

Original citation:

Shipton, Helen, Budhwar, Pawan, Sparrow, Paul and Brown, Alan. (2017) Editorial Overview : HRM and innovation - a multi-level perspective. Human Resource Management Journal, 27 (2). pp. 203-208.

Permanent WRAP URL:

<http://wrap.warwick.ac.uk/85093>

Copyright and reuse:

The Warwick Research Archive Portal (WRAP) makes this work by researchers of the University of Warwick available open access under the following conditions. Copyright © and all moral rights to the version of the paper presented here belong to the individual author(s) and/or other copyright owners. To the extent reasonable and practicable the material made available in WRAP has been checked for eligibility before being made available.

Copies of full items can be used for personal research or study, educational, or not-for profit purposes without prior permission or charge. Provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

Publisher's statement:

This is the peer reviewed version of the following article: Shipton, Helen, Budhwar, Pawan, Sparrow, Paul and Brown, Alan. (2017) Editorial overview: HRM and innovation - a multi-level perspective. Human Resource Management Journal, 27 (2). pp. 203-208., which has been published in final form at <http://dx.doi.org/10.1111/1748-8583.12138>. This article may be used for non-commercial purposes in accordance with [Wiley Terms and Conditions for Self-Archiving](#).

A note on versions:

The version presented here may differ from the published version or, version of record, if you wish to cite this item you are advised to consult the publisher's version. Please see the 'permanent WRAP URL' above for details on accessing the published version and note that access may require a subscription.

For more information, please contact the WRAP Team at: wrap@warwick.ac.uk

Editorial Overview: HRM and innovation: A multi-level perspective

In this Special Issue we foreground an important and under-researched theme - the role of Human Resources Management (HRM) in fostering innovation. Innovation is critical to organizational survival especially against a backdrop of change and uncertainty; accordingly a wide and diverse literature has attempted to tease out its antecedents (Anderson et al., 2014; Gupta et al., 2007). People, and the management practices that organizations deploy, are integral to effectiveness in this area, yet conversations about innovation often take place in parallel to mainstream HRM literatures. Scholars interested in the role of knowledge as a source of competitive advantage, for example, are increasingly focused on individuals and micro-systems (e.g. Foss, 2011), while sociologists highlight organizational barriers, especially regarding rewards, access and disclosure (Murray & O'Mahoney, 2007). HRM's muted voice may be because, with some exceptions (e.g. Liu, Gong, Zhou & Huang, 2016), scholars have steered away from cross and multi-level perspectives. This means that there are still many questions about the effect of top-down influences on employee creativity and innovation, as well as any role that HRM might play in eliciting innovation from the bottom up.

As Special Issue editors, we put out a call in December 2013 for contributions along these lines. Our call ran in parallel to an edited book, released by Palgrave Macmillan in early 2016, capturing insights from a series of ESRC sponsored seminars (Shipton, Budhwar, Sparrow & Brown, 2016). The book took an overview of the people-related aspects of innovation, bringing out rich insights from contributors to the seminars, who were inspired in turn by the scholars, policy body representatives (such as the Confederation of British Industry and the CIPD) and members of business community who helped to formulate the Series. While the sheer breadth of insights presented in the book cannot readily be summarised within a few sentences, we detected four overriding themes. First the book hotly debated questions around levels of analysis, in particular, the organizational forms and structures that are apposite for innovation. Secondly, contributors reflected on the psychological processes whereby employees make sense of HRM and in turn generate

innovative activity. Thirdly, insights were drawn about the role of leaders in communicating and interpreting organizational policy and practice including HRM and finally the authors of several chapters within the book devoted attention to teasing out learning models and the institutional processes that embed them with the purpose of fostering innovation.

