

# Module 4 – Making innovation work in and for organisations: mainly managerial and human resource related issues and perspectives

## Objectives

On successful completion of this module, you should be able to:

- analyse and critically discuss the interrelationship between creativity and innovation
- analyse and engage in critical dialogue about the challenges and dynamics related to enhancing innovation through structures, organisational culture, systems, processes and other and managerial practices and dynamics
- analyse and critically discuss connections between innovation and aspects of human resource management strategy, functions, practices and organisational culture
- analyse and critically discuss aspects related to reviewing, measuring or/and assessing and learning about improving innovation in organisations
- analyse and critically discuss the nature and potential value of evaluating aspects related to SHRM.

## Learning resources

### Text

Davila, T, Epstein, MJ & Shelton, R 2006, *Making innovation work*.

Millmore, M, Lewis, P, Saunders, M, Thornhill, A & Morrow, T 2007, *Strategic human resource management*.

### Selected readings

**Reading 4.1:** Csikszentmihalyi M 2006, 'A system perspective on creativity', chapter 1 in J Henry (ed.), *Creative management and development*, SAGE Publications Ltd, London, pp. 3–17.

**Reading 4.2:** Mauzy, J & Harriman, R 2003, 'The dynamics that underlie creative thinking', *Creativity Inc.*, HBS Press, Boston, pp. 11–30.

**Reading 4.3:** Bills, T & Genasi, C 2003, *Creative business*, Palgrave-McMillan, New York, pp. 62–72.

**Reading 4.4:** Morris, MH, Kuratko, DF & Covin, JG 2008, 'Human resources and the entrepreneurial organization: the creative individual', chapter 6 in *Corporate entrepreneurship & innovation*, Thomson South-Western, Mason, Ohio, pp. 137–49.

**Reading 4.5:** Kassulke, A 2006, 'Building a creative company', *Management Today*, August, pp. 24–7.

**Reading 4.6:** Zdunczyk, K & Blenkinsopp, J 2007, 'Do organisational factors support creativity and innovation in Polish firms?', *European Journal of Innovation Management*, vol. 10, no. 1, pp. 25–40, viewed 1 September 2009, Emerald Management Xtra.

**Reading 4.7:** Salaman, G, Storey, J & Billsberry, J 2005, 'Achieving 'Fit': managers' theories of how to manage innovation', chapter 5 in *Strategic human resource management: theory and practice*, SAGE, London, UK, pp. 91–113.

**Reading 4.8:** De Jong, JPJ & Den Hartog, DN 2007, 'How leaders influence employees' innovative behaviour', *European Journal of Innovation Management*, vol. 10, no. 1, pp. 41–64, viewed 1 September 2009, Emerald Management Xtra.

**Reading 4.9:** Dobni, CB 2008, 'Measuring innovation culture in organizations', *European Journal of Innovation Management*, vol. 11, no. 4, pp. 539–99, viewed 1 September 2009, Emerald Management Xtra.

**Reading 4.10:** McColl, G 2005, 'Culture breeds ideas', *BRW innovation Issue*, June 16–July 13, pp. 54–7.

**Reading 4.11:** Imber, S 2008, 'Think outside the square: HR and innovation', *Human Capital Magazine*, no. 6.4, 12–14, viewed 17 August, <[www.hcamag.com](http://www.hcamag.com)>.

**Reading 4.12:** Zheng, C, O'Neill, G & Morrison, M 2009, 'Enhancing Chinese SME performance', *Personnel Review*, vol. 38, no. 2, pp. 175–94, viewed 1 September 2009, Emerald Management Xtra.

**Reading 4.13:** Morris, M, Kuratko, D & Covin, J 2008, 'Human resources and the entrepreneurial organization: the organizational perspective', chapter 7 in *Corporate entrepreneurship & innovation*, Thomson South-Western, Mason, Ohio, pp. 164–82.

## Introduction

Earlier you were introduced to some of the fundamentals related to innovation. Your attention was specifically drawn to the potentially important role to be played by innovation and to the connections and potential interplay between organisational performance, strategy and innovation and human resource management. It has been emphasised throughout this course so far that an integrated approach, one which emphasises the interconnectedness between various organisational elements and subsystems, processes and practices, is arguably an important characteristic of a strategic approach to managing organisations. In the previous module we specifically looked at aspects of strategic human resource management and how these might link up with things like organisational performance and competitiveness. You are challenged throughout to make linkages to innovation-driven organisational strategies and practices. Our focus now moves deeper into the realm of innovation. We start off by taking a closer look at creativity as the cornerstone of innovation. In this module you get the

opportunity of making a more in-depth study of how to go about harnessing and developing creativity and building innovative organisations. You are specifically again challenged to make the relevant people, HRM and organisational performance connections as well.

