

Chapter 5

Innovation With Competitive Risk: A Locus of Sustainable Competitive Advantage in the Circular Economy

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ABSTRACT

This is the dawn of an innovation and knowledge-driven economy, and the volatile business environment is forcing the industries to undergo a paradigm shift. This is causing volatility of business parameters from value creation to value maximization through reduction of value loss., instead of merely focusing on the value creation. This value maximization gels with quality, binding the end outcomes of enterprise, and quality of these end outcomes cumulatively shows the dependability towards the various inputs like man, money, material, machine, and information to innovate and re-innovate and measure continuously. Without saturation and to create value continuously in circular motion for spiral growth in circular economy all dimensions needs to be innovative to gain sustainable competitive advantage (SCA). The chapter is a study of concepts and models to impel the SCA. It analyzes innovation as a measure driver for SCA with various types of risk associated with it in the context of the circular economy.

INTRODUCTION

The search for a sustainable competitive advantage keeps the scholar of strategic management as well as Managers of high profile corporate houses in India and elsewhere glued to the stock exchange rumblings vis-à-vis top level conclaves of CII and business schools all over the globe (Savarova & Vrchota, 2014). Incessant fall of dollar value in recent times forces OPEC to cut back production and mark up price to avoid heavy loss of revenue. Expected hike in tourist traffic both inbound and out bound opens up new hope for those playing in this sector yet sustainability eludes. Could there be a mantra to safeguard the sustainability feature of any particular strategy. The paramount question that persist is how could India

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continue to hold on to its hangover of 10% growth in the last quarter of 2003-04 or for that matter how does any organization sustain its market share – or profitability or any other parameter it may choose to hold on over a long period in the face of ever changing external and even the internal context of the organization (Sharma, 2003). The whole perspective of industrial engineering spanning over more than 150 years is seized with this organizational illusion. It expressed some times through augmented efforts of method study, formulation of problem such that they can be solved analytically and sometimes through quality movement. Fundamentally this search for a permanent sustainable edge is continuous, unbroken, uninterrupted, discernible yet sometimes undecipherable musings of some of the scholars who are yet at the job of undoing the complex knot of politics, economics, mathematics and even physics all embedded into one with a sobriquet of management (Rezaee, 2016). One way of viewing this reality is to accept the fact that sustainability cannot be ever permanent feature of any strategic competitive advantage as all strategic move will be subject to imitation by competitors. External context that exists is ever changing and ever widening as witnessed today. This basically turns today's advantage into disadvantage of tomorrow if not taken serious cognizance of it early. Organizations are required to create value. The concept of value creation is so primitive & so basic that it sunk into even the simple transactions. Yet all transactions do not create value. In many cases the transaction itself defines the value that is captured by the GAAPS. From one station to another the business process is supposed to yield additional value to sustain the process viability. Yet this process miserably fails and instead of creating additional value the process embarks on value destruction – a phenomena not well perceived by many new breed of Managers. Recrudescence of value destroying disease may finally eat away the total vitality vis-à-vis the viability of any organization. As such value destruction recurs with unimaginative organization structure, friction between processes and uncooperative and uncoordinated outsourcing of business processes. Similarly fierce competition in an oligopoly or free market also reduces value to a very large extent. It is reported that a number of organizations have spun off their process to marginalize this crucial & devastating phenomena of value destruction. While organizational culture plays a pivotal role in retaining & creating the value. While organizational culture and Learning Capability of Organization (LCO) (Cabrera, 2005).

Spic-n-Span

In today's challenging global market, enterprises must innovate to survive. Business innovation must occur in all dimensions – product process and organization – to improve competitiveness and business performance. To creating more value the quality and reengineering as the wave of previous decade and innovation as the wave for the next millennium. As describe by the Sumantra Ghoshal, an INSEAD, professor and Chris Bartellet a Harvard Professor today's Manager must focus on new dimension, the flow of intelligence. Idea and Knowledge-Innovation this in addition to the traditional flow of parts, components and Finished good,/funds, skills & other scarce resources, managers have awakened to the fact that their real responsibility/ opportunity is leveraging the intellectual capability of their individual employee and the organization as a whole (Martín, 2015).

In some industries, such as pharmaceutical and computer, for competitive advantage the critical parameter is Innovation, the with saturation of competition on the ground of Money, material, man & Information, and technology because every firm rivals having the same, hence innovation is increasing its importance in 21st century

In to day global economy research suggest that innovation in both product and process is becoming linked with above average return in a growing number of industries Innovation is vital to the develop-

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