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Innovation Management in Organizations

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Introduction

Innovation by its nature is unsettling and disturbing. It often requires employees to challenge themselves and take risks. Most innovative ideas do not become successful new products. Only one idea among thousands will create a successful product: Many projects do not result in products technically feasible and among those that do, many will fail to generate a commercial return.

The leaders are forced to sell the need for innovation to staff because innovation is a condition of survival for the company that employs him. The leaders, therefore, strongly favour a cooperative internal and external behaviour, compared to the individualistic and adversarial alternative behaviour. The valuation of the team spirit, collective work, the good of the entire company for each innovation project is an unavoidable practice. Today it is not enough to have a speech but to have a management system that favours the synergistic behaviour of project groups. To achieve the performance in terms of innovation, companies must implement five key points (Damanpour & Aravind, 2012):

1. Create a work environment that values the competitive performance above everything else;
2. Structure the organization so that innovative ideas are welcomed and not returned or embedded within operational constraints;
3. Clearly define a strategic direction that allows to channel innovative efforts so they have a better chance of success;
4. Know where to find good ideas and how to turn them into competitive opportunities;

5. Know quickly exploit good innovations by allocating a schedule and resources able to transform quickly into lasting success

To summarize, the two key success factors in the innovation process are:

- Synergies mobilized by the innovation project (skills, knowledge and personnel capacity, configuration of services realization systems, etc.);
- An organization adapted to innovation (existence of a dedicated structure, radiation of this structure within the company, means made available, etc.)

Unilever

Unilever is a multinational organization that was set up in 1930 as a consequence of the merger of Margarine Unie, producer of margarines of Holland and Lever Brothers, a British company (Hitt et al., 2012). It is one of the biggest organizations on the planet and its vision comprises of four basic principles:

- Work to make a superior future consistently;
- Help individuals feel great, look great and get more out of existence with brands and administrations that are beneficial for them and useful for others;
- Little ordinary activities will be the source of motivation and inspiration for individuals which can have a major effect to the world;
- Develop better approaches for working together that permits it to enhance the extent of the organization while lessening the ecological effect (Hitt et al., 2012)

Unilever is a main worldwide supplier of beverages, sustenance, family unit and individual consideration. It has more than 400 brands in the classifications of mayonnaise, tea,

cleanser, margarine, cleansers, antiperspirants, among others. Illustrations of its brands are: Hellman's, Lipton, Clear, Dorina, Hellmans, Axe, Duryea Cornstarch, Knorr, Dove and so on. (Hitt et al., 2012).

The organization has a high yearly spending plan for innovative work of abnormal state, with a large number of tasks in their development (Jones, 2014). Along these lines, to settle on educated choices about dealing with this portfolio, one needs to know unmistakably the dangers and opportunities can be found. However, complexity strongly affects the choice making procedure of Unilever. Numerous parties are included in this procedure, regularly with qualities, inspirations, points of view, identities and conflicting power bases. Thus, substantial number of interrelated inputs to be incorporated into the choice and the high intrinsic in the early phases of advancement and choice criteria that may strife instability.

Innovation Management in Organizations

The literature emphasizes that companies can combine innovations exploration and exploitation through the use of appropriate management methods and specific structural arrangements. Despite growing literature on ambidexterity, including innovation (He & Wong, 2004), few empirical studies have focused on the role of management (Gibson & Birkinshaw, 2004), organizational design or inter-organizational cooperation.

To the extent that companies are in the current competitive environment, the need to accelerate the speed of the design process, development and marketing, the operating innovation represents the strategies based on the accelerating the design process, development and marketing from the technological skills and business marketing (Chanal & Mothe, 2005; Benner & Tushman, 2003). The traditional concept of radical innovation (or break), prefer that the

exploration innovation (Benner & Tushman, 2003), focused on business skills and therefore its ability to innovate. Benner & Tushman (2003) describe as exploratory innovations require new knowledge or skills for the company on technological axis or the marketing axis. O'Reilly & Tushman (2004) adopt the same approach by grouping architectural innovations and radical (or discontinuous) under the term exploration. The exploration and exploitation innovations are distinguished from incremental and radical innovations because they focus on the concept of competencies product / market than on the degree of novelty of innovation.

