

# Significance of Innovation in Business Process of Value Chain

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**Abstract** This article constructs a speculative framework to explain significance of Innovation in business value chains. It draws on three streams of literature – need, significance and developing innovation capabilities in order to identify three important variables which contribute a greater role in influential how value chains are directed and changed accordingly to the Innovation process in business world. These are: (1) Need of Innovation to Energize, Growth and Profit, and Survival of firms (2) Significance of innovation in Business Process, and (3) Development of Innovation Capabilities. Thus, the article highlights the concept of value and it's progress as value chain then it focus on the needs and importance of value chain triggered by innovation. It also helps to integrate small firms and corporate sector and establish a link between small firms and international markets through effective value chain system. In addition, it describes the value chain innovation capabilities and roles of various dimensions in the innovation. So that innovation in the business process can facilitate appropriate participation of the small and corporate sector firms through suitable policy framework.

**Keywords:** *value chain, innovation, exchange, product value, innovation capabilities*

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## 1. Introduction

The business of innovation pervades the daily business of life. When implemented and managed with best available skills and resources, innovation will enriches and enhances our lives immeasurably. Again this rise to question of “what to Innovate” in the business process, the innovation should lead to change in nearly all aspects of its going to market strategy. This entails the monitoring of constantly look for vulnerabilities in the business model and yet channel of innovation is always flowing over period of time. The next aspect is “why we have to innovate”, if the firms or organisation had not innovated the way they did so far, it may have ceased to exist in its current form. Thus, innovation is not a luxury but a necessity for every organisation/firms. This is the ultimate goal of innovation and it drives the vision of most great innovators. With this back drop, the present paper aims to focus of values, how values are exchanged with innovated ideas, how much important are these in today business world and also to know the dimensions of innovation capabilities with stable and unstable situations.

## 2. Literature Review

Explanations of innovation also flourish in the literature (Tushman, M.L. and Moore, 1988), although common threads come into sight. Drucker (1985), in his view express innovation as a process that makes use of change through detailed and learned practices. Myers (1996) explains innovation at 2 levels, level one where people execute a "set of processes carried out at the micro-level" against "a set of macro-structural conditions" that perfectly “stimulate, make easy and enhance innovation” at the micro-level on the other hand, external environmental factors also contributes a major share into play and in spite of its promise, innovation does not essentially connect with business success (Jorna, R., 2006). Kandampully (2002) implies that innovation is the core capability of any service organization. The ability to innovate is vital core competency for everyone in the business world either he may be leader, entrepreneur or manger they must possess. In order to build growing profitable businesses and with them changing the world for better. At the same time, managing innovation is one of the important and most difficult process that one should kept in mind and lead the direction of its management (Shlomo maital and Seshadri, 2007). Innovation capabilities are nothing but creativity, Social psychologist Mihaly Csikszentmihalyi (1996), says that, existence of exceptional individual's in the field of art, literature and science. He calls in his theory of creativity as ‘flow’

creativity does not happen inside people's mind, but they observe as a result of interaction between a person's thoughts and social-cultural context. Innovation Capabilities are systemic rather than an individual phenomenon. Innovation hunt is always seen vigorously in manufacturing and service sector organizations, Lyons *et al.* (2007), highlight that each segment need a different approach of innovation based on structure and culture of the organization in a noticeable manner to be successful. Hendry *et al.* (2008), express that, manufacturing organizations require more formalized approaches to innovation for successful outcomes when compared to Service organizations.

### 3. What is Value?

In 1985 Michael Porter, developed and admired the concept of Value Chain in Competitive Advantage framework. (Porter, 1985). He defined value as the amount buyers are willing to pay for what a firm provides, and he conceived the "value chain" as the combination of many general value added activities operating within a firm – activities that work together to provide value to customers. Porter linked up the value chains between firms to form what he called a Value System; however, in the present era of greater subcontracting and partnership the association between multiple firms' value creating processes has more commonly become called the "value chain." As this name bring about, the primary focus in value chains is on the benefits that accrue to customers, the interdependent processes that generate value, and the resulting demand and funds flows that are created.