You know by now that there are schools of thought according to which innovation is recognised as a potential organisational strategy in its own right. There are however competitive strategies that are not so much innovation-driven necessarily – but in which aspects of creativity and innovation will nevertheless offer possibilities to add value. The success of organisations in this knowledge era seems to be very much people-based and therefore the relationship between strategy and HRM strategy and practice is important. It is people who are creative and the potential for innovation thus always come from people. That is also why any form of innovation-driven competitive modes of organisations will be quite strongly people-based. This is so partly because creativity forms the foundation of innovation. Morris, Kuratko and Covin (2008, pp. 137–8) say that creativity ‘can be defined as the application of a person’s mental ability and curiosity to discover something new ... creativity is the capacity to develop new ideas, concepts, and processes’. It should hence be clear that the creativity-innovation link makes innovation-driven strategies strongly human-centred. As Chell (2001, p. 225) puts it, at the end of the day ‘innovation is down to the performance of people, individuals and teams ...’, and later also (Chell 2001, p. 233), ‘innovation leads to better performance, it gives business a competitive edge ... enabling it to outperform its competitors ... A critical management problem therefore is how to deal with the human and organisational aspects of innovation’.

Cascio (1998) also makes it clear that innovation-driven organisations must know that this has particular implications for the way that people are managed. Organisations who place a premium on innovation have to pay due attention to the way that they design organisations and structure the work of organisations (hence at all three levels – individual, group and organisational), to the recruitment and selection of people to become part of its pool of ‘human resources’, to the way that people are deployed, utilised, developed, rewarded and retained, and in particular also to the way they develop the culture and climate of their organisations – in order that all would be conducive to strategy execution, performance and competitiveness through innovation-driven processes, practices, structures and systems. As you reflect back on what you have covered in the previous module you are thus encouraged to make those connections between all the HRM and SHRM aspects and organisational innovation (and creativity).

## 4.1 The creativity-innovation connection

You have already been introduced to the interplay and relationship between creativity and innovation. We’d like to stress this point here once again. It is hard to think how there can be innovation without creative ideas. Innovation requires some creativity. Therefore, creativity and innovation go hand in hand – but as you’ve learned, these are not the same phenomena. You have already been exposed to what innovation means. But what is creativity?

Bills and Genasi (2003, p. 1) say the following: ‘It’s a slippery concept, creativity: every time you get close to coming to grips with it, it seems to slip away, as indefinable as ever... The notion of creativity means something different from one individual to another’. It’s not all that easy to define the concept ‘creativity’ – but the one offered in the introduction seems pretty useful. You’ll read it again shortly.

Before we go any further, we want you to engage in the activity below:



## Learning activity 4.1

Sit back and think about the word ‘creativity’. What things come to mind? Write down **only** words or phrases that you associate with the word ‘creativity’ (use the space provided below for this purpose).

Now take a careful look at what you have written down. Reflect on it and attempt to formulate your own definition of the concept ‘creativity’ – come on; be creative when you do this!!!

We are all familiar with creativity. We have all been creative to a greater or lesser extent in our lives. We will all be able to make some associations with the notion of creativity. If we were to compare our associations (the words and/or phrases that we’ve listed in the foregoing activity), we’d probably find a very wide range of things that have been listed. Yes, there are diverse issues related to creativity. Things that may have come to mind might include (and these are just a few) art, innovation, invention, originality, new, artists (perhaps the names of some prominent ones like Leonardo Da Vinci), etcetera.

So then, if there are so many different things that relate to creativity and if it means different things to different people, why bother to even attempt to define it, you might ask. After all, as Mauzy and Harriman (2003, p. 11) put it: ‘One can be creative without understanding the underlying dynamics as much as one can drive a car without understanding how the engine works’.

And just think about it a while: we all tended to be creative as children. Think of your days as a youngster. Just observe when children play – especially toddlers and early school going children. Just look at the imagination at work when children play – creating their own little fantasy worlds. They do not understand a bit about the ‘nature’ of creativity, and yet, they show us huge amounts of the ‘practice’ of creativity. And this is probably where the educational dimension comes into play. We often have to channel these creativities into the appropriate direction – otherwise it may turn out that the creativity of children may lead to dangerous and perhaps even sometimes life threatening practices. Does this make any sense to you?

Well, this course forms part of an advanced educational programme and it is therefore essential that you are exposed to some of these ‘mechanics’ of what creativity is and how it works. In addition, because the study of business and management entails an encounter with

applied sciences, it is important that you not only learn about how creativity works, but also in particular what can be done to enhance creativity – at a personal level and in an organisational context. So then, let's move on to explore what 'creativity' as concept means.

Coulter (2003, p. 52) explains that one of four critical success factors for succeeding in today's economic world is the ability to be creative and she explains that creativity is the ability 'to combine ideas in a unique way or to make unusual associations between ideas'. Zimmerer and Scarborough (2002, p. 37) define creativity as 'the ability to develop new ideas and to discover new ways of looking at problems and opportunities' and they go on to explain that creative thinking 'has become a core business skill, and entrepreneurs lead the way in developing and applying that skill...creativity and innovation often lie at the heart of small companies' ability to compete successfully'. It can be seen that there are striking similarities between these definitions. Keep in mind, however, that all these definitions come from similar 'discipline' perspectives.

