Chapter 13
Leadership and Organization Innovation Adoption:
A Case Study

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ABSTRACT

Innovation is a tool to ensure competitiveness. Firm survival is inexorably linked to its ability to reinvent itself, obviously apart from other circumstances. Organizational innovation and its adoption are key concepts that are rarely studied. Little is known about factors related to decisions to adopt innovations and how the likelihood of adoption of innovations can be increased. This chapter aims to answer the question: what are the determinants of the adoption of organizational innovation? In this sense, this chapter aims to identify some of the organizational factors which have the capacity to influence organizational innovation in a specific case study, an innovative Portuguese company. This chapter addresses the personal dimension of the leader as a driver of organizational innovation processes. This chapter finds that, in the case study, the culture of the company which itself is driven by the CEO is fundamental for innovation and the adoption of organizational innovations.

INTRODUCTION

Organizational innovation research continues to be a popular topic in academia, as evidenced by the hundreds of thesis and thousands of articles on this subject (Wolfe, 1994). Despite the efforts made, given the diversity of organizations and business contexts, researchers still have a long way to go in identifying the objective causes that determine organizational innovations in different contexts.

Hence, issues such as "What organizational structure and process management facilitate or inhibit innovation?" And "What is the impact of organizational culture and management quality on the adoption of innovation?" (Damanpour & Gopalakrishnan, 1998), continue to feed investigations in management and marketing.

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In this sense, this chapter aims to answer the question: what are the "determinants of the adoption of organizational innovation?" In this sense, this chapter aims to identify some of the organizational factors which have the capacity to influence organizational innovation in a specific case study, an innovative Portuguese company. The basis of the development of this theme is Wisdom, Ho, & Chor (2013) that the authors use to identify the main drivers for organizational innovation.

BACKGROUND

Barsh, Capozzi, & Davidson (2008) affirm that the concept of innovation somehow suffers from "fashion" effects, being cherished in prosperous times and less talked about in times of greater austerity and contention. Nevertheless, the importance of innovation has been growing in scientific literature and in the rising concern of policy makers (Fagerberg, 2004). However, innovation in socio-economic context is not something new. Fagerberg (2003) highlighted this, since innovation is as old as humanity even if its study and formal use is quite recent

As globalization overthrew the geographical and market boundaries that prevented businesses from reaching their potential, company's ability to innovate - to take advantage of the value creation ideas of its employees and its partners, customers, suppliers and other parts beyond its own limits - is anything but fleeting. In fact, innovation has become a core driver of asset growth, performance and value (McKinsey, 2007). More than 70 percent of senior executives say that innovation will be at least one of the top three growth engines for their companies in the next three to five years (McKinsey, 2007). Other executives see innovation as the most important way for companies to accelerate the pace of change in today's global business environment (McKinsey, 2007).

Some key thinkers in strategy are looking beyond the traditional focus on product and service innovation categories, pinpointing in a pioneering way for innovations in business processes, distribution, value chains, business models and even management functions. The same research also shows that most executives are disappointed with their ability to stimulate innovation: about 65 percent of executives interviewed were only "little", "very little" or "not at all" confident about the decisions they make in this area (McKinsey, 2007). What explains the difference between the aspirations and execution of leaders? Even starting to build an organization where innovation plays a central role is often much more frustrating than most executives might imagine it to be. Many of those who imitate the approaches of successful practitioners have found that path ineffective.

Supporting innovation to create real value at a large scale - allowing innovation to have a significant financial impact - is even more difficult. There is no set of best practices for "sowing" and "cultivating" innovation. The structures and processes that many leaders reflexively use to encourage it are important but not enough. On the contrary, senior executives almost unanimously - 94 percent - say that people and corporate culture are the most important engines of innovation (McKinsey,2007).

In the same survey conducted by McKinsey (2007) with 600 managers and other top managers of multinational companies, respondents pointed to leadership as the best predictor of innovation performance. Those who described their own organization as more innovative than others in their industry have rated their leadership abilities as "strong" or "very strong". On the other hand, those who indicated their organization's ability to innovate to be below the nominal average ranked their leadership capacities as significantly smaller and, in some cases, weak.

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