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Innovation Management in Businesses

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ABSTRACT

Purpose of this study details of the concept of innovation and innovation in enterprises aimed to explain how they are implemented. Innovation as it is known today, had ceased to be an issue dealt with only in universities, businesses and even became a concept that gives importance to the politicians. Globalization has led to the globalization of world trade. Increased competition between the countries, however, many countries have been competing in the market. In this case, competition and "technological competition" and "low-price competition as" indicate for the effect. Thus, speaking nationally, and companies that can not be denied that the effect of competition, innovation and innovation management in both developed and developing countries, competition become. Because to have a say and make innovation in order to increase profitability, and is seen as a solution. Processed in this study in detail the concept of innovation, innovation in the size of the national and Turkey are mentioned, the importance for businesses that result in innovation and innovation management, business innovation and how the information is otherwise managed by giving examples of those used and tried to explain.

Keywords: Innovation, Concept Innovation, Innovation Management, Newness, Novelty, Newness Management

1. INTRODUCTION

Innovation Management in Businesses and Evolution of the System

Although it is a frequently used term in recent periods it is obvious that the concept of “innovation” (novelty) is not well defined on how it will be realized and marketed. Especially with the innovative moves of our businesses to bring competitive edge in the market and considering the number of partners as registered in Europe, America and Japan patent institutes, there is a clear indication that we may clearly see including society, government and businesses, are at the outset yet. Relying on the above facts, this study is configured for strengthening of awareness about innovation in our country, gaining a perspective emphasizing how the achievements of innovation studies may be increased, and presenting some tips about this subject. Many products with similar characteristics are produced and launched in the world. Although it is important to produce the products at lesser costs it is not enough for gaining competitive edge as it is used to be formerly. In addition, production of many products with similar properties causes consistent fall in the profit margins. In order to increase the profitability and has competitive advantage the concept of “innovation” gains importance. The subject is not importance for only businesses but also for the governments and international associations. Many national and international studies are conducted about the subject, and individuals and businesses are encouraged for innovation. Many definitions were given about innovation from the past till the date; only some of them are included in this study. It was such difficult to access information in the past, innovation also meant to learn something. Thereafter, innovation meant science and technology and R&D. Today, science and technology are not sufficient for innovation due to easiness to access information and increase in industrialization and differentiation is required. Unlike the judgment “the only thing that does not change is the change”, the change and innovation change. In this sense, innovation is the current definition of novelty and to make novel things.

1.1. Innovation management in businesses

Innovation process has many conflicts and contradictions. Integration thereof is a challenge to everyone desiring to manage innovation, and the team leaders supporting the teams and the business managers should find a way to accord

such elements. For example, the managers are required to meet the conflicting expectations of various parties. The employees demand occupational safety and consistency in their skills in addition to increase in responsibility and income. Shareholders desire increase in the earnings and predictability in performance. Consumers demand products compromising latest technology, compliance between the product versions, swift services, and broad range of products which may meet their needs at lesser costs. These conflicting expectations require exceedingly complex balancing process. Therefore the team leaders manage technology, business processes (e.g. clients, suppliers, financial and external sources, and etc.) and human relations (i.e. culture, communication, organization, and etc.) cautiously and prudently in order to support and encourage innovation (Durna, 2002).

1.2. Innovation Strategy

Since the strategy defines the targets to which an organization desires to reach in the future and is a roadmap showing how such targets can be reached, it is the most fundamental component in innovation management and brings direction sense to innovation. Therefore, the first step in a successful innovation management is to select an innovation strategy which may be understood explicitly by the top management of a firm. Since innovation strategy shows how a business desire to have competitive edge aimed by the top management and use innovation capacity to advance performance, it is required to response how market positioning should be and what the strategic priorities are.

In order to develop an effective innovation strategy the firm's employees should understand needs and expectations, know the market of business, who are the shareholders and what are the expectations, incorporate the needs of the market, stakeholders and employees around a vision, insure that this vision should be the one shared by everyone, and prepare targets, mission and strategic plan of the organization. Innovation opportunities are interpreted in line with the needs defined in this vision, mission and targets in order to form innovation strategy (Elçi, 2007). There is no innovation strategy that may be called a perfect one. The decision which innovation strategy will be used should be decided by thorough assessment on the assets, opportunities and threats of the organization, and each of the member of the organization namely all employees should be part of this strategy (Kanber, 2010).