The links between innovation and organization are old. The question of what structure (organic or mechanistic) fosters more innovation and affects its implementation has often been discussed. However, the current literature does not reveal a coherent set of organizational structures for innovation. The vertical differentiation engendered a negative impact on innovation by increasing the difficulties of communication between hierarchical levels and inhibiting the flow of innovative ideas. DeSanctis et al. (2002) study the impact of different organizational models on adaptability and performance of 14 high-tech companies. More generally, Argyres & Silverman (2004) show that centralized R & D structures are more favourable to radical innovation, decentralization of R & D promoting incremental innovation - while stressing that the majority of structures are "hybrid" and difficult to study.

A dual structure for Innovation depending on the stage at which it is (or initial implementation): initiation (perception of the problem, gathering information, developing adequate resources for decision-making) and implementation (any action concerning the use and modification of innovation) (Drucker, 2014). This approach provides a relationship between the two sets of structural conditions and the two stages of the adoption of the innovation process

highlighting that a high complexity, formalization and centralization facilitates low stage Initial innovations.

Today, organizations appear to be ambidextrous which can reconcile two contradictory imperatives whose time horizon is different: short-term adequacy and long-term adaptation (Gibson & Birkinshaw, 2004), short-term operating and longer term exploration in particular innovation (O'Reilly & Tushman, 2004). The need for an appropriate balance between these two activities was crystallized by conceptualizing the ambidextrous organization with the capacity to be both competitive in mature markets (where notions of cost, efficiency and incremental innovation are critical) and innovative in terms of product development for emerging markets (where experimentation and adaptation are key). Benner & Tushman (2003) and O'Reilly & Tushman (2004) suggest that ambidextrous organizations must be able to operate in coexistence and exploration activities that have specific structural features. An ambidextrous organization would separate as well, in terms of organizational structure, operating activities of exploration, with integration by the management team (Benner & Tushman, 2003).

However, these two types of activities coexist with efficiency through the integration performed by the senior management communicates shared values and visions, demonstrating the importance of a favourable social context based on the support and trust. The top management should initiate recursive process of changing the power configuration structure and organize daily action through management methods (Benner & Tushman, 2003).

Gibson & Birkinshaw (2004) introduced the idea that the ability to achieve short-term alignment and long-term adaptation was to individual order - and not structural. This behavioural capacity is defined as the ability to quickly reconfigure activities within the same Strategic

Business Unit (SBU) to respond to environmental changes. For these authors, individuals are considered best able to divide their time between two competing and often conflicting activities. Thus, challenging the traditional idea that human beings have difficulty granting their time and energy to paradoxical goals - as the compromise between efficiency and experimentation. However, the management decides on the distribution of activities of individuals in an organization. For Gibson & Birkinshaw (2004), organizations can achieve combined operation and exploration, so as to be ambidextrous, thanks to the management methods set up. This combination thus depend systems, incentives and managerial processes, grouped under the term "management modes" that determine individual behavior. These characteristics determine the "organizational context". Managerial attitudes thus have an influence on the nature of innovation. They must simultaneously promote short-term efficiency and long-term discovery.

Increase short-term performance through management oriented towards strengthening routines and existing mechanisms through the establishment of goals and rules. Gibson & Birkinshaw (2004) have shown that organizational contexts favouring performance management must be based on administrative mechanisms giving employees clear and tangible objectives backed measurement systems. However, high levels of bureaucratic control inhibit experimentation, creativity and innovation. Managerial incentives to increase the short-term performance must be balanced with incentives for the long-term performance. Managers must also have long-term vision through creativity and risk taking to support exploration activities. It is commonly accepted that creativity is a major component of innovation. Creativity is encouraged by giving autonomy to employees and teams. Similarly, explore new possibilities requires risk taking and experimentation, even if the results are uncertain and often negative

(O'Reilly & Tushman, 2004). Managerial attitudes that lead to change are needed to foster radical innovation.

