INNOVATIONS IN NEW PARADIGMS OF MANAGEMENT

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Abstract
The main aim of the article is to put conceptual frames to the topic of organizational innovations by analyzing origin and nature of creativity in organization. The relations between innovativeness and innovation are discussed, as well links between creativeness and innovation. The components of pro-innovative organizational culture and pro-innovative attitudes of employees are identified. The main characteristics of creative organization and sustainable organization as the new paradigms in management are stressed with special reflection to human resources management. In conclusion innovation at organization is assumed as an activity basically related to creative and sustainable business and human resource management (HRM) strategies.

We interpret the idea of sustainable organization as the new quality of learning organization – creative organization. What connects two concepts of enterprise – learning and sustainable – is exactly organizational creativity represented on individual and corporate level as a source of potential innovation. In such light – the compass for prospective market position of company is proactive human resource management strategy implemented as a constant business orientation and both described paradigms: creative organization and sustainable organization has to be seen as complementary and mutually related. The innovation in turbulent economy and fast changing surroundings seems to need stronger conceptual frame than already existing concept of learning organization.

Key words: innovation management, human resources management, strategic management.

Classification JEL: M 12 Personnel Management; J24 Human Capital; O31 Innovation and Invention: Processes and Incentives

1 Introduction

The things we fear most in organizations – fluctuations, disturbances, imbalances – are the primary sources of creativity (Margaret J. Wheatley)

Currently, when hopes for soon socio-economic recovery gone and global crisis is showing his second – this time much more deep – wave, we have to look for positive energy and new ideas. We found such in notion and implications of concept of creative organization and sustainable organization. The main goal of the article is to discuss possible links between potential creativity of organization and its competitive value practically obtained in form of innovations. Special attention is paid on factors anchored on the individual level of organizational behavior: on genesis of pro-innovative attitudes of employees and on the role of their motivation at job. The holistic model of innovative process is mentioned as a general theoretical frame for discussed issues.

The question is put: if the new paradigms of management represented by the idea of “creative organization” (Bills, Genassi 2003, De Cock, 2007) or ‘sustainable organization’ (Grudzewski et al., 2010) give opportunities to face turbulent times? These paradigms represent conceptual shift from still popular idea of ‘learning organization’ and offer new perspectives and challenges for organizations. There is concluded that extremely fast changing reality pressing organizations to generate innovations much more fast that ever before. It demands not only process of permanent learning from side of company, but implementation of constant proactive managerial strategies (Matuska, 2011a, pp. 55-57) related to continuous creativity and sustainable development of human potential at organization.
2 Employees’ creativity as premise for company’s innovations

Since the 80th of XX century, the new paradigm of creativity in psychology was established with its exemplification as an ‘everyday happened and an ordinary process’, the human creativity started to be seen rather as a common and not exclusive phenomenon.

2.1 Egalitarian nature of creativity

The result of it is the new approach to issue of creativity at organizational realities where call: ‘talents are everywhere’ – became a popular slogan. Creativity started to be perceived as a process no more belonged only to selected, rare represented individuals – usually described as ‘high skilled’ or ‘talented’ workers. In opposition, the expectation arose creativity occurs in every team consisted with individuals represented very different competences and potentials. Described way of thinking we named elsewhere as an egalitarian approach to the issue of creativity at organization and the wide talent definition (Matuska, 2011b, p. 105).

We agree that although creativity is domain of every human being however it has to be seen rather as a premise – not as a fact. Creativity obviously is represented in organization, but not in equal proportion and not in equal form. Moreover – very often companies are even unaware of own sources of potential creativity. Creativity also needs special conditions for disclosure and for development. Pure creativity without programs of transform it into useful facts represented as innovation – stays only a hypothetical premise.

2.2 Innovation and innovativeness

Innovation is commonly seen as the main factor of economic growth and competitiveness of enterprises. Etymologically, the notion of innovation comes from the Latin word ‘innovatio’ and refers to something new. In literature the concept of innovation is generally referenced to the processes and outcomes from these processes. Definition of innovation had been proposed by many authors: J. Mansfield defines innovation as the first use of the invention, P. Kotler suggests that innovation applies to every good, service or idea that is perceived as new, P. F. Drucker defines innovation as a specific tool for companies with which shall be amended to allow taking a new business or new services, for Ch. Freeman innovation represents the first commercial introduction or application of a new product, process, system or device 1.

