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ORGANIZATIONAL INNOVATION:
A Preliminary View"

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Organizational Innovation : Context and Models

An ever-increasing body of academic research continues to document the success of organizational innovations. Numerous case examples utilizing refined methodologies for evaluation report increased productivity, decreased costs and major benefits to both the individuals and organizational entities involved. Yet no major diffusion is observed. The rapid diffusion and new application of micro-processors has served as a model of the successful diffusion of a technological innovation. "Why then", ask managers and scholars "have the organizational innovations not enjoyed the same level of success?". One stream of literature explains this lack of diffusion by citing the lack of controlled experimental conditions or questioning the transferability of particular innovations. However, few management technologies can be subjected to such scientific control. In fact, most managers do not use traditional measures of scientific rigor to assess systems. Rather, belief that they can make the system work may be among the more relevant criteria; suggesting a strong social "Heisenberg" or "Pygmalion" effect.

Another stream of research attempts to better document the financial costs of existing work conditions as well as the quantitative benefits of innovating upon these work related variables. The socio-economic work attempts to better illustrate the total benefits available in these innovations either in clarifying the "Hidden costs" of worker alienation or the abstract benefits in the new work system. A clear "cost-benefit" analysis would be assumed to increase the rate of diffusion as it addresses the key financial criteria of the organization and its decision-makers.

Finally, a group of critics explains the lack of diffusion by the context of institutional conflicts between labor and management. The lack of a consensus between these parties on the goals of organizational activity precludes the broad diffusion of organizational innovations. Generally, the representatives of the work force become a scapegoat for a failure to implement these systems or an inability to draw full benefit from such attempts.

This outpouring of research and theory reflects an implicit paradigm that organizational innovation is a product of rational decision-making structures within work organizations. Little attention has been paid to the nature of

Figure 1 presents a summary description of this reconceptualized field, including the specification of key individuals who interact with the sponsor of an organizational innovation. Elements of this diagram as well as the key terms of the research are described in the following section.

THE SPONSORS AND INNOVATION

Pursuing this conceptualization, the question of diffusion is first translated into the query "Why and how does an organization decide to innovate in the realm of working conditions?" Yet Organizations do not decide.

One may reasonably speak of "Organizational activity" in the context of routinized decision making, either in the application of decision rules or the routines identified by Simon, and Cyert and March for organizational functioning. Yet innovations by definition are activities which create or change such routines. In this case, it is usually individuals or groups of individuals which decide and enter new ideas into the organizational context. While one can consider organizational predispositions or support for such activity, the unique element of diffusion is critically linked to individual initiative in breaking established patterns of problem - solving or behavior in response to familiar organizational problems. Thus, an organization which has traditionally responded to problems of productivity, absenteeism and turnover by increased rationalization and parcellization of the production system has an established routine for responding to such problems. Innovation is the introduction of a new response to these same problems - for example, the redesign of jobs for changing or enriching individual tasks.

Innovation will refer in the context of this study to new responses based upon a significant change in premise or underlying assumptions. While fragmented, parcellized work is premised upon Taylorian assumptions in theories of scientific management; autonomous workgroups proceed from a different set of motivational assumptions. Therefore, it is neither the dismantling of the assembly line nor the change in cycle times alone which constitute the key innovative elements. Rather, it is the reconceptualization of the means-end relationship in a production process in the motivational characteristics of the individuals involved. A broad range of activities could be subsumed in the category of organizational innovation. The scope of the present study would be limited to those activities which focus upon innovative approaches to the design and conditions of work tasks.

In organizational innovations, a small group of individuals (often a single manager) emerge as sponsors of the activity within the enterprise. Thus this sponsor may be termed in part a "Gate-Keeper" much in the sense of this term from the literature of Technological Innovation. In this case, he/she brings an innovative logic or system into the organizations realm. The "Sponsor" (or sponsors) display all of the following characteristics.

- a) a major role in achieving organizational acceptance of the innovative activity.
- b) A significant role in the design and implementation of the innovative activity.
- c) An organizational and personal identification with the activity and its outcomes

Sponsorship generally entails a sense of personal commitment along with the attributive aspect of the role. As most innovations generate significant resistance (as will be described below), the continued life of an innovative project must initially result from the personal commitment of the sponsor. I note "initially", as some projects develop a "life of their own", but all require some initial nurturance generally provided by a single sponsor.

