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Organizational Innovation: The Case of Netflix

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ABSTRACT

In today's era, where continuous change is considered as the only constant, the concept of innovation is a very important element in relation to achieving organizational success, survival and growth. At the same time, organizations are under constant pressure. The acquisition of significant resources (such as capital, etc.) may have been sufficient to develop a competitive advantage for organizations in the past, but in today's era a significant paradigm shift has occurred (resource-based view to knowledge-based view). Organizations in the present time, cannot be satisfied with just acquiring essential resources, but must be able to respond to continuous changes, in innovative and creative ways. The modern problems that organizations face can be continuous, unpredictable and more complex than ever. At the same context, customers and interest groups are more informed than ever, on a continuous basis, and are able to access and analyze information that has to do with the business models, strategies and internal reality (to some extent) of the organizations. This environmental complexity has led to the emergence of the concept of innovation as a central, contemporary variable. Innovation and the ability to continuously achieve its outcomes, is considered to be a critical element in terms of managing uncertainty, competition that arises and developing a sustainable competitive advantage. Failure to achieve innovation can constitute a viable threat to the very existence of modern organizations. The research technique adopted was that of the case study. The case study research technique is a qualitative method that focuses on an in-depth, contextual analysis of a specific "case" or phenomenon. This method is widely applied across disciplines such as education, social sciences, business, etc. enabling researchers to explore complex issues within their natural settings.

INTRODUCTION

In today's era, where continuous change is considered as the only constant, the concept of innovation is a very important element in relation to achieving organizational success, survival and growth (Prifti & Alimehmeti, 2017). For many years, due to technological revolutions (the intensification of the phenomenon of globalization and the development of global competition), organizations have been in a difficult and mostly fluid position. At the same time, they are under constant pressure. The acquisition of noteworthy resources (such as capital, etc.) may have been sufficient to develop a competitive advantage for organizations in the past, but in today's era a significant paradigm shift has occurred (resource-based view to knowledge-based view, where the ongoing capabilities of knowledge creating have surpassed the old capabilities of owning a static resource) (Curado, 2006). Organizations in the present time, cannot be satisfied with just acquiring fundamental resources, but must be able to respond to continuous changes, in innovative and creative ways. The modern problems that organizations face can be continuous, unpredictable and more complex than ever. In the same context, customers and interest groups are more informed than ever, on a continuous basis, and are able to access and analyze information that has to do with the business models, strategies and internal reality (to some extent) of the organizations. This environmental complexity has led to the emergence

of the concept of innovation as a central, contemporary variable. Innovation and the ability to continuously achieve its outcomes, is considered to be a critical element in terms of managing uncertainty, competition that arises and developing a sustainable competitive advantage (Vargas, 2015).

Failure to achieve innovation can constitute a viable threat to the very existence of modern organizations. Therefore, contemporary leadership tends to consider the ability to achieve innovation and the development of appropriate conditions for its development to be extremely important (Shanker *et al.*, 2017). It should be emphasized that innovation is not a static process- "a new discovery is out of line". Innovation is a continuous and dynamic process and result/output. Furthermore, it is not the same as the concept of a new discovery or organizational change. Changes tend to be of significant magnitude, while innovation involves small changes or adjustments, which can make a difference immediately or over time. Furthermore, organizational change may not contain any element of innovation (Demircioglu, 2016). Modern organizations must be able to innovate continuously, in order to initially survive, simply by responding correctly and substantially to the rapid changes of the external environment. Part of this effort may lead to immediate, observable results. On the other hand, a large part of this process (like the hidden part of an iceberg) may not lead to immediate or measurable results.

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Innovation has become an essential component of organizational strategies that can lead to a series of advantages, such as entering new markets, increasing market share, enhancing positive reputation, strengthening brand image. Ultimately, the development of innovative capacity can lead to the development of competitive advantage (Al Kurdi *et al.*, 2020; Hayajneh *et al.*, 2021; Kurdi *et al.*, 2020).

Modern organizations are constantly faced with a multitude of problems. They are called upon to cope with a series of unpredictable changes, both in terms of demand and supply. From a demand perspective, consumer trends may be changing more frequently than ever before - consumers and young workers are more informed than ever. They are constantly able to draw on, compare and evaluate information. This can lead to new perspectives and the questioning of old ones.

This can be also linked to the supply side, where organizations may be judged more strictly than ever. The information available, in relation to the ways and methods of production, can significantly affect demand. For the first time, consumers can judge organizations on the basis of many criteria - whether they offer high-quality products/services, whether they engage the public interest in interesting/original ways and whether they do all this in an ethical manner.

