CONTINUOUS INNOVATION AS FUNDAMENTAL ENABLER FOR SUSTAINABLE BUSINESS PRACTICES

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Abstract

Global competitiveness has impacted the business environment domestically and globally. In fact, it creates a challenge for organisations, particularly manufacturing firms, to seek ways of retaining skills and talent to sustain business practices. This paper highlights the key elements encompassed by continuous innovation that address the challenges associated with the turbulent business environment of manufacturing firms. The paper also suggests an appropriate approach toward sustainable business practices using a global market lens. A single case study was conducted in one of the largest steel manufacturing firms in South Africa using a qualitative study methodology. Data was collected through semi-structured interviews from 13 ICT experts: system analyst III; system analyst; system engineer; top management; and system user. Data was analysed according to qualitative content analysis. The key findings suggest that sustainable business practices depend on continuous innovation rather than advanced manufacturing technologies. Equally, advanced manufacturing technologies require innovative ways and a workforce with a high level of skill for enhancing competitiveness to sustain business through the technologies. It is noted that manufacturing firms are investing in technology rather than the human capital that is required to attain continuous innovation.

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1. Introduction

The global market environment is rapidly changing both the service and manufacturing sectors. These sectors are experiencing great pressure from their competitors and customers. In the service sector, [1] note that in a projected market it is difficult to obtain a deeper understanding of the needs and expectations of customers, particularly those...
that can be used to position the future strategy of an organization. In the manufacturing sector, [2] observe that competitiveness results in demand for quality and customized products, and requires manufacturers “to be flexible, adaptive and innovative” in response to the pressure of the business environment. In response to these challenges, this paper emphasizes the key elements encompassed by continuous innovation and an appropriate approach toward sustainable business practices using a global market lens. There is no doubt that the pressure of global competitiveness in relation to responding to customers’ demands challenges all sectors. Researchers propose different ways to respond to this pressure, such as by using continuous innovation, organizational knowledge management and technology-enabled services [10], [19], [20]. [4] claims that “highly productive organizations all apply ‘knowledge integration’ as a fundamental management practice throughout their operations”. On the other hand, [3] observe that some organizations depend on technology to deliver their services to customers adequately. A simple correlation analysis of these researchers’ views reveals that adequate adoption of technology relies on knowledge integration. However, in our view the question that we should be asking is: Are these sustainable business practices? This paper suggests that both knowledge integration and the adoption of technology are missing the integrative field of continuous improvement via continuous innovation. Without continuous innovation, a notion exists that knowledge might be neglected or overlooked at some point and equally that technologies might be inadequate. The paper argues that manufacturing firms strongly rely on continuous innovation as the fundamental enabler of sustainable business practice for knowledge management and integration to keep up with advanced manufacturing technologies (AMT). Equally, we believe that the core element of sustainable business practices is continuous innovation embedded in a context of business process management (BPM). According to [5], BPM is a “systematic approach to making an organization’s workflow more effective, more efficient and more capable of adapting to an ever-changing environment”. This interpretation concurs with our view that responding to an ever-changing environment requires a systematic approach that is continuously innovative.

2. Literature Review

2.1 Continuous Innovation Perspectives

[8] is of the opinion that “a company is innovative when it possesses the ability to change its business or management model, as well as to develop and implement new products that respond to expressed and unexpressed customer needs”. On the other hand, [6] believes that continuous innovation has often been confused with concepts such as “change, invention, design and creativity”. As [7] enlightens us, “Innovation is an important source of growth and a key determinant of competitive advantage for many organizations. Achieving innovation requires the coordinated efforts of many different actors and the integration of activities across specialist functions.” [8] concurs with this view by maintaining that leadership and organizations should adopt a holistic approach toward continuous innovation through an “innovative climate and innovative interaction between people”. With this in mind, it is then imperative to manage the knowledge created through an innovative climate and interaction within an organization. [9] maintains that the management of knowledge, specifically tacit knowledge, presents a challenge as, among other things, this particular knowledge cannot be replicated for other employees for use. In drawing these conclusions, [10] argue that “how to turn the available knowledge into future innovations in a continuous way is a research problem for both academics and industries”. This raises a question as to whether there is an understanding of what knowledge is within academia and industry. In response, this study asserts that a continuous innovation artifact lies in understanding and articulating the innovation processes from management’s point of view.

Continuous innovation is embedded in an organizational culture, which is often instilled by management across all of the organizational levels and provides the ability to manage such knowledge for sustaining competitive advantage. As the manufacturing sector environment is turbulent, manufacturers are compelled to strive for continuous innovation to satisfy customers. As well as to incorporate customer relationship management, which
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