A key distinction in defining value is whether the exchange that generates value is sandwiched between firms or between a firm and a consumer i.e., Business to Consumer (B2C). There are three forms of value that take place in business to business commercial transactions (Ramsay,2005).

1. Technical (Resource Value);
2. Organizational (Business Context); and
3. Personal (Career and peculiar)

Technical value is intrinsic to the resource being managed to pay for and takes place in almost all exchanges. For the reader, the book has a technical value regardless of the source or any other consideration. The book can be used or even old, and the book will still have the same technical value.

Organizational value are depends upon the circumstances of the exchange and these factors are inclined by range of factors such as steadiness, ethical standards, position, and association. Brand image could build organizational value, as well as company status. After complete establishment, the label on the water bottle generates value far in excess of the bottle's content.

Personal value is derivative from the personal experiences and relationships disturbed in the exchange of resources and the benefits make accessible. While technical and organizational values mount up to the firms concerned in a commercial exchange, personal value accrues to the individual. Whereas, the preferences, manager motivation, feelings of comfort and trust generate value for individuals that engage in trading relationships on behalf of firms and can be extremely prominent in the purpose of successful exchange.

Finally, there are cut-throat forces affecting the market value of any exchange of resources among the other firms which are competitive in nature. Competing firm's offers can wear away value by making the lowest price a deciding factor in estimating an exchange.

At the consumer level of exchange, value is caked, and has been described by three concentric rings (Clemmer, 1990). In the centre ring is product value, the technical value imitative from providing as a supply source. A second ring of service value is endowed with by the services that surround the product such as personal care and warranty service. The third ring has been called the new service/quality combat zone and was made popular by business thinkers such as Peters and Waterman ("In Search of Excellence") (Cooper, 1997). This third ring level of value is attained by providing enhanced service, to "make your customer successful" rather than just satisfied. At this level, the exchange of resources are surrounded by its unique experience "wow" value, and the product itself is secondary.



Figure 1. Customer level of exchange value (Source: Clemmer, 1990)

For corporations, the ability of providing value to customers creates profits in excess of costs which generates profit and in turn shareholder value. Thus, the value created in exchange is the basic engine that drives our economy. Because value is derived from customer needs, activities that do not contribute to meeting these needs are "non-value-added" waste, in the jargon of lean idea (Womack and Jones, 2003). In many of the firms careful consideration of the tasks and functions that occur in which we serve shows that, during the process improvement activities considerable waste still available for and to uncover and eliminate. By reorganization the processes that generate the goods and services that customer's value, fewer resources need to be finished and the margin increases, improving a firm's profit margin. This is the fundamental nature of corporate strategies that focus on operational excellence. In contrast, innovation and marketing strategies focus on improving customer perceptions of the value of goods and services by

innovatively improving the perception of what gets delivered. In either strategy, for improving business performance increase the margin between delivery cost and perceived value is the foundation.

#### 4. Why Value Chains are Needed in Business?

The embryonic interest in value chains began with Porter's influential work, "Competitive Advantage," (Porter, 1985) and has increased ever since. Many researchers in the field of business and economics have been concerned with the notion of value since the early work of Adam Smith distinguished between use-value and exchange value.

Exchange-value (Yuan and Baker, 2004). Clearly they indicated that, the interest in value chains is not new idea. In business, however, the primary focus has been on attaining operational efficiency by leading to a focus on production operations and supply chains. Hence, many number of significant trends that are now driving the need for operations oriented analysis from a value chain viewpoint. These include

1. The value chain is first and primes a strategic concept, arising from a strategic theory of firm competition.

2. The growth in global foundation and supply has begun a long-term process of levelling the playing field for adding value widespread (Gereffi et al, 2005). This leads to outcome and need of model global value chains as the predominant mode of business in many industries.

3. Product development is an improving the operational capability of other value added activities in the enterprise, which requires changing perspective from the supply chain to the value chain (Sherer, 2005).

