

# **Information Sources Used by Contractually-Integrated Retail Entrepreneurs: A Preliminary Study**

Arto Lindblom  
Helsinki School of Economics

This is a preprint of an article whose final and definitive form has been published in the *Journal of Small Business and Enterprise Development* © 2008 copyright Emerald Group Publishing Limited. Lindblom, Arto. "Information Sources Used by Contractually-Integrated Retail Entrepreneurs: A Preliminary Study." *Journal of Small Business and Enterprise Development*, 15(3): 527 – 539; *The Journal of Small Business and Enterprise Development* is available online at:  
<http://www.emeraldinsight.com/Insight/viewContentItem.do;jsessionid=8FAA2C041CAA3C4918B35FF68940E59D?contentType=Article&contentId=1740742>

*Journal of Small Business and Enterprise Development.*

Vol. 15, No. 3. (2008)

**Information Sources Used by Contractually-Integrated Retail  
Entrepreneurs: A Preliminary Study**

Arto Lindblom

Professor (acting), Docent

Helsinki School of Economics (HSE)

Department of Marketing and Management

Lapuankatu 6

FIN-00100 Helsinki

FINLAND

Tel. +358-50-312-0929

[arto.lindblom@hse.fi](mailto:arto.lindblom@hse.fi)

# **Information Sources Used by Contractually-Integrated Retail Entrepreneurs: A Preliminary Study**

## **Abstract**

### **Purpose**

This study focuses on the use of information sources by contractually-integrated retail entrepreneurs. The research question is as follows: how can the use of information sources by contractually-integrated retail entrepreneurs be classified using the dimensions of “external/internal” and “formal/informal”? In addition to analyzing the use of information sources, this study sheds light on the relation between the information sources used by retail entrepreneurs and retail entrepreneurs’ effectiveness.

### **Design/methodology/approach**

An Internet survey study was conducted among K-retailers from K-alliance. K-retailers are independent retail entrepreneurs who own and manage their retail businesses, and who invest considerable personal and financial resources in these enterprises. The total number of questionnaires sent out was 1170. Of these, 226 were satisfactorily completed for use in the analysis.

### **Findings**

The study reveals that the majority of contractually-integrated K-retailers rely on external information sources when making decision at the store level. Internal information sources are used by only a small minority of K-retailers. In addition, the use of formal information sources seems more likely to increase the level of sales than does the use of informal sources.

### **Research limitations/implications**

With regard to future research avenues, there is a need for a more comprehensive framework that takes into account the contextual factors and the structural characteristics of retailing organizations. In addition, the perceived reliability of information sources should be considered in assessing the use of various information sources.

### **Practical implications**

This study contends that the effectiveness of the contractually-integrated retail entrepreneurs is related to individual retailers’ ability to take advantage of formal information sources.

### **Originality/value**

This study provides a new point of view regarding perspective on the use of information sources by contractually-integrated retail entrepreneurs. This study also illustrates the relation between the use of information sources and retail entrepreneurs’ effectiveness.

**Keywords:** Information sources, contractually-integrated retail entrepreneurs, effectiveness

**Paper type:** Research paper

# **Information Sources Used by Contractually-Integrated Retail Entrepreneurs: A Preliminary Study**

## **1. INTRODUCTION AND PURPOSE**

Knowledge management is one of the hottest topics in the retailing industry. Knowledge is arguably the most valuable resource that retailing organizations have, and knowledge management is the one of the most important management practices amongst retailers (see e.g. Watsona et al., 2005; Sorenson & Sorensen, 2001). Consequently, large international retailing organizations such as Tesco and Wal-Mart have invested heavily in knowledge management systems and processes since the 1990s. Several major consulting companies now offer retailers assistance and sophisticated information technology-based systems for knowledge management (Alavi & Leidner, 1999; 2001).

Although a great deal of has been written about the importance of knowledge in retail management, relatively little attention has been paid on the ways in which retailing organizations create knowledge. Lópes et al. (2005) have pointed out that an organization that dynamically deals with a changing environment not only processes information efficiently, but also creates information and knowledge (see also Sanchez, 2001; 2004; 2005).

