in the discount retail industry. In a phenomenological

study, the exploring participants' lived experiences and knowledge of a phenomenon are necessary. I used 20 participants for this study. They were owners and general managers who understand the core problems of SMEs. Their selection was purposive.

The North Carolina public database was instrumental in identifying the enterprises in central North Carolina. I reached the respondents through telephone calls, e-mails, and visits to offices and made my intention to conduct an interview regarding successful innovation strategies for the discount retail industry. The risks in this selection did not involve more than the normal daily minimal. I made copies of confidentiality and consent-to-participate for the participants at the time of interviews. The participants signed the consent form before the interviews (see Appendix B). The participants were aware that withdrawal from participation had no penalty and I assured them that the data would be in a secure place for 5 years to protect their rights and confidentiality. I conducted a transcript review with the participants to ensure that I had accurately recorded what they said and disseminated the result to the participants.

Research Method and Design

A qualitative phenomenological design was appropriate to my goal of understanding the lived experience of the participants' perspectives. According to Cunliffe (2011), qualitative research involves interpreting, substantial credibility, and generating very convincing research results. Finlay (2013) posited that the phenomenology design gives focus to an inquiry.

Method

A qualitative research approach was appropriate for using real people to explore a research phenomenon (Damianakis & Woodford, 2012). Nolen and Talbert (2011) noted that qualitative research is useful for presenting different realities from the participants' perspectives. The quantitative research method was suitable for testing theories and examining causes and effects. Pernice (2011) explained that quantitative research is appropriate for the testing hypothesis, which was not the case in this study. Mixed research method studies call for both qualitative and quantitative methods skills; such an approach would demand more time than was desirable. Morse and Cheek (2014) noted that although mixed research has multiple approaches, the research methodology might present challenges.

There is an absence of successful innovation strategies in addressing a high business failure rate of discount retailing stores. Wright, Bisson, and Duffy (2012) posited that management of SMEs might redefine the existing business framework. Additionally, Martin (2011) explained that addressing the core problem might enhance growth development for SMEs.

Research Design

I specifically used a qualitative phenomenological research design for this study. This design decision was to uncover information concerning successful innovation strategies for SMEs. A phenomenological design focuses on lived experiences of participants (Ardley, 2011; Cilesiz, 2011). Moreover, Husserl (1990) noted that a phenomenological design involves capturing perceptions and experiences of individuals.

I chose a phenomenological design over other qualitative designs because it was best facilitated gaining a rich understanding of participants' perspectives as they shared their experiences (Conklin & Robinson, 2012). An ethnographic design approach involves beliefs, behavior, and organizational culture (Peterson & Sondergaard, 2011). A narrative research design might not be appropriate for open-ended questions and understanding participants' profound views in the study. Rather, it involves identifying stories and experiences as narrated (Damianakis & Woodford, 2012). A case study design involves individuals and groups not appropriate for this study. Grounded theory was not appropriate because several theoretical samplings of different groups were evolving to make conclusions, which was not relevant to this study.

The phenomenological design originated from Edmund Husserl. Husserl's study focused on understanding the perception of the phenomenon as well as how participant's experiences evolve in the context of the research (Husserl, 1970). Moustakas (1994) stated that phenomenology captures how people look at the situation from their experience and how they perceive things. Phenomenological studies focus on two practices: a description and the interpretation. According to Wertz (2011), Amedeo Giorgi helped in enhancing the descriptive practice of a phenomenological study of developing patterns and themes. Further, Moustakas (1994) contributed by honing the interpretive practice of a phenomenological study.

The phenomenological design has the potential to generate data and develop outcome from the experiences and the perspectives of participants (Cilesiz, 2011). Haines

(2013) found that the benefit of using a qualitative phenomenological design was the ability to talk with participants and to understand their feelings and profound views. Moreover, the idea of using owners and general managers was to create a quality response in the study.

Population and Sampling

The population in this study consisted of owners and general manager of SMEs in the discount retail industry located in central North Carolina. Hulbert et al. (2013) explained that this population was appropriate for this study because owners and general managers understood business challenges. I used 20 participants for the qualitative study.

The conditions for selecting participants are that participants work within North Carolina, are business owners, or have a top management position. Suri (2011) noted that purposive sampling reflects on the participant's knowledge of the phenomenon, what respondents feel and think about the study. I invited prospects to participate in the study and consequently agreed on a date for their interviews (see Appendix F). The participants were aware that withdrawal from participation had no penalty, and the data from the interview would be confidential. The respondents signed the informed consent forms for the interviews. The participants were aware that the data would be in a secure place for five years to protect the rights of respondents (see Appendix B). Moreover, Govan (2012) argued that maintaining confidentiality would prevent the unintended disclosure of data.

Samplings represent the population regarding achieving the purpose of the study (Randall & Gibson, 2013). Purposive sampling entails having certain participants as part of the population to interview, finding out about their experiences regarding how they

feel, and describing their perspectives about the phenomenon (Suri, 2011). Additionally, Suri (2011) stated that purposive sampling involves participatory multi-perspectives, is interpretive in nature.

Ethical Research

Ethical research involves the moral principles of research, and this includes research misconduct, plagiarism, and falsification (Rupp, 2011). According to Rupp (2011), the quality of research should be a priority to the researcher. I endeavored not to compel any participant during the interview. Under ethical principles, a researcher cannot coerce participants in the process of data collection (Dugosh, Festinger, Croft, & Marlow, 2010).

Honig, Campel, Siegel, and Drnevich (2014) stated that researchers must adhere to ethical principles. To ensure ethical rules:

- The participants must consent to the research.
- The participants might discontinue at their discretion.
- The respondents must receive protection and confidentiality.
- The risks in the research should be minimal if any (Honig et al., 2014).

I used adults as participants in the data collection. Participants were mentally capable of understanding the process and risks were minimal. The participants were aware of the study and the associated commitments. The participants received a copy of the consent form before the interview to understand their rights and the confidentiality of the agreement (see Appendix B). Moreover, the participants were aware that they could

withdraw from the interviews and that the data would be in a safe place for five years to protect participant rights.

Data Collection

Instruments

Mason (2010) explained that 20 participants would be an appropriate sample size for a phenomenological study. Twenty participants shared their experiences through semistructured face-face interviews (see Appendix A). Applied a coding system for the participants protected names and unintended disclosure of information. The participants were owners and general managers of discount retail enterprises in central North Carolina.

