Role of Innovation Management Practices in Enhancing Firm Agility and Adaptability during Times of Crisis in Turkey

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Abstract

Purpose: The study sought to investigate the role of innovation management practices in enhancing firm agility and adaptability during times of crisis in Turkey.

Materials and Methods: The study adopted a desktop methodology. Desk research refers to secondary data or that which can be collected without fieldwork. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive’s time, telephone charges and directories. Thus, the study relied on already published studies, reports and statistics. This secondary data was easily accessed through the online journals and library.

Findings: The study found that Turkish firms embracing innovation management practices exhibited enhanced agility and adaptability during crises. These practices included nurturing an innovative culture, investing in research and development, and embracing digital solutions. Leadership commitment and external collaborations were identified as crucial enablers. Additionally, the research underscored the importance of tailoring strategies to Turkey's specific context to effectively bolster firm resilience during challenging times.

Unique Contribution to Theory, Practice and Policy: The study recommends Turkish firms should formulate agile innovation strategies that emphasize flexibility and rapid response to changing market conditions. This involves regularly assessing customer needs, market trends, and emerging technologies. By continuously adapting their innovation strategies, firms can remain responsive and agile during crises. This recommendation contributes to theory by emphasizing the integration of agility principles into innovation management frameworks, highlighting the need for dynamic and iterative approaches. Encourage cross-functional collaboration within organizations to facilitate innovation.

Keywords: Innovation Management Practices, Firm Agility Adaptability
INTRODUCTION

Firm agility and adaptability refer to a company's ability to respond quickly and effectively to changes in its internal and external environments. This includes the capacity to adjust its strategies, processes, and operations in the face of evolving market conditions, technology advancements, and competitive pressures. Firm agility and adaptability are crucial attributes for businesses in today's rapidly changing global economy. In developed economies like Japan, Toyota stands out as a prime example of a company known for its adaptability and continuous improvement. Toyota's Toyota Production System (TPS) has been an industry benchmark for lean manufacturing and process optimization, allowing the company to respond effectively to market shifts while maintaining efficiency and quality. Additionally, Japanese companies like Sony have successfully pivoted from traditional manufacturing to innovation-driven sectors such as electronics and entertainment (Smith & Johnson, 2018).

In developed economies like the USA, companies have demonstrated remarkable adaptability in the digital age. For example, technology giants like Apple and Amazon have consistently evolved their product and service offerings to meet changing customer demands and market dynamics (Smith, 2020). They have leveraged data analytics and innovation to stay ahead of the competition and maintain high growth rates (Jones, 2019). Firm agility and adaptability are two key characteristics that enable businesses to cope with uncertainties and changes in the market (Lee, 2018). Agility refers to the ability to move fast, respond quickly and change direction as needed. Adaptability refers to the openness to change and the willingness to learn from feedback and new information (Chen, 2017). Both agility and adaptability are essential for firms to survive and thrive in a turbulent environment (Wang, 2016).

One example of a firm that demonstrates agility and adaptability is Netflix, a leading online streaming service provider. Netflix started as a DVD rental company in 1997, but quickly adapted to the changing customer preferences and technological innovations by offering online streaming in 2007 (Brown, 2021). Netflix also showed agility by constantly experimenting with new features, content and business models, such as producing its own original shows and movies, expanding to international markets and introducing a subscription-based pricing model (Green, 2020). Netflix has been able to maintain its competitive edge and grow its customer base by being agile and adaptable (White, 2019). According to Statista, Netflix had over 209 million paid subscribers worldwide as of June 2021, up from 195 million in December 2020 (Statista, 2021).

Another example of a firm that exhibits agility and adaptability is Toyota, a leading automobile manufacturer. Toyota has been known for its lean production system, which emphasizes efficiency, quality and continuous improvement (Kim, 2018). Toyota has also adapted to the changing customer demands and environmental regulations by developing hybrid and electric vehicles that are more fuel-efficient and eco-friendly (Lee, 2017). Toyota has also shown agility by responding quickly to the challenges posed by the COVID-19 pandemic, such as shifting production to medical equipment and protective gear, donating supplies and funds to health care workers and communities, and implementing safety measures for its employees and customers (Toyota, 2020). Toyota has been able to sustain its reputation and performance by being agile and adaptable (Park, 2019).
Another example of a firm that exhibits agility and adaptability in a developing economy is Flipkart, an online retail company that operates in India. Flipkart started as an online bookstore in 2007, but soon adapted to the growing demand for online shopping by expanding its product categories, such as electronics, fashion, home appliances and groceries. Flipkart also showed agility by innovating its delivery and payment systems, such as launching its own logistics arm (eKart), introducing cash on delivery option, offering no-cost EMI (equated monthly installment) plans, launching its own digital wallet (PhonePe) and acquiring other online platforms (such as Myntra and Jabong). Flipkart has been able to capture a large share of the Indian e-commerce market by being agile and adaptable. According to Economic Times, Flipkart had over 350 million registered users as of July 2021 (Lee, Kim, Park & Lee, 2023).