Although it is true that creativity can be defined from the angle or viewpoint of different disciplines, and not only the business or psychological perspective, it should be rather clear from what we have already offered up to now that creativity has a lot to do with how people's brains work, their thinking styles, thought processes, etcetera. It is very much about ideas and the thinking of people – how the 'knowledge' locked up in the 'human resources' of the organisation can be best utilised and developed. Creativity is therefore also a social rather than a purely individually driven phenomenon. Creativity occurs in a particular context and is hence context-bound. Our interest and focus in this course can obviously be narrowed down to the organisational context. And in particular we'd like to come to some improved understanding of the human dynamics that underpin creativity and innovation in organisations. Keep in mind as you work through the material, that in this course we focus on creativity (and innovation) within the context of organisations, strategy and the improvement of organisational performance – and with a particular slant on the human resource (management) side thereof. However, it is also important to reflect on creativity from a more general social contextual perspective.



## Reading activity 4.1

You should now read **selected reading 4.1** which is chapter 1 (entitled 'A systems perspective on creativity') from a book edited by Jane, Henry 2006, *Creative management and development* – Note the research finding about the interplay between domain specific knowledge, the creativity of individuals and the field gatekeepers. Do you think some of this may be relevant to creativity and innovation in organisational contexts too? Why/not?

You should now have a more clear appreciation for the school of thought that Von Stamm (2003), amongst others, form part of, namely that creativity is an essential element of innovation and that creativity plus (successful) implementation leads to what is known as innovation. Whereas creativity has more to do with coming up with ideas, ideas on their own are not enough – something needs to be done with these novel ideas. Chell (2001, p. 233) also summarises it quite succinctly when it is said that 'whilst creativity is the generation of novel or original ideas at work, innovation is their implementation'. Mauzy and Harriman (2003, p. 145) say that to them, innovation is 'the result, the change in order of things, the solution that comes from the work of purposeful creativity'. As you'll recall from the second module, a key difference also lies in the implementation side of things, as well as the risk factor that also comes into play when creative ideas are to be turned into innovations.

Von Stamm clearly makes the distinction between creativity and innovation by drawing the attention to the implementation of creative ideas:

*So implementation is about being organized and about using the methodological and systematic approach...It needs to be structured and cannot be left to chance. Time is of the essence—you need to be fast. Creativity is less straightforward than implementation, it is not about a new process or establishing a new structure. To be creative people have to think differently. To be innovative people have to behave differently. And to be successful organisations have to employ people that think and behave differently... Creativity is about being different, thinking laterally, making new connections... Creativity can be encouraged, not forced. Time is of the essence too, but in as much as creativity cannot be rushed, you need to allow it. Organisations that want to embrace innovation therefore need to find ways of reconciling the tension that lies in the juxtaposition of creativity and implementation.*

(Source: Von Stamm 2003, p. 3)

It should thus be clear that creativity forms a key ingredient of innovation, probably its major building block. As we've said – without creativity there wouldn't be any innovation. Innovation seems to be the bringing to fruition of deliberate and focused efforts channelled towards harnessing creativity and turning these into workable and value-adding outputs. It all starts with creative thinking however.



## Reading activity 4.2

In this reading activity you are required to read a few more selected readings for this Module. You should first read 'The dynamics that underlie creative thinking' as contained in **selected reading 4.2**: Mauzy, J & Harriman, R 2003, *Creativity Inc.*

From this reading you would have learned about these authors' views of the four dynamics they believe form the foundation of the creative process. In the next reading you'll be further challenged to consider what can be done, at a personal level, to get creative thinking going towards unlocking new ideas.

Next you should read **selected reading 4.3**: Bills, T & Genasi, C 2003, *Creative business*, which is chapter 4 from the said book, entitled 'New ways of thinking to unlock breakthrough ideas'. This reading may help you reflect on techniques to actually get the creative process rolling – techniques like taking holiday trips, 'sliding into neutral', 'tight-wide' thinking and purposeful dreaming.

Lastly read **selected reading 4.4** – the pages extracted from chapter 6 of the book *Corporate entrepreneurship & innovation*. In this reading, keep in mind the focus of the book which this reading is taken from – namely corporate entrepreneurship, also known as intrapreneurship. Take particular note of the sections on the 'creative process' and 'creative blocks' – and also pay attention thereto that the importance of turning creativity into something concrete is also stressed in this reading. Reference is also made to various creativity techniques. The authors furthermore provide some interesting views on the personality of people who tend to be more entrepreneurial. You will probably also find the section on 'motivating entrepreneurial behaviour' interesting.

