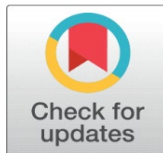


ORGANIZATIONAL CULTURE, INNOVATION AND STRUCTURE AS DETERMINANTS OF ORGANIZATIONAL PERFORMANCE: A LITERATURE REVIEW

Rama Iyer¹

¹ Chitkara Business School, Chitkara University, Punjab, India



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ABSTRACT

The purpose of this systematic literature review (SLR) is to investigate how organizational structure (OS), innovation and culture (OC) affect organizational performance (OP). With an emphasis on comprehending how these elements collectively affect performance results, it synthesizes previous research to investigate the direct and indirect relationships between OC, OS, and OP. Important factors like Organizational Quotient (OQ) are also thought to offer a thorough viewpoint. The review finds that OC, OS, and OP have beneficial relationships in a variety of scenarios, especially in small and medium-sized businesses (SMEs). This study aims to identify the ways in which organizational culture and structure influence performance and spur innovation in businesses by carefully examining previous studies.

1. INTRODUCTION

The paradigm of innovation in firms has shifted from a closed strategy to an open strategy (Park & Kwon, 2018). The concept of open innovation was adopted by firms several decades ago (Huizingh, 2011; Lichtenthaler, 2009). Open innovation refers to the idea of integrating external knowledge and ideas into a firm's innovation process. This concept has been extensively discussed in the literature (Huizingh, 2011), and several theories have been proposed to explain the phenomenon. Further, open innovation implies a knowledge flow, which is essential for accessing and integrating external knowledge into a firm's innovation process (Fisher & Qualls, 2018; Sabando-Vera et al., 2022). Knowledge-based theory (KBT) provides a theoretical framework for understanding how knowledge flows can facilitate innovation. KBT suggests that knowledge is created and transferred through a dynamic process of externalization, combination, and internalization, which can be facilitated by knowledge flows (Audretsch & Belitski, 2023; Sabando-Vera et al., 2022). The intended area of research and the associated proposal pertains to – diving deeper between the association & relation between – Open Innovation(OI) , Organizational Culture(OC) & Organizational Performance(OP). Before we get deeper into the core areas and its related adjacencies, let's understand some context and background of key elements on Open Innovation (OC), Organizational Culture (OC) & Organizational performance (OP). Open Innovation(OI) essentially consist of 3 broad category or types of Innovation

- Inside-Out
- Outside-In
- Coupled

Gone are the days, when innovation happened solely within the four walls of any organization. One fundamental aspect of open innovation (OI) is its ability to facilitate the purposeful flow of ideas and knowledge across organizational boundaries in a manner consistent with the business model of the organization. Today, business' embrace OI, a dynamic and refreshed approach that unlocks a treasure trove of possibilities. Here, we explore three key methods that fire the innovation engine:

Inside-Out :

Inside-out style innovation is all about harnessing the hidden potential within your organization. It is about figuring out what latent potential the organization has, is not being used to its potential and figuring out to yank it & repurpose for a high order objective like a New Product Initiative. This approach transforms internal knowledge into exciting new offerings, attracting fresh customers and propelling growth.

Outside-In :

Outside-in innovation thrives on seeking inspiration beyond company walls. This is about acknowledging that there is only that much an organization can do with internal resources, internal policy and internal incentivization structures and capability set, but look out for speed, talent ,ideas and capability outside. Here, the focus is on actively seeking external ideas and expertise, creating a rich pool of inspiration for truly groundbreaking solutions. This could be universities, research organization, incubators, accelerators etc.

Coupled (co-innovation)

Coupled innovation (co-innovation) is the ultimate collaboration game. There is no better option in OI other than coupled-innovation or as I would like to term it as Look-With, where you are looking to build the next big idea along with the right startup, which has the chops of new age technology muscle and the speed and agility that typically a corporate lacks. This collaborative approach fosters breakthroughs that propel both partners towards industry leadership & importantly creates an equitable and a win-win scenario not only for both parties, but for the larger stakeholders at play. By understanding and embracing the innovation tool-kit, companies can unlock a universe of possibilities, fostering growth and staying ahead of the curve in today's dynamic market & co-creating deep intellectual property and also participating in the overall performance improvement of the organization.

2. LITERATURE REVIEW

Search strategy

TITLE-ABS-KEY ("Open innovation" AND "Organi?ation* Performance" OR "Organi?ation* success" OR "Firm* Performance" OR "Firm* success") AND (LIMIT-TO (DOCTYPE , "ar")) AND (LIMIT-TO (LANGUAGE , "English"))

It can be seen in the figure below that first document published on proposed variables was in year 2007. Over the next few years, the number of published documents gradually rose. In the mentioned figure documents from year 2007- 2025 are considered. A total of only 66 documents were found after following the inclusion and exclusion criteria.

