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**CONTEXTUAL DRIVERS OF WORKPLACE  
INNOVATION PRACTICES AND  
ORGANIZATIONAL PERFORMANCE:  
RESPONDING TO ORGANIZATIONAL  
EXISTING AND EMERGING CHALLENGES**

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## CONTEXTUAL DRIVERS OF WORKPLACE INNOVATION PRACTICES AND ORGANIZATIONAL PERFORMANCE: RESPONDING TO ORGANIZATIONAL EXISTING AND EMERGING CHALLENGES

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### ABSTRACT

**Purpose:** The study sought to determine the contextual drivers of workplace innovation practices and organizational performance: responding to organizational existing and emerging challenges

**Methodology:** This paper identifies areas in which improvements to workplace innovation need to be made, from both operation management and production management in both theoretical and practical standpoint, and discusses recent findings by researchers to make such improvements. It therefore uses desk top study research design.

**Results:** It is argued that the reinvention of old ways of doing business will involve the consideration of workplace innovation practices that have a wider set of increased participation, more job autonomy, decentralization of responsibility, higher levels of both internal and external control capacity, together with more opportunities for continuous improvement in terms of learning whereby organizational and individual are able to assimilate and connect well with what is happening in terms of new knowledge about their works and expertise; effectiveness, organizational capability, quality and top management commitment

**Unique contribution to theory, practice and policy:** The study recommends that contextual drives including organization characteristics or organisation model whereby organisations can choose a model that is directed at better organizational performance (an economic target), better quality of work (a social target) or a combination of both.

**Key words:** *Continuous improvement, organizational capability, organizational performance, top management commitment, workplace innovation*

## 1.0 INTRODUCTION

### 1.1 Background of the Study

A resurgent wave of globalization has brought in the urge for organizations to compete globally. This has resulted in increased levels of completion (Garten, 1998). Organizations are faced with challenges such as ever changing technologies, companies are faced with challenges of ramifications emanating from weak economy which results in negative returns, employees retrenchment, and many investments have closed the shop. Many organizations are struggling to keep up with the workplace innovation pace. Old models of doing business are not providing the best results. While seeking to understand the elements that are active when organizations overcome these challenges the one way to approach it is by reframing it within the context of the workplace innovation practices where, significant benefits and organization progress in terms of performance can be achieved.

Work Place Innovation (WPI) is a relatively new, broad and still rather imprecise concept (European Commission, 2014). Workplace and innovation are interpreted in various ways. Most of previous research restricted workplace to establishments. Still, the workplace can be very broad and, for example, involve the combination of ‘work organisation’, ‘labour relations’ and ‘network relations’ that is, relations with parties outside the organisation (Eeckelaert *et al*, 2012). In another study workplace innovation was referred to as an alchemic combination of ‘work organisation’, ‘structure and systems’, ‘reflection, learning and innovation’, and ‘workplace partnership’ (Totterdill, 2015; Totterdill & Exton, 2014). In this study workplace innovation is treated as the mediating variable, in that it has the direct connection with improving company’s results (performance).

Today organizations are working in an ever changing business environment. A weak economic atmosphere has presented a barrage of huddles to organizations striving to maintain their groups of clientele in their competitive industry market. According to Aapo and Tomas “A fundamental change is occurring whereby the world over economies is witnessing the forces of globalization and liberalization trade”. They also add that “many calls have been voiced for organizations to build the ability to respond and adapt to changing and uncertain conditions” (Aapo & Thomas (2008). According to (WREMSD, 2016) “technological and business model innovations alone are not sufficient to enhance opportunities for businesses and employment”, as a result many experts are calling for companies to relook into their ways of conducting their operations. This would be effectively dealt with through organizations focusing on workplace innovation. This paper sat out to review the existing literature with aim of determining direct connection workplace innovation practices has to the organizational performance. Clear objectives are as follows:

### 1.2 Objectives of the Study

- i) To establish knowledge gaps in the light of the existing workplace innovation theoretical concepts.
- ii) Develop a framework with which enterprises could use to integrate workplace innovation strategies that have an impact on both economic performance and quality of work.