Innovation Management in Unilever

Sources of innovation in Unilever are both internal as well as external to the company. Internally, Ideas can be made during brainstorming sessions. Creativity is the underlying process of innovation. It allows individuals to generate new and useful ideas. Knowledge sharing within the organization can also be a great source of ideas.

Externally, Unilever has different sources for innovation such as information on competitors, experts, the public good (regulations, sundries, etc.) or suppliers which are accessible through the establishment of a monitoring global environment. This includes regulatory, competitive and technological aspects.

Unilever is especially famous for using product innovation. Product innovations are incorporated into the final production of the company while the process innovations are innovations in the way organizations manage their operations.

Although innovation can boost competitiveness but it requires a set of knowledge and skills different from those managers who are managing traditional business. The success of innovation management in Unilever is dependent on how the company is able to effectively manage product innovation beyond many barriers to optimize its results and conquer market shares.

The open innovation policy of Unilever is not just a method or strategy but it is a state of mind. This policy suggests that the organization must not rely solely on internal resources of the

company, but to call on the cooperative mode, to other exterior agents. Among external sources of innovation include customers, suppliers and competitors, the network of university science laboratories and research institutes, as well as public authorities, patent agents and public funding agencies. The basic idea of open innovation is to integrate all these actors a flexible and informally in a circle extends beyond traditional alliances and research contracts. New ways of managing and finding solutions in distributed mode, as crowdsourcing, are increasingly used by innovation groups.

Unilever's methods of open innovation can be differentiated from the many open innovation approaches, as well as peculiarities of the methods and tools available today. But beyond the implementation of tools in Unilever, the success of an open innovation approach is based on a set of internal resources capable of transforming the external input in successful innovation. Open innovation is an on-going process that requires that Unilever adopts a fundamentally different approach of innovation, both outside and inside.

Unilever believes in open Collaboration via an online platform, it is something already practiced by Unilever. On its website, Unilever offers users to contribute to their innovation, be it in health, nutrition, reduction waste, etc. The company also offers a list of all its "Wants", that is to say all challenges for which it seeks new partners: an open but effective way to make the requirements. On technical solutions, for example, only non-sensitive data is necessary during the online submission process - the rest will come later, as needed, under the signature of a confidentiality agreement.

According to Tidd & Bessant (2013) the four steps of innovation process are:

1. Search: How can we find opportunities for innovation;

2. Select: What are we going to do and why?
3. Implement: How are we going to make it happen?
4. Capture: How are we going to benefit from it

This is highly useful innovation model and Unilever based its innovation management on these four pillars of Tidd & Bessant model. For example, Unilever is especially serious about the sustainability of environment and tries to play its role for environment protection (Laszlo & Zhexembayeva, 2013). If Unilever's innovation management four environment protection is analysed by using Tidd & Bessant (2013) four steps, we can get:

1. Search: The globalization of markets, the increased pace of renewal supply, regulatory schemes or the rise of environmental challenges and societal contributed to strengthen the place of environmental protection as competitiveness and Corporate Social responsibility of the Company. Approximately six million children die every year from diarrheal diseases including due to lack of hygiene and access to potable water. They could probably be twice less affected if they washed their hands ... with Unilever Lifebuoy soaps, for example;
2. Select: There are three main objectives irrigate Unilever's strategy. By 2020, Unilever wants to halve its environmental footprint on the production and use of its products. Unilever also wants to help more than a billion people to take action to improve their health and wellbeing. Finally, Unilever aims to supply only agricultural raw materials from sustainable agriculture and all this is done by doubling its turnover. Indeed, Unilever has the conviction that it is developing by sourcing and manufacturing its products with a responsible and sustainable approach, it also contributes to innovation and cost reduction;