It can be argued that in the past, consumers were mainly concerned with the effectiveness of organizational processes and the quality of the products/services offered. Now, they are also concerned with the ethical aspect - they may be seriously concerned with organizational performance in terms of ethical behavior or adaptation to corresponding to new social demands.

Innovation can provide an organization, strategic direction for problem solving, and can lead to increased motivation in order to achieve a sustainable competitive advantage (Drucker, 1985; Hitt *et al.*, 2001; Kuratko *et al.*, 2005). This means that a modern organization can acquire dynamic capabilities that can compensate (to some extent) for the fluidity of the external environment. In the past, organizations were concerned with acquiring static capabilities in relation to managing the external environment. In today's era, both the external and internal environments have become so unpredictable that the ability to continuously manage these changes has become the new, constant requirement. An example, in relation to the internal environment, is the new generation of employees. In the past, employees tended to demonstrate commitment to the organizations they worked for. There was a sense of gratitude and loyalty. Nowadays, young workers are increasingly indifferent to all this.

Currently, many organizations are allocating substantial resources to research and development, demonstrating their recognition of the significance of the concept under study (AlShurideh *et al.*, 2019; Assad & Alshurideh, 2020a; Syed *et al.*, 2016). This means that organizations have realized the importance of the concept under study. What needs to be understood is the following - the

capacity for innovation is not a capacity that is developed within an organization and can be stored. The capacity for innovation is a continuous capacity that should permeate and characterize an organization, in accordance with its ability to learn, evolve and grow.

Therefore, static conditions do not appear in this problem, but dynamic conditions can be of vital importance (that can exist from the top to the bottom-and vice versa). Organizational environments, as emphasized, change frequently and in unpredictable ways, therefore organizations must be innovative in order to survive and prosper. The inability to achieve continuous innovation at the level of products/services offered (but also processes, etc.), may entail dealing with multiple problems, both in the external and internal environment.

Damanpour, (1991), emphasized that innovation can "contribute to the increasing of the efficiency or effectiveness of the organization that adopts it". Innovation is a means of changing an organization, either in response to changes in the internal/external environment or as preventive measures taken to influence the environment". One issue in relation to understanding the concept of organizational innovation may be that it is often confused with the introduction and development of purely technological innovations (Birkinshaw *et al.*, 2008). Many times, other forms and types of innovation may not be emphasized with the same force and intensity. Perhaps, Schumpeter (1934) was the first author to distinguish the existence of different types of innovation: innovation at the product level, at the level of production methods, at the level of approach and understanding of markets, suppliers, etc. Innovation in its time and so on, has allowed businesses to achieve new performance measures (Hamel, 2006; Sappasert & Clausen, 2012).

Often, organizational innovation is also called administrative or managerial innovation (Damanpour, 2014) and can be seen simply as "how managers do what they do" (Hamel, 2006). In relation to the above, Evan, (1966) explained that innovation includes new ideas for attracting people, allocating organizational resources, and managing the structure of tasks, power, power dynamics and rewards. Therefore, innovation can concern and affect very important aspects of the internal part of an organization.

Furthermore, organizational innovation can involve changes in organizational structures, modification of the behaviors and beliefs of human resources (or interest groups, etc.) (Knight, 1967) and the introduction of new rules, roles and procedures (Damanpour & Evan, 1984). According to many authors (Birkinshaw *et al.*, 2008; Birkinshaw & Mol, 2006; Hollen *et al.* 2013), organizational innovation can be understood as management activities related to goal setting, employee motivation, coordination of activities and decision making.

These activities may arise due to new organizational relationships and are intended to promote certain goals and objectives. Organizational innovation is not often about enhancing organizational effectiveness and

efficiency. Organizations are often forced to pursue new innovations and adjustments in order to secure their overall reputation (or brand image or legitimacy in regards to various interest groups). Consequently, many organizations may develop innovative behaviors to satisfy the expectations of various interest groups (customers, shareholders, employees, etc.). The definition in the Oslo Manual (OECD, 2005) has emphasized that organizational innovation concerns the implementation of a new method in business practices, in the organization, the workplace or in regards to external relations. This definition includes 3 main elements:

- Business practices (new methods of organizing organizational routines and processes)
- Workplace organization (new ways of distributing responsibilities among employees) and
- External relations (new ways of managing relationships with other organizations or public organizations)

Other researchers have also developed typologies in order to understand organizational innovation. Armbruster *et al.* (2008) reported the existence of two types of organizational innovation: structural innovation and procedural innovation. They also presented a third type (external relations, shown above) as a different dimension where the focus of the organization can be intra-organizational or inter-organizational.

