

The role of integrated innovation capability in strategic talent management

Vijesh T

Assistant Professor (On Contract), Government Arts and Science College, Thrithala, Palakkad, Kerala, India

Abstract

As unexpected changes and global competition have become recurrent features in the current business environment, the pressure for innovation and organizational renewal has considerably increased. In fact, it has been argued that organizational capacity to continuously innovate, modify, change and re-create organizational resources, capabilities, and strategies is the main source of sustained competitiveness in turbulent environments.

This paper draws together knowledge from a variety of field to propose that innovation management can be viewed as a form of organizational capability. Excellent companies invest and nurture this capability, from which they are effective innovation process, leading to innovations in new products, services and processes, and superior business performance results. This new operating model sees substantial investment in innovation capability as the primary engine for wealth creation, rather than the possession of physical assets. Building on the dynamic capabilities literature, an “ Innovation capability “ construct is proposed with seven elements – these are vision and strategy, harnessing the competence base, organizational intelligence, creativity and idea of management organizational strategies & systems, culture and climate and management of technology. The present study is descriptive in nature and based on the secondary data published by various agencies and organisations.

Keywords: innovation management, innovation capability, integrated management, innovation assessment, innovation management cycle, innovation hub

Introduction

Industries and markets are led by organizations that have great products and services. The ones that maintain and expand their lead are that successfully roll out innovation practices that help them maintain their momentum and status. This approach to innovation is also meant to undermine Competitions and some companies even endorse self – cannibalization as a way to expand their leadership gap in their competitive environment. Not too many companies able to adopt such a high- risk, but also high – upside approach to business when it has market leadership position.

On the opposite spectrum of innovation, the laggards often wonder why it always feels like they are playing catch- up to competitors. markets are changing faster than they can keep up traditional competitors are trading while new ones surface, products and services are coming to market faster than they can blink. More importantly, consumer attitude changes at a rapid pace, driven by new needs and new technologies. The factors that seems overwhelming in products services life cycle – speed to prototype and build, speed to launch are frequently problems created by very reactive environment, and by those who feel that they cannot keep up. The root cause of their struggle as it exist today is that in most instances, the innovation pipeline empty as laggards are comfortable with business –as-usual and remain reactive to market forces, while successful companies are innovating and disrupting business. Even though the demand for innovation is widely articulated both professional academic press, there is still a lack of validated metrics for assessing organizational capacities for innovation as well as systematic method for developing them. To bridge these gap in the current literature, this paper presents a methods for evaluating & developing innovation capabilities in organizations. The theoretical model underlying the method

conceptualises innovation potential as organisational capability, consisting of strategic competence, exploiting time, leadership, connectivity, learning orientation and knowledge management.

Review of Literature

Innovation can be simply defined as the introduction of any value-creating novelty. While innovation can mean a successfully executed new idea in any part of the organisation, a large part of the innovation literature has concentrated on viewing innovation as a technological process pertaining to the development of new products.

According to Dressman innovation potential is defined as six fields of competences (professional competence, personal competence, constructive competence, social competence, methodical competence, participating competence) and three constraining levels (social surrounding, organisational frame, innovation system) [Tschirky & Koruna 1998] [5].

Meier defines innovation capability as an interaction of different elements as strategy, resources, processes, methods, tools, culture and organisation which in interaction enable the success of innovation and the success of the whole company. [Meier, Fadel *et al.* 2004] [2].

Organisational renewal capability is a holistic company - wide approach to the management of innovation. According to this perspective innovation should be something pervading the whole company, rather than an isolated effort restrained to the R & D department of the firm. Ideally, innovation is exhibited in the daily activities of all organisational members. As Lawson puts it, innovation, “for those who do it well, [.....] Pervades all aspects of an organisations existence, from the core value system to the measures and behaviours that are manifested on a daily basis”. This company-wide process of

continuous improvement is called as high-involvement of innovation or employee driven innovation.

Objectives of the Study

- To introduce a new innovative managerial approach i.e., integrated innovative capability as the essence of successful business.
- To draw a landscape or platform for integrated innovation capability.
- To identify the critical success factors essential for innovation management.
- To discuss the relevance of integrated innovation management in the modern business scenario.
- To point out the methods and cycle of innovation management.