Nonaka (1994) argues that organizational knowledge is created through an upward spiral process, from the individual to the group, to the organizational level (see also Nonaka & Konno, 1998; Nonaka et al. 2000; 2006). According to Sanchez (2005; see also 2001; 2004), organizational knowledge is the knowledge that individuals and groups in an organization develop through their learning processes. Sanchez (2005, p. 28) states that “managers must therefore create broadly-based knowledge sharing and learning processes that stimulate and draw on the learning of all individuals and groups in generating the best possible flow of new ideas for their organizations.”

Although researchers have intensively studied learning in an organizational context, there is still little agreement on what learning actually means (see e.g. Akbar, 2005; Aksu & Özdemir, 2005; Kim, 1993). Without entering into complex conceptual debate among different views of learning, this study will concentrate on (new) information gathering, realizing that this phase is essential for learning and creating (new) knowledge in an organizational context (see e.g. Bender & Fish, 2000; Kalpic & Bernus, 2006).

However, this paper will not describe alternative information gathering processes or styles; instead it will focus on the use of information sources by contractually-integrated retail entrepreneurs. The information sources are divided into two classes: location and status (see e.g. Kaye, 1995; Brossard, 1998; Moriarty & Spekman, 1984). Location is subdivided into external and internal information sources, and status is divided into formal and informal information sources (Kaye, 1995). Based on this classification, the research question is formulated as follows: how can the use of information sources by contractually-integrated retail entrepreneurs be classified using the dimensions of “external/internal” (location) and “formal/informal” (status)?

In addition to analyzing the use of information sources by contractually-integrated retail entrepreneurs, this study examines the relation between the information sources used by contractually-integrated retail entrepreneurs and retail entrepreneurs’ effectiveness. More specifically, the goal of the study is to understand the way in which differences in the use of information sources by contractually-integrated retail entrepreneurs are reflected in their revenue-generating capability (see e.g. Keh et al. 2006; Mouzas, 2006). Effectiveness-oriented concepts are the level of sales, sales growth, and relative market share. Effectiveness is not the same as efficiency (Mouzas, 2006; Sandvik & Sandvik, 2003). Efficiency is a measure of operational excellence (Mouzas, 2006). In short, efficiency is concerned with minimizing costs and improving operational margins; effectiveness is the retailer's ability to generate business growth (Mouzas, 2006).

The subjects of the study are contractually-integrated K-retail entrepreneurs in Finland. K-retailers are entrepreneurs who own and manage their retail businesses, and who invest

considerable personal and financial resources in these enterprises. K-retailers belong to K-alliance, one of Finland's largest retail organizations. Amongst the members of K-alliance are Kesko, Finnish K-retailers, and the K-retailers' Association (Mitronen & Möller, 2003).

## **2. KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL LEARNING**

In today's turbulent and complex business environment, knowledge is the most significant competitive asset that an organization can possess (see e.g. Halawi et al., 2005; Kalpic & Bernus, 2006; Sanchez, 2001; 2005). Consequently, it is not surprising that over the last years several perspectives have emerged, focusing on the acquisition of (new) knowledge in an organizational context and using that knowledge to improve organizational performance. Perhaps the best-known approach to the use of the knowledge in an organizational context is "knowledge management." Knowledge management is first and foremost a managerial approach whose core function is to help managers to capture and share their knowledge, experience and expertise (see e.g. Bennet & Bennet, 2004; Firestone & McElroy, 2004). As Sabherwal and Sabherwal (2005, p. 533) put it, "knowledge management focuses on organizing and making available important knowledge, wherever and whenever it is needed" (see also Gorelick & Tantawy-Monsou, 2005; Halawi et al., 2005; Kalpic & Bernus, 2006).

Sabherwal and Sabherwal (2005) argue that knowledge management requires a multidisciplinary approach with roots in information processing theory, organizational learning theory, knowledge-based theory of the firm, and theory of knowledge creation. Kalpic and Bernes (2006), instead, state that the result of the learning organization, business process re-engineering, business process modeling, quality management and business intelligence movements can be used as a foundation for knowledge management and the building of knowledge-based companies.