Crossan and Apaydin (2010) developed a conceptual framework adding the determinants of leadership, managerial behaviors/influences, and business processes. They also set out dimensions regarding the concept of innovation (innovation was referred to as both a process and an outcome). Through innovations, organizations can align with the environment in which they operate. For example, if the current environment emphasizes employee empowerment and democratization at the level of human resource management (HRM), organizations will need to develop innovative practices that emphasize innovations that lead to organizational democratization. This may be especially true for public organizations, where their performance is often not measured in terms of profitability.

DiMaggio and Powell (1983) argued, that “change in organizations seems less and less to be driven by competition or the need for efficiency...innovation and change seem to emerge as a result of processes that make organizations more similar, without necessarily making them more efficient.” Organizations often adopt innovations to increase their legitimacy, in line with the demands of important interest groups. In this way, organizations may secure support and validity in order to survive and prosper.

Strategies that emphasize openness in relation to achieving innovation have become prominent in the last decade, although many organizations struggle with the implementation of these strategies (Cassiman & Valentini, 2016). Administrative issues are a persistent issue. Organizations may be committed to developing their innovative capacity, but new problems may constantly

arise, both internally and externally. Organizations may develop new collaborations, with the aim of developing knowledge, but problems may often arise with existing routines, rules, practices, systems for managing work motivation, etc. (Dahlander & Gann, 2010; West & Bogers, 2014). Often unexpected issues may arise, or new challenges may develop, as new ideas may lead to growth, but they may also challenge old conditions and “silos”.

LITERATURE REVIEW

Nowadays, innovation has become an extremely important issue at various levels of organizational activity and has prompted researchers to investigate and identify the various forces influencing the phenomenon (Becheikh *et al.*, 2006). Initially (as has been emphasized), it was analyzed by the German economist and political scientist Schumpeter, (1934) who defined the concept as “the driving force for growth”. In his definition, there are five fields of innovation that were proposed (Vyas, 2009): the creation of new products or the improvement and enhancement of existing products, the use of a new industrial processes, new product introductions to the market, the development of new sources of raw materials or other new inputs and new forms of industrial organizations (mergers, etc.).

According to Eurostat, (2005), innovation is defined as “the implementation of a new organizational improved product, process or a new marketing technique...”. Furthermore, Hurley and Hult, (1998) analyzed innovation as “an aspect of the organizations culture and openness to new ideas”. Consequently, quite broad definitions can be identified depending on the typology and approach adopted (Prifti & Alimehmeti, 2017). Since the industrial revolution, innovation has been considered as a type of activity that can promote economic growth (Heffner, 2006). Innovation is often characterized as a type of “capital” for organizations and has been approached as “an idea, product or process, system or device that is considered to be new to an individual, a group of people or a group of organizations, a sector or society as a whole” (Rogers, 1995).

Globalization has had a significant impact on organizations and the business environment, pushing them to be more competitive, improving their innovation practices (Gunday *et al.*, 2011; Alshurideh *et al.*, 2019). It has also been stressed that dynamic environments are fertile fields for enhancing innovation (JZhang *et al.*, 2013). Therefore, the concept of innovation is an issue whose importance has accelerated in modern conditions.

It can be emphasized that organizations have always had to be innovative in order to differentiate themselves from the competition, but perhaps in today’s era they need to be more innovative than ever, both in frequency and intensity. The way organizations compete and survive in the modern world and the challenges that have been brought, can be a problematic matter.

Research has indicated that through the integration of innovation capability and its alignment with the overall

organizational strategy, organizations can be fruitful (Al Marzouqi *et al.*, 2020; Aburayya *et al.*, 2020).

According to Prifti and Alimehmeti, (2017), organizations face constant pressures from the global environment in which they operate - therefore, they must optimize their decision-making capabilities in such stressful conditions. To persist and thrive in connected and competitive markets, organizations tend to consider innovation as the best solution (Kim, 2005).

Furthermore, innovation is crucial for achieving a sustainable competitive advantage (Bartel & Garud, 2009). As many elements are now imitable (through technology), innovative capacity can lead to the achievement of a sustainable competitive advantage, as it is related to the “unique conditions within organizations” where it can thrive. These conditions (which concern a

number of organizational variables) cannot be easily imitated or copied.

Furthermore, innovation is a multidimensional concept that covers all scientific, technological, organizational, economic and commercial activities (Naser *et al.*, 2004). Organizational performance is recognized as a multidimensional concept and serves as a tool for measuring overall organizational success (Yeung *et al.*, 2003). There are three main influences of innovation on performance, which are financial performance, operational performance and product/service quality. Below the most important factors influencing the innovative performance of organizations will be presented. Innovation has been linked to the concept of knowledge, knowledge acquisition etc and the extent to which an organization can be a learning organization (presented below).

