



**EXPERTISE IN TECHNOLOGY AND ECONOMICS**

# Key enablers of organizational renewal

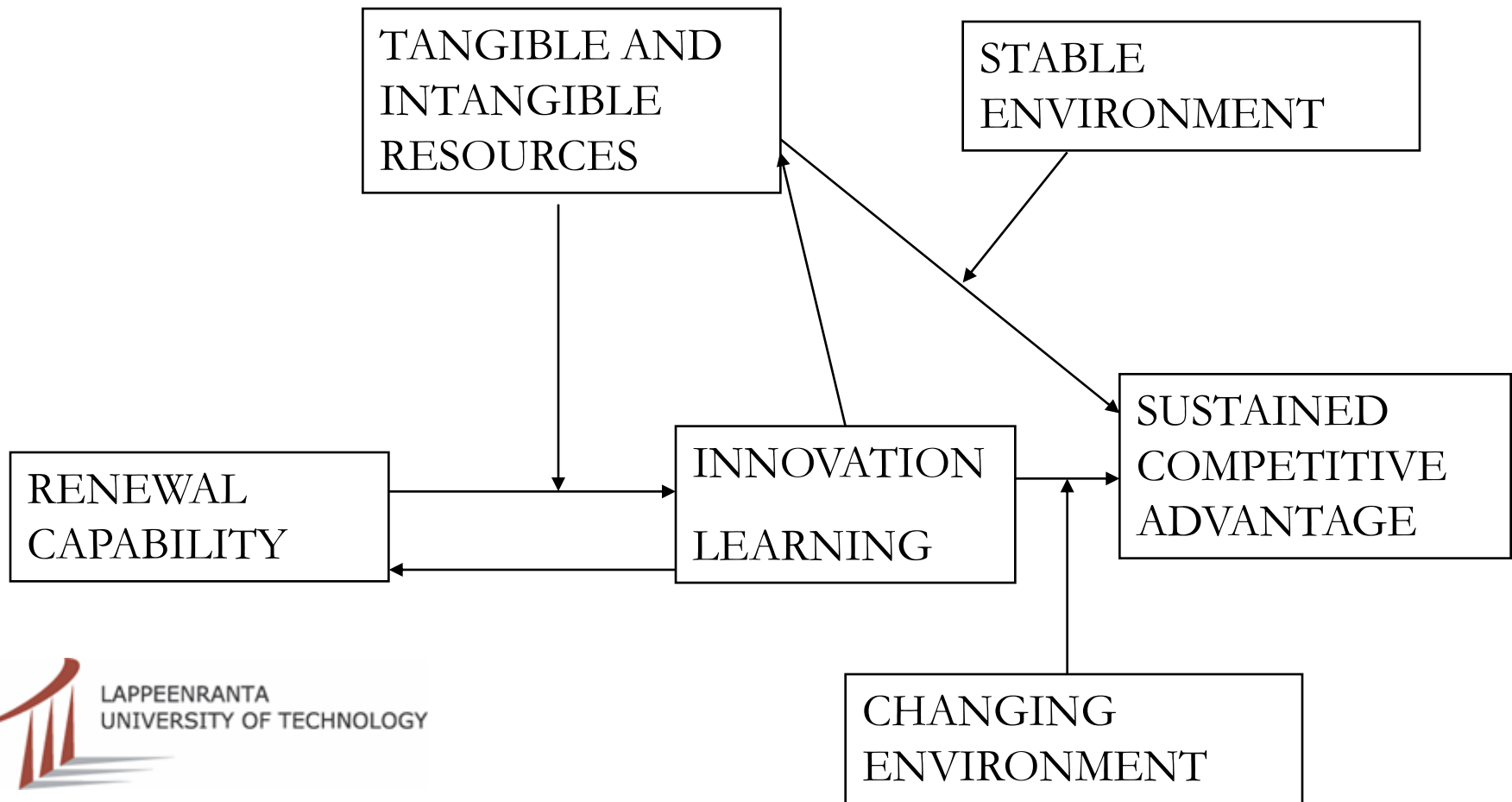


Professor Dr. (Econ.) Aino Kianto  
School of Business  
Lappeenranta University of Technology  
[aino.kianto@lut.fi](mailto:aino.kianto@lut.fi)

# Background

- Knowledge economy implies fundamental changes in the nature of work and logic of value creation
- In turbulent business environments, continuous learning and innovation are the key enablers of sustained competitive advantage

# Knowledge resources + renewal capability = sustained competitive advantage



# Organizational renewal capability

= Ability of the organization to develop and change its resources and capabilities through continuous learning and innovation

Demonstrated as f. ex. new products and processes, operational and strategic flexibility, adaptive service processes

- Continuous
- Incremental **and** radical change
- Top-down **and** bottom-up change
- Planned **and** emergent change
- **Organization-wide** process
- Cannot be completely controlled => **creating an enabling and supportive organizational context**

# Complexity of organizational renewal

## Some related concepts:

- Organizational change
- Innovation, innovativeness
- Organizational learning
- Knowledge creation
- Dynamic capability
- Strategic flexibility
- Organizational agility
- Organizational flexibility
- Continuous improvement
- Business process redesign
- Self-organization
- Autopoiesis
- Mindfulness

## Perspectives:

- Cognitive
- Strategic
- Relational
- Cultural
- Economic
- Performative
- Systemic
- Communicative
- Processual
- Political

# The 6-factor model of organizational capability for renewal



(Pöyhönen, 2005b; 2006a; 2006b;  
Kianto, 2008a; 2008b)

# 1. Strategic competence

- Clear, shared, comprehended and valued strategies and goals
- Comparing to the best
- Strong identity and culture
- Innovativeness, risk taking, future orientation
- Pro-activeness, courage to make quick decisions
- Customer focus
- Market and competitor awareness
- Emergence, semi-coherence
- Strategic innovations

## 2. Exploiting time

- Seizing the moment
- Co-timing operations
- Resourcing time
- Understanding bifurcation points in creative process
- Balancing different time dimensions
- Internal rhythm of changes



## 3. Learning orientation

- Employees as the key resource
- Appreciating learning
- Openess to alternative viewpoints
- Feedback
- Constructive critique
- Learning from failures
- Support for development activities
- Experiments, prototypes
- Learning to learn

## 4. Connectivity

- Knowledge processes are fundamentally social
- Collaboration
- Group relationships
- Intra-organizational interaction
- Inter-organizational relationships
- Know-who
- Team and organizational climate
- Passion, inspiration

## 5. Managing knowledge

- Awareness of strategically significant knowledge
- Knowledge strategy
- Management and protection of explicit knowledge
- ICT systems
- Tacit knowledge
- Routines and activities
- Acquiring and accomodating knowledge from extra-organizational sources
- Knowledge creation

## 6. Leadership

- Low hierarchy
- Empowering, democratic leadership style
- Managers committed to listen and learn
- Participation in decision making
- Clear goals, operative autonomy
- Ability for holistic innovation management:
  - Structured innovation processes and project management
  - Inspirational leadership

# Measurement of renewal capability with the ORCI method

## ORCI (Organizational Renewal Capability Inventory)

- Measures organizational capability for continuous development, learning and innovation
- Scientifically validated survey instrument developed in LUT
- Produces clear and comprehensive diagnosis of organizational renewal capability
- Identifying the main challenges in continuous innovation and learning
- Enabling effective and focused management and development of renewal processes
- Can be tailored to various analytical levels (e.g. project, department, SBU, firm level)
- Enables internal and external benchmarking

