

DYNAMIC INNOVATION ORGANIZATION STRUCTURES IN THE ENTERPRISE

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Abstract: *The aim of this paper is to identify the main aspects of management of innovation processes based on thorough analysis of the available scientific literature. The focus is on management approach, how the enterprise organizes innovation activities. Accordingly, it is possible to identify problem areas related to the application of management of innovation processes and propose appropriate recommendations to remove these problems. The paper can help the managers for effective management of innovation processes and related activities. The recommendations are intended to support the smooth application of management of innovation processes in the enterprise. The paper thus brings to managers a handy tool in a form of a set of recommendations (instructions) that are meant to support problem-free use of management of innovation processes within an enterprise.*

Keywords: *management, innovation organization structure, organization structure, enterprise*

JEL Classification: *M12*

1. INTRODUCTION

The topic of managing innovation processes is currently highly up to date. In present, innovation as such represents for a company an important tool for increasing its competitiveness. Companies no longer develop their innovation processes and activities based on “impressions” or “gut feelings”, but rather based on knowledge derived from the opinions of their customers, employees and partners. They collect the necessary information, support creation of knowledge, explore market opportunities and make decisions about the need to create innovation. Companies aim to fully utilize their innovation potential. In order to be successful, it is needed to effectively manage these activities and to dynamically react to the ongoing market development.

The aim of this paper is to identify the dynamic innovation organization structures in the enterprise based on thorough analysis of the available scientific literature. The focus is on management approach, how organizes innovation activities. There were used different methods by solving the defined problem, for example: content analysis - the study of documents, synthesis, comparative analysis, process analysis, modelling and others.

2. THE CURRENT STATE OF DEALING WITH THE ISSUE

Innovation process can be considered on the base of scientific literature analysis as an organized and controlled sequence of activities where inputs, in the form of innovation ideas, are transformed into outputs, in the form of innovations. It is a process of recognizing customer needs and innovative opportunities, generating innovative ideas and their elaboration, work with information and knowledge regarding innovation, realization of innovative activities and ensuring successful extension of innovation among customers (Lendel, 2014).

Since new customer needs are created on the base of extension and usage of a new product, an innovation

process can be understood as a repeating process (Vlček, 2011). Furthermore the number of innovation processes is not limited. Innovation process has also a built-in mechanism of learning, i.e. a mechanism evaluation of incurred failures and deviation in all phases of the innovation process. The mechanism is supported by feedback in all phases of the process (Tidd et al., 2007). This mechanism is also supported by its openness which allows the company to adopt innovative ideas, necessary licenses for research and development from the external environment (Chesbrough, 2003). In the case of non-utilization of own innovation solutions, it should offer these solution to other companies, in the base of license.

3. DYNAMIC INNOVATION ORGANIZATION STRUCTURES IN THE ENTERPRISE

Organization remains of key importance in the process of managing innovation processes, especially in today's turbulent environment. Innovation management aims to ensure competitiveness of the company in such environment. However, for this to happen it is needed that the company is capable to dynamically react to the arising changes.

Here is room for using dynamic innovation organization structures, that offer immediate reaction and consequent change in configuration of employees and processes, as necessary. Dynamic innovation organization structures (champions, purpose teams, project teams, project centers...) are characterized by the following properties:

- ability to rapidly react to changes,
- decentralized management,
- use of the creative approach,
- flexibility in content and activities of the groups and individuals,
- acceptance of higher degree of uncertainty and risk in management,

- direct evaluation and testing of new ideas,
- focus on results,
- adequate number of management levels,
- administratively undemanding methods of management,
- high added value,
- informal team work,
- lower number of organizational elements and connections,
- lower requirements on the management system.

For the purpose of fulfilling the organizational needs related to managing innovation processes, a matrix of innovation organizational structures was created (Fig. 1). Innovation organizational structures are located in the matrix based on two main parameters – number of realized innovation projects and how demanding/ complex are the innovation projects.

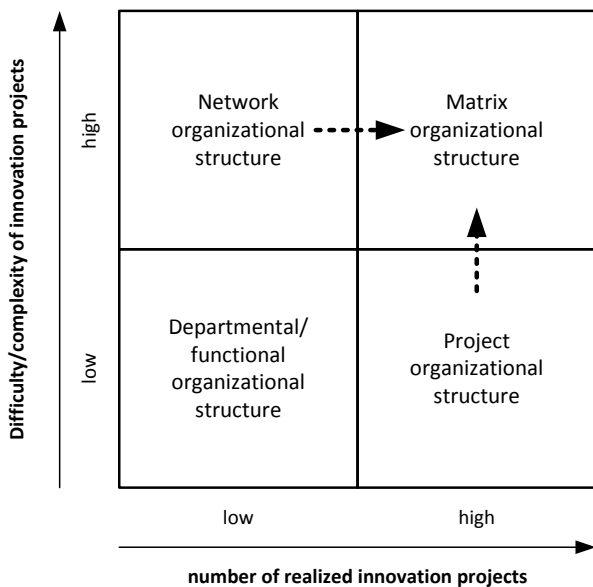


Figure 1 Matrix of innovation organizational structures (Lendel, 2014)