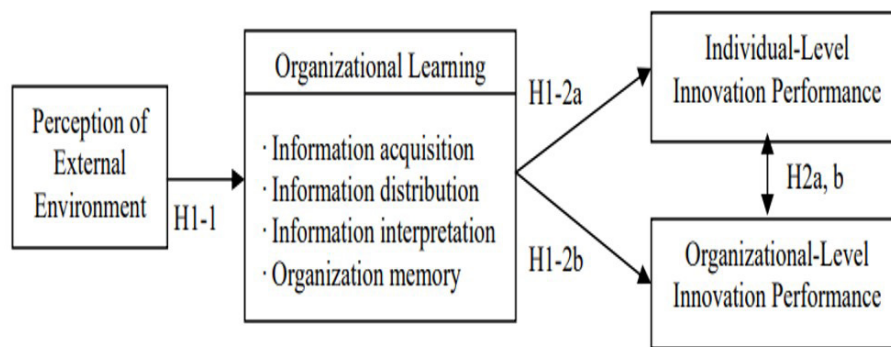


Figure 1: Organizational learning and innovative performance
Source: Wang and Ellinger, (2008)

From the above figure, it appears that innovation may be linked to the ability to perceive and understand the external environment. Organizations that are able to engage and develop knowledge in relation to their environment tend to enhance the ability of organizational learning can be successful. Through the accumulation and dissemination of information and knowledge, the interpretation of all of the above and the development of the ability to store everything in what is called “organizational memory”, organizations may achieve high innovative performance, both at the individual and collective level.

Individual innovative behavior may often not diffuse throughout an organization and lead to increased innovation. In the event that individual efforts are not taken seriously, are not encouraged, are not supported and are not promoted, they may not lead to organizational innovation. This may be due to a number of factors, such as negative employee relations, intra-organizational and inter-departmental competition, the existence of a negative climate, etc.

Knowledge and knowledge management can be important factors influencing individual and collective, innovative behavior. It is therefore important to establish a culture where the development and sharing of knowledge is a key component. Employees should be essentially encouraged to express ideas, solutions and suggestions, without the presence of criticism.

In addition, conscious efforts should be made so that the knowledge that is accumulated is translated into something that can benefit the organizations. For the above, all personnel should appreciate and understand the value and importance of the concept under study. Only in this way, can there be substantial support (from within) for any innovative, individual behavior. In a case where competitive conditions prevail, even excellent ideas may not be supported and not progress.

Organizational learning and innovation are closely intertwined, as the ability to learn directly influences an organization’s innovative capabilities. Organizational learning enables knowledge creation, which can form the basis for innovation. Nonaka and Takeuchi’s, (1995) Knowledge Spiral Model emphasized the transformation of tacit knowledge (personal, experience-based) into explicit knowledge (codified, formal) as a critical process for innovation. This continuous process can enhance an organization’s capacity to generate novel ideas and solutions, driving innovation.

Innovation thrives in organizations that embrace a learning culture, enabling them to adapt to external changes and uncertainty. By engaging in continuous learning, organizations develop the agility and flexibility to explore new opportunities and respond to emerging challenges (March, 1991).

Organizational Learning Balances Two Key Processes
Exploration

Learning new knowledge through experimentation, risk-taking, and discovery. Exploration is essential for radical innovation (March, 1991)

Exploitation

Refining existing knowledge to improve efficiency and optimize processes. Exploitation drives incremental innovation.

Successful organizations adopt an ambidextrous approach, combining exploration and exploitation to sustain innovation over time (O'Reilly & Tushman, 2013). Organizational learning enables firms to learn from failures and mistakes, which are often precursors to innovation. A culture that views failure as a learning opportunity can foster experimentation and risk-taking which are essential components of creative processes (Sitkin, 1992).

Teams serve as key units of organizational learning. Cross-functional teams that engage in collective learning processes, such as brainstorming, knowledge sharing, and experimentation, are more likely to develop innovative ideas (Edmondson, 1999). Cohen and Levinthal (1990) argued that organizations with higher absorptive capacity (from the outside environment) can leverage external knowledge for developing innovative products, processes, and strategies.

Organizational learning may enhance dynamic capabilities, which are the firm's ability to integrate, build, and reconfigure internal and external resources to adapt to changing environments (Teece *et al.*, 1997). Dynamic capabilities can enable firms to engage in continuous innovation by learning from their experiences and responding proactively to market changes. A learning-oriented culture promotes open communication, collaboration, and experimentation, which are key drivers of innovation (Senge, 1990).

