

# Chapter 15

## Technology Integration in Strategic Management: The Case of a Micro-Financing Institutions Network

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### ABSTRACT

*The micro-financing sector is considered as one of the most important environments contributing to poverty reduction and to the creation of new small and medium enterprises, thus creating new value for high economic performance. Also, in the actual digital environment, each organization tends to use information and communication technologies for the optimization of the work activities and processes of collaboration. So, the main objective of this book chapter is to demonstrate the important role of technology integration in the micro-financing sector strategic management. Through a case study related to a strategic network of micro-financing institutions that develop and integrate technologies in their strategic management, the most important pillars of social value creation of information and communication technologies are identified in this chapter. Furthermore, the results of the research demonstrate the impact of IT integration in the micro-financing sector and derive a theory and a methodology for the development of IT integration and usage in this sector.*

### INTRODUCTION

In the current 21<sup>st</sup> Century, firms are integrating and using technologies in their every-day work activities, operations and processes of collaboration. The work of Dutton (1996) demonstrates the

importance of the advances in information and communication technologies (ICT) in a social and economic perspective and presents the social factors influencing the development of new technologies. Moreover, the use of information and communication technologies accelerates and facilitates

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communication in intra and inter-organizational collaborations and supports the management of information and knowledge; Maier (2004) states the importance of technologies for knowledge management as knowledge repositories, data management systems and tools for knowledge creation. The most important is the continuous integration, development and improvement of every technology used within different contexts and environments; for instance, the research of Heeks (1999) develops the importance of IT in poverty reduction and small and medium enterprises development.

Besides, the 21<sup>st</sup> Century alignment calls for standard systems of collaboration, such as the use of integrated information and communication technologies, and to this end various institutions and organizations are nowadays devising new types of strategic plans, projects and actions for the introduction of technologies in their strategic and operational activities; Leu et al. (2004) state that technologies and internet also help in the development of new literacies. So, the move toward digitalization and virtualization calls either toward outsourcing or in-sourcing of technologies for the development of collaboration, and knowledge and information sharing and management; Loh and Lawrence (1992) in a research on the determinants of information technology outsourcing state that the investment in IT depends on the business and IT costs structure of the companies, and Lacity and Willcocks (2000) elaborate on the best practices in IT outsourcing in various types of organizations.

One of the main important types of organizations and environments is the social sector, which is the subject of study of this research. According to Kanter (1999), the social sector is moving toward being a source of innovation and new managerial approaches and the author provides cases on new products and services innovations in the social sector –social innovation-. Sagaw and Segal (1999) state that value creation arises through business and the social sector partnership (Figure 1). The research of Dees (1998) shows that

social entrepreneurship includes joint-ventures for profit or mixed communities for both profit and non-profit, and Austin et al. (2006) analyze the similarities among commerce and social entrepreneurship, creating a framework for a more clear development of the social ones. Lastly, Castells (1999) develops the role of information technologies in social development stating that IT is one of its strategic tools.

The key subject of research in this paper is related to information and communication technologies in the social sector- more precisely, in the micro-financing sector. According to Antohi (2009), the micro-financing sector is a social capital for innovation and a strategic social source of local development (Lebossé & Wallace, 1998). The micro-financing sector is one of the most important pillars of poverty reduction and entrepreneurship empowerment. For decades, this sector has participated in the development of the poorest of the poor and has supported them in moving toward business development, which in return provides a means for economic development to various regions and nations worldwide. In order to continuously develop this social sector, its organizations need to be expert and have competences in the social sector and thus know its characteristics (Sapovadia, 2006).

The aim of this research is to develop the mechanisms in the sector of micro-financing, thus leading its various institutions to develop, introduce and integrate technologies in their strategic management, and to investigate the dynamics that allows the continuous success of the use of these technologies. According to Oster (1995), non-profit organizations use strategic management practices just like profit organizations and they need to continuously change to sustain competitive advantage. In this sense, Drucker (2006) presents best practices of non-profit organizations management stating that it is necessary to manage them for continuous success. Thus, through the presentation of a case study in this research, related to a strategic network of micro-financing

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