Our vision was that the Special Issue would further deepen and develop these themes, through opening the dialogue to researchers and practitioners within and outside the networks that evolved through the Series. The call attracted thirty-two submissions. As a result of successfully progressing through a blind peer review process we are delighted to present the six excellent papers that speak to our original call. The collection of papers is balanced, in that we offer two conceptual studies, and two from both qualitative and quantitative paradigms. While each paper brings out a unique contribution, there are several overriding considerations raised by the collection as a whole. In what follows, we highlight connections across the papers, with reference to current developments, in order to shine light on the current state of science. We conclude by bringing out avenues that according to our reading deserve focused consideration in future research.

Our first overriding consideration, like that highlighted in the book, relates to *levels of analysis*. Both HRM and innovation are multi-level phenomena, yet HRM has been slow to adopt a multi-level perspective (Molloy et al., 2010). This may be attributable to methodological as well as conceptual challenges, with influences especially for innovation extending beyond organizational boundaries (Gupta et al., 2007; Renkama et al., 2016). Strategic HRM research has started to integrate macro and micro-level HRM research to explore the influence of HR systems on individual attitudes and behaviours (Jiang et al., 2013). Within this multi-level perspective, much research has adopted a top-down approach to examine cross-level influences and consider how HRM systems at a higher level influence the attitudes and behaviours of individual employees (Sanders, Shipton & Gomes, 2014).

Because of the unpredictable nature of innovation, which arises from informal collaboration as well as through designated creativity teams, knowledge is required about how insights originating from individuals are captured and embedded in organizational outcomes. The question of bottom-up emergence, that is, the way in which employees through combined efforts foster collective-level

outcomes, has been somewhat neglected in the debate on HRM and innovation (although see Chang et al., 2014). This is despite a growing body of work in strategic HRM literatures on how employee attitudes and behaviours influence collective-level outcomes such as customer service (Nishii et al., 2008) or unit-level market performance (Aryee et al., 2012). Kozlowski and Klein (2000) distinguished between two types of bottom-up emergence, one labelled composition and the other compilation. While composition is suggestive of isomorphism, in that collective outcomes exhibit the same or similar properties as those found in lower level counterparts (such as job satisfaction or commitment), compilation entails the bringing together of unique entities into a coherent whole. A variance-enhancing process, compilation may hold the key for understanding how radical and exploratory innovation is enacted at the level of the organization. As Jiang et al. (2013) have noted, research on compilation (and to a lesser extent, composition) is still at a nascent stage.

A paper by Shipton, Sparrow, Budhwar and Brown in this SI brings out the differential effects of entrepreneurial as opposed to control-oriented HRM on employee creativity and innovation, highlighting that bottom-up emergence is qualitatively different where one configuration is emphasised more than another. They adopt a neo-institutional theory frame of reference, arguing that control-oriented HRM induces conformity through reinforcing pressures towards isomorphism. Any innovation that does occur is likely to be incremental and hence less challenging of organisational parameters. By contrast, entrepreneurial HRM enables critical reflection and presents momentum for change from the bottom-up. Lin and Sanders, also in this issue, draw on organizational learning theory, to present a theoretical model depicting the optimum arrangements for HRM at multiple levels of analysis. Reflecting on the influence of HRM across levels of analysis (through feedback from the top down and feedforward from bottom up) they present a dynamic model that highlights some of the complexities that innovation entails. Central to their analysis are questions regarding the flow of innovation from the individual to the organization and the effect of HRM practices on one level rather than another, and how the system as a whole can be understood and revitalised.

As Sparrow et al. (2016) point out, organizational form and structure is integral to discussion around levels of analysis, since both factors determine the way in which organizational aims are disseminated and resources allocated, as well as how functions and roles will be governed. Form

and structure also influence the flow of knowledge through the organization, in a way that may foster or impede innovation. For example, if jobs offer the opportunity for employees to communicate externally they will become aware of alternative paradigms outside the organization and to make suggestions for change. Through influencing job-related accountability and responsibility at individual and indeed team levels of analysis (through reward, appraisal, developmental opportunities and so on), HRM has the potential to shape employees' propensity to acquire and exchange knowledge in fundamental ways.