After you have engaged in reading activity 4.2, we would like to invite you to engage in a learning activity. Byrd and Brown (2003) have developed an instrument they call the



Innovation-X Questionnaire. We reproduce a slightly adapted extract here in order to allow you to do some self assessment regarding your ‘innovation profile’. Keep in mind that this seems to be a very simplistically designed instrument and the scientific or psychometric properties are not claimed to be known. It is meant to facilitate some personal level engagement at this point in time. You are encouraged to now engage in learning activity 4.2.



## Learning activity 4.2

Assessment instruments, especially self-assessments, have been used for many years in a variety of ways... These instruments have proven to be reliable, but it is up to the individual taking the instrument to be honest with himself or herself in order to obtain accurate measurements. We urge you to be honest when taking the Innovation-X Questionnaire (X marks the spot of the intersection between creativity and risk taking).

An implicit assumption of the Innovation-X Questionnaire is that, over a life-time, people develop a general predisposition toward creativity and risk taking... The scales were constructed with the assumption that individuals will take the inventory when things are ‘going well’ for them. Although it is possible for a recent traumatic incident in a respondent’s life to impact the way he or she scores, the norms are accurate for interpretive purposes. When taking the inventory, don’t think too much about the questions or answers. Remember, there are no right or wrong answers – simply different preferences. Go with your first intuition; it’s usually the most accurate. The assessment (see Exhibit below) should take about five minutes to complete.

### Exhibit Innovation-X Questionnaire

	Strongly disagree		Somewhat disagree			Somewhat agree		Strongly agree	
	1	2	3	4	5	6	7	8	9
1. I feel free not to do what others expect of me.									
2. There are a variety of solutions to every problem.									
3. I will risk a friendship in order to say or do what I believe is necessary.									
4. Inventors contribute more than political leaders do.									
5. I feel free to show both friendly and unfriendly feelings to strangers.									
6. Daydreaming is a useful activity.									
7. New situations do not frighten me.									
8. I often fantasize about things I’d like to do.									
9. I can cope with the ups and downs of life.									
10. What others consider chaos does not bother me.									

After you have responded to each question, add the numerical value of the responses under each of the headings for the odd numbered questions. Divide this number by five. That is,  
 $(1) + (3) + (5) + (7) + (9) = \text{___} / 5 = \text{___}$ .

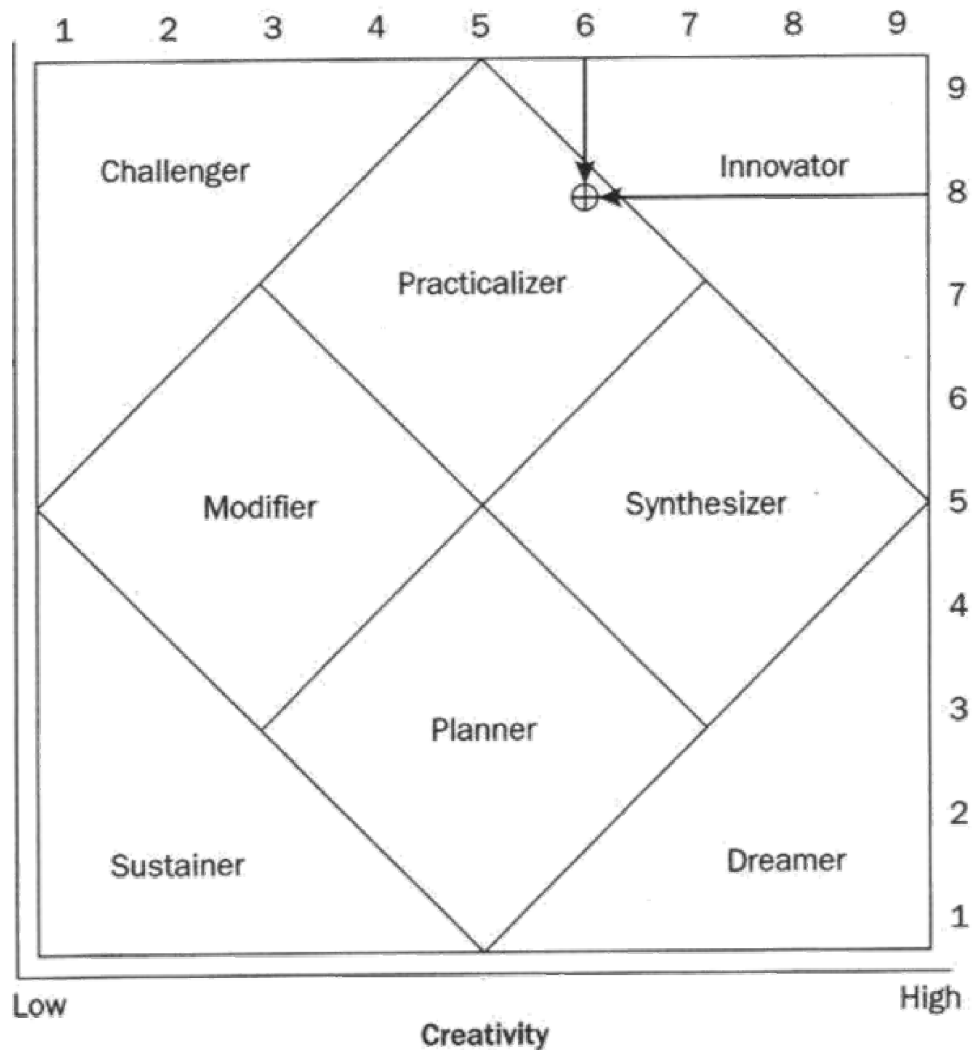
This is your risk-taking score.