## 2.0 LITERATURE

This covers literature review on both theories related to workplace innovation and empirical review on some of elements that build the relationship between workplace innovation and organizational performance.

### 2.1 Theoretical Review

This study revolves around four theories namely: democratic dialogue, contingency, configurationally as well as human capital. These four theories are among the main theories related to workplace innovation studies. For the purposes of this paper the author discusses the configurational theory.

Configurational theory was credited to Mintzberg during the period year 1973. This theory concomitantly brings together both internal and external fit where the organization's external environment, HRM strategy as well as business strategy are sandwiched together. Configurational proponents hold that HRM practices business strategies and interact depending on the organizational context in determining the course of business performance (Arthur, 1994). As explained by Wilkinson (2002) configurational tenets form a set of human resource practices that would be relied upon in making best use of horizontal mélange which eventually when connected to other different strategic configurations can contribute to high organizational performance.

As explained by Boxall and Purcell (2003) configurative tenets respond to human resource management concerns or issues from a systemic point of view. "A system is a set of interrelated elements, such that each individual part or element depends to a greater or lesser extent on its situation within an integrated whole organization which operates as complex systems comprised of interdependent external and internal subcomponents that are best understood when viewed holistically" Sheppeck and Militello (2000). Consequently, as (Broedling, 1999) put it any alteration in one component will affect the other components, vice versa. Thus, the overriding goal of configurative perspectives is to analyze changes that occur within organizational processes which come up in counteracting the internal pressures or external pressures.

In this study some of the research questions will aim at finding out how configuration approach is used to determine how organizations have achieved both vertical and horizontal fit of key elements such as organizational human resource capabilities, integration of technologies and organizational process, continuous improvement and how these elements are contributing to an organization's performance in the ever changing market environment.

### 2.2 Empirical Review

This section contains the empirical review; thematic issues that helped the researcher bring out research/knowledge gaps are: organizational capabilities and workplace innovation, findings from recent studies on workplace innovation practices in relation to organizational performance, workplace innovation and the efficiency key gaps in the body of the documented research.

Organizational capabilities and WPI can capabilities of the organization are looked at in the setting whereby the members pull together to spur organizational growth and the achievement of other organizational set goals. Those goals are clearly seen among the performance measurements as a whole (Poksinska *et al.*, 2002). These Organizational capabilities in most

cases are regarded as intangible resources that organizations have which contribute better organizational performance (Tomer, 1987). Organizational preparedness and capabilities gives a clear picture of the blue print of workplace innovation practices that can be pursued. Depending on the resources organization has at its disposal will influence the kind of things that organization does or unable to do. This would also be traced though the strategies organization undertook, the performance will be affected in one way or the other. For example Pant and Ravichandran (2001) explain that the introduction of real time technologies like cash less platforms would enable reengineering of processes, cutting paper work trial, improve information sharing. Departments or processes in organization would need electronic system in order to centralize processes. Having a quick way of responding to customer needs in the company requires quick decision making and reinventing traditional methods such as conventional communications which are slower to a technology that is quick and effective. Therefore, in regard to the proposed conceptual framework organizational capabilities is one of variables to be investigated in support of continuous improvement, workplace innovation as well as the performance of the organization.

Workplace innovation in relation to performance was emphasized on in recent studies and it was revealed that workplace innovation to greater extent had a positive effect on the way organization performs. Among the studies done by Pot (2011) including two studies carried in Netherlands : the findings from the respondents drawn from among 650 Dutch SMEs revealed that companies with workplace practices or initiatives achieved better results in terms financial and efficiency compared to other firms that were yet introduce workplace innovation initiatives and practices. It was observed that, the findings on quality of working life have not been determined apart from employment that was found to have increased in most scenarios observed. The other findings from study comprised respondents from 932 Dutch firms from different private business owners demonstrated that the companies that followed the social innovative strategy were doing well in area such as flexible organization, profit and market share, working smart and external cooperation among others. This was unlike the companies that do not follow social innovative strategy or those companies that were classified as non-social innovative (Oeij, Dhondt & Korver, 2011b).

