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The contribution of Contemporary innovative practices in management to organizational success

Benjamin Yobes Nyaboga and Erick Nyakundi Onsongo
Department of Business Administration, Kisii University College.

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ABSTRACT

This paper examines the contribution of contemporary innovation practices in management to organizational success, nowadays management practice innovation is at the top of the strategic agenda of corporations. In fact, the current catch phrases of 'creative response' and 'innovation' can be traced back to the entrepreneurship school and the cultural school since they are the nature of innovation, the inherent logic of innovation. Innovation is crucial both to the survival and growth of businesses and to their Competitive positions although businesses can be as innovative as their rivals and play a "dynamic complementary" Organizational creation is fundamental to the process of innovation, it constitutes part of the system that produces it. The ability of an organization to innovate is a pre-condition for the successful utilization of inventive resources and new technologies. Conversely, the introduction of new technology often presents complex opportunities and challenges for organizations, leading to changes in managerial practices and the emergence of new organizational forms. Organizational and technological innovations are intertwined, organizational changes, alongside new products and processes, as well as new markets.

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Introduction

Background of the study

Innovation covers a wide spectrum of organizational activities, such as discovery, product development, process development, organizational change, and invention (Durand, 1992). Technological innovation, which refers to product and process innovation. According to the Cooke, P (1996), technological innovation is defined as consisting of new products and processes and significant technological changes in products and processes. In a general sense, the term 'organizational innovation' refers to the creation or adoption of an idea or behaviour new to the organization (Jenner, 1991). Organizational management practice innovation is indeed very diverse and not well integrated into a coherent theoretical framework. The phenomenon of 'organizational innovation' is subject to different interpretations within the different perspectives. The Organizational design focus predominantly on the link between structural forms and the propensity of an organization to innovate (Brown, L.D& Gardner J.C 1985)

This paper provides a micro-lens for understanding the capacity of organizations to create and exploit new knowledge necessary for innovative activities organizational innovation and adaptation, and the processes underlying the creation of new organizational forms. Its main focus is to understand whether organizations can overcome inertia and adapt in the face of radical environmental shifts and technological changes, and whether organizational innovation occurs principally at the population level through selection (Nerkar, A. 1996). In this context, management practice innovation is considered as a capacity to respond to changes in the external environment, and to influence and shape it (Piest, B. 1994).

The development of organizational innovation

Organized activities and management have existed for thousands of years, for example, the construction of the Egyptian pyramids and the Great Wall of China. Michelangelo, the genius artist of the Renaissance era, was a manager himself. (Link, A.N 1995) In order to paint the ceiling of the Sistine Chapel and other great things, he personally selected his workers, trained them, and assigned them to one or more teams, and he kept detailed employment records. In the past several hundred years, especially in the last century, organization management practice innovation has undergone systematic development (Piest, B. 1994)

Shane, S (1993) indicated that Adam Smith, in *The Wealth of Nations*, made an argument on the economic advantages that organizations and society would achieve from the division of labour, which is the breakdown of jobs into narrow, repetitive tasks. Smith concluded that division of labour increased productivity by increasing each worker's skill and dexterity, by saving time that is usually lost in changing tasks, and by the creation of labour- saving inventions and machinery. Probably, the most important influence on management was the Industrial Revolution. It began in the late eighteenth century in Great Britain, where machine power was being substituted for human power. Thanks to this movement, there was the development of big organizations. (Jenner, R.A 1991) John D. Rockefeller was putting together the Standard Oil monopoly, Andrew Carnegie was gaining control of two- thirds of the steel industry, and other people were creating new businesses that would require formalized management practices.