Next do the same for the even numbered questions, like this:

$(2) + (4) + (6) + (8) + (10) = \text{___} / 5 = \text{___}$ . This is your creativity score.

Now, plot these scores on the Creatix grid (figure 4.3) as shown in the example in figure 4.2. In this example, the person had a calculated risk taking score of 8 and a calculated creativity score of 6. She plotted herself on the Creatix and learned that she is a Practicalizer.

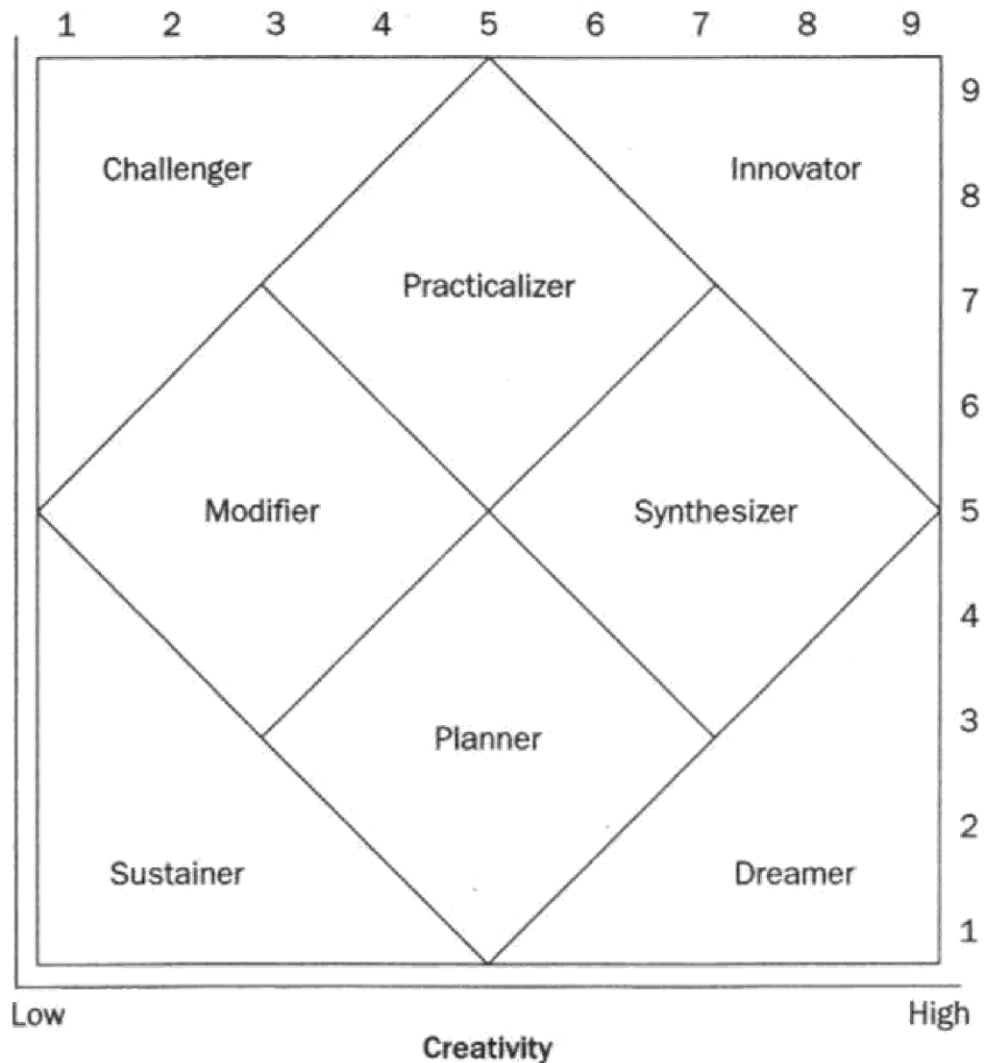
**Figure 4. 1: Sample innovation orientation on the creatix**



Plot your own calculated scores on the grid in figure 4.2.



Figure 4. 2: Your innovation orientation



The table below highlights the key attributes of each of the eight orientations. You can see the differences at a glance and begin to understand a fuller range of creativity and risk-taking perspectives. Are you an innovator?

