

# Institutionalizing innovation in the organization

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**Abstract** – creativity is the engine of innovation and in today's world all organizations require new ideas and new opinions for durability. New thoughts and ideas are blown as a spirit into the organization body and are saved the organization from nothingness. In order to continue life in the turbulent and changing world of today, we should turn to innovation and by knowing environmental change, provide new and innovative responses so that by affecting from innovations and their institutionalization direct the organization in the desirable manner.

**Keywords** – Innovation; Institutionalizing; Planning; Organization

## 1. Introduction

Institutionalizing creativity and innovation in the organization is a crucial factor for organizations' survival. And in the age of changes for organizations' durability 3 factors of: planning, organizational culture and organizational structure should be considered. Planning is targeting and ways of its realization but to achieve the desired objective, intellectual effort should be made before attempting to do the work. In this case, team culture should be formed in a way that while emphasizing innovation, the ideas and thoughts of people are used for predicting the desired future and establish communication and coordination ideas and opinions in the organization. Perhaps one of the most important facilitating factors of creativity and innovation power in the organization is appropriate structure and proportionate administration with the desired objectives that organic structure, in this field is considered to be the structure appropriate for creativity and innovation in the organization..

## 2. Planning and institutionalizing innovation

Creativity deals with creating and finding new ideas and innovation deals with applying new ideas in practice. From a management perspective, creativity alone is not enough. Thought should also be taken into practice and this requires application of new ideas in management programs. Successful planning needs hundreds of practical thought and ideas. The ultimate success and sustainability of the organization itself depends on the planner's ability in creating and applying new ideas. Therefore organizational objectives should be determined and ways to achieve them should be identified. In other words, the planners' responsibility is to provide a definition of organizations objectives (within the overall strategy) and provide a comprehensive hierarchy of plans in order to coordinate activities. This requires the proper selection of organization objectives and determining ways to achieve them. Thus, plans present a rational attitude toward

predetermined objectives. And that is why planning has a very close relationship with creativity and management initiative and innovation path begins with planning. A good program should be such that consider the optimum use of exiting resources to achieve objectives and also if necessary create any kind of change resource allocation. A plan should be simple and comprehensive in the emergence way of creativity and innovation so that has all operational aspects for providing objectives and employees can perform them by realizing the importance of plans.

## 3. Organizational culture and institutionalizing innovation

Culture is a set of values, beliefs, perception and ways of thinking that organization members have in common and that is what is taught to new members. It seems that there are features in total that represent and indicate organizational culture.

### 3.1. Features of organizational culture

The most important features are:

#### 3.1.1. Innovation and risk

the extent to which employees are encouraged to do innovation and risk from the organization.

#### 3.1.2. Attention to detail

the extent to which employees should pay to details and analyze things.

#### 3.1.3. Attention to results

the extent to which management should pay attention to results not to practices that have led to these results.

#### 3.1.4. Attention to the organization members

the attention amount that management show when deciding to participate the people in the organization.

### 3.1.5. Attention to team

the extent to which tasks and activities are focused around the team and not individuals.

### 3.1.6. Ambition

the degree to which organization members and individuals should be ambitious.

### 3.1.7. Stability

the degree to which organization insists on the status quo.

Of the above features it can be stated that the two features: "individual innovation" and "risk tolerance" are the key features which distinguish cultures from each other. Individual innovation is the amount of independence and responsibility that people have within a culture and risk tolerance is the amount of risk limitations that employees accept for progress and innovation.

Some people while emphasizing the impact of organizational culture in creating creativity and innovation spirit in the organization believe that organizational culture can provide the grounds for creativity in the organization by having the following characteristics:

- Ambiguity acceptance: a very high emphasis on objectivity and detailed description limits creativity.
- Impracticality tolerance: people who find impractical and even silly solutions for various issues are not suppressed, because what may first seem impossible may lead the organization into new solutions.
- Minimizing external supervisions: reducing rules, regulations, policies and other similar supervisions can be helpful in creating creativity.
- Risk tolerance: employees are encouraged to experiment without fear of failure in their experiences and mistakes are considered as learning opportunities.
- Conflict tolerance: the dispersion of ideas are encouraged and agreement between individuals and units can not be regarded as a sign of success.
- Emphasis on the objective rather than a tool: clear objectives are enacted and individuals are encouraged to find alternative solutions for achieving their objectives. Emphasizing the

objective indicates the possibility of multiple correct for each issue.

- Emphasis on open system: the organization touches the environment and quickly reacts to environmental changes.

And in summary it can be said that when creativity and innovation is expected by employees and managers, this expectation will dominate on organizational culture and creates an atmosphere full of changes.

## 4. Organizational structure and institutionalizing innovation

Organizational dynamic and living structures have a positive effect on creativity and innovation, because these structures has less formality and concentration and can adapt themselves with more flexibility and ultimately facilitate creativity and innovation. Flexible structure causes that information and communications exchange will be easy and individual participate in decision making process. This type of structure has an extensive horizontal surface and is composed of teams that their members are positioned in different organizational levels with different specialties; so that they can actively participate in decision making process.

