

Stimulating Innovation in Organizations' People Management Practices

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Abstract

The modern conditions in which organizations operate are characterized by dynamics in the development of technology, rapidly changing and unpredictable environment, uncertainty, complexity of interconnections and high competition. This requires the introduction of new, innovative management solutions to help adapt quickly to changes in the environment. The aim of the authors of the article is to present some of the opportunities for stimulating innovations in human resource management practices, including the formation of innovative behavior of employees and managers in the context of the challenges in today's dynamic conditions and in relation to uncertainty and the emergence of unforeseen circumstances.

Keywords: human resources, innovation, innovative approaches, organizational culture management, VUCA.

JEL Code: M12, M14, M54

DOI: 10.56065/IJUSV-ESS/2023.12.1.69

In the conditions of yet another technological revolution, organizations are faced with the increasing challenge of remaining competitive in the market and developing at the speed of the changes in the environment. This requires them to be managed flexibly and innovatively in response. The contemporary conditions in which organizations operate can be described by the acronym VUCA (Tomas D. and all, 2020), which presents the four unique features of today's world (fig.1).

Under VUCA conditions, the role of people in organizations is extremely important, since everything that is predictable, constant and already proven can be automated and performed by modern machines and artificial intelligence, including performing routine activities, meeting certain deadlines, customer relations, etc. The dynamics in the development of information technology now go beyond the use of computers, other digital devices, social media and online commerce.

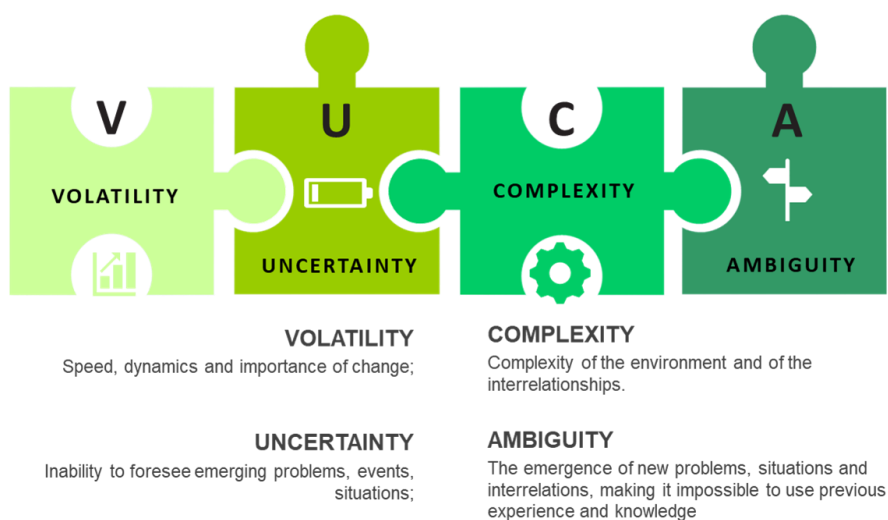


Fig. 1. VUCA - the four unique features of today's world

Source: executed by the authors

The changing and unpredictable environment creates both opportunities and threats for organizations and therefore the need for innovative and creative solutions. Scholars describe how the human resource management (HR) functions, through adapted HR strategy and practices, through organizational culture and leadership, and through shaping the innovative behavior of employees, the organizational responsiveness to the rapidly changing external competitive conditions affecting their products or services can be improved (Cappelli & Tavis, 2018; Shipton et al, 2017). It is the new conditions that create a prerequisite for the introduction of innovations in the human resources activities (Peicheva, 2020).

The aim of the authors in this article is, in the context of today's dynamic conditions and in relation to the development of technology, to present some of the opportunities for organizations to create and stimulate innovation in people management models and practices, as well as to make quick decisions related to them in organization-specific situations.