In the first quadrant we can find *the functional organizational structure*. This is a classic organizational structure, suitable for situations with low number of realized innovation projects with relatively low complexity. Company employees are managed by their superior within a department to which they are assigned. Their work position does not change, i.e. they stay on their linear positions. Communication in this organizational structure takes a form of coordination work meetings of innovation teams. The role of line managers is to ensure the process of planning, realization and control of innovation processes.

In the second quadrant we can find *the project organization structure*. It is used mainly in situations when company realizes multiple projects with relatively low complexity. If necessary and if existentially important for the company, it is possible to use this organizational structure to deal with demanding and complex innovation projects (represented by the arrow in the Fig. 1). In this organizational structure, members of project teams are freed from their permanent work position.

In the third quadrant we can find *network organizational structure*. It enables to deal with complex and demanding innovation projects and if necessary also multiple projects at the same time (represented by the arrow in the Fig. 1). This organizational structure is characterized by high degree of flexibility and dynamics. Innovation projects are managed in required time and quality, while a relationship is being established with the main organization.

In the last quadrant we can find *matrix organizational structure*. Due to its structure, it enables dealing with multiple innovation projects with high degree of complexity. It also enables efficient use of company resources. Employees are managed by a project leader, while they also remain on their functional positions.

4. DISCUSSION

The management of innovation processes in the company is for managers a challenging task. Causes of failure in this process can be multiple and may have a different character. For example, there may be a lack of innovation expertise, failure to secure information flow in the company, lack of education and motivation of employees and so on. Reasons of failure in the management of innovation processes are affected several actors. Firstly, they are managers, in the case of lack of support to innovative activities in the company, employees of the company, in the case of passive participation in the innovation process and customers, in the case of indifference in providing an added.

The management of innovation processes cannot be carried out only intuitively based on the development of the situation. This is a complex process with a numbers of aspects: the state of innovation potential, built IT infrastructure, staff evaluation system, organization and so on.

The task of these recommendations is to help reduce the risk of identified problems. They are designed to help the managers in the management of innovation processes, as well as prevention of the occurrence of problem situations.

Problem in the application of management elements in the innovation process is the lack of a coherent methodology for the management of innovation in the company. The managers can often exchange the innovation process by using of a simple type of creative brainstorming techniques. In many cases, they are in time and work stress and they do not pay attention to the support of innovation and integrating innovations into long-term strategic plans of the company.

The managers may be encourage to pay more attention to innovative activities of the company, turn them into long-term business objectives and incorporate them into innovative business strategy. It is also recommended to attending educational activities objected to the managing of innovation processes.

Another problem is the lack of development of the innovation program. In many cases, managers do not have sufficient information about available resources and means when they plan innovative activities. The result is the increased probability of failure of implementation of the innovation project.

It is recommended to carry out a detailed analysis of the current state of innovation potential and application of methods and techniques of project management.

Another problem is the absence of remuneration for innovative ideas and appropriate motivation program. The result is the passivity of employees who are not motivated to bring new innovative ideas and engage in innovative task solutions beyond their tasks and responsibilities. It is recommended to the managers to establish a fair system of remuneration for innovative ideas. It is necessary to develop appropriate motivation program, which involves employees in innovation activities of the company. Employees will be informed of the expected changes and motivation program will encourage open communication within the company.

Failure of the management of innovation processes can be caused by unsuitable organizational structure, which does not allow open communication between the stakeholders and does not support new innovations. It is recommended to the managers to rethink the current organizational structure, creation and implementation of flexible organizational structure that will have the ability to respond to changes in business environment and allow fast exchange of information, organization of meetings and activity of innovative teams.

A common problem in the measurement of innovation performance is non-evaluation of effects and benefits of

implemented innovations. The result is that the company has no feedback on the adoption of innovations by the customers, cannot measure their performance and take measures leading to continuous improvement of the management of the innovation process.

It is recommended to the managers to create an evaluation system focusing on the diagnosis of the results and contributions created and on the market launched new products. Based on the results it is also recommended to formulate measures to improve the management of the innovation process.

5. CONCLUSION

Effective management of innovation processes should identify weaknesses (gaps) and take measures to eliminate them. It should also be capable of delivering the necessary information related to innovation to responsible persons. A company should be prepared in the management of innovation processes to certain risks that may arise and cause failure of the realized innovation projects. If the company can identify these risks as soon as possible and prepare for them, it will significantly increase the success of management of innovation processes in the company.

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