In the figure below, all of the above is apparent - in the conceptual model that is shown, the intensity of labor relations, employee diversity, the quality of knowledge sharing, and the level of IT maturity have been selected as independent variables.

The quality of employment relations seems to be a very important factor. Employee relations concern the relationship between the employees, as well as their relationship with leadership and the management. Any friction and problems that can arise, may lead to unsatisfactory levels of sharing of any knowledge that is collected and developed. In addition, ensuring an adequate level of diversity within organizations can lead to the existence of different perspectives, experiences, ways of thinking, etc. Workers from different environments may have different ways of thinking, different stories, etc., which can lead to organizational enrichment.

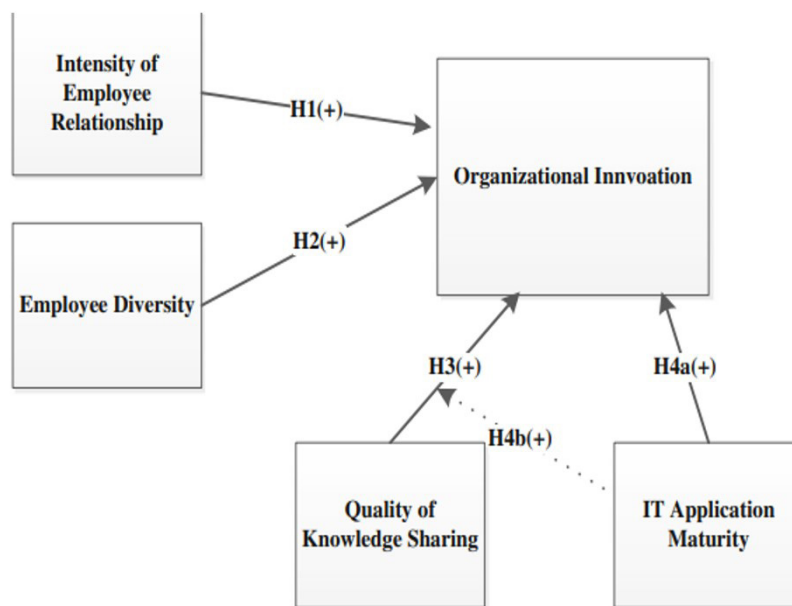


Figure 2: Antecedents of organizational innovation
 Source: Peng *et al.*, (2013)

The above can also lead to the osmosis of ideas and the development of innovative solutions to a number of issues. The figure also mentions the role of technology, where it can contribute to the diffusion and upgrading of the knowledge produced. The role of quality working relationships and of the prevalence of diversity has probably not been emphasized enough. Healthy human relationships can lead to significant

sharing of information, perspectives, experiences, accumulated wisdom, etc. Otherwise, misunderstandings, misinterpretations, tensions, etc. can lead to a significant reduction in the quality of shared knowledge within organizations. Strong interpersonal relationships, characterized by trust, collaboration, and open communication, can create a conducive environment for knowledge sharing, creativity,

and collective problem-solving. The relationship between employee dynamics and innovation is supported by social capital theory, which highlights how networks of relationships facilitate resource exchange and collaboration (Putnam, 2000). In the context of organizations, social capital, built through strong employee relationships, fosters knowledge-sharing behaviors that are vital for innovation (Nahapiet & Ghoshal, 1998).

Another relevant framework is Amabile's (1996) componential theory of creativity, which identifies collaboration and team dynamics as key social factors influencing creativity and, by extension, innovation. This theory suggests that positive relationships can enhance intrinsic motivation, a critical driver of creative performance. Innovation often stems from the integration of diverse ideas and expertise. Employee relationships characterized by trust and mutual respect can allow individuals to share knowledge and insights without fear of judgment.

Edmondson (1999), emphasized that psychological safety (a condition where employees feel secure to express ideas and take risks) emerges from positive interpersonal relationships. Teams with strong relationships are more

likely to engage in innovative behaviors because they feel supported and valued.

The following diagram illustrates the relationship between the concepts of leadership, organizational culture, and organizational innovation. Although the diagram only discusses transformational leadership (where leadership offers a future vision that is uplifting, stimulating, influential, motivating, and engaging) and transactional leadership (where there is a type of transaction between leadership and employees), many types and forms of leadership may follow the same conceptual paths.

Leadership, culture, and organizational innovation are deeply interconnected, forming a triad that drives a firm's capacity to adapt and thrive in competitive environments. Leadership sets the tone for organizational culture, which in turn shapes the conditions for innovation. Understanding the dynamics between these elements is crucial for fostering an innovative and resilient organization. Effective leadership can play a pivotal role in promoting organizational innovation by setting a vision, creating a supportive environment, and motivating employees to explore new ideas.