The research study focusses upon two particular aspects of the sponsor's role. First are the key activities and interactions which result in the development of an organization innovation and its acceptance by a business enterprise. The second facet is the nature of organizational and external rewards accruing to the sponsors of innovative activity. Each element will be discussed briefly below to develop its implication for diffusion.

DIFFUSION I - The Creation of an Organizational Innovation

The decision by an organization to embark upon a particular innovative activity is the concrete unit of diffusion. Yet, it is this very aspect of the innovative process which has received little attention in research. General theories of decision-making can be borrowed from the diverse branches of social science to suggest a maximizing, satisficing or political process. Yet little light is cast upon the innovative process in particular.

Preliminary observations by the researcher, suggest that the process of organizational innovation is characterized by the reformulation of a particular problem by an individual or group of individuals and the emergence of a sponsor to promote this reformulation within the organization itself.

Figure 1 suggests a number of key actors who are potentially significant in this phase. Each represents an interest group and many perform an active role in the decision to innovate as well as the choice of particular directions or techniques.

Consultants and expert groups from the academic community are advocates for current trends in theoretical development. Government agencies represent a focus for the translation of national legislation into organizational practice. Other sponsors of organizational innovations represent the current level of practice and may reflect active agendas for diffusing particular ideas or formulas. Finally, local representation of workers groups bring the policy of national confederations into consideration. While the rhetoric of each of the interest groups may be clear, the individuals designated in the diagram generally bring complex personal agendas to their interaction with a potential client for the diffusion of innovative ideas.

Within this complex arena, the intersection of a new problem formulation and an emerging sponsor provide the basis for designing and implementing an innovative activity. The character and concerns of the sponsor, the demands upon this role, and the impact of organizational systems upon the sponsor must be investigated in an effort to understand the dynamics of this critical phase of innovation.

DIFFUSION II - The Evaluation of Organizational Innovations

As organizational innovations are the product of interaction among numerous individuals and interest groups, it is not surprising that the evaluation process should yield a confused picture. Different groups will focus upon different data in an effort to assess the outcomes of an innovation in their own terms. Most significantly for the present research is the assessment by potential sponsors who observe an innovation and must decide whether to embark upon a similar process.

This key evaluation will combine a number of factors, but will proceed in some part from an assessment of the benefits which have accrued to the "sponsor" in question. Thus the perception of rewards and career development attributed to involvement with an innovative activity becomes an output along with efficiency changes or improved productivity.

SUMMARY OF THE RESEARCH

The method necessary to research these aspects of the innovation process poses some unique problems. Existing literature has rarely focussed upon the key variables of this study. Case studies and analyses have focussed more on the nature of innovation or the process of implementation rather than the key roles and outcomes accruing to the "sponsor". As a result, a series of exploratory case studies were pursued, a first step toward the development of a more rigorous data collection instrument. Innovations in three European countries were observed (UK, France and Sweden). While there was no expectation that this was sufficient to yield "cross cultural" comparisons, it was hoped that a broad range of experience could help avoid a premature narrowing of focus or variables.

Some preliminary ideas from these cases are presented below. Perhaps, the most striking outcome of the research concerned the research process itself rather than any substantive finding which resulted.

The author researched three major cases, which documented innovations which were considered "successes" both within the company, and in two of the cases in external publicity generated by the company. By design, all three were in settings where innovations were viewed organizationally with significant scepticism. In each company, public as well as internal documents expressed the corporate commitment to "innovation" and particularly, "new organizational forms" which could improve working conditions. In each case Productivity data as well as measures of working conditions supported the assessment of the projects success. Yet in none of the three cases did the career of the sponsor appear to reflect this success.

Two of the managers have been clearly "passed" over for key promotions. Colleagues confirm the Sponsor's own assessments that he has been passed over or offered only the "Voie de garage". A third remains in his current position

two years beyond the "normal" rotation period for high potential people in the organization.

This data, while anecdotal, appears to support the model of diffusion posited at the outset of the research. None of the organizational innovations has been diffused within the organization despite the successes. What manager would choose to engage in a process which appears to yield such negative results?

Yet most striking, each company has refused the release of the case data. In no case has there been any dispute over accuracy of case data, the balance of views presented nor the style of presentation. In all three settings, the argument is essentially the same. To paraphrase: "While the case presents an accurate account of the situation which transpired; the material could have a negative impact on the morale of our current managerial staff as well as our efforts at recruitment."