Speaking to this theme, a second thread permeating the studies in this issue concerns *structures that establish a balance*: on the one hand, incorporating new knowledge (from within or outside the organization), and on the other managing internal dynamics to ensure that operational, day-to-day requirements are achieved. Arguing that teams present the optimum environment for individuals striving to achieve creativity and innovation, Jorgensen and Becker, in this issue, reflect upon the way in which HRM helps to bring out this balance- which they label *ambidexterity*- at the team level. Focusing on two high performing teams located within similar but distinctive high technology companies in Denmark, they show through fine-grained qualitative analysis that there is no blue-print governing how HRM might facilitate team ambidexterity. While an integrated HRM system that exploits synergies between HRM practices can foster ambidexterity in some organizations, an approach that emphasises the independent effects of a few key HRM practices may be an effective alternative for others. By identifying two approaches to HRM, their study highlights the importance of aligning HRM practices with the organizational context, and with the team structure in particular.

Papers authored by Cerne, Hernaus, Dysvik & Skerlavaj, as well as Kessler, Heron & Spilsbury, also highlight structural considerations in bringing innovation to fruition. The former shines a light on knowledge-hiding- defined as the intentional attempt to conceal or withhold knowledge requested by others. Knowledge-hiding is a quality that remains poorly understood, certainly detrimental to creativity and innovation, with some individuals more susceptible than others. Focusing on employees and their supervisors in two medium-sized manufacturing companies located in Slovenia, the authors are able to show that knowledge-hiding occurs in response to situational cues.

To overcome knowledge-hiding, team leaders need not only to foster a team mastery climate- a sense that the development of skills, learning and change is highly valued- and also to ensure high task interdependence. Decision autonomy also influences knowledge-hiding, in that the negative consequences of knowledge-hiding are less apparent when employees are assigned to self-contained jobs. Hence, those designing jobs need to consider ways of fostering high levels of task interdependence, while working with team leaders to foster a mastery climate, or alternatively isolate knowledge-hiders in order to ameliorate negative outcomes for the team.

The paper by Kessler and colleagues, which is focused on the legitimisation of new roles within a health-care environment in the UK, turns attention towards innovation implementation, an area which is not well researched, although important for an innovation to gain traction. Based on a series of in-depth interviews, Kessler et al. are able to show that those taking up new roles in health-care organizations exert influence on stakeholders' perceptions about the innovation, thereby securing legitimisation and acceptance. First, the post-holder needs to recognise as well as create opportunities to advance the new way of working, showing how the role addresses key priorities and challenges that the organization faces. Secondly, to further embed the role, the post-holder needs to highlight alignment between the new and the old, in other words, points of connection that the role has with existing structures and systems. As a final step, those performing the new role have to effectively market the positive benefits that flow from it. Devoting attention to what Kessler et al. describe as legitimization ensures that the new initiative is accepted rather than revoked, and over time taken for granted by institutional stakeholders, hence fully incorporated into organizational functioning.

Turning our third theme, it seems that for innovation, some *specific HR practices, or combinations of practices*, are more important than others. Indeed recent research shows that configurations of HRM practices- those which are maintenance as opposed to performance-oriented, have a stronger influence on employee creativity in privately rather than publicly-owned corporations in China (Liu et al., 2016). A connecting thread in the SI concerns whether HRM practices might in certain circumstances impede, rather than enable, innovation, and indeed whether it is possible to over-manage innovation through specifying outcomes in unambiguous terms. In this issue, Andreeva,

Vanhala, Sergeeva, Ritala & Kianto show that even well-aligned HR practices may induce varied and even negative effects on innovation performance. Drawing on the insights from the strategic HRM literature on the internal fit between HR practices, as well as the developments of the knowledge governance approach, they argue, and show, that rewards and appraisal applied together produce a setting that is conducive for deepening existing knowledge bases, but hindering for more distant and diverse knowledge search. They point to the importance of studying innovation-enhancing HR practices in bundles rather than in isolation, also accounting for tensions. Rewards, in particular, have been closely scrutinized in terms of impacts on creativity, yet as these authors point out rarely considered alongside other related practices such as appraisal. They also shed light on the differential effects of HR configurations on incremental as opposed to radical innovation, suggesting that each calls for different HR approaches.