In this type of organizations, decision making process is decentralized and people enjoy relative autonomy and freedom to offer new ideas and opinions. Organization structure is a means that management can use it to achieve its objectives. Since the overall strategy of the organization determines objectives, therefore there should be a close relationship between strategy and structure. To enhance creativity and innovation, it is reasonable that organizations adopt innovation-based (diversity) strategy. Innovation-based strategy is based on a unique initiative and creativity. This type of strategy is attempted to create market and a unique product offering by diversifying the product and usually in this organization strategy is relied on the initiative product features and extensive advertising on its uniqueness. Therefore it can be said that managers can use organizational structure by various methods for institutionalizing creativity and innovation. These methods are as follows:

**4.1.** Transferring authority to lower managers and employees to be creative and innovative.

**4.2.** Organization jobs are not clearly defined.

**4.3.** Less formal rules are governing the organization.

**4.4.** Individuals are estimated based on their performance results instead of methodologies.

**4.5.** A separate section is established for creative and innovative activities so that without conflicting with goals, tasks and organizational regulations of other units, it will concentrate on developing creative ideas on the product.

**4.6.** Interdisciplinary teams of experts from the fields of marketing, research and development operation and other expertise be established so as to use these teams for encouraging creativity and innovation throughout the organizational and not only in specified units.

## 5. Important factors in innovation failure

Creativity is widespread talent; this means that all humans possess this talent with various degrees. But experience shows that the degree of effectiveness of human creativity is more connected with thought energy output, their effort and perseverance in employing brain creativity of any social system is a phenomenon based on logical order and a function of individuals' creativity of which system is composed. The basis and extraction of creativity is combination of two or more ideas to achieve a completely new idea. Creativity is the result of ready mind and is often resulted from dissatisfaction with the existing situation and that's why creativity depends on both individual and his environment. For flourishing creativity there must be an adequate space so that their mind is free for addressing new ideas and creating new opportunities. On how to create new theories and ideas, scholars have different opinions. Some scholars have considered inductive method to create new theories. Their theory is based on the belief that: Science is the accumulation and ranking the observations and then uniform them and reaching the general rule from detailed cases. Thus innovation can be an automatic process as it is done with a machine. Of course in this description the role of creative imagination in developing new concepts is ignored. The other group insists on deductive method which is reaching whole from parts. This group rejects the inductive theories in scientific discoveries and innovations and believes in "analogy in creativity" and considers innovations to be born of deductive hypothesis (hypothetico-deduction). However based on research and observations made, the reasons for failing innovations have been obtained and the important factors of innovation failure as listed as follows:

- Lack of a culture that supports innovation  
Culture is a context for innovation if the dominant culture does not respect and value ideas and imagination, each innovation will be stifled in embryo before development
- Lack of ownership feeling and not knowing the organization to be theirs by managers when a great idea is formed, the idea marker can perform it in case of having tools and facilities. If the director does not have enough budget for implementing his idea, he will not usually be successful.
- Lack of a broad and inclusive process for innovation Just having a minor look an innovation is not enough, innovation requires a process that: focus people on major challenges, and guide them in an organizational process, identify and evaluate innovation, provide training, tools, techniques, so that new ideas move toward implementation.

- Not allocating sufficient resources for innovation process Innovation requires spending time, energy and financial resources. Individual should have leisure opportunities of current work to think in available fields and new capabilities. Innovation is critical to survive in the future but it depends on investment in this case.

- Lack of association between projects and innovative plans with organizational strategy If we want to act more effectively we should focus on creativity within the scope of organizational strategy. Of course, such strategy must be a suitable environment for incidence of more new ideas in addition to clarification of organization's core mission.

- Not spending enough time and energy to resolve the organizational ambiguities In order to find new creativities, organizations require a process that examines customers, raw material suppliers, competitors, demographic changes, trends, economic conditions, laws and regulations, political environment and generally inside and outside of organization.

- Lack of diversity in processes and not having different and contradictory beliefs Today creating diversity and difference in thought and providing views and expert opinions about a problem or an issue is emphasized. Innovation process should include the cooperation of all units, all sexes, various ages, as well as shareholders, customers, raw material suppliers and competitors.

- Not developing tools and measures of progress measurement More ideas will be provided for innovation in a healthy environment. This can lead to overload and cause difficulty in team work unless there would be a mechanism for regulating and prioritizing ideas and measures for measuring progress.

- Lack of capable coaches and managers in innovation teams Innovation requires new skills. Creating an updated learning and training process, timely and active can ensure obtaining desirable and effective results in innovation teams.

- Lack of an idea processor management system Many innovative projects are being stopped at the first stage, because most of idea processors do not have enough power to pursue and implement what they have proposed. Existence of an effective system that adopt ideas and making individuals part of executive processes is essential in innovative process.

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