Methodology

The present study is descriptive in nature and is based on the secondary data published by various agencies and organisations. This study makes use of data and information available from various websites, management journals, books, magazines etc.

Integrated Innovation Capability

Integrated Innovation capability outlines a structure of a company's innovation capability integrated in its business environment. The structure is set up in different levels which affect a company's capability to innovate.

Innovation management involves the process of managing an organization's innovation procedure, starting at the initial stage of ideation, to its final stage of successful implementation. It encompasses the decisions, activities and practices of devising and implementing an innovation strategy. Innovation management includes a set of tools that allow managers and engineers to co-operate with a common understanding of processes and goals.

The following definitions shall give the base for the term "Integrated Innovation Capability".

Integrated Management

The description "integrated management" characterises a holistic view on a company's tasks. It bases primarily on the approach, that the accomplishment of management tasks need a frame of reference, which allows for the increasing complexity and dynamic task sharing in a systematic way. First systemic signifies, that several parts of a company execute different tasks in an independent way, but as a whole align consistently. Further systematic performance is characterised by its cross linking between the different parts of the system. Next the basic openness of systems necessitate the embedding of companies in its environment [Tschirky & Koruna 1998] ^[5].

Innovation Management

Innovations are normally just successful, if they don't have a coincidental character, but prepared and achieved systematically and the innovation process is coordinated. For this purpose it requires an innovation management. Resultant following tasks:

- Set goals for innovations to implement in the company.
- Make decisions for the development of innovations and to the economic configuration.
- Design, regulation and controlling of the innovation process.
- Creation of an organisation to provide the success of innovations.
- Design of an information system to embrace the whole innovation process.
- Development promotional social relationships in the company.

Innovation Capability

Pleschak and Sabisch define innovation capability by following factors:

- Managers and employees with their qualification, their know-how and their professional and methodic competence.
- Material and financial resources of a company
- Management system and standard of organisation
- The specification of the innovation system and its embedding in inter organisational networks
- Focus on the most promising innovation and implementation of an optimal ratio of product-process-, and organisational-innovations.
- Innovative climate in the company, which is affected by a creative and open working atmosphere, by promoting and stimulation of new ideas, by attendance of everyone to avoid errors and obsolete functions, by interdisciplinary proceedings and by a developed information system [Pleschak 1996] ^[3].

Innovation and Planning

As with all other core business processes innovation needs to be linked to strategy and the business planning process. Innovation separate to business strategy runs the risk of diverting key resources and damaging the focus of an organisation. This 'missile looking for a target' syndrome must be avoided at all costs. Innovation activities must be driven by strategy and current business imperatives. The extent and type of innovation should be determined by current business performance and future expectations and by an organisations tolerance to risk.