Highlights of the eight orientations

Challengers	Innovators
Have the attitude of 'do it'; if we do nothing we will lose out	Have a new idea every minute
Take others' ideas and drive them home	Think more highly of their own ideas than others'
Get excited about new ideas but seldom create their own	Always think they can figure out how they can make it happen
Can take on too many ideas and not see them to fruition	Keep an organisation off balance – not usually a good thing
	Can hit the 'grand slam'

<b>Sustainers</b>	<b>Dreamers</b>
Like stability and do not seek change	Can be the creative juices for an organisation as long as they hook up with a type that can drive their ideas
Do voluminous amounts of routine work	Let most of their ideas die because they cannot figure out how to make them happen
Don't like to take chances or offer many ideas	Are creative; constantly are coming up with new ways to do things
<b>Modifiers</b>	<b>Practicalizers</b>
Believe incremental changes are okay	Like changes, but not too many at once
Will frequently improve things by tweaking them	Are willing to try something new
Like to test the waters before doing anything	Will come up with creative ideas, but do not consider this their forte
Don't take risks unless they can see the real benefits over leaving things the same	Help the organisation continue to grow by pushing it along
<b>Synthesizers</b>	<b>Planners</b>
See possibilities in everything	Believe that an idea has merit if it fits within 'the plan'
Create by putting things together – things that may even be unlikely bedfellows	Come up with creative ideas within known parameters
Will drive an idea home, but not at all costs; are more cautious than Innovators	Need information and data before taking a risk

(Source: Byrd & Brown 2003, pp. 26–9 and p. 44)

You should now be starting to develop a better appreciation for the role to be played by creativity in the endeavours of people and organisations to enhance innovation in their organisations. Creativity alone is not enough however. As you would have learned, it blends with aspects like risk-taking and the will and capacity to actually implement and change something, or to do something different in accordance with the new ideas that come from the creative process. In an organisational context it is obviously important to consider how managers can help to tap into creativity that people can offer, in order to bring about innovation that would hopefully be to the benefit of all of the organisation's stakeholders, including customers and the staff themselves, as well as society more generally.

## 4.2 Developing organisational innovation: some general organisational and managerial leadership issues and perspectives

The way people behave in organisations is also influenced by things like the organisational culture, the relevant structural configurations, as well as the leadership styles, approaches and abilities of those who are in put in charge of others – the managers. This course is not so much concerned with the theory and practice of leadership (we have other courses that allow for a specialisation in ‘Leadership’ at postgraduate level, such as *MGT8037 Team leadership*, *MGT8038 Leadership development* and *MGT8039 Strategic leadership*), but management and leadership dynamics will no doubt have an impact on the development of creativity, and innovative organisations.

You know all too well by now that in this course we focus on managerial challenges and take the view of general management, rather than that of HR specialist managers only. We take the view that all managers manage people. We also take the view that all managers could potentially be involved in spurring on (or hindering) innovation. Managers have a key role to play in making decisions and choices about a wide range of things that impact on organisational conditions. These may in turn impact on how other staff members behave and also on the extent to which creativity and/or innovation can be successfully harnessed in organisations. We thus regard it as important that you now reflect on how senior managers think about the connections between strategic goals and relevant necessary organisational conditions that could help achieve these. In particular here, the goal would relate to a strategic priority to be an innovative organisation.



### Reading activity 4.3

You should now engage in reading a few more selected readings.

First you should read **selected reading 4.5**, which is a rather ‘light’ article (non-academic) about ‘building a creative company’. Note that Lloyd Bond (2006) stresses that we can all be creative.

After that you should read **selected reading 4.6** by Zdunczyk and Blenkinsopp (2007). You will note that this is an article based on academic research. Pay specific attention to the factors which they identify from the literature, that influence creativity and innovation in organisations – namely ‘environment’, ‘culture and behaviour’, ‘strategy’, ‘structure’, and ‘support mechanisms’. Note also how these authors weave into their arguments and research the aspects of ‘organisational learning’ or the ‘learning organisation’.

Next you should read **selected reading 4.7**, which is chapter 5 (‘Achieving ‘Fit’: managers’ theories of how to manage innovation’) from the book edited by Salaman, G, Storey, J & Billsberry, J 2005, *Strategic human resource management: theory and practice*.

Lastly you should read **selected reading 4.8**, an article entitled ‘How leaders influence employees’ innovative behaviour’.

From all of these readings you’ll find quite a bit of ‘food for thought’ regarding things that may be important for managerial leaders when innovation becomes a key ingredient of the strategic direction to improve competitiveness and performance. These are important

readings, as they further cement foundations for what you'll be reading about in the sections to follow.