At the turn of the 19th century, the most notable organizations were large and industrialized. Often they included ongoing, routine tasks that manufactured a variety of products. (Durand, T. 1992) The United States highly prized scientific and

Tele:

E-mail addresses: erickonsongo@yahoo.com

technical matters, including careful measurement and specification of activities and results. Frederick Taylor developed the scientific management theory" which espoused this careful specification and measurement of all organizational tasks. Tasks were standardized as much as possible. Workers were rewarded and punished. This approach appeared to work well for organizations with assembly lines and other mechanistic, routinized activities (Cooke, P. 1996)

Max Weber embellished the scientific management theory with his bureaucratic theory. Weber focused on dividing organizations into hierarchies, establishing strong lines of authority and control. He suggested organizations develop comprehensive and detailed standard operating procedures for all routinized tasks. (Honig Hafel, s & Martin, L.R 1993) Eventually, unions and government regulations reacted to the rather dehumanizing effects of these theories. More attention was given to individuals and their unique capabilities in the organization. A major belief included that the organization would prosper if its workers prospered as well. Human Resource departments were added to organizations. The behavioral sciences played a strong role in helping to understand the needs of workers and how the needs of the organization and its workers could be better aligned. Various new theories were spawned, many based on the behavioral sciences (Honig Hafel, S & Martin, L.R 1993)

Shane, S (1993) indicated that the Human Relations movement recognized the need to innovate and cultivate supervisory skills, e.g., delegating, career development, motivating, coaching, mentoring, etc. Progressive management applies the knowledge in the workplace and reflects on the application. The management activities incorporate employee' real-world activities in the workplaces or their lives. Assignment includes reflection and analysis on real-world experience. Management is enhanced through continuing dialogue and feedback among employees. Very good managers include forms of self-development, too, recognizing that the basis for effective management is effective self-management (Brophy, D. 1993).

Japanese firms are said to have gained a competitive advantage in industries such as electronics and automobiles over the USA because of their superior organizational capacity for integrating shop-floor workers and enterprise networks, enabling them to plan and coordinate specialized divisions of labour and innovative investment strategies. Larson, A (1991) argue that those US firms (e.g. Motorola and IBM) that have been able to sustain their competitive advantage also benefit from a high degree of organizational integration

Contemporary Organizational management innovation practices Cooper, R.G & Kleinschmisit E.J (1995) Organizational innovation refers to new ways work can be organized, and accomplished within an organization to encourage and promote competitive advantage. It encompasses how organizations and individuals specifically, manage work processes in such areas as customer relationships, employee performance and retention, and knowledge management. At the core of organizational management practice innovation is the need to improve or innovation of a product, process or service. Management revolves around innovation- but not all management practice innovation is innovative. Organizational management practice innovation encourages individuals to think independently and creatively in applying personal knowledge to organizational challenges. (Shane, S. 1993) Therefore, organizational innovation requires a culture of management

practice that supports new ideas, processes and generally new ways of "doing business".

Most of the research on organizational management practice innovation practices has focused on organizational structure (Shane, S 1993). Within the field of organizational design theories, there has been a long tradition of investigating in the links between environment, structures and organizational performance. Several studies have shown how certain organizational structures facilitate the creation of new products and processes, especially in relation to fast changing environments. The work of micro-economists in the field of strategy also emphasizes the superiority of certain organizational forms within particular types of business strategies and product markets. (Randolph W.A 1991). More recently, there has been a significant shift in the focus of theoretical enquiry away from purely formal structures towards a greater interest in organizational processes, relationships and boundaries (Acs, Z & Audretsch 1990). The growing influence of economic sociology and the introduction of 'network' concepts into the organizational design field denote such a shift between network structure and innovation.

McGree & Dowling (1994) argue that individual organizations seldom succeed in making radical changes in strategy and structure in the face of environmental turbulence because they are subject to strong inertial forces. Such forces are inherent in the established structures of the organization which represent relatively fixed repertoires of highly reproducible routines. While giving organizations reliability and stability, these routines also make them resistant to change. (Cooke, P. 1996) As a result, organizations respond relatively slowly to threats and opportunities in the environment. Organizational ecology theories posit that adaptation of organizational structures within an industry occur principally at the population level, with new organizations replacing the old ones that fail to adapt.

Larson, A (1991) argues that organizational adapt and change focusing on how organizations can overcome inertia in the face of discontinuous technological changes and radical shifts in environmental conditions, an organization inputs would include resources such as raw materials, money, technologies and people. These inputs go through a process where they're planned, organized, motivated and controlled, ultimately to meet the organization's goals. Outputs would be products or services to a market. Outcomes would be, e.g., enhanced quality of life or productivity for customers/clients, productivity. Feedback would be information from human resources carrying out the process, customers/clients using the products among many. Feedback also comes from the larger environment of the organization for example influence from government, society, economics, and technologies. This overall system framework applies to any system, including subsystems in the overall organization.