A tape recorder was used to record all the interviews. MS Excel aided in structuring tables and figures. I coded essential themes, using the Van Kaam method with NVivo 10 software to group the relevant nodes. Ishak and Baker (2012) posited that NVivo software could gather and organize data.

Newman, Lim, and Pineda (2013) indicated that the use of empirical material could enhance the validity and reliability of research. Trombetta, Wagenhofer, and Wysocki (2012) noted that to ascertain the extent of an instrument; researchers should improve instrument through repeatability to increase the internal consistency to enhance reliability. Further, Trombetta et al. posited that internal validity verifies integrity, and external validity establishes the outside threat that may affect the study.

The seven steps in the modified Van Kaam method of analysis are:

1. Identify and develop data grouping.

2. Eliminate data not related to the phenomenon.
3. Identify codes and group the emerging themes.
4. Ensure that themes reflect the research questions.
5. Develop textural description to create the experience of participants.
6. Develop a structural description of respondents' experiences.
7. Analyze the themes to find the meaning of the phenomenon. (Moustakas, 1994)

I analyzed the data, and in the process, saturation emerged. Furthermore, I exhausted all possible themes that data may suggest. Moreover, I searched through data until no additional valuable insights were possible. Therefore, it was reasonable to believe that further interviewing was unlikely to produce different data. I reached a saturation point, given all the previous interviewing material would not provide further contribution or insight to the phenomenon (Trotter, 2012).

Data Collection Techniques

The strategy used regarding data techniques was an in-depth, semistructured interview. I employed the use of open-ended questions to allow the participants the options of exploring different answers and meanings to the questions. Data involved a coding process in understanding meaning and identifying themes. Coding required highlighting data along with applying different data segments and categories for creating significant meaning.

The data collection involved a pilot study in which two participants answered interview questions to validate the process. The two participants were not part of the

main study. A pilot study provides considerable insight and generates ideas the researcher may not see for the primary study (Catlett & Lovan, 2011). Furthermore, Catlett and Lovan (2011) explained that a pilot study provided experience and insight to the study.

The pilot interview questions follow. As mentioned, the population was not part of the entire study:

1. How do you define innovation?
2. What is successful innovation?
3. How does innovation streamline company operation?
4. How do you justify the investment in innovation, in the company?
5. As a top manager, what is your perception of innovation?
6. What successes has the company had in investing in innovation?
7. How do you produce a desirable result in the company through innovation?
8. How does innovation help in a competitive market?
9. How do you use innovation in increasing the growth of the company?
10. What are the challenges in innovation?
11. How do you allocate resources for innovation?
12. How does innovation improve cost?
13. How do you deliver value to customers through innovation?

The use of triangulation increases the validity and credibility of the research (Newman, Lim, & Pineda, 2013). Additionally, Newman et al. (2013) explained that one could be confident of the conclusion if different methods lead to the same conclusion. The use of various multiple sources of evidence and empirical material could increase

validity (Bart, 2012). Data triangulation involved using multiple sources of data to answer the research questions (Newman et al., 2013). Data triangulation was essential in this qualitative study; through this process, participants were able to answer questions relevant to the phenomenon.

Data Organization Techniques

The data were in folders and journals. According to Wang, Biggs, and Skupin (2012), cataloging and labeling enhance the data organization process for easy access. I labeled the folders with project names, time, and date to avoid confusion. Additionally, these folders would be essential to protect data from tampering. Wang et al. (2012) posited that researchers have to consider the structure of folders to improve effectiveness and value. Furthermore, the data would be in a safe place for 5 years to protect rights of participants.

Data Analysis Technique

In a phenomenological study, the goal is to gather and analyze perceptions of individuals who have experienced a phenomenon (Cases, Dempster, Davies, & Gamble, 2011). Therefore, this study involved coding (open and axial coding); the strategy was to categorize relevant meanings of the phenomenon. Additionally, such a technique enables themes and patterns to emerge. Tufford and Newman (2012) suggested that the researcher's experience should not contribute to the participants' responses or in answering questions. Further, Tufford and Newman claimed that opening one's experience to the conversation would undermine the validity of the phenomenological process.

Coding is the process of examining data in the form of words and phrases (Case et al., 2011). There are two types of coding: open and axial. In open coding, the researcher reads the data and circles part of the text as code. In axial coding, themes and patterns emerge to obtain meaning. The researcher used a modified Van Kaam method with NVivo 10 software for relevant codes and themes. I used MS Excel to facilitate tables and figures. According to Moustakas (1994), the researcher should establish the truth and the meaning of the experience to find validity.

Reliability and Validity

Reliability

In a qualitative phenomenological study, the accuracy of data collection is very necessary. I conducted a pilot study to ascertain if interview questions are consistent and appropriate for a full study. Reliability refers to being consistent and dependable about research ethics, and in making sure, the collection of data was within the guidelines (Trombetta et al., 2012). Furthermore, Trombetta et al. (2012) observed that reliability was an essential requirement for academic study and ensures the accuracy of processes.

To ensure reliability and trustworthiness, I allowed the participants to review and confirm their responses. Researchers must be consistent with research work so that doubt would not be an adverse issue regarding the study findings (Giner-Sorolla, 2012). Additionally, Giner-Sorolla (2012) explained that the credibility of the research process was of utmost important; the researcher must understand that other researchers may examine the study.

Validity

Validity is a measure of truth and honesty (John, Loewenstein, & Prelec, 2012). Academic researchers must prevent bias in their analysis to increase validity (Bart, 2012). Researchers employ a level of sincerity in finding literature, collecting data, organizing, and analyzing data. I ensured that the participants would verify the data to increase the likelihood of accuracy. The internal validity of the study establishes the bases in upholding the accuracy, honesty, and integrity of the research. External validity determines unforeseen circumstances that might affect the result of the study.

Evidence of saturation was essential to increase the validity of the qualitative study (Dworkins, 2012). After an exhaustive review of data, I found evidence of data saturation. Moreover, Dworkins (2012) explained that data saturation occurs when no relevant new information emerges from the participants' responses. Further, Frances et al. (2010) posited that being unable to achieve data saturation might undermine the validity of the research.

Transition and Summary

The purpose of this qualitative study was to explore successful innovation strategies of SMEs in the discount retail industry. The sample of participants in central North Carolina was the focus of the interview. I used 20 participants for the qualitative study. These participants provided their lived experiences of the phenomenon under study. Moustakas (1994) explained that the account from the first person experience gives a useful perspective for the study. The population was from SMEs in the discount retail industry in central North Carolina. Microsoft Word aided in transcribing data;

Microsoft Excel facilitated the figures and tables. Additionally, I used NVivo 10 software for relevant codes and themes. Poortman and Schildkamp (2012) claimed that using different instruments are essential in enhancing validity.