It has been argued that there is a close relationship between knowledge management and organizational learning. Bennet and Bennet (2004) have stated that these two approaches

are interdependent and inseparable. According to Bennet and Bennet (2004), both knowledge management and organizational learning use knowledge generation and knowledge sharing as foundation elements. Firestone and McElroy (2004) have argued that the relationship of organizational learning and knowledge management is close enough to be termed “intimate.” The terminology may vary, but the concerns of both fields are largely the same. Therefore, according to Firestone and McElroy (2004), knowledge management and theory of organizational learning should join forces and become a single discipline.

Lópes et al. (2005) define organizational learning as a dynamic process of creation, acquisition and integration of knowledge aimed at the development of resources and capabilities that contribute to better organizational performance. Bennet and Bennet (2004) argue that organizational learning occurs when groups of people learn to interact, share their knowledge, and act in a manner that maximizes their combined capacity and ability to understand and take effective action (see also Fiol & Lyles, 1985; Sabherwal & Sabherwal, 2005; Sanchez, 2005).

According to Lópes et al. (2005), the major challenge for organizational learning theory is to understand the processes of learning in an organizational context. Several authors have conceptualized the processes of organizational learning (see e.g. Day 1994; 2002; Huber, 1991). For example, Huber (1991, adapted from Aksu & Özdemir, 2005) concluded that learning has four components:

1. acquiring information
2. distributing the information
3. interpreting the information
4. organizing the memory of information.

Lópes et al. (2005) identified four different learning processes:

1. knowledge (or, alternatively, information) acquisition

2. distribution, by means of which knowledge is spread among the members of the organization
3. interpretation, in which members share and incorporate aspects of their knowledge
4. storage of knowledge for future use.

Day (1994; 2002) proposes that organizations learn through the following three linked processes:

1. sensing
2. sense-making
3. reflection.

It can therefore be argued that although the terminology related to learning processes differs from author to another, the defined learning processes are relatively similar.

### **3. INFORMATION GATHERING AND VARIOUS INFORMATION SOURCES**

The search for information (i.e. sensing) has long been recognized as an important phase in learning and decision-making in an organizational context (see e.g. Aksu & Özdemir, 2005; Brossard, 1998; Day, 1994; 2002). As Nonaka (1994) argues, information is necessary for the creation of knowledge. In short, information gathering (active or passive) plays a significant role when (new) knowledge is created and restructured in an organizational context. Information can be acquired through sensory stimulation, listening to and observing others, or reading (see e.g. Day, 1994; 2002; Kalpic & Bernus, 2006). However, the present study is more interested in use of various information sources rather than information gathering processes or styles. In other words, the aim is to answer the question of *from where*, not *how* information is gathered.

Kaye (1995) has conducted a conceptual study of different types of information sources. Kaye (1995) argues that main ways of classifying information sources are by format,

status and location (see Auster & Choo, 1993; Brossard, 1998; Moriarty & Spekman, 1984):

- Format: oral vs. documentary; textual vs. audio-visual/multimedia; paper-based vs. electronic.
- Status: personal vs. impersonal; formal vs. informal; published/open vs. unpublished/confidential/secret.
- Location: internal vs. external.

Kaye (1995) argues that some of the categories for classifying sources are less useful than others. According to Kaye (1995), formal/informal (for status) and internal/external (for location) are the most useful. Kaye (1995) argues that formal/informal dimension against the external/internal dimension framework captures the totality of the network of sources available to the information seeker. Table I illustrates Kaye's framework (1995; see also Brossard, 1998; Moriarty & Spekman, 1984).

Table I          Types of information sources available to managers (Kaye, 1995, p. 18)

Location of information source	Status of information source	
	Formal	Informal
External	<b>External-formal (EF) information sources</b> <ul style="list-style-type: none"> <li>▪ publications</li> <li>▪ electronic information services</li> <li>▪ customers, suppliers</li> <li>▪ market research organizations</li> <li>▪ business statistics offices</li> <li>▪ other</li> </ul>	<b>External-informal (EI) information sources</b> <ul style="list-style-type: none"> <li>▪ trade contacts</li> <li>▪ personal advisers</li> <li>▪ professional associates</li> <li>▪ unofficial personal networks</li> <li>▪ social and family contacts</li> <li>▪ other</li> </ul>
Internal	<b>Internal-formal (IF) information sources</b> <ul style="list-style-type: none"> <li>▪ reports</li> <li>▪ memoranda</li> <li>▪ working instructions</li> <li>▪ budget statements, accounts</li> <li>▪ analysis and test results</li> <li>▪ other</li> </ul>	<b>Internal-informal (II) information sources</b> <ul style="list-style-type: none"> <li>▪ colleagues (including superiors, subordinates, staff of other departments, board members)</li> </ul>

