What’s the catalyst for innovation within organization?

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With the increasing competition, dynamic environment and facing global market, innovation is considered a potential competitive advantage in an organization. Several attributes of organization innovation have been used frequently in the literature, but there have been no attempts to integrate and compare research results using case study. This paper focuses on the role of several important catalysts in sustaining and enhancing innovation in organizations. In particular, the paper seeks to establish an innovation model in which the principles of innovation can be connected within an organization. Overall, this paper not only makes important theoretical and practical contributions, but also generates managerial and policy implications.

Key words: Knowledge management, knowledge integrating, KBV, innovation.

INTRODUCTION

Why is innovation important for organization? Tsai (2009) suggests that an organization that continuously introduces innovations will demonstrate sustained competitive advantage and profitability in the dynamic environment. For growth and survival among the worldwide competition, firms must continuously renew themselves with innovation capability or competences by transforming stagnant businesses and creating new wealth through new combinations of various resources (Guth and Ginsberg, 2000). Innovation is an important means of organization renewal. Through innovation, an organization can maintain or establish a market share in both mature and new businesses (Kerin et al., 1990), and also discover new conjunctions of resources and managerial factors. Recently, research on the innovation catalyst has become increasingly important for issues particularly relevant to practice as well as for organizations that search for sustainable competitive advantages, especially when facing the global market (Bianchi and Bellini, 1991; Cantner, Joel and Schmidt, 2011; Chen, Lin and Chang, 2009; Fleming and Sorensen, 2003; Gittelman and Kogut, 2003; Griffin, 1997; Janssen, 2003; Gronum et al., 2012; Lyles et al., 2008; Poudar and John, 1996; Rosenkopf and Nerkar, 2001; Wignaraja, 2012).

The increasing stress on competition and the variable environment is forcing organizations to become more innovative, with a view to increasing overall competitiveness (Tidd, 1997). Organizations must use innovation to differentiate their products, services, and remain profitable.

The following categories are mainly discussing catalysts that selected and identified of this study:

1. Knowledge sharing and integration has improved the firm’s capability to generate high-impact innovations.
2. Knowledge management is a critical attribute in improving organizational competitiveness and innovation.
3. The R&D expenditure is the key proxy by which to measure innovation performance, especially in developing countries.
4. Firms that are involved in cluster networks and occupy the critical position have better access to information have better innovation capabilities than other firms.
5. The cluster networks play a crucial role in firm innovation: close social relationships are positively associated with innovativeness as well as organization performance.
6. Organizational culture reflects a shared set of beliefs and vision within an organization, one that influences team members’ behaviors and the organization’s overall atmosphere.
7. The allocation of technological assets is critical for innovation because organizations must leave the potential value of complementary assets untouched.

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Innovation can be ranked from incremental to breakthrough within each of these categories. This paper will examine how these categories of innovation and innovation itself relates to knowledge and other catalysts.

LITERATURE REVIEW

Knowledge-based View (KBV) and innovation

Increasing attention is a direct influence on innovation at various levels and outcomes. Invisible assets are critical for business, especially when facing the dynamic environment (Gronum et al., 2012). Innovation helps shed light on crucial factors for firm survival and performance outcomes; it is also an important means of maintaining competitive advantages over other firms. Recent research in strategy has explored how the transfer and integration of knowledge play a critical role in the firm’s ability to generate high-impact innovations (Gittelman and Kogut, 2003; Fleming and Sorenson, 2003; Rosenkopf and Nerkar, 2001). Schumpeter’s (1934) research conduct “destroy creativity” to support this idea. Research on the importance of diverse knowledge in the pursuit of innovation (Rodan and Galunic, 2004). The model (Figure 1) essentially consists of a highly recursive flow involving four key areas of knowledge and other catalyst for innovation framework.

This framework includes three important perspectives.

1. Knowledge management: knowledge construction, knowledge embodiment, knowledge dissemination, and knowledge use/benefit.
2. Constructed innovation: sources within the organization created through a process of knowledge integration.
3. Information sharing: knowledge source dissemination throughout the organization.