The sensitivity of top management was such, that even attempts to significantly disguise the company and individuals were not considered sufficient.

This experience poses an additional question for the research. Not only is it important to understand the phenomena observed in these cases, but also to better understand the organizational sensibilities which have been touched in the research process.

Organizational Success - Career Failures

The limited observations from these cases combined with earlier studies seem to warrant a claim that at least "Organizational Innovation may be dangerous to the career health" of its sponsor. The risk in this area must be considered and managed by any individual about to embark on such a project.

At this stage of inquiry let me briefly describe a series of explanations or reasons cited for the outcomes in the particular cases studied. As career decisions do not result from a single cause - effect sequence, multiple explanations were offered in each case. The list is proposed for further research - but even in its tentative formulation could serve as a useful guide to managers who have begun or are about to begin such an effort at innovation.

I SYSTEM IMPLICATIONS OF INNOVATIVE ACTIVITY

As defined in this study, innovation is necessarily a source of conflict. By altering some of the fundamental assumptions which rationalize organizational activity, the innovative project is either seen as confusing or clearly posing a threat to on-going operations. By its very existence, the new activity may be perceived as a challenge to those operating in other ways. Those closely identified with development of existing procedures experience loss of face if they perceive the innovative approach as a critique of their past efforts. Others may perceive (rightly or wrongly) a potential for loss of power or status in the new approach. Added uncertainty of a new and often unknown set of outcomes is sufficient in the absence of the earlier conditions to generate sufficient hostility and resistance to kill the project.

Faced with this challenge, the "sponsors" seem to be placed on the horns of a dilemma. On one hand, fighting to protect the system may leave a set of confirmed enemies both to the projects and the sponsoring individual. On the other hand, failure to fight is seen as weakness by subordinates and colleagues and is the death knell for the project.

Sponsors talk of the key role of "protecting a baby until it is strong enough to walk on its own." This BUFFERING function is often viewed as a defensive response to intrusions by senior management, staff departments or outside groups. As most innovative systems depend critically on the commitment and motivation of employees, the buffering action is often necessary both to maintain the integrity of employee involvement and to symbolically assert local management's commitment to the employee group.

Similar concern is expressed for buffering new systems from "over-publicity" both within and outside the larger corporation until the "minor problems" of start-up have been resolved.

All of these buffering functions entail temporary exclusion of key individuals who may have important influence on the sponsors subsequent career as well as the eventual evaluation of the project. Often it is difficult to skillfully keep someone at arm's length during the exciting early phases of an innovative project yet develop their involvement and commitment at a later date. Particularly if these are personnel from "headquarters", the exclusion can be costly in future decision-making concerning careers of key individuals.

A second source of tension at boundaries concerns the limited power and authority of sponsors. Redistribution of roles and functions within his own unit may be achieved within the realm of the sponsors authority. However, each of the studied cases entailed the alteration of staff roles through allocating some functions to enriched jobs or, at least, altering the nature of the staff-worker relationship. Thus the sponsor's success may depend critically upon acquiring control over resources previously outside his realm. In each case, the sponsors were able to achieve sufficient flexibility in the start-up of innovation projects. However the development of new systems creates a continuing capability and demand by employees for reallocation of responsibilities. One manager referred to the "Vacuum effect" the ability of a semi-autonomous work group to assume ever increasing levels of activity and responsibility - soon exceeding the sponsor's realm of authority to deliver.

Similar conflicts are generated at system boundaries with vendors who accept with difficulty the reallocation of purchasing decisions or influence to workers. At each system boundary, internal definition of roles may confuse or alter existing practices to relationships.

Whether through fighting to defend the system, buffering or acting to absorb greater activity; the contact of sponsors with "outsiders" contains the potential for conflict and enmity. Such relations, particularly with superiors, require skillful management in order to avoid subsequent repercussions. When handled less skillfully, the following quotes may suggest the results.

"I acted as a gendarme to keep them out of my unit. When I started inviting them in again, no one was around or willing to come in."

"I burned the bridges to keep them out. When I tried to rebuild the bridge to go to HQ and see about a promotion, I couldn't get across the gap anymore."

II THE EVALUATION OF NEW IDEAS

The evaluation of new and innovative projects is particularly problematic. In principal, if corporate objectives are known, this should not be the case. Standard output and input measures used for existing facilities should be applied to measure the relative value of the new approach. Yet most evidence is to the contrary.