In short, formal sources are constituted in some regularized or legal manner in relation to the user; informal sources are not (Kaye, 1995; see also Brossard, 1998; Moriarty & Spekman, 1984). According to Kaye (1995), formal sources are often also impersonal, and informal sources are often personal. External information sources are located outside of the organization. The use of external information sources means that a manager looks beyond the organization's boundaries in his/her search for information (Kaye, 1995). Internal sources, in contrast to external sources, are sources that are generated by the organization's own resources and people. In other words, internal sources are within, not outside, the organization.

The formal/informal dimension (status) and the external/internal dimension (location) constitute the following four information sources (Kaye, 1995):

- External-formal (EF)
- External-informal (EI)
- Internal-formal (IF)
- Internal-informal (II)

Based on the classification of information sources, the present study will analyze the use of these information sources by contractually-integrated retail entrepreneurs. Although it can be assumed that contractually-integrated retail entrepreneurs utilize a mix of information sources (see e.g. Auster & Choo, 1993), each retailer has a certain preference for location and status.

#### **4. RESEARCH DESIGN**

The research design used in this study was an informed survey using data from a sample of K-retailers. K-retail entrepreneurs are contractually-integrated retail entrepreneurs who operate fairly independently and are responsible for primary investments in the store. K-retailers belong to K-alliance (Mitronen & Möller, 2003).

The sample for the present study consisted of 1170 K-retailers from K-alliance. An Internet survey was conducted (with Webropol software) in May 2005. A total of 247 K-retailers completed the survey, of which 226 responses (19.3%) were satisfactory for data analysis. This is satisfactory for the present analytical purposes.

The theoretical constructs of the study were measured on multi-item scales. Each item was measured on a five-point Likert-type scale (“1”=“strongly disagree”; “5”=“strongly agree”). For each of the constructs, scale scores were computed as the means of the individual items. When necessary, reverse scoring was done.

The following items were used to measure the formal/informal construct:

- For my decision-making, I actively gather electronic point of sales (EPOS) data
- For my decision-making, I actively gather formal research results on consumers’ buying behaviour
- For my decision-making, I actively gather data provided formal CRM systems of K-alliance
- For my decision-making, I actively gather formal sales figures and accounts
- For my decision-making, I actively gather published documents and reports
- For my decision-making, I actively gather others’ informal (i.e. personal) opinions

Cronbach’s alpha was used to determine whether items are sufficiently interrelated to justify their combination as a construct. Typically, reliability coefficients of 0.7 or more are considered adequate (Nunnally, 1978). However, Nunnally (1978) states that acceptable Cronbach’s alpha values for new scales can be taken as 0.6. The scales exhibiting reliability values greater than 0.7 can be accepted straightaway. In the present study, Cronbach’s alpha of the formal/informal construct was 0.66, which is sufficiently high (Nunnally 1978; Nunnally & Bernstein 1994).

The following items were used to measure the external/internal (location) construct:

- For my decision-making, consumers are a very important source of information
- For my decision-making, suppliers are a very important source of information
- For my decision-making, other organizations such as market research companies that do not belong to K-alliance are very important information sources
- For my decision-making, personnel of my K-store are a very important source of information
- For my decision-making, other K-retail entrepreneurs (i.e. my retail entrepreneur colleagues) are a very important source of information
- For my decision-making, the central unit of K-alliance (i.e. Kesko) is a very important source of information
- For my decision-making, K-retailers' Association is a very important source of information.

Cronbach's alpha of the external/internal construct (0.73) is sufficient for research purposes (Nunnally 1978; Nunnally & Bernstein 1994). The present study argues that K-retailers' external information sources are customers, suppliers and organizations such as market research companies that do not belong to K-alliance. The personnel of the K-store, other K-retail entrepreneurs, central unit Kesko, and K-retailers' Association are the internal sources.

