



ICCA Research Paper

How Innovative is Your Organisation?

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For the first time, you can measure the absorptive capacity of your organisation and compare yourselves with the industry norm

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Although there is no universally accepted definition of innovation, it is generally taken to mean the adoption of ideas to create or improve products, services or processes in order to enhance organisational performance. Innovations can range from small or incremental improvements to more fundamental changes in the approach of an organisation.

There are many potential explanations for why some organisations are innovative and others are not. Factors such as entrepreneurial leadership, organisational culture and the management of knowledge are often cited as important variables. **One of the most influential ideas to emerge over the past two decades, however, is the role absorptive capacity plays in innovation.**

Absorptive capacity is the ability to **acquire, assimilate, transform and exploit external knowledge** for competitive advantage. The idea is that competitive organisations are not only able to process knowledge effectively to innovate but they also have the capacity to use information that does not directly fill an identifiable gap in knowledge. This complements notions of 'open innovation' whereby innovative enterprises see benefits from working with others outside the organisation as a way of enhancing their knowledge base; they share knowledge with others and utilise what they learn from others to innovate.

Although there is a large body of research on innovation related to other industrial sectors, little attention has been paid – until now - to the meetings industry. A project funded by ICCA with input from over 200 ICCA member organisations has enabled Leeds Beckett University's International Centre for Research in Events, Tourism and Hospitality to develop **an instrument to measure absorptive capacity of an organisation.** Meetings industry organisations are now able to compare their level of absorptive capacity with others in the industry (see Figure 1 below).

The meetings industry's average Absorptive Capacity Score, as suggested by responses from 208 ICCA members, is 34. A score of 45 or more suggests a high level of absorptive capacity. This capability is highly influential in creating an innovative organisational culture.

The industry average score conceals a wide range from very low to very high scores, suggesting that some organisations could be significantly more effective in using external knowledge for competitive advantage whilst others are highly innovative.

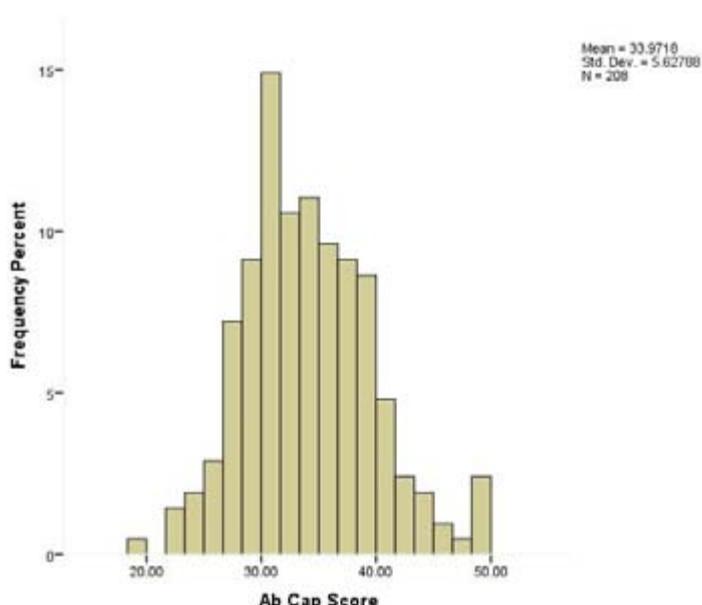


Figure 1: Absorptive Capacity Scores for the Meetings Industry

How innovative is your organisation? The ICCA Absorptive Capacity Tool

To calculate your absorptive capacity score, meetings industry organisations can complete the form in this interactive PDF and simply add up the results: <http://www.iccaworld.com/dcps/doc.cfm?docid=1764>. You can then compare your score with the industry average and the industry leaders.

These ten questions are based on previous research on absorptive capacity in other industries, creating fifty potential questions which were tested and selectively eliminated to provide the best possible measurement. The simplicity of the instrument means that organisations in the meetings industry will also be able to monitor their absorptive capacity regularly, to track improvements over time and to compare their results with their peers, creating a barometer of innovation.

Things you could do to improve the absorptive capacity of your organisation

Acquire

- the acquisition of new knowledge is critical to innovation. Think about the scale and scope of your information gathering behaviour. Do you consider include suppliers, customers, competitors as sources of knowledge? Most organisations do, so what do you do in addition to that? Who acquires knowledge? Do you encourage all employees to see themselves as possible conduits into the organisation of valuable information? Do you include sources of knowledge that are not obvious? Do your networks stretch beyond PCOs and related organisations?

Assimilate

- simply acquiring new knowledge is not enough. You need to recognise its value for strategic purposes, if it is to be of any benefit. Are you able to encourage colleagues to share knowledge? How do you do that? Are there regular opportunities? Do you really value the insights of others?

So far, you may have the potential to innovate but you still need to do things to realise it.

Transform

- knowledge transformation means combining what you have just learned from elsewhere with what you know already to gain a new understanding. How good are you at refining your thinking or changing your mind? Do you encourage dialogue within the office or within different parts of the business? How do you create the conditions for colleagues to discuss what they have learned or what they know?

Exploit

- how good are you at altering the way you do things or introducing new systems or new offers? Do you encourage suggestions from colleagues? Do you value collaboration within the business? How do you reward collaboration? What might you do to be more effective in this?

Recommended next steps

Develop an action plan to improve the four points highlighted above and, in six months, re-measure your absorptive capacity.

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