Continuous changes in the external environment require every organization and its people to change in order to survive, adapt and prosper, which in turn gives a special role to innovation in organizational development. This also provokes the research questions to which the authors seek an answer: What innovative approaches to managing people in the organization can be used under similar conditions of the environment? How to stimulate innovative work behavior of employees to create and implement new ideas at work? How can employees be challenged in solving organizations' problems? How to involve employees in sharing new and innovative ideas?

The main research problem concerning the creation and use of innovative approaches in human resource management in organizations can be considered in different aspects, and the present study presents some of those related to the management of organizational culture, namely the stimulation of innovation through the development of an adhocratic and/or clan organizational culture, an internal crowdsourcing culture, a hackathon culture, and/or an inclusive organizational culture through inclusive leadership.

One of the key elements for strategic development and organizational change is company culture. Kaplan and Norton (2006) define it as a "culture of creativity and innovation", and according to Minkov (2009), values such as creativity, innovation, flexibility, risk-taking should prevail in it. A manager needs to be a "broker", "innovator", "mentor" or "supporter" type, i.e. a person who stimulates creativity, welcomes employees' ideas, takes care of staff development, involves employees in making organizational decisions, and the main tasks underlying the functions of organizational culture are to ensure the organization's adaptation to the changing characteristics of the external environment (Minkov, 2009).

Today, companies increasingly rely on diverse, multidisciplinary and multigenerational teams that combine the collective abilities of employees with different competencies, but instead of exploring the possibilities, companies still tend to use only the competencies that generate benefits, however in the short term. According to Minkov (2009), in recent years, in the conditions of globalization, rapidly changing business environment, increasing sophistication of consumer preferences and growing demands from society, a change has been observed in the key factors for the market success of companies; the focus of companies is directed to innovation and customer relations. This requires a change in the value system and organizational culture of companies. Therefore, in the conditions of dynamic development of the environment in which the companies operate, an innovative and entrepreneurial approach is necessary to be adopted by the management. It is the application of the **adhocratic organizational culture** that can stimulate the development of organizations in the conditions of rapid changes and unpredictable circumstances, because it implies flexible solutions, avoiding the use of bureaucratic procedures and policies and placing an emphasis on constant innovation and striving for improvements, whereas the pace of work is usually extremely fast, and this is crucial for success in a market that is constantly changing and highly competitive (Fig.2).

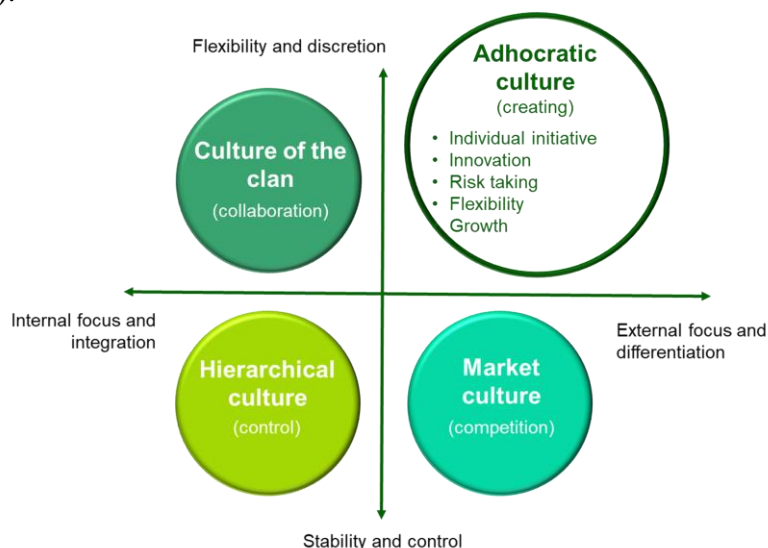


Fig. 2. Adhocratic culture

Source: adapted from Cameron K., R. Queen (2012) *Diagnosis and change of organizational culture*, S: Classics and Style publishing house

Obviously, an adhocratic culture is less applicable throughout large organizations with a large number of staff, but it can still be useful at the level of business units or applied to specific functions, i.e. the culture of adhocracy can be transferred to certain units, which will ensure that the organization as a whole remains innovative and competitive in the market.

