

3 PhDs for the project

"Innovating Human Resource Management for Employee-Driven Innovation"



This three-PhD research project deals with such questions like (1) what employee competencies and motivation are required to generate innovations leading to improved organizational performance; (2) which innovations in Human Resource Management (HRM) can stimulate the required innovative behavior of employees; and (3) how effective are these HRM innovations in daily business? To answer these questions, the proposed research will be empirically executed in the Dutch healthcare and public sector. Therefore, the proposed research is linked with the NWO Human Capital research program in several ways:

First, it examines how the performance of organizations can be enhanced by innovative work behavior of employees, that is in its turn, stimulated by innovations in HRM. In doing this, this research answers the question in which way organizations can best *design* its work-related management interventions and (2) effectively *implement* them to increase the innovation performance of organizations.

Second, the proposed research is multilevel in its theoretical foundation as it examines the influence of organizational and individual employee characteristics on innovation performance. In doing so, we intend to refine the theoretical understanding how innovative/competitive problems emerge, and thus have to be solved, in the multilevel context in which they occur.

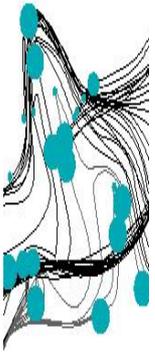
Third, the proposed research fits the 'Topsectorenbeleid' of the Dutch Government in which the Human Capital program is embedded. The majority of the proposed empirical research will be conducted in the healthcare sector. A strong link with practice is guaranteed by careful selection of co-financing partners: they belong to the TOP-sector, are expertise centers intended to transfer of academic knowledge to practice and/or provide access to rich empirical setting.

Multidisciplinary approach

In this multidisciplinary research project, the above-mentioned questions are studied from an integrated theoretical and mixed-method perspective. The three PhD projects draw on insights from different disciplines. The choice for multidisciplinary is embedded in the interplay among innovative work behavior, social and technological innovations in HRM, and multilevel outcomes in firm performance. The traditional investigations of relationships among these levels is often hampered by single-discipline boundaries, tending to separate studies into discrete projects. The proposed research involves knowledge from sociology (innovation, human capital and enactment theories), organizational psychology (behavioral-view of the firm and market/customer behavior), and strategic management (HRM, resource-based view, and multi-level theory). To this end, the research we are pursuing gears towards augmenting innovative Human Capital with multidisciplinary conventions.

Problem definition and objectives

This project centers around *innovativeness* of Human Capital, which is understood as the abilities, motivation and opportunities of employees to develop and implement innovative ideas. Nowadays, both healthcare and public sector organizations seek to innovative, provide better services, and support their



employees in new ways of working. In the context of marketization, healthcare and public sector clients increasingly demand customized solutions for meeting their varying needs in a flexible way, and preferably at lower costs (Veld et al., 2010; Tummers, 2011). It is likely that these market forces in both sectors have important implications for human capital, which is shown to positively influence innovation performance (De Winne & Sels, 2010).



This proposal for research into innovation is rooted in the idea that, if properly supported, front-line employees can be highly innovative (Evans & Waite, 2010). They are most often in direct contact with customers and clients (Skaggs & Youndt, 2004), which provides them insights into problems and complex issues that may arise during service delivery. Transforming these problems and issues into innovative service concepts requires specific competences, motivation, and innovative behavior of service employees (Cadwallader et al., 2010). In other words, service professionals and their human capital are the driving forces behind “employee-driven innovation”, referring to the development and production of novel, products and/or services *by employees* (Høyrup, 2010). However, the common-sense opinion is that R&D departments and high-tech firms compose the main source of innovation. This project instead departs from the assumption that the ‘regular’ front-line employees and their (innovative) human capital are the driving forces behind new service development. Research shows that HRM practices like compensation, training, performance management and work design positively influence employee human capital (Jiang et al., 2012), employees’ innovative work behavior (Veenendaal & Bondarouk, 2013) and organizational innovation performance (Beugelsdijk, 2008). The healthcare and public sectors are introducing innovations like new employment forms and working conditions, electronic HRM, securing employability, enhancing workforce flexibility and a New Way of Working (Het Nieuwe Werken) (Meijerink & Bondarouk, 2013). In particular, this project therefore views innovations in HRM as practices to better motivate employees as well as develop their human capital and thus as *the way* to stimulate employee-driven innovations.

Although previous research empirically showed the relationship between HRM and innovative human capital (De Winne & Sels, 2010), ***two important issues remain unaddressed in existing literature.***

First, existing studies have been criticized for their mono-level approach (Paauwe, 2009). The majority exclusively adopts an organizational level perspective while they examine the influence of HRM, as reported by top management, on the human capital and/or innovation performance of the organization (Beugelsdijk, 2008; De Winne & Sels, 2010). We see up-coming employee-centered studies, however they exclusively examine individual level phenomena (Kaya et al., 2010). As a result, cross-level effects of organizational HRM policies on individual employee human capital are hardly considered. Furthermore, the majority of organizational level research has relied on general measures of human capital (eg., educational level of staff members). As a result, it remains unclear which specific knowledge and skill domains of individual employees (procedural knowledge, know-how, know-what, specialist knowledge) positively influence employees’ innovative work behavior. We argue, it is needed to examine whether and how innovative HRM practices are implemented and which employee human capital elements they influence.

Second, although individual employee human capital is at the root of organizational innovative performance, “the micro-foundations of human capital management are not well developed” (Coff & Kryscynski, 2011: 1430). Due to the lack of cross-level research, there is no multilevel theory describing how individual’s human capital influences organizational innovation performance. Different types of innovations (e.g. generating versus implementing ideas) require the

bundling of different knowledge resources such as specialist/generalist skills, social capital or organizational capital which cannot be possessed, developed or used by a single employee only (Kang & Snell, 2009). However, there is "no fully articulated multilevel theory describing how the human capital resource is created and transformed across organizational levels" (Ployhart & Moliterno, 2011: 127). Therefore, understanding how employee-driven innovation works, requires insight into how the human capital of individuals configure and aggregate to explain the innovation performance on the organizational level.