Innovation should be however distinguished from innovativeness, which – so far, had not been clearly defined. Innovativeness makes innovations possible and represents some kind of ‘state of the mind’ – is anchored at the way of thinking of subject who is considering some problem. From this point – it represents the psychological characteristic of individual. Innovativeness is generally seen as a cognitive process that manifests itself in form of the creativity which guides to creation of new ideas, inventions, and associations.

Innovation, in opposite, represents the objective characteristic of the ‘state of the art’. It involves the introduction of something new with change, reform and improvement. May relates to all spheres and walks of life. In relation to the company, innovation is a tendency to develop and absorb new and improved products, technologies or methods of organization and management – globally or in separate sectors of company. In tangible terms, innovation means facts represented as changes in improving the initial economic state, in a functional sense, it is

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1 The concept of innovation to economics primarily was introduced by J.A. Schumpeter, who distinguished five cases of innovation: 1/ the introduction of a new commodity - in which customers have not yet had to deal; 2/ introducing a new method of production – yet practically not experienced; 3/ opening a new market - where previously there were no sales; 4/ acquiring new sources of raw materials - from an existing or specially created; 5/ introduction of a new organization of industry or service (see: Lichniak, 2009, p. 333).
the process of creating, designing, implementation, adaptation and use of new solutions or inventions.

The any introduction of innovation however results in the destruction of already existing structures and in developing and introducing new, more effective. This process has been expressively defined as ‘the process of creative destruction’ (Schumpeter, 1975, p. 83). This term is only seemingly paradoxical: without destruction of old ideas, systems and rules – the new are not allowed to be established. Brave Schumpeter’s description comes back with new force in current times where dominate fast changing new technology and globalization.

What fuel creative destruction in a company? The answer is: competition, entrepreneurship and business strategy. We can also assume: the need for innovation or the motivation to be innovative. Another question arises: what kind of links are binding individual creativity as a ‘state of the mind’ with the corporate innovation as the ‘state of the art’? As we suppose, here useful can be psychological description of probable path between individual and organizational level of innovative processes.

2.3 From creativeness to innovation – psychological explanation

The level of analysis of individual employee’s motivation, cognitive potentials, activity, and performance in a company seems to represent the right starting point for undertaking discussion when we want to understand the results observed at organizational level in form of innovation. But the key question is: if employee, who posses individual source of creativity wants to engage it for goodness of company (and to make innovations possible)? Obviously, the possible result depends on the quality of his cognitive processes but also – on proper reinforcement delivered to employees from side of organization. The first one can be primarily defined together with selection criteria during recruitment on concrete position at company (accordingly to the ‘net model’ at human resource management processes). Organization usually engages coworkers with expected potential level of creativity and tries to propose adequate developing training programs to them. But possible weak points represent here: self-motivation of employee and his subjective perception of the reinforcement system proposed by company in form of motivators and support. And there is the area for organizational intervention.

As it was already mentioned, innovation means introducing something new into practice on the basis of creativity. Creative thinking as a psychological process generally goes by one path or by multi paths of thinking. Typology of creative thinking was primarily done on the background of psychology by John Guilford (70th years of XX cent.) who had distinguished two ways of thinking: convergent thinking (corresponding to one path thinking) and divergent thinking (respective to many paths thinking).

The first one, convergent thinking, is usually useful for tasks which have only one solution, mostly demanded in a short time and expected for the typical tasks. This type of thinking psychologically involves mono synthetic, analytical way of thinking. In opposite, divergent thinking is dedicated to open tasks – unclear and with unknown solutions. This kind of thinking needs time for consideration not only on consciousness but also on unconsciousness level and involves the kind of multiplicative synthetic way of thinking. And this one involves real creative thinking based on production new generalizations, associations of ideas and abilities to make synthesis on them. And this way of thinking can differ the people very much as a personality predisposition connected with quality of cognitive processes and general intelligence.