The **Clan organizational culture** aims for employees to work together in teams, ensuring equality, significance, empathy and commitment, which in turn leads to work well done and high results. Team members feel free to give ideas and give honest and open feedback. Realizing their ideas makes them find meaning in what they do and motivates them to be creative. Companies that manage to balance the high performance with the sharing of values by the staff members become a desirable employer for talented employees. (Fig. 3).

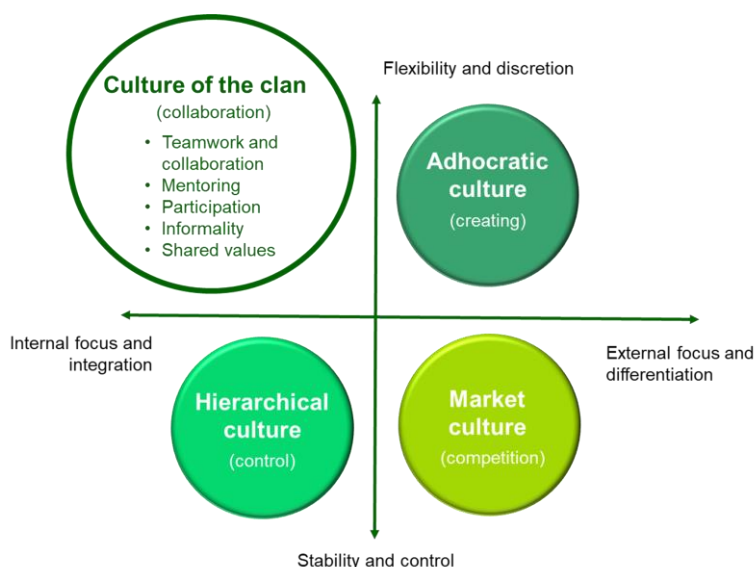


Fig. 3. Clan culture

Source: adapted from Cameron K., R. Queen (2012) Diagnosis and change of organizational culture, S: Classics and Style publishing house

A "clan" is a group of close-knit and interrelated families or a group of people with a strong common interest. Clan cultures are common in small or family businesses that are not hierarchical in nature. Employees are valued regardless of their level and the environment is favourable.

A new innovative approach that can support companies with interesting and often unconventional solutions is crowdsourcing (Afuah and Tucci, 2012). It is seen as a system of open commitment and as inviting an undefined group of employees to participate voluntarily in offering ideas on various issues. The idea arises from the analogy of outsourcing and literally means using the resource of the crowd. This practice is related to getting needed ideas or solving problems by involving large groups of people (usually users), and most often these groups are organized online. At the heart of the process is solving problems divided into small tasks that are accessible to a large number of creative people. Crowdsourcing offers improved business opportunities, lower costs, a larger base of creative power, shorter resolution times, and combines the efforts of multiple people who have their own input into the bottom line. A reward is usually offered for engaging this group of people, and in some cases the group of people may work voluntarily, for personal satisfaction.

The internal crowdsourcing culture is still a developing research area, but it can be defined as a potential opportunity to bring new, diverse innovative ideas. Its main characteristic is the voluntary initiative of employees, outside of their daily routine duties, whereas the various ideas they propose are usually related to their personal interests and expertise (Chen, Q, et al, 2019). Studies on this issue highlight that the implementation and management of internal crowdsourcing is a challenging task for companies (Blohm et al., 2018; Dahlander et al., 2019). According to Asplund, F. et all (2022) the creation of an online platform for intra-company innovation-related collaboration (internal crowdsourcing) is an important component of the innovation strategy and allows employees to propose or influence ideas in areas they otherwise lack information about because they are not related to their core duties in the organization. Internal crowdsourcing is based on self-selection, since a group of employees may voluntarily decide to participate in tasks focused on proposing new ideas and solving problems outside of their formal job responsibilities (Malhotra et al., 2017), making it different from traditional innovation practices. The proposed ideas or solutions are discussed, voted on, and the best ones are submitted to a committee that does in-depth analysis and gives feedback. Internal crowdsourcing is based on the principle that innovation is the responsibility of the entire organization and is primarily used to search for solutions locally (Simula