Most of the documents were published in the reputed journals like *"Journal Of Open Innovation Technology Market And Complexity"* *"International Journal Of Innovation Management"* *"Management decision"* and others. This can be seen the figure mentioned below as documents per year by source. Few documents were found which examined the comprehensive relationship of open innovation, organizational structure and organizational performance.

Documents by year

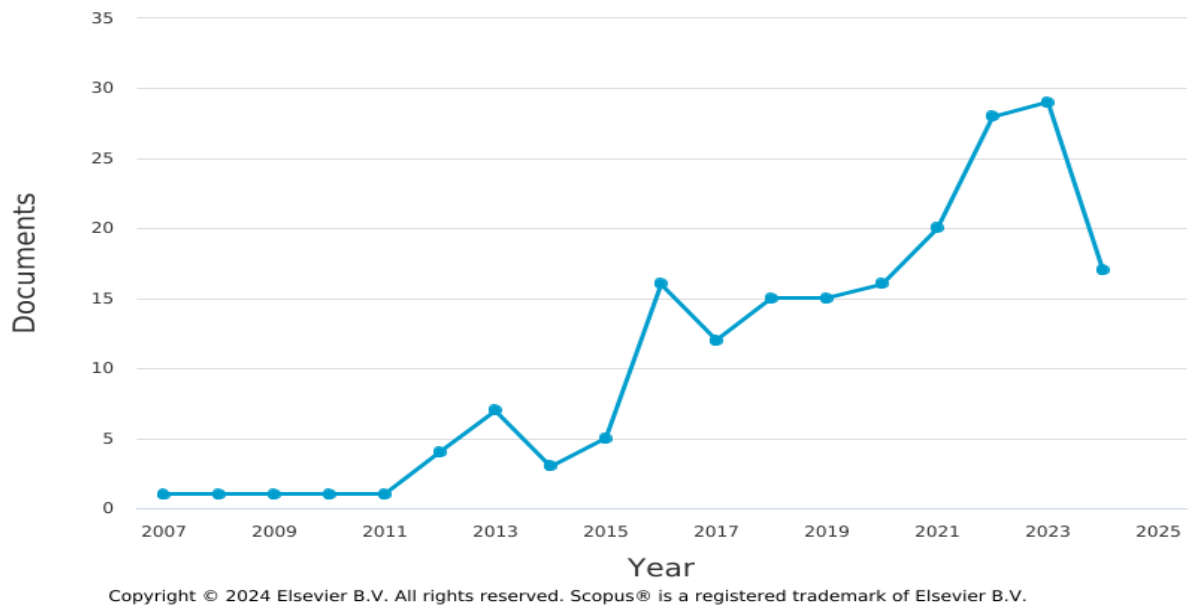


Figure 1: Documents by year

The search has also allowed us get documents country-wise. In the figure (3) documents by country it can be seen that most of the research for above keywords are carried by countries like Italy, South Korea, China and others. Since the current investigation was more concerned about original articles rather than considering conference papers or book chapters. It was observed that more than 70 percent of the published documents in this field were articles rest were conference papers, review papers etc.

Documents per year by source

Compare the document counts for up to 10 sources. Compare sources and view CiteScore, SJR, and SNIP data