A final reason for the growing interest in Value Chains may simply be the nature of management fashion trends in academic and management discourse. The management knowledge of entrepreneurs participates in the creation of trends in lifecycle process revealing how was described and discourse in a study of Quality Circles by Abrahamson and Fairchild (Friedman, 2005). With this backdrop, the present paper makes an attempt to analyse the following objectives, they are

1. The need of innovation in business especial reference to value chain.

2. To highlight the Significance of Innovation in Value chain and

3. To study the Creation and developing of Innovation Capabilities for Different innovation gaps in Value chain process.

#### 5. Definitions

1. **Innovation:** "Innovation can be defined as 'the intentional introduction and application within a job, work team or organization of ideas, processes, products or procedures which are new to that job, work team or organization and which are designed to benefit the job, the work team or the organization.'" (West and Farr, 1990, p. 9).

2. **Innovation Management:** The process of creating and implementing a business design surrounding a

creative idea, with the goal of transforming an invention into an innovation, and ultimately to achieving sustained competitive advantage, leading to growth and profit, in the marketplace.

3. **Value Chain:** It describes the full range of activities required to bring a product or service from conception through different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers and final disposal after use. (Kaplinsky and Morris, 2004 p4).

Value chains play an important role in transforming products/produce from raw materials to end products demanded by the consumers. There are number of stakeholders involved in this process of transformation chain and the partitioning of gains among stakeholders along the chain is often debated and analysed. There is however, understanding about the various chain process practiced with the collective enlightenment of the stakeholders, proper enabling environment (institutions, infrastructure and policy) will be created in which various actors of value chain are functioning.

#### 6. Results and Discussion

The elderly saying that, the loss of horseshoe nail can lead ultimately to the loss of kingdom applies to business innovation initiatives when the key information is missing from the planning stage of value chain business. Value chain considerations should be core components of business process and planning including, sales, marketing promotions and stakeholder's interests and benefits. This is because unanticipated disjunctions can destabilize the best strategic goal. The emergence of globalization has given rise to many opportunities and problems as well, for example, many companies are requiring establishing relationships with new types of suppliers. The eternally present stress for speed and cost containment is making value chain even more important breakdown obstinate with high internal obstruction and which needs to establish more effective cross functional relationships. Hence, the foremost business value chains performs are applying new technology, new innovations and process thoughts to far greater gains than the stragglers, harvesting tremendous gains in the all factors that influence the shareholders value. And the gap between the leaders and the losers is mounting in approximately every industry. Therefore, this papers attempts to study the significance, need and capabilities of innovations in the value chain process. They are as mentioned and discussed below.

##### 6.1. Need of Innovation in Value Chain

###### 6.1.1. Innovation to Energize

To energize your existing people and to attract great new ones. If your organization's competitive advantage is driven by its great people- and in today's global world, nearly all successful organizations fit that description- then it must be innovative, because great people love to think up, develop and implement new ideas. Organizations that do not innovate quickly lose their innovative people. They migrate to organizations that do welcome and encourage such people and allow their talents full

expression (Bacon & Butler, 1998). The findings of Martin Gooch and Jim Brandle (2012) that, innovating as a chain not only results in market-oriented improvements in products and services, but also enables businesses to streamline operations within and between themselves – resulting in higher levels of efficiency than would otherwise be possible. It also enables businesses to create competitive advantages that are very difficult for competitors to copy.

### 6.1.2. Innovation for Growth and Profit

It is an empirical fact that companies that excel at innovation are also far more profitable than companies that do not. Boston Consulting Group asked nearly a thousand senior executives to rank companies by their innovativeness. The top 20 companies almost always lead their respective industries in return on equity, total return to investors and profit margins. The link between successful innovation and profit is almost a tautology ( a self-evidence truth). By definition, innovative products that achieve market place success generally command higher prices and higher profit margins than competing products. It is also a near-tautology that successful innovation demands high- level innovation management.

Innovation is one of the best ways to build market share. And, in turn, market share is directly related to return on Investment. Market share exceeding 40 per cent is, on average, associated with pre-tax return on investment exceeding 20 per cent (Martin, 1994).

If successful innovation is the key to profitability, why then do some organizations fail miserably at it? We believe the reason is this: Global organizations follow a three-step procedure to attain growth and profit. Those three key steps embody an internal contradiction. They are:

1. Innovate
2. Deploy and Scale up
3. Adapt locally

There are built-in trade-offs between innovation and scale, and between scale and local adaptation and customization. These trade-offs are difficult enough, that they are better described as paradoxes.