Section 3 contains the introduction of the study and the presentation of findings. Furthermore, it includes applications to professional practice, implications for social change, and recommendations for action. Finally, it presents recommendations for further study, reflections, and a summary and study conclusion.

Section 3: Application to Professional Practice and Implications for Change

The problem addressed in this research was a lack of knowledge of successful innovation strategies of small and medium-sized discount retailers in central North Carolina. Blankson and Crowford (2012) stated that some discount retail stores lack the innovation for competitive positioning and lean retailing. According to Leung, Cheung, and Chu (2014), innovation could bridge the competitive gap and increase market positioning. This section includes the presentation of findings and the implications for professional practice. Further, the section presents social change, recommendations for action, and recommendations for further research. Finally, it includes reflections along with the summary and study conclusions.

Introduction

The purpose of this qualitative phenomenological study was to explore successful innovation strategies for small and medium-sized enterprises in the discount retail industry in central North Carolina. The data were from owners and general managers of this industry. The findings represent the result of face-to-face, open-ended, in-depth interviews designed to answer the research questions (see Appendix A). I used a coding system to protect the participants' confidentiality and rights. Additionally, the participants' demographic information emerged from the interviews.

The primary research question was "what are successful innovation strategies of SMEs in the discount retail industry?" The secondary research question was "what challenges do SMEs in the discount retail industry face regarding successful innovation strategies?" I coded the participants' interview responses to identify the emergent themes

needed to answer these questions. All the participants indicated that innovation was necessary for growth, regarding business streamline, competitive strategies, and improvement of enterprise development. Out of 20 study respondents, 14 participants indicated that innovation should be useful when companies implement and have a commitment to innovation. Additionally, six out 20 of the participants indicated that they were not willing to commit to innovation at their SMEs because of financial requirements. Therefore, for SMEs in discount retailing to succeed, innovation should integrate every aspect of the business operation. All participants agreed with the analysis in the literature review and conceptual framework about the need for innovation strategies in SMEs in discount retail enterprises.

Presentation of the Findings

The findings represent the result of face-to-face, open-ended, in-depth interviews designed to answer the research questions. Twenty participants participated in the qualitative phenomenological study. The themes that emerged from this study were their experiences.

Research Questions

A research question guides the research and forms the basis for the objective study (Antoine, 2011). The purpose of this qualitative phenomenological study was to explore successful innovation strategies of SMEs in the discount retail industry. The research questions consist of one primary research question and a secondary research question. The primary research question was “what are successful innovation strategies of SMEs in the discount retail industry?” The secondary research question was, “what

challenges do SMEs in the discount retail industry face regarding successful innovation strategies?

Research Question 1: What are successful innovation strategies of SMEs in the discount retail industry? The interview results show that participants were aware of the need for successful innovation in the discount retail industry. All of the participants reported that innovation was crucial to competitive strategies and improving the growth of their enterprises. Some of the participants indicated that innovation would be useful when companies implement and have a commitment to innovation. Additionally, some of the respondents suggested that knowledge of innovation could pave the way for innovation acceptance and implementation. Furthermore, all the respondents said that innovation might provide flexibility and ensure the long-term performance of the enterprise, economic advancement, and job creation. Moreover, some of the participants reported that innovation should be useful for everyday business processes, but others were not willing to commit to innovation because of financial hardship. Furthermore, some participants indicated a willingness to involve themselves in innovation initiatives to improve their business prospects.

Research Question 2: What challenges do SMEs in the discount retail industry face regarding successful innovation strategies? All the participants suggested that enterprise leaders should have a knowledge of innovation. All the participants noted that there was the lack of alliance network of SMEs in the discount retailing business to encourage research and development. Further, some participants indicated that financing was an enormous problem. Six out of 20 respondents agreed that

funding for innovation could be an impediment to accepting and implementing innovation. Some of the participants indicated an unwillingness to commit to long-term goals due to financial resources. Eight out of 20 participants suggested that government regulation and high taxes discouraged long-term investment and created disproportionate effects. Furthermore, some of the respondents indicated that compliance with the law takes away unnecessary resources, including capital and current expenditure of discount enterprises. Moreover, all of the respondents reported that the role of the government should ensure a supportive business environment for SMEs. All the participants also indicated that SMEs have the potential to grow. Therefore, the government should be oriented towards promoting investments to overcome the challenges facing SMEs.

Identifying Themes

The problem addressed in this study was a lack of knowledge of successful innovation strategies of small and medium-sized enterprises in the discount retail industry. Cairns and Embree (2013) explained that the researcher must endeavor to find common themes that comprise the phenomenon. Moustakas (1994) explained that researchers must develop textural and structural description to define the synthesis of core meaning. I grouped the responses to interview questions in a structural format and integrated the individual textual description of experiences into a group to describe the essence of the phenomenon (see Appendix C). I reviewed the transcript of each participant to ensure that all the responses and themes were part of the analysis. The themes that emerged from this study were the experiences of participants that answered

the research questions regarding successful innovation strategies for SMEs in the discount retail industry. These 16 themes were:

1. Innovation should be the key driver of growth.
2. Management should support innovation.
3. Innovation practice should bridge the competitive gap.
4. Innovation should streamline business operation.
5. Innovation should improve products and services.
6. Innovation should enhance the business skill.
7. SMEs often lack the financing for investment.
8. Leadership acceptance of innovation should be necessary.
9. The fear of the unknown about innovation may derail implementation.
10. SMEs should position for a market change.
11. The knowledge of innovation should be essential.
12. Innovation network and information sharing should be necessary.
13. Innovation initiative programs should be essential to discount retailing.
14. Fewer government regulations and taxes may encourage investment.
15. SMEs should adopt good customer oriented service.
16. The culture of innovation should be essential to discount retail enterprises.

Interpreting Findings to Themes

Theme 1: Innovation should be the key driver of growth. The purpose of this phenomenological study was to explore the successful innovation strategies of SMEs in the discount retail industry. The first theme was the need for SMEs in the discount retail

industry to embrace innovation as the key driver of growth. All the participants indicated the need to use innovation for business growth. The following are some of the participants' responses:

- PT06 explained that innovation was necessary for the development of enterprises and long-term strategy.
- According to PT13, there was a significant market gap with large business and the need for new ideas.
- PT09 said that everyone must bring his or her ideas together to sustain market positioning.
- According to PT20, investment in innovation could contribute to improvement in business development and productivity.
- PT04 stated that SMEs need sustainable strategies to integrate innovation for business growth.