Adding to these perspectives, Lin and Sanders hint in their theoretical model that the way in which HRM is configured will vary according not just according to the level at which it is targeted, but also depending on whether it is designed to enable learning *across* levels. They further highlight a tension between feed-forward and feedback learning, showing, for example, that autonomy granted to individuals may foster individual innovation but hamper team integration. Since both are essential for team innovation, trade-offs are called for. They (like Cerne and colleagues) allude to the moderating role of task independence, arguing that where a high degree of collaboration is necessary, pay should be based on team or organizational performance, rather than being allocated on the basis of individual merit.

A fourth, overriding theme permeating through the SI is that of *integration*. While there is no one best way for HRM to be deployed with innovation in mind, it is important to endorse key principles, along the lines highlighted above, hence to have a vision as well as strategy for enacting the vision. Although the plan will be subtly different across business units, sectors and even at country level there are a number of consistent steps. Innovation requires management of the activities through which employees acquire knowledge and skills and interact with others. It directs attention to processes of knowledge updating and re-contextualisation, sharing of knowledge, ideas and materials, and the ways in which this can regenerate products, processes, services, and strategies.

Shipton et al. (2016) in this SI draw attention to issues that impede HRM from influencing innovation at individual, team and organization levels, and how they may be overcome. First, the lack of an over-arching and coherent – but contingent – HR system. Second, an inability to ensure effective and authentic implementation of this system. As implied above, the HR system itself is multi-level. Hence to achieve integration, organisations have to put in place HR philosophies that identify values, roles and management practices. They need policies that provide explicit guidelines for action, and programmes that co-ordinate a range of efforts concerning people management. The HR practices, activities and functions that are carried out, and the processes, detailed procedures and methods, both in isolation and combination, must help shape individual, team and business unit behaviours appropriately. HR specialists and the wider HR team, including line managers, have the scope to implement the institutional processes that embed such models.

Added to the above, as we have endeavoured to show, each paper offered in the SI presents a compelling insight into key elements of integration across HR systems, whether at the level of the individual, the team, the organization as a whole, or indeed looking across levels.

Future research

Several avenues are presented for future research. We have hinted in this overview at a distinction between the creativity and implementation aspects of innovation (Anderson et al., 2014). While the two phases are closely interconnected, there is a distinction pertaining to levels of analysis. Individually-oriented aspects of innovation primarily entail problem identification and idea generation, while idea evaluation and implementation are more collectively oriented. It could be that future research further develops understanding about the effect of HRM, however conceptualised, on one phase or another. The antecedents for creativity may entail sophisticated learning and development, exposure to new and different experiences, emotional support and clear parameters governing day-to-day practice (see Sanders et al., 2016). Innovation implementation is likely to entail close collaboration with stakeholders, as well as marketing and legitimising any contribution that the innovation is deemed to make. Specific attributes may be called for to facilitate this phase.

Furthermore, although there has been reference in the literature to creative performance that is expected versus that which occurs without being overtly required, on the whole both these forms of creativity have been treated in the same way (Montag et al., 2012). Those employed in organizations where the demand for creativity is high (there are significant environmental drivers) may thrive given that particular HR configurations (such as sophisticated recruitment and selection) are in place. By contrast, for those whose jobs do not explicitly require creativity, the HR configurations may be very different. It could be that in the latter case learning on the job through coaching or project work is important, as well as fostering employee motivation and engagement. Currently we do not distinguish between the HR antecedents for these quite different employee groups. Yet taking a holistic yet differentiated approach towards managing different employee groups would allow organizations to develop a more streamlined approach.

Finally, future research should more overtly bring together two distinct bodies of literature into the HRM domain: those which from a work psychology perspective emphasise the drivers for creativity and innovation at the level of the individual, and those which adopt an organizational level perspective with reference to innovation. Our vision is that adopting a multi-level perspective will further encourage HR scholar to bridge disciplinary divides in order to grow and develop this important yet not fully understood field of endeavour.

