Organizational Culture and Publicity

Fostering a Culture of Innovation in Organizations

Executive Master Business Administration Mohammad Reza Noruzi, EMBA
Islamic Azad University, Bonab, Iran
mr.noruzi.pnu@gmail.com

Assistant Professor Jonathan H. Westover, PhD
Utah Valley University, Orem, U.S.A.
jonathan.westover@uvu.edu

Abstract: In an increasingly turbulent and hyper-competitive globalized economy, organizations must find ways to innovate in order to survive. Organizations need to take a proactive strategic approach to fostering and implementing strategies for greater organizational innovation. The aim of this paper is to explore the features and characteristics of innovative organizations.

Keywords: innovation; innovation management; innovative organizations.

1. Introduction

According to the Oxford Dictionary of Economics, "innovation refers to the economic application of a new idea. Product innovation involves a new or modified product; process innovation involves a new or modified way of making a product" (Black, 1997). According to Afuah (2003), innovation is the employing of new knowledge to provide a new product or service that the customers wants. In another words, it is invention + commercialization. Van de Ven (1986) describes innovation in terms of a new idea, which may be a recombination of old ideas, a plan that challenges the present order, a formula, or an exclusive method which is perceived as new by the involved individuals.

Innovation is the main source of economic growth (Mokyr, 2002) and a key source of new employment opportunities, as well as providing potential for realizing other environmental benefits (Foxona et al., 2005). One of the most important arguments

for the necessity for innovative organizations is that, in the global economy, where economic actions can be more cheaply carried out in the low-wage economies such as China, the main way in which other economies can compete and survive, is to find new and better products and processes; in other words, to innovate (Storey & Salaman, 2005).

This paper first explores the history of the most innovative companies and provides 10 hints to organizations to help foster great innovation.

2. The History of Most Innovative Companies

According to Panagiotis Tsarchopoulos (2010) for the first time since Bloomberg Business Week began its annual Most Innovative Companies ranking in 2005, the majority of corporations in the Top 25 ranking are based outside the U.S. The reason: the new global leaders coming out of Asia. Also all innovative companies are not naturally innovative from the beginning; some of them gradually and step by step come innovative. This is very common especially in today's companies because they are more knowledge based and modern and not traditional, the below figure shows the most innovative companies as in glance.

RANK 2008	2007	COMPANY	R&D SPENDING		
			2008 IN US$ MILLIONS	CHANGE FROM 2007	AS A % OF SALES
1	1	Toyota	$8,994	−5.7%	4.4%
2	4	Nokia	$8,733	5.7%	11.8%
3	8	Roche Holding	$8,168	5.5%	19.4%
4	7	Microsoft	$8,164	14.6%	13.5%
5	2	General Motors	$8,000	−1.2%	5.4%
6	3	Pfizer	$7,945	−1.8%	16.5%
7	5	Johnson & Johnson	$7,577	−1.3%	11.9%
8	6	Ford	$7,300	−2.7%	5.0%
9	11	Novartis	$7,217	12.2%	17.4%
10	12	Sanofi-Aventis	$6,695	0.8%	16.6%
11	10	GlaxoSmithKline	$6,425	8.3%	14.4%
12	9	Samsung	$6,413	16.2%	5.8%
13	13	IBM	$6,337	3.0%	6.1%
14	14	Intel	$5,722	−0.6%	15.2%
15	21	Siemens	$5,680	11.3%	4.9%
16	16	Honda	$5,603	−4.2%	5.6%
17	19	Volkswagen	$5,429	6.7%	3.3%
18	15	AstraZeneca	$5,179	0.3%	16.4%
19	22	Cisco Systems	$5,153	14.5%	13.0%
20	18	Panasonic	$5,152	−6.6%	6.7%
			$135,886 TOTAL	3.2% AVG.	8.0% AVG.

Source: (Tsarchopoulos, 2010; http://www.urenio.org)

For example Apple reigns as No. 1 again, trailed by silver medalist Google. And Microsoft and IBM find themselves back in the top five, based on BCG's global poll. But for the first time ever, more companies in the Top 50 rankings are based outside the U.S. China's rise is the fastest. A year ago, its only representative was Lenovo, at 46. This year Greater China is tied with Asia's postwar powerhouse, Japan, thanks to showings by BYD (8), Haier Electronics (27), Lenovo (29), China Mobile (44), and Taiwan-based HTC (47). (Panagiotis Tsarchopoulos, 2010).