Many of the innovative organizational practices are introduced in "experimental" conditions. That is, the success of a pilot project will determine the eventual application and dissemination of the idea. Sponsors often seek the "experimental" designation as a vehicle to implement or introduce a new organization approach. Most realize that organizational experiments are far from controlled laboratory conditions. The non-representative nature of the chosen workers, the "hawthorne effect", the dynamics of response to the experimental group - all these yield the unique situation where - "If it fails, the data is good: if it succeeds, you are lucky". Yet, the designation of "experimental" is often critical in temporarily overcoming resistance and providing learnings which can be reflected in full scale applications.

Additionally, innovations, and "experiments" in particular, tend to draw closer scrutiny. Shorter intervals between evaluations, amplified significance from incidental occurrences; all complicate the normal difficulties of a "start-up" operation. These dynamics are intensified in the presence of groups which are actively invested in the failure of an innovative project. Some criteria are measured with difficulty: flexibility, product quality. The selective valuation of criteria more according to where the problems are found, such that today's problem area becomes "The most important measure for success". When one adds the question of how long to wait before deciding success or failure, the total complexity of the evaluation process is apparent.

This is further complicated by the sponsor's or design group's concern for human values which may underly the innovation. Measures of quality of life at work, worker satisfaction and the like are wrought with difficulties both in measurement and integration with other measures of productivity.

A Sponsor generally recognizes the dilemma of measurement and evaluation, as do most managers. Management does not offer the luxury of laboratory sciences to control variables and examine single aspects of variance. Most managers recognize that they deal in a particularly uncertain environment which defies clear explanations of results in single cause-effect terms. Yet "experiments" in organizational innovation are often created in this logic - placing great pressure on the Sponsor to fight for simply continuing his project with the minimum price in concessions for the right to proceed.

This yields a unique situation where successes are often attributed to extraneous factors (recession cuts absenteeism; investment alone increases productivity, etc); while failures are offered freely as the outcome of the sponsor's efforts.

THE SPONSORS ORIENTATION

Managing the hazards at system boundaries and organizational evaluations seem necessary to the sponsor's achievement of career recognition for his success. Yet, these factors alone do not appear sufficient to ensure such rewards. In several situations, the sponsor received extensive applause for achieving increased productivity, high morale and maintaining effective working relationships with other organizational units in the process. Yet once again career advancement was not forthcoming.

This last set of explanations for stunted careers seems to emerge from the very nature of the innovations studied. Those innovations based upon organizational rather than "hard" technologies seem to connote a "softness" which is not valued in organizations. New mechanical process, new products, new equipment - all have a concreteness which lends itself to positive valuation of a sponsoring individual. Each of these run the risks previously noted regarding uncertain evaluation and altered system boundaries. Yet, the technological innovations build on a reference group of engineers and scientists - seeming to draw value and legitimacy from this association. New products, particularly in marketing-orientated organizations, derive a valuation from the sense that this is a "core-business" activity. Yet, the organizational innovations may be expected to reflect positively on an aspect quite close to career success-managerial prowess. Quite to the contrary, in many of the organizations studied, the sponsor was seen as "soft", "too concerned with people", "not sufficiently tough to assume the demands of higher management positions". Thus the manager who was seen as an abrasive buffer or aggressive defender of a new system, who displaced staff in reallocating work roles, was seen as "soft" by those who reflected on the nature of his accomplishments.

Evidence cited for such "softness" or "humanitarian" orientation was often the support which the manager received from the work force. The implicit premise appeared to be ... "If the manager is appreciated by the work force, he must

be too soft". Thus, while it was "commendable" how he achieved the performance ... he is limited in his career growth.

In some cases this became a self-fulfilling prophecy, lacking understanding from senior management, the sponsor turned to other groups for support. A first and obvious group was the work force itself, who generally heaped praise on the manager for improving their working conditions and protecting them from "Headquarters". A second source of support was the academic community, who provided both support and offered opportunities for lectures and visibility which was precluded by the organization itself. Generally, these opportunities focussed upon the humanistic aspects of the change process reinforcing the work force interest in these aspects.

In one case, this appears to have led to some decisions where productivity was traded-off for "human values". It is important to note, however, that this occurred after the start up period and the evaluation of the innovation as a "major success".