Theme 2: Management supports for innovation. The second theme was the need for SMEs in discount retail enterprises to commit to innovation and not allow fear of investment to stop their involvement. Management supports for innovation must make it through their actions and decisions. All of the participants noted the need for innovation practice in their organizations. Some of the participants' responses were as follows:

- PT09 added that innovation commitment could be difficult, especially when it involves limited financial investment.

- PT10 stated that SMEs need to learn how innovation works, before accepting and implementing long-term goals.
- PT14 stated that understanding innovation was the key to increase growth.

Theme 3: Innovation practice should bridge the competitive gap. The third theme established by all of the participants was that to bridge the competitive gap, SMEs must practice innovation and understand knowledge processes. All the participants reflected on the need for innovation knowledge and practice. The responses from some of the participants seized this meaning:

- PT19 noted that the company had instituted innovation practices in the day-to-day operations to leverage on competitors.
- PT11 indicated the essence of active innovation practices for increasing productivity.
- PT15 replied that holding back investment in innovation would not be sustainable long-term; one must find ways to bridge the innovation gap and be competitive long-term.
- PT03 responded that to compete effectively, SMEs need an alliance with other firms on research and development to create sustainable competitive strategies.
- PT12 added that to be competitive, SMEs need the right strategies and commitment to innovation practice.

Theme 4: Innovation should streamline business operation. The fourth theme recognized by all of the participants was that SMEs must streamline the business process to reduce the cost of managing business ventures. Innovative supply chain application has

contributed immensely in the inventory process. The responses from all of the participants indicated the need for innovation. The following are some of the participants' responses:

- PT08 explained that streamlining operation should be essential in reducing the overall cost of business.
- PT08 added that every business must practice cost reduction to make a profit.
- PT13 responded that SMEs must be involved in new ideas to create value.
- PT04 agreed that it was necessary to evaluate the cost of operations and make necessary changes; in this way, the company could be sustainable in the long term.
- PT17 responded that SMEs must find ways to be competitive, and innovation could be the difference.

Theme 5: Innovation should improve products and services. The fifth theme recognized by all of the participants was that innovative organizations have the potential to improve products and services. Additionally, leaders could improve processes and be cost efficient. Some of the participants specified the need to implement innovation to improve products and services processes. The following were some of the responses of the participants:

- According to PT13, SMEs need innovation practices to leverage on competitive positioning.
- PT05 noted that the improvement factor regarding redefining the products and services through innovation could make a difference.

- PT16 responded that SMEs must have a level of innovative approaches to be active in the market.
- PT11 argued that SMEs must redefine their products and services and understand their customers to be sustainable.

Theme 6: Innovation should enhance business skills. The sixth theme established by some of the participants was that SMEs need a level of skill set to practice innovation effectively. The innovative firm needs the right human and social competency to deliver its products and services. Some of the participants' experiences specified the necessity of innovation skills. The responses from some of the participants were the following:

- According to PT09, skills are essential regarding understanding innovation practice.
- PT14 responded that having the right skills would prevent unforeseen circumstances in the workplace.
- PT10 stated that companies need to develop innovation initiatives to be efficient in implementing a new idea.

Theme 7: SMEs often lack the financing for investment. The seventh theme recognized by some of the participants was that lack of funding might slow new ideas. Financing has been the obstacle for some SMEs. The prevalence of small firm alliances within the same business cluster may provide the necessary avenue to support a loan for investment. Banks and financial houses look at SMEs as risk averse and lacking the expertise to operate ventures. SMEs often find a venture capitalist to finance their long-

term investment. Some of the participants' responses noted the need for innovation for SME. Besides, there should be the availability of capital expenditure when the need arises. The answers from some of the participants were the following:

- PT01 noted that SMEs find it difficult to finance new investments and need capital for survival.
- PT03 responded that lack of money could become an issue for selecting a useful investment.
- PT06 explained that the lack of financing might slow essential investment.
- PT07 replied that SMEs might form an alliance group aimed at having market power, and that might resonate with financial institutions.

Theme 8: Leadership acceptance of innovation should be necessary. The eight theme established by some of the participants was that innovation has its challenges regarding leadership acceptance and implementation. Some of the participants' responses consistently stipulated the need for innovation leadership. The answers from some of the participants were the following:

- According to PT19, some of the challenges were bringing managers and top executives to agree on one direction, instead of different directions. Furthermore, to be successful in innovation, everyone must have the former.
- PT11 responded that leadership must encourage creativity and a collaborative approach to achieve business objectives.
- PT07 stated that leadership acceptance of innovation would pave the way for integrating new ideas.

Theme 9: The fear of the unknown about innovation may derail

implementation. The ninth theme recognized by some of the participants was the fear of whether innovation would be a sustainable venture. The unknown about innovation may delay the acceptance and implementation phase. Some participants' responses stipulated the need for increasing innovation. The following were some of the answers from the participants:

- PT04 indicated that allowing fear to dictate company strategy was unsustainable.
- PT08 responded that companies must take a stand on innovation implementation, instead of holding back on business interests.
- PT16 stated that some of SMEs were struggling to break even; there was a need for SMEs to redefine their positions regarding market competitiveness.

Theme 10: SMEs should position for a market change. The tenth theme established by some of the participants was the need to respond to a market change. Some SMEs does not have the resources to respond to market trends. Furthermore, such situations may cause an unsustainable market environment for SMEs. Some of the participants consistently specified the need for an innovative strategy to respond to changes in the marketplace. The participants' responses were the following:

- PT03 stated that SMEs need an innovative process that could help some of the SMEs speed-up market changes.
- PT20 responded that a foreseeable way to achieve a competitive edge in the market was to embrace and implement innovation practice.

- PT20 argued that if some of the enterprises would continue to be in business, the enterprises must know what works.

Theme 11: The knowledge of innovation should be essential. The eleventh theme established by all the participants was that knowledge of innovation is crucial to implementing innovation practice. Employees must have the right knowledge for innovation to be effective. All of the participants indicated the need for innovation knowledge. The following were some of the participants' responses:

- PT01 indicated that the knowledge of innovation could make a difference in the productivity of enterprises because employees understand what to do and how to do it. Additionally, knowledge might encourage human and social factors within the workplace.
- PT19 responded that the knowledge of innovation could affect the performance factor, thus increasing the market share price.