The current managerial conception of Kaplan and Foster (see: Piątkowski et al., 2009, p. 12) assumes that multipath thinking relay on simultaneously guided in mind associations and perspectives and represents synthesis. Synthesis is necessary on the beginning of the creative process and crucial for generating new ideas which are confronted with existing data. Later, after decision making and choosing the one (or few) from new generated ideas as the material for
testifying, the alternative kind of thinking – one path thinking start to be more useful. It represents analysis of already pre-defined problem and psychologically involves the ability of perceiving all details of situation, concentration on its important aspects and simplifying whole problem which allows catch its essence. According to authors, the whole creative process of thinking is consisted with following fifth phases (Piątkowski et al., 2009, pp. 12-13):

1. **Searching** (observation and comparison) – discovering of possible disagreement between actually accepted theory and incoming new information. Anomalies, which are not fitting to so far accepted order, can indicate at non realized till now new possibilities.

2. **Incubation** (unconsciousness reflection and ‘dazzle’ effect) – elaborating of problem in mind without full awareness and direct concentration, possible during unconsciousness phases of cognitive activation (i.e. during sleeping dreams) or after coming back to problem after some break. It allows make deconstruction of problem, to view it from different perspectives, to realize new ideas. Most unknown and uncertain phase.

3. **Collision** (discussion) – arises after realizing new ideas during incubation, relays on clash of the new discovered ideas with nowadays data. The final solution of the problem stays unknown but there are comparing different options of the solving in form of hypothesis.

4. **Decision** (option) – represents the finally chosen, after comparing of different hypothesis best and most probable option of problem solution.

5. **Trial** (implementation, innovation) – verification of new idea in reality in material or immaterial form. It represents final phase of transfer from primary creation to final innovation.

All this phases and process of creativity transfer into innovation are presented at following Figure (Figure 1).

![Phases of creativity and its transfer into innovation](image)

*Figure 1. Phases of creativity and its transfer into innovation*


When we consider the chances to achieve innovation as a result of creative thinking, we see that it is possible only when there is multi paths way of thinking on the beginning and one path way of thinking – on the end of the creative process. But these elicitations of creative thinking can be guided simultaneously on individual, as well on organizational level.
Managing innovation at company means also processes of its organizing and planning - as it is stressed in recent literature, where achieving innovation it is viewed as a **holistic model** (Govindarjan, Trimble, 2010, p. 15). The sequence of the elements in this model is not casual and it accents the key role of adequate leadership and team working in the process successfully guiding to innovation at organization (see Figure 2).

![Figure 2. Holistic model of innovation](image)


We can assume that ability of fruitful creative thinking seems to be condition **sine qua non** for development such crucial managerial competencies as are: visions building, inspiring coworkers and decision making. And – moreover – it stimulates new kind of modern organizational culture: open-minded, brave, able to take a risk, and responsible in the same time. It is based on truth and common values (Figurska, 2011, pp. 234-235). The impact of risk-tolerant culture for fostering such aspects of innovation as intellectual freedom, creativity, risk-taking, and cross-functional collaboration is well documented in literature (Gore, 2002).

The main characteristic of pro-innovative organizational culture, done as an extract of conclusions published in one of current polish researches dedicated to identifying mediators of creativity at companies (Drozdowski et al., 2010) we present below in Figure 3.

![Figure 3. Hypothetical model of pro-innovative organizational culture](image)

Source: own, on the basis of: Drozdowski, R. at al.: Wspieranie postaw proinnowacyjnych przez wzmocnianie kreatywności jednostki. Warszawa. PARP. 2010 p. 113

In literature exists also shared consideration that creative processes in organization depend on skills of self-reflection manifesting by employees, teams and managers (Piątkowski et al., 2009, p. 14). Such kind of the cognitive insight influences new cognitive processes and allows create innovations and knowledge. Self-reflection undoubtedly is necessary in turbulent and insecure times, but generally it is recommended for every organization, every time searching for survival on the market and for development (Proctor, 2001, p. 2).
3 Creativity and innovation at company – some data

As own source of data checking some links between creativity and innovation we present selected results from case study done at innovation oriented small polish shipyard company.

