Chapter 13

The International Manager: Innovation as a Competitive Advantage

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ABSTRACT

Nowadays, it is practically impossible to read a business article that does not mention the importance of creativity and innovation for the development and survival of different organizations. One way companies can respond to the uncertainty created by the domestic and global economic situation, rapid growth of the information technologies, and ever more informed and demanding customers is through innovation. It is also important to understand that innovation is not the exclusive property of R&D departments or industrial companies. All innovation starts with an idea and, given that ideas come from people, encouraging innovative work behavior (IWB) has become a priority as a way to achieve business competitiveness.

INTRODUCTION

Innovation has become a variable of the utmost importance to the business world. Nowadays, it is practically impossible to read a business news article that does not mention the significance (and in some cases potential risk) of creativity and innovation for the development and survival of organizations.

Technological, social and institutional changes have shortened the life cycle of products, services and business processes, creating the need for the business world to provide quick responses as a way to survive over time.

One way companies can use to respond to the uncertainty created by the domestic and global economic situation, rapid growth of the information technologies and ever more informed and demanding customers is, precisely, innovation. A variable that, as will be seen throughout this chapter, is not the exclusive property of R&D departments or industrial companies.

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Gone are the days when innovation was a subject reserved for those organizations and people working in technological or scientific areas. The idea that innovation (either radical or incremental) is the exclusive terrain of research and development departments was overcome in the 1990s with the widespread implementation of different quality models in companies.

All innovation starts with an idea and, since ideas come from people, encouraging Innovative Work Behavior (IWB) has become a priority as a way to achieve business competitiveness, even more so if a firm wants to operate at the international level.

This development can be seen in the academic literature on innovation, which until the middle of the 2000s was mainly focused on the characteristics of the R&D departments of industrial and technological companies but has since been evolving to include other sectors and factors related to workers as a whole. Even so, it should be noted that little attention has been paid to the innovative behavior of workers who are located at the bottom of organizational hierarchies, as the existing research has focused its analysis more on middle management and highly qualified workers (De Jong & Den Hartog, 2007).

In fact, mobilizing workers to achieve innovative behavior is becoming a priority, since it has been shown that in 80% of cases ideas for improvement come from workers, whereas in only 20% of cases do they result from planned innovation activities (Getz & Robinson, 2003).

With these considerations in mind, the present chapter is focused on understanding, as a manager, the importance of encouraging innovative work behavior for a company. Considering innovation should not be a desirable measure when trying to construct a sustainable competitive advantage but an essential one. This chapter will identify which factors contribute to the development of innovation; the importance of sharing your vision regarding innovation with other departments, especially, the HR department, and how supervisors acquire an important role in efficiently achieving the final objective of innovation. IWB is considered essential for organizations as a source of competitive advantage.

CREATIVITY VS. INNOVATION

Creativity and innovation are so closely linked that they have often been used interchangeably, as synonyms. However, they are different concepts. Creativity is defined as the production of novel and useful ideas, while innovation is defined as the implementation of ideas. Miron et al. (2004) determined that creative people are not always innovative. Being innovative requires something more.

While there is no general consensus about the definition and dimensions of creativity, there is a reasonable level of agreement about the differences in the definitions of creativity and innovation in the workplace. Following the suggestions of authors like Axtell et al. (2000) and De Jong (2007), the main differences between the two concepts can be summarized as follows:

- Creativity refers to the generation of new and useful ideas for products, services, processes and procedures, while innovation is a concept that includes the implementation of these ideas.
- Creativity means the generation of ideas which are completely new. However, with innovation it is enough for these ideas to be new in the environment in which they are implemented (relative novelty).
- Innovation is something that is intentional, which creativity may or may not be.
- Innovation consciously tries to produce a change to the established order and obtain a benefit from that, something that does not happen with creativity.
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