As such, to further our understanding of the multilevel nature of employee-driven innovation, the overall research question is formulated as:

In which way do innovations in HRM on the organizational level enhance the innovation performance of organizations through enhancing the human capital and innovative work behavior on the employee level?

The research framework (Figure 1) forms the conceptual basis for addressing the overall research question and ties together three individual PhD research projects.

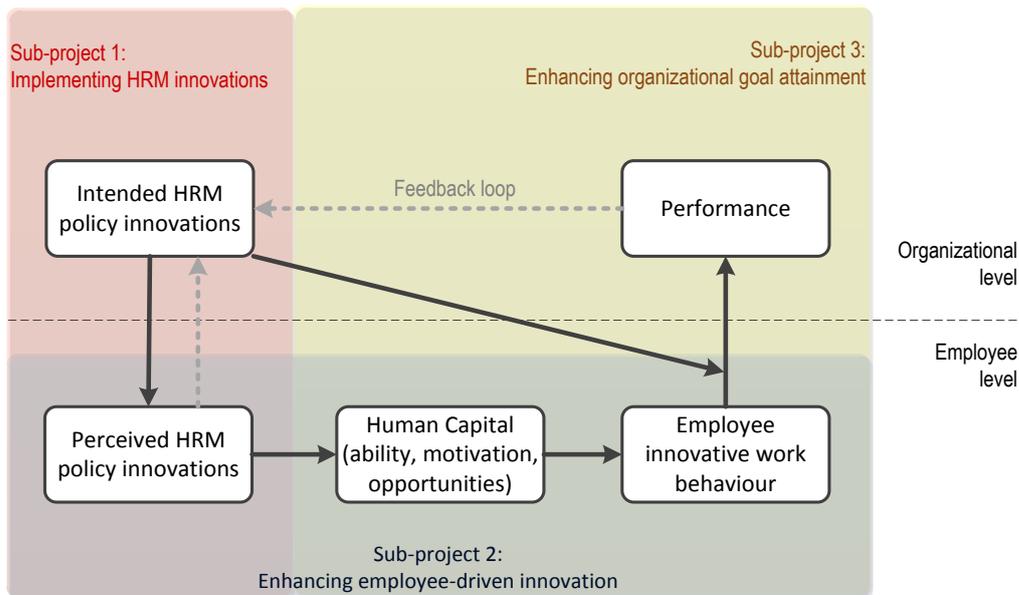


Figure 1: Research framework: explaining organizational innovative performance through employee-driven innovation

Scientific approach and methods

The proposed research consists of three PhD research projects:

1. 'Implementing HRM Innovations' concerns creating and implementing HRM innovations from management towards employees.
2. 'Enhancing Employee-Driven Innovation' deals with the innovations-in-practice. Once implemented, what effect HRM innovations have on employee innovative work behaviour, and what particular role does the human capital of employees play in this process?
3. 'Enhancing Organizational Innovation Performance' aggregates individual innovative human capital to organizational performance.

PhD Project 1: Implementing HRM innovations

This research projects follows the phenomenological tradition (Pozzebon, 2004: 262) and aims to explore how organizational HRM innovations are implemented. Policy makers nowadays introduce HRM innovations such as talent management and electronic HRM to better develop human capital. However, research shows that employees report to receive less or none of these intended HRM practices (Nishii and Wright, 2008; Bondarouk et al, 2009). Therefore, besides *designing* innovative HRM practices for enhancing innovation, these HRM practices have to be *implemented*, put into practice and institutionalized by employees.

For explaining HRM implementation, however, existing studies have overlooked the *dynamic nature* of HRM implementations (Janssens & Steyaert, 2009). Instead, they focus on the attributes of management and regard employees as inactive participants (Keegan & Boselie, 2006; Lepak & Boswell, 2012). This is remarkable, because employees avoid, change or defer managerial practices (Zanoni & Janssens, 2007). This project therefore challenges the traditional idea that HRM has a pre-given and fixed meaning, and instead views it as being understood, enacted and constituted by employees. Further, a common misunderstanding exists that innovations in HRM practices involve only HR professionals. However, if HRM is seen as referring to all activities that an organization puts into managing employees, the success of HRM innovations implementation becomes dependent on how organizational members use it, influenced by differences expertise of various HRM actors (line managers, HR specialists, and employees themselves) and their diverse interests (Farndale et al., 2010; Valverde et al., 2006). The idea of *HRM implementation* in this project corresponds with the notion of putting HRM into action, as discussed by Weick (1979). This project thus adopts an enactment approach which posits that HRM actors constitute the continuing implementation of HRM innovations: through their work with HRM innovations, employees repeatedly enact rules, tasks, and resources that together shape HRM. As such, by examining the *enactment* of HRM, this project focuses on how the different HRM actors together put HRM into action.

This project contributes to the overall research goal and knowledge in two ways. First, by exploring HRM implementation it narrows the conceptual gap between managerial HRM intentions and employee experiences. This helps to understand how innovations in HRM are practiced as necessary conditions for enhancing employees' innovative human capital. Second, this project adopts a dynamic perspective on HRM and brings employees in the equation as *active* agents who are able to steer, hinder or change HRM innovations.

Methodology of Project 1

An enactment approach suggests that both the HRM actions as well as HRM actors have to be considered to examine how HRM is implemented. In-depth case studies will be conducted to examine how HRM actors act in organizational contexts to institutionalize HRM innovations. The PhