INNOVATION AND ORGANIZATIONAL CULTURE IN SOUTH AMERICAN COMPANIES IN THE LAST DECADE

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ABSTRACT

Purpose: The current analysis aimed to review the state-of-the-art about innovation and organizational culture in enterprises placed or working in South America.

Theoretical Framework: Innovation and organizational culture are critical concepts in management studies nowadays. In South America, in recent years, companies have had the trend to disrupt static and hierarchized organizations by allowing employees to participate actively in the organization's objectives. Moreover, flexible companies do not mean that hierarchies do not exist. Instead, it means that companies are eager to listen and accept the different points of view of the employees. Moreover, innovative companies seem to adapt rapidly to both beneficial and adverse environments. However, some firms resist changes and get revenues, but the evidence suggests that they put their sustainability in the long term.

Design/Methodology/Approach: In consequence, the methodological approach was the employment of the PRISM method to depurate the initial bibliographic resources from EBSCO and RENATI. EBSCO was used to analyze papers, and RENATI to review theses. Initially, there were 78 articles and 271 theses to be examined. After the PRISM depuration, it was analyzed 35 papers and theses from the period lasting from 2012 to 2021.

Findings: The results showed that flexible companies were more adaptative than rigid ones. Moreover, the literature suggested that flexible companies have more chances to be sustainable in the long term than other firms. Therefore, it is possible to state that innovation policies had a higher impact in flexible organizations than in rigid ones.

Originality/Value: The value of the study relies on the systematic review of the current literature of innovation and organizational culture in South America which is the nearest international environment for Peruvian companies.

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INNOVAÇÃO E CULTURA ORGANIZACIONAL EM EMPRESAS SUL-AMERICANAS NA ÚLTIMA DÉCADA

RESUMO

Objetivo: A análise atual teve como objetivo rever o estado-da-arte sobre inovação e cultura organizacional em empresas colocadas ou trabalhando na América do Sul.

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Estrutura Teórica: Inovação e cultura organizacional são conceitos críticos em estudos de gestão hoje em dia. Na América do Sul, nos últimos anos, as empresas têm tido a tendência de interromper organizações estáticas e hierarquizadas, permitindo que os funcionários participem ativamente dos objetivos da organização. Além disso, empresas flexíveis não significam que não existam hierarquias. Em vez disso, significa que as empresas estão ansiosas para ouvir e aceitar os diferentes pontos de vista dos funcionários. Além disso, as empresas inovadoras parecem adaptar-se rapidamente a ambientes benéficos e adversos. No entanto, algumas empresas resistem a mudanças e obtêm receitas, mas a evidência sugere que colocam sua sustentabilidade a longo prazo.

Design/Metodologia/Abordagem: Em consequência, a abordagem metodológica foi o emprego do método PRISM para depurar os recursos bibliográficos iniciais da EBSCO e da RENATI. O EBSCO foi utilizado para analisar trabalhos e a RENATI para revisar teses. Inicialmente foram 78 artigos e 271 teses analisados. Após a depuração do PRISM, foram analisados 35 trabalhos e teses do período de 2012 a 2021.

Constatações: Os resultados mostraram que as empresas flexíveis foram mais adaptativas do que as rígidas. Além disso, a literatura sugere que empresas flexíveis têm mais chances de ser sustentáveis a longo prazo do que outras empresas. Portanto, é possível afirmar que as políticas de inovação tiveram maior impacto em organizações flexíveis do que em organizações rígidas.

Originalidade/Valor: O valor do estudo baseia-se na revisão sistemática da literatura atual de inovação e cultura organizacional na América do Sul, que é o ambiente internacional mais próximo para as empresas peruanas.

Palavras-chave: Inovação, Cultura Organizacional, Flexibilidade, Sustentabilidade.
without the other (Giddens et al., 2000). At the same time, the organization is understood as a
group of people structured in an impersonal way to achieve objectives (Giddens et al., 2000).

In this sense, the concept of organizational culture was first developed by Schein in
1988, who stated that it was the basic assumptions considered valid and thus taught to new
group members as the appropriate way to perceive, think, and feel (Reyes & Molina, 2020). In
1993, Keith Davis considered that organizational culture was the conventional behavior of an
organization that influences all its actions unconsciously (Domínguez, 2011). In turn, Katz and
Kahn state that the evaluation of culture objectively is complex because it is based on
assumptions shared by individuals and is expressed through norms, histories, and traditions
(Domínguez, 2011). In any case, some authors point to culture, such as quality, clarity, concern
for the worker or member of the organization, the code of conduct, and respect for the client
(Reyes & Molina, 2020).