1.2.1. Innovation Strategy Preparation

Strategy is a military term. The road to be followed to win the war defines the whole of the tactics. A company should win the merciless competition war in order to survive and grow in the market. The most important weapon for this is the strategy well prepared, adopted and applied successfully. You need to think and act strategically in order to be successful at all areas of your business (Gökçe, 2010). Your corporate strategy should response to what is the sustainable competitive advantage of your company, how you should be positioned in the market in order to protect this competitive advantage, and what are your strategic priorities are (Gökçe, 2010).

The strategy of your company is a guide contemplating tactics that you define in order to meet the requirements of your customers better than your rivals. This guideline should be prepared the owner and senior managers of the company by obtaining the opinions of the other managers and employees. Thereafter, it is required to apply the strategy adopted in the market and such application is to be under the supervision of the senior management (Gökçe, 2010). Innovation strategy is a kind of attack decision at the competition war. Each of the moves will cause an opportunity for a new innovation activity. Therefore, your innovation strategy should change based on the changes in the market, organizational skills and abilities, your business targets and requirements, and should be a lively document (Durna, 2002).

1.3. Innovation process

In order to explain the character of the innovation process many studies were made till the date. Here are some of these studies: Herzog deals with innovation process in three phases. At the first phase called as front phase the ideas are generated, feasibility studies and technologic evaluations are conducted about the project. The second phase is whether the selected ideas will be realized. This phase also includes testing and assessment of different alternatives in testing and function and design of the product/ service. The third phase includes market spread of the product/ service and execution of widespread usage thereof (Herzog, 2008).

Basadur and Gelade define innovation process in four phases: idea generation, conceptualization, optimizing, and



application. According to Eric Von Hippel, innovation process consists of four phases: innovation process; creation of new idea; research/ development; prototype creation; and application. Innovation for a company, an increase in earnings with advanced and improved distribution performance, the number of new products in the portfolio, shortening of the new products in the portfolio; reduction of distribution, increased productivity/ production, and usage of the resources and time efficiently. Therefore, innovation should be approached as an activity being continuous and as the most important part of your corporate strategy.

1.4. Innovation Culture

Innovation required different culture and understanding in the organization. Culture is the dominant attitude and behaviors defining the operation of an organization or a group, and many firms realizing innovation successfully have unique properties. These characteristics shaped with their past and current beliefs, ideas and behaviors are defined as innovation culture (Elçi, 2007). Innovation culture is not widespread in today's firms. The reason therefore is the fact that establishment of this culture is not very easy and the required properties to obtain innovation culture are the properties of the successful firms. However, innovation culture is the common norms establishing values, opinions and attitudes for creativity. It encourages individuals to think, drive their works and ideas, and supports the skills, uniqueness and creativity. It helps generation of new approaches and new ideas, and application of new technical and administrative ideas at organizational level when organized by the employees (Elçi, 2007). Innovation is not a single phase process but a continuous activity affecting the organization with internal and external factors to catch all opportunities and increase market share. Therefore, companies establishing a system encouraging and managing innovations shall have the chance to develop, produce and market their services at certain properties (Ünver, 2009). Since the keywords of innovation are "change" and "novelty" the most important problem at this point is to manage the change. The main components of the change method are human, business processes and technology. The success here lies with the integration of innovation activities of a company with the corporate strategy of the company (Ünver, 2009).

The companies managing innovation successfully has leadership and risk taking opportunities. Everyone working for the company is given the highest level of liability. Employees at all levels assume new roles with great liabilities, establishes teams consisted for collaboration instead of groups having limited relations among them; and established more productive and more effective environment (Ünver, 2009).

In order that you manage innovation successfully;

- ✓ Availability of information, experience and ability to use them are required;
- ✓ The most important part of your strategy should be your innovation strategy. Your innovation strategy should establish the most important part of your corporate strategy.
- ✓ Your innovation strategy should be formed in order to insure evaluation of the current and existing advancements, threats and market requests, and to allow you to handle with the rapidly changing complex external environment.
- ✓ Internal structures and processes should balance the requirements having potential conflicts.

