International Journal of Advanced Engineering, Management and Science (IJAEMS)
Peer-Reviewed Journal
ISSN: 2454-1311 | Vol-9, Issue-9; Sep, 2023
Journal Home Page: https://ijaems.com/
Article DOI: https://dx.doi.org/10.22161/ijaems.99.2

Innovation and its Role in Success of an Organizations

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Received: 14 Jul 2023; Received in revised form: 16 Aug 2023; Accepted: 24 Aug 2023; Available online: 04 Sep Aug 2023

***Abstract*— *In every organization, innovation stands as a paramount concern, with its indispensable role in driving market advancement and coordination. The application of innovation spans across all facets of human endeavor, encompassing product development, managerial methodologies, and operational approaches, among others. Within the various definitions attributed to innovation, a consistent theme emerges: the alteration or enhancement of processes or products. Innovation embarks on a journey commencing from the conception of an idea and progressing through planning, ultimately culminating in the emergence of a novel function. This process distinctly sets innovation apart from mere creation. It is pivotal to recognize that innovation and creativity are distinct entities. This document delves into the significance of innovation and its pivotal role in fostering the growth, viability, and triumph of organizations.*

***Keywords*— Innovation, Growth and Creativity.**

I. INTRODUCTION

Innovation has remained a focal point for organizations over an extended duration. While introducing a fresh product can attract customers temporarily, the essence of innovation and invention extends beyond this. The crucial aspect lies in establishing a process that flows akin to the passage of time. As this process matures, competitors may gain access to its production technology, thereby affording you the opportunity to derive benefits from it.

This paper aims to delve into innovation and it’s imperative within this context, as seen from a researcher's perspective. Various viewpoints on innovation are presented through different definitions. Some perspectives offer innovative interpretations, while others adopt a practical stance [1, 9].

In the contemporary landscape, innovation ranks among the most vital and intricate challenges confronting organizations. It serves as the key to organizational success. In the Gybenz concept, innovation within firms translates to the practical application of ideas across various domains such as products, processes, services, marketing systems, and management.

A set of researchers, including Aterbak, Dreft, and Atol, view innovation as a result of embracing ideas and concepts. They define innovation as units accepted by firms. Conversely, "Sabramanyan" approaches innovation from a behavioral perspective, defining organizational innovation as the enduring features exhibited by an organization over time [2, 10].

Adopting this approach implies that an organization's innovative behavior is consistent over an extended period. This signifies that innovation does not manifest rapidly; instead, it encompasses the average time for idea acceptance and the sustainability of innovation. Lampkin and Dez explore innovation from both behavioral and production viewpoints. They posit that firm innovation springs from a desire to explore novel concepts and evolves into a commitment to master new products or technologies.

In contrast, Harley and Halt's perspective on innovation revolves around a firm's culture of active participation and the willingness to embrace new ideas. However, merely fostering an open company culture is insufficient. The true measure of innovation lies in the scope of new idea implementation in business operations, which ultimately determines the level of innovation [3, 11].

II. INNOVATION

A notable quandary within the realm of innovation management lies in the absence of a uniform definition among researchers, policymakers, and authoritative bodies. The term "innovation," derived from the root "innovate," which signifies the creation of novel entities, has traditionally held a significant position within the economy, distinct from mere creation [3, 12]. However, its true significance was illuminated by Austrian economist Joseph Schumpeter when he formulated a theory of economic development that elevated innovation to a pivotal role in entrepreneurship.

This theory introduced three fundamental components - investment, innovation, and credit - as key drivers of economic advancement. Schumpeter meticulously distinguished between innovation and creation, as well as between innovators and creators. He emphasized that innovation can thrive independently of creation, and creation itself doesn't inherently fuel innovation. It is through this framework that Schumpeter pioneered the recognition of innovation's pivotal role within a country's economy. As early as 1930, he delineated various manifestations that innovation could take [4, 13]:

- The introduction or commercialization of new or enhanced products or services in the realm of existing offerings.
- The initiation of novel production processes or enhancements to established business processes.
- The creation of avenues for new markets to emerge.
- The development of fresh sources for supplies, including materials, equipment, and other inputs.
- Fundamental shifts in industrial structures and organizational paradigms [4, 14].

Innovation encompasses certain technological modifications, which align with Schumpeter's definition, involving the production of novel products or services, as well as the adoption of fresh methodologies or inputs by firms [5]. A fundamental tenet is that the pioneer, who initially employs these methods or approaches, is deemed innovative, while subsequent adopters are considered followers.