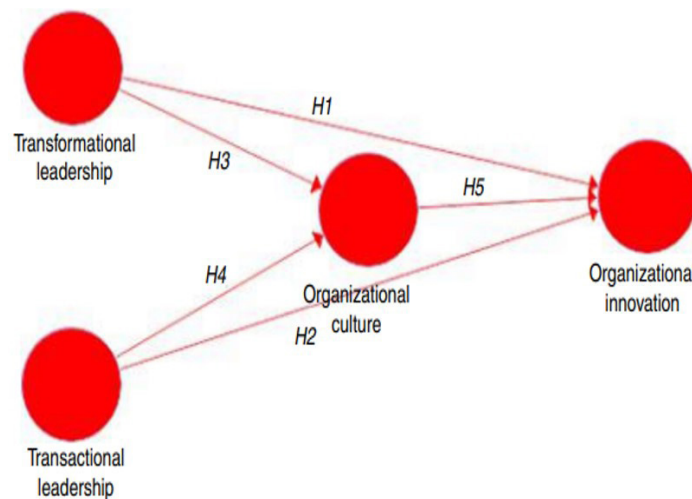


Figure 3: Leadership, culture and organizational innovation

Source: Wenjing et al., (2017)

Transformational leadership, in particular, has been shown to enhance innovation by inspiring employees to transcend traditional ways of thinking. According to Bass and Avolio (1994), transformational leaders stimulate intellectual curiosity, encourage risk-taking, and challenge the status quo, thereby fostering a culture of continuous improvement.

Leaders also influence innovation through resource allocation and strategic decision-making. Tidd and Bessant (2020) argued that leaders who tend to prioritize innovation-related investments (such as research and development (R&D) or training) may enhance a firm's capacity to generate and implement novel solutions. Additionally, leaders can act as role models, demonstrating openness to change and signaling the importance of innovation across the organization.

Organizational culture defines shared values, beliefs,

and norms that shape employee behavior and decision-making processes. A culture that supports creativity, collaboration, and risk-taking is essential for fostering innovation. Schein (2010) emphasizes that leaders play a key role in cultivating such a culture by embedding innovation as a core organizational value.

Cultures that encourage psychological safety, where employees feel safe to express ideas and fail without fear of retribution, are particularly conducive to innovation. Edmondson (1999) highlights that psychological safety fosters experimentation, a critical component of the innovation process. Additionally, cultures characterized by diversity and inclusivity have been found to stimulate creativity, as diverse perspectives lead to more robust problem-solving (Hofstede, 2001).

The relationship between leadership, culture, and innovation is symbiotic. Leaders influence the

development of an innovation-friendly culture, which in turn facilitates the implementation of innovative strategies. Conversely, a rigid or hierarchical culture can stifle innovation, regardless of leadership efforts. Research by Denison and Mishra (1995) suggests that organizations with participative leadership styles and adaptive cultures are more likely to succeed in innovation initiatives. Adaptive cultures are characterized by flexibility, openness to change, and a focus on external opportunities. Leaders in such cultures emphasize collaboration, learning, and responsiveness, creating an environment where innovation can flourish.

While innovation often requires creativity and experimentation, it must also be balanced with structure and strategic direction. Ambidextrous leadership, as proposed by Rosing, Frese, and Bausch (2011), highlights

the need for leaders to balance exploration (generating new ideas) with exploitation (refining and implementing ideas). Such leaders adapt their style to encourage both creativity and disciplined execution, fostering a dynamic culture where innovation is both nurtured and applied effectively.

From the figure below, it appears that employee autonomy can also play an important mediating role in the relationship between innovation efforts and related performance. The trend towards OI (open innovation) refers to the implementation of a wide range of practices related to knowledge acquisition, which are characterized depending on their direction as inbound or outbound (Chesbrough, 2003). This approach has become popular (West *et al.*, 2014), as it is recognized as a means to achieve innovative performance (Laursen & Salter, 2006; Lilien *et al.*, 2002).