The value categories for the composite variables are as follows: with respect to the dimension of status (i.e. formal/informal), if the value was between 6 and 18, it was categorized as "informal." If the value was between 19 and 30, the status was categorized as "formal." With respect to the dimension of location (i.e. external/internal), if the value was between 7 and 21, it was categorized as "external." If the value was between 22 and 35, location was categorized as "internal."

In addition to analyzing the use of various information sources amongst K-retail entrepreneurs, this study examines on the relation between the information sources used

by K-retail entrepreneurs and K-retailers' effectiveness. Effectiveness is the revenue-generating capability of K-retail entrepreneurs. The present study assessed the effectiveness of K-retailers by posing the following survey question:

- The level of sales of my K-store has increased significantly over the last three years
- The level of sales of my K-store has increased moderately over the last three years
- The level of sales of my K-store has been static over the last three years
- The level of sales of my K-store has decreased moderately over the last three years
- The level of sales of my K-store has decreased significantly over the last three years

The number of value categories was decreased from five to three by combining Categories 1 and 2 and Categories 4 and 5.

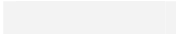
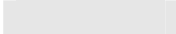


## **5. RESEARCH RESULTS**

The objective of the present study was to analyze the use of various information sources amongst contractually-integrated retail entrepreneurs. According to the research results, the largest percentage of contractually-integrated K-retailers (46.8%) use external-informal (EI) information sources. The second-largest percentage of K-retail entrepreneurs (36.4%) prefer to use external-formal (EF) information sources. Only a small minority of K-retailers prefer either internal-formal (IF) or internal-informal (II) sources. In total, external information sources are extensively used by K-retail entrepreneurs. As it Table II shows, more than 80% of the respondents use mainly external sources. Less than 20% of K-retailers rely on internal sources. As far as formal-informal dimension is considered, there seems to be two equal groups that are more or less opposed to each other. On the other hand, there are K-retailers who prefer mainly formal sources (40.9 %) and on the other hand, there are K-retailers who prefer mainly

informal sources (59.1 %). The results are discussed in more detail in section 6. The results are discussed in Section 6.

Table II Information sources used by K-retail entrepreneurs

		Status of information		Row Total
		Formal	Informal	
Location of information	External	80 36.4%	103 46.8%	183 83.2%
	Internal	10 4.5%	27 4.5%	37 16.8%
Column Total		90 40.9%	130 59.1%	n= 220 100%

-  = K-retail entrepreneurs who prefer to use external-formal (EF) information sources
-  = K-retail entrepreneurs who prefer to use external-informal (EI) information sources
-  = K-retail entrepreneurs who prefer to use internal-formal (IF) information sources
-  = K-retail entrepreneurs who prefer to use internal-informal (II) information sources

Pearson Chi-Square .043

In order to illustrate the possible relation between the information sources used by K-retailers and K-retail entrepreneurs' effectiveness, crosstabulations were conducted (Table III and Table IV).

Based on the first crosstabulation (Table III), 64.8% of the K-retailers who prefer to use formal information sources have increased their sales over the last three years, and 24.2% of them have run into trouble as far as the level of sales is considered. For 11.0% of them, the level of sales has neither increased nor decreased. Further, of the 46.5% of K-retailers who prefer informal sources, some of them have been able to increase their sales, but 40.2% of them have seen a decrease in their level of sales. For 13.4% of these K-retailers, the level of sales has not changed. To sum up, it can be argued at least to some extent that the use of formal information sources is more likely to increase the level of sales than is

the use of informal sources. Furthermore, using formal sources seems to make the decrease in level of sales less likely than using informal sources. However, to assess this issue more directly, it is necessary to conduct more comprehensive empirical studies on the relation between the status of the information source and the levels of sales.

