

Building a Culture of Innovation and Agility Through Accountability

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Abstract—Leading an organization to become responsive to dynamically changing market conditions requires building a sound systemic infrastructure that is fertile and conducive to fundamental cultural shift that could fend off competitive pressures. In establishing management practices that stem from an inherent value system, the organizational leaders ought to be accountable to their most important resource - human capital, to instill a sense of unity and cohesion that fosters innovation and agility.

Index Terms—Accountability, agility, entrepreneurship, innovation

I. INTRODUCTION

Building a culture that promotes innovation and agility in product development, process improvement and re-engineering, or groundbreaking service is fundamental to the success of a business in building competitive advantage and deriving a first-mover advantage in its respective industry. An entrepreneurial organization is one that seizes the opportunity to habitually innovate with success and due efficiency to add value to its stakeholders. Schumpeter 1994 eloquently articulated the essentiality of innovation in success of a business and said: “Without innovations, no entrepreneurs, without entrepreneurial achievement, no capitalist returns and no capitalist propulsion” [1].

II. INNOVATION AND AGILITY THROUGH ACCOUNTABILITY

Inventing and successfully launching a new product or an improved process requires insight to the needs of varied stakeholders. The entrepreneurial spirits of a business and its deep-seated value system, to constantly innovate and seek solutions to improve upon customer welfare or innovate a pioneering process within the value chain, cannot be achieved without an intentional and successful integration of culture of innovation and agility. An entrepreneurial spirit cannot organically flourish and take sustaining life without an enabling team of management that cultivates creative thinking and fosters a fertile environment that tolerates ingenuity with its corresponding potential for failure. Only then that environment of innovation and creative thinking can take hold in the organization and strategically position the company for a sustained success and prosperous competitive posture. Collins (2001) articulates that leaping from good to great does not happen

with one revolutionary idea or practice. Rather it requires consistent, systematic, and down-to-earth steadfast efforts to build a culture of agility and committed excellence [2].

Igniting an understanding among the employees to internalize the connection between building a competitive advantage, where business can sustain its market share, grow, and prosper, with innovation and agility in the marketplace is the most important responsibility of an effective management team. Subsequently, an innovation could be initiated from any department within a company, linking the new idea to building market competitiveness. Encouraging experimentation and cultivating new ideas requires tolerance for ambiguity and risk. There is a direct relationship between the propensity of management tolerance for trial of new ideas and introduction of such ideas from within organization. Goleman (2000) outlines six leadership styles that could be used to produce desired outcomes under different circumstances to influence organizational climate and performance [3]. Many successful and timely innovations are originated within those organizations that foster culture of acceptance to new and innovative thinking across the entire layers of the organization.

However, a culture of innovation without corresponding agility cannot alter the competitive position of the business. Rather, a lack of agility and market responsiveness, despite innovation, most likely results in losing the first mover advantage to the competitors. Agility in the marketplace, particularly in dynamic and fast moving industries, requires adapting quickly to the changing market conditions and efficiently arriving at solutions that are unique, cost effective, and timely in meeting the new business environment. Reinforcing a culture of agility requires organizational responsiveness that is adverse to bureaucracy and intentional in exploiting any opportunity to identify organizational policies and procedures that are archaic and demonstrably barrier to adapting quickly to market changes.

An innovative organization routinely canvases the marketplace and its competitors' moves. Studying the market trends and the customers' buying patterns by taking proactive measures, in forecasting the evolving nature of the industry, requires an intentional and uncompromising commitment to the culture of innovation. Identification of the key driving forces of the industry and building a dashboard of information system where aforementioned moves by competitors, new entrants, and customers are constantly monitored is the basis for identifying a market niche that could be innovated with appropriate agility.

While many of these practices are management driven strategies that are necessary to building a culture of agile performance, they are not sufficient condition in insuring

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evolution to such a culture. The sufficient condition for shaping such a culture requires employee buy-in to management initiatives. However, gaining employees' buy-in not only requires systematic management initiatives that build trust and a sense of belief overtime, it also requires varied reward structures that are tailor-made to promote innovation and agility. Moreover, immediate outcome of some of these initiatives are not within reach of management and they are heavily dependent on employees' degree of acceptance that actions of leadership is genuine and transparent.

The culture of innovation and agility requires series of intentional undertakings that are neither temporary nor cyclical. Moreover, management decisions overtime must adhere to those initiatives that build trust, acceptance, and derive for sustainable change. McCann (2009) believed that strategic leadership and commitment to a sustained process where organization can systematically adapt to change is fundamental to building capacity for change [4].

Foremost among the many initiatives that could result in cultural change and employee buy-in, in building a culture of innovation and embracing change, are tolerance for risk, reward for taking initiatives, and most importantly managerial transparency. However, these initiatives must accompany an expectation of reciprocal accountability in safeguarding the organization resources and adhering to its mission and core values to sustain the needed change in culture. Moreover, promoting employee initiative and performance agility must be consistent with organizational reward system and actions of leadership in everyday decision process. Kotter (1995) introduced his eight- step change process culminating it with emphasis that in order the change take hold in organization, it must become the core value of the organization [5].

A system theory of management where coordinated activities across all functional units are consistent with organizational initiatives - to build a culture of innovation and agility - is required to fundamentally transform organization. Every unit manager and frontline supervisors must reinforce the organizational value system to recognize and reward innovation, reinforce agility in meeting market demand shifts, and build a culture of heightened performance through transparency and trusting relationship. Moreover, they have to believe and practice around one basic system theory principle that every unit must be unified in their activity to accomplish cultural transformation in constructing a system of accountability that results in embracing innovation and tolerance of risk.

Strategic implication of building a culture that views organization holistically where managers balance the interest of their unit and its advocacy with those of organizational goals is far reaching. They must understand that interdependency of units and interrelation of parts of organization requires that every functional area to promote the basic principles of motivating employees to take initiative, embrace change, and intentionally become agile.

III. CONCLUSION

Today's organizations, public or private, no longer are operating within an environment that is routine, static and predictable. A market system that is volatile and highly dynamic requires culture of innovation and agility. However, building such a culture that is unrelenting in innovation requires total transparency and accountability where access to information, basis for managerial decisions, and genuine interest in accountable and documented performance is fundamental to the core values of the organization. Building a culture of innovation and agility through articulated accountability to employees and other stakeholders alike where actions speak louder than slogans is a core competency that is required in combating the fast changing market conditions within almost every industry sector. Such a timely response is essential in positioning the organization for a sustained prosperity.

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