Innovation Hub

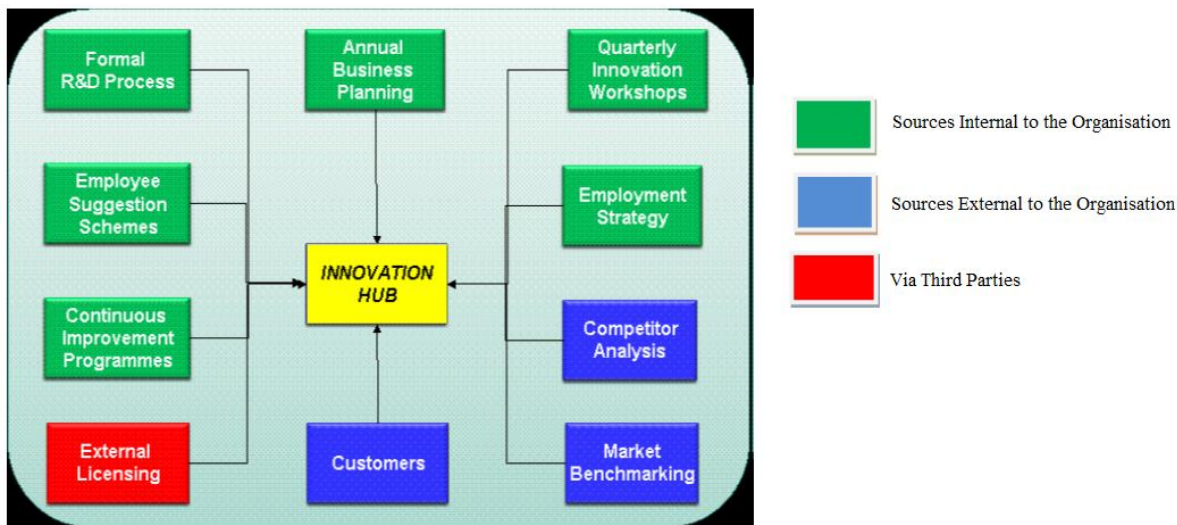


Fig 1: Innovation pipeline

Innovations and ideas can come from any part of an organisation. It is not the preserve of the R & D department or marketing. Nor is it merely limited to an employee or customer ‘ suggestion scheme ’.The sources of innovation are many and varied but they need to be collated, co-ordinated and managed as a source of valuable information and are core to the future of an innovative business. To that end, successful innovation companies operate an ‘innovation hub’ where all ideas and innovations are collated and co-ordinated.

Innovation Hub offers feedback on status of your idea share proposal and whether it enters innovation hub pipeline. If not, Innovation Hub provides feedback and requests for more information.

Creative processes and analysis can be used to stimulate new ideas in four basic areas:-

- Business innovation – For example new business or supply chain models.
- Product or service innovation – new or modified products or ways of providing a service.

- Market innovation – Opening a new market or creating a new customer base.
- Process innovation – Improving or changing internal processes.

Innovation Capability Landscape

According to the statement of the project partners of the project i-Puls, the two main capabilities “cultural capability” and the “procedural capability” are located balanced with the same weight in the center (Figure 2) – these two capabilities enable to generate ideas and to proceed the idea into a successful product. To align the company strategically, the generated ideas are selected and propelled in an innovation process according to the criterias resulting from the innovation strategy - as an original document of volition situated in the leadership level - due to the business environment. The resource level contains the resources as follows: Physical persons (detached from its know-how and abilities), technologies, financial and material resources. These resources are provided to support the process of generating ideas and realising new products.

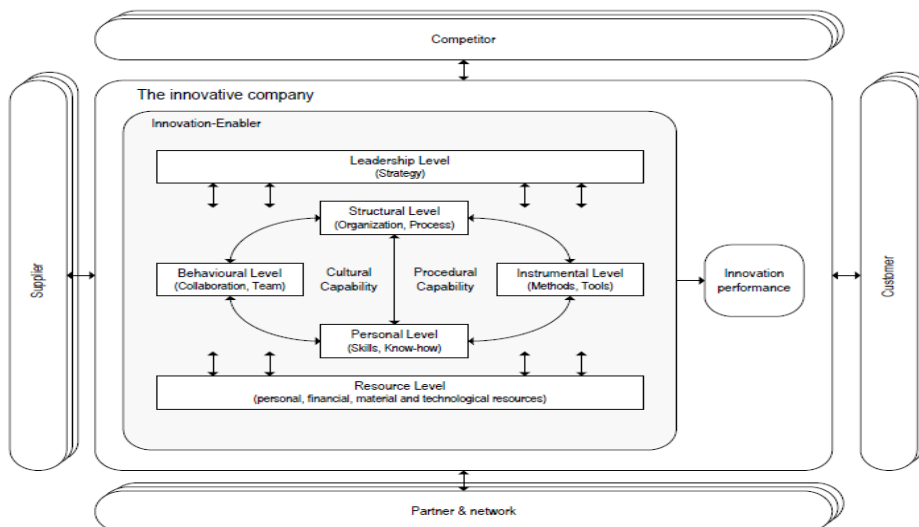


Fig 2: Innovation Capability Landscape

Leadership Level

The leadership level contains the innovation strategy, which set the long term goal of the company's innovative activities. The survey of the "Chief Executive" attests, that 40% of the CEOs consider a clearly defined innovation strategy as one of the main factors to process an idea into an innovation. The lack of an innovation strategy as well desiderates the prioritisation of innovation projects. In the model the leadership level interacts between business environment and the innovative company. It considers the fit to the market (supplier, customer, competitor), the core competencies, and correlates the (product-) innovation strategy to the corporate strategy [Bircher 2005] [6].