## 4.3 Structures, systems & processes, and cultural related challenges and issues: making some innovation connections

### 4.3.1 Structure & design, and innovation

You know by now that different organisational strategies often go along with organisational design forms that match or fit those strategies. Strategies that have innovation at their core therefore have to be matched up with structural design configurations that would be conducive to the successful implementation or execution of these strategies. On the other hand, organisational design or redesign (and hence restructuring) can in itself be the catalyst for incremental strategic change towards making organisations more innovation-driven in general – and hence an organisational strategy built around innovation may in this way emerge over time.



#### Reading activity 4.4

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You should now engage in reading chapter 4 from Davila et al. (2006). Note how the 'concept into reality' challenge again refers to actually make sure how to convert creativity into innovations really. What are your views on the idea of 'outsourcing innovation'? Perhaps you can engage in some discussions on the electronic platform in this regard.

### 4.3.2 Systems to facilitate the innovation processes in organisations

In most (especially larger) organisations, innovation does not simply happen spontaneously. Most scholars and expert practitioners agree that innovation has to actively managed and pursued – and for this to actually 'happen, various policies, processes and other mechanisms may be required to enable strategy execution'.



#### Reading activity 4.5

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You should now engage in reading chapter 5 from Davila et al. (2006). Take note of the objectives with well-developed innovation systems and pay particular attention to the issue of making decisions about the appropriate systems and ensuring these are well-designed and developed. Davila et al. (2006, pp. 137–8) also make comparisons between systems that are geared towards incremental innovation, and those geared towards radical innovation. Also take note of the role of electronic systems to facilitate collaboration in order to promote innovation in the organisation.

### 4.3.3 Culture and innovation

You would already have picked up that organisational culture plays a key role in driving innovation in organisations. Now it is time to read in a little more detail about this from your one prescribed book and two more selected readings.



#### Reading activity 4.6

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You should now first read chapter 9 in Davila et al. (2006) and then **selected readings 4.9 and 4.10**. You will note the latter is a more ‘practitioner’ and the former a more ‘academic’ article.

The important thing is that both the article by McColl and chapter 9 in Davila et al., stress some important HRM functions, including the role of things like recruitment and rewards. In the next section we return to look in some more detail into various additional HRM aspects that are connected with innovation, including rewards.

As you would have picked up by now – the structural and cultural dimensions hold important potential implications for and seem to thus interplay with each other and also with how organisations approach the management of their human resource factor. This seems to make for a rather complex web of interconnected strategic, structural design and human resource management processes, practices and systems. It is not always easy or even desirable necessarily to place different factors, issues or challenges in particular categories. This is done primarily at a conceptual level to facilitate the learning process. As mentioned, there seem to be complex and interrelated dynamics at play when we are working with these sorts of things in practice, and also in theoretical terms. A key challenge of this course is exactly that you should come to terms with some of these complexities and develop a better understanding of the challenges related hereto. This requires some holistic and integrative thinking. We now turn to take a closer look at some HRM aspects.

## 4.4 HRM and innovation: a closer look at some of the potential interplay

As we have stressed earlier, HRM is very much also the responsibility and job of all line managers. That does not mean though, that the HR specialist practitioners and the functions they perform have no role or place in organisations. Similarly – the HR specialists can also do a lot to enhance innovation – including being more innovative in terms of all their own work as HR practitioners. In this regard it is time for some more reading again now.



## Reading activity 4.7

You should now read **selected readings 4.11, 4.12 and 4.13**. You'll note that reading 4.11 seems initially to be taking the narrow view of 'HR' – limiting it mainly to the role of the 'HR department' of organisations. Later on it becomes clear that they 'blur the lines' as well. While you know all too well by now that we take the more holistic view in this course – that does not mean that we should neglect the role to be played by HR specialists in respect of innovation in organisations. This article by Amantha Imber can be regarded as some light introductory reflections on the theme relating to the interplay between HRM and innovation.

**Selected reading 4.12**, in turn, is a much more 'targeted' research paper/article – revolving around innovative HR practices found in Chinese SMEs (small and medium enterprises), as per the study in point. **Selected reading 4.13** is another extract from the book *Corporate entrepreneurship & innovation* by Kuratko et al. (2008) – this time Chapter 7. This should be found a very useful overview in respect of the connections between a relatively broad spectrum of HRM aspects – and the furthering of creativity, innovation and an 'entrepreneurial' work and organisational environment generally. Note the emphasis placed on the role played by linking rewards appropriately with getting creative and innovative behaviour at work. In fact – you would have picked up on the importance of these aspects throughout your readings thus far. In Davila et al. (2006) the whole of chapter 7 is devoted to this important aspect. You should now read chapter 7 from Davila et al. (2006).

Make your own notes and summaries – and perhaps even engage in some discussion about this theme on the electronic discussions platform for this course.