Innovation comes from empowered individual and teams who break rules. To exploit their creativity, organizations need to deploy- produce, market, distribute, sell, service- worldwide. Increasingly, this applies to small start –up companies as well. Organizations that deploy globally from day one will have a competitive advantage over those that defer going global (Jehn *et al* 1999). This is brings economies of scale. But size may destroy innovation; creative persons tend to feel lost in large organizations, especially when ‘scale’ implies bureaucracy, discipline and ‘following the rules’. Barham and Chitemi (2009) also found that smallholder farmer groups that link them to agricultural markets produce a range of benefits including income and food security. The findings also support the basis that groups gifted with favourable agro-ecological factors, such as a reliable water source, good lands and soils, and crops with intrinsic market potential, are far better positioned to get better their market situation. Conversely, Groups lacking these natural assets will find their marketing alternatives severely limited.

### 6.1.3. Innovation for Survival

The third key reason for innovating is simply survival. Today’s global market place is fiercely competitive.

Organizations that fail to bring to market innovative products that create value for their customers will quickly find that their competitors have done so, and that their own existence is in danger. There is no better way to describe this than in terms of Darwin’s theory of evolution driven by survival of the fittest. Organism best adapt to their environments, and best able to change in response in that environment, are most likely to survive (West & Farr, 1990).

Today, innovation is an adaptive competence that is necessary for survival in global markets. Those organizations that lack innovation will simply not last in the long run. Similar findings were drawn by Mike Coates (2011) explains that, the farmer based organisation are essential to survival in present business context, his study reveals that, the farmers have suffered badly in the switch-over to the new MD2 variety, with sales dropping from 900MT in 2 000 to 30MT in 2009. Nevertheless, they are inflexible that pineapples are by far their most profit table crop, though they do use intercropping for some food crops. One of the principal reasons for grouping together is to access finance. Members make a small initial capital contribution and payments either on a regular basis or when they sell fruit. These savings are used to mobilise funds at rates of around 30 % over three years from rural banks to help refinance the crop. The group used to be part-owners of Farmapine, a co-perative-owned processing plant set up by Technoserve with US\$ 1.4m from the World Bank. Farmapine has subsequently collapsed leaving debts of around GH¢ 8m to the local banking sector.

## 6.2. Significance of Innovation

The innovation value chain offers a customized and organized approach to assessing firm’s innovation performance and determining which of the many best practices out there would be best to adopt. The chain-based view can help executives unleash a stream of new products and services. More significantly, it can help them finally realize the potential from their innovation investments. The innovation value chain can also help managers realize that a perceived innovation strength may actually turn out to be a weakness, When managers target only the strongest links in the innovation value chain heeding popular advice for bolstering a core capability in, say, idea generation or diffusion they often further debilitate the weakest parts of the chain, compromising their innovation capabilities overall.

In order to reveal new measure and role in the innovation process, the executives tailor their solutions to the right problems, over time, a weak link in the innovation value chain will become a strong one and some other part of the chain will need attention instead. Governing body should be needed to monitor each link in the chain constantly in order to continually improve the whole process of chain. Indeed, for firm managers who adopt the innovation value chain perspective, it’s not just business as usual. They will need to implement new key performance indicators that focus on the specific deliverables from each link in the chain (Kogut and Zander 1992).

The innovation value chain view presents innovation as a sequential, three-phase process that involves idea

generation, idea development, and the diffusion of developed concepts (Morten T. Hansen and Julian Birkinshaw, 2007). Idea generation, in this process people within units can't generate good ideas on their own those should be collaborated within units and also collaborate with outside parties like good ideas from customers, competitors, inventors, and other external parties. Next is Idea conversion, In this process idea should be converted for screening and funding criteria are so strict that they shut down most ideas, or so loose that your company overflows with projects that don't fit our requirement plans and these developing ideas should be converted into viable products, services, or businesses. Finally, Idea diffusion, the last process where developed ideas don't get buy in from customers, internal constituencies, distribution channels, or desirable geographic locations. Ultimately idea diffusion of developed ideas should move within and outside the firms. Hence in each link along the innovation value chain, there may be one or more activities that a company excels in the firm's strongest links. Conversely, there may be one or more activities that a company struggles with the firm's weakest links. Similar trend have also been reported in study on Innovations in Rural Institutions made by National Academy of Agricultural Sciences, New Delhi, it shows that, Tata Kisan Sansar recognizes the importance of efficient delivery of agri-inputs as factor of production, access to markets, credit and information, which are the key to input-use efficiency in an innovative manner in rural areas. (NAAS 2007).