Theme 12: Innovation network and information sharing should be necessary. The twelfth theme recognized by all the participants was that networking and exchange of information might improve performance for growth. It is essential to be involved in the entrepreneurial network to stay ahead of competitors. All the participants indicated the need for innovation networking and information sharing. The responses from some of the participants were the following:

- PT15 explained that organizations must encourage their employees to network with other employees. By so doing, social capital increases in fostering best practices in the workplace.

- PT07 responded by indicating that SMEs need to share information to maintain competitive leverage with big businesses.
- PT06 agreed that working together would provide an advantage.

Theme 13: Innovation Initiative program should be essential for discount retail enterprises. The thirteenth theme established by some of the participants was the need for innovation initiative programs to enhance competitive positioning. Innovation initiative programs provide the employee with the tools to achieve business development and performance. Some of the participants identified the need for innovation initiative program in SMEs. Some of the participants' responses were the following:

- PT20 stated that SMEs need the initiative program to help SMEs prepare for the future.
- PT18 responded that initiative programs were necessary to enhance business operation.
- PT02 explained that SMEs need a knowledgeable workforce to be sustainable long-term.

Theme 14: Fewer government regulations and taxes may encourage investment. The fourteenth theme recognized by some of the participants was the need for fewer regulations and taxes to foster innovation investment. SMEs are not equipped to address increasing regulations or high taxes, which appear to discourage innovation technology for SMEs. In particular, compliance with regulations has an enormously disproportionate effect on decision making for SMEs. Some of the participants specified

the need for fewer taxes and regulations. The following were some of the participant's responses:

- PT04 responded that regulatory burdens still pose an enormous problem for SMEs.
- PT19 indicated that high taxes derail investment decisions for SMEs. Additionally, the cost burden of high taxes and regulation is larger for SMEs than for large companies.
- PT08 argued that high taxes have not been viable for small and medium-sized enterprises and had the tendency to derail expansion.
- PT06 said that tax burdens have a tremendous effect on investment.

Theme 15: SMEs should practice a good customer oriented service. The fifteenth theme recognized by some of the participants was to encourage efficient customer-oriented service delivery for SMEs. Some of the participants' experiences stipulated the need for good customer service. The responses from some of the participants were the following:

- According to PT16, customer service should be a priority of every business venture. Besides, customer care brings value creation, thus loyal customers.
- PT03 indicated that any business that has a good relationship with clients would have a competitive advantage.
- PT02 explained that every small business should pay attention to customers' needs and wants to gain competitive advantage.

Theme 16: The culture of innovation should be essential to discount retail enterprises. The sixteenth theme established by the participants was that the culture of innovation should exist in discount retail enterprises. The culture of innovation allows everyone to collaborate to accomplish organizational objectives. A workplace that embraces individuality could encourage employee creativity. Some of the participants' experiences included the need for an innovation culture. Some of the participants' responses were the following:

- PT16 noted that innovation culture encourages teamwork and improves ideas among employees.
- PT10 responded that innovation culture cultivates engagement and allows creativity to drive.
- PT11 replied that working together brings out the best and tends to make everyone valuable.

Findings Confirm, Disconfirm, or Extend Knowledge

Innovation could make a difference in a competitive market, which allows SMEs to streamline its processes. The reality is that there are still huge gaps in the way many SMEs manage their businesses. Chun and Mun (2011) explained that some SMEs are moving towards innovation knowledge to improve their competencies and to build a competitive edge. The participants indicated the need for innovation knowledge to help in the decision phase. Cabello-Medina et al. (2011) observed that the value of employee skills was an essential part of the innovation process. Furthermore, the participants indicated the need for innovation initiative training to strengthen their implementation.

Findings to Conceptual Framework

The findings were consistent with the conceptual framework of the need to accept and implement innovation to foster business development. Rogers (2003) argued that companies must adopt innovation to self-sustain. Moreover, Rogers (2003) defined diffusion of innovations as the process by which the rate of the new idea and technology spread through people of the social community. Christenson (2011) posited that the development of the theory of disruptive innovation was for companies to create future strategies, and have sustained customer service value. The findings were consistent with the need to embrace and implement innovation ideas for business improvement and development. According to Quinn, Mckitterick, McAdam, and Brennan (2013), innovation was the basis for business development and SMEs in the discount retail enterprises could leverage the concept to be successful.

Findings to Existing Literature

All of the participants indicated the need for SMEs in discount retailing to sustain their organization through innovation strategies. Moreover, all respondents showed the need for growth and development. The participants' responses were consistent with the existing literature regarding embracing innovation strategies and the challenges facing SMEs. Ganotakis and Love (2012) observed that the innovation increases the growth of companies, and SMEs must adopt cutting-edge to foster innovation practices. Some of the participants reported the need for an alliance with other enterprises to increase their chances of business success. Companies must adopt the right network and collaborate with other firms to be competitive (Padachi et al., 2012).

The Description of Demographic Findings

The research involved interviewing 20 participants from SMEs in discount retailing (see Appendix D). I captured the essence of the participants through revealing their characteristics and experiences. Table 2 depicts the gender, education level, years in business and position of the participants. The participants had different experiences and came from discount retail enterprises.

Table 2

Participants` Demographic Information

Participant	Gender	Education	Years in Business	Position
PT01	Female	Bachelor`s	4	Owner
PT02	Male	Associate`s	7	Owner
PT03	Female	Bachelor`s	5	GM
PT04	Male	Bachelor`s	11	GM
PT05	Male	Bachelor`s	3	GM
PT06	Male	Master`s	6	Owner
PT07	Female	Associate`s	8	Owner
PT08	Female	Master`s	9	GM
PT09	Male	Bachelor`s	4	Executive
PT10	Male	Bachelor`s	3	Executive
PT11	Female	Associate`s	9	Owner
PT12	Male	Master`s	8	Owner
PT13	Male	Master`s	6	GM
PT14	Male	Master`s	3	Owner
PT15	Male	Master`s	8	Owner
PT16	Female	Associate`s	3	GM
PT17	Female	Bachelor`s	5	Owner
PT18	Male	Bachelor`s	7	GM
PT19	Male	Master`s	8	GM
PT20	Male	Bachelor`s	9	Owner

Applications to Professional Practice

The business leaders could use the outcomes of this study to make crucial decisions regarding integrating innovation into every aspect of the enterprise operation. Further, business leaders could be empowered to be creative and position themselves for competitiveness. The applications to professional practice are the following:

1. The ability to support and promote the cutting edge of innovation.
2. SMEs need innovation initiative programs to enhance their competitiveness.
3. SMEs need knowledge acquisition for innovation development to self-sustain.
4. They need an approach to supporting emerging and old businesses in transforming innovation processes.
5. The ability to support investment in innovation programs.