Table III Relation between status of information source and the levels of sales

		Status of information source		
		Formal	Informal	Total
The level of sales	Increased	59 64.8%	59 46.5%	118 54.1%
	Unchanged	10 11.0%	17 13.4%	27 12.4%
	Decreased	22 24.2%	51 40.2%	73 33.5%
	Total	91 100%	127 100%	n =218 100%

Pearson Chi-Square .022

Table IV presents the crosstabulation conducted between the location and the effectiveness. However, this crosstabulation was not statistically significant. Thereby, it cannot be said that either of the alternative information sources (external or internal) is more likely to increase (or decrease) the level of sales.

Table IV Relation between location of information source and the levels of sales

		Location of information source		
		External	Internal	Total
The level of sales	Increased	100 54.6%	18 50.0%	118 54.1%
	Unchanged	21 11.5%	6 16.7%	27 12.3%

Decreased	62	12	74
	33.9%	33.3%	33.8%
Total	183	36	n = 219
	100%	100%	100%

---

Pearson Chi-Square .677

---

## 6. DISCUSSION

According to this study, contractually-integrated K-retailers look beyond the boundaries of K-alliance when they search for information for their decision-making. Internal information sources (i.e. sources that are located within K-alliance) were used by only a small minority of K-retailers.

It is interesting to examine why the majority of K-retail entrepreneurs seem to prefer external sources more than internal information sources. One explanation for this could be that these external sources have more valuable information than internal sources for K-retailers. A bolder explanation could be that K-retailers do not perceive internal sources of K-alliance as reliable enough and thus, they prefer more external information sources. This interpretation is in line with Kaye (1995), who states that an individual uses information only if he/she finds it relevant, timely and accurate and if the source is believed to be reliable. However, to assess this issue, it is necessary to study, in greater detail, how K-retailers determine the reliability of various information sources and what the connection between reliability and actual use of information sources is. One explanation for the preference for external information sources might be found in K-alliance's systems of training. K-alliance might prepare K-retailers to gather information actively from external and formal sources rather than from internal and informal ones.

As far as formal-informal dimension is considered, it was interesting to find out that there emerged two equal groups amongst K-retail entrepreneurs. On the other hand, there were K-retailers who preferred formal sources and on the other hand, there were K-retailers who preferred informal sources. Furthermore, K-retailers who lean on formal sources are

somewhat more likely to see sales growth than are those who use informal sources. Furthermore, using formal sources seems to prevent the decrease in level of sales more than using informal sources does. One could argue that retail entrepreneurs who gather information from formal sources will eventually perform better than those who try to take advantage of informal information sources. However, this preliminary study cannot make definitive judgments about the relation between the information sources used by retailers and retail entrepreneurs' effectiveness.

It would be worthwhile to explore why the use of informal sources does not support the effectiveness of retail entrepreneurs. Is it possible that informal sources are unreliable or are somehow misleading retailers to make incorrect decisions? Are K-retailers who use formal information sources more analytical and more thorough in their decision-making than those who use informal sources? The answers to these questions must be left to future research.

## **7. CONCLUSIONS**

The present study has focused on the use of various information sources by contractually-integrated retail entrepreneurs. The research question is formulated as follows: how can the use of information sources by contractually-integrated retail entrepreneurs be classified by using the dimensions of "external/internal" (location) and "formal/informal" (status)? In addition, this study sheds light on the relation between the information sources used by contractually-integrated retail entrepreneurs and retail entrepreneurs' effectiveness.

The study found that the majority of contractually-integrated K-retailers rely on external information sources when making decisions at the store level. Internal information sources were used by only a small minority of K-retailers. The study discussed the reasons for the extensive use of external sources by K-retailers. There are several possible explanations for the use of external sources. External sources may offer more valuable information, they may be perceived as more reliable, and systems of training may

encourage retailers to use external sources. All in all, there can be numerous factors that influence and channel retailers' information search and acquisition.

As far as formal-informal dimension is considered, it was interesting to find out that there were two equal groups amongst K-retail entrepreneurs. On the other hand, there were K-retailers who preferred formal sources and on the other hand, there were K-retailers who preferred informal sources. Furthermore, those K-retailers who use formal information sources are more likely to reach sales growth than are those who use informal sources. In addition, retailers who use formal sources are less likely to face decrease in their level of sales than are retailers who use informal sources. However, to assess these issues more directly, it is necessary to conduct more comprehensive empirical study on the relation between the source of information and the level of sales.