There is no specific route through these three key areas, but a highly recursive dynamic is produced.

Knowledge management and innovation

Knowledge is an essential resource for firms to sustain competitive advantage and value creation (Guillou et al., 2009). It is an indispensable ingredient for the development of dynamic core competencies and, generally, it determines a firm’s level of innovativeness (Massa and Testa, 2009). In order to investigate how organizations manage, exploit, and sustain their knowledge, the managerial and academic communities have to understand the importance of creating and effectively managing knowledge.

Knowledge management is composed of four attributes: acquisition, storage, transfer, and application (Massa and Testa, 2009).

1. Knowledge acquisition is the process of developing knowledge internally or acquiring it from internal/external sources that correlate to firm’s daily operation boundary (e.g., customers, suppliers, cooperation partners,
competitors, and employees). The successful acquisition of knowledge from external sources depends on the capability of the firm to comprehend the value of new external information, absorb and digest it, and then apply it commercially (Dushnitsky and Shaver, 2009). A firm’s absorptive capacity is largely a function of measuring its level of effective knowledge acquisition. For example, absorptive capacity provides better knowledge acquisition for a multiunit firm’s corporate headquarters, and can be used to understand the relational profiles and learning potential of its units (Tsai, 2001).

2. Knowledge storage is representative of organizational capability to transform knowledge of physical, modifiable manifestations into innovative ideas, techniques, and products to improve the innovation capability of organization (Chang and Lee, 2008).

3. Knowledge transfer refers to the processes of spreading and allocating knowledge in order internalizes and enlarge innovation capabilities or skills that already exist within the firm (Vaara et al., 2010).

4. Knowledge application can be defined as the acquisition of the necessary knowledge from other employees or units, and then applied to an organization’s products, services and practices (Nesheim et al., 2011).

Organizations that are known for being innovative usually have an effective knowledge management system. Apple, for example, is the most successful electrical manufacturer in the world. Effective knowledge management produces unique and novel goods, and thus turns a higher profit. 3M encourages its employees to share knowledge and change product combinations frequently. Firms need to have at least 30% of their sales turnover from new products, not from products from four years ago (Brand, 1998).

Knowledge embodiment and innovation

Knowledge integration and innovation

Knowledge integration includes the formation and identification of diverse knowledge through combined methods that facilitate innovation capability (Singh, 2009). In this perceptive, firms should exchange information not only within the company, but also through a network of partners. Organizations that take this approach apply new knowledge throughout. Innovative recognition is a part of knowledge integration.

In the field of marketing, customers and suppliers recognize critical factors for new product development (Henard and Szymanski, 2001). Previous studies that analyze the impact of customer involvement in product development show that it is positively linked to the success of new products or services (Singh, 2008). New ideas play an important role in generating research and development (R&D) ideas (Henard and Szymanski, 2001). New product development always comes from integration with different ideas or knowledge from customers.

Developing the requisite market knowledge requires a high degree of knowledge exploration and exploitation. The capacity to absorb knowledge and implement it provides a basic understanding of the innovation process. Nonaka and Toyama (2005) categorizes knowledge as either tacit or explicit. Tacit knowledge refers to personal experience, not easily standardized or communicable, and formalized in a specific context. Explicit knowledge, on the other hand, can be formalized and standardized. It can be represented by a graph or expressed verbally and shared with others. However, through system integration, tacit knowledge can turn into explicit knowledge with a formal or systematic language in the organization, which can then improve its innovative outcomes.

Accepting socially constructed organization innovation does not restrict the generation of knowledge but can obtain knowledge from all levels of the organization and from outside the organization (customers, suppliers, or market-orientation). A need for a new product “operationalizes” both market and technological issues into a particular configuration of product, price, position in the market, and distribution (Singh, 2009). The practice of developing new commercial products comprises the creative linkage of market and diverse knowledge possibilities into a comprehensive package of attributes for innovation. Both of these terms are central to knowledge integration of the practice for product innovation. Thus, knowledge is integrated on both a social and a scientific basis.

