

IMPORTANCE OF ACCOUNTABILITY IN SUPPORTING MANAGEMENT INNOVATION

Joanna Wojcik-Bubala*

Abstract

Innovation can be defined differently but it always leads to the invention of a novel solution. Every organization wants to be innovative, but none of them become innovative overnight. It is a process of building a positive attitude and to encouraging individuals to invent beyond the-state-of-the art, in the particular area of interest. In this article, the thesis states that accountability supports management of innovations. As a result of the analysis, accountability is tied with the model of Management Innovation Framework formulated by Birkinshaw, Hamel and Mol (2008). The article also highlights the fact that accountability and management innovation are the background for the business model Canvas.

Keywords: *accountability, The Oz Principle, management innovation framework, business model.*

1. Introduction

The article presents the concept of accountability² as the success factor for the management innovation and the baseline for the business model (Martin-Rios, 2015; Michelman, 2005; Simons, 2013, 2010). The article is a conceptual paper developed basing on literature review. Its main aim is to present the importance of the accountability in the innovation by the inclusion into the management innovation framework of Birkinshaw et al. (2008). Accountability is presented as a factor stimulating innovativeness and increasing the probability of successful implementation of innovative projects.

The article is structured into five sections, including introduction and conclusion. It presents the key findings of the global innovation surveys. Further, it discusses the management innovation as the process and incorporates the accountability concept The Oz Principle (Connors, et al., 2010, Hamel, 2006) into the management innovation framework. The accountability and management innovation are highlighted as the baseline for the business model Canvas (Osterwalder & Pigneur, 2010).

* Director in i3D S.A, experienced in project management and continuous process improvements, ul. Bojkowska 43C, 44-100 Gliwice, e-mail: joanna.bubala@i3d.pl.

2 Accountability is a personal choice to rise above one's circumstances and demonstrate the ownership necessary for achieving desired results: to See It®, Own It®, Solve It®, and Do It.® (*Oz Definition of Accountability*).

2. Innovation is the process driven by the organization

The Global Innovation Index (GII), covering 143 economies worldwide, places Switzerland as top global innovator, followed by the United Kingdom, Sweden and Finland. Poland is ranked as 45th.³ The 45th position of Poland in the innovation index creates the question how the innovation can be improved and supported.

Even though the GII compares many of the different factors such as education, business environment, and knowledge, one of the key conclusions is that the talented innovators tend to cluster in the same places, even at the same institutions. That leads to the assumption that the organizational culture is crucial for the innovation (Januszewska, 2013) .

Another study brings the impression that almost every organization wants to be innovative, but not all implement the mechanisms supporting and managing innovation. The 17th Annual Global CEO Survey⁴ performed by PWC among 1344 large organizations of 68 countries, gives the conclusion that most of the CEOs want to improve their company's ability to innovate- 86% aim to alter their R&D functions but only 27% of CEOs have already started or completed the changes, to make their companies more innovative. The studies show that there are problems within many organizations with successful implementation and smooth flow of the innovation process. The increase in the innovation success rate is expected by the top managements and therefore, the innovation models and theories are created. Birkinshaw et al. (2008) introduced the Management Integration Framework which represents the complexity of the management innovation process. This framework includes key actions performed by the internal and external stakeholders, as well as the internal and external organizational context. Management innovation is defined as invention and implementation of a practice, process, structure, or technique that is new to the state of the art and is intended to further organizational goals (Birkinshaw et al., 2008; Brown & Anthony, 2011). This definition suggests that the further organisational goals are communicated to the organization and built into the strategy and the business model.

The management innovation is the process consisting of the phases:

- 1) Motivation – is supported by the organizational culture that allows experimentation.
- 2) Invention- refers to the lab and theoretical experimentation with the new practice.
- 3) Implementation- leads the innovation to the full operation for the first time.

³ Johnson Cornell University, INSEAD, WIPO. (2014). *The Global Innovation Index 2014, The Human Factor in Innovation*.

⁴ 1,344 CEOs in 68 countries participated in the PWC Global CEO Survey in 2014.

4) Theorization and labelling- brings rationale and adopts the implemented innovation within the organization’s business model.

This process is the bottom line in the Management Innovation Framework presented in Figure1.



Figure 1. Management Innovation Framework

Source: Birkinshaw et al. (2008).

The innovation process begins within the organization and is initiated by the internal resources (internal change agents). In the next process steps, the interactions with the external resources are required (external change agents) to ensure that final innovation results meet the stakeholders requirements.

Birkinshaw et al. (2008) built the unique framework linking the external and internal environments of the organization and the roles and activities of the key sets of stakeholders involved into the management innovation process. The Global Innovation Index 2014 implies that the organizational culture has significant influence on the growth of the talented innovators and through that, it impacts the innovation success rate. The management innovation process proposed by Birkinshaw et al. (2008) mentions the organizational and environmental context. However, it is important to highlight that the innovation process is based on the strategy, built into the business model, initiated and run by internal resources. Therefore, it is also very important to incorporate organizational culture into the framework .