Your aim herein is to insure determination and evolvment of special information within technological areas, business functions and product groups, and such information should be used in technological areas, business functions, and product groups.

1.5. Innovative businesses

The size of the organization is deemed as an important factor in order to determine whether any organization in the management literature will be innovative. However, there is no consensus about the fact that large size or small size organizations encourage innovation. Some of the authorities argue that small sized companies have advantages over the large sized businesses particularly flexibility. On the other hand, large size businesses have financial structure to employ qualified experts. These debates at the management society show that there is no practical framework determining the innovative properties of the businesses (Tekin, Güleş, Ögüt, 2006). Innovative business is the one realized innovation during the examination period. This short definition may not be suitable for all policy and research requirements. It may be useful to make narrower definitions in many situations like comparison of innovation between



industries, firm size categories, and countries. In the meantime, it should be noted that combining of long term innovative activities and short term consumer orientation may be combined within the same organization (Boutellier, Gassmann, Zedtwitz, 2000).

1.5.1. Effect of Innovation in Innovative Businesses

Innovation as a concept defines both process and result. Innovation means to transform an idea into a marketable product or service, new or evolved production or distribution method or a new social service management. This word tells marketable, new or advanced product, method or service revealed as a result of this transformation process (Gökçek, 2007). The effects of the renovations to business performance contemplate a broad range from the effects on the share of sales and market to improvements on productivity and efficiency. International competitiveness and changes in the total factor productivity among the industry and country level effects and increases in information distributions and amount of information flow through networks from the business level innovations are important (Oslo, 2006).

1.5.2. Importance of Information at Businesses

The effect of technical and scientific invention and advancement, faster launching of some of the products to the market, distribution of the products faster than their owners in accordance with the request of the consumers and in the most economic methods and spreading of the economic methods are the main components dragging the businesses to innovation (Eren, 2000).

Businesses are required to renovate themselves continuously in order to survive under free competition markets. However, only few of tens of renovations will be successful. The lower success rate in such an important subject is quite thoughtful. In order to increase success rate, businesses should increase the effectiveness of the innovation management process. (Gökçek, 2007).

1.5.3. Novelty management in Businesses

Peter Drucker having studies on novelty tells that innovation should be evaluated not only as a consequence but also as a process. In order to continue the novelty management successfully businesses agreeing that it is not sufficient to take care consequences about novelty should attempt to consider conduct of the works within the process in terms of sustainability of the novelty (Aygen, 2006).

Novelty in wider meaning is a driving power forcing the firms to conduct something in order to compete. In many sectors, firms will need to develop new products, to apply new process and organization forms and to search for new markets in order to survive. For example, someone bringing a new training method will request to know which the innovative schools are. Someone producing a new medical device will desire to learn which the innovative hospitals are. Organization and managers are those changes. (Gökçek, 2007).

1.5.4. Properties of Innovative Businesses

Organizational structure and processes have great importance in development of the innovative sides of the businesses. In the development of the innovative sides of the businesses, some measures should be taken at the organizational structure and processes. Organizational structure used by successful innovative businesses is against the complexity, bureaucracy, similarity and stability. The innovative businesses will turn to simplify their organizational systems and bureaucracy. In this manner, this reduces the volume of hierarchic structures and simplifies organizational communication and procedures. In this manner, the work of middle management is reshaped. (Durna, 2002).

2. SUCCESS IN BUSINESSES APPLYING INNOVATION MANAGEMENT

Constant learning process is required in order to insure innovation in businesses successfully. To accelerate learning process and make it more effective you will need to (Uzkurt, 2010);

- ✓ establish mechanisms for discussion inside your firm in addition to sharing of experience and successes,
- ✓ learn and apply advanced tools and techniques for innovation management,
- ✓ bring different approaches in innovation management with simple trials,



- ✓ make analysis and review how you manage innovation at the present time, if you are a firm conducting innovation already.

In addition to those enumerated above, utilization of comparison techniques contributed innovation management. For this purpose, you will be able to compare innovation management applications of your firm with the comparable firms in your industry or with the firms in other industries having similar business processes to yours. On the other hand, comparison is a technique review and reveal of the current performance of your firm systematically. In this sense, it is not required to make comparison similar to yours. Comparison of your firm by using prepared models based on the best practice samples shall lead to very useful results. Besides, different problems seen in different phases of innovation process will have key role in innovation management (Uzkurt, 2010).