In conclusion, the effectiveness of contractually-integrated retail entrepreneurs could be explained in terms of factors that have not been considered in this study. These could be independent variables that explain the effectiveness of the retailer or independent variables, somehow moderating the relationship between the use of information sources and effectiveness. For example, the store's location or the existence of local competition, might explain effectiveness better than any other factor.

Consequently, there is a need for a more comprehensive framework that considers contextual factors and the structural characteristics of retailing organizations. In addition, the perceived reliability of information sources should be a factor in assessing the use of information sources. In addition to quantitative studies, qualitative studies could reveal issues that would enable more thorough operationalization of the concepts associated with the use of various information sources in the context of contractually-integrated retailing organization. Especially, effectiveness of contractually-integrated retail entrepreneurs needs to be studied more comprehensively (e.g. with the measures such as level of sales growth, and relative market share). Although there is still much research to do, this study constitutes a strong basis for future studies.

For managerial conclusions, this study argues that the effectiveness of the contractually-integrated retail entrepreneurs is to some extent related to use of formal information sources. Consequently, managers of large contractually-integrated retailing organizations should ensure that individual retailers have easy access to the formal information sources and that retailers can take advantage of these sources. Understanding the sources of information that are used by retail entrepreneurs is a major concern for any retailing organization. If organizations can identify these sources, they can allocate their limited resources more wisely and more efficiently disseminate the information and knowledge more efficiently throughout the organization.

## **REFERENCES**

- Akbar, H. (2003), "Knowledge Levels and their Transformation: Towards the Integration of Knowledge Creation and Individual Learning", *Journal of Management Studies*, Vol. 40, No. 8, pp. 1997–2021.
- Aksu, A. – Özdemir, B. (2005), "Individual learning and organization culture in learning organizations: Five star hotels in Antalya region of Turkey Managerial", *Auditing Journal*, Vol. 20 No. 4, pp. 422-441.
- Alavi, M. – Leidner, D. E. (1999), "Knowledge Management Systems: Issues, Challenges and Benefits, *Communications of the Association for Information Systems*", Vol. 1, No. 7, 2–36.
- Alavi, M. – Leidner, D. (2001), "Knowledge management and knowledge management systems: Conceptual foundations and research issues", *MIS Quarterly*, Vol. 25, No. 1, pp. 107–136.
- Auster, E. – Choo, C. (1993), "Environmental Scanning by CEOs In Two Canadian Industries", *Journal of the American Society for Information Science*, Vol. 44, No. 4, pp. 194-203.
- Bender, S. – Fish, A. (2000), "The transfer of knowledge and the retention of expertise: the continuing need for global assignments", *Journal of Knowledge Management*, Vol. 4, No. 2, 125–137.

- Bennet, A. – Bennet, D. (2004), “The Partnership between Organizational Learning and Knowledge Management”, In the: Handbook on Knowledge Management 1: Knowledge Matters, Vol. 1, Springer, Berlin, pp. 439–455.
- Brossard, H. L. (1998), “Information Sources Used by an Organization During a Complex Decision Process: An Exploratory Study. Industrial Marketing Management”, Vol. 27, No. 1, pp. 41–50.
- Civi, E. (2000), “Knowledge management as a competitive asset: a review”, Marketing Intelligence & Planning, Vol. 18, No. 4, 166-174
- Day, G.S. (1994), “The Capabilities of Market-Driven Organizations”, Journal of Marketing, Vol. 58, No. 4, 37–52.
- Day, G.S. (2002), “Managing the market learning process”, Journal of Business & Industrial Marketing, Vol. 17, No. 4, pp. 240–252.
- Fiol, C. M. – Lyles, M. A. (1985), “Organizational learning”, Academy of Management Review, Vol. 10, No. 4, pp. 803–813.
- Firestone, J. M. – McElroy, M. W. (2004), “Organizational learning and knowledge management: the relationship”, The Learning Organization, Vol. 11 No. 2, 177–184.
- Gorelick, C. – Tantawy-Monsou, B. (2005), “For performance through learning, knowledge management is the critical practice”, The Learning Organization, Vol. 12, No. 2, pp. 125–139.
- Halawi, L. A. – Aronson, J. E. – McCarthy, R. (2005), “Resource-Based View of Knowledge Management for Competitive Advantage”, Electronic Journal of Knowledge Management, Vol. 3, No. 2, pp. 75–86.
- Huber, G. (1991), “Organizational learning: contributing processes and the literatures”, Organizational Science, Vol. 2, pp. 88-115.
- Kalpic, B. – Bernus, P. (2006), “Business process modeling through the knowledge management perspective”, Journal of Knowledge Management, Vol. 10, No. 3, 40–56.
- Kaye, D. (1995), “Sources of information, formal and informal”, Management Decision, Vol. 33, No. 5, pp. 13–16.