Implications for Social Change

The implications for social change include the potential to offer business community innovative solutions to achieve change, leading businesses to expand and hire more people. The implications for social change also include the potential to improve good business practices for business owners, leading to increases in local tax revenues, which could help the government strengthen services provided to the community. Furthermore, the implications for social change include the potential to create changes in the business community that might improve performance and increase profit, leading to more revenue for the community. Moreover, social change implications include the potential to provide the business community with the knowledge on innovation strategies, leading to positive economic development and business impacts. The findings of this

study might encourage business owners in the community to adopt and implement innovation, leading to new ideas and the prosperity of businesses.

Recommendations for Action

There are several recommendations:

1. Leadership should accept and implement innovation. The slow acceptance of innovation technology among many enterprises might erode the competitive edge.
2. Some SMEs should commit to sustaining innovation. Government Initiative Programs could promote and back companies to strengthen the benefits of pursuing innovation.
3. The knowledge of innovation should be essential in the implementation phase. Therefore, more training should be necessary to enhance the process.
4. Innovation initiative programs could improve practice and position employee for competitiveness.
5. SMEs should implement innovation for efficiency. Therefore, innovation may provide flexibility and long-term performance.
6. Innovation should foster business development and growth.
7. Innovation should strengthen the competitive market for the long-term success of the discount retail industry.

Business leaders might use the results to transform the business community and society. I will disseminate the results to different organizations, institutions of learning,

and through publication research journals. I believe this study's results will encourage innovation and improve enterprise practice.

Recommendation for Future Research

Recommendations for the future research are as follows:

1. I recommend a future research study focusing on the perception of the enterprises on innovation strategies for SMEs to ascertain core success factors.
2. There should be a future research study on the initiative for innovation to help enterprises acquire the knowledge of the innovation. Knowledge of innovation is the most significant key to developing and practicing innovation (Phelps, Heidl, & Wadhwa, 2012).
3. Future research should target on the challenges that SMEs face in sustaining growth.
4. Future research should target technology collaboration among small and medium firms. Technology sharing is a way of leveraging technical processes to compete efficiently in the market (Colombo, Laurson, & Magnusson, 2012). Moreover, Nieto and Santamaria (2010) argued that if small and medium firms share technology, they could compete with big business.
5. I recommend future research on the lack of a well-functioning SME lending market.

Reflection

This research on innovation strategies for SMEs in the discount retail enterprises was informative and provided a great deal of knowledge regarding innovation. Moreover, I discovered the value of research work and how to integrate the process. I grasped the depth of knowledge and understanding from different scholarly articles. Further, learning the research process positioned me for future research.

The research experience was valuable to me because it was a topic I was very passionate about research. I thought the process of interviewing, transcription, coding, finding patterns and themes, and analyzing data improved my skills as a researcher. Furthermore, I believe the experiences from this study will prepare me for future challenges as a scholar.

Summary and Study Conclusions

The purpose of this qualitative phenomenological study was to explore the successful innovation strategies of SMEs in the discount retail industry. SMEs have been essential for economic growth and the SMEs have sustained the employment market for an extended time (Neumark, Wall, & Zhang, 2011). SMEs have had high rates of business failure in contrast to large companies (Hotho & Champion, 2011). Additionally, the ability to survive depends on innovation at the core of their business strategy. Furthermore, Yeo et al. (2013) claimed that using innovation technology increases the ability to compete, and such innovation has been an area of interest that many business leaders are exploring.

As innovation strategies become necessary, leaders will undergo more pressure to deliver and gain a strategic advantage in the company. The main problem facing many SMEs is the lack of innovation strategies (Hotho & Champion, 2011). Innovation for SMEs in discount retailing is becoming relevant. According to Morgan (2012), the future of firms depends on innovation. Moreover, Morgan stated that companies innovate because they need to streamline the process to increase productivity and performance. SMEs need creative management that can encourage employee creativity, new knowledge, and competencies necessary for twenty-first century management.

The problem addressed was a lack of knowledge of successful innovation strategies in the discount retail industry. I used a qualitative phenomenological design to explore successful innovation strategies. I employed open-ended interview questions, and the process helped me as a researcher to gather lived experiences of 20 participants from the discount retail industry. I used a coding system and analyzed the data. I found that all the participants' responses were consistent with the current literature on the need for innovation. I found data saturation by going through the material of the interviews and examining other data sources. Moreover, I searched through the data until no additional valuable insights were possible. Therefore, it was reasonable to believe that further interviewing was unlikely to produce different data.

All of the respondents indicated that leaders of SMEs in discount retailing had the perception that innovation should be crucial to growth, competitive strategies, and improvement of the enterprises. Some of the participants also indicated that innovation was useful when organizations have the full commitment to innovation, but other

respondents disagreed on the goal. Further, some participants revealed the lack of resources and fear of the unknown regarding innovation might derail their intention to invest in innovation.

Additionally, all of the participants indicated that knowledge of innovation should be essential in the implementation phase. Therefore, more training is necessary to enhance the process. Further, some of the respondents indicated that the innovation initiative program could improve practice and position SMEs for competitiveness. Social change could involve enabling innovation through adoption, implementation, economic development, and improvement of business practice.

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Appendix A: Interview Questions

The interview questions focused on innovation strategies of SMEs in the discount retail industry. The problem addressed was a lack of knowledge of successful innovation strategies of small and medium-sized enterprises in the discount retail industry. I employed open-ended interview questions, and the process helped me as a researcher to gather lived experiences of 20 participants from the discount retail industry. The researcher posed the following questions in each interview:

1. How do you define innovation?
2. What is successful innovation?
3. How does innovation streamline company operation?
4. How do you justify the investment in innovation, in the company?
5. As a top manager, what is your perception of innovation?
6. What successes has the company had in investing in innovation?
7. How do you produce a desirable result in the company through innovation?
8. How does innovation help in a competitive market?
9. How do you use innovation in increasing the growth of the company?
10. What are the challenges in innovation?
11. How do you allocate resources for innovation?
12. How does innovation improve cost?
13. How do you deliver value to customers through innovation?

