



**UNIVERSITÀ  
DEGLI STUDI  
DI TRIESTE**

**UNIVERSITY OF TRIESTE – DISPES**

**A.Y. 2024 – 2025**

**BLOCK 8**

**Management of Innovation**

**INSTRUCTOR**

**Marco Balzano**

# A. The Firm Side

- Several barriers to the adoption of innovative technologies, processes, products, procedures..
  - ECONOMIC: costs vs. expected benefits; access to reliable information; insufficient incentives
  - BEHAVIOURAL: priorities; motivations; inertia; propensity for change or risk
  - ORGANIZATIONAL: routines; goals; power and influence; culture
  - STRUCTURAL: infrastructure; sunk costs

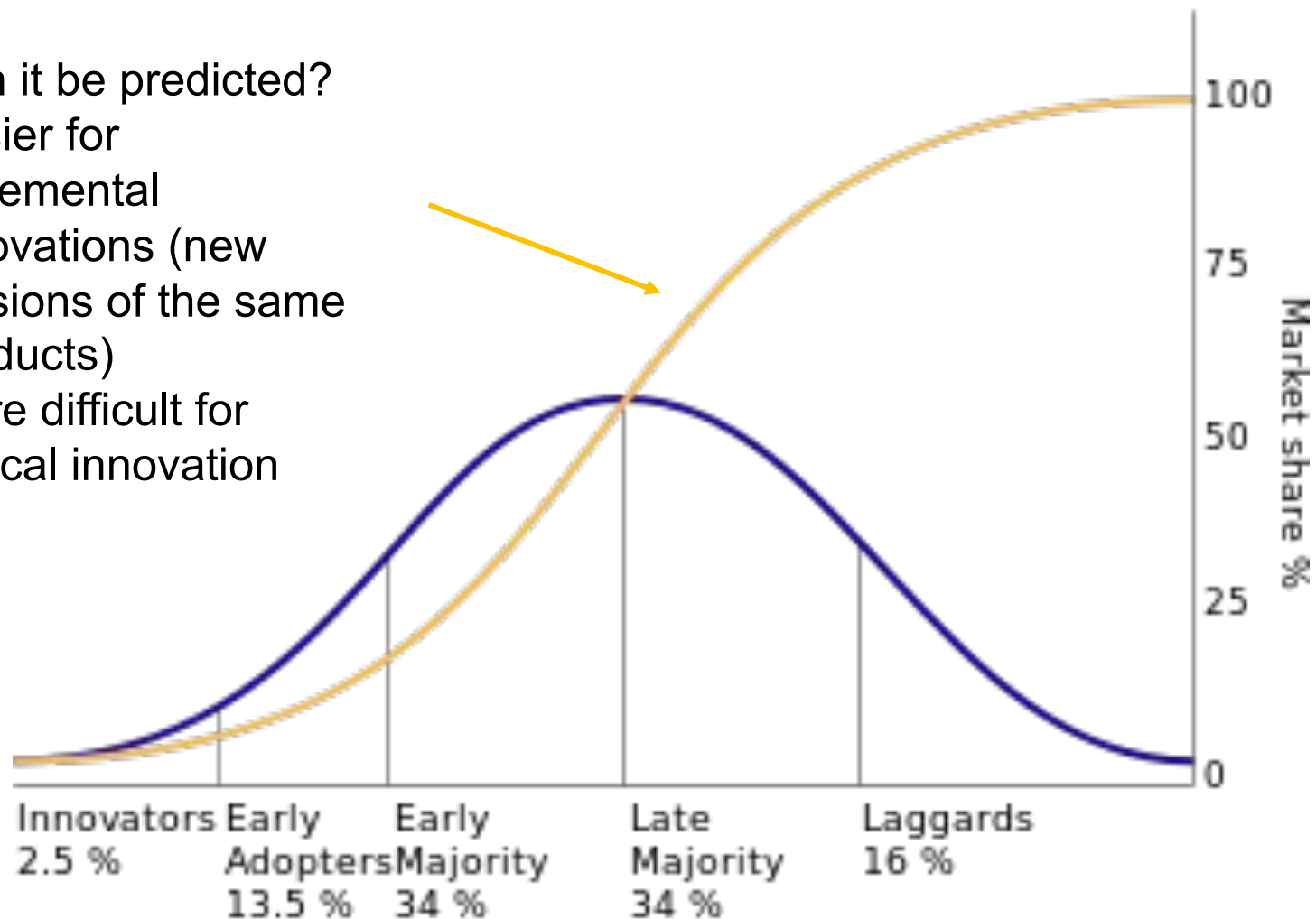
## A. The Firm Side

- Because of such barriers, firms (especially when big and complex) tend to change only incrementally
- Radical changes are frequently managed separately, with different goals, routines, technologies, processes (spin-off)

## B. The Market Side

### Everett Rogers' diffusion curve (1962)

Can it be predicted?  
Easier for  
incremental  
innovations (new  
versions of the same  
products)  
More difficult for  
radical innovation



## B. The Market Side

### Factors influencing the adoption of an innovation

- **Characteristics of the innovation itself**
- Characteristic of individuals
- Characteristics of the environment

## B. The Market Side

### Characteristics of the innovation itself

- A. Relative Advantage
- B. Compatibility
- C. Complexity
- D. Trialability
- E. Observability

# A. Relative Advantage

It is the degree to which an innovation is perceived as better than the product it supersedes, or competing products

| ATTRIBUTES     | Existing     | Desired*<br>(or Competitor's) | GAP        |
|----------------|--------------|-------------------------------|------------|
| Energy saving  | 8/10         | 8/10                          | =          |
| Speed          | 7/10         | 8/10                          | - 1        |
| Water consumed | 10/10        | 9/10                          | + 1        |
| ...            | 4/10         | 5/10                          | - 1        |
| <b>Total</b>   | <b>29/40</b> | <b>30/40</b>                  | <b>- 1</b> |

\* Can be determined through Conjoint Analysis, Focus Groups, other techniques

## B. Compatibility

It is the degree to which an innovation is perceived to be consistent with the existing values, experience and needs of potential adopters.

Two different aspects of compatibility:

- With existing skills (“ability” to use) and practices (“convenience” to use)
- With values and norms (“willingness” to use; reprehensibility)



## C. Complexity

It is the degree to which an innovation is perceived as being difficult to understand or use

## D. Trialability

It is the degree to which an innovation can be experimented with on a limited basis

- Involving potential users:
  - Acquire knowledge from lead users
  - Learn from everyday users
  - Attain user 'buy-in' (user acceptance of the innovation and commitment to its use)

## E. Observability

It is the degree to which the results of an innovation are visible to others

The hypothesis is based on the assumption of “epidemic diffusion” of innovation: the more “innovators” and “early adopters” will be visible to others, thus the higher the “vicarious learning” (learning-by-observing), the higher the diffusion of an innovation