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Innovation resistance: the main factors and ways to overcome them

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Abstract

The paper shows the importance of innovation with regard to the economic well-being. The paper reflects the definition of the innovation resistance and the role of inertia in the innovation process. The innovation process is considered not only in terms of technical or technological changes, but also from the position of institutional transformations. The types and levels of innovation resistance are specified on the basis of the earlier studied literature. In addition, endogenous and exogenous factors of innovative resistance from the perspective of organization are determined. A general complex of approaches to overcoming the resistance to innovation changes is considered. The paper represents reasoning about the role of economic culture in the context of institutional changes. Finally, the author gives the arguments in favor of the fact that overcoming resistance to innovation changes for conducting economic transformations and improvement in the economic well-being is a must.

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1. Introduction

Innovation has a cumulative effect and an impact on the economic well-being. The extension of new technologies results in a sharp rise in productivity, GDP growth and consumer satisfaction.

Innovation is a purposeful change, within the framework of which a created practical innovation extends up to the point when the demand for it is wholly met. The innovation process is a complex of related phenomena from the birth of a scientific idea to its commercialization. An object of management is characterized by uncertainty and diversity and is essentially a stochastic process.

It should be recognized that many foreign countries, trying to move the economy back on the lines of innovation development, focus on the support of separate factors (in particular, enhance education to a higher level, stimulate entrepreneurial activity, make funding resources and innovation infrastructure available, provide the necessary level of diversity in the human resources market, openness to new ideas, talents and capital, ensure macroeconomic stability and protection of property rights), but all undertaken, often very large-scale efforts do not lead to the

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expected success. These factors are necessary, but not sufficient condition for the qualitative transformation of the economic system, as they can be deactivated under the influence of institutional inertia. It appears from this that the current system of institutions may block the formation of high-quality links between potential participants of the innovative process. It is clear that institutions determine the preference function of actors and create the prerequisites both to the changes and to retaining the status quo of the latter.

It is worthy of noting that innovation has a positive effect on conditions only in the circumstances of a low level of innovation resistance on the part of organizations and the economic system. The innovation resistance is possible due to a negative feedback in the economic system. Social groups as well as any other systems are characterized by negation of innovation changes. The adaptation of social groups to new ideas and innovation takes quite a long period. It is significant to note that there are negative psychological and social reactions, which slow down the diffusion of innovations. Individuals, social groups and organizations are unlikely to stop technological progress but they can create significant difficulties in the case of slow or inadequate institutional changes.

Organizational environment often actively resists the adoption of innovations. An effective systemic innovation process should be developed and maintained by appropriate conditions for its existence. In order to create the acceptable conditions it is necessary to examine the factors and methods for overcoming innovation resistance.

An organizational culture plays a significant role in innovation changes. In innovation settings the culture is represented by the social and cognitive environment, shared views of reality, collective belief and value system reflected in the consistent behavioral patterns of the participants of the innovation process (Jassawalla A.R., 2002). The innovation resistance can result in the blockage of realization of business events concerning the initial stages of the innovation process in the economic system. That is why there are time lags between the discoveries or inventions emergence and their wide practical application.

In a wider context the resistance to innovation changes can be reinterpreted as a defense mechanism against the possible chaotic consequences of disruptions in the structure of a traditional society (Mokyr J.A., 1998).

2. Main part

It is important to note that the economic systems resist to innovation changes due to the inertial nature of their development. The inertia affects the rate and subsequence of the innovation development. The inertia manifestations are connected with the specific character of economic system and the institutional environment.

The institutional theory considers the sustainable conservation of the inefficient technologies and standards as a manifestation of the dependency on the preceding development (a path-dependent process). The existence of dynamic increasing return implies that a path once chosen has a tendency to become entrenched in the economic system (Cowan R., 1996). This is possible due to the fact that it is dominating institutions that cause the inertia of innovation development. Institutions are people's habitual modes of thinking which tend to overcome their own existence over some indefinite period of time. It is significant to mention that institutions have different inertia. In scientific papers, it is noted that informal institutions can be changed only evolutionarily. So the evolutionary nature of informal institutions is caused by the inertia of institutional and innovation changes.

It is important to emphasize that social norms may become obsolete as well as capital equipment. But they are much harder to change in comparison with capital equipment. Personality formation is completed in adolescence, and in subsequent years the adaptation to changing conditions rarely alters qualitatively the norms, values, attitudes and habits, acquired during one's youth. Durability of "social capital" is higher than the durability of capital equipment as the average lifespan of people exceeds the lifetime of the equipment. The latter explanation is due to the uneven growth of return. The fact is that when different technologies or institutions compete, initially a rapid increase of marginal utility can demonstrate one embodiment, and later – another one. However, victory in the initial stages of the competition makes it impossible to demonstrate the benefits of an alternative.

One of the factors of the innovation resistance can be transaction costs. The escalation of transaction costs leads to a low efficiency in the resource exploitation and slowdown of the innovation process.

Neoinstitutionalists distinguish the following types of transaction costs, which incur in the process of:

1. information search;
2. measurements;

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