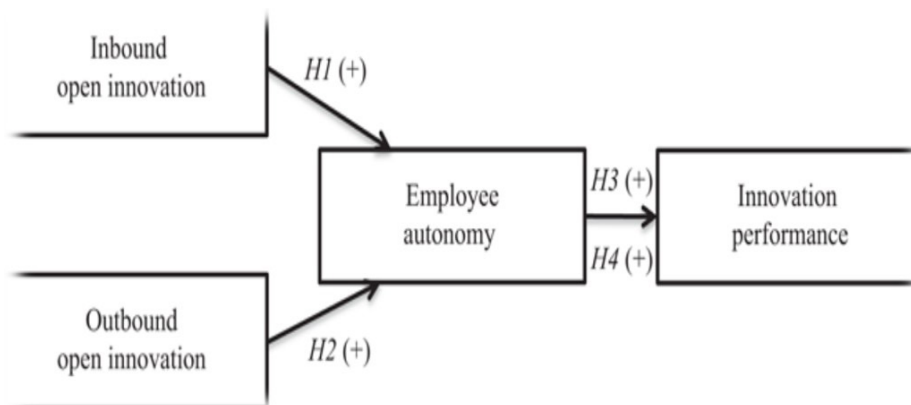


Figure 4: Autonomy and organizational innovation
 Source: Burcharth, Knudsen & Søndergaard, (2017)

The concept of inbound open innovation refers to knowledge development efforts that are made within an organization, such as searching for information on the Internet, R&D results, etc. Outbound innovation refers to knowledge gathered through collaboration with external sources, organizations, etc. (Burcharth, Knudsen & Søndergaard, 2017). This knowledge, through autonomy, can be translated into innovative, organizational performance. Employee autonomy refers to the degree of freedom and discretion individuals have in their work roles to make decisions, organize tasks, and determine how they can achieve their objectives. It is a fundamental aspect of job design that can significantly impact motivation, job satisfaction, creativity, and overall organizational performance.

It has been highlighted that autonomy can foster a sense of ownership and responsibility among employees, which can lead to enhanced productivity and innovation. Employee autonomy is rooted in self-determination theory (SDT), which posits that autonomy, competence, and relatedness are essential psychological needs for motivation and well-being (Deci & Ryan, 1985). When employees perceive a high level of autonomy, they can be more intrinsically motivated to engage in their work, resulting in higher performance and satisfaction. Job characteristics theory also emphasizes the role of

autonomy as a critical job dimension that may enhance meaningfulness and responsibility, leading to improved outcomes (Hackman & Oldham, 1976).

Autonomous employees often experience greater job satisfaction as they have control over their work processes and outcomes. Research by Gagné and Deci (2005) shows that autonomy-supportive environments foster intrinsic motivation, which leads to higher engagement and reduced burnout. Autonomy provides employees the freedom to explore novel ideas and solutions without rigid constraints. Amabile, (1996) found that autonomy is a critical enabler of creativity as it allows individuals to experiment and think divergently, which is essential for innovation.

By empowering employees to make decisions, autonomy enhances accountability and ownership of outcomes. Studies have shown that autonomous employees are more likely to take initiative and exhibit proactive behaviors, contributing to improved team and organizational performance (Langfred, 2004). Autonomous employees are better equipped to adapt to changes in the work environment. By having control over how they accomplish tasks, they can respond flexibly to new challenges and uncertainties (Baard *et al.*, 2004). The effectiveness of autonomy varies by job role and individual preferences. Employees in creative or knowledge-intensive roles

may benefit more from autonomy than those in highly structured tasks.

Leaders play a vital role in fostering autonomy by creating a supportive environment. Autonomy-supportive leadership involves providing employees with the resources, trust, and encouragement needed to take initiative while offering guidance when necessary. Research suggests that participative and transformational leadership styles are particularly effective in enhancing autonomy (Yukl, 2013).

Research Analysis

Netflix stands as a quintessential example of organizational innovation, transforming the entertainment industry through its dynamic business models and pioneering use of technology. Since its inception in 1997, Netflix has evolved from a DVD rental service into a global leader in video streaming and content creation. This transformation highlights the role of innovation in adapting to technological advancements, changing consumer behaviors, and competitive pressures.

Netflix's initial breakthrough came with its subscription-based DVD rental model, which diverged from the conventional video rental approach dominated by companies like Blockbuster. By eliminating late fees and offering convenience through mail delivery, Netflix enhanced the customer experience. This model aligns with Christensen's theory of disruptive innovation, which posits that market entrants can displace established players by targeting underserved needs or offering more accessible alternatives (Christensen, 1997).

The launch of Netflix's streaming service in 2007 marked a significant leap in its innovation journey. By leveraging advancements in internet infrastructure and data compression technologies, Netflix redefined how audiences consumed media. This shift enabled on-demand access to content, which catered to the growing consumer demand for flexibility and convenience (McDonald & Smith-Rowsey, 2016). The streaming model disrupted traditional broadcasting and cable networks, forcing competitors to rethink their delivery strategies.