2.1. Innovation Marketing in Businesses

Although it is frequently emphasized how innovation is important, it is not accentuated how and how effective it may be realized. There are two fundamental problems related to innovation for businesses. One of them is management problem including innovation generation process and the other one is marketing problem which shall allow commercialization and market launching of the innovations effectively. It means that the product to be revealed shall not be assessed as innovation unless they will be subject to effective marketing process. In this sense, businesses should have innovation strategies which will allow them to reach success in both production and commercialization processes of innovation (Uzkurt, 2010).

Innovation process's bringing significant uncertainties for businesses makes the control and manageability of the process harder. Among these uncertainties the most notable ones are financial, technological, organizational uncertainties and market uncertainties. During innovation process, it is very difficult to predict outset how much financial resource will be spent. And this is seen as an important barrier preventing innovation activities for businesses not having much power and averting risk. The speed of change of the technology forces businesses to work with new technologies at all times, and on the other hand, increases technology cycle rate for businesses, causing important costs for the businesses. On the other hand, at the adoption process of some innovations adopted by the businesses, it is one of the risks frequently witnessed during the application that important part of the employees may resist during familiarization of innovations adopted by businesses. Lastly, the risk of non-acceptance of the new products and services launched to the market by the customers should be considered as one of the areas of uncertainties which will establish important handicaps during innovation process. Considering the fact that the success rate of the new products and services launched to new products and services is around 10-15 percent, the extent of the risk is revealed (Uzkurt, 2010). These risks will also bring serious risks for the businesses. These risks may have a role preventing many businesses to conduct innovative activities. For this reason, it is required to have a business structure and culture which may mitigate these uncertainties. The conduct of supportive and regulative roles by the government and other competent authorities at some points that businesses may not overcome shall help to make this process more dynamic and active.

2.2. Performance Increasing Policies in Innovation Management of Businesses

The innovation policy recommendations required for evolvement in order to increase innovation performance of businesses is attempted to be summarized in this section. This section of the World Bank Turkish Report published in 2006 was built on three headings (www.inovasyondunyasi.com, 20.06.2014).

- ✓ To advance general policy framework and infrastructure for innovation
- ✓ To develop financial opportunities for innovation
- ✓ To increase corporate effectiveness of Turkish national innovation system.

Short evaluations related to each of the headings:

2.3. To Develop General Policy and Infrastructure for Innovation

It is required to realize political and legal changes in order to provide suitable environmental conditions for



innovation realized at firm level. It is recommended to strengthen the collaboration between researchers and firms besides political and legal requirements and to make the incentives granted to Teknoparks available to all universities. It is recommended to increase the number and qualities of the interfaces providing communication and collaboration between the firms, universities, and research centers. Teknoparks between the current innovation interfaces, university industry research centers (USAM), technology development centers (TEKMER) and industry contact officers as one of the most recent formations are listed among the samples. The report announces availability of TUBITAK regulation related to consortium establishment of public and private sector, and at the same time, and the fact that TUBITAK provides seed capital and technical assistance to young entrepreneurs. Emphasizing that the programs observed as successful at international level may be considered in Turkey, MAGNET from Israel, TEKES from Finland, and ATP Program from the USA were given as examples (www.inovasyon.com, 27.07.2014).

2.4. Developing Financing Opportunities for Innovation

Financing, especially financing innovation and SMSEs (Small and Medium Sized Enterprises), is defined as one of the most important barriers of growth in business. Addressing this issue in its report on Turkey the World Bank recommends that consideration of the current programs (such as financial incentives) the best practices at international level for supporting R&D studies of private sector and new firm foundations. One of the important issues is that the effect of the financial incentives on the SMSEs is not at sufficient level. The reason for that the SMSEs do not generate sufficient amount of profits and they do not maintain accounting records related to the R&D within a suitable accounting system. When grant and loan programs are considered TEKES from Finland, Magnet program from Israel, Small Enterprise Research Aid Program (SERAP) in Hong Kong, Industrial Technical Aid Fund in Malaysia (ITAF), and lastly Science and Technology Projects sponsored by the World Bank are considered as among the successful samples. In order to encourage new firm foundations which may be competent for innovation it is recommended to develop policies to support entrepreneurial capital. It is recommended to review the applicable legislation in entrepreneurial capital area, and to support capital market reforms, leading an increase in the liquidity in the stock exchanges.