and Ahola, 2014). An advantage of this approach is that employees possess knowledge and are very well aware of the organisational structure (Malhotra et al., 2017), which allows them to propose ideas for feasible and implementable solutions that align with the organization's strategy and goals (Malhotra et al., 2017). Internal crowdsourcing is typically used to solve short-term, strategic, mission-related tasks that can bring quick benefits (Pohlisch, 2020). It enables the promotion of knowledge dissemination and learning by enabling employees to interact and collaborate (Malhotra et al., 2019). In order to attract employees, it is necessary to develop a motivation system with clear evaluation criteria and incentives to match employee motivation.

To stay relevant in the face of increasing market competition, organizations need to be innovative and entrepreneurial (Linton & Klinton, 2019). A tool for promoting organizational innovation is the ***culture of challenging employees (hackathon)***. Hackathons are short-term and intensive events, the conduct of which is related to solving a specific problem through competition or collaboration between teams (Nolte et al., 2020). They benefit both the organizations and the participants (employees) because by engaging, by challenging, by disrupting the routine and the status quo, the creation of a large set of ideas, the identification of new talents and the initiation of innovative processes are accelerated. Depending on the focus of the hackathon, they can be technology-oriented (tech companies, education, medicine, etc.), problem-oriented (academia, governments, business, etc.) and topic-oriented (a wider range of participants from different fields). Nolte et al. (2020) distinguishes between two approaches to organizing and recruiting hackathon participants: open and selective. The open selection is focused on engaging the widest possible range of participants from different fields, with the aim of promoting interdisciplinary communications. The open approach is characterized by a higher motivation of participants and the possibility for organizations to identify new talents whom they can offer a job (Herala et al., 2019).

The selective approach allows control over the selection of participants, choosing those who meet specific knowledge requirements. This approach allows the engineering of a specific outcome by selecting participants who can precisely contribute to or benefit from the event. With it, it is possible to determine in advance the group participating in the hackathon, taking into account the combination of skills and knowledge in order to achieve the best results for successful long-term projects. Participants are mostly from the organization and know the company culture well, which allows for more fruitful teamwork and easy communication.

Another innovative approach is implementing an ***inclusive organizational culture through inclusive leadership***. Inclusive leadership is one that ensures all team members feel important, empathetic, engaged, and treated with respect and fairness. Peace of mind and a sense of significance motivate employees to be creative and free to share ideas.

In a study by NLP Bulgaria ("Why inclusive leaders are good for organizations and how to become such?", 2022) among more than 4,100 employees, the six traits or behaviors that distinguish inclusive leaders from others were identified (Fig. 4):