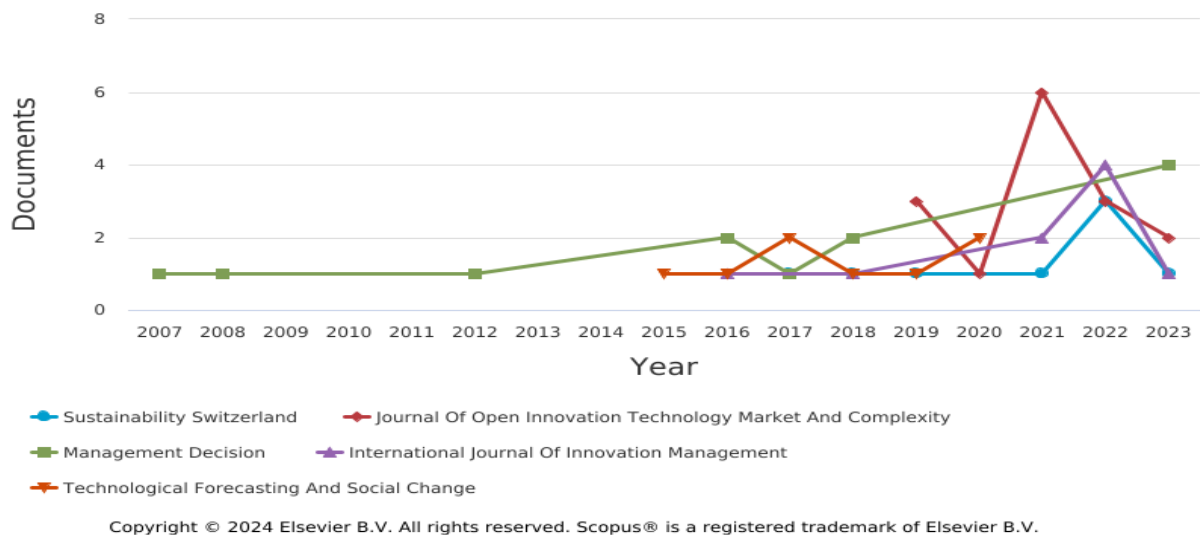
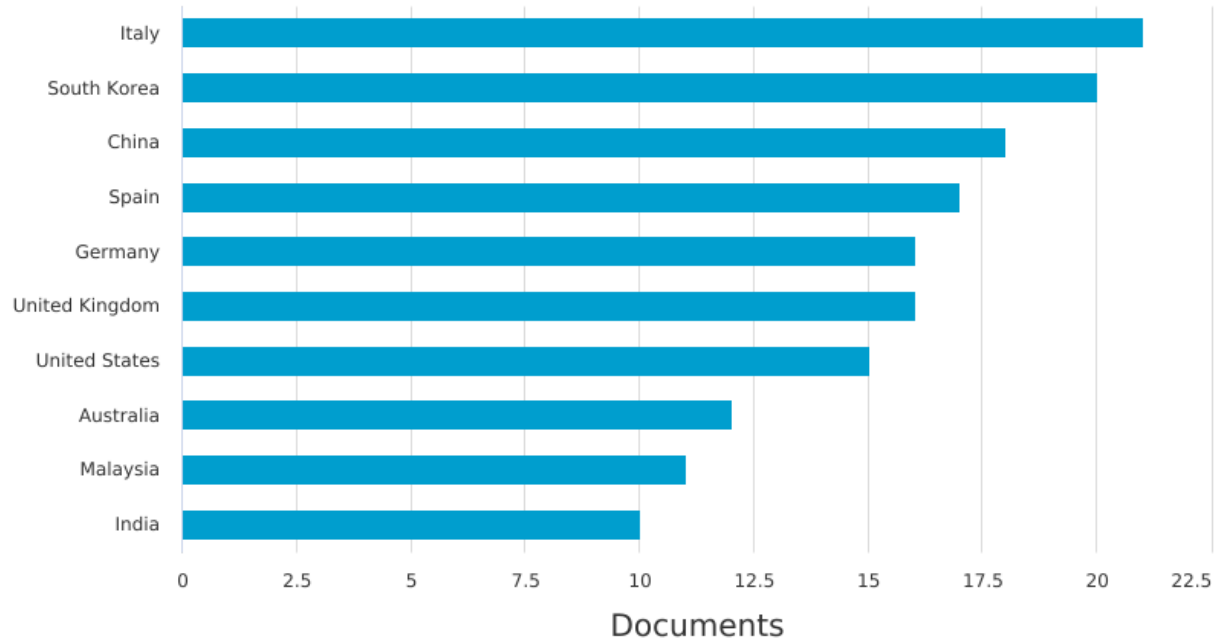


Figure 2: Documents by source

Documents by country or territory

Scopus

Compare the document counts for up to 15 countries/territories.



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Figure 3: Documents by country

There have been a lot of research studies relating to culture of innovation and impact on organization performance. (Büschgens, T., Bausch, A., & Balkin, D. B. (2013) ; Sadegh Sharifirad, Mohammad, and Vahid Ataei (2012)). Research points to varied attributes of a culture, how a certain culture germinates, takes shape over a period of time, how various groups/clans get formed, how internal groupism and offline agenda setting dictates mediocre outcomes etc. This research aims to add to that school of thought and gather more data from both practitioners and employee leaders from varied background – technology, IT, infrastructure, banking & finance among others to weigh in from their experience and what they have observed and how much quantum is the total impact on innovation influence and how it either guides empowers innovation practitioners or cuts their feet from below and renders it useless and ineffective.

We have read quite a lot on various aspect of Open Innovation, whether it is about having an explicit strategy and build a strategy for the short and long term, whether it is sensitising the leadership about being open to looking outside for collaboration, or if it is about a changed world where speed is of essence and there is only that much an organizations can do internally and has to look out for experts, research organizations, start-ups to collaborate with and experiment faster. (Chesbrough, H. (2004)., Elmquist, M., Fredberg, T., & Ollila, S. ; Chesbrough, H., Vanhaverbeke, W., & West, J. (Eds.). (2014). ; Chesbrough, H. W., & Appleyard, M. M. (2007).

