Chapter 12
Decoding Success Factors of Innovation Culture

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ABSTRACT

This chapter presents the results and findings of a research project on innovation culture in Australian information technology sector organisations. The primary objective of this study was to establish the determinants of a successful enterprise innovation culture in organisations with a strong industry reputation for radical innovation initiatives. We obtained 244 responses from 102 member organisations of the Australian Information Industry Association (AIIA). The survey explored the internal and external characteristics of a successful innovative organisation. Both employees' and competitors' perspectives on "what makes a particular organisation a successful innovator" were the main focus. Our findings indicated that the absence of a successful innovation culture is a serious impediment to growth and success. However, preferences for the key innovation culture attributes varied significantly by executive functions, size of the organization and type of ownership structure. Thus, a mix of key innovation attributes should be deployed and tailored to each organisation, based on their industry and strategic objectives.

INTRODUCTION

Establishing an enterprise innovation culture is critical for enabling agile processes, product and service development to be successful in a competitive business environment. Unfortunately, many senior business leaders remain focused on digital advancement to achieve their performance goals (McKinsey, 2014). While digital advancement is an innovation enabler, fostering an enterprise innovation culture geared towards growth should be a complementary organisational endeavor for sustained business growth and

competitive advantage. This is a challenging feat; unique approaches are required for different types of businesses, and it will be necessary to nurture cultural traits of individuals towards achieving a collaborative and successful innovation culture.

An objective analysis of the organisation is the first step. Individuals and communities typically tweak a few procedural issues that may deliver gains that are difficult to measure. Identifying the real change agents is the key to value creation and nurturing innovation culture within a given organisational setting. This study looked at external and internal characteristics of innovative organisations, using a targeted survey to define cultural traits for successful innovation. Both employees' and competitors' perspectives on, "what makes a particular organisation a successful innovator" were also explored. The primary objective of this study was to establish the determinants of a successful enterprise innovation culture with a strong industry reputation for radical innovation initiatives.

The survey was designed to tease out organisational cultural traits according to employees' roles, organisation type and size. It also considered the importance of specific attributes, such as organizational size, definition of strategic intent and commitment of resources to successful innovation.

The survey was distributed to the commercial members' executives of the Australian Information Industry Association (AIIA). We chose to research the AIIA members because most of them were from the information technology and services sectors. Other members include technology-oriented companies from other sectors such as retail banking, airlines and universities. 244 responses were received from 102 member organisations. The survey responses were analysed to derive measures for innovation attributes.

RELATED LITERATURE

Innovation Culture

Historically, as a business grows and achieves leadership position in its market, barriers of entry for competitors are high for a limited period of time. As other players strive to catch up, over time more competitors increase their market share. However, fast moving competitive business environments today face a stream of emerging technologies, with new products and services requiring agility and constant adaptation by all players in the market. Innovative ability is critical for an early entrant in the market and also a primary reason for growth and success (Schein, 2010; Xiao and Dasgupta, 2005, Kang, 2010).

Many organisations are aware that they need to establish certain cultural traits to achieve successful innovation. However, executives mistakenly tend to focus on advancing workplace digitalisation in the quest for achieving innovation – this alone rarely creates enterprise innovation culture. It has been reported that up to 5% of current business costs are being invested towards organisation digital advancement at any point of time. However, this is just one of the enablers for innovation and by no means, the only one (McKinsey, 2014). Market expansion may be achieved through digitalisation because of greater customer engagement, but in order to achieve and nurture innovation culture, a balance of human cultural attributes, adoption of new technologies and successful business strategies needs to be finetuned and pursued.

Consider the fact that, the larger organisation, the more likelihood there is that an individual may come up with a creative idea. It is unlikely that the end product or service will be an outcome of the individual alone; rather a successful outcome will be due to teamwork enabled by cultural attributes of the organisation, collaboration enabled by technology and harnessing this idea towards fulfillment of a business strategy (Manz et al, 2009; Manz et al, 2009; Koen et al, 2011). A sustained generation of ideas

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