INTRODUCTION

Innovation is a powerful force for change in the world. It has the potential to radically influence the growth of organizations by enabling them to introduce improvements in products, services and management styles. Innovation can infuse new life into mature products and services; it can open the doors for new, unique, superior products and services that amaze and delight customers. Innovation is widely recognized as a critical element that not only enables organizations to maintain a competitive edge but enables them to achieve sustained superior performance.

The essential elements of an innovative organization are many: a corporate strategy that focuses on innovation; ability to stay close and listen to its customers, and agility to adapt to rapidly changing market scenarios. However, an organization needs to have the right culture in place in order for all these elements to work in sync.

The culture defines a company and influences people’s thinking, attitudes, behaviors and work in the organization. Organization culture is probably the most powerful intangible force that drives an organization in a specific direction. Organizations need to focus on nurturing a culture that supports and sustains innovation, encourage people to take reasonable risks.

Are there any common principles and practice that help organizations navigate the complex world of creativity? Or do pioneering innovative organizations seek to explore new frontiers and pathways to come up with unique and innovative solutions? The research reveals some strikingly consistent practices of innovative organizations craft cultures that nurture innovation.
The research recounts instances from the cultures of 15 leading innovative organizations in India and abroad. Gathered through a series of extensive interviews with important personnel in the manufacturing, finance, technical, R&D and marketing divisions of each organization, the anecdotes revealed common practices widely shared by these organizations, irrespective of industry, innovative capability or nationality. These practices cut across organizations excelling in all three major categories of innovation—product, process and business model.

The principles that guide highly innovative organizations encompass both corporate practices and individual’s behavior patterns. The leaders in innovative organizations demonstrate their commitment to innovation through their communications, decisions and actions. They also actively help and encourage individuals in the organization to find a connect between their passion and the goals of the organization. This helps to create an environment where innovative capabilities can be translated to superior performance.

Although the path to successful innovation is largely influenced by the unique contours of an organization’s environment, some universal practices can be identified.

**Significance of the Research**

Innovation is a key driver for ushering in improvements in products, services and corporate management styles. The expansion and growth of an economy, expansion of market shares, development of global networks and evolution of management thought all depend on the cornerstone of innovation. Innovation breathes new life into mature products and services. If companies have to survive and grow in the 21st century, and face increasing competition successfully they must learn to adapt to the new market realities and continuously renew their processes and methods through innovation. The current
research work focuses on studying the characteristics of ‘innovation culture’ which lead to sustained and long-term successful innovations of global and Indian organizations.

Objectives of the Study

- To investigate the influence of culture in nurturing innovation on a consistent basis in an organization.
- To identify the common ‘innovation culture’ characteristics of successful innovative companies around the globe.
- To study the relationship between the culture and innovation success of an organization.
- To identify the unique attributes of innovative organizations

Scope of the Study

Fifteen leading innovative organizations were selected for this study based on their strength of innovation in the areas of their competence in their respective fields. Five organizations in ‘process innovation’ four in ‘product innovation’ and six in ‘business model innovation’ were selected for this study. For organizations headquartered outside India, questionnaires were administered in Europe, United States and Canada. Personal interviews and discussions were held with the management staff at the three levels – senior, middle and first line managers at each of these companies to understand and assess the innovation culture at these organizations. Between 50-60 respondents in each organization in the ratio 1:2:3 top, middle and first line managers participated in the study.

The ‘Innovation Culture Questionnaire’ sought responses and compared six key areas of culture: Organizational Climate, Leadership, Core Values, Customer Focus, Creativity
and Envisioning Future at each of these organizations. In addition an ‘Innomete’ tool was used to measure the success rate of innovation at these organizations.

**Hypotheses**

1. Leading innovative organizations have common areas of concern and similar management practices which contribute significantly to their long-term superior performance.
2. Innovations are nurtured in these organizations through a positive organization climate.
3. Leaders do not have an impact on the innovative capabilities of these organizations.
4. Innovative organizations have distinctive cultures which emerge from the core values and beliefs of these organizations.
5. Creativity is encouraged and excellently managed in innovative organizations, enabling them to maintain leading positions in their businesses.
6. Constantly assessing the needs and wants of their customers is an important attribute of innovative organizations.
7. Innovative organizations pay close attention to market trends and adopt ‘next practices’ enabling them to be trend setters in their industries.