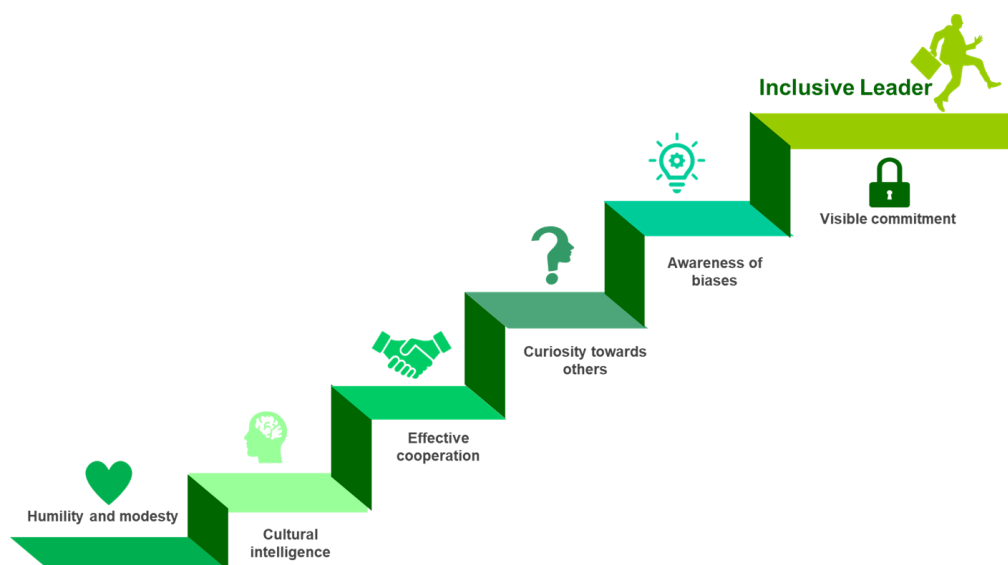


fig. 4. Six traits of an inclusive leader

Source: executed by the authors

The first characteristic of an inclusive leader, "visible commitment", characterizes behavior aimed at accepting diversity and making diversity a personal priority. These leaders hold team members accountable, challenge the status quo and bureaucracy, and show concern for employees on a daily basis.

The second trait, "humility and modesty", characterizes behavior whereby the leader shows modesty about their own abilities to create space and opportunities for others to express themselves, the leader admits mistakes, shares personal weaknesses, demonstrates a modest manner, asks if not sure.

The inclusive leader is "aware of his/her biases", knows his/her weaknesses and shortcomings, works to create equal opportunities. This type of leader is also characterized by "curiosity towards others" – he or she listens without judgment, is empathetic and accepts ideas by trying to understand them.

Another characteristic feature is "cultural intelligence". An inclusive leader learns and accepts different cultures and adapts to their needs.

The sixth trait, "effective collaboration", is expressed in the leader's ability to bring the team together, recognize the members as individuals, delegate rights and empower the team members. An inclusive leader accepts different thinking, takes care of psychological safety, knows the work process and people, addresses each team member by name.

An organization would be ineffective and unproductive under a direct and authoritarian leader, one that limits the ability of team members to contribute to the team's development through the display of creativity and free expression of ideas, one that assigns duties to the same top performers, creating an imbalance in obligations, one who does not allow for the sharing of alternative solutions, etc.

Another innovative approach to managing people in organizations, to some extent complementing the approach "inclusive organizational culture through inclusive leadership" is the Storytelling approach. For this approach to work, the leader must:

- be visible and talk to subordinates;
- check his/her impact on people through feedback;
- provide an opportunity for employees to speak as well, with the aim of using shared strengths and good ideas;
- treat his/her subordinates as the leader wants to be treated by them.

The approach is expressed in inclusion (involvement) of people in the work by sharing personal stories, incl. at meetings, public forums, conferences, etc.

Conclusion

In conclusion, it can be summarized that in the conditions of dynamic changes, organizations are facing more and more challenges that affect the management of people, therefore the need for quick and adequate measures. Through adapted HR strategy and practices and by shaping innovative behavior of employees and managers, the organizational response to the rapidly changing conditions can be improved. To cope with the new unexpected and dynamic changes in the business environment, companies can stimulate innovation and successfully implement an innovative organizational culture. Flexible solutions, avoiding the use of bureaucratic procedures and policies and placing emphasis on constant innovation and striving for improvement add another option to the toolbox for innovative people management in organizations.

The generalizations made are theoretical, but they could be empirically studied and analyzed, and results presented in a subsequent work by the authors.

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Acknowledgements

The project "Impact of digitalization on innovative approaches in human resources management" is implemented by the University of Economics - Varna, in the period 2022 - 2025. The authors express their gratitude to the Scientific Research Fund for the support provided during the implementation of the project "Impact of digitization on innovative approaches in human resources management", contract No. KP-06-H-65/4 - 2022.