- Slatter presents a definition of innovation as a transformative process that improves products or systems in a manner novel to the firm, effectively introducing change [5, 15]. In this construct, creativity generates something novel, whereas innovation entails its effective utilization [5, 15].
- Advadya's interpretation characterizes innovation as the process of creating, developing, and successfully introducing new products, processes, or services [2, 16].
- The domain of Product Innovation necessitates the successful incorporation of newfound knowledge [6, 7, 17], hinging upon two vital aspects: freshness and utility. This process encompasses multiple stages, including industrial design, management, research and development, production, and economic endeavors tied to marketing or enhanced product offerings.
- Foxal's conception defines innovation as the capacity and willingness to adopt new products and services. This perspective underscores the customer-oriented nature of innovation, assessing the extent to which newly introduced offerings are embraced in the market, as viewed through a psychological lens.
- Endosamor's delineation characterizes innovation as the emergence of innovative products or novel processes within the market.
- The Australian Department of Tourism Industrial (DIST) frames innovation as the application of new ideas at an enterprise level, whether for product manufacturing, process enhancement, service provision, or organizational management and marketing.
- Porter argues that companies must innovate to gain a competitive advantage, often manifesting in the form of new technologies or innovative approaches to task execution.
- Dumenpor and Koopalakrishman's perspective casts innovation as a tool, system, program, or procured service that is fresh for an organization.
- Holt and Hurly's interpretation presents innovation as a company culture fostering collaboration, gauged by the preparedness of the organization to accept new ideas. Merely possessing access to novel concepts isn't sufficient; the degree of acceptance and integration of these ideas defines the level of innovation.

The notion of organizational innovation was outlined by Wang and Ahmed (2004) as the "capacity of an organization to introduce novel products into the market or to access new markets through innovative behaviors and processes" [8, 18].

- In 1998, Rogers defined innovation as a comprehensive term encompassing substantial transformations in business activities, ultimately leading to enhanced firm performance. These transformations might encompass novel or improved goods and services, investments in new machinery, market expansion, educational investments, the creation of intellectual assets, or advancements in technologies [6, 19].

From the late 1960s onwards, these definitions have grown progressively interconnected and can be succinctly encapsulated: the inaugural successful utilization of a product or process from its conceptualization to practical implementation [2]. Overall, the innovation process can be visually represented as illustrated in the figure below [8].

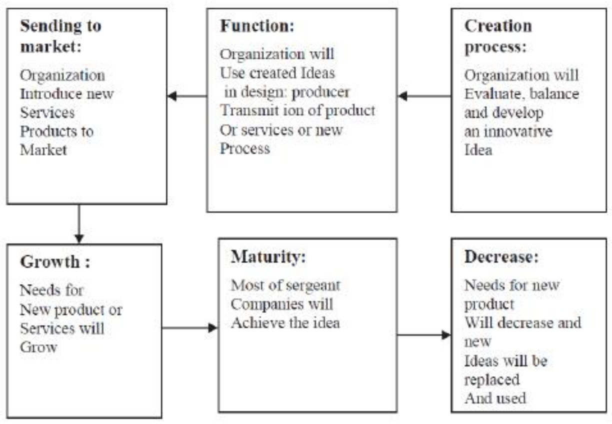

Fig.1: Innovation Process

The process of innovation can also be analyzed from a systemic perspective. A management specialist presents a structured approach to innovation, as depicted in the diagram below:

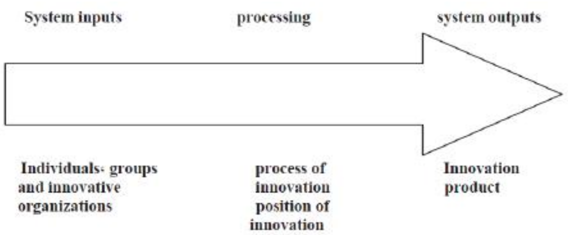

Fig.2: Systematic approach to innovation

III. TYPES OF INNOVATION

Certainly, innovation can manifest in various forms, each bringing about unique changes and advancements within organizations and industries. Here are some common types of innovation along with brief explanations:

Product Innovation: This involves the creation or enhancement of goods and services to meet changing customer needs or to offer entirely new solutions. It's about introducing novel features, designs, or functionalities that differentiate the product from competitors.

Process Innovation: Process innovation focuses on improving the methods and procedures by which products are manufactured or services are delivered. It aims to enhance efficiency, reduce costs, and optimize resource utilization.

***Incremental Innovation*:** In this type, smaller, gradual improvements are made to existing products or processes. It's about refining what already exists rather than introducing revolutionary changes.

Radical Innovation: Contrasting with incremental innovation, radical innovation involves significant, transformative changes that can disrupt industries. It brings forth entirely new products, processes, or business models that reshape markets.