Knowledge embodiment and innovation

The embodiment of new knowledge is a critical part of organizational development innovation capability (Hedlund and Nonaka, 1993). McCartney (1998) suggested that innovation is basically the management of knowledge flow that is embedded in organization information exchange activities and usher new knowledge into organizational structures (Nonaka and Takeuchi, 1995). Organizations no longer need to acquire knowledge at the top of the hierarchy, but can learn from the cluster or density networks that span geographic locations and extend beyond organizational boundaries. Knowledge embodiment must be quick and firms must be responsive in order to achieve innovation (McAdam, 2000). This agility is especially important as markets become increasingly dynamic and organizations are forced into ceaseless innovation to survive (Demerest, 1997).

The integration of new knowledge into organizational structure alone is not sufficient. There must be coexistent to needed innovative developments within the role of the organization’s relate exchange partner. These partners play roles such as “knowledge intermediates,” whose role is to increase and progress the exchange process of
innovation by integrating new knowledge into the organization. Knowledge intermediates also increase an organization’s innovation capability by turning tacit knowledge into explicit knowledge and by passing tacit knowledge systematically (Nonaka and Takeuchi, 1995). Rodan and Galunic (2004) state that innovative organizations must be open-minded and receptive in order to diversify and make connections to encourage group interaction and knowledge sharing. Knowledge embodiment can build on new knowledge and enable the process of innovation to be further incorporated within the organization (McAdam, 2000).

Knowledge sharing and innovation

Knowledge sharing refers to fruitful stimulation of knowledge owners to externalize information in a form that is appropriate for rebuilding by others, or “internalization” by those seeking specific knowledge (Hendriks, 1999). Knowledge sharing has been recognized as a major focus area for knowledge management and connects to organization innovation. The relevance of this subject derives from the fact that it provides a link between the levels of the organization, where knowledge achieves its economic and innovation values. Thus, innovation includes not only the integration and embodiment of new knowledge, but should also include sharing across the organization (Demerest, 1997).

Consequently, many organizations will be willing to participate in inter-organization knowledge-sharing activities. This is the essence of the knowledge-based view of a firm because they are better at creating, transferring, and combining knowledge. Inter-organization knowledge sharing may be, for example, reading journals published by other organizations or attending an international conference that is open to many different organizations. Knowledge sharing system also consists of resources and institutions, built through interactions among universities, research institutes, and different domains’ organizations that a company can connect with to successfully commercialize innovations (Dyer and Nobeoka, 2000). Knowledge sharing systems reflect the resources and institutions that domestic organizations can leverage to support their own innovative efforts.

Researchers have pointed out that knowledge sharing systems display unique and non-substitutable characters (Nelson and Rosenberg, 1993; Lundvall, 1992), and have highlighted their importance by showing that knowledge spillovers tend to be localized within internal units or individual (Jaffe et al. 1993; Almeida and Kogut, 1999). Thus, sharing knowledge will lead to increased knowledge embodiment in the form of new products and services throughout the organization (Peters, 1992). Exemplar organizations are systematic at making intuitive experiential knowledge explicit and diffusing it widely (Pitt, 1998).

Knowledge sharing such as a spider’s web extension, disseminating and capturing new knowledge, enhances innovation. If organizations are to systematically disseminate new knowledge to achieve increased innovation, these sustained processes will act as rapidly carrier vehicles (Pitt, 1998). Thus, if organizations are to effectively deploy innovation they must ensure that new knowledge must also be disseminated throughout the organization.

Cluster network and innovation

Network approaches are one of the most popular aspects of recent studies of the network evolution models and posits that users can play a significant role by providing a range of important insights into the social and innovation process, as well as determining the creation of innovative products (Faulkner and Runde, 2009; Baldwin et al., 2006; Franke et al., 2006; Hienerth, 2006). These network information exchange partners might include alliance or strategy partners, customers, producers, suppliers, retailers, and users, as well as third parties who might directly or indirectly implicated new technology or solutions for the service, production, sale, distribution channel, or use of the object. Furthermore, innovation also recognizes and assigns different functions, such as commercial, traditional, and other social pressures, that lead the eventual form, function, and other associated meanings of the object to develop differently than the original innovators had in mind (Bijker, 1995; Kline and Pinch, 1996).