Workplace innovation practices have positive effects on the way organization perform. This also reflects in the work quality and efficiency in terms of productivity whereby employees have participated at greater extent (Pot, 2011). Ramstad 2009 concur that where the research have been done those companies that performed well demonstrated such elements like employees participation in coming up or spear heading the initiation of projects in most of times the results indicated a greater collaboration unlike among the companies whose employees did not participate in coming up and carrying out projects. The management offers the employees platform and create an environment of cooperation and consultation whereby through communication most of pending issues are cleared and this in return enhances the way the organization performs (Lamport *et al.*, 2010).

There is relationship of workplace innovation and the efficiency. Studies done demonstrated that there is a relationship between “high-performance work practices on efficiency outcomes” (Appelbaum, Bailey, Berg & Kalleberg, 2000; Huselid, 1995; Michie & Sheehan, 2005; Kleinknecht *et al.*, 2006; De Menezes *et al.*, 2010; Gittell & Bamber, 2010; Vergeer &

Kleinknecht, 2011; Zhou, Dekker & Kleinknecht, 2011). According to Davenport and Prusak (1998) it is possible for employees to align their objectives with organization objectives and cope when they are prone to adapting to any change that may occur. With effective workplace innovation practices workers are found to be more ready to positively respond to change. This contributes greatly to the achievement of desired organizational performance. In this study it is relevant to find out what practices companies in Kenya have put together in ensuring best results in terms efficiency and effectiveness emanating from employee involvement in workplace innovation.

There are some key gaps in the body of the documented research. Majority of researchers have chosen to view high-performance work practices (HPWP) as the equivalent of WPI (Eurofound, 2012). According to Eurofound (2015) viewing HPWP and WPI as common concepts is understandable as HPWP studies try to gather evidence that certain practices, and ‘bundles’ of practices, are beneficial to the business performance of companies. However, there is a need to dissect the two because high-performance work practices studies are too limited and they seem to include almost anything that is included in human resources management (HRM) as well as employment relationships and industrial relations such as: the division of labour ranging from job design to labour market recruitment policies, remuneration and working conditions, and employee representation. Thus, it is helpful to disentangle them to get a better understanding of WPI practices. It is also important to note that HPWP does not pay attention to the design of production systems that have ‘root-cause’ consequences for autonomy of employees (MacDuffie, 1997).

This paper identifies areas in which improvements to workplace innovation need to be made, from both operation management and production management in both theoretical and practical standpoint, and discusses recent attempts by researchers to make such improvements. It is argued that the reinvention of old ways doing business will involve the consideration workplace innovation practices that have a wider set of increased participation, more job autonomy, decentralization of responsibility, higher levels of both internal and external control capacity, together with more opportunities for continuous improvement in terms of learning whereby organizational and individual are able to assimilate and connect well with what is happening in terms of new knowledge about their works and expertise; effectiveness, organizational capability, quality and top management commitment.

### **3.0 Research Methodology**

This paper identifies areas in which improvements to workplace innovation need to be made, from both operation management and production management in both theoretical and practical standpoint, and discusses recent findings by researchers to make such improvements. It therefore uses desk top study research design.

## **4.0 CONCLUSION AND RECOMMENDATION**

### **4.1 Conclusions**

The author after reviewing the existing literature on the contextual drivers of workplace innovation practices and its influence on organizational performance he concludes that in the recent past scientific research had been directed to workplace innovation as means to improving organizational performance and quality of work life. Yet comparatively little emphasis has been

given to contextual drivers that are active when breakthrough of workplace innovation practices occurs. It is widely recognized that organizational contextual drivers can hinder or help to greater extent the levels of success organization can achieve. Though the recommended conceptual framework, the author shades light on the organizational contextual drivers of workplace innovation practices and how critical workplace innovation is in terms of contribution to the desired organizational achievements/performance and other various positive outcomes that help the organization to overcome the existing challenges and prepare for the emerging challenges.

