



Vidhyayana - ISSN 2454-8596

An International Multidisciplinary Peer-Reviewed E-Journal

www.vidhyayanaejournal.org

Indexed in: ROAD & Google Scholar

Fostering Innovative Cultures: The Impact of HR Management

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Abstract

In today's quickly changing business environment, a company must cultivate a culture of innovation to increase its chances of success. Human resource management (HR) is responsible for playing a significant part in forming and maintaining such cultures inside enterprises. As part of its investigation into the complex role that human resource management plays in encouraging innovation, this article investigates the significant techniques and practices that HR professionals adopt to build an atmosphere conducive to the growth of creativity and inventiveness. This article underscores the role of human resource efforts in fostering innovation. It gives insights for businesses that are looking to strengthen their inventive skills. It does so by drawing on both theoretical frameworks and actual examples.

Keywords: Human resource management, Organizational culture, Creativity, Strategy, Innovation, Innovation process, Importance of innovation, Economic globalization.

Introduction

The importance of innovation in today's corporate world has led many companies to prioritize the cultivation of creative cultures. Human resource management (HRM) plays a vital part in this effort because it facilitates the establishment of settings that encourage innovation, risk-taking, and experimentation. This paper's goal is to delve into the role of human resource management in fostering and maintaining innovative methods inside companies. A thorough comprehension of the relationships between HR practices and organizational creativity is the overarching goal of this research. This will be accomplished by examining the various ways in which human resources are involved in the process of fostering innovation.

The techniques of human resource management considerably influence the performance, competitiveness, and success of any given firm. This is because people are an organization's most valuable asset and its competitive advantage. It is a point that is emphasized by a great number of industry specialists. People are a resource shared by all businesses and equally crucial to them. This is true regardless of the industry in which they operate. All businesses require people to ensure their continuous existence, growth, and success in the marketplace. Without the actual presence of people who know what, when, and how to do anything, organizations can't make it to the point where they are successful. According to Maier (2013), the existence of organizations may be attributed to the limited physical and mental capacities of individuals and their capacity to assist in the expansion of the organization.



The link between an organization's human resource management and its innovation potential has been the subject of several articles, especially in more recent years. People in the 1990s used the phrase "new practices in human resource management" to describe a lot of different shifts. Among these shifts were new ways of organizing working relationships (such as collaborative efforts, decentralized leadership, and employee empowerment), fostering an environment that encourages lifelong learning, sharing expertise within the company, and rewarding good work (Laursen & Foss, 2000, 2013; Chen & Huang, 2009).

Due to their meteoric ascent to fame, these methods are now generally acknowledged as cornerstones of contemporary management. According to Nielsen (2006), they are crucial for making the most of human resources and meeting the needs of a learning, adaptable company. According to Nielson, "Employee issues are part of the innovation system and, from this perspective, skills development and learning are important."

Human resource management activities supporting innovation

Most of a manager's attention is focused on the most important issues that arise daily. Even though innovation is typically regarded as a critical problem, it is not always an emergency. Those in management positions need to be aware that innovation must be a top priority since putting it off today will make it more difficult to innovate in the future. An organization's leadership team faces a variety of challenges when they become aware of the modifications that are necessary for innovation, including the following:

- The requirement to safeguard invention against possible abuse;
- For innovation to be considered credible, it must yield consistent outcomes;
- New ideas necessitate a mindset that, in many cases, is completely at odds with how people have been trained to see certain circumstances (visionary thinking, spotting opportunities at the expense of difficulties, etc.);
- Innovation can only thrive if management practices are modified.

Most managers would rather take a step back when confronted with this circumstance. On occasion, directors are game to tackle the difficulties of creating fresh prospects. In some cases, this holds true. Considering these two fundamental issues is necessary for any organizational strategy that encourages creative thinking. In the first place, human resources are better equipped to deal with the issue of innovation than technology resources may be. It is necessary to experience a paradigm shift in leadership strategy and human behaviour to facilitate



the development of inventive capabilities. In addition, innovation is much more important and directed at the management pyramid. An innovative culture requires adopting new managerial practices and talents that were not previously considered vital. This is because the shift to such a culture is necessary.

For innovation to be successfully launched into the market, it is necessary to effectively integrate efforts from various industries. The advantage of cultivating an environment where everyone can contribute to the growth of an innovative culture is one of the most important issues managers have in their responsibilities. When fostering creativity in a culture, the most successful method is to use progressive management practices that disseminate staff across all levels through various channels. The management style can be altered in all aspects, including goal-setting, planning, resource allocation, employee evaluation, rewarding and recognizing excellence, distributing varying degrees of responsibility and autonomy, information management, and so on (Maier, 2013). This can create an inventive culture that may be conscious or unconscious.