Pfirmann, O. (1994) states that effective management development practices help employees to take a system's view of their organizations, including review of how major functions affect each other. Assignments include recognizing and addressing effects of one action on their entire organization. When managers make a decision, they must take into account all aspects of the current situation and act on those aspects that are key to the situation at hand. Basically, it's the approach that "it depends." For example, the continuing effort to identify the best leadership or management style might now conclude that the best style depends on the situation. If one is leading troops in the

Persian Gulf, an autocratic style is probably best (of course, many might argue here, too). If one is leading a hospital or university, a more participative and facilitative leadership style is probably best.

Honig-Haflel & Martin L.R (1993) explains the firm strategy, structure and the nature of innovation by specifying the underlying properties of technological innovation and then proposing a related set of organizational requirements of the innovation process. His framework suggests that the formal modes and informal cultures and values structures, as well as firms' external networks, powerfully influence the rate and direction of their innovative activities. Based on firm boundaries, internal formal structure, internal informal structure (culture), and external linkages, the author identifies four archetypal corporate governance modes: multiproduct integrated hierarchy, high-flex Silicon Valley type, virtual corporation and conglomerate. He argues that different organizational arrangements are suited to different types of competitive environments and differing types of innovation (Honig-Haflel & Martin L.R 1993).

Brophy, D & Shulman, S (1993) only recently, with tremendous changes facing organizations and how they operate, have educators and managers come to face this new way of looking at things. This interpretation has brought about a significant innovation or paradigm shift in the way management studies and approaches organizations. As chaotic and random as world events seem today, they seem as chaotic in organizations, too. Yet for decades, managers have acted on the basis that organizational events can always be controlled, events indeed are rarely controlled. (Honig-Haflel & Martin L.R. 1993) Many systems naturally go to more complexity, and as they do so, these systems become more volatile or susceptible to cataclysmic events and must expend more energy to maintain that complexity. As they expend more energy, they seek more structure to maintain stability. This trend continues until the system splits, combines with another complex system or falls apart entirely.

Cooke, P. (1996) observes that the increase in employee and stakeholder participation in innovation strategy development are key in the organization. Social expectations related to corporate responsibilities and governance processes strongly support innovation organized to maximize stakeholder input. In contrast, innovators indicate that attempts at broad-based efforts at normative reductive management practice innovation are generally effective to the extent that they are introduced and driven by power figures. A research implication is that a coercive power base is a necessary prerequisite to beginning and reinforcing the deeper changes that result from a normative-reductive orientation.

The initial underpinnings of an approach to organizational management practice innovation are based on the assumptions of the initiator concerning the nature of the individuals or system to be changed. (Rizzoni, 1991) The implication is that, once presented with information that demonstrates that a particular management innovation is in their self-interests, they will accept the innovation as a means of achieving that interest. In its implementation, this strategy works as follows: an innovation put forward by an individual or group who believes that what they are proposing is desirable and in keeping with the self-interests of the group that will have to change. In the process of putting forward the innovation proposal, the proposer(s) rationally justify the innovation, pointing out those elements linking it to

the interests of the group and showing how both the group and the individuals will benefit from the innovation. The underlying assumption of this approach is that if the arguments and the rational data are presented in an effective manner, the group will support the management practice innovation because rationally it supports their self-interests (Shane, S 1993)

Organizational leadership involves the ability to create policies, directions, laws and other legal agreements that bring with them legitimate sanctions for non-compliance to the organization management practice innovations. Threat of sanction has the impact of increasing the willingness of system members to follow the directions of those who hold the power and engage in the management practice innovation and implement the innovation to the organization so that they attain their mandate. (Durand, 1992) In addition to the economic and other sanctions that tend to be associated with this approach to innovation, many individuals are influenced by deeply held cultural beliefs concerning the legitimacy of senior members of the hierarchy to give direction to members of the systems for which they hold responsibility. The aura of legitimacy of the power source is sufficient, in these cases, to reduce resistance to imposed innovation. In such cases, a power-coercive way of making decision is accepted as the nature of the way the system operates.