### 6.3. Creation of Innovation Capabilities for Different Innovation Gaps in Value Chain Process

Value chain transform depends on kinds of capacities of the firms that able develop to deal with stable state and continuous innovation. This decides the 2 different kinds of innovation space in which value chain operates. The type-I (table.1) is very important one where the challenging is innovating relatively stable framework. It should indicate the clear rules of game, the identity and the nature of competitors are known, the sources of ideas and the relationships along the flow of chain are well established and underlying requirement is essentially to know that, "doing what we do, but better. This not only multiple task but also it should be organised and managed to favour the established players who have learned through their experiences, who can contribute best to structure and operate the innovation process for its relatively steady state.

Conversely, Type-I is a volatile, unpredictable and essentially unstable state which operates on the edge of the disorder. As a result a new situation will be emerging which is triggered by continuous shifts in markets, technology or any policy aspects in the government which is not clear. These emerge over time as fluid and turbulent state gradually gives way to a more stable set of conditions with a clear route for future development (Abernathy and Utterback, 1975).

The Table 1 indicates the innovation management challenges faced by these two different environments. Type-I organisations players are good at creating and operating, geared to "doing what we do better" and to

repeating the innovation trick which enables the structures and procedures of steady stream of product, process and service innovations. Whereas, Type-II organisations are much more like new entrants who are agile and flexible, able to switch the direction to make new experiments around the emergent new rules of game. Hence, working out of box in this pattern of player's behaviour in the changing value chain market process requires a new set of approaches to organizing and managing innovation. As a result established and well proven routes for stable state conditions may break down here. Further this problem is compounded by the networks of relationships the firm has with other firms. Basically, most of basis for innovation lies at a system level involving networks of suppliers and partners put together knowledge and other resources to create new offering.

Blinking innovation is always problematic in nature, because it may involve in building and working with the significantly different set of partners from those the firm is accustomed to working with. Whereas 'strong ties' will tend to close due irregular innovation and consistent relationships with regular partners in a network are very important in enabling a steady stream of continuous improvement in innovations, many studies and evidence suggests that, where firms are seeking to do something different they need to exploit much weaker ties across the chain in order to get access to new ideas and different sources of knowledge and expertise (Phillips *et al*, 2006).

Hence, the players of value chain have many options between these two poles, including setting up special units within established business organizations or we have to develop managing more "open innovation" operations which will boost the entrepreneurial strengths of small players in value chain. However, value chains can also be seen as a vehicle for development of innovation capabilities for different gaps in new forms of production, technologies, logistics, labor processes and organizational relations and networks are introduced. An important example is the heavy truck industry and bus plants of AB Volvo, in which domestic suppliers are able to compete with international follow-source suppliers, and improve their operations through technological assistance from their transnational corporation customer emerged worldwide (Ivarsson and Alvstam 2005). Such an example shows how continuous innovations are important in long-term relationships among interfirm learning, although it generate benefits for domestic suppliers. The creation of total quality management programs for perishables like fresh fish, meat and vegetables are growing significantly in the food sector, especially in supermarkets of Latin American and Asian countries. Though, an important challenge is that, in many developing countries producers is how to enter these value chains and how to improve so as to compete in these new markets.

### 6.4. Developing New Innovation Capabilities for Irregular Shifts in Innovation.

In order to develop capability to deal with irregular shifts in innovation, organisations should need to experiment, imitate, adapt and also learn new patterns of consumer's behaviour. And they have to develop the properly structured and embedded as a long term

capability. This process has six key dimensions in the model of innovation. They are

1. Search for new firms
2. Strategic selection for developing competitive edge
3. Implementation
4. Innovation Strategy
5. Innovation Organisation
6. Building better linkages across the chain.