#### **4.2 Recommendation**

Based on previous research findings, the researcher is recommending a conceptual framework that would be based on workplace innovation practices that show the direct link between contextual drivers and organization performance as follows:

Contextual drives including organization characteristics or organisation model whereby organisations can choose a model that is directed at better organizational performance (an economic target), better quality of work (a social target) or a combination of both. A variable could be constructed that indicates to what degree organisations have a model that indicates the importance of the quality of the organisation (performance driven) in combination with the quality of work (people driven) or to find how organizations are shaping their context to meet the market demands.

Business Environment: is all about how the organization is adapting to changes from environmental factors such as customers preferences, competitors, technology and the government regulations among others factors. Workplace innovation practices would facilitate integration and enables re-engineering of processes for organizations using traditional methods. For example the research question would aim at finding out some latest technologies, applications and processes of cutting paper work trail have been introduced in the company and how their introduction have improved information sharing for example. This also would be measured in terms of how quick organization make decisions in terms of reinventing traditional methods such as conventional communications which are slower to a technology that is quick and effective.

It is vital to incorporate reason and motives for companies to introduce workplace innovation practices. The focus would mainly be on economic and business goals companies have put in place and their financial viability. It is widely recognized that financial viability would make it possible for a company to realize its business goals or other set goals. There are also leverage factors that are regarded as actions, measures or means that drive the successful implementation such as management-driven, employee-driven or participatory-driven and IT driven workplace innovation.

Through employee-driven practices also viewed as bottom-up, there is a combination of work autonomy exercised by employees and they are able to discretionary improve their learning capacity and are able to solve problems relating to their works. This result in more active work environment whereby employees are able to share in decision making mechanisms, cooperate with management and when these are combined with investing in new technologies the organization is able to perform well. In most cases to increasing speed of working or reporting companies would give the employees autonomy to make decisions by avoiding delays caused by

unnecessary referral to managers. It is also argued that offering a workplace innovation platform whereby employees can enhance and utilize their competencies can increase their potential to efficiently carry out their works.