The use of economic sanctions represents a logical extension of leadership. Under a scenario in the broader social context, sanctions generally focus on employee liberty sanctions. Under the economic power strategy for management practice innovation, the rewards and sanctions focus on the provision or withholding of financial incentives. (Brown, L.D & Gardner, J.C 1985) Organizations can differentially reward members for their active implementation of new methods of management or new approaches to dealing with issues. Governments can dole out or withhold funding from organizations in return for their willingness to comply with new policy directions. This last example represents a combination of political power the right to set policy directions and economic power the ability to fund the new directions and to withdraw funding from other practices now seen as outmoded (Brown, L.D & Gardner, J.C 1985).

Acs and Audretsch (1996) proposed that both firm size and monopoly profit have effects on new product innovation only if the firm's ability to maintain current operation is high relative to the level of technological opportunity based on the premise of limited entrepreneurial attention. Under these circumstances, management practice innovation effort decreases with firm size, as entrepreneurs in large firms have to allocate more effort to maintain their wide range of current product lines than those in small firms. Drawing on modern theoretical concepts of "chaos", information, and "dissipative structure", Jenner (1991) elucidated the emergence and evolution of new technological paradigms. He argued that when a technological innovation is developed by a firm, it sends market and industries information of a new potential technological structure. This drives existing and new firms to search for innovation and thus creates "chaos". Ultimately, a new technological paradigm emerges that "chaos" in all related firms is reduced. Rizzoni (1991) developed a taxonomy by which the various role small firms' play in innovative processes can be analyzed. There are six categories of small firms according to this taxonomy: 'static', 'traditional', 'dominated', 'imitative', 'technology-based', and 'new technology-based'. It implies that industry characteristics and characteristics of technology used and are taken into

consideration in studying management practice innovation, Link (1995) discussed the two broad approaches technical and normative approaches in evaluating research and suggested three criteria appropriateness, completeness, and replicability to select an evaluation method used in both approaches and are more appropriate than traditional output indicators, such as numbers of patents or management practice innovations, and productivity growth indices.

The firm size has positive effects both on its acquisition of technical knowledge, innovation development and the adoption of production process technology. However, the firm size has been found independent of product innovation efforts. Summarizing the strengths and weakness of small firms, Nooteboom (1994) argued that small and large firms are good at different stages of innovation and are dynamically complementary to each other. For example, small firms are generally better at their implementation in new products launched into the market, while large firms are better at producing fundamentally new technologies.

The diversity of organizational forms in different technological and task environments. They assume that as technology and product markets become more complex and uncertain, and task activities more heterogeneous and unpredictable, organizations will adopt more adaptive and flexible structures, and they will do so by moving away from bureaucratic to organic forms of organizing. The underlying difficulties in achieving the 'match', however, they neglect the possibility that the factors identified as most important are susceptible to different interpretations by organizational actors (Cooper, R.G & Kleinschmidt, 1995), and ignores the influence of other factors such as managerial choice or institutional pressures.

Cooke, P (1996) indicates that the Benefit of an Innovative Organization is to promote a culture of innovation organizations and should foster Cross functional team building while discouraging silo building, Independent, creative thinking to see things from a new perspective and putting oneself outside of the parameters of a job function, Risk taking by employees while lessening the status quo. The value and importance of knowledge and learning within organizational innovation is crucial. If innovation is about change, new ideas, and looking outside of oneself to understand ones environment, then continuous learning is a requirement of organizational innovation success. The value of learning and knowledge can only be realized once put into practice. If new organizational knowledge doesn't result in change, either in processes, business outcomes, or increased customers or revenues, then its value hasn't been translated into success. The road to organizational innovation lies in the ability to impart new knowledge to company employees and in the application of that knowledge. Knowledge should be used for new ways of thinking, and as a stepping stone to creativity and toward management practice innovation (Honig-Haflel & Martin L.R. 1993).

