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## **Thinking outside the square: HR and Innovation**

**By Dr Amantha Imber**

Organisational innovation has typically been the domain of Marketing and R&D departments. However, considerable research has been conducted that suggested that it is actually the Human Resource department that can have the greatest impact on organisational innovation.

Despite being a buzzword from the nineties that seems to have had a large degree of staying power, there is a tendency for human resource departments to continue to view innovation and creativity as something a little bit fluffy and best left to those whacky people in Marketing.

Innovation does not have to be fluffy. Indeed, there have been thousands of scientific studies conducted into the area that have isolated variables that have been shown to lead to an increase in innovative behaviour and performance.

In addition, while it may be the Marketing and R&D departments who are primarily judged on creative output, it is the human resource department that is largely responsible for the culture of the organisation, which has an enormous impact on the chances of innovation occurring.

Research conducted at the Aston Business School in the UK found that the sophistication of HRM practice has a significant impact on the number of successful product innovations emerging from organisations, in addition technology and production innovations.

Research conducted at the University of Sheffield supported this notion that effective HRM processes can have a huge effect on organisational innovativeness.

There are a number of specific ways that human resource professionals can structure their practices to significantly increase their organisation's capacity for innovation and profitability from such innovation occurring.

### **Recruiting for creativity**

Recruitment is a good place to start and an area where innovative competencies are mostly overlooked or ignored. Typically, those companies who use formal assessment as part of their selection process focus heavily on verbal and numerical abilities.

While there is a correlation between intelligence and creative ability, there are several other cognitive factors that have been shown to predict creativity. These include an individual's ability to remain open to new information and ideas, termed mental flexibility, and their ability to make remote associations between seemingly disparate pieces of information. In addition, an individual's ability to suspend judgment is also a predictor of their on-the-job creativity.

Aside from their cognitive processes, there are several personality traits that have been strongly associated with creative ability. These include risk-taking, self-confidence, their ability to tolerate

ambiguity, their need for achievement, and finally, their desire to work autonomously and lack of concern for social norms.

Recruiters should start to measure these competencies and traits to have an understanding of whether the applicant will fit and thrive within an innovative culture, and indeed, whether they will drive the culture forward.

In addition, it is important that managers recruit people they feel they can trust. While this may sound obvious, it is actually quite rare that this variable is consciously taken into account. Rather, the focus skews towards ability, core competencies and previous work experience in most recruitment and selection processes.

Research has shown that managers who trust their subordinates are more likely to encourage them to be creative, which is critical in one's ability to perform creatively at work.

### **Show me the money**

When it comes time to rewarding employees, most large organisations reward through linking performance with remuneration. If an employee hits his or her sales targets, for example, the result will be a nice, juicy bonus in the following month's pay cheque.

However, research has shown that this method of reward actually undermines innovation. Instead, employees focus on duties and obligations and thus become very risk averse.

Instead of rewarding employees through performance-based remuneration, managers should implement recognition programs to drive organisational innovation. Recognition of such achievements has been shown to significantly increase creative behaviour at work.

### **Knowing and sharing**

Over the last few years, more researchers have begun to examine the link between the way in which knowledge is managed and shared in an organisation and organisational innovation.

Research conducted by the Meriam Ismail, of the Private Education Department in Malaysia, demonstrated that an organisation's prioritisation of learning and knowledge management has an enormous impact on organisational innovation. Indeed, knowledge management was shown to have an even greater impact on innovation than having a 'creative culture' (challenging, open, trusting, and time to generate ideas). HR Managers need to ensure that employees have KPIs around continuous learning, and how successfully these learnings are shared and applied.

Learning structures within organisations need to take heed of three key areas to ensure innovation success: the creation of knowledge and learning, the sharing and transfer of this knowledge, and finally, the implementation of the knowledge.

It is critical that the first stage, creation, is exploratory to maximise breadth of learning and thus, innovation potential.

With regard to the sharing of knowledge, mentoring can be an effective means of passing learnings down the ranks. A less popular but just as effective technique is that of 'reverse mentoring'. Firms such as IDEO have adopted this technique, which involves senior employees being paired with a more junior, younger employee as their mentor. This allows the senior person

to keep in touch with what younger employees are experiencing in their lives, such as Generation Y trends that could lead to important product or service innovations.

### **Non-job related learning**

In relation to individual and team training, within most organisations training is often designed around role-specific competencies, such as presentation skills, PowerPoint skills, and communication skills. While this may lead to greater boardroom presentations with fancy animated pictures, this will not help company innovation.

Instead of a traditional approach to training, Learning and Development professionals need to set a broader agenda. To enhance innovation and creativity, training should be focused on seemingly unrelated fields of study and competencies. Such breadth of learning increases the likelihood for great ideas occurring.

### **Team size matters**

The structure of teams within a company is another way to increase the chances of creativity occurring. Research has shown that the size of a team has a significant effect on creativity output. Results of such studies suggest that large teams of over 15 or more people should be avoided as larger group sizes have a detrimental impact on creativity. Instead, HR Managers should create medium-sized teams of six to 10 people to maximise innovation potential.

On the subject of teams, it is also important that teams change their members fairly regularly. Research has found that the entrenched assumptions of a team are less likely to be activated when a new person enters the team. Instead, the new person activates different memories, emotions, and thoughts in team members, and thus increases the likelihood of innovative behaviours.

### **Walls and doors**

The physical environment is one of the most overlooked variables by human resource professionals. Indeed, the environment in which people spend their working lives has a phenomenal impact on behaviour.

The typical employee spends most of his or her day sitting in front of a desktop computer under a row of fluorescent lights. It is no wonder that the majority of great ideas don't occur while sitting at one's desk.

One of the best ways to stimulate creativity is to regularly change the physical surrounds of employees' working environment. This can be as simple as putting up new posters every fortnight through to pinning interesting articles on the backs of toilet doors where people have time to read and be exposed to new stimuli. This exposure to diverse and changing stimuli increases the number of thoughts firing in the brain, which directly relates to increased idea generation.

So rather than leave the 'creative' stuff up to Marketing, take the matter into your own hands to kick start innovation at your organisation and to let the innovation beast thrive.

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