Business Model Innovation: This pertains to reimagining the way a business operates. It could involve altering revenue streams, distribution channels, partnerships, or value propositions. Companies like Uber and Airbnb are examples of business model innovators.

Service Innovation: This type centers on creating new or improved services to cater to evolving customer preferences or to address unmet needs. It often complements product innovation.

Open Innovation: The concept of open innovation involves collaborating with external partners, such as customers, suppliers, or research institutions, to collectively develop new ideas, products, or solutions.

Disruptive Innovation: Coined by Clayton Christensen, disruptive innovation refers to the introduction of simpler, more affordable products or services that initially target niche markets but eventually challenge and potentially overthrow established players.

Sustaining Innovation: This type concentrates on improving existing products or services to maintain a company's competitive edge. It's about staying current and relevant within the industry landscape.

Reverse Innovation: Often observed in emerging markets, reverse innovation involves designing products or services with the needs of less developed markets in mind and subsequently adapting them for more mature markets.

Technological Innovation: This encompasses the creation and implementation of new technologies or significant advancements in existing technologies to address challenges or create new opportunities.

Design Innovation*:* Design innovation emphasizes the aesthetic and ergonomic aspects of products and services. It's about enhancing user experience, usability, and visual appeal.

Social Innovation: This type focuses on finding innovative solutions to social problems or improving societal well-being. It often involves novel approaches to addressing issues like poverty, education, and healthcare.

Environmental Innovation: Also known as eco-innovation, this type involves developing products, processes, or solutions that minimize negative impacts on the environment and promote sustainability.

Remember that these types of innovation are not mutually exclusive and can often overlap. Organizations may engage in multiple forms of innovation to stay competitive, adapt to changing markets, and drive growth.

IV. INNOVATION IN ORGANIZATIONS

Innovation within organizations refers to the process of introducing new ideas, products, services, processes, or methods that result in positive changes and advancements. It is the driving force behind a company's ability to evolve, adapt, and remain competitive in a dynamic business landscape. Innovation is not limited to just coming up with new products; it extends to various aspects of an organization's operations.

Here's a more detailed explanation of innovation within organizations:

New Ideas: Innovation begins with creative thinking and ideation. It involves brainstorming, exploring possibilities, and generating novel concepts that have the potential to enhance the organization's performance or create new opportunities.

Business Model Innovation: Changing the way a company operates, generates revenue, or interacts with customers is part of business model innovation. It can involve adopting new distribution channels, pricing strategies, or even transitioning to subscription-based models.

Cultural Innovation: Cultivating a culture of innovation within the organization is crucial. This involves encouraging risk-taking, creativity, and open communication, as well as embracing failures as learning opportunities.

Open Innovation: Collaborating with external partners, such as customers, suppliers, or research institutions, to share ideas, resources, and knowledge can lead to innovative breakthroughs that might not have been possible internally.

Strategic Innovation: Aligning innovation efforts with the organization's overall strategy is essential. Strategic innovation ensures that new ideas and developments are in line with the company's long-term goals and objectives.

Leadership and Management Innovation: Innovative leadership and management practices can lead to more engaged and motivated employees, streamlined decision-making processes, and an overall agile and adaptable organizational structure.

In today's competitive environment, organizations that prioritize innovation are more likely to stay relevant and thrive. Effective innovation requires a willingness to take calculated risks, an open-minded approach to change, continuous learning, and a commitment to fostering a culture that encourages and rewards creative thinking. It's about not only generating ideas but also successfully implementing and scaling those ideas to drive sustainable growth and success.

V. CONCLUSIONS

In the contemporary business landscape, innovation stands as a paramount and intricate challenge that organizations encounter. It serves as a pivotal determinant of success for these entities. It is imperative for every company to establish a comprehensive innovation process that spans from the initial stages of creation to the eventual execution. As a product progresses through its lifecycle and enters the growth phase, it becomes vital for the company to introduce transformative changes to the product before it reaches the market saturation point.

This strategic shift is driven by the recognition that as a product matures, other competing enterprises within the industry are likely to gain access to the same or similar production technologies. This necessitates companies to continually infuse innovation into their products to maintain a competitive edge.

The innovation process encompasses the ideation, research, development, testing, and eventual market introduction of novel or enhanced products, services, or methodologies. It involves not only the generation of inventive ideas but also the systematic implementation of those ideas to create value for customers and the organization itself.

Innovation serves as a vital conduit for organizations to adapt to changing market dynamics, customer preferences, and technological advancements. By continually innovating, companies can circumvent stagnation and capitalize on new opportunities. This proactive approach to innovation is akin to having a set of keys that unlock the doors to sustainable growth and enduring success in a rapidly evolving business environment.

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