3.1 Case study of innovative production company

The aim of the study was to check self-perceptions of the impact of the work on the system design to test innovative undertakings and associations of creativity and innovation. For this purpose we decided to select an enterprise where is widely used project management system with creative nature of work, decision-making and high level of demand for knowledge. The especially designed questionnaire was presented in May 2011 to 44 employees of the company acting in teams oriented on projects. The statements contained in the questionnaire were oriented for verification of few hypotheses from which to the issue of this article we chose three of them:

1. With the innovativeness of employees engaged in system of project teams increases the overall level of innovations at the company.
2. The organization directed into innovation is flexible and tolerates risks and mistakes done in good will.
3. The organization directed into innovation especially takes care about motivation of employees.

Respective questionnaire results dedicated for checking first hypothesis indicated that even 80% of respondents (47% answers “yes” and 33% “rather yes”; in compare to 14% neutral and only 6% negative opinion) agree that project’s form of work is positively connected with transfer of creativity from individual/team level of organizational behavior to the level of corporate innovation. Moreover, members of project teams much more often started to act as initiators (69.5% of respondents) of new ways to perform existing tasks. It means, that generally hypothesis about synergic impact of team innovativeness and company’s innovation (hypothesis 1) was confirmed.

The verification of the second hypothesis, dedicated to description of organizational culture at investigated company, discovered that acceptance of mistakes done during project team work stays a problematic issue: the majority – it means 44.4 % of respondents said that mistakes are not tolerated, 25 % of them had neutral opinion and only 30.6% had seen rather non restrictive policy of company in respect to experiments and possible mistakes which can occur during checking new ideas. From the other side, as moderately dominant style of management represented by team’s managers was indicated the democratic style (38.9% of responses), on second position were located: autocratic and consultative styles (both with 25% of responses) and the rarest was not intrusive style (11.1% of responses). These results rather not conform that investigated company represents the case of pro-innovative organizational culture.

Similarly, the checking of the last hypothesis, dedicated to adequacy of motivational system to employees’ needs, proved to be also ambiguous. For the question about form of promotion for creative ideas and acquisition of new knowledge at company, the respondents said that mostly they are not specially rewarded because of the successes at their project system work. Simply – employer is expecting that in such tasks – creativity is part of work. The dominant form of positive reinforcement was the praise or possibility for professional self-development there were no connection with individual career path (see Figure 4).
From the other side, obtained results can be interpreted in opposite way – as a confirmation that respondents represent high level of self-motivation and pro-innovative attitudes by themselves. Organization selects just such employees to innovative tasks and later only creates enough flexible frames for their activity and gives interesting tasks which they are taking as a challenges. The results shortly discussed above we can conclude that the investigated company, although undoubtedly is able to create innovations, however doesn’t have a coherent innovation policy. It does not know how to build a strong pro-innovation organizational culture and how to properly use spontaneous self- motivation and pro- innovative attitudes of own best coworkers. It means the HR tools for talent management and knowledge management in investigated company are there not fully efficient.

3.2 Survey data

The other source of results which explores possible links between creativity and innovation at level of company represents polish cross – national investigation conducted during 2009 under auspices of Polish Agency for Entrepreneurship and dedicated to explore possible links between organizational creativity and innovations (Drozdowski et al., 2010, pp. 108-113). From full report we had chosen only results which refer to the topic of article. These selected data suggests as follow:

1. Creativity at organization seems to be a primary but not sufficient condition for innovation because not always employees’ creative thinking or acting guide to organizational innovations. The crucial role plays here special kind of organizational culture (Figure 3).

2. Creativity at organization is strictly connected with change management oriented on improvement of organizational efficiency.

3. The link between creativity and innovation build innovation-oriented attitudes of employees.

The connection of creativity with change management seems to be crucial for understanding the connection between innovation and general strategy of management and we will refer to it in description of concept of sustainable organization in next chapter of article. Here we want to stop at ‘innovation-oriented attitudes’ which as we assumed elsewhere –
adequate attitudes of workers probably represent central mediating factor between creativity and innovation (Matuska, 2011b, p. 107) and we consider they are probably most important behavioral component of the professional employees competences.

According to some authors, professional competences are consisted with three components: knowledge, skills, and attitudes (Filipowicz, 2004, p. 17). But just attitudes represent the weakest part of professional competences because they completely depend on employee’s motivation. If, for example, separate member of company even posses adequate knowledge and skills (including creative thinking) but doesn’t want to show or use them in his/her job activity, in such case, although the potential innovativeness is represented on individual level, it will be not demonstrated at organizational level; it means innovations simply will not occur.

Following this consideration, we can conclude: although pro-innovative attitudes of employees really represent necessary link between creativity and innovation at company, at the same time, expression of these attitudes is basically conditioned by their motivation at job. And job attitudes of employees are shaped by characteristics of organizational culture, with crucial role of efficient leadership and inspiring team working (together with sequence of holistic model of innovation shown in Figure 2). The result of this impact is motivational input, without it – the whole process of hypothetical transfer of creative ideas into practical innovations can be at all impossible. It means just the motivation of high skilled or creative workers plays the central role in probability of occurring innovations at company. Such conclusion corresponds to the description of the strategic role of motivation in managing and development of high skilled workforces described for example by M. Blašková (2006, pp. 48-50). Following this idea, below we present key position of motivation in probable process of generating innovation (Figure 5).

![Figure 5: Key role of motivation in process of generating innovations at company](source: own)

We can assume that successful process directing to innovation at organization takes place at two levels of organizational behavior:
1. At individual level of employee’s competences: his creative thinking and self-motivation.
2. At corporate level of organization’s global competences created by characteristics of organizational culture and job attitudes reinforced by existing motivational system.
The whole cyclical process is switching from phase of individual creativity, through pro-innovative organizational culture and pattern of general pro-innovative job attitudes, to final phase of innovations which is reinforced by constant impact of motivation (see Figure 5). There are two sources of motivation at organization: employee’s internal self-motivation and corporate external motivation however the main responsibility for building adequate motivational system encourages innovation lies on side of organization and its managerial concepts.

4 Paradigm of creative or sustainable organization?

During ongoing decade, the already well described and present for last 30 years paradigm of ‘learning organization’ seems to be insufficient and gives place to idea of ‘creative organization’ or paradigm of ‘sustainable organization’. First one is addressed to “creative processes of minds” (Bills, Genassi, 2003; Lucke, Katz, 2005; Brzeziński, 2009), second one – offers the idea of constant “journey of management model” (Grudzewski et al., 2010, p. 27). There are many opponents hesitating in utility of such ideas, mostly because of definitional vagueness of the new concepts, but also because of the ontological paradox: how to look for any general model of management inside of something which has to be constantly new? (see: de Cock, 2007, p. 30).

On the other side, authors mostly agreeing that just thinking process of the organization stressed in concept of ‘learning organization’ established the background for the new philosophy of management where linear thinking about organization is no more sufficient. No one doubts that the changes around the businesses cause accelerated depreciation of knowledge. Therefore it is necessary to search for the new inspiration for concept of organization and for human resources management. The shift focus from knowledge to creativity is justified by temporal proximity of the two phenomenon: first the idea has to be created in anybody’s mind (it can be also collective mind of the team), and then – the new idea can be incorporated to the knowledge after testing and confirming its utility (at least heuristics). The creativity of organization then makes possible generating innovations and collecting knowledge and by this way it offers chances for sustainability of the organization.

4.1 Creative organization

As we indicated in the previous chapter, creative processes at organization are primary and knowledge processes are secondary but creativity and knowledge coexisting and influencing each other by simultaneous acting in individual’s and team’s consciousness (probably also sub consciousness) of organization’s members. The effect of these processes is individual’s and team’s creativity which together build the organizational creative potentials. This common organizational creativity represents the special kind of cognitive net in which information, concepts, and associations are constantly exchanging. Phenomenon of transfer and merging of individual and team cognitive processes creates a special common information field (Brzeziński, 2004, p. 48). In various teams of the organization, through this common information field, is built specific awareness of the organization which is searching for own dynamic balance. Activities conducted in the information field create new forms of organizational behavior which interact as correction or improvement at all levels of the organization. In such way, organization achieves development and progress. Described dynamics of organization’s creativity is hypothetical till now but can be compared with such heuristic current approach as is for example the idea of open innovation (Chesbrough, 2003). Open innovation concept seems to fit perfectly to frame of creative paradigm and the links between them are worth of a separate discussion.