Because of its potential for growth and development, people's knowledge of and ability to overcome their limitations, and its capability to rise to new challenges and demands, both in the present and in the future, human capital is a unique and valuable asset. Human resources are scarce, expensive, difficult to copy, and irreplaceable. They are also difficult to access. The power of humans to develop material and spiritual resources that can either better meet some of the requirements that have become obsolete or fulfil new criteria is a capability they possess. Individuals are responsible for the creation and production of goods and services, the management of quality, the distribution of resources, the making of decisions, and the establishment or formulation of goals and plans of action. The decisions that are made in the field of human resource management are impacted by a variety of variables, including those particular to the business as well as those that are situational. As a result of differences in the relative significance of various roles and activities within the field, these decisions vary from country to country, organization to organization, and organizational subdivision to organizational.

Important factors to think about while making HR decisions include the organization's current moral growth stage, the prevailing societal value system, and basic moral and ethical principles. Human resource managers' ability to make decisions relies on their adherence to the following principles: honesty and openness; respect for both parties; adherence to procedures; responsibility to the organization; adherence to the law; and, finally, respect for each person's unique personality and character. Time is one of human resources' most valuable commodities when it comes to making changes to routines, attitudes, habits, and behaviors. When individuals



reach this phase, management practice needs to intervene to overcome the people's relative rigidity and urge them to be open-minded and adaptable in a range of situations.

"We must try to treat people the way we want, and we like to be ourselves," said Thomas Murphy, a former chairman of General Motors. "We like to be ourselves." "It will be good for both the individual and the organization." Individuals can't meet their requirements if appropriate management of human resources is not promoted. People have the right to be treated fairly since they are human beings who deserve to be treated fairly. J.K. Galbraith issued the proclamation titled "The Human Resource's Restitution over the Other Resources." Differentiation, specialization, and customization are the three characteristics defining human resource management's current condition. Not only does it have a clearly defined role within the management structure, and it draws inspiration for concepts and procedures from that structure, but it also innovates by putting forth new research methods, concepts, and language expressions of its own, drawing boundaries, and treating organizational realities following goals (Covrig, 2007).

On the one hand, the qualification of employees is a method of innovation since it is essential for implementing innovation. On the other hand, qualification results from innovation when there are advancements in organizational and technological aspects of employee qualification. Providing a well-organized, focused training program that includes a curriculum specific to the new competencies required is the primary objective of human resources resource development. An evaluation of training requirements, essentially an analysis of the current working environment, is typically the first step in any management focused on training opportunities. The employees are given instructions on how to fix their problems by analyzing the training needs that they have come up with.

As a consequence of this, the problems and the working environment are investigated, which makes it possible to carry out the training. The evaluation of training requirements can serve as the basis for formulating training objectives. To accomplish the training goals, the programs, materials, and instruments utilized are determined. During the training process, one of the most important components is the application of newly acquired knowledge in a working environment. According to Perdomo-Ortiz (2009), the applicability of the results is the most important factor in determining the effectiveness of a training program.

The management of human resources must be responsible for bringing about and sustaining the necessary organizational and social shifts to achieve innovation implementation goals. Consequently, it is of the utmost importance that executives working in human resources have a sufficient understanding of the significance of

innovation and how they may improve the performance of the business in this particular domain. The following is a list of the major particular responsibilities related to human resource management that have a direct influence on innovation performance (Figure 1):

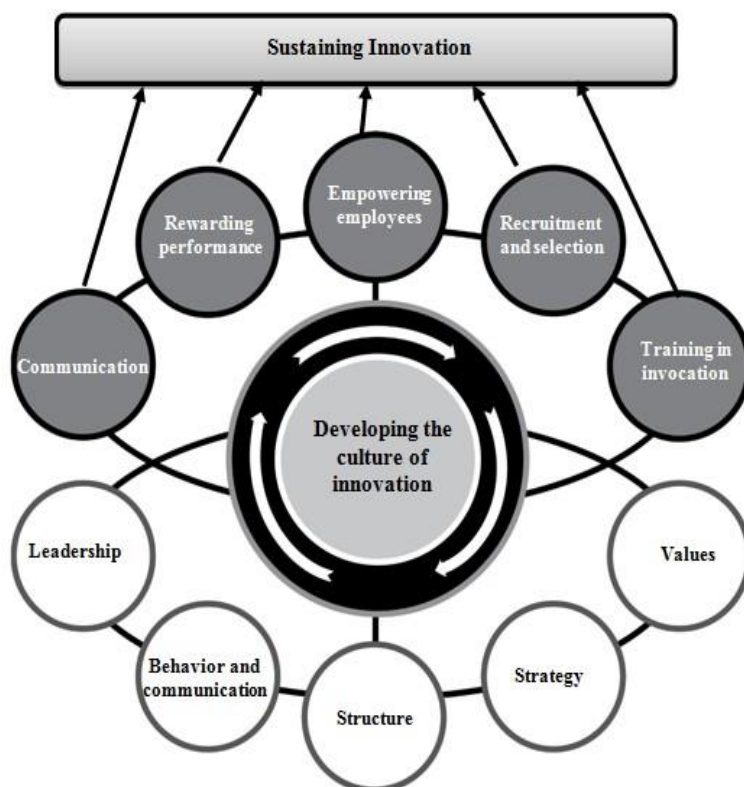


Fig 1. Human resource management activities that support innovation and development of innovation culture
(authors processing)

