

Organisational characteristics that facilitate the innovation process

The innovation process, outlined at the end of Chapter 1, identified the complex nature of innovation. It also emphasised the need to view innovation within the context of the organisation. In a recent study examining the relationship between innovation stimulus, innovation capacity and innovation performance, Prajogo and Ahmed (2006) found that there was a strong relationship between innovation stimulus and innovation capacity and a strong relationship between innovation capacity and innovation performance. Figure 4.5 illustrates this diagrammatically. The findings did not detect any direct relationship between innovation stimulus and innovation performance. The implications of this for firms are clear: if firms wish to improve innovation performance, first they need to put in place and then develop factors that stimulate innovation, such as appropriate leadership, R&D and creativity. Within such an environment, the nurturing and building of innovation capacity can then occur. Prajogo and Ahmed (2006) argue that innovation capacity is the combination of technological and human factors. In other words, having good science and laboratories is necessary but insufficient. In addition, effective intangible skills are required, such as project management, innovative experience and risk management.



Figure 4.5 Innovation stimulus, capacity and performance

Source: D.I. Prajogo and P.K. Ahmed (2006).

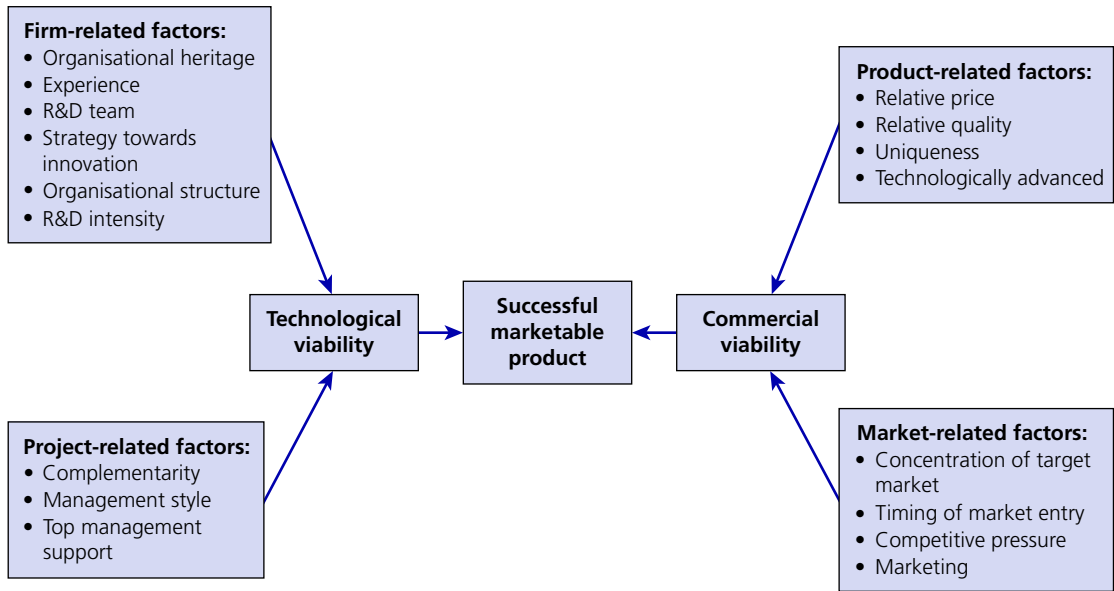


Figure 4.6 Critical factors for innovation success

Source: van der Panne et al. (2003).