The main rules of creative organization we can summarize as follow (see also Brzeziński, 2004, p.49):
1. The basis for the organization are goal-oriented ‘teams – platforms’ created by employees with specific combination of professional competences: talents, skills, self-motivation and oriented into invention and innovation.

2. Teams create autonomic and flexible units responsible for concrete task from the begging to the end (like Project Management teams).

3. The configuration of team members depends on character of task which demands special kind of competences.

4. Team members cooperate as partners guided by non-hierarchically oriented leaders.

5. Teams as treated as a flexible form or job organization.

6. Organizational structure is dynamic and during constant reconfiguration – the structure depends on demanding of current tasks which absorb separate teams in concrete time.

7. Managers have to be high skilled leaders with excellent level of emotional intelligence, able to build and inspire teams and to act as team members.

8. Organization should to create special kind of pro-innovative culture, based on trust and self-motivation of employees, promoting experiments and allowing do mistakes.

Special characteristics of the creative organization are based on special kind of spiritual element associated with shared common emotional and motivational sphere in organization. This impact of spirituality connected with common values seems quite understandable in light of over mentioned pro-innovative culture, flat organizational structure, trust, and collaboration in task oriented teams. Although the notion of spiritual organizational climate is rather strange in rationally oriented business area, it has to be seriously considered as a new way of thinking in general and human resources management. The strong arguments for such spiritual or emotional perspective for understanding the economic issues we can find for example at Daniel Kahneman’s (Nobel laureate in economics in 2002) work dedicated to use of psychological tools for economic investigations or at the new concept of “emotionomics” (the combination of the words: emotions and economy) introduced by Dan Hill (2010) and successfully testified by him in business area.

4.2 Sustainable organization

We can also associate the concept of creative organization with more pragmatic and well accepted in economic dimension of regional management notion: sustainable organization (Grudzewski et al., 2010). This modern management paradigm is just established on the conviction that in nowadays turbulent reality even innovation very fast start to be not valid and the only solution is constant look ahead to the future. Currently only sustainable organization is adequate for knowledge based economy because only constant creativity, intelligence and ideas allow to survive in business (op. cit. p. 17). Sustainability has generally two meanings:

1. First – as ability to continue business activity even in hyper dynamic surroundings, and

2. Second – as chance to refresh and rebuild business by using challenges created by external conditions and their discontinuity.

Definition of sustainability stresses: „...the ability of enterprises to continuous: learning, adaptation and development, revitalization, reconstruction, reorientation to maintain a sustainable and distinctive market position by offering over-average value to customers today and tomorrow (Grudzewski et al., 2010, p. 27).

However such definition reflects rather dream then possible reality of organization and contains to the future of management – seems to be worth of consideration. Especially, two aspects of sustainable organization look as crucial for modern organization: dynamics and flexibility – the features which allow introduce new business strategies by constant efforts to shape new market space. Sustainable enterprise, as a kind of ‘wondering business model’, starts in frame of learning organization from minimal changes (renovation of model) through
enlargement and radical transformations as steps guiding kind of ‘journey of model’ – as it is illustrated in Figure 6.

![Figure 6. Changes of business model and concept of sustainable enterprise](image)

In the way illustrated above, we interpret the idea of sustainable organization as the new quality of learning organization – creative organization. What connects two concepts of enterprise – learning and sustainable – is exactly organizational creativity represented on individual and corporate level as a source of potential innovation. In such light – the compass for prospective market position of company is proactive HRM strategy implemented as a constant business orientation and both described paradigms: creative organization and sustainable organization has to be seen as complementary and mutually related.

## 5 Conclusion

The innovation in turbulent economy and fast changing surroundings seems to need stronger conceptual frame than already existing concept of learning organization. The analysis of the origin and nature of creativity in organization suggests the just creativeness conditions innovation. From the other side, confirmed crucial role of motivation (including self-motivation) at building pro-innovative attitudes of employees and teams indicates the need for redefining of leadership and components of organizational culture. Such possibilities offer newest approaches to human resource management and general management: paradigms of creative organization and sustainable organization which has to be seen as complementary and mutually connected. They both promise organization not only to survive on the market but something more: sustainable development by implementing constantly changing – with the goal of progress – model of organization. In such frames, innovation at organization in fact represents sustainable business activity.
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