1. The players in the value chain should make a note on exclusive selection of firms or new firms for developing new innovation capabilities with good practice in the long term relationship. Here in this dimension, firms need to scan and search their environments both external and internal to pick up and process the signals towards potential innovation. These could be needs of various kinds or opportunities arising from research activities somewhere or pressures to conform to legislation or through the behaviour of competitors all these should be taken care before selection of the firms for innovation capabilities. However, these should represent the bundle of stimuli to which the organisation must act in response. The study made by Uzzi (1997) on network informs that, relationships are not only shaped by economic considerations; other concepts like trust, reputation and power also have a key impact on the structure and duration of inter-company relationships. The findings of Gulati (1998) also shows that, the extent to which two partners are socially embedded can also influence their subsequent behaviour and affect the likely future success of the association.

2. Strategic selection in this dimension among the identified potential triggers for innovation firms need to chosen. Further, it should be known that what they will commit resources to doing for innovation capabilities. Sometimes even the best resourced organisation can't do everything, so the challenge lies in selection of firms which offer the best chance of developing a competitive edge.

Extensive empirical evidence in the auto-motive industry suggests there are significant differentials in cost, quality, and new product development across automotive manufacturers that are driven primarily by the extent to which they outsource and the nature of those relationships. The results of Heide and Miner (1992) reveals that, flexibility, information exchange, shared problem solving, and self-control in the use of power. Further, extendedness and frequency are associated with joint cooperation.

3. Implementation, after successful selection of the firm with suitable option, organisations need to grow it from an idea through various stages of development to final launch which as a new product or service in the external marketplace or any new process or method within the organisation. On the other hand, organisation should also check for other problems like where to get hold of the knowledge they need, how to find and integrate different groups of people with key skills etc. All this work should be done against a background of high uncertainty. These outcomes are similar to the prescriptions of Handfield and Nichols (1999), who perceived a chain of interconnecting activities. It is argued that implementation should be seen as an institutionalized practice rather than as the default mechanism which takes hold when things go particularly wrong.

4. Innovation strategy is about risk taking ability of the players where they are going into new and something

completely unexplored spaces. No resource are wasted from the organisation in scattergun fashion due to this the innovation needs a strategy. But equally we need to have a degree of courage and leadership, steering the organisation away from what everyone else is doing or what we always done and into new spaces. Evidence from the studies in "Analysis of Pro-poor Agriculture Value Chains in Maharashtra" by Raj Ganguly (2011) inform that, at institutional level, a Producer Company (VAPCOL) seems to be a better alternative as compared to a cooperative (KVC). Further, KVC continued to lose members "confidence although its business was profitable during the initial years of its functioning. While reasons for this aberration will be further investigated during the course of the study, lack of enthusiasm to expand business was major innovation strategy which was planned for better returns to the members, and reduces time lags for payments could be reasons for erosion of business of the cooperative. Hence, the adopted innovation strategy should be long term and continuous in nature.

5. Innovation organisation is vital dimension in the building innovation capability, here firms need a structure and climate which enables people to organize their creativity and share their knowledge to bring about the change. It is easy to find prescriptions for innovation organisations which highlight the need to eliminate stifling administration (Nemeth, C. and Staw, B.M, 1989). Hence poor structure leads to communication barriers and blocks the flow of good ideas in the organisation, here we must take care of these traps. The findings of OECD, (2007) also state that, undoubtedly the capability to innovate and to bring innovation successfully to market will be a crucial determinant of the global competitiveness of nations over the coming decade. There is growing awareness among policymakers that innovative activity is the main driver of economic progress and well-being as well as a potential factor in meeting global challenges in domains such as the environment and health.

Not only has innovation moved to centre stage in economic policy making, but there is a realisation that a co-ordinated, coherent, "whole-of-government" approach is required.

6. Proactive linkages, is the last dimension in innovation capability process, here firms need to build bridges across boundaries inside the organisation and to the many external agencies who can play a part in the innovation process like suppliers, customers, sources of finance, skilled resources and knowledge. Evidence from the studies in "Analysis of Pro-poor Agriculture Value Chains in Maharashtra" by Raj Ganguly (2011) inform that, at institutional level, a Producer Company (VAPCOL) seems to be a better alternative as compared to a cooperative (KVC) as far as forward linkages are concerned.

Thus, Managers should not fail to forge quality links within and with others outside their company. Or people prefer to talk to their immediate colleagues rather than reach out to counterparts in other departments or divisions (Morten and Birkinshaw, 2007). External networks as well as internal cross-unit networks are must to generate ideas from new connections of organisations. To Constructing external networks, there are two fundamentally different approaches to building external networks, each of which fulfils different objectives. The first approach is to

develop a solution network, which is concentrating only for finding answers to the specific problems. The second approach is to build a discovery network geared toward detection of new ideas within lane knowledge or product domains. The objective of discovery networks should be to learn, not to tell. The focused goal should be able to tap as many exclusive sources of information and Ideas as possible as contrasting to interacting with many similar contacts. To make it possible for these kinds of collaborations organisation/firm should be well established in organizational mechanisms.

**Table 1. Different innovation space for Type-I and Type-II discontinuous (irregular) Innovation**

Type-I Innovation organisation	Type-II Discontinuous innovation
1. This operates within mental framework based on clear and accepted set of rules of the game.	1. No clear rules, these should adjust with time and should have high tolerance of ambiguity.
2. Strategies path dependent in nature	2. Path independent, emergent, probe and learning nature
3. Clear selection environment	3. Fuzzy and emergent selection environment
4. Selection and resource allocation linked to clear route and criteria for fit	4. Risk taking, multiple parallel bets, tolerance of failure.
5. Operating routes refined and stable in nature	5. Operating patterns emergent and fuzzy

Source: John Bessant (2008)

## 7. Summary and Conclusion

The innovation in the business process makes the products differentiated that can fetch substantial additional value, relative to what customer can buy already can succeed. To achieve this, organizations/firms should have better skills, competence and excellence in innovation process and its management. In the Present world of global markets, the companies which are able to innovate and manage innovation will be the survivors who will be significantly better than their competitors. Further, In Value chain process of Innovation change depends on diverse category of capacities of the firms that capable for build up to deal with steady state and continuous innovation. Hence, the players of value chain have many alternatives between these two extremities, including setting up special units within established business organizations or to develop managing more "open innovation" operations which will boost the entrepreneurial strengths of small players in value chain. Thus, the significance of innovation in international value chains is essential for thoughtful how firms in different parts of world can expand access to universal markets, to assess the possible benefits and the risks involved in the process, and how to maximise the net gains from contribution in global value chains can be improved and strengthen. The paths of sustainable development in the global economy is an naturally tricky and intangible objective, our goal is significantly to assist by having a apparent sense of the innovation process in various ways of value chains and the key determinants that outline these effects.

## 8. Challenges Ahead

Innovation process shows how the firms/organisation and individuals can transform creative ideas into powerful

agents of change for long run benefits and survival in the markets. Thus innovation is a great opportunity for people engaged in business where they plan dreams to be translated into reality. Therefore, Innovators are visionaries, the reason is simple. To sustain the high energy and dogged determination needed to succeed, to push the idea through to the market place, a powerful vision is vital for every organisation (Jim Collins and Jerry porras, 1996). Further, for development of innovation capabilities in the organisations there is a need to develop a set of working hypothesis which is composed framework of people, processes and philosophies of innovation organisation. In the organisation, people at senior level position should focus on innovation. In addition, in organisation exclusive team should be made to screen the individuals for creativity and innovation skills during the hiring process. This enables to evaluate an employee's creativity on innovation skills is important part of performance appraisal process within team or organisation. Where in case of process, most of the organisations construct a culture that reflects the leaders personality and behaviours. Thus to develop this organisational teams or team members should be engaged in brain storming to generate wild or very different ideas by drawing analogies from other products, organisations or industries. Last but not least, the role of philosophies, the organisations should supported by guiding philosophies that inspire employees with courage to try out new ideas, which is every one's job. It should also deploy lots of small, properly organized innovation project teams and also to take smart risks in the pursuit of innovations.

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