The applied network theory helps explain and articulate how to acquire and access information and resources outside the organization, such as how to balance resources and what types of relations are appropriate for maintaining them. Previous studies have demonstrated that closer network interaction and cluster effects have benefits associated with improved innovation capability to outmatch a stronger competitor, entry into new markets, increase customer satisfaction, development new service or products, and access to external resources (BarNir and Smith 2002; Harrison, 1992; Harrison et al., 1996; Shaver and Flyer, 2000). Notwithstanding the significant contribution these studies have made to our understanding of relationships of organization innovation results and network connections, Merrifield (2007) is even more forceful and suggests that networks are critical for the survival of an organization. Therefore, these literature streams suggest that networks may be able to exploit their internal capabilities or explore external connections to enhance performance and innovation.

Technology intensity and innovation

Innovation is essential for an organization to achieve rapid
growth, survive, and sustain competitiveness. Renko et al. (2009) point out that “Innovation is the lifeblood of virtually every successful technology-based business.” In the increasingly competitive 21st century environment, “technology” or “know-how” plays an essential role in “innovation economy,” and has become the major source for organization innovation. Rich studies have demonstrated that industry evolution and innovation highly depend on “technology stocks” and “R&D activities,” external elements that may impact entry and exit patterns for an industry (Howells, 2008; Renko et al., 2009).

Thus, investments in expanding an organization’s technological capability can be beneficial for both exploration and exploitation, or accessing further information in the development of new ideas. Furthermore, developing new technology and implementing it into daily operation systems or existing products and services can increase an organization’s performance or develop technological innovations that represent essential changes and added additional values to their traditional product lines (Quintana-García and Benavides-Velasco, 2008).

Thompson (1965) suggested that innovation is the “generation, acceptance and implementation of new ideas, processes, products or services.”

The two types of learning and innovativeness are complementary, such as function of exploration and exploitation. The process has been exhibited in choices made between the refinement of an existing technology (exploitation with internal communication) and the invention of a new one (exploration with external information). Therefore, high degrees of exploitation and exploration of technological capabilities can coexist and becomplementary in an organization, and simultaneously contribute to superior innovations and performance (Renko et al., 2009).

From another perspective, an organization’s technological capability can be seen as a major component of its competitive tools. Coombs and Biery (2001) suggest that from the resource-based view, the dynamic capabilities approach, the resource dependency theory, and the knowledge-based view, a firm’s technological capability can be a source of competitive advantage and abnormal return, and those profits that are most connected to innovation development. Therefore, the more technologically oriented the organization is, the better its innovation outcomes can be.

There are several indicators of technological capability, such as the number of patents and comprehensive investments in R&D activities, the more innovation outcomes. Eventually, investor or stockholders’ willingness to invest in the organization as well as the number and quality of innovations consequences produced will increase (Wiklund and Shepherd, 2005; Wiklund, 1999; Gatignon and Xuereb, 1997).

Complementary and integration capability for innovation

The resources-based view suggests that an organization’s internal and external combination of a complex integration strategy should pave the way for creating sustainable competitive advantage because it will be difficult to imitate (Maritan and Peteraf, 2011). Complementary and integration capabilities promote and enhance innovation outcomes and increase barriers to potential imitators (Rivkin, 2000). Rodan and Galunic (2004) argued that knowledge of the complementary increases chances that new opportunities and ideas will be discovered quickly. In essence, access to more heterogeneous knowledge allows the organization to be more fully informed, and will generally arise from differentscomplementarities between a new knowledge, and organizations’ existing knowledge and capabilities to accomplish complex tasks.

