



# Innovation culture and performance in innovation of products and processes: a study in companies of textile industry

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## Abstract

This study aimed at analyzing the influence of the innovation culture in innovation performance of products and processes in the textile industry of Vale do Itajaí – SC. The study is characterized as causal, survey and quantitative. The sample included 287 respondents. Data were analyzed by structural equation modeling. A positive ratio between culture of innovation and performance in innovation of products and processes was realized. It was found that innovation culture has greater influence on the process than on the product, and that the size of the organization does not influence the performance in product and processes innovation for the sample studied.

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**Keywords:** Innovation culture; Innovation performance; Textile industry

## Introduction

The textile sector is traditional in the global industrial segment (IEMI, 2004) and its growth depends on the industry ability to innovate its products using advanced and flexible processes, focusing on the organizational structure and business practices in competitiveness (Euralex, 2004). The sector faced competition from countries like China and Vietnam and with this, textile companies have been forced to make changes in their organizational structure, forms of production and work organization, as well as in the processes of technological innovation (Silva Filho & Queiroz, 2010).

Attempts to innovate in the textile chain are timid and based on purchase of machinery and equipment, which weakens the chosen competitive strategy giving space to imported products

(Costa & Rocha, 2009). Innovation is the basis for economic growth and can be a source of sustainable competitive advantage, being fundamental for organizations that want to remain in focus in the market. It is implicit in the literature that one of the factors that can stimulate the propensity to innovate is the organizational culture (Martins & Terblanche, 2003; Tushman & O'Reilly, 1997).

It is noticed a lack of empirical studies on the relation between organizational culture and innovation (Martins & Terblanche, 2003; Obenchain & Johnson, 2004). However, studies such as those of Martins and Terblanche (2003), Jamrog and Overholt (2004), Hartmann (2006), Naranjo-Valencia, Sanz-Valle, and Jimenez (2010) and Büschgens, Bausch, and Balkin (2013) point out that innovation can be stimulated by characteristics of organizational culture, as this can influence employee behavior, leading them to accept or not the organization values as well as sign a commitment to company objectives (Naranjo-Valencia, Jimenez, & Sanz-Valle, 2012).

Textile industries need to constantly innovate, as pressures from other countries, such as Asians, favorable performance in innovation may be a determinant for companies to remain competitive. Considering the aforementioned, the objective of

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this study is to analyze the influence of the innovation culture in innovation performance of products and processes in the textile industry of Vale do Itajaí – SC.

Therefore, it was used as a basis studies by [Martins and Terblanche \(2003\)](#) from the perspective of the innovation culture determinants – strategy, structure, support mechanisms, behaviors that foster innovation, and communication. For Performance in Innovation, [Alegre, Lapiedra, and Chiva works \(2006\)](#) were used; and the recommendations of the Organization for Economic Cooperation and Development – [OCDE \(2005\)](#) were used for Product and Process dimensions. The model adapted from [Alegre et al. \(2006\)](#) has already been tested and validated by [Gomes \(2013\)](#) in Brazil.

The theoretical justification lies in the possibility to understand the culture influence on performance in innovation. Despite the increase in publications, there are few works that refer to research on industrial organizations, so this study is to contribute to fill this gap. The practice reason stems from the importance of studying in Santa Catarina textile industry, because the industry has sought to innovate to remain in the market ahead to foreign competitors. The proposed analysis can be useful as a strategic tool for companies to become aware of the practices that impact the performance of innovations accomplished by them.

#### Model used to describe the innovation culture

[Martins and Terblanche \(2003\)](#) and [Martins, Martins, and Terblanche \(2004\)](#) model provides an initial vision to improve understanding of the variables that influence the dimensions of innovation culture. The proposed model is divided into five determinants: strategy, structure, support mechanisms, behaviors that encourage innovation and communication. Based on these factors, 15 variables to be measured were developed. Following, five determinants of organizational culture are presented.

**Strategy:** [Ahmed \(1998\)](#) suggests that mission and vision, when well defined, influence the creation of a strong culture, guiding the behaviors and actions of organizational actors. Clear principles facilitate the understanding of those involved in the organization, making them walk in the same direction ([Ouchi, 1983](#)). Organizational objectives and goals express the organization values and may encourage or hinder innovation ([Arad, Hanson, & Schneider, 1997](#)). Innovation occurs in organizations with mission and vision focused on the client, management processes, leadership and support mechanisms ([Martins & Terblanche, 2003](#)).

**Structure:** Although the structure of an organization is defined as the sum of different parts of a business ([Mintzberg, 1978](#)), few organizations recognize that different groups act in different ways, hindering the development of innovation ([Trot, 2012](#)). The size of an organization is one of the factors that influence in its structure and in its innovation process. Large organizations have some advantages, such as greater availability of resources. However, they may be more bureaucratized and less flexible, being more resistant to changes ([Damanpour, 1996](#)). [Saraiva, Pimenta, and Correa \(2005\)](#) state that the textile

industry flexibility can be seen in the labor force, which is multi-tasks. This flexibility can also be seen in production ([Piccinini, Oliveira, & Fontoura, 2006](#)).

**Support mechanisms:** Support mechanisms should compose the culture of an organization to create an environment with conditions for stimulating creativity and innovation ([Martins & Terblanche, 2003](#)). Rewards and recognition, as well as information and creativity are mechanisms that perform this function ([Arad et al., 1997](#)). The organizational culture that promotes creativity and innovation should allow time flexibility so that employees can be inspired and creativity can come to light ([Shattow, 1996](#)). Information technology is a feature used for innovation favorable performance ([Martins & Terblanche, 2003](#)).

**Behaviors that stimulate innovation:** The fault tolerance is essential in the development of an organizational culture that aims to promote creativity and innovation. Rewarding success and recognizing and celebrating the failures causes the facts to be remembered, and people may learn from mistakes ([Tushman & O'Reilly, 1997](#)).

When employees are encouraged to generate new ideas without being harmed, there is an incentive for creativity and innovation ([Filipczak, 1997](#)). Thus, they feel surrounded by an atmosphere of responsibility by the favorable performance of the organization development, grounded by multidisciplinary teams that provide a feeling of support to members ([Dougherty, 2004](#)).

**Communication:** Organizational culture that presents clear communication, based on trust, has a positive influence on the creativity and innovation development ([Barret, 1997](#)). Feeling confident and emotionally safe in the organization, the employee is able to diverge at some points, allowing that new possibilities are conceived in a creative and innovative way. This occurs when the stakeholders are confident, enabling open communication ([Martins & Terblanche, 2003](#)).

As [Schein \(1993\)](#), the creation of communication routines between different groups or hierarchical levels suppresses bureaucratic procedures, since individuals make up a common thought process, and start to get used to the difficulties and goals of the company as a whole. Employees act creatively and innovatively when they feel emotionally safe. Thus, they should be able to trust each other, which, in turn, it is offered by open communication ([Filipczak, 1997](#); [Frohman & Pascarella, 1990](#)). [Table 1](#) shows the variables of the innovation culture.

#### Model used for performance in product and process innovation

The model used in this study, in order to measure the performance in product and process innovation, was divided into two dimensions. For the “Product” dimension, studies by [Alegre et al. \(2006\)](#) were used as a basis, which feature a performance measure scale in product innovation – where psychometric properties were studied and validated in the context of biotechnology organizations. As for the Process dimension, concepts suggested by [OCDE \(2005\)](#) were used.

Product and process innovations require different skills for implementation: product innovation requires appreciation of

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