Chapter 16
Innovation in the 21st Century Organization

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ABSTRACT
“When memories exceed dreams, the end is near. The hallmark of a truly successful organization is the willingness to abandon what made it successful and start fresh” (Friedman, 2005). These words seem relevant in the context of the discussion on creativity, creative industries, and innovation. The debate has been by no means scarce, but are economies, businesses, research groups, and technology developers heading in the right direction? Innovation has a crucial role in achieving competitive advantage in this globalized world. By definition, innovation means the first introduction of new idea, product, process, or system through a complex process by which knowledge in organizations is oriented towards achieving the stakeholders' expectations. The traditional business processes are evolving, and today, richer functional areas, such as reengineering, green world, collaborative approaches, and sustainability, are the focal point. As a process, it demands that leaders understand multiple complex systems, differing frames of reference, intricate structures, diversity, and boundaries. Equally crucial is the need to understand what innovation really means and what really drives the wheels of innovative process. The objective of this chapter is to understand the innovation imperative and innovation approaches adopted by organizations in the 21st century. Understanding will also safeguard against the pitfalls of managerial decision making. Based on in depth literature review and grounded theory approach with contextual analysis of both primary and secondary data, the study is restricted to innovation in business organizations.

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INTRODUCTION

Innovation has a crucial role in achieving competitive advantage especially in this globalized world. However, it is crucial to understand what innovation really means and what really drives the wheels of the innovative process (Fox, 1998). Moreover, the end-users must accept that the innovation has value for them. A recent article about military innovation makes the statement that we should not worry about defining innovation because “we know what innovation is.” (Fastabend & Simpson, 2004) Still, the most basic literature search suggests otherwise. Although the common definition of innovation appears simple – the introduction of a new idea, method, or device – a more precise definition (and comprehensive understanding of how organizations apply the term in practice) will keep frivolous uses of the term from clouding judgment.

Professor Rosabeth Moss Kanter provides a comprehensive definition of innovation in organizations. She explains that innovation is more than doing an assigned task faster, or even better. Performing such assigned tasks requires ordinary resources, routine power and authority, and little or no information sharing or gathering outside of the unit; consequently, the changes encounter only minor opposition from the institution. One can accomplish a task within the boundaries of established practice. However, something which is “innovative” involves highly problematic situations that cross organizational lines and threaten to disrupt existing arrangements. Such problematic situations require resources and skills beyond what is required to complete our jobs. Accordingly, innovations have implications for other functions and areas, and therefore require data, agreements, and resources of a wider scope than routine operations demand (Kanter, 2004).

Innovation, by definition, then means the first introduction of new idea, product, process, or system through a complex process and not as simple as made to believe. As a process, innovation focuses on the mechanism by which knowledge in organizations and knowledge creation is oriented towards achieving the stakeholders’ perception. The traditional business processes are evolving and today richer functional areas such as reengineering, green world, collaborative approaches, and sustainability are the focal point. As a process, it demands that leaders understand multiple complex systems. Innovation thus includes building consensus and preventing interference or sabotage from risk-averse or hostile players. It also requires an understanding of differing frames of reference, intricate structures, and diverse control and boundary systems (Shambach, 2004).

“When memories exceed dreams, the end is near. The hallmark of a truly successful organization is the willingness to abandon what made it successful and start fresh.” (Friedman, 2005). These words seem relevant in the context of the discussion on creativity, creative industries, and innovation. The debate has been by no means scarce, but are economies, businesses, research groups, and technology developers heading in the right direction? How to meet this challenge in practice? Creativity, innovation, creative economy, and creative industries are examples of key concepts that spark a great deal of general interest and ambitious research as well as R&D projects. However, these concepts have been somewhat “innoflated”: creative this or inno that have often lost their true meaning or purpose (ibid.). The same kind of exaggeration and unrealistic hype was earlier directed to all things beginning with cyber, digi, and mobile.

Thus, a thoroughly analytic view and testing of the concept with regard to the concepts that are part of the debate on creativity and innovation would be very welcome and the use of the words “innovation,” “creativity,” etc., must be examined analytically and critically. The classical distinction between “ideas,” “inventions” and “innovations” might turn out to be rather useful in this discussion. The term creativity is used extensively, and, among other contributions, the ideas concerning
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