Chapter 8

Knowledge Democracy as the New Mantra in Product Innovation: A Framework of Processes and Competencies

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ABSTRACT

In this chapter we carry out a critical analysis of “knowledge democracy” as a new mantra or buzz-word in product innovation leadership. A new paradigm has revolutionized the traditional process of invention, which was previously associated with a hierarchical dissemination of new ideas and competitive hoarding of knowledge assets. This chapter contends that at this environment has been replaced by a collaboration economy (based on so-called “wikinomics”) in which democracy governs the process of knowledge creation and its strategic application. Leadership in product innovation does not rely on the innate internal qualities of organizations, but on the collaborative contribution of stakeholders in many of the activities that make up the NPD lifecycle. The authors suggest a new approach to mitigate factors that can otherwise reduce the value of the NPD process. The chapter then examines how to promote such open collaboration through the development of a new managerial mindset, the acquisition of new distinctive competencies, the development of new organizational models, and the management of new collaborative technologies. The authors’ proposed framework of processes and competencies offers the potential for organizations to meet these needs.

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INTRODUCTION

As the world runs into the 21st century, knowledge replaces capital as key production resource and driver of competitive advantage for companies. Learning how to identify, manage, and foster knowledge is thus vital for organizations who hope to compete in a fast-moving global economy (Davenport & Prusak, 1997). Successful organizations place people at the forefront, while creating an environment conducive to develop and leverage the idiosyncratic knowledge, competencies and motivation of each individual. The worldwide distribution of markets and industries represents another challenge and threat for today’s organizations since it asks a more open and boundaryless perspective of value creation for a larger number of stakeholders. The commitment to developing knowledge and competencies must be thus complemented by the capability to meet different expectations and link dispersed potential, expertise, and initiatives in a continuous process of organizational learning and renewal.

The management of strategic knowledge is a point at the top of corporate strategic agenda and a concern for all the levels of an organization. In fact, managing knowledge to streamline innovation requires a strong integration of organizational, process, and technology-related issues. Knowledge management practices can foster innovation in a variety of models. In particular, the potential of communities becomes increasingly recognized in the effort of leveraging collaboration and collective intelligence, both in advanced technology sectors and in traditional industries. Information and Communication Technology (ICT) had a major role in creating such state of things. During the last decades, the diffusion of ICT has indeed facilitated the emergence of networks as socio-organizational entities based on participation, cooperation and co-creation of value (Burt, 2000; Cummings & Cross, 2003). The new paradigm revolutionized the traditional process of generating new ideas for products and services, mostly based on internally-bounded and centralized models. Today, the “collaboration economy” or “wikinomics” boosts the principle of democracy which governs the creation and application of strategic knowledge (Tapscott & Williams, 2006). The traditional drivers of competitiveness are replaced by capabilities such as peering, i.e. eliminating hierarchies in favor of meritocracy, quality of ideas and contributions; openness, i.e. enhancing participation and involvement of any stakeholder who has something to contribute; sharing of strategic assets such as ideas, intellectual property, and software in order to facilitate participation and cross-fertilization; and global action, to use and capitalize increasingly distributed resources (Hiltz, 1998; Johnson & Johnson, 1996).

In this scenario, leadership in innovation cannot rely exclusively on the internal abilities of organizations committed in satisfying external needs. Indeed, it is rather based on the contribution of customers, suppliers, partners, and co-developers involved in activities such as market research, design and development, prototyping, testing and production. The ultimate purpose is to allow more targeted product customization, reduce time to market and cost of resources, and minimize investment risks (Chesbrough, 2006). However, adopting a perspective of networking and distributed knowledge creation requires competencies needed to integrate new organizational forms and technology systems. Besides, traditional workflows should be redesigned to allow more open, dynamic and interactive product innovation processes. In this endeavor, a need arises to conceive integrated framework to support the transition, an effort which is even more challenging for small and medium organizations characterized by limited budget and resources. The focus of this chapter is thus threefold: (a) the business and technological capabilities critical to leverage knowledge democracy for innovation purposes; (b) the organizational models and collaborative processes required to enhance the generation and development of new ideas; and c) the strategy for
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