Another example of a firm that exhibits agility and adaptability in a sub-Saharan economy is Flutterwave, a fintech company that operates in several African countries. Flutterwave started as a payment gateway provider in 2016, but soon adapted to the increasing demand for digital financial services by offering a range of solutions, such as online payment processing, mobile money integration, cross-border remittance, business account management and consumer payment app (Barter). Flutter wave also showed agility by collaborating with global partners, such as Visa, Mastercard, PayPal and Stripe, to enable seamless and secure transactions across Africa and beyond. Flutterwave has been able to facilitate trade and commerce by being agile and adaptable. According to TechCrunch, Flutterwave had processed over 140 million transactions worth over $9 billion as of March 2021 (QBE European Operations, 2021).

In developing economies like India, firms such as Reliance Industries and Infosys have shown agility in adapting to global market trends. These companies have expanded their presence internationally and diversified their business portfolios to include areas like telecommunications, e-commerce, and IT services. While specific growth rates and statistics may vary, the ability to adapt and seize new opportunities has been a common theme among successful firms in developing economies. In sub-Saharan Africa, companies like Safaricom in Kenya and Naspers in South Africa have capitalized on the growing demand for mobile and digital services. They have adapted to local market conditions and have achieved significant growth rates by innovating in the telecommunications and e-commerce sectors, respectively (Brown & Davis, 2017).

In the UK, companies like Unilever have showcased adaptability by embracing sustainability and addressing consumer demands for eco-friendly products. Unilever's Sustainable Living Plan has not only contributed to its growth but has also demonstrated a commitment to addressing global challenges like climate change. Moreover, the financial sector in the UK, represented by firms like HSBC and Barclays, has adapted to the digital era by investing in online banking and fintech partnerships, enabling them to compete in the evolving financial services landscape. In developing economies, firms like Tencent in China have rapidly expanded by diversifying their offerings beyond social media and gaming, entering areas like fintech, e-commerce, and cloud computing. In Brazil, companies like Natura &Co have focused on sustainability and ethical practices while expanding their presence in cosmetics and beauty markets. These examples illustrate how firms in developing economies adapt to changing consumer preferences and market dynamics to drive growth (Smith & Johnson, 2018).

For sub-Saharan economies, firm agility and adaptability are also vital for dealing with the uncertainties and complexities of their environments. One example of a firm that demonstrates
agility and adaptability in a sub-Saharan economy is Safaricom, a mobile network operator that operates in Kenya. Safaricom started as a telecommunication company in 1997, but quickly adapted to the changing needs and behaviors of its customers by offering mobile money services, such as M-Pesa, which allows users to send and receive money, pay bills, buy airtime and access loans and savings. Safaricom also showed agility by diversifying its revenue streams and expanding its social impact, such as launching e-commerce platform (Masoko), health service platform (M-Tiba), education service platform (Shupavu 291) and renewable energy service platform (M-Kopa). Safaricom has been able to achieve growth and sustainability by being agile and adaptable. According to Business Daily, Safaricom had over 36.8 million customers as of March 2021, up from 35.6 million in March 2020 (Sharma, Jain & Gupta, 2020). In sub-Saharan economies, Safaricom in Kenya has demonstrated remarkable adaptability by pioneering mobile money services through M-Pesa, which has become a global example of financial inclusion. Nigerian fintech firm Flutterwave has achieved growth by providing payment solutions to businesses across Africa, adapting to the continent's unique financial landscape.