References

- Anderson, N. Potocnik, K. & Zhou, J. (2014). Innovation and creativity in organizations: A state-of-the-science review, prospective commentary, and guiding framework. *Journal of Management*, 40(5): 1297-1333.
- Aryee, S., Walumbwa, F. O., Seidu, E. Y. M. and Otaye, L. E. (2012). 'Impact of high-performance work systems on individual- and branch-level performance: test of a multilevel model of intermediate linkages'. *Journal of Applied Psychology*, 97, 287–300.
- Chang, S., Jia, L., Takeuchi, R. & Cai, Y. (2014). Do high-commitment work systems affect creativity? A multilevel combinational approach to employee creativity. *Journal of Applied Psychology*, 99(4): 665–680.
- Foss, N. (2011). Invited Editorial: Why Micro-Foundations for Resource-Based Theory Are Needed and What They May Look Like. *Journal of Management* September 2011 vol. 37 no. 5 1413-1428.
- Gupta, A., Tesluk, P. & Taylor, S. (2007). Innovation at and across multiple levels of analysis. *Organization Science*, 18: 885–897.

Jiang, K., Takeuchi, R. & Lepak, D. (2013). Where do we go from here? New perspectives on the black box in strategic human resource management research. *Journal of Management Studies*, 50(8): 1448-1480.

Kozlowski, S. & Klein, K. (2000). A multilevel approach to theory and research in organizations: Contextual, temporal, and emergent processes. In K. Klein & S. Kozlowski (Eds.), *Multilevel theory, research and methods in organizations: Foundations, extensions, and new directions* (pp. 3-90). San Francisco: Jossey-Bass.

Liu, D., Gong, Y., Zhou, J. & Huang, J.-C. (2016). Human Resource Systems, Employee Creativity, and Firm Innovation: The Moderating Role of Firm Ownership. *Academy of Management Journal*. Published ahead of print May 20, 2016, doi:10.5465/amj.2015.0230

Molloy, J., Ployhart, R. & Wright, P. The myth of “the” micro-macro divide: Bridging system-level and disciplinary divides. *Journal of Management*, 37 (2): 581-609.

Montag, T., Maertz, C. & Baer, M. (2012). A critical analysis of the workplace creativity criterion space. *Journal of Management*, 38(4): 1362-1386.

Murray, Fiona, and Siobhan O'Mahony. "Reconceptualizing the institutional foundations of cumulative innovation." *Organization Science* 18.6 (2007): 1006-1021.

Nishii, L., Lepak, D. & Schneider, B. (2008). Employee attributions of the ‘why’ of HR practices: Their effects of employee attitudes and behaviors, and customer satisfaction. *Personnel Psychology*, 61: 503- 545.

Renkema M., Meijerink J., Bondarouk, T. (2016). Advancing multilevel thinking and methods in HRM research. *Journal of Organizational Effectiveness: People and Performance*. 3:2, 204-218.

Sanders, K., Shipton, H. & Gomez, J. (2014). ‘Are HRM processes important? Past, present and future challenges.’ *Human Resource Management (US)*. 53 (4): 489–503.

Sanders, K., Jorgenssen, F., Van Rossenberg, Shipton, H, Campos Cunha, R., Xiaobeili, L., Wang, Y., Rodrigues, R., Dysvic, A. & Humborstad, S. (2016). ‘High performance work systems and innovative behavior: Do HR strength and national culture matter?’ HR Division Nominee: Carolyn Dexter International Award. *Academy of Management Conference*, Vancouver.

Shipton, H., Budhwar, P., Sparrow P & Brown, A. (Eds.) (2016). *Human Resource Management, Innovation and Performance*. Palgrave Macmillan.

Sparrow P., Shipton, H., Budhwar, P. & Brown, A. (2016). ‘On multiple levels of analysis, context, contingency and capital’. In Shipton, H., Budhwar, P., Sparrow P & Brown, A. (Eds.). *Human Resource Management, Innovation and Performance*. Chapter 21.