Empowerment of Employees: alludes to a rise in worker autonomy, capacity to shape the workplace, and capacity for self-employment. In this regard, providing each employee with chances for innovation is crucial by incorporating innovation into the work requirements and performance management tools. Empowerment tools also include possibilities for growth, workplace support, knowledge access, and resource availability.

Recruitment and selection of staff: Incorporating creativity and other critical talents into recruiting and selection criteria is crucial for organizations. Organizations that want to innovate require adaptable, creative individuals who are willing to take chances and capable of teamwork.



Training in innovation: to increase and enhance knowledge, offering courses in innovation management and ways to foster creativity and entrepreneurial spirit. Employee knowledge affects an organization's ability to innovate; therefore, creating comprehensive, long-term training programs is crucial for innovative firms.

Communication: creating a system of open communication that encourages cooperation, wide information access, and teamwork. When it comes to managing innovation, communication is key, especially when it comes to getting more people involved and fostering more interdependence across the various organizations. There are a variety of ways it manifests in project teams. It may, however, also happen at the level of the organization, in leadership, during the creation and implementation of new processes and products, during the communication of results, etc.

Rewarding innovation performance: The company must create a system of incentives and rewards that promotes creativity. Incentives for performance, like stimulus packages, can boost staff engagement and incentives for innovation.

Innovation culture: creating an innovative workplace culture where each individual is accountable for their contributions. The following factors, which are summarized from research on the subject and are depicted in Figure 1, describe the innovation culture:

- *Values:* Liberty, taking chances, honesty, transparency, inventiveness, adaptability, and lifelong learning
- *Strategy:* a focus on the future, a strong sense of client identity, and innovation as a strategic aim;
- *Structure:* independence, adaptability, cooperative groups and interactions, and transparency;
- *Behaviour and communication:* support, the capacity to learn from failures, the willingness to embrace new ideas, the capacity to quickly adjust to changes in the market, relationships based on trust, and a focus on critical competencies;
- *Leadership:* Strong emphasis on managing innovation and forming innovative behaviours like taking risks, supporting innovation, and rewarding efforts.



The importance of leadership cannot be overstated when it comes to achieving the behavioural changes that are essential for businesses to succeed in innovation. According to the opinions of several experts, a leader's key role in innovation is to cultivate an atmosphere in which creativity and innovation are present in every one of their operations.

When it comes to modern management, the organisation's basic values are essential instruments of leadership. The allocation of a company's time and financial resources is a reflection of its principles, which include the establishment of priorities and the selection of options. A corporation's values are not defined by what its employees, executives, and other officials say or write in reports and promotional materials; rather, they are defined by the actions they take. Truly imaginative companies provide the resources that are necessary to support entrepreneurial activity, develop innovation, and facilitate learning.

Behaviours that are characterized by individuals' activities are examples of innovative behaviours. Included in these acts for leaders are the motivation of staff members to reach set targets and the description of the future via the use of plans and strategies. Acts of innovation on the part of employees include listening to customers, negotiating resources, overcoming technological problems with patience, and engaging in projects or designing solutions.

An intelligent environment that encourages taking calculated risks and learning from mistakes instead of accepting failures is a crucial part of the innovation-focused organizational cultures of high-performance companies. Innovative companies differentiate between underperforming or non-performing and innovation failures. These businesses determine an appropriate innovation strategy based on the level of risk that is taken as well as an acceptable risk tolerance. The performance of innovation is impacted by every one of the aforementioned human resource problems; yet, to get optimal results, these concerns have to be regarded as a system rather than as individual actions.

The culture of innovation

A culture that encourages innovation is what sparks creativity, and it is this culture that enables managers and other staff members to incorporate innovation into their everyday routines. According to several research on innovation, an innovation culture is a key component to success (Angel, 2006; Lombardo & Roddy, 2010; Rao & Weintraub, 2013; Losane, 2013). Managers involved in innovation must meet this perspective head-on by providing answers to the following questions: The culture of innovation—what is it,



precisely? How can one construct something?