Moreover, the authors understand organizational culture as a part of the internal
organizational context and the external, that is, how the individuals of an organization behave
internally and externally (Vesga et al., 2020). It is necessary to clarify that the concept of
organizational culture is not exclusive to business sciences since, in principle, this concept
emerged from anthropology and sociology (Vesga et al., 2020), which is addressed by different
disciplines such as Psychology or Philosophy in addition to those mentioned above
(Domínguez, 2011). On the other hand, over the years, it has sought to know the interrelation
of organizational culture with elements such as innovation, leadership, human factor,
organizational change, organizational climate, learning, strategic planning, work teams,
business models, competitive advantage, organizational performance, team management,
continuous improvements, cultural transformation, processes among others. Consequently, the
study of organizational culture is a broad topic with several edges, among them one of the
subtopics that arouses interest among researchers is to know the interrelationship between
innovation in and organizational culture given its high level of complexity in organizational
structures (Pereira et al., 2016).

In this sense, it is necessary to conceptualize innovation. It combines current technology
and discoveries to generate new goods, services, processes, or systems and improve existing
ones (Alvarado & Pumisacho, 2015). Consequently, organizations resort to innovation to
improve or maintain their position while generating competitive advantages (Alvarado &
Pumisacho, 2015). Pereira et al. (2016) point out that organizations resort to innovation due to
institutional crises, especially in highly hierarchical ones. Furthermore, firms should be
Innovative to face the rigidity of highly bureaucrat organizations, specially the governmental ones. In South America is common that the governmental barriers are a innovation wasting resources (Bogers et al., 2021). Hence, Organizations implement radical innovation strategies or policies arising from previous experiences and learning when these situations appear. In this way, organizations can rethink their organizational culture to establish innovative structures within institutions (Pereira et al., 2016). Nonetheless, it does not mean the absence of leadership. Sani et al. (2023) stated that empowerment leadership was crucial to foment organizational innovation.

Consequently, it can be observed that innovation can be framed within the organizational culture of a particular institution. In this sense, knowing what happens in various types of organizations when innovation is part of the corporate culture is propitious. Hence, understanding the impact or relationship innovation has on the organizational culture of an organization. Consequently, this article will compile the studies on the relationship between innovation in the corporate culture of companies in South America in the 2012-2022 period.

A direct antecedent to the present research was found by De Araujo (2020), who found that leadership, organizational structure, and learning and knowledge processes were indispensable for the formation of a culture of innovation and, at the same time, could improve competitive advantages with the subsequent development of new technologies in companies. Additionally, cultural aspects such as values, beliefs, types of communication, creativity, active participation, motivation, and entrepreneurship impacted the organization's activities and promoted innovation.

Hazem & Zehou (2019) stated that the relationship between innovation and organizational culture found that strategy, structure, support mechanisms, behavior, and communication were essential in creation. Innovation, creativity, and inventiveness are crucial for a knowledge-based organization to survive.

Consequently, both studies researched the relationship between innovation and organizational culture. Hence, this study aims to expand the knowledge generated on the topic, analyzing the existing literature on corporate culture and innovation in South America from 2012 to 2021.

**METHODOLOGY**

To address the opening query, we performed a methodical literature study. The literature study adhered to the methodology suggested by Tranfield et al. (2013). Also, the material was
categorized utilizing the Prism approach (Moher et al., 2009). So, hunting for academic studies analyzing innovation and organizational culture in South American countries was essential. The researchers thus examined the theses and papers that had that subject. Hence, EBSCO was employed for the paper, while the "Registro Nacional de Trabajos de Investigación" (RENATI), which houses all theses written in Peru, was the database used for theses. Both papers and theses were chosen based on papers at first glance. After the first round of limitless changes, the studies with the most consistent constituent parts were chosen. In the second round, critical concepts needed to be analyzed in light of the business environment. Hence, 35 theses and papers were selected following the suggestion of Ferreira Barale & Rodrigues dos Santos (2017). Figure 1 illustrates the strategy used.

![Prism method depuration](Source: Prepared by the authors (2023))

**RESULTS**

Hilari et al. (2021) stated that innovation is the development of new activities that allow an organization to provide value to its customers and stakeholders. It would create a unique business model to change the sector and hold a new competitive advantage. Hence, they found that the flexible culture allows the participation and empowerment of their members.
Otherwise, the hierarchical culture had high levels of centralization and formalization, which complicated the innovation flow. Morán et al. (2016) analyzed innovation as a mediator between the organizational culture and the company performance in the Peruvian pharmaceutical sector. They found a positive relationship between the adhocratic corporate culture and the firm's performance but a negative one between the hierarchical organizational culture and the firm's performance when innovation acts as a mediator. In that study, the researchers employed innovations in their dimensions: products, processes, and management.