The aspect of organizational structure has been researched a lot and volumes written on it, but there is relatively lesser work of research done towards understanding structure and its impact on innovation. (Dedahanov, A. T., Rhee, C., & Yoon, J. (2017)., Hao, Q., Kasper, H., & Muehlbacher, J. (2012).; Damanpour, F., & Aravind, D. (2012).). Some of the work focuses on being creative and innovative with structures that are more autonomous or ability to bypass a lot of mundane process and procedural paths, also have higher visibility at executive level, which allows for influence and also getting a good chance to give ideas for opportunity which may be high-risk, high-reward category. The current emphasis will be towards exploring and also creating a couple of new structures that may be worth taking a look & also taking feedback from industry leaders and innovation practitioners to ascertain the viability and effectiveness of the same.

3. METHODOLOGY & DATA COLLECTION

A systematic literature review (SLR) is the best approach given the subject matter. Through the identification, analysis, and critical evaluation of pertinent research papers, and SLR seeks to synthesize the body of information already available on the topic.

Data were collected via identifying and retrieving research articles, books, and scholarly papers from academic sources like Google Scholar, Scopus, Web of Science, and JSTOR. Key search phrases include: organizational structure, organizational culture, organizational performance, and innovation, small and medium-sized firms.

Inclusion and Exclusion criteria: The study concentrated on research published in peer-reviewed publications over the past 10 to 15 years to guarantee relevance and current findings. Research must examine at least one of the following: the correlation between OS and OP, OC and OP, or the synergistic impact of OS and OC on OP. We omitted studies with a limited emphasis on certain industries or those without empirical data. Furthermore, exclude research that are either not peer-reviewed or not composed in English.

4. DISCUSSION

There has been very little research done on Innovation as a multidimensional construct, (Mazzola, E., Bruccoleri, M., & Perrone, G. (2012). ; Sundbo, J., & Gallouj, F. (2000)), which to my mind are probably the most emerging and critical elements. Usually innovation is seen through from the lens of a unidimensional construct, but it actually needs to be looked at from all angles and all variables that affect its impact and outcome . We would like to dwell deeper and expand on what are the dimensions that needs deeper prodding and also to measure its impact on the development and growth of the organizations.

Extending the thinking forward, we intend to dive deeper and understand why coupled innovation today presents an unprecedented opportunity for the organizations that would like to side step and leapfrog in this decade. More specifically, we would focus on how coupled innovation (Sundbo, J., & Gallouj, F. (2000).; Rouyre, A., & Fernandez, A. S. (2019).; Chou, C., Yang, K. P., & Chiu, Y. J. (2016)). is ideally suited to bring in new revenue streams which did not exist before and also a very high possibility of new business verticals altogether. These possibilities come to the fore, because of open collaboration and with newer models of incubation and acceleration that are more prevalent and matured today than ever before.

We will also look into another facet of a construct which may be key for open innovation, which has not been a direct area of research but only touching upon it indirectly (Mortara, L., Napp, J. J., Slacik, I., & Minshall, T. (2009) ; Golightly, J., Ford, C., Sureka, P., & Reid, B. (2012).). The researcher intends to spend some time getting industry feedback and analyzing –why an executive sponsor is a key construct for having higher innovation efficiency and throughput, also what should be an executive sponsor's background, how much he should be empowered etc.

Research Implications of the study

Firstly the study intends to unravel the relation between how the culture of organization (Szczepańska-Woszczyna, Katarzyna) is built over a period of time and how it starts to manifest and impact the fabric of innovation in the organization. One of the moot points being, employees will most likely follow the strategy that provides a high level of congruence between the goals of management and the goals of their organization's social system (Büschgens, T., Bausch, A., & Balkin, D. B. (2013).) Secondly, the study also highlights the role of coupled innovation and how organizations are still grappling to create framework and models of engagement with external entities and ability to move forward and stitch relations and deals at a pace that's required to engage and harness existing opportunities. Thirdly, the study is also about how the innovation agility and its mode of operation orchestrated within an organization shows its ability to move forward and grow with the need of time and age, which finally has a larger ramification and the overall performance of the organization. Also, the study is also about how constructs like the organization structure and the structure of reporting for the innovation team (Claver, E., Llopis, J., Garcia, D. and Molina, H., 1998), is pertinent to the performance of the organization.(Hogan, Suellen J., and Leonard V. Coote.2014).Lastly, the study also touches upon the importance and need of an executive sponsor, his role, influence and stature in the organization and how it becomes a critical element in the overall ability for innovation to perform and add to the performance of the organization (Hogan, Suellen J., and Leonard V. Coote.2014).

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CONFLICT OF INTEREST

None.

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