3. Accountability motivates the innovation

Innovation brings immediate association with creativity but rarely with the process or accountability. Innovation is experimentation which often fails and end-results can be questionable as the experimentation does not always lead to the expected result (Collins & Porras, 1994). The independent survey⁵ shows that 28% of employees are afraid of making a mistake on the job. However, history shows that innovations also happens as consequence of failure: Coca-Cola, Corn flakes, penicillin. Failure can become great success as Sochiro Honda said, and making mistakes is inevitable in innovation. Organizational culture which supports innovation does not blame the unsuccessful teams, but takes the challenge of further trials. It is important to accept lessons learned and not to hold employees accountable for the failure. Otherwise, individuals lose motivation for further changes.

Accountability within the organizational culture supports the management innovation process at each stage. Accountability motivates individuals to change and successfully implement all innovative solutions. The change can only be done by individuals who feel the owner of the problem and want to make an effort to find a solution. According to Judge (2012), the accountable culture is one of the dimensions of organizational capacity for change. It is the degree to which an organization holds its members accountable for results.

The change based on accountability mobilizes the resources to deliver within the budget and on time and presents opportunity to find honourable explanation of the failure.

Some of the publications (Brands & Kleinman, 2010) point out that creativity (thus innovation as well) is driven by chaos and it does not match timely delivery, so it needs to be managed and the responsibility for delivery has to be assigned.

Connors et al. (2010) define accountability in the Oz Principle as a personal choice to raise above one's circumstances and demonstrate the ownership necessary for achieving desired results to See It, ® Own It, ® Solve It, ® and Do It. ®.

The Oz Principle, highlights the role of individuals' accountability in achieving desired results, which can be either experimentation or implementation of the innovative solutions.

The Oz Principle is the metaphor of *The Wizard of Oz* to illustrate the impact of individuals' accountability in achieving results. The Oz Principle defines the key steps to take the ownership for the getting results (Steps To Accountability). Organizations focus on blaming unsuccessful teams

⁵ *Accountemps*, staffing service for temporary accounting and finance professionals, 2012 Survey <http://accountemps.rhi.mediaroom.com/workplace-fears> date of access: 20.09.2015.

(undesirable organizational attitude) is Below The Line, which is the virtual boundary to the culture supporting accountability (desired organizational attitude). The Oz Principle concept is presented in Figure 2.

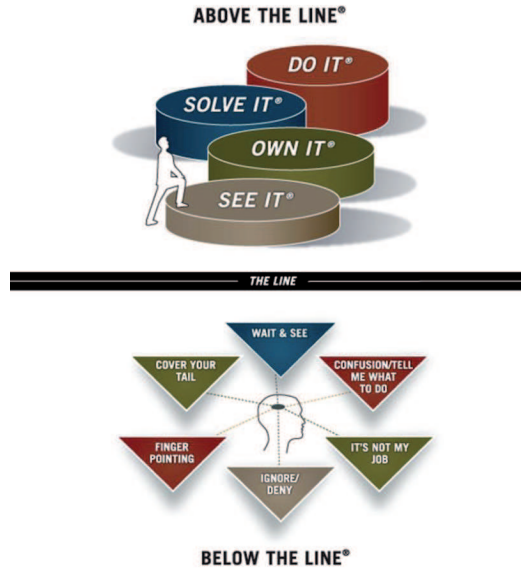


Figure 2. The Oz Principle

Below The Line attitudes are not desired by the organization as they do not lead to achieving strategic targets and innovation. The Steps To Accountability are the key steps in the process of implementing the culture of accountability into the organization and when imprinted into organizational culture, support positive changes:

- 1) See It- identifying the problem.
- 2) Own It- decision to influence the situation and to solve the problem.
- 3) Solve It- finding possible solutions.
- 4) Do It- implementing the solution (action).

The Oz Principle defines the importance of the individual's ownership and involvement in delivering the desired "products" to the organization. The concept has become popular in the business practice as it provides organizations with guidelines how to support innovation.

Incorporating the desired attitude- Above The Line steps into the management innovation framework, highlights the importance of the individual's accountability in the entire management innovation process (Figure 3).

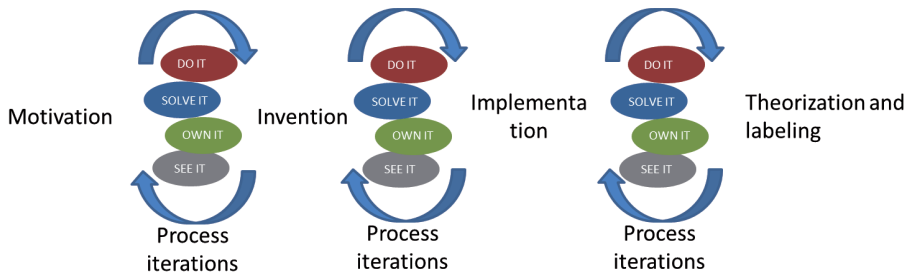


Figure 3. Steps to accountability of The Oz Principle built into the Management Innovation Process Framework.

The Steps to Accountability (Above The Line Steps) are critical to bringing the innovation to the next process phase e.g. from motivation to invention, from invention to implementation.