Similarly, Valcárcel et al. (2021) found that financial companies with flexible organizational cultures were more eager to invest in innovation than rigid ones. The consequences were that those companies had better financial results than their counterparts. Chirinos et al. (2022) found that organizational culture must involve the employees in the firms' objectives. They stated that employees should interiorize those objectives to direct the culture into an innovative environment seeking constant change and equilibrium.

Hernández et al. (2023) encountered that a traditional innovation environment in a restrictive organizational culture does not lead to long-term sustainability. Although companies can obtain good performances, only innovation can lead to optimizing resources and designing better processes and products.

Issa (2017) determined that the aspects of organizational culture that favor innovation were the corporate style adopted, the management and management of human resources, organizational learning, and technological surveillance. In this sense, an organizational culture that encourages innovation recognizes and encourages employees to develop their leadership skills, creativity, teamwork, and research into new technologies and allows them to disseminate their findings to improve the organization. That is why they recommend organizational learning to improve past actions and obtain better results.

Marulanda et al. (2016) found that organizational culture was critical to transmitting knowledge in organizations. Then, it is necessary to know customers' needs, which must be communicated to all areas of the organization to promote innovation adequately to new demands. Moreover, Hernández et al. (2023) analyzed the effect of touristic companies' sustainable innovation and organizational culture. Hence, they found that social, environmental, and economic innovation strongly related to culture, structure, knowledge management, and competitiveness.

Bermúdez et al. (2016) claimed the importance of continuously monitoring the processes of organizations to generate innovation strategies. For them, the responsibility for...
promoting the continuous improvement of services lies in the actions of the chiefs. Additionally, organizational culture is essential to foster creativity and innovation, so it is necessary for communication and information technologies. Consequently, it is crucial to establish innovation strategies to generate competitive advantages.

Delgado et al. (2020) pointed out that organizational culture can foster innovation by increasing the perception of its environment to find possible problems and solutions. Hence, open attitude to change is necessary, along with a flexible form of organizational planning and the valuation of individual initiative. At the same time, it indicates that extroversion is conducive to fostering innovation. Consequently, strategic direction is necessary to make external challenges and a strategy that adapts to the needs of learners.

Pertuz-Peralta & Pérez-Orozco (2016) found that organizational culture, training, and managerial strategy were essential for favoring learning among the organization's members. At the same time, the importance of the active collaboration of employees, managers, and members of companies in solving problems is highlighted, which will favor the learning culture. It is recommended to encourage innovation through generating and selecting ideas, even more when there are no resources for implementing new technologies. Alvarado & Pumisacho (2015) encountered that the organizational culture that favors innovation is that of the clan, market, and adhocratic type, while the hierarchical one is not so much. The first is defined as friendly, the market as competitive, adhocratic as dynamic, and the hierarchical as structured. Urbáez (2015) stated that innovation does not depend exclusively on cutting-edge scientific or technological activity, nor was there a relationship between the budget allocated for innovation and the ability to innovate. However, the research found that flexible organizations and open-minded managers empower employees' innovative mindsets. Bessi (2015) encountered that companies with an organizational culture that encourages innovation are those that encourage new ideas and ways of thinking and allow employees to take risks.

Camargo et al. (2016) claimed that in a competitive environment, companies must seek to differentiate themselves through organizational cultures of innovation, which must have firm principles and shared values for all members. Consequently, innovation should be seen as the central value focus for employees and customers. Felizzola & Anzola (2017) stated that innovation is closely related to organizational culture and climate in a company. Therefore, the activities must be carried out under parameters encouraging learning and creativity. Pertuz & Pérez (2020) found that in medium-sized companies, despite the implementation of strategies that allow the generation and articulation of ideas as a source of innovation, many present
resource problems to be able to bring innovative projects to reality. Marulanda et al. (2016) analyzed the organizational culture in small and medium-sized companies in Colombia, where they found that a critical factor for a company's innovation is knowledge management applied in companies. In the mining sector, Aroca et al. (2018) found that the organizational culture allows workers to be in a familiar environment to encourage innovation. Acosta et al. (2020) found in a given Colombian company that a corporate culture based on leadership rather than strict hierarchy allows employees to express their ideas with more confidence, which allows them to have a learning-oriented organizational climate.

Solarte et al. (2020) found that family companies do not have a clear distinction of tasks, nor is there a strategic plan, which leads companies to have little competitiveness, sustainability, and expansion. However, it was evident that the critical factor that can lead these companies to closure is the lack of innovation since the vast majority of family businesses in the study offered similar services. Acosta (2015) stated that innovation is essential to keep the company and the business running, mainly if it is oriented toward customer satisfaction. In this sense, culture must be where the innovative spirit is open to new ideas that encourage participation and knowledge-sharing. Then, a business culture at the same time must be solid, genuine, and flexible to new approaches.