DIFFUSION AND SPONSORS

While all organizations studied had explicit policy statements confirming their commitment to improving life quality and conditions at work, little evidence appears to support the notion that efforts in that area by line management would be rewarded. What is most striking is that the particular cases where those where the goal was not singly to improve working conditions. Rather, improved or altered conditions for working were viewed as the means to increased productivity and the achievement of financial or strategic goals. None of the sponsors held a singular orientation to the plight of workers, but rather focussed upon costs, output and productivity measures, as defined by their corporate context.

Yet in the light of this anecdotal data, it is little surprise that diffusion has been slow. Potential managers who see the "sponsor's" career failure may be very hesitant in pursuing what appears to be a no-win process. Innovation always runs the risk of failure and the possible negative effects of failure on career. But if success holds the same possibility for career stagnation, why should a manager proceed with what is certainly a highly consuming and personally costly activity? As one interviewer noted, "If all the personal

aggravation and stress of changing things is not rewarded, why not sit quietly and await a promotion. It is clear that 'Rocking the Boat' is no way to get ahead." If the lack of rewards for successful innovation occurs in a particular company, the research question might more interestingly be, "why would anyone innovate at all in this domain?".

CONCLUSION AND IMPLICATIONS

The ideas cited in this paper are only a provocation. Their anecdotal nature precludes any broad assertion as to the prevalence or nature of phenomena surrounding organizational innovation. After discussing these ideas with a variety of individuals, it seems unlikely, though possible, that idiosyncratic explanation of these causes is the limit of further inquiry in this area. But what if such phenomena exist more broadly? Some implications for various groups become apparent.

First and foremost is the task of assembling wider data on the career implications of innovative "managerial" activity. While one can readily imagine questionnaire methods or other vehicles for collecting and analyzing such data, the unfortunate experience in assembling the cases for this preliminary study signal a major difficulty involved. However, the anonymity and structure of such a wider inquiry may, in fact, solve the problem.

Second area of exploration is to better understand the individuals who do innovate: Are there characteristics or other common denominators which explain the orientation of "Sponsors" in general; or, more specifically, those who experience subsequent career difficulty?

Finally, the organizational context of the innovative efforts remains a significant focus for inquiry. What are the nature of organizations that facilitate innovation? Initial studies by Kantor and others suggest that this is the area which will develop most rapidly. But again the specific nature of "organizational and managerial" technologies must be factored into the research.

On the basis of even these anecdotal findings, some provisional considerations can be drawn for both organizations and the sponsors of organizational innovative.

For the organization, the consideration of the messages being received as a result of career decisions should be carefully considered. If innovation is not desired, an affirmative policy on working conditions improvement can be effectively overridden by the strong internal message sent through promotion decisions. In fact, I suspect that most organizations and their individual managers live uncomfortably with "Sponsors" and their "innovations". Those who are so motivated are more difficult to manage and often carry risks for the "Boss's Career" as well as their own. The unrest and upset of change itself may push for the basic stability to non-innovative approach. The essential problem in such an organization is how to generate a new climate for innovation when a new need or threat develops. How can those signals be changed quickly to signal the need for innovative activity, at least on a temporary basis?

If the organization genuinely desires managerial innovation. The limited data reported here suggests only part of a complex set of signals which must be managed to create a less ambiguous push in that direction.

Similarly, those individuals who have begun or chosen to begin such an innovative endeavor could certainly benefit from the tentative conclusions in this paper. The management and implementation of organizational innovation is a necessarily difficult process. The particular dilemma at system boundaries and project evaluation requires special attention in precluding adverse personal effects. Finally, the careful positioning of such innovations as productivity-orientated, financially evaluated activities may be critical to the image of the innovation and its sponsor. Sensitivity to these issues may avoid some of the pitfalls encountered by innovations in these cases, while still guarding the integrity of the effort.

Fascinating for me was the unanimous feeling of all "sponsors" that, if given the choice, they would do it all again. Even with the painful consequences in terms of career, each felt a unique satisfaction and sense of achievement from their efforts. Each cited with pride the positive response of the employees involved. The most significant aspect of further research in this area is to find the vehicle for combining the satisfaction attendant to this basic managerial function of innovation with the organizational rewards for the "sponsor". This seems critical not only to the individual's career development but the organizational diffusion of an innovative climate.

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- 80/02 "Dimensions culturelles des conceptions de management - une analyse comparative internationale", par André LAURENT Février 1980.
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