Chapter 12

Strategic Management of Innovation Focusing on Confluence of Continuity and Change

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ABSTRACT

Production of world-class products and services amidst inevitable changes in business situations calls for a continual balance across current and future areas of focus. While innovation is accepted as an imperative, managing innovation effectively now, more than ever before, calls for a dynamic strategy to manage the resultant diverse forces that are in play at any point of time. The continuity forces, represented largely by elements denoting stability, such as an assured market base, access to technological and financial resources and availability of human capital, need to be balanced constantly versus change forces, represented by agents such as technology changes, environment changes and customer preferences. Literature survey indicates that successful organizations have demonstrated capabilities in adopting effective strategies to meet these different conditions. The attempt is to present the patterns and trends of research on both continuity and change management aspects, particularly in the context of management of innovation. While it has been possible to highlight only some of the exemplary work, the paper identifies significant gaps in research in this context and suggests a practical framework to address this issue.

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INTRODUCTION

Innovation refers to the capacity to apply new knowledge or to recombine existing knowledge in order to improve/enhance productivity, or to create new products and processes (Utterback, 1994; Rosenbloom & Burgelman, 1989). Therefore, innovations are considered the engines of productivity, competitiveness and employment growth for individuals, organizations, regions and countries. For any innovation, apart from the creation, equally important is its diffusion and adoption that dents the economic system. Also recognized is the fact that innovation is a complex process that involves not only the innovative individual or firm but also a system of interactions and interdependencies between that individual or firm and other people as well as organizations and institutions.

While innovation is recognized as a basic requirement, it is now evident that managing innovation demands management of both continuity and change. Firms need to change continually on several fronts to make innovation a staple happening leading to enhanced performance. With globalization having set in, the need to make world class products or services that meet the customer’s needs is being emphasized, requiring focus on new technology creation and implementation. Changes in business situations are inevitable, calling for a balance across current and future areas of focus and a dynamic strategy to manage the resultant diverse forces that are in play at any point of time.

As customer needs as well as technologies are continuously evolving, it is imperative for firms to create value that is perennially relevant to the customer. Complementary assets are essential to enable value enhancement/creation; they need to be continually relevant with changes in customer or technology. Uniqueness, developed so assiduously in the form of skills, or culture, or technology ownership, is difficult to maintain with the inevitable changes in the environment, necessitating a dynamic approach. Carving a growth path calls for continuously developing and nurturing competences to utilize these assets to fend off competitors, meet customer demands and react appropriately to technology developments.

From a holistic perspective, the need is to have a strategy in place to manage innovation that can cope with both continuity and change.

OBJECTIVE

The objective of this paper is to scan the vast references to ‘innovation’ and its management in literature and thereafter attempt an analysis of those findings that deal with management of innovation through management of continuity, management of change and management of continuity and change and present the results of the analysis in an objective manner. The broad literature review on the definitions of innovation and its management are presented, followed by those gleanings referring particularly to management of continuity. We present similar findings pertaining to management of change and the following section focuses on management of continuity and change in amalgamation.

INNOVATION AND ITS MANAGEMENT

The word ‘innovation’, reportedly, originates from the Latin word innovare meaning to review, to make new or to alter. Alternatively, the word innovation can be said to be derived from novus or new, leading to the same meaning. Innovation is a widely defined term both in the popular press and in the academic literature.

As used in this paper, innovation is the mechanism by which firms produce new products, processes and systems required for adapting to changing markets, technologies and modes of