Appendix B: Informed Consent Form

This informed consent form is to make the participant aware of the proposed study and inform the participant of the processes regarding the interview. If a participant agreed to interview, the rights would be protected by the rules of ethics. If a participant wishes to withdraw from the interview, that decision will be honored as part of the rules to protect participants. Risks in this interview do not involve more than the normal daily minimal risk occurrence.

The interview will be about 30 minutes, and participation would be voluntary. The interview will include a tape recorder. There will be no direct benefit to the participants, and all participants will receive equal treatment. Additionally, there will not be any paid compensation for participating in the study. The participant shall keep a print copy of the consent form. The interview will be in central North Carolina, in the offices of participants to maintain the privacy. The participants will be knowledgeable adults who have job experiences, and are the owners and executive managers of discount retailing. After the interview, the participant will be asked to review a copy of the transcript to ensure I accurately recorded what they said. Data will be in a safe place for at least five years to protect the rights of participants. Afterward, data would be deleted. Data will not be for any other purpose rather than the research.

The Author:

Godwin Okonkwo is conducting this study. A doctoral student at Walden University. The area of doctoral research is Entrepreneurship. My goal is to find different

ways small and medium-sized enterprises in the discount retail industry could be competitive.

The Background of the Study:

The purpose of this study is to explore successful innovation strategies for small and medium-sized enterprises in discount retailing. Furthermore, innovation strategies are the core for business growth and development. The study may provide the potential to improve business practice.

The Confidentiality Statement:

Data collected during the interview will be confidential. I will use the coding system for the participant to protect names, and unintended disclosure of information, such coding as PT01 and PT02 represents the participants. I will ensure that the participant's name will not be inclusive in the analysis of the study to protect the rights of the participants. As a participant, you can ask a question at any time in the process. If you choose to ask questions after the interview, you may contact the researcher at godwin.okonkwo@waldenu.edu. If you have questions about your rights, you may contact Walden University representative at irb@waldenu.edu or call (612-312-1210). Walden University's approval number for this study is 12-17-14-0318271, and it expires on December 16, 2015.

The Statement of Consent:

As a participant, I have read the consent form provided, and I understand the information presented. I agree to the terms specified above.

The Name of the Participant _____

The Consent Date _____

The Participant's Written Signature _____

The Researcher's Signature _____

Appendix C: Summary of Responses to Interview Questions

The tables of responses to interview questions represent the experiences of participants, the number of participants that offered this type of response, and the percentage of participants who did so.

How do you define innovation?

The experiences of participants	Number offered this experience	Percentage of participants
Increase in value	5	25%
Innovation should improve the operation	2	10%
Innovation involves technology	3	15%
Development of product and service	1	5%
Change in product and service value	4	20%
Innovation involves a new idea	2	10%
Change in business development	1	5%
Change in the streamline of business process	2	10%

What is successful innovation?

The experiences of participants	Number offered this experience	Percentage of participants
The commitment to innovation	5	25%
Innovation that should make company Increase growth	6	30%
innovation that improve product and Service	2	10%
Innovation that streamline business Expenses	3	15%
Innovation that should improve management process	1	5%
Innovation that could create the culture of teamwork	1	5%
Innovation that could speed-up delivery from production to warehouse	1	5%
Innovation that could increase competitive positioning	1	5%
Innovation that could align processes		

How does innovation streamline company operation?

The experiences of participants	Number offered this experience	Percentage of participants
Contribute to planning strategy	3	15%
Increase efficiency in the operation	5	25%
Effective inventory rotation should be essential	2	10%
Ability to maintain cost efficiency	3	15%
Reduces time factor from production to delivery	2	10%
Increase technology efficiency process	4	20%
Align employees together	1	5%

How do you justify the investment in innovation?

The experiences of participants	Number offered this experience	Percentage of participants
When benefit outweighs the cost	6	30%
Perform better than expected	6	30%
Investment expectations are right	2	10%
When organization starts to feel the impact	1	5%
Bottom-line start to show positive result	1	5%
profit start to emerge	3	15%
When stock price increases	1	5%

As a top manager, what is your perception of innovation?

The experiences of participants	Number offered this experience	Percentage of participants
Innovation should be useful	5	30%
Company have sustained a commitment	7	35%
Necessary for the long- term goal	2	10%
Managers and employees are feeling the impact	1	5%
Improving the company help in business development	1	5%
competitive advantage	2	10%

What success has the company had in investing in innovation?

The experiences of participants	Number offered this experience	Percentage of participants
More competitive outlook	5	25%
Change of growth	6	30%
Involve in more opportunities	1	5%
Acceptance and implementation stage	2	10%
Improve business processes	2	10%
Respond to change	2	10%
Sustained commitment to improving innovation	2	10%

How do you produce a desirable result in the company through innovation?

The experiences of participants	Number offered this experience	Percentage of participants
We would continue to be consistent and committed	7	35%
We should be doing better than previous year	4	20%
Increase market share for our products	1	5%
Fostering employee collaboration	1	5%
Creating value for customers	2	10%
Creating a culture of innovation	1	5%
Empowering individual creativity	2	10%
Create a sustainable long-term framework	2	10%

How does innovation help in a competitive market?

The experiences of participants	Number offered this experience	Percentage of participants
The ability to respond to change in the marketplace	3	15%
Increase in competitiveness	6	30%
Enhance human and social capital	2	10%
Increase awareness in the marketplace	1	5%
Follow the emerging trend	1	5%
Ability to close the gap in the market	3	15%
Supply chain speedy delivery	2	10%
Create an edge with products	2	10%

How do you use innovation in increasing the growth of the company?

The experiences of participants	Number offered this experience	Percentage of participants
The knowledge of innovation	6	30%
Streamline operation	4	20%
Consistently commit to Innovation	5	25%
Increase the value of the company	1	5%
Produce quality products and services	1	5%
Enhance the delivery to customers	1	5%
Improving teamwork	1	5%
Align managers and employees	1	5%

What are the challenges in innovation?

The experiences of participants	Number offered this experience	Percentage of participants
Finding the resources for investment	5	25%
Regulations discourage investment	3	15%
High taxes discourage investment in innovation	4	20%
Lack the knowledge for innovation	5	25%
Lack of finance discourage innovation	1	5%
Lack research and development of a new idea	1	5%
The decision to accept or deny implementation of innovation	1	5%

How do you allocate resources for innovation?