Netflix's use of big data and machine learning to personalize user experiences is a hallmark of its innovation. Its recommendation system, based on algorithms that analyze user behavior and preferences, significantly enhances customer satisfaction and retention. As O'Neil (2016) argues, such data-driven decision-making not only improves efficiency but also deepens engagement by delivering tailored content.

Recognizing the growing importance of exclusive content, Netflix began producing original programming in 2013 with *House of Cards*. This move exemplified forward integration, where Netflix assumed control over content creation to reduce reliance on third-party licensing. According to Doyle (2016), vertical integration in media allows firms like Netflix to differentiate themselves in saturated markets and create unique value for subscribers. Today, Netflix's original content is a key competitive

advantage, with critically acclaimed shows like *Stranger Things* and *The Crown* attracting global audiences.

Netflix's global expansion strategy showcases its capacity for cultural adaptation. By producing localized content, such as *Money Heist* (Spain) and *Squid Game* (South Korea), Netflix has successfully tapped into diverse international markets. This strategy aligns with Prahalad and Doz's (1987) framework on balancing global standardization with local responsiveness, enabling Netflix to achieve scalability while addressing regional preferences.

Despite its success, Netflix faces growing competition from streaming platforms like Disney+, Amazon Prime Video, and HBO Max. These challenges highlight the importance of continuous innovation to sustain leadership in a rapidly evolving industry. Analysts like Lotz (2021) emphasize that Netflix must navigate issues such as content saturation, rising production costs, and subscriber churn by innovating in areas like interactive content and gaming.

CONCLUSION

The organization under study started with an innovative vision, which was developed by creatively utilizing a series of tools, methods and philosophies. However, it seems that today Netflix faces difficulties and challenges along the way. The innovation of the company under study was based both on technology (use of algorithms, artificial intelligence, etc.), and on the existence of an innovative/open culture and philosophy.

Innovation is an extremely multidimensional and complex concept. The need to achieve individual and organizational innovative performance is something imperative and not at all easy. The adoption of a holistic perspective is needed, where the achievement of continuous innovation is at the center. This may require significant shifts in management philosophy, but it is necessary.

Innovation, as analyzed, has been linked to "subtle" concepts, such as culture, organizational knowledge, etc. In order for an open, thriving culture to exist and develop, a series of realizations are required. Leadership must understand that the "free knowledge" of employees can be of exceptional importance (especially in industries that deal with direct contact with the customer).

Leadership must realize the importance of soft skills, in relation to management. Hard skills (control, achieving efficiency, etc.) do not seem to be able to play a significant role in today's fluid era. Emotional intelligence and the ability to think holistically can make the difference. Executives who can resolve conflicts, promote communication within departments and organizations, contribute to strengthening working relationships and the development of a healthy climate can be extremely successful.

Epilogue

Organizational innovation is vital for ensuring long-term success and sustainability in a rapidly changing global

environment. It encompasses the implementation of new ideas, processes, or structures to improve organizational performance, adaptability, and competitiveness. This capability has become increasingly critical as industries face technological disruptions, globalization, and shifting consumer demands.

Organizational innovation allows organizations to maintain or achieve a competitive edge by fostering unique value propositions and operational efficiencies. Schilling, (2020) highlighted that innovative organizations often outperform their peers by effectively responding to environmental changes and harnessing emerging opportunities. By developing novel products, services, or business models, organizations can differentiate themselves in crowded markets.

Innovation in organizational structures and processes often leads to enhanced productivity and cost efficiency. For instance, implementing automation technologies or redesigning workflows can reduce operational redundancies and streamline service delivery (Tidd & Bessant, 2020). These changes not only can optimize resources but can also improve employee satisfaction by creating more meaningful and efficient work practices.

In an era marked by uncertainty and frequent disruptions, organizations must adapt swiftly to survive. According to Teece (2018), organizations with dynamic capabilities—those that integrate, build, and reconfigure internal and external competencies, are better positioned to innovate and pivot in volatile environments. Such adaptability ensures resilience in the face of crises, such as economic downturns or supply chain disruptions.

Innovation thrives in environments that prioritize collaboration and knowledge sharing. Nonaka and Takeuchi, (1995) have argued that fostering a culture of continuous learning and innovation enables organizations to harness tacit knowledge, which often leads to groundbreaking ideas. Such collaborative environments are particularly beneficial in tackling complex, cross-disciplinary challenges.

Modern organizations face mounting pressure to align innovation efforts with broader societal and environmental goals. Sustainable innovation, for example, involves creating processes and products that minimize environmental harm while generating economic and social value (Boons & Lüdeke-Freund, 2013). Organizations that prioritize such innovations can build goodwill and long-term viability in increasingly eco-conscious and volatile markets.

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