Several empirical studies (Pelled et al. 1999) and reviews (Miliken and Martins, 1996) suggest that complementary knowledge among an organization’s contacts contributes to employee creativity and overall innovation outcomes. For example, IDEO, a product development company in California, adopted brainstorming sessions to leverage complementary knowledge in idea generation. The participants included engineers, product managers, quality control staff, information technology staff, agriculture staff, architects, psychologists, and sociologists. They had the freedom to brainstorm inspiring, interesting, innovative, intriguing ideas without any negative judgment. This activity differs fundamentally in cognitive processes that generate novel insights for product development.

Complementary concepts have a wide range of applications in the field of dynamic capabilities development (Teece, 1997). Dynamic capabilities explained that organizations use existing resources to adapt to the dynamic environment and allow the organization to maintain a competitive advantage in the market. Rivkin (2000) asserted that high level of complements between innovation strategies and internal routines can prevent a competitor from imitating an incumbent’s success.

Thus, the development of radical technology increases the complementary and integration capabilities to learn and enlarge the capacity to adjust to imbalances with competitors through training or integrating different specialties. This will help employees meet the creativity and flexibility in the work environment (Wozniak, 1983). In particular, increasing an organization’s complementary and integration capabilities also increases knowledge-seeking capabilities (Athey and Schmutzler, 1995).

Organizational culture and innovation

Culture has long been considered a potential critical
element of developing an organization’s competitiveness across the changing environment and has been found to be a symbol of successful companies (Singh, 2009). In a way, the organizational culture acts as a great motivator and plays a critical role in(15,176),(989,871)

The organizational culture consists of some combinations of artificial, potential values, future visions, comment beliefs, and underlying assumptions that employees and managers share that also conduct to appropriate behaviors and attitudes in the organization (Gordon and DiTomaso, 1992; Schein, 1992). Culture also helps organization members reduce ambiguity, resolve confusion, increase predictions, and consolidate the workforce (Singh, 2009). Therefore, a strong organizational culture provides meaning to the company’s objectives while allowing organization members to be creative and innovative in the problem-solving or adapting new methods to achieve those goals (Gronum et al., 2012). Successful culture-oriented firms such as Apple, Google, Toyota, Intel, IBM, and Dell have been marked by their competitors because they have created sustained success through their organizational cultures. Mathew (2007) found that the cultural processes of organizations significantly influence production and quality of innovation in member-centric and knowledge-intensive contexts.

When considering innovation, one needs to note the reach of organizational culture effects. This aspect of organizational culture as central in formulates with the organization structure and problem solve strategy of enterprise to be successful in value creation of the industry.

METHODOLOGY AND DATA COLLECTION

Case studies include experiment, survey, and analysis of archival information (Yin, 2003), involve an in-depth, longitudinal observation of social phenomenon under application (Stredwick, 2001). It provides a systematic process of collecting and analyzing information through observation and examination, and reporting findings. As a result the research may clarify why the phenomenon exists and look for the findings more extensively.

Allport (1961) suggested that observations and deep analysis of the subtleties of behavior might provide more valuable information those other empirical methods. Semi-interviews and openness questionnaires are the most practical ways to monitor the phenomena that exist in the real world, and show the largest possible group of people. It also acts as a powerful and useful tool for collecting data on human characteristics such as attitudes, motivation, behavior, and thoughts (Easterby-Smith et al., 2002; Johnson and Duberley, 2000; Kuznetssov et al., 2009). This study is meant to explore the internal knowledge flows and concepts and relationship with organization innovation. McCutcheon and Meredith (1993) argue that case methodology is a better research strategy to describe a heretofore unstudied condition, explore current theory and empirical phenomenathoroughly, and maintenance, expand or raise potential questions about existing theories and valuable means to develop and refine concepts for further research (Cavaye, 1996).

Data collection

This study will use an international organization as the example to illustrate how KBV and other catalysts may affect an organization’s efficiency and performance. The data and interview process were conducted from 2008 to 2009 for longitudinal observation and interaction with internal staff across different departments. Sixty-two interviews were conducted with the CEO, different department managers, human resources staff, research staff, and foundation staff, among others. Stratified sampling was used in such a way that in terms of size and sector affiliation the sample was reasonably representative of the whole population of the selected organization (Table 1).