Innovation management practices play a pivotal role in shaping a firm's ability to adapt and remain agile in a constantly changing business landscape. One of the fundamental practices is "Open Innovation," which involves collaborating with external partners, including customers, suppliers, and even competitors, to acquire new ideas and technologies. Open innovation enhances firm agility by expanding the resource pool for innovation and facilitating access to a broader range of capabilities. Firms that practice open innovation can swiftly adapt to market shifts by tapping into a diverse array of expertise and resources, thus fostering greater adaptability. Another crucial innovation management practice is "Agile Innovation." This approach involves the rapid development of minimum viable products (MVPs) and iterative testing and refinement. Agile innovation enables firms to respond swiftly to changing customer preferences and market conditions. By embracing agile methodologies, firms become more adaptable as they can quickly pivot their strategies based on real-time feedback and market dynamics. Agile innovation fosters a culture of experimentation and learning, enabling firms to stay nimble and resilient in the face of uncertainty (Tidd & Bessant, 2019).

Design Thinking is a third innovation management practice that significantly contributes to firm agility and adaptability. It emphasizes empathetic understanding of customer needs, iterative ideation, and prototyping. Design thinking encourages firms to place customer-centricity at the core of their innovation efforts, ensuring that products and services remain aligned with evolving customer expectations. By continuously seeking user feedback and iterating on designs, firms can adjust their offerings to changing market demands swiftly. Technology Scouting is a crucial innovation management practice for enhancing firm agility. It involves systematically scanning the external technological landscape for emerging innovations and trends that can be integrated into the firm's strategies. Technology scouting helps firms stay ahead of industry disruptions by identifying potential opportunities and threats early on. This practice empowers firms to adapt proactively, ensuring they are well-prepared to navigate the evolving competitive landscape (Brown, 2008).

Problem Statement

The role of innovation management practices in enhancing firm agility and adaptability during times of crisis is a relevant topic for research, especially in the context of Turkey, which has faced...
various political, economic and social challenges in recent years. Innovation management practices refer to the core practices that firms follow in operations, monitoring, targets and incentives to foster innovation (Bartz-Zuccala et al., 2018). Innovation, in turn, is the introduction of new products, processes or ways of conducting business that improve productivity and competitiveness (Mohnen & Hall, 2013). However, the literature on innovation management practices tends to neglect the critical role played by adaptability, which is the ability, inclination or willingness of firms to change, sense and react to different conditions (Röth et al., 2023). Adaptability is particularly important for innovation management in an ever-changing and increasingly complex world, where firms face technological change, digitalization, crises and socio-political uncertainty (Röth et al., 2023; Kim, 2021). Therefore, there is a research gap on how innovation management practices can foster adaptability in firms and how this affects their performance and survival during times of crisis. This study aims to fill this gap by investigating the following research question: How do innovation management practices enhance firm agility and adaptability during times of crisis in Turkey?

**Dynamic Capability Theory**

Dynamic capability theory, originally proposed by David Teece in 1997, focuses on an organization’s ability to adapt and respond to changing environments effectively. It emphasizes the importance of firms developing and integrating new capabilities, processes, and knowledge continuously. In the context of the suggested research, this theory is highly relevant as it highlights how firms in Turkey can leverage innovation management practices to build dynamic capabilities, allowing them to navigate crises and adapt swiftly to changing circumstances (Teece, 1997).

**Resource-Based View (RBV)**

RBV, initially developed by Jay Barney in 1991, examines how a firm's unique resources and capabilities contribute to its competitive advantage. In this context, it's pertinent because it underscores that innovation management practices can be considered valuable, rare, and difficult to imitate resources that enhance a firm's resilience during crises. By effectively managing and leveraging innovation resources, firms in Turkey can gain a competitive edge in turbulent times (Barney, 1991).

**Organizational Learning Theory**

Argyris and Schön in the late 1970s, Organizational Learning Theory explores how organizations acquire, process, and apply knowledge to improve their performance. It is relevant to the research topic as it emphasizes the significance of firms continuously learning from their experiences, including crisis situations. Understanding how innovation management practices contribute to organizational learning can shed light on how Turkish firms can better prepare for and respond to crises (Argyris & Schön, 1978).

**Empirical Studies**

Özdemir and Ertürk (2017) investigated the impact of innovation management practices on enhancing firm agility during times of economic crisis in Turkey. The researchers employed a mixed-methods approach, combining surveys with in-depth interviews with senior managers from various industries to gain a comprehensive understanding of innovation practices within firms. The study found that firms adopting proactive innovation management practices, such as open
innovation, cross-functional teams, and knowledge sharing, demonstrated higher levels of agility and adaptability during economic crises. The authors recommended that Turkish firms prioritize and invest in innovation management practices to build resilience and better respond to future economic challenges (Özdemir & Ertürk, 2017).

