

Chapter 7

Innovation Cultural Factors in Australian Business Environment: IT Organizations in Australia

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ABSTRACT

This chapter presents research on innovation culture in Australian business organizations in the information technology sector, with a survey sent out the Australian Information Industry Association (AIIA) commercial members' executives. The survey was designed to determine organizational culture traits that determine innovation culture from the perspectives of their employees and competitors. Two hundred and forty-four responses were received from 102 organizations. A detailed analysis of the research data using qualitative and quantitative methods leads to the conclusion that the perceived innovation traits. This investigation confirmed that the employer organizations had very good innovation cultures, and this view was further confirmed by responses from their competitor organization. This chapter teases out some of the cultural factors that lead to these outcomes.

INTRODUCTION

This chapter investigates innovation culture by applying quantitative and qualitative methods for analysis of our study outcomes. In the Australian business environment, innovation culture is rapidly changing, and organization's leaders are focusing more on sustainable business growth using the value proposition of digital advancement. This impacts on innovation culture through enabling processes and development of measurable outcomes. Fostering an Innovative culture is essential to business success, and this is a

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more significant challenge than digital advancement. In some ways, many company executives are far more engrossed with digital improvement and believe that it is a means in itself that will help the business grow (McKinsey, 2014, Burdon et al., 2017). Digital advancement is an innovation enabler, not an end-all proposition to deliver innovation. The issues are further problematic by the unique approaches that required for different types of businesses and the need to nurture cultural traits of individuals for collaborative and successful innovation culture that will yield newer processes, products and services required to stay ahead of the competition and generate sustained growth.

To investigate the key characteristics in Innovation, a targeted survey was used to define cultural traits for successful innovation, through consideration of employees' and competitors' perspectives on, "What innovation cultural factor makes a particular organization a successful innovator?"

For finding answers to this question, authors targeted the business members and executives of the Australian Information Industry Association (AIIA) members from 102 organizations. Authors distributed the survey and received 244 responses at a response rate of 30%. The survey answers have been analysed and measured for key innovation factors in the Australian business environment. Most of the AIIA members are from the information and service industry sectors; some other members are from retail banking, airlines and universities. Our primary interest was to establish what "constitutes an innovation culture" and what gives a reputation for strong focus on radical innovation in the organization.

BACKGROUND

Pursuit of innovation has been repeatedly identified as a major cornerstone of successful firms. For example, a recent study by market research firm AON Hewitt (2011) investigated over 180 international organisations and reported the consistently superior financial performance of companies receiving high scores both internally (employees) and externally (competitors) in regard to innovation culture and behaviors. These organisations averaged 38% higher return on investment and 22% higher gross margin than other market counterparts. Similarly, work by Jaruzelski et al. (2011) suggests businesses with cultures highly aligned to innovation can post up to 30% higher growth in enterprise value than rivals. These authors are not alone as over the last decade many researchers (e.g. Christensen and Raynor, 2003; Piperopoulos and Scase, 2009; Vaccaro et al., 2010; Borjesson and Lofsten, 2012) have found themselves independently repeating the same litany.

But getting it right can be a challenge.

First, there is a seeming paradox around innovation and corporate performance. Namely, which should come first? Is a major focus upon innovation likely to bring organisational success? Or does organisational success underwrite consequent delivery of innovation? These are interesting questions although not for the reasons most would think. In replying, firms reveal an internal cultural philosophy behind their decision-making and interaction with partners and markets. For example, is the firm entrepreneurial or risk-averse? Is it assertive or defensive? Does it primarily focus upon strategic intent or strategic fit?

The attitude evoked in dealing with context is relevant to whether innovative solutions might emerge. In a series of papers, Ron Adner (e.g., Adner 2002; Adner and Zemsky, 2005) discusses the introduction of significant innovation and suggests it is a product of changes in the structure of consumer demand coupled to an ability and desire for firms to respond appropriately in meeting those demands. Another researcher, Rebecca Henderson (Henderson, 2006), supports this view by promoting innovation as an outcome of market-facing competence. In other words, the question for business leaders is not 'does

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