

Small Business Innovation Management

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Abstract

Researchers and managers, over the decades have devoted significant amounts of time in trying to understand and manage the innovation process. This research paper explores one particular part of the innovation journey, the subjectivity of innovation management and the influence that a change in leadership style can have. A framework is presented which explores the sensemaking and subjectivity of those involved in innovation management, and the close link between these and the positive and negative outcomes of the innovation process. The paper sets out the research undertaken by the co-researchers and myself in one small business over a three year period. The research shows that the coordination of group activities surrounding the innovation process are heavily influenced by dominant individuals, namely the founder and key senior managers. In managing innovation, it is important for all parties to understand the subjectivity of other group's value judgments. The research framework helped the groups understand the complex relationship between group's actions and the observed outcomes. It further assisted the groups in building their own skills and experiences associated with sensemaking during the innovation journey.

Key words :business, small scale, innovation.

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Introduction:

This paper presents an overview of the research carried out on a small business. The research focused on innovation management surrounding one particular product innovation project, over three years. Relevant literature is presented to explore the links between the different research topics, and a brief overview of the research methodology is detailed. The research findings highlight some of the principal outcomes of the study. Finally, a summary is given of the principal outcomes and possible relevance to other businesses.

Review of literature:

- Small businesses have a significant role to play in all economies around the world. Research [Schumpeter, 1942] has suggested that small businesses contribute to the economy in two ways: they are an important element of the overall renewal process; and it is one mechanism by which millions of people enter the economic and social mechanism [Robbins et al., 2000:293].
- These small business performances are linked to customer needs. Those businesses that adopt this marketing concept are more likely to succeed when they are combined with growth and differential strategies [Pelham, 2000].

- c. needs of customer-led day-to-day activities. Successful small businesses are those that can wisely balance these two perspectives, market orientation and customer-led, the present with the future. A small business's innovation plans are essentially linked to this present and future balance of customer values [Connor, 1999].
- d. The founder will often bring professional managers into the small business to contribute to the overall organizational and functional skills, and as such are welcomed by most of the business's individuals and groups. An element of mistrust may result, however, when these managers start to question the founding assumptions (Schein, 1983). Owners or founders innovativeness seems to be an essential part of the overall entrepreneurial orientation for innovation within the firm (Verhees and Meulenbergh, 2004).

Research Objectives

- ✓ To find out the results of leadership style change on particular innovation process.
- ✓ To consider how subjectivity influence the overall task of innovation management.

Research Methodology:

The methodology utilizes in-depth interviews, focus groups, action workshops and organizationally generated secondary data (e-mails, project and group documentation). This research was developed from a previous research study (Brown and Frame, 2004) into subjectivity in innovation management. This study utilized some of the techniques and methodologies from this previous research. The research data collected, transcripts of focus group sessions, interviews and project and strategy meetings were analyzed alongside secondary data.

Relationship Conflicts and the Process of Innovation Management:

When the study first began, a strong integrative perspective existed between all four groups. The newly appointed professional managers were keen to listen and respond to group ideas and initiatives. Operations, Accounts and the Consultant groups showed consensus, consistency and integration over the founder's original strategy for the FinAccount process. But with the changes in Senior Management's customer values and their subsequent changes in IPOC, the other groups were forced to alter their own espoused values but not necessarily their mental models surrounding the FinAccount process. The result was the emergence of a differentiated perspective, one where there was an increasingly divergent consensus over the IPOC of the FinAccount process. Towards the conclusion of this study, a fragmentative perspective pervaded the small business and groups constructed multiple interpretations to explain the observed action-outcome relationships.

- a. the degree of environmental uncertainty was significant and without external help, unquantifiable.

- b. the recent business upheavals, with new management and changes in ownership created high levels of ambiguity.
- c. the differences in group values and beliefs, and particularly the relationship conflict between Senior Management and the Accounts group.
- d. the interactions between groups did not help build understanding or shared experiences, and therefore did not help sensemaking and the ability of the groups to interpret and act for the present or the future.

Outcomes

More recent research accepts the particularistic nature of managing innovation (Tidd et al., 1997). In exploring the innovation journey of this small business as it reacts to increased levels of uncertainty and ambiguity originating from inside and outside the business, we have charted a number of issues and problems. The research framework used and re-validated by this research study helped the research participants and myself to better understand the problems and issues they faced. Subjectivity amongst the groups surrounding the innovation process was a common problem, and was linked to the following:

1. the increasingly divergent group customer values concerning the innovation process.
2. an awareness and understanding of the gap between a group's espoused values and their mental models.
3. a lack of understanding of the reasons behind the changes on other group's mental models.
4. the inability of most groups to sensemake the action-outcome relationships surrounding the innovation process.

In managing innovation, it is important for all groups to understand the subjectivity of each group's value judgements. It was the relationship conflicts observed during this research study, surrounding the different group perspectives on customer values, that created significant barriers concerning interaction and integration amongst the groups.. Because of this, relationship conflicts are created and largely remain unresolved, and the overall management of the innovation process breaks down. This strengthens the underlying premise of this research, that subjectivity is inherent in innovation management. Groups can resolve these differences if they have the sensemaking tools and experience to understand and chart their own innovation journey.

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