3. Implement: Unilever plan for a sustainable lifestyle concerns all makes and group activities, it engages all levels of the value chain and the ecosystem of the group. This differentiates Unilever from firms that distil the "sustainable" in a narrower and well defined pan, such as factories, offices, etc. Unilever joins the World Forum Convergences, which brings together 5,000 people. Co-creation between large companies, NGOs and government is one of the strong points. To transform the habits and open up new markets, Unilever cannot act alone but must work together with national education programs, schools and NGOs. In January 2012, in Davos, Unilever announced the launch of the Unilever Foundation, in partnership with five NGOs: UNICEF, Save the Children, World Food Program, Oxfam and PSI. Unilever wants to spend 36% to 100% sustainable procurement standards in 2020. Certainly, everything is perfectible, especially on those fairly new topics. But Unilever must create an international standard to go forward, because otherwise it is confusion: each distributor, manufacturer or country has its own ideas on the subject. So Unilever created the Global Consumer Goods Organization. At the UN Global Compact, which brings together 8,000 companies, Unilever sustainability criteria are used as references. Unilever tends to have the same vision for the RSPO. Certainly, the standard can be subject to criticism, but all proposals to improve it are welcome. This system will slowly replace the controversial substances, as some sweeteners and preservatives, which may be endocrine disruptors, carcinogens. Unilever conduct daily reflections on such substitutions. The company is very attentive to official recommendations and the changing expectations of consumers. The problem at its level is rather to change ... the entire market!

4. Capture: Unilever wants to remove all its unrealistic production goals because 90% of the products disappear and Unilever cannot go back to the age of the collection ... Most of its products have a real nutritional value, they are regularly improved and formulated with less fat, salt and sugar. Unilever ice cream for children contains less than 110 calories per serving. Unilever is committed to restrict advertising aimed at children between six and 12 years with products that meet only at strict nutritional criteria. The problem is linked with the need for many consumers to adopt a healthier lifestyle, varied and balanced, every day. Unilever builds 30 factories in the world, but in Europe, growth is very low. Unilever must innovate to maintain competitiveness and attractiveness. Unilever continues to invest, in its factory at Signal Meux (Oise), where more than 20 million euros were incurred this year. Due to such innovative policies, turnover has increased and exceeded 50 billion euros in 2013, due to the effectiveness of Unilever plan for a sustainable lifestyle

Recommendations

- Unilever is a multinational organization which has business interests all over the world. The workforce of the company also belongs to different nationalities and cultures. Thus, it has to implement such policies which can eliminate, or almost eliminate the chances of any ethnic or gender discrimination within the company. For this purpose, it is suggested that Unilever may promote persons belonging to different cultures and females to important managerial positions. This makes room for more ethnic, cultural and gender diversity which is the backbone of global business;
- Use more sophistication in its Information Technology System so it can help Unilever's employees all over the world to use advance marketing and research tools;

- Unilever must create a network for environmental and sustainability issues and uses its and its partners' resources to achieve environmental sustainability

Conclusion

Innovation is the first use of an idea by an organization belonging to a group. If innovation on the organization out of its environment, changes not experienced by the organization in the past are considered an innovation.

This discussion has shown that how organizations, such as Unilever, combine operational innovations and exploration. Indeed, creativity is a very positive and significant effect on both the exploration innovation on operating innovation - and even more on the latter type of innovation. However, Unilever does not combine creativity and risk-taking. This suggests that the risks may be taken by Unilever are based, or that exploration innovation projects are not based on new skills - which necessarily involve taking risks. Unilever must play more on behavior and management methods than structures. This idea of interaction between agent and structure emphasizes the fact that these are the agents that are behind both structures than shares, so management methods.

As far as this business innovation of Unilever is vital, its management is particularly difficult because the necessary combination of technical and managerial knowledge. The innovation management ensures that Unilever is renewed more quickly to deal with imitations of competition. Depending on the industry, the majority of the annual turnover is achieved with products that have not more than one year. That is why it is essential that clear objectives are defined, i.e. which channels are to borrow to develop creativity in order to create strategic,

organizational and personal conditions for innovation management. Innovations, like other business processes, must be subject to constant monitoring, with each cycle of development.

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