Personnel Level

According to Peter Drucker, the employees are the most valuable resources of every company and the leader's character as the most important means of guidance – character quotes example and character will be imitated. The company's challenge concerning innovation is how to develop intern persons or how to acquire extern persons to achieve a continuous flow of ideas and process the ideas gradually into an innovation. To meet this challenge the concept represents the cultural and the procedural capabilities. The cultural capability describes the company's capability to develop a culture which supports the process of ideation (new ideas) as the front end of the innovation process (idea into innovation); in a way that the right employees get in contact and interact in a way to subserve the innovative goals. The procedural capability specifies the employee's capability to use the instruments and tools to support the innovation process.

Behavioural Level

The cultural capability may partly be described as the dimension behaviour, specific the collaboration and the way of contact among each employee. In the level of behaviour aspects like way of communicating, willingness to responsibility, style of leadership (e.g. participatory), incentive system or acceptance of risk are described.

Structural Level

The structural level describes the form of organisation and the shape of the innovation process. Concerning the innovation process the question is how to move ideas into products and introduce them into the market, including processes for generating ideas, conceptualizing, embodiment, technology support, production, and launching the product. Concerning the form of organisation the question is which form of organisation supports the most the innovation process and how flexible personnel resources may be relocated. As well the size of an organisation shall be answered in this level. As an excursus according to Gladwell [Gladwell 2000] groups of 150 are an organized mechanism that makes it far easier for new ideas and information moving around the organization to tip; to go from one person or one part of the group to the entire group all at once.

Instrumental Level

The specific working procedures that improve the effectiveness and efficiency of a company's approach to innovation and communication like software, hardware and equipment to facilitate firstly the design of the products and secondly the management of product information.

Resource Level

The personal, financial, material and technological resources that enable a company's innovation process and the resources that are spent to improve the cultural capability of a company. Innovation performance.

Innovation performance

This element represents the output generated out of the resources spent in the innovation process (e.g. number of new products launched, time to market).

Innovation management methods

Broadly speaking, innovation can be incremental, breakthrough or disruptive.

- **Incremental:** In an era where businesses are required to constantly reinvent themselves, incremental innovation helps them thrive by constantly improving current products, services, processes or methods.
- **Breakthrough:** A breakthrough innovation refers to technological advancements that can boost the level of a product or service, within an existing category, ahead of its competitors.
- **Disruptive:** Disruptive innovations are ideas that are capable of radically changing the market behaviour after being implemented.

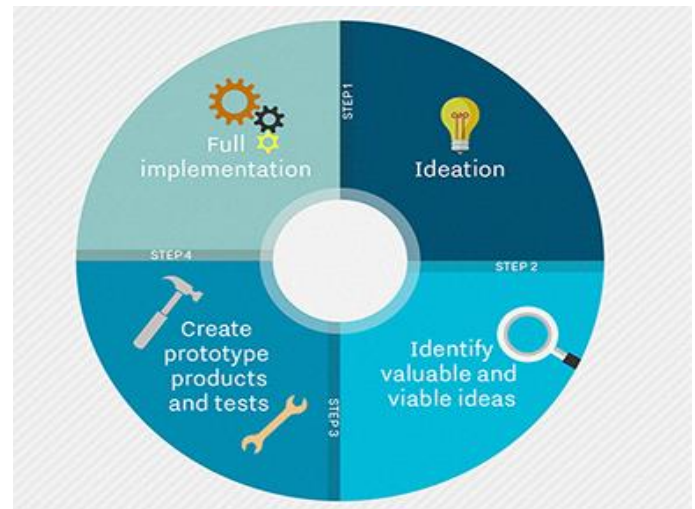


Fig 3: Innovation Cycle Management

To make innovation management a routine part of business, many organizations follow a disciplined and cyclic approach. Ideation is the first step to innovation and incentives and feedbacks help encourage a steady flow of ideas. The next step in a well-managed innovation process is to identify the most valuable and viable ideas. Companies can then move forward to create prototype products based on the shortlisted ideas and implement them to see how they work. In the final step of full implementation, it is important to evaluate the outcome to see whether the desired business goals were met once the ideas were implemented.