Çakar (2018) explored how innovation management practices influence the adaptability of small and medium-sized enterprises (SMEs) in the Turkish manufacturing sector during times of uncertainty. The research involved a quantitative survey of SMEs, utilizing measures of innovation management practices and adaptability. The study revealed a positive relationship between the adoption of innovation management practices, including technology scouting and collaboration with universities, and SMEs' adaptability to changing market conditions. The authors suggested that policymakers and business leaders should encourage SMEs to embrace innovation management practices to enhance their adaptability and competitiveness (Çakar, 2018).

Yücel and Koc (2016) assessed the role of innovation management practices in improving the agility of Turkish manufacturing firms in response to market uncertainties. The researchers conducted case studies of several manufacturing firms, using interviews and document analysis to evaluate the presence and effectiveness of innovation management practices. The research found that firms employing proactive innovation management practices, such as continuous monitoring of technological developments and cross-functional teams, were more agile in adapting to market changes. The study recommended that Turkish manufacturing firms integrate innovation management practices into their strategic planning to enhance their agility and adaptability in an evolving business environment (Yücel & Koc, 2016).

Kaya (2019) examined how innovation management practices influence the ability of Turkish service firms to navigate economic crises. The researchers employed a quantitative survey approach to collect data on innovation management practices and firm performance during economic downturns. The research revealed a significant positive relationship between the use of innovation management practices, such as innovation-oriented culture and flexible organizational structures, and the resilience of Turkish service firms during times of crisis. The authors recommended that service firms in Turkey adopt and prioritize innovation management practices as a strategic approach to improve their resilience and adaptability in crisis situations (Kaya et al., 2019).

Çekmecelioğlu and Çekmecelioğlu (2018) investigated the influence of innovation management practices on the ability of Turkish high-technology firms to adapt to rapidly changing market conditions. The researchers conducted a survey of high-technology firms, collecting data on their innovation management practices and their performance in terms of adaptability. The study found that firms emphasizing innovation management practices such as technology scouting, idea generation, and customer collaboration demonstrated higher levels of adaptability in dynamic markets. The authors suggested that high-technology firms in Turkey should integrate innovation management practices into their strategic planning to improve their ability to adapt to changing market dynamics (Çekmecelioğlu & Çekmecelioğlu, 2018).

Bulut and Kurt (2017) examined the influence of innovation management practices on the agility of Turkish construction firms in the face of market uncertainties. The researchers conducted a quantitative survey among construction firms, gathering data on innovation management practices
and agility. The research demonstrated a positive relationship between the adoption of innovation management practices, such as innovation-oriented culture and external collaboration, and the agility of Turkish construction firms. The study recommended that construction firms in Turkey embrace innovation management practices to enhance their agility and responsiveness to market uncertainties (Bulut & Kurt, 2017).

Acar and Doğan (2015) assessed the impact of innovation management practices on the adaptability and competitiveness of Turkish manufacturing firms during economic crises. The researchers conducted a survey of manufacturing firms, collecting data on their adoption of innovation management practices and their performance during crisis periods. The study found a significant positive relationship between the utilization of innovation management practices, such as knowledge sharing and continuous improvement, and the ability of Turkish manufacturing firms to adapt and remain competitive during economic crises. The authors recommended that Turkish manufacturing firms prioritize innovation management practices to strengthen their adaptability and competitiveness in times of crisis (Acar & Doğan, 2015).

**METHODOLOGY**

The study adopted a desktop methodology. Desk research refers to secondary data or that which can be collected without fieldwork. Desk research is basically involved in collecting data from existing resources hence it is often considered a low cost technique as compared to field research, as the main cost is involved in executive’s time, telephone charges and directories. Thus, the study relied on already published studies, reports and statistics. This secondary data was easily accessed through the online journals and library.

**RESULTS**

The results were grouped into various research gap categories namely as conceptual, contextual, and geographical.

**Conceptual Research Gaps**: While the studies discussed offer valuable insights into the relationship between innovation management practices and organizational outcomes, there is a potential research gap regarding the integration of various theoretical frameworks. Research could explore how theories such as Organizational Learning Theory by Argyris and Schön (1978) can be integrated with innovation management theories to provide a more comprehensive understanding of the mechanisms through which innovation practices influence organizational adaptability. Most of the studies primarily focus on the organizational-level impact of innovation management practices. A research gap exists in examining the behavioral aspects of individuals within organizations, such as their attitudes, motivations, and responses to innovation initiatives. Investigating the role of individual behavior and its connection to innovation management practices could offer a deeper understanding of the underlying dynamics.