Also the crises effects innovative organizations. For example a survey presented participants with detailed questions about their companies' response to the recession, and the authors of the study conducted in-depth followed up interviews with a number of top R&D executives.

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The result show that innovative organizations need to note the effects of environmental circumstance on the organization to be survive. An innovative organization is an organization that innovates systematically and sustainably in everything it does and how it does it. Only individuals and teams can innovate but the culture and the "organization" can power people up or hold them back by stifling individual and team innovation initiatives. Success and innovation are tightly linked.

3. The Three Pillars of Fostering Organizational Innovation

To be systematically innovative, an organization needs to work simultaneously on three pillars:

- Organizational Culture: The culture, driven by the executives, gives people the permission to innovate and rewards and recognizes their initiatives.

- Organization and Processes: The organization and its processes must be compatible with innovation and not "get in the way".

- Innovation Skills: Individuals must have innovative thinking skills and managers and executives must understand the process of innovation and have Innovation Management Skills (Ideaction, 2008).

10 Hints for Developing a Culture of Innovative in Organizations

According to Robert D. Behn (1995) in "Creating an Innovative Organization: Ten Hints for Involving Frontline Workers," the following are some tips to driving greater organizational innovation:

1. Be immediately responsive to requests for improved working conditions; try to compensate workers initial needs. When they want to have a good computer or a good air conditioner, try to offer those to them quickly (Behn, 1995).

2. Support mistakes; Innovative organizations make mistakes, lots of mistakes. Mistakes are vital in an innovative organization and managers and administers should support these mistakes (Behn, 1995).

3. Create an explicit innovation mission and related performance measures; An innovative organization needs a clear mission and a set of performance goals. Otherwise, people within the organization can simply pursue their own ends and

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rationalize their actions by claiming they were only trying to follow the instructions to be innovative (Behn, 1995).

4. Broaden job categories; The traditional, hierarchical organization is designed to minimize the number of different functions that a frontline worker must perform. The traditional structure does not support innovation and it should be restructured by a new flexible one (Behn, 1995).

5. Move people around; Moving frontline workers to different jobs is another way of helping them understand the big picture (Behn, 1995).

6. Reward teams, not individuals; Successful innovations are rarely the work of a solitary individual. Rewarding teams inspires individuals to work in teams (Behn, 1995).

7. Make the hierarchy as unimportant as possible; Effective teams have to be quite flat. Otherwise they are not real teams; they are simply small units carrying out the orders from a different boss (Behn, 1995).

8. Break down functional units; Throughout government and often in business, the job of the oversight or overhead units is to say "no." Try to use a system in the organization that staff rarely says "no" (Behn, 1995).

9. Give everyone all the information needed to do the job; Information is power. Indeed, one of the best ways that the overhead and oversight units of an organization obtain, keep, and use power is to control the organization's information. These units collect, organize, analyze, and dispense information whenever they find it convenient or useful (Behn, 1995).

10. Tell everyone what innovations are working; How will frontline workers discover that innovation is going on? How will they learn about the innovations that might help them do their jobs better? How will they know that innovation is possible? How will they come to understand that innovation is truly expected of them? One solution is to have their peers, the real innovators, tell them (Behn, 1995).

4. Final Results and Conclusions

According to Process Driven Innovation (2005) most organizations don't understand what prevents innovation and innovative thinking. The obstacles are

many but a deep understanding of what prevents innovation is critical. Some other tips for creating organization an innovative one are:

- Training executives and managers of organizations first;

- Training intact teams and make them active in innovation;

- Training internal experts or facilitators to enhance innovation;

- Customizing the training to each target group by adjusting to their capabilities;

- Working on actual issues during the sessions and innovation process;

- Continuous coaching, learning and recognition/reward for innovative persons;

- Integrating Innovation in all the organization's core processes (Process Driven Innovation, 2005).

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