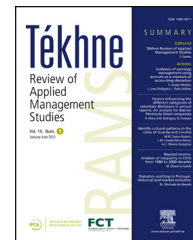




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## ARTICLE

# Using the integration of disparate antecedents to drive world-class innovation performance: An empirical investigation of Swiss watch manufacturing firms



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**Abstract** Although organizational innovativeness has been regarded as propelling the market, entrepreneurial and learning orientation, as well as innovativeness relationships, much of the evidence to date remains anecdotal and speculative. In other words, little is known empirically about how these orientations contribute to a firm innovation. This leads to reductionism in modeling and thwarts the full exploration of the potentially multifaceted relationships among these concepts and their impact on firm innovation. In this context, a systematic framework was devised which tested the postulated market, entrepreneurial and learning orientations relationships collectively, their effect on innovativeness and the subsequent effect of innovativeness on business performance. Utilizing a sample of 238 Swiss watch manufacturing firms, we empirically examine the antecedents of firm innovativeness in this context. The findings confirm the validity of the model and afford various insights on the role of innovativeness and the impact it has on business performance in the proposed relationships. Finally, implications are shown for the antecedents and consequences of organizational innovativeness.

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## 1. Introduction

Considerable progress has been made in identifying each avenue leading to a competitive advantage in marketing as well as the bottom-line consequences of their orientations. The next challenge is to understand how the emerging

capabilities approach strategic management (Day, 1994; Hult, Ketchen, & Arrfelt, 2007; Pepe, Abratt, & Dion, 2012; Tajeddini, Ulf, & Trueman, 2013) and cultural competitiveness variables (Hult, Snow, & Kandemir, 2003) can offer a rich array of ways to design changing programs that will enhance a business performance. Henri (2006) for example, examines four of these capabilities, namely market orientation, entrepreneurship, innovativeness and organizational learning, which lead an organization to strategic choices. He

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argues that these variables are recognized as primary capabilities to reach competitive advantage, to match and create market change.

Notwithstanding an extensive and diverse literature, concerning these capabilities, innovativeness remains the phenomenon that is the most emphasized yet least understood by scholars in different disciplines (Tajeddini & Tajeddini, 2012). Drucker (1954) was one of the first to address the importance of innovativeness and stressed its neglect in organizational research. Researchers underline the need to explore innovativeness and its key influential factors from different perspectives. For example, Weerawardena and O’Cass (2004) place emphasis on the role of entrepreneurship and innovation, Deshpandé and Farley (2004) stress that some work is needed on the scales measuring innovativeness. Hurley and Hult (1998) note that the relationship among organizational innovation, learning, and market orientation should be examined in more depth and Liu, Luo, and Shi (2003) observe the relationship between market orientation, learning orientation and entrepreneurship as missing links. Woodside (2005) calls attention to a muddling of the definitions of innovativeness.

Despite the large number of studies that have examined innovativeness as a dependent variable which contributes to firm performance (Deshpandé & Farley, 1999; Deshpandé & Farley, 2002; Deshpandé & Farley, 2004; Deshpandé, Farley, & Webster, 1993), studies on the effective factors to innovativeness in the firm have produced different outcomes (Henard & Szymanski, 2001; Tajeddini, 2014). Relatively little is known about the drivers of innovativeness and how those drivers interact with each other and collectively influence innovativeness (Hult, Hurley, & Knight, 2004). While the positional advantage of firms has been suggested to be a function of market orientation, learning orientation, entrepreneurial orientation, and innovativeness, few studies have examined the links among these constructs empirically and in an integrated manner (e.g., Henri, 2006; Hult et al., 2004). As such, we do not know how these constructs interact to influence the firm performance in a world-class manufacturing industry.

Furthermore, in order to increase the level of innovativeness in firms, scholars have identified a number of antecedent conditions and constructs that are related to innovation output. For instance, Hult and his colleagues (2004) argue that among the key antecedents to innovativeness are the constructs of market orientation, learning orientation, and entrepreneurial orientation in the context of varying market turbulence. Moreover, the literature on strategic management (Calantone, Cavusgil, & Zhao, 2002; Hult et al., 2003; Hult, 2002; Hurley & Hult, 1998) suggest that certain relationships tend to hold among learning orientation, market orientation, entrepreneurship, and firm innovativeness. Past research shows that each of these four capabilities is adequate to offer strengths, but is not sufficient to develop sustained advantages (Henri, 2006). Although some remarkable studies have shown that these constructs collectively enable a firm to achieve competitive advantage (for example, Bhuian, Bulent, & Bell, 2005; Hult & Ketchen, 2001; Hult et al., 2004), more evidence in different contexts can support their effects on business performance. Replication studies of these orientations are warranted simply because if these variables are reliable and valid, they

should also be applicable in different environments and organizations (Bhuian, 1998). In addition, despite voluminous discussion on each of these constructs, there has not been an empirical study that interrelates these orientations from the perspective of cultural and processes/activities, nor discusses these issues in a context of the world-class manufacturing industry (Liu et al., 2003). Thus, based on a review of relevant literature and theoretical conceptualizations, this study investigates the influence of three key antecedents namely learning, entrepreneurial and market orientation upon innovativeness in an integrated manner. Overall, this study extends the literature by simultaneously exploring the relationships between innovativeness and other critical constructs and may answer the call for more research on the drivers of innovativeness by Hult et al. (2004). The advantages of these orientations jointly to organizations have been evidently documented in the U.S. companies (Hult et al., 2003; Hult et al., 2004; Lin, Peng, & Kao, 2008), Canadian manufacturing firms (Henri, 2006) and Chinese enterprises (Liu et al., 2003), but void in Swiss firms. In contrast to the single-organization focus of the Hult et al. studies (2003, 2004), we examine innovativeness in the Swiss watch industry to broaden the application of these orientations paradigm at a time when this industry is under increased pressure to sustain against its strong competitors (Tajeddini, 2007, 2011a,b) as well as to contribute to the development of this industry. To address these issues, in this study, we scrutinize the effect of the three key organizational cultural orientations (market orientation, learning orientation and entrepreneurship) on innovativeness in the multiple Swiss watch firms and in return the impact of innovativeness on the performance of Swiss watch manufacturing firms.

## 2. Theoretical background and hypotheses

### 2.1. Innovativeness

It seems that there is no real consensus on the meaning of innovativeness, because it is a multi-dimensional composite variable (Nystrom, Ramamurthy, & Wilson, 2002; Tsai & Yang, 2014), composed of radicalness, relative advantage, and the number of innovations adopted. In fact, innovativeness might be conceptualized in different ways depending on which standpoint the research takes (Tajeddini & Tajeddini, 2012). Whose innovativeness is being referred to also varies. For example, Salavou (2004) observes innovativeness in terms of products rather than organization, while Roehrich (2004) examines innovativeness at three levels; (1) product, (2) organization and (3) customer. Wang and Ahmed (2004) utilize the term of organizational innovativeness equivalent with “innovative capability”. Damanpour and Evan (1984) point out: “The adoption of a new idea in an organization, regardless of the time of its adoption in the related organizational population is expected to result in an organizational change that might affect the performance of that organization” (p. 393). In other words, the adoption of innovation is generally intended to contribute to the performance or effectiveness of the firm (Damanpour, 1991; Tajeddini & Trueman, 2011). Based on previous studies, Hult et al. (2004) argue that this variation of thoughts

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