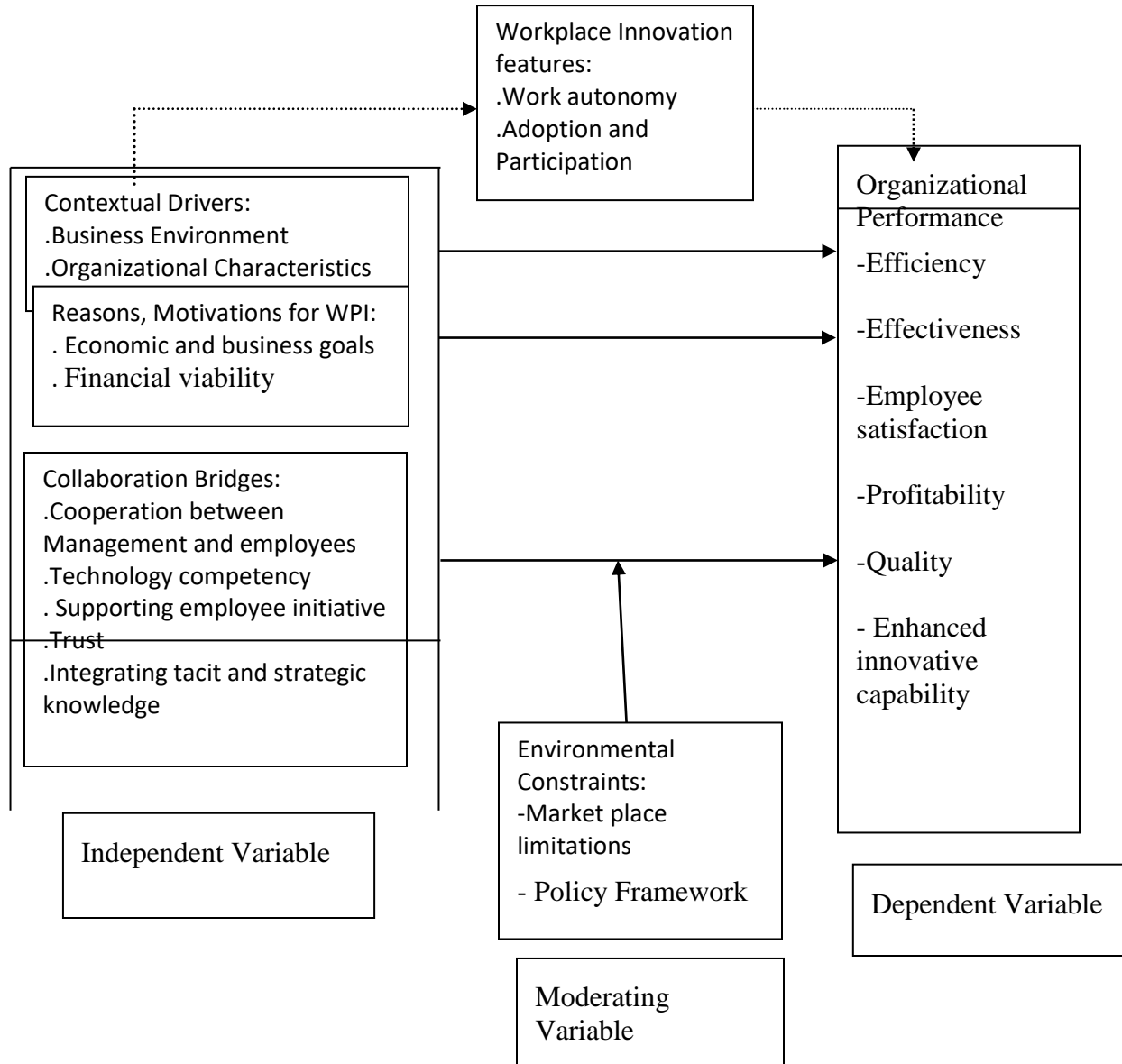
Management-driven workplace innovation practices is conceived as top-down in that, organization management is responsible for most of leadership and work organization problems; it is also responsible to giving employees clear directions on of things and create norms that are acceptable in carrying out their work. Management would continually expose its employees to new ideas and enable them to learn from the outcomes of those new ideas. The proposed conceptual frame work allows asking questions related to how management develops structures, systems and strategies that allow organization perform well in terms of reaching the set organizational goals. This is because management is in the driving sit whereby every other things done in organization including workplace innovation practices hinges on the management.

Information Technology (IT) plays a pivotal role. This is seen in IT solutions that organization put in place or come up with, for example, applications ('apps') and IT solutions that support the planning and monitoring of work schedules and HR systems. Thus in this study we will combine three leveraging factors namely Management driven practices, employee participatory practices, and IT solutions. In this conceptual framework leverage factors are summed up as: creative collaboration bridges. In that WPI innovation is largely viewed as deliberate efforts put together by both employees and the management in building skills and competences in organization process, working practices and introduction of relevant technologies through creative collaboration to achieve positive organizational performance.

Some of WPI practices key features include employee autonomy or self-sustaining work and participation: In this regard it possible for employees to make independent decisions regarding their work and are able to discuss with their colleagues for the teamwork. In this kind of a setting, it is possible for employees to carry out their work, able to initiate projects or suggests projects to the managements which though communication and consultation a better product or decision is made. This largely revolves around management commitment and employees participation. As it is also the case for the adoption and participation which is understood in the way both management and employees would initiate ideas to be implemented or projects to be worked on in the organization. Thus the suggestions would come from either management or from employees' side. The questions to ask would focus on how adoption and participation in current projects is done and how this improve results of the organization and yield into greater performance

Outcome variables: In this conceptual framework, the outcome is organizational performance whose indicators are efficiency, effectiveness, improved quality, and profitability and employee satisfaction. In many cases it is argued that improved efficiency would be achieved by a company seeking to gain efficiency whereby this particular company is expected to increase the speed of reporting and minimize the amount of mistakes made. While to enhance innovative capability: Companies seek various ways to enhance innovative capability and related innovation development and projects. Profitability would be achieved when companies focus on finding solutions and make joint decisions on how to proceed and come up with strategies that are cost effective.





**Figure 4. 1 Conceptual Framework**

(Source: Author, 2016)

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