2.5. Increasing Corporate Effectiveness of National Innovation System

In Turkey report of the World Bank, the concept considered as a national innovation system is defined as a network system developing or adopting technology dealing with the process around the policies and strategies, established by public and private entities and having interaction to each other. Although the existence of all applicable entities responsible for science, technology and innovation policies establishing national innovation system of Turkey is accepted the Report recommends increase in effectiveness of national innovation system. It is emphasized in order to increase the effectiveness that the mission and organization Of TUBITAK are important, that there are difficulties caused in application of the centralized policies considering the widespread and size of the country, and to overcome this new strategies and entities will be needed, that the roles of the firms should be strengthened in innovation process, and that not only technological innovation but also organizational and process changes should be considered in innovation definition (www.inovasyondunyasi.com, 13.09.2014).

3. TEAM LEARNING TYPES IN INNOVATION MANAGEMENT

Team learning may be in three forms: the *first one* is learning inside the team by conducting it, the *second one* is inter-teams learning meaning sharing of some information with other person or group, and the *third one* is learning in the market, meaning learning from outside the firm (Polat, Öner, 2000).

3.1. Sectors with Effective Process Novelty and Product Novelty

As novelties are applied in innovation management they should be applied by checking the suitability with the structure of each of the sectors. Because, a novelty applied in one sector during innovation process may not be applicable to another industry. Novelty applications have differences from industry to industry.

According to such, Miller and Blais concluded the followings in their study;

- ✓ More **product innovation** is observed in computer hardware and medicine industries,
- ✓ Both **process innovation** and **product innovation** are observed in metal products sector,



- ✓ **Process innovation** is observed in paper industry,
- ✓ **Process innovation** and **product innovation** are observed relatively less in wear and finance sectors.

The conclusion to be deduced from here is that the sectors utilizing the latest technology are at the forefront in new product development subject, and other sectors make innovations mostly related to the business processes that we may call organizational innovation (Polat, Öner, 2000).

3.2. Innovation Conduct by Businesses

In order that the businesses will be able to save their competitive advantage they should make innovation continuously. And therefore they look for a way to make the products and services they generated more useful, better, more quality and more attractive and make their works better, more effective and more efficient. Many opportunities such as changing needs of customers, new customer requests, and technological advancements will allow them to develop innovative ideas.

Table 1. Team Learning Strategic

Market	Technology	Current	New
New		Market novelty New market model strategy	Non continuous innovation New risk unit strategy
Current		Innovation step by step Cost reduction strategy	Technical innovation Technological entrepreneurial strategy

Source: POLAT, Mustafa; ÖNER, M. Atilla (2000), "Innovation Management Techniques in Firms", Yeditepe University Institute of Social Sciences, Istanbul

For example a firm noticed its customers' interest for healthy nutrition may start producing "organic milk". Organic milk is processed from cows fed in a natural and healthy environment and again processed in a healthy process. The customers desiring to reach healthy and natural foods will prefer milks of the firm producing organic milk instead of other milks. Therefore this business would be deemed to response changing needs of the customers (i.e. healthy nutrition) and new customer requests (i.e. use of natural products) and applied innovation by using this opportunity (Gökçe, 2010).

3.3. Catching Opportunities

A business should define and evaluate the opportunities continuously for potential innovation ideas. These opportunities may be originated from the employees' innovation ideas, rivals' studies, customers' changing technologies, or suppliers; or the results of a research& development (R&D) study conducted by an entity or a person or obligation to comply with a new regulation, law or standard may cause innovation opportunities. A business which does not want to lose its competition power should be catching such kinds of signals without losing time (Gökçe, 2010).

3.4. Strategic Selection

It is required to choose the most important one among the opportunities caught before allocating resources in order to commence innovation activity. In this selection, the foremost of the factors to be considered is the customer needs and requests. Even the big companies having vast resources allocated for innovation may not evaluate all these opportunities. The real success is to select the biggest competition advantage and turn it to innovation (Gökçe, 2010).