Critical Success Factors for Integrated Innovation

There are a few critical success factors when installing and running an innovation process within any organisation:

A focus on opportunities of high value – and lesser ideas are discarded quickly. This is done through a robust and widely known filtering process using the V-SAFE process, or similar.

- **Active commitment of top management** – through visible leadership and use of the process by senior management. As soon as an ‘informal’ process to fast track ideas from senior management is used the innovation process breaks down.
- **Build techniques into business processes** – the most successful innovation cultures are those where the core innovation process is as natural as all other business processes such as budgeting and planning. Easy to state – difficult to do!
- **Develop innovation as a core skill** – in all staff and especially in managers! It can be done and managers can be encouraged to put forward their and their staff’s ideas. Thinking innovatively is a skill that can be acquired.
- **Tools to support the application of concepts** – using the internet and some tracking software ideas can be tracked and innovations planned. You would not think of running any other core business process without a tool or system of some sort – so why should innovation be different?
- **Reward people for sharing ideas & knowledge** – and this does not just mean a cash bonus! Performance can be improved through good management and a reward system that recognises group effort and sharing ideas rather than just the individual.

Integrated Innovation Framework

An integrated approach means that someone should take responsibility for the innovation process within an organisation. In the last two decades we have seen the growth of Chief Information Officers (CIOs) within large organisations to manage and control the multiplicity of systems and software that businesses use. The role is seen as core to how a business functions and operates and is represented on the board. In the 21st century, in a global economy, there should be a Chief Innovation Officer or Director of Ideas who should lead and manage the innovations process within a business. For large organisations this would be an indicator of whether a business is truly innovative and has taken an innovation culture.

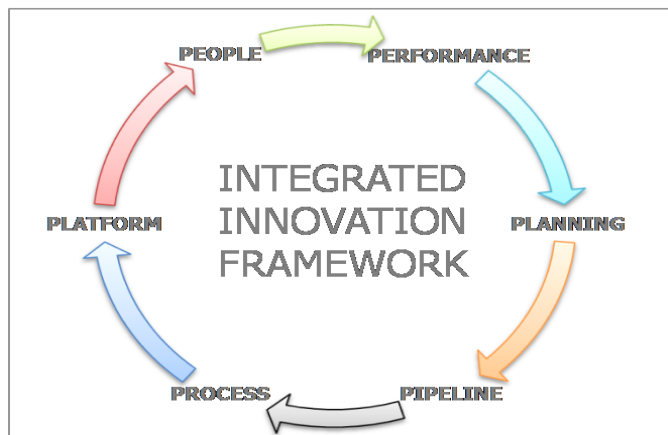


Fig 4

With so many variables, and with innovation touching every part of the business, how can this be affected? Only through the use of an integrated innovation framework! The piecemeal approach to innovation management needs to be cast aside and

organisations begin to understand that innovation stretches beyond new product development (NPD).

Conclusion

Innovation is the core business competency of the 21st century. In order to not only compete and grow but to service in a global economy, business must innovate. This concept is a try to catch up character of innovation capability in its most important facts. The actions to improve the innovation capability may be aligned to its context. Measurement of innovation capability may be viewed as a benchmark among different companies. The variation of innovation goals referencing to its contextual factors has to be considered in the assessment of the innovation capability in thus highly dependent to its business environment.

For innovation management process to be successful, it is essential that the company support an innovation culture and make employees feel valued. This will encourage employees to generate quality ideas in return. Organizations today are leveraging collaborative technology like social networking to get feedback, which helps in generating a steady stream of ideas from stake holders both within and outside the company. Organizations are also increasingly looking for innovation managers, who are equipped with specific skills, to drive innovation management process. Only by embracing an integrated innovation framework will organisations be able to compete on a world stage and be successful in a truly global economy.

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