Pulgarín & Guerrero (2017) noted that innovation is necessary to adapt to a dynamic environment. The author indicates that invention not only refers to the development of new technologies but the encounter of what needs to be implemented, created, or developed in applying processes, products, methods, channels, and other characteristics. The business model and the organizational culture must be built to implement innovation elements in techniques, activities, relationships, and strategies. In this sense, it is pointed out that corporate culture is the mechanism that should encourage and promote the development of innovative ideas in the company, which in turn enables knowledge management that favors the company as a whole since it allows the development of competitive advantages. Ayala (2014), in agreement with the other studies, found that organizational culture should not completely suppress individual initiative but seek the balance between what the organization wants and the individual. Ferrer (2015) argued that organizations must adapt quickly to the changes or crises generated to survive over time. Sánchez & Londoño (2017) found that the traits that promote innovation are innovation orientation, risk-taking, communication, worker participation, technological surveillance, competitive intelligence, teamwork, and flexible organizational structure.
Cortez (2015) indicated participatory leadership as the mechanism that generates the involvement of employees, developing attachment and commitment to the company. At the same time, it is necessary to create a change in the organizational culture to innovate, which will benefit the company in the long run. Naranjo & Calderón (2015) analyzed the links between corporate culture, innovation, and performance in Spanish firms, where it was found that organizational culture can foster innovation and performance or be a barrier for them based on the company's values. Unlike Aroca et al. (2018) and Alvarado & Pumisacho (2015), an adhocratic culture best predicted innovation and performance. Limas (2020) found that Colombian business managers point out that innovation is fundamental for sustainability and strengthening business. In practice, however, it found that investment in innovation was low.

Likewise, Padrón et al. (2019) did a literature review regarding the investigations of organizational culture and innovation in the hotel sector, where they found that the studies indicate that the merged components of corporate culture and innovation improve profitability and contribute to the generation of capacities in human resources, which allows us to respond appropriately to the competitive environment.

Pedraja et al. (2020) found that companies that generated social programs for their employees were highly efficient. It was due to greater motivation, commitment, belonging, and loyalty. At the same time, this motivated them to be more participatory and collaborative in the company's innovation processes. Consequently, the author found that organizational culture, innovation, and social innovation are professional, economic, and corporate culture tools.

Fernández et al. (2020) found that in small Brazilian companies, organizational culture positively influences the level of innovation and that it is necessary to implement policies that encourage creativity and the development of new products. Rueda et al. (2018) also encountered that medium-sized companies need the right strategies to implement open innovation. Likewise, it understands that an adequate organizational culture is essential for creation. Madero & Barboza (2015) claimed that at the same time, organizations often have the dilemma of choosing between parametric performance objectives or flexibility that innovation can foster. Consequently, the best thing for a company will be to find the balance between the two.

Robles et al. (2016) found that a park-care organization found that organizational culture positively influenced innovative employee behavior. Pertuz & Pérez (2016) analyzed the culture model in an organization of coffee growers where I find that innovation is the fundamental element in the dynamics of the organization, as well as the development of competencies among associates, feedback from coffee growers' customers, analysis and
documentation of innovative strategies that can generate value for associates and follow them up to advance in the innovation process. De Oca et al. (2020) analyzed the relationship between organizational culture and innovation in an association of women artisans where they found that there was ignorance of them since there was no cohesion among the associates. It inhibited them from sources of knowledge and learning and subsequent progress.

**DISCUSSION**

Organizational culture, innovation, learning, and communication were highly related in the studies analyzed. In business organizations, communication between employees at all levels allows the generation of innovative ideas that help the organization establish a link to learning or knowledge management. However, it was impossible without an organizational culture with a free flow of ideas among its employees. These findings agree with what was found by De Araujo (2020) and Hazem & Zehou (2019).

It is also important to note that although there were minor differences between the organizational culture that encouraged innovation, it was clear that a certain level of flexibility was necessary to let ideas flow without detriment to the position of a specific collaborator concerning the company. However, in more hierarchical organizations, a structure had to be respected, so that order of the same was not threatened. On the other hand, a more flexible system was observed in companies where the employee is freer to express himself. Consequently, innovation had a higher impact in flexible companies than in rigid ones.

**CONCLUSION**

The study found that there is a strong relationship between innovation and organizational culture in South American companies. The corporate culture must generate and encourage innovation, which in turn can provide competitiveness to the company through the flow of ideas and the generation of knowledge. None of this would be possible if a culture sustains it and allows it an inherent practice in the organization. It is not enough to admit or verbally encourage that the organization is innovative. It is necessary to show it with facts and actions demonstrating that the organization encourages innovation.

**REFERENCES**


