A New Perspective Network Innovation

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INTRODUCTION

The global competition, with the decreasing of economic barriers and the strong technological and knowledge development, is changing the context of doing business and, therefore is increasing demands to firms to remain competitive. The only possible answer for a sustained competitiveness is through differentiation and innovation, accepting the context of change. Therefore, being an innovator is a firm's central role in order to help the firm's survival and profitability.

In this article, we discuss the concepts of innovation and innovativeness and we try to demonstrate the importance of a new vision of innovation—consumer and market driven—which requires a full innovation-based strategy from firms. Firms must understand that environment and stakeholders are essential for success in exigent markets, and that they must think and participate actively in cooperation and network strategies—so using the established firms in open markets as a mean to develop new competences, to access markets, know-how and resources, and to share risks.

Therefore, the starting point of our article is the theory evolution of the concepts of innovation and innovativeness. Then our article enlarges the concept of organizational innovation in the sense of incorporating an integrated vision with suppliers, customers, competitors, and other partners—the "network" —which represents the base of the business success. The network allows organizations to create, develop, and share knowledge and resources, as well as to obtain new insights, synergies, and cost reductions. Because the final value delivered to consumers depends on network fluidity, capacity, and efficiency, this innovation-based strategy needs that companies comprehend their network partners. This article concludes with a discussion of implications.

INNOVATION AND INNOVATIVENESS

In recent years, there has been a good deal of attention devoted to innovation as a critical issue in this globalization era. The intensified competition faced firms with the need of an entrepreneurial behaviour in the form of innovation. New products, new processes, and new forms of organization are necessary to respond to a more technical skilled competition. Being the "best to do" is no longer enough and it demands a strategy that positions firms' products as different, unique, and value added. As a consequence, the innovation issue gained importance for enterprises, academics, politicians, and public in general with different connotations and contexts.

The meaning of innovation, which is not overall accepted and finished, can range from a totally new product to the world to any idea that is perceived to be new. Despite some nuances, innovation's definitions have newness as a common denominator (see Table 1).

There are three basic questions involved in the definition of newness: what is new, how new, and new to whom? (Johannessen, Olsen, & Lumpkin, 2001). The analysis of definitions provided in Table 1 indicates that "what is new" can be a product, an idea, a process, a technology, a material artefact, a practice, or a procedure. "How new" also presents different perspectives. The definitions do not agree about the answer: a totally new product, something that can be perceived as new, or something that is being done differently or better. A possible conclusion is that "how new" an innovation is perceived to be is closely linked to the issue of "who" perceives it as such. The answers to the "new to whom" can range from world, organization, firm, or market.

Firms have an important role in innovation and a "hot" research question is the identification of inno-

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vative firms, and what defines and distinguishes them from the non-innovative. Results indicate that the success of an innovation is more determined by the extent of its adoption than by "who" originates it or "how" technologically advanced it is. An innovation can come from an individual inventor, a group of scientists, a sponsored research program, or even a small firm. Therefore what defines the firm effort and preparation to respond to the innovation challenge?

The concept of innovativeness tries to capture that distinction. Despite research progress, the vast majority of researchers do not agree about the definition and measure of organizational innovativeness. There are several perspectives related to the innovativeness concept (see for instance Deshpandé & Farley, 2004; Deshpandé, Farley, & Websterl, 1993; Fell, Hansen, & Beck, 2003; Hadjimanolis, 2000; Hurley & Hult, 1998; Hurley, Hult, & Knight, 2005; Rogers, 1995; Subramanian, 1996), and empirical results suggest that different measures of innovativeness lead to different outcomes in different environments. As one comprehensive example, a firm can be considered innovative because of the high number of registered patents, and non-innovative because of the few introductions of new products into market. Several alternative and integrative conceptualization of organizational innovativeness are being developed in order to achieve a more accurate definition.

As Tuominen, Rajala, and Möller (2004) stated, "innovativeness refers to an organization's capacity to innovate—to create and adopt innovations and implement them successfully" (p. 497). This follows the conceptualization of organizational innovativeness by Avlonitis, Kouremenos, and Tzokas (1994) who stated that "organizational innovativeness represents a latent capacity of firms, which is composed of two critical parts, a technological and a behavioural one" (p. 9). Both definitions highlight a major step in the right direction with the acknowledgement that innovative firms use innovation as a management philosophy with two major values: capacity and commitment. To be successful firms need to be capable to create innovations and to be compromised with it. The capacity can be assessed by a combination of existing elements like technological ability and investment (equipment, raw materials and production process). The commitment is indicated by the existence of an innovation culture and opening and by product innovativeness.

New products are the key to corporate success because of their implications into price, profits, and market share. The development of new products is necessary due to the changing customer needs, the increased world competition, the technology advances and the shortening product life cycles (Cooper, 2001).

Product innovativeness is the degree of newness of a new product. A well know conceptualization considers the product novelty according to two axes: (1) new to the firm (never made or sold by the firm) and (2) new to the market (first of this kind on the market). This distinction was proposed by Booz-Allen & Hamilton (1982) (in Cooper, 2001) and resulted in a widely used taxonomy of new products (*Table 2*).

Table 1. Innovation's definitions: A few examples

A totally new product to the world (Cooper, 1994a);
An idea or technology that is perceived as new (Rogers, 1995);
The first successful application of a product or process (Cumming, 1998, p.22);
The implementation of new ideas, products, or processes in organization (Hurley & Hult, 1998, p.42; Hult et al, 2004, p.429);
The process of bringing new technology into firm use (Lukas & Ferrell, 2000);
Any idea, practice or material artefact that is perceived to be new (Johannessen et al, 2001);
The harnessing of creativity ability within individuals and the workforce in response to change, by doing things differently or better across products, processes or procedures (McAdam & Armstrong, 2001, p.396);
A new or significantly improved product (good or service) introduced to the market or the introduction within an enterprise of a new or significantly improved process (European Commission, 2004, p.17).

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