3.5. Obtainment of Required Information

It is required to allocate the required resources before realizing the innovation idea having the highest potential in giving competition power to the business. To this end, the information required for development of the product, service or process should be collected. Obtainment of oral information is also important in addition to written information. Among the ways to reach non-written information we may mention employment of a foreign or domestic expert in innovation operations as an employee or a consultant and provision of services from universities or R&D institutions in the country or abroad. Regardless the method of selection, the adoption of the information obtained by the business and converting it into written form to the extent possible is important for continuance of the competency and competitive advantage (Gökçe, 2010).



3.6. Development of the Solution and Commercialization

The next step after the completion of innovation process upon collection of the information and information sources is application. In this phase, the studies are conducted until the product, service or process will be in its latest form. The development studies supported by the information received from the market continuously shall be continued with the marketing of the product or service or commercial use of process (Gökçe, 2010). This phase will insure evaluation of all successes and failures in all phases, generation of the required information, and use thereof to manage the innovation process better. Since the effect of learning will reflect on all other phases, it will be of great importance for the continuity of innovation and accordingly continuity of compatibility of business (Gökçe, 2010).

4. EVOLVEMENT OF INNOVATION SYSTEM

4.1. Innovation System

Innovation system is a framework representing the nature of the interactive innovation processes and relations. The main theme of this framework is that their economic performance depends on the relation between them and other interested and complimentary actors (national, regional or local). Herein, inter business relations as the carrying elements of diffusion and learning of information production, corporate regulations utilized by the innovators, shared information infrastructure are important elements contributing to the systematization of innovation activities. Innovation activity as well as information production and diffusion shall be at the center of the framework. Therefore, innovation activity, information management, interactive (social) and accumulative processes operating depending on the corporate structure determines also the position of university in innovation system. Since university output carrying and spreading university information in the form of academic and professional skills/ competence are considered as the primary inputs of the innovation activities, the information processes hosted therein and university-industry relations with the university have entered among the primary elements of innovation system (Freeman, 1982).

Innovation system; includes a cluster of actors in which other firms, organizations and institutions interacting each other during production and diffusion of useful information being new and economic. Four main groups may be defined in terms of institutions managing similar properties and relations. These are:

- ✓ **Production sector:** consists of production firms and R&D units thereof.
- ✓ **Science and technology sector:** consists of education and research components.
- ✓ **Innovation support units (services sector):** consists of the entities providing financial support, technical consultancy, physical support (i.e. equipment, software, measurement-analysis, etc.), marketing or breeding supports for new technology or procedures to the firms for new product and process developments.
- ✓ **Corporate sector:** Formal entities (e.g. occupational entities, legal and regulatory framework etc.) and informal entities (i.e. rules, conventions and norms directing behaviors and shaping the expectations) regulating relations between the system actor, increasing their innovation capacities, and managing the collaboration and conflict processes are included.

4.2. Organizational Culture in Businesses and Effect of Communication to Innovation

The effect of organization culture and inter corporation communication on productivity is a known fact. To this end, in this section of the study the effect of the organizational culture to innovativeness followed by the effect of the intra-organizational communication to innovativeness is attempted to be explained.

4.3. Effect of Organizational Culture to Innovation in Businesses

Innovation is the key factor for firm successes and each change may cause problem. In this phase, the innovation culture of the firm has an important role. If the firm's innovation culture is suitable the response time to changes will be shorter, and accordingly it will be successful in change process. Contrary to that, if this time will be longer, usefulness and problem solving potential of innovation process will fail. Failure to response in due time will cause waste of source. The collective effectiveness of all employees and management together in formation of innovation culture will insure feeling of usefulness of innovation in the entire world. If the firm will analyze and define the problem instead of hiding them the innovation compliance shall be easy to that extent (Cannarella



and Piccioni, 2003).

It is argued that industry structure is effective on innovation activities. The factors such as change in the industry of operation, activities of other firms, and entrance barriers affect the innovation processes of the organizations. It is obvious that innovation studies will have positive effect to handle with competition. Besides all of the foregoing, it may be said that the size of the firm effects the innovation and large size firms have more innovative structure. Old firms tied with their bureaucratic structure are less interested in innovation than the new firms. Firms with larger size will have larger share in the market allowing them to have more power to develop new products. It is obvious that innovation is affected adversely in the organizations with higher distinction between blue and white collar employees compare to organizations with more collaborative organizations. Besides, it is found from the experimental studies that the firms having more products in their ranges are more innovative and such state affects their innovation studies positively (Bozkurt and Taşcıoğlu, 2007).