The experiences of participants	Number offered this experience	Percentage of participants
We have to evaluate capital investment	5	25%
Make board decision to invest	5	25%
We make sure we have the resources	4	20%
We prioritize investment to the long-term benefit	3	15%
Use dividends re-investment practice	1	5%
We sometimes borrow loans	1	5%
We use company savings	1	5%

How does innovation improve cost?

The experiences of participants	Number offered this experience	Percentage of participants
Streamlining business Operation	3	15%
When we maintain consistently growth	4	20%
Involve in the culture of innovation	2	10%
When everyone has sustained a commitment to innovation	4	20%
Align all parts of the company	1	5%
When we attain sustainable strategy	1	5%
When management and employees are creative	1	5%
Refrain from an unsustainable framework	1	5%
When we have an edge in the marketplace	1	5%
Everyone has one objective	1	5%

How do you deliver value to customers through innovation?

The experiences of participants	Number offered this experience	Percentage of participants
Improve product and service value	4	20%
Listen to customer`s complaint	3	15%
Be customer oriented	5	10%
Give customers what they want	1	5%
We must endeavor to consider customer`s opinion	1	5%
Met customer`s need	1	5%
Deliver customer needs in a faster pace	1	5%
Create value through discount coupons	1	5%
Create value through prize reduction	1	5%
Engage in customer relationship management	1	5%
Involve customers on products decision	1	5%

Appendix D: Participants Demographics Questionnaire

Gender: Male or Female.

Age as of the time of interview?

Range: 21-31 ___ 31-41___ 41-51 _____ 51 and up ___

Educational level? _____

Has the participant completed

1. High School? _____
2. Junior College _____
3. 4 year college _____
4. Master degree/MBA _____
5. Ph.D./Doctorate _____

Marital status of the participant? _____

How many years has the participant been in business? _____

What is an annual income of the participant? _____

Appendix E: Interview with Participant

I conducted open-ended interview questions with the participant (PT19), and the process helped me as a researcher to gather lived experiences of the participant. I used the coding system for the participants to protect names, and unintended disclosure of information, such coding as PT01 and PT02 represented the participants. I also ensured that the participant's name would not be included in the analysis of the study to protect the rights of the participant. The excerpt showed how the participant answered some of the questions as reflective of the phenomenon.

Interviewer: How do you define innovation?

Participant: Innovation has a different meaning to every entrepreneur. It might mean the increase of product or service value, the pursuit of the new way of managing the operation, or new technology that could bring a change in the production process.

Interviewer: What is successful innovation?

Participant: Innovation that has been proven to be sustainable for business growth and the development of strategies. Furthermore, it could mean innovation that could improve the operation. The implementation of innovation has to align to integrate with organizational culture. I could implement an innovative application, but it has to fit the company needs or the company would end up wasting money.

Interviewer: How does innovation streamline the business operation?

Participant: It was important to note that when SMEs accept innovation and implementation, the intention was to save time and money in the process. Also, the purpose of streamlining operation could be to improve production and bottom-line.

Interviewer: How do you justify the investment in innovation, in the company?

Participant: As long as the benefits outweigh the cost, consequently, the company has accomplished the purpose. Moreover, employees' involvement in network interaction and exercise freedom for creativity. Additionally, innovation brings a new form of teamwork. Furthermore, the enterprise could justify the investment in innovation when the benefits are not eroding.

Interviewer: As a top manager, what is your perception of innovation?

Participant: I have always taken the initiative for change in my organization. My perception has been that a new way of improving our operation would be beneficial to the company. I have positive prospect regarding innovation in the company.

Interviewer: What success has the company has in investing in innovation?

Participant: I utilized the innovative application to enhance the process, and the enterprise has gained some level of success in the process, especially in the cost and inventory control. The company was still expanding, right now the company was using Radio Frequency Identifier (RFI). The tag contained electronically stored information to identify all the supply chain distribution shipment from the warehouse. The managers would know when the product arrive and who received the goods. Radio Frequency Identifier seems valuable in the supply chain process.

Interviewer: How do you produce a desirable result in the company through innovation?

Participant: When everyone in the company strives to achieve, the result may be beneficial. I encourage my employees to incorporate and foster so that everyone should be in one objective. The idea was to establish company alignment with everyone to promote success.

Interviewer: How does innovation help in a competitive market?

Participant: In a competitive market the speed of delivery of products becomes more necessary. Although quality, price, and package are necessary, if a company does not position its supply chain for competitiveness, they may lose customers.

Interviewer: How do you use innovation in increasing the growth of the company?

Participant: The impact of innovation has been tremendous. It aligned processes, including employees and allows for better integration of strategies. In so doing, the company could create a framework that would be sustainable both long-term and a short-term goal.

Interviewer: What are the challenges in innovation?

Participant: The challenges are government regulations and high taxes that derail investment decision for SMEs. The cost burden of high taxes and regulation is larger for SMEs in the discount retail enterprises than big businesses. SMEs need government incentive to borrow money at a cheaper rate.

Interviewer: How do you allocate resources for innovation?

Participant: I created a committee to evaluate long-term and short-term decision on investments. In the last five years, the committee has made an excellent decision in

term of making a priority of investment decision and has paid off for our company. The committee makes an investment decision on the demands of our customers so that the company could maintain value and loyalty.

Interviewer: How does innovation improve cost?

Participant: I improved the cost by streamlining operation processes. I also implemented an application that would inform management that products in the inventory are small. After that, the application software automatically notifies the warehouse to deliver those products. I tried to cut down on wasteful expenditure. I buy according to the needs of the company and following the good business practice.

Interviewer: How do you deliver value to customers through innovation?

Participant: I instituted a training program for providing value to customers. The employees are involving in improving the value of products and services to our clients. Customers are the number one priority, and every employee must do their best to serve them. The company even seek their opinion regarding what products to buy. Furthermore, the management provides discount programs for our loyal customers.

Thank you.

Appendix F: Permission to Conduct Interview

Enterprise A

Date: **xxxxx**

Dear Mr. Okonkwo,

I received your e-mail requesting my participation in a research study on innovation strategies for small and medium-sized enterprises in Central North Carolina. I reviewed your proposal, and I found the business suggestions valuable. I understood the interview would be at individual discretion, and individual participating will have the right to withdraw at their request.

I would make available what is needed to help you complete the interview process. I also understand that the course of the interview and data collected will be kept confidential. I at this moment permit you to conduct an interview.

Sincerely,

Permission Signature 

Contact _____