

# Chapter 7

## Innovation Styles, Processes, and their Drivers: An Organizational Perspective

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### ABSTRACT

*Technology innovation is not just a result of funds invested in research and development of a firm; it is a culmination of long-standing investments in well-thought-out processes, plans, and strategies. The chapter aims to address these aspects of technological innovations. The innovation process is a unique one, and each firm has a different style of bringing in innovation as per their requirements. These diverse innovation requirements are a direct consequence of the organizational structure and the innovation philosophies that those structures have embedded in them. Based on academic research done over the past decades on topics of organizational impact of innovation, the authors analyze the different innovation philosophies that organizations have, the processes that organizations use to promote innovation, as well as the drivers that impact these philosophies and processes.*

### INTRODUCTION

Technological innovation is a very important determinant of a firm's success and search for excellence in today's organizational and competitive environment. In this space organizational structure becomes one of the most important determinates of the rate and direction of innovation. Burns and Stalker (1961) stated that "there is no single set

of principles for a good organization". The fact that an organization needs to innovate to stay competitive and viable in business is a commonly understood business principle or mantra. However, each organization is unique in its structure and its needs, in its environment and the forces that impact its business conditions. Hence the organizational structure that each business requires to succeed and innovate in a technologically challenging

DOI: 10.4018/978-1-4666-6473-9.ch007

environment is unique. Yet, we find that some firms are inherently more innovative than others and it is these innovations that have consistently contributed to superior performance.

Firms like Microsoft, Google, Apple, IBM etc. are known for innovation either through exploration or exploitation (March, 1991) whereas several firms that were successful once have perished in the long run due to lack of technological innovation. Some recent examples of the latter kind are Blackberry, Polaroid, AltaVista, Atari etc. While it is indeed true that there is no universal solution to the organizational structure that produces or promotes innovation, certain characteristics of innovation management are common across firms and we will attempt to discover these characteristics in this chapter. There are many ways and frameworks which could be used to characterize the firms and their innovation capabilities and these would help to devise the proper innovation management strategy for a particular firm.

This chapter is targeted towards the top organizational leaders and academics and aims to provide them with an understanding of what innovation mechanisms are and what are the primary drivers for technological innovation. We describe technological innovation from a CEO or CIO perspective and the implications of innovation for a firm on a strategic level. The very fact that innovation is not driven by individual efforts but by sustained organizational thinking and strategic efforts, puts an onus on top leadership of firms to understand and implement the drivers of innovation in a highly competitive world to sustain the firm's superior performance.

The different rates and directions of technological innovation and adoption can be explained using different factors and variables and multiple attempts have been made in the extant literature to do the same. This chapter presents a different perspective on innovation, an organisational perspective, and attempts to explain the inconsis-

tencies in the rate of technological adoption and innovation among firms. This is done through examples of various firms and analysis of their underlying structures that help or hurt innovation.

We cover three major aspects of classifying organizations: innovation mechanisms and patterns used by firms, process of innovation adopted by organizations according to their needs and finally drivers of innovation. By perusing this chapter readers will be able to identify the needs of innovation, discover the processes of innovation, and leverage the drivers for innovation that lead to further growth and success of the firm.

## **INNOVATION CLASSIFICATION FOR ORGANIZATIONS**

Innovation mechanisms and designs in organizations do not fit a single bill of characterization. There are multiple faces of the innovation efforts and organizations can be characterized according to their innovation policies and efforts. The characterization of organizations can help us understand the needs as well as philosophies of innovation and identify the drivers that are most useful for innovation at a particular type of organization.

The categorization of innovation efforts of organizations can be done in two ways. The categories can be devised according to the pace of innovation i.e. either Radical Innovation or Incremental Innovation or according to industry dynamics i.e. Collaborative Innovation or Competitive Innovation. There is a third categorization of organizational innovation according to industry dynamics that is fast gaining more acceptance in the academic and practitioner communities due to the evolving need of organizations in the same industrial sector to cooperate i.e. Co-opetitive Innovation. Figure 1 provides a tree structure that categorizes organizations according to their style and philosophy of innovation.

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