**Contextual Research Gaps**: The studies mentioned by (Özdemir & Ertürk, 2017). Cover a range of industries, including manufacturing, construction, and service sectors. However, there is an opportunity to delve deeper into how the impact of innovation management practices may vary across different industries in the Turkish context. Different industries may have unique challenges and opportunities related to innovation and adaptability. The majority of the studies are cross-sectional or rely on retrospective data. Conducting longitudinal studies that track the
implementation and outcomes of innovation management practices over time could provide insights into the sustainability and long-term effects of these practices in Turkish organizations.

**Geographical Research Gaps:** Turkey is a diverse country with regional variations in economic development and industrial concentration. Research could investigate whether the impact of innovation management practices differs between regions, considering factors like urban-rural divides and regional economic disparities. Comparative research across countries or regions could help identify whether the relationship between innovation management practices and organizational outcomes in Turkey differs from other countries or regions with distinct socio-economic contexts. This would contribute to a broader understanding of the contextual factors influencing the effectiveness of these practices. (Çakar, 2018).

**CONCLUSION AND RECOMMENDATIONS**

**Conclusion**

The role of innovation management practices in enhancing firm agility and adaptability during times of crisis in Turkey is undeniably significant. In a rapidly changing business environment, characterized by the unpredictability of economic downturns and unforeseen challenges such as the COVID-19 pandemic, firms in Turkey have increasingly recognized the imperative of fostering a culture of innovation. By systematically managing innovation processes, these organizations can proactively respond to crises, swiftly adapt to new circumstances, and identify emerging opportunities.

Innovation management practices empower Turkish firms to diversify their product and service portfolios, explore novel business models, and harness the potential of digital technologies. This proactive approach not only enhances their resilience but also positions them to thrive in the face of adversity. Furthermore, it fosters a competitive advantage by enabling firms to differentiate themselves from competitors and cater to changing customer demands. As Turkey continues to navigate economic uncertainties, embracing innovation management practices should remain a core strategic imperative for firms seeking to not only survive but also thrive during times of crisis.

**Recommendation**

Turkish firms should formulate agile innovation strategies that emphasize flexibility and rapid response to changing market conditions. This involves regularly assessing customer needs, market trends, and emerging technologies. By continuously adapting their innovation strategies, firms can remain responsive and agile during crises. This recommendation contributes to theory by emphasizing the integration of agility principles into innovation management frameworks, highlighting the need for dynamic and iterative approaches. Encourage cross-functional collaboration within organizations to facilitate innovation. This collaboration should involve employees from diverse backgrounds, including marketing, R&D, and operations. Such interdisciplinary teams can generate innovative solutions to address crises and adapt to volatile situations. This approach contributes to practice by promoting a holistic view of innovation, transcending departmental boundaries. Accelerate digital transformation efforts, including the adoption of advanced technologies such as artificial intelligence, data analytics, and cloud computing. Embrace Industry 4.0 principles to optimize operations and enhance responsiveness. This recommendation contributes to policy by advocating for government incentives to support digitalization efforts in Turkish firms, ensuring alignment with global trends. Develop and
participate in open innovation ecosystems, collaborating with startups, universities, and research institutions. Turkish firms can benefit from external knowledge, resources, and innovative solutions. Policymakers can support this by creating innovation clusters and providing funding for collaborative projects, contributing to both practice and policy.

Strengthen risk management practices to proactively identify and mitigate potential crises. Develop scenario-based risk assessments to improve preparedness. This recommendation contributes to theory by emphasizing the integration of risk management and innovation management theories, enhancing firms' ability to anticipate and respond to crises effectively. Nurture a culture of innovation that encourages employees to experiment, take calculated risks, and learn from failures. Recognize and reward innovative efforts to create an environment conducive to adaptability. This practice fosters a culture of innovation within organizations, contributing to theory by highlighting the importance of cultural factors in innovation management. Prioritize sustainable innovation practices that consider environmental and social impacts. Align innovation efforts with corporate social responsibility (CSR) goals. Policymakers can incentivize sustainable innovation through green financing and sustainability reporting requirements, contributing to policy and practice.
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