According to the economists, technical advancement is realized through technology presentation or as forced by demand. According to the technology presentation hypothesis the research personnel of the firm ignite the innovation. According to the hypothesis, large size firms which are able transfer resources to the R&D Department and employ more researchers shall have advantage. According to the demand pushing hypothesis, the starter of the innovation is the marketing or production personnel of the firm. As a result of the relation of such personnel, the R&D Department will response to innovation request and develop new product. Both hypotheses claim that large sized firms have advantage over the smaller firms, since they are able to allocate resource to develop the requested product and have the required infrastructure. On the other hand, the connection between marketing and the R&D departments may be established more difficult the firms employing more personnel. The firms should develop methods to overcome this issue (Su, 2003).

Besides the organizational culture, the size of the organization may be seen as an important variable in innovativeness. The SMSEs may face with some difficulties when making innovations, since the applicable legislation to be complied with will be seen as more complex to the SMSEs. Due to their sizes they will experience many difficulties in conducting legal, administrative, commercial transactions. In the world where the global processes “globalization” at one side and “regional blocking” at the other side are observed, it will be more difficult for the SMSEs to access the cross border markets and make innovation studies (Su, 2003).

4.4. Effect of Intra-Organizational Communication to Innovation

As the communication process is performed effectively, the personnel will not understand the roles and functions expected from them only but also the purpose of the organization. For example, support is provided for the areas such as making teamwork possible, support of the decision processes, removal of inter-departmental barriers. As you may know, the organizational restrictions of the businesses such as time pressure, geographical distances and growing scales, it is not possible to be confined with traditional methods. Therefore, the new tools and techniques such as computer-mediated asynchronous communication (CMAC), Electronic Conference Systems, Group Communication Programs (Groupware), Internet Telephone, Virtual private Networks replaced the face-top-face communication. In this manner, the role of the organizational communication in organizational success increased (Berry and Laudon & Laudon, 2006). In an organization where communication is not satisfactory, it is expected that the purposes of the organization should be understood and comprehended, and the members of the organization tend to act in coordination and collaboration to realize the common purposes.

Five types of communication relationships are defined in the organizations. These forms are face-to-face communication, electronic mail, direct messaging, cell phone, and short messaging (SMS).

5. CONCLUSION AND ADVICES

Innovation, besides its conceptual definition, has great importance for businesses for provision of competitive advantage since it provides competitive advantage in recent years. Indeed, as technology of present date may produce similar products/ services the marketing and distribution ways started to indicate similarities. Many businesses agree now that customer obtainment and provision of continuous customer satisfaction are required. Also, the number of firms joined with the global trade was increased relatively, and the firms entered an intensive competition to produce differentiated and new products as increasing the productivity and profitability



simultaneously. The innovation concept -as a new element which will show its effect in the competitive power to assist quality products and create cost advantage- entered into the areas of interests of the businesses intensely. Contrary to common knowledge, innovation includes improvement and development activities which may also be established through successive processes step by step besides though great attempts as a result of the novel and inexperienced radical ideas applied not only in the product but also in the process, organization, and marketing. In order to establish these change and novelties as an innovation they should create value.

Organizational structure and processes have considerable importance in the development of the innovative sides of the businesses. Some adjustments should be made in the organizational structure and processes for making business innovative. The factors brought by internal and external environment should be considered when making this. The organizational structures used by the businesses are against organizational structures, complexity, bureaucracy, similarity, and stability. Innovative businesses tend to simplify organizational systems and bureaucracy. In this manner, the work of the middle management is reshaped.

The innovation will establish the basis on the issues such as economic growth and social welfare for many businesses and society. The developed countries in the world continuously take advantage of the technological innovations. It will bring competition advantages for businesses.

Innovation is the process requiring effort and attention. The opportunities and threats should be evaluated well and an effective innovation strategy should be defined. More important than that it is required to establish a customer oriented innovation culture inside continuous communication and information flow with tolerance, taking risk, awarding successes. Especially, information flow and collaboration allows feedbacks between the actors of innovation system and more important than that for better improvement of innovation activities.

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