- Keh, H. – Chu, S. – Xu, J. (2006), "Efficiency, effectiveness and productivity of marketing in services", *European Journal of Operational Research*, Vol. 170, No. 1, pp. 265-276.
- Kim, D.H. (1993), "The link between individual and organizational learning", *Sloan Management Review*, Vol. 35 No. 1, pp. 37-50.
- Lópes, S.P. – Péon, J.M. – Ordás, C.J. (2005), "Organizational learning as a determining factor in business performance", *The Learning Organization*, Vol. 12, No. 3, pp. 227–245.
- Mitronen, L. – Möller, K. (2003), "Management of hybrid organisations: a case study in retailing", *Industrial Marketing Management*, Vol. 32, pp. 419-429.
- Moriarty, R. – Spekman, R. (1984), "An Empirical Investigation of the Information Sources Used during the Industrial Buying Process", *Journal of Marketing Research*, Vol. 21, No. 2, pp. 137-147
- Mouzas, S. (2006), "Efficiency versus effectiveness in business networks", *Journal of Business Research*, Vol. 59, No. 10/11, pp. 1124-1132.
- Nonaka, I. (1994), "A Dynamic Theory of Organizational Knowledge Creation", *Organization Science*, Vol. 5, No. 1, pp. 14–37.
- Nonaka, I. – Konno, N. (1996), "The Concept of "Ba": Building a Foundation for Knowledge Creation", *California Management Review*, Vol. 40, No. 3, pp. 40–54.
- Nonaka, I. – Toyama, R. – Konno, N. (2000), "SECI, Ba and Leadership: a Unified Model of Dynamic Knowledge Creation", *Long Range Planning*, Vol. 33, pp. 5–34.
- Nonaka, I. – von Krogh, G. – Voelpel, S. (2006), "Organizational Knowledge Creation Theory: Evolutionary Paths and Future Advances", *Organization Studies*, Vo. 27, No. 8, pp. 1179–1208.
- Nunnally, J.C. (1978), *Psychometric Theory*, McGraw-Hill, New York
- Nunnally, J.C. – Bernstein, I. H. (1994), *Psychometric Theory*, McGraw-Hill, New York.
- Sabherwal, R. – Sabherwal, S. (2005), *Knowledge Management Using Information Technology: Determinants of Short-Term Impact on Firm Value*. *Decision Sciences*, Vol. 36, No 4, 531–567.

- Sanchez, R. (2001), "Managing knowledge into competences: The five learning cycles of the competent organization". In: Knowledge Management and Organizational Competence, ed. by Ron Sanchez, pp. 3–37. Oxford: Oxford University Press.
- Sanchez, R. (2004), "Tacit Knowledge" versus "Explicit Knowledge" Approaches to Knowledge Management Practice, Working Paper Series, from Department of Industrial Economics and Strategy, Copenhagen Business School, No 04-1.
- Sanchez, R. (2005), Knowledge Management and Organizational Learning: Fundamental Concepts for Theory and Practice, Lund Institute of Economic Research, Working Paper Series, 2005/3.
- Sandvik, I. – Sandvik, K. (2003), "The impact of market orientation on product innovativeness and business performance", International Journal of Research in Marketing, Vol. 20, No. 4, pp. 355–377.
- Sorenson, O. – Sorensen, J. (2001), "Finding the right mix: Franchising, organizational learning, and chain performance", Strategic Management Journal, Vol. 22, No. 6/7, pp. 713–724.