## 4.5 Some measurement and evaluation related challenges pertaining to innovation and SHRM

Throughout this course thus far we have emphasized that the overall aim with a strategic approach to managing human resources and innovation would be to add value to the strive towards making any organisation more successful. This therefore goes right back to the issue of organisational purpose and the portfolio of goals that an organisation might pursue. A key question that may arise thus relates to how one might know what contribution is being made or value is being added to this by the actual strategies, systems, structures, practices, etcetera that are aimed at the optimal deployment, utilization and development of human resources for innovation-driven organisations. This whole course has been devoted to examining how the human resource architecture of organisations can be managed strategically in order to enhance the innovativeness of organisations for greater competitiveness and overall 'performance'.

By 'HR architecture', as we might have explained before, we mean the sum total of the human resources system of an organisation. In other words, the way in which the organisation's infrastructure for work is designed (organisation design, work systems and employment models) and managed (including the line managers as well as the specialist HR professionals), the human resources (the staff, personnel or workforce and all they have to



offer, including in particular their ‘knowledge’ and creative and innovative potential and abilities), how they are managed (by line managers as well as the role of the HR specialists) and their behaviour and performance, as well as the whole HRM function (or department) and its systems, structures, processes, procedures, policies, activities, functions, practices, etcetera.

An important challenge thus relates to the ability to generate, find and utilise information that reflect the extent to which this HR architecture of an organisation helps the organisation to be more innovative and to perform, survive, compete and be successful in general. Such information will ultimately be needed in order to improve the performance of the organisation in terms of innovation and also in particular in terms of the role of the HR architecture in all of this.

In this last section that concludes this course, we shift our focus to some aspects related to the measuring and assessing aspects of innovation and HRM in organisations – all with the aim of learning from this and to try and keep improving things.

### 4.5.1 Measuring, assessing and improving innovation

Reviewing and reflecting on the performance of an organisation is common in areas that have traditionally been more directly associated with the ‘bottom line’ of organisations – the turnover, growth, market share, profitability, ROI, etc. of organisations. As we have clearly spelled out in the second module in particular, organisational performance is however a multi-dimensional construct. One should take a balanced look at the performance of organisations, not only focusing on traditional bottom line results and achievement, but also in particular reviewing and reflecting on the performance of the drivers of such results and outcomes. In this course the focus has been on innovation as a key driver of organisational performance. Reflecting on and reviewing the performance of an organisation in relation to innovation thus requires some measurement of success, some auditing of innovation management – in order to learn how well performance is in this regard and, more importantly, to use such learning to improve the innovation performance of the organisation.



#### Reading activity 4.8

You should now first read chapter 6 from Davila et al. (2006) and then **selected reading 4.14**, which is taken from the book by Tidd, Bessant & Pavitt (2001). The latter shows how aspects like benchmarking and various performance measures and indicators and a comprehensive innovation management audit can be used to measure, assess and evaluate the state and performance of the organisation in relation to innovation. Davila et al. (2006) cover aspects like a balanced scorecard for measuring innovation, barriers to effective measurement as well as how to design and implement innovation measurement systems.

Next you should read chapter 8 from Davila et al. (2006) – which focuses on how to leverage ‘learning’ to enhance innovation in organisations. Ultimately we measure, assess and evaluate in order to learn from that so that we can improve things. This holds in respect of innovation as such – as well as HRM and SHRM.

## 4.5.2 Evaluating aspects related to SHRM

As you have learned throughout this course, there has been increasing trends towards acknowledging the value added by the intangible assets of organisations, and in particular that which is locked up in the ‘human side’ of organisations. The net result of the HR architecture is to improve organisational performance, competitiveness and success through HR-related outcomes that add value. In the context of an innovation-driven organisation this also hence means the contributions made hereto via the enhancement of the innovativeness of organisations. It thus goes without saying that one will have to ‘measure’, ‘assess’ or ‘evaluate’ the actual state and quality of contribution and value added by the organisations’ HR architecture – to innovation and more importantly to the ultimate and overall performance of the organisation. The information in this regard and processes related to gathering, using and presenting of such information form the focus of this section – as captured in chapter 4 of Millmore et al. (2007).



### Reading activity 4.9

You should now read chapter 4 of Millmore et al. (2007), entitled ‘Evaluating SHRM: why bother and does it really matter?’. Engage in the self-check and reflect questions throughout the chapter.

## Conclusion

In this module we have more pertinently considered a range of dynamics, challenges and issues pertaining to the enhancement of creativity and innovation in organisations. The idea of exploring the creativity-innovation nexus provides an important foundation for considering organisational constituents of innovation such as: organisational structure, design, work structuring, employment configurations, human resource management functions, practices and systems and also how general management processes and the management of ideas and projects may interplay with innovation.

The nature of creativity and the creative process is critical for innovation driven strategic options in organisations. We paid specific attention to what can be done to develop innovation in organisations. The relevance of things like leadership as well as a range of human resource management functions, strategies, policies, practices etcetera were considered in the context of creativity and innovation in organisations. The module concluded by challenging you to also consider aspects related to measuring, assessing and evaluating aspects related to SHRM as well as innovation management, including the role of learning in this regard.

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