Step 1: See It- allows organizations to collect the feedback from other parties involved in the process (internal and external stakeholders). The feedback will bring the answers to what the problem is and what should be done to meet the innovations stakeholders' requirements.

Step 2: Own It- links the problem and the solution with the accountability tie. It empowers the stakeholders to the creative solution, with every step of innovation. The single element of management innovation framework of Birkinshaw et al. (2008) could not be successful without the individuals' ownership and the decision to find solution.

Step 3: Solve It- actions that remove obstacles and lead for alternative solutions in innovation.

Step 4: Do It- offers benefits of applying other steps. This step results involving the problem in the innovation road-to-success.

4. Accountability and management innovation are the baseline for business models

Osterwalder and Pigneur (2010) created the business model simplifying the complexity of business reality. As the model is relatively simple and easy to use, it became popular among the companies of all sizes and industries.

It covers nine elements of business environment and key assumptions for the existing activities:

- 1) Customer Segments: Who are you selling to?
- 2) Value Proposition: What are you selling?
- 3) Channels: How do you reach your customer segments to deliver your value proposition?

- 4) Customer relations: What Type of relationship will your business have with its customers?
- 5) Revenue Streams: How do you make money? How do customers pay for what you are selling?
- 6) Key resources: What are the most important assets to make your business work?
- 7) Key Activities: What are the most important things your business must do to succeed?
- 8) Key partners: Who will you partner with to make your business work?
- 9) Cost Structure: What are the costs to run your business?

The illustration of the Business Model Canvas in presented as Figure 4.



Figure 4. Business Model Canvas

Source: Osterwalder & Pigneur (2010).

The questions in Canvas business model reflect accountability as art of organizational culture and should be considered in all blocks. The importance of accountability in management innovation and its impact on change is described earlier in point 3. Accountability also has significant influence on the business model. Operating business model has to be always supported by the individual's commitment and ownership of the areas described in the business model. It seems obvious that the accountability is key baseline in business model as it is conditional to the business operation success.

Management innovation is almost as important as accountability. The end result of the management innovation process gives new value proposition to the business model and thus, it is the success factor for the organization.

5. Conclusion

The key accountability question is “What else can I do?”, while the key management innovation question can be “How can I solve the problem and give unique solution that brings benefits to my organization and adds value to my customers?” Management of innovation awards the individual’s proactive attitude and the organizations’ management with novel, innovative solutions resulting in the organization’s performance.

The article answered the question of the importance of accountability in the organization, its impact on the management innovation and business model. This article describes the theoretical inclusion of the accountability and Birkinshaw’s framework of management innovation, and their tie to the business model canvas. The amended framework can be further operationalized for the purpose of empirical research to test its validity.

In business operations, the organizations are focusing on talent management and developing skills. Development of an organization driven by accountability should be also put on the executives’ agenda and (as there is a clear relationship between business success and accountability) innovation and business model operating by the organization.

References

- Birkinshaw, J., Hamel, G., Mol, M.J. (2008). Management innovation. *Academy of Management Review*, 4(33), 825-845.
- Brands, R., Kleinman, M. (2010). *Robert’s Rules of Innovation: A 10-Step Program for Corporate Survival*.
- Brown B., Anthony, S. (2011). *How B&G Tripled Its Innovation Success Rate*. Harvard Business Review.
- Collins, J.C., Porras, J.I. (1994). *Built to Last: Successful Habits of Visionary Companies*. New York: Harper Business.
- Connors, R., Hickman, C., Smith, T. (2010). *The Oz Principle, Getting Results through Individual and Organizational Accountability*.
- Hamel, G. (2006). The why, what and how of management innovation. *Harvard Business Review*, February.
- Januszewska, J. (2013). *Wpływ kultury organizacyjnej na innowacyjność. Wspólna odpowiedzialność. Rola innowacji*. Forum Odpowiedzialnego Biznesu.

- Johnson Cornell University, INSEAD, WIPO. (2014). *The Global Innovation Index 2014, The Human Factor in Innovation*.
- Judge, W.Q. (2011). *Building Organizational Capacity for Change: 9: Organizational Capacity for Change Dimension 7: Accountable Culture*. Business Expert Press.
- Judge, W.Q. (2012). *Focusing on Organizational change*.
- Martin-Rios, C. (2015). Innovation in organisational control systems: toward greater accountability. *International Journal of Business Performance Management*, 4(16), p. 373-388.
- Michelman, P. (2005). *Methodology: Tap into the Power of Accountability*. Harvard Business Review Press Book.
- Osterwalder, A., Pigneur, Y. (2010). *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*.
- PWC (2014). *The 17th Annual Global CEO Survey, Fit for the future Capitalising on global trends*.
- Schoemaker, P. (2012). *Why Failure Is the Foundation of Innovation*. Inc. com.
- Simons, R. (2013). *The Entrepreneurial Gap: How Manager Adjust Span of Accountability and Span of Control to Implement Business Strategy*. Harvard Business School.
- Simons, R. (2010). *Accountability and Control as Catalysts for Strategic Exploration and Exploitation: Field Study Results*. Harvard Business School.