Shane, S (1993) the organization should consider the organizational structure as both cause and effect of managerial strategic choice in response to market opportunities. Organizational forms are constructed from the two variables of 'strategy' and 'structure'. The central argument is that certain organizational types or attributes are more likely to yield superior innovative performance in a given environment because they are more suited to reduce transaction costs and cope with alleged capital market failures. The multi-divisional, or M-form,

for example, has emerged in response to increasing scale and complexity of enterprises and is associated with a strategy of diversification into related product and technological areas (Adler P.S 1989).

ACS, Z & Audretsch, D (1990) argues that Maintaining and monitoring management practice innovation is important. This requires checks and balances that identify how innovation is developed and managed and processes that capture what did or didn't work. In order to be able to continue to innovate in a changing environment, continually monitoring the internal and external environment to determine what supports or hinders innovation is key. The value of a strategic focus remains important to a company's success. In fact, clear direction and understanding of a company's mission can help fuel management practice innovation by knowing where in the organization management practice innovation and creativity would provide the most value. (Honig-Haflel & Martin L. R. 1993) An innovative organizational culture creates a balance between strategic focus, and the value of new ideas and processes in reaching them. Similar to other successes of an organization, what drives innovation are the people of the organization. First, management must set the expectation of innovation and creativity and then "doing business" is about how to improve processes, products and customer relationships on a day-to-day basis. This mindset itself will create an ongoing culture of management practice innovation.

Randolph, W.A, Sapienza H.J & Walson, M.A (1991) states that Risk management is a key leverage point that innovative organizations learn to manage effectively. Organizations need to consciously create conditions conducive to innovation, which means communicating clearly where innovation is desired, developing systems for capturing and developing ideas from all levels, making management practice innovation part of normal accountabilities, and managing the career risks for individuals. Failure needs to be redefined as learning, and celebrated as a necessary precondition for success. There should be no shortage of good ideas in any organization; the real challenge is to surface, nurture and then select the right ideas to pursue. (Shane, S. 1993) The forces of competition and globalization that encourage management practice innovation in the private sector do not seem to have touched most of the public sector, in particular health care, where any innovation threatens established relationship power dynamics.

Piest, B (1994) suggest that Corporate structures that are built around products can present barriers to the conversion of customer insight into innovative end results. Working across the organizational structure to integrate all the components needed to meet customer needs in an innovative and profitable way takes time and executive involvement. Organizational processes, culture and evaluation structures are not always conducive to cross-functional work. Most people take customer insight and try to ram it through a products infrastructure rather than working through all the components in how we deal with a customer and re-engineer companies into segments that are highly profitable. From a marketing perspective, multi-line consumer products and services companies can only become more innovative when they start to bring innovative thinking to internal processes and cross-functional work.

Summary and conclusion

For an executive to lead a significant innovation effort around organization, he or she needs to have real confidence that there is executive commitment, beyond lip service. Genuine

commitment will only be demonstrated when specific individuals are named as involved in the management practice innovation effort, and discuss how they are supporting the effort, and what resources they have committed to it. The key decision makers lead the vision toward the future. There are enough people there in the right positions that know the survival of the organization depends on their ability to change.

Depending on the culture of the organization there may be only 1% of the population or 20% of the population. But there is a percentage of the population that wants to innovate and they will come from all walks of life." Organizations that have weak alignment between functional areas tend to lack the capability to create major management practice innovation, because the resources have different sometimes competing missions. For the marketers, a traditional locus of this misalignment is between sales and marketing, and sometimes human resources.

Recommendations

The external environment is a major force for innovation, where the shift towards measuring audiences and measuring revenue represents a profound management practice innovation in the decision making values of the past. There should be a mechanism in place for translating the innovation routines of every day into action despite the challenges because of the magnitude of the shift. In some industries that are very stable, engaging people in management practice innovation can be challenging, as there is no immediate need and perhaps no obvious payoff. The organization should sustain their own energy and motivate the executives who will find it helpful to locate others in the organization that wants to innovate. The management and the employees should work together with the others to make it is easier to seed new ideas and grow the seeds of management practice innovation in the most fertile ground.

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