There were several reasons for choosing this organization. First, it is one of the largest multinational organizations that functions across different industries, including hypermarket, biotechnology, agriculture, livestock, marketing, petroleum, leisure, property management, farm management, and land development. Second, it was established more than one hundred years ago, and has made significant contribution to Taiwan’s economic development. Third, the organization’s culture is highly embedded in an organizational structure and daily operation because it has been established for so long. Fourth, it has deep experience in Taiwan and recognizes the importance of innovation for development and growth. Accordingly, this organization would be best representative sample for a study in organizational innovation ability.

The study analyses were guided by grounded theory, which can be highly efficient for gathering rich and empirical data for analysis. Data collection was initially intended to narrow the range of study and develop a more focused research question. Next, a relevant body of existing theories would be compared with the findings of this case study. This approach has been widely used in organizational behavioral research (Orlikowski, 1993; Pettigrew, 1990). All interviews were fully transcribed and audio-recorded by the interviewer, to ensure the contents would be coded and analyzed in an iterative manner during data analysis. This study also viewed internal documents on the innovation process in addition to the recorded interviews and supplemented the documentation.

In addition to obtaining an alternative set of viewpoints, these interviews were conducted in an effort to counter
Table 1. Samples and population distribution.

<table>
<thead>
<tr>
<th>Main department</th>
<th>Total staff</th>
<th>Semi-Interview and observation</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Special assistant</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Main department CEO</td>
<td>8</td>
<td>3</td>
</tr>
<tr>
<td>Sugar Dpt.</td>
<td>1,865</td>
<td>18</td>
</tr>
<tr>
<td>Biotechnology Dpt.</td>
<td>323</td>
<td>1</td>
</tr>
<tr>
<td>Animal industry Dpt.</td>
<td>314</td>
<td>2</td>
</tr>
<tr>
<td>Land development Dpt.</td>
<td>211</td>
<td>1</td>
</tr>
<tr>
<td>Agriculture Dpt.</td>
<td>131</td>
<td>2</td>
</tr>
<tr>
<td>Petroleum Dpt.</td>
<td>269</td>
<td>1</td>
</tr>
<tr>
<td>Leisure Dpt.</td>
<td>105</td>
<td>3</td>
</tr>
<tr>
<td>Marketing Dpt.</td>
<td>364</td>
<td>2</td>
</tr>
<tr>
<td>Training Center</td>
<td>25</td>
<td>1</td>
</tr>
<tr>
<td>Chief management Dpt.</td>
<td>278</td>
<td>6</td>
</tr>
<tr>
<td>R&amp;D Dpt</td>
<td>66</td>
<td>2</td>
</tr>
<tr>
<td>Management Dpt.</td>
<td>815</td>
<td>8</td>
</tr>
<tr>
<td>Other Dpt.</td>
<td>323</td>
<td>1</td>
</tr>
<tr>
<td>Property management Dpt.</td>
<td>179</td>
<td>4</td>
</tr>
<tr>
<td>Hypermarket Dpt.</td>
<td>270</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>5,549</td>
<td>62</td>
</tr>
</tbody>
</table>

Figure 2. Organization innovation framework.

some of the bias that may have been introduced from the lack of anonymity within the organization. Even with the use of pseudonyms, the researcher became aware of an element of self-protection in responses from certain interviewees within the organization. This can be attributed to the fact that a draft of the findings would be presented to the manager. To reduce this bias, the researcher endeavored to be sensitive to the reactions of interviewees and, on two occasions, decided that a more open discussion should ensue without the use of the tape recorder.

EVIDENCE AND DISCUSSION

Innovation includes not only the construction and embodiment of new knowledge, but also the dissemination of proven new knowledge across the organization and its environments. The model (Figure 2) essentially consists of a highly recursive flow involving four key areas of knowledge and other catalyst for organization innovation framework. To support diversity in business and maintain efficiency and profit, the CEO of TSC also agreed that knowledge and complementary has highly impact the innovation. He said:

TSC already exist over sixty years. In its early stage of foundation, for advanced production technology and innovation, it exported commodities and accounted for 74% of the nation’s total foreign exchange earnings at its peak from 1952 through 1964. Innovation is not only focused on products but also included in knowledge
acquisition, storage, transfer, and application. We encourage employees to propose any project that can improve production efficiency or reduce transaction costs or promotion. We thought that knowledge of complementarity should pave the way for creating a sustainable competitive advantage. We will reward with measure of the proposal's benefit and contribution. For great contribution to the organization, we also give him or her a special honor, and public praise to overall department. We encourage innovation and accept different perspectives of knowledge.

The entire area of culture construction is akin to innovation in that new knowledge is being created which can be incorporated within the organization. This view was summed up by a participant:

From first day, when I entered this company, the predecessor told us: we had great contribution to country and economic, we have share value and vision, we should keep and extent it to next generation. Now I already worked in this company over thirty-three years, I still keep the words in my mind and will deliver to next generation.

Twenty years ago, I am very proud that I work in this company, because it means innovation and creation. And this faith also affects my work environment and colleagues. For developing innovative and high quality products and services, predecessor would help us to solve the problem and encourage us of developing, manufacturing, and marketing a product with new ways.

When the participants had conveyed their wider views on complementary construction, they seemed to recognize the possibilities that opened up for increased innovation. One said:

It is learning how to use what you know and identifying what you don't know. Working with another department's staff always inspire to different thinking.

We need to communicate with different departments' staffs to accomplish tasks. It can lead us to innovation as a new way of looking at things, questioning assumptions.

With the introduction of new technology into existing products and systems to improve an organization's performance, or develop technological innovations that represent radical changes to traditional product lines (Quintana-Garcia and Benavides-Velasco, 2008). This view was summed up by a participant:

The biotechnology industry is our newly business, at beginning of operating, we need to search newly technology by patents acquisition and recruit specific staff. By technology stock increased, we can develop and manufacture our own products.

With competitive experiment, we recognize that firm's technological capability can be a source of competitive advantage, so we build our own research institute, to renew our service and product, and increase our market competitive advantage.

Cluster networks are seen as essential for innovation within the organization. Participants considered innovation resulting from interaction as being reflected in the organization's structure.

We need to interaction to one another create cooperation network and then create new knowledge and better ways of doing things.

While developing the new products, we pay attention to cooperation with foreign and domestic's firm and university. For example, while develop the new medical capsule, we developed jointly cooperation relation with Medical school of Kaohsiung university, in developing process, we keep in highly interaction each other. Besides research and development of capsule, we also construct our own cluster network, shaping our innovation ability continuously.

Building the network relation can assistance in marketing and it also facilitating our innovation ability. In Chinese sociality, we paying lots of effort to build "Guanxi," it brought more opportunity and information for us, promotes greatest benefit and reward.

CONCLUSIONS AND RECOMMENDATIONS

This paper provided some new critical issues and new perspectives for organization innovation. Interviews and observations discussed specific characteristics that correspond with institutional and environmental changes. The processes of innovation lead to business decisions and improve operational efficiencies.

The review of the literature has shown there is a clear link between internal and external knowledge interaction, referred to as knowledge management and that of innovation. This linkage increased innovation in products and services, and sharpens the technology, improving both the organization and the work satisfaction through knowledge creation process.

The research findings provide a suitable innovation model for linking knowledge management and other catalysis with organization's innovation ability. This research opens up the possibility of organizations within the organization's KBV from a wide range of new sources in innovation.

Furthermore, internal and external expressions and sources of innovation can come from outside the organization's boundary. The dissemination of constructed and embodied catalysts is essential if organizations are to spread an innovative culture throughout their environments. The benefit was found to lead to both increased business and employee benefits.
Finally, a further enhancement to the model of Figure 1 was added. This model illustrates that the drivers for innovation, based on the research, can be listed under each of the eight areas of innovation, namely organizational culture, cluster network, technology intensity, complementary, knowledge application, knowledge integration, knowledge sharing, and knowledge embodiment.

REFERENCES