The 1980s of the previous century saw the shift toward organizational culture as the primary emphasis of theory and practice. Organizational culture is a social concept that describes how personnel carry out their tasks, interact with customers, and handle conflicts, among other things. Under Dauber et al. (2012), organizational culture may be summed up as the "lifestyle of an organization" and is mostly evident in the manner in which individuals conduct themselves among one another. Culture is the source of an organization's personality and identity, which are developed within the organization.

Every organization has its own distinct culture, exemplified by its members' shared ideals, principles, and objectives. By adopting this perspective on the organization's strategy, one may better comprehend the numerous consequences and difficulties linked with the organisational change process. According to the findings of the research, the majority of the time, firms cannot successfully adapt modern management systems or other change efforts because their culture is not following the new values and principles. Resolutions are typically formal when the presumed values and employee behaviours remain the same, even when the structures and working techniques have been altered during the conflict. These do not provide the desired results; rather, they typically result in problems with employee morale, unhappiness, and a loss of trust, which may leave the organization in a worse position than it was in before the implementation of the change efforts (O'Donnell & Boyle, 2008; Popescu, 2011).

There is a strong correlation between corporate culture and innovation. According to an examination of the characteristics of successful organizations, these enterprises have established organizational cultures in which employees at all levels try to accomplish innovation as a daily objective and as their duty (Kasper & Clohesi, 2008). This is a culture that has developed over the years.

Any business, no matter how big or little, needs the buy-in of its workers and upper management to carry out its strategy effectively. Those in charge who value their workers' imaginations and are committed to progress will have the know-how (Reuter, 2018). The phrase "innovation culture" describes the actions and behaviours that occur inside an organization associated with innovation. This word is used in the context of businesses that are focused on innovation. Throughout the past few years, this topic has become increasingly prevalent.



But there are a lot of obstacles that prevent many businesses from even starting this creative process. It should come as no surprise that innovation benefits both workers and corporations. Therefore, why is it so difficult to emphasize innovation? According to Reuters (2018), the following are some of the challenges that innovation faces:

- *Resources* - Innovation requires resources, money, and time. Leaders often dedicate less resources to innovation and concentrate their efforts on areas that are easier to manage.
- *Culture* - Although it should be possible for employees to innovate, cultural barriers prevent this. When you fail to recognize and appreciate your employees' efforts and provide them the freedom, independence, and support they need to be creative, you are discouraging them from thinking beyond the box.
- *Fear of failure* - Another cultural effect that stifles creativity is a fear of failing.
- *Collaboration* - Although collaborative cooperation may seem simple, it can be challenging for some businesses. Teams' capacity to collaborate and exchange ideas is occasionally hampered by rules, regulations, and institutional frameworks, which limits their potential to innovate.

On the other hand, if the leadership commits to innovation, it may easily be possible to overcome many of these challenges. Furthermore, the most successful leaders and businesses accept it, communicate effectively and cultivate an environment that stimulates creative teamwork and new ideas. This is a key factor in their success.

It is critical to involve and encourage involvement from employees at all levels of the company, even though leadership's commitment is the first step toward innovation. The next big project should be decided through open communication, the creation of innovation forums, and the provision of chances for staff members to engage with the subject (Reuter, 2018).

An intelligent environment that encourages taking calculated risks and learning from mistakes instead of accepting failures is a crucial part of the innovation-focused organizational cultures of high-performance companies. Establishing an adequate risk tolerance and an appropriate innovation strategy allows innovative organizations to differentiate between non-performing or poor performance and innovation failures, according to the Global Innovation 1000.



Conclusions

In summary, it is impossible to overestimate HR management's critical role in promoting innovative cultures. The diverse range of HR contributions, including hiring, development of leaders, incentive systems, training, and organizational structures, highlights the department's critical role in fostering organizational success in today's fast-paced corporate environment.

HR departments operate as builders of company culture, creating settings where innovation arises naturally via the strategic alignment of HR practices with the broader purpose of fostering creativity and innovation. HR creates the groundwork for a workforce ready for innovation by carefully choosing people with various viewpoints, experiences, and skill sets. Furthermore, HR creates an environment where innovation and measured risk-taking are valued by enabling staff members to realize their full creative potential through extensive training and development programs.

HR's development of reward and recognition programs further motivates the intended behaviors and results, ensuring that innovation is appreciated and encouraged across the whole company. At the same time, programs for leadership development provide managers with the skills and attitude needed to motivate and guide creative teams, creating a culture where innovation is promoted from the top down.

HR is also involved in strategically planning communication channels and organizational structures that promote cooperation, idea exchange, and cross-functional integration. Through dismantling organizational silos and encouraging candid communication, HR creates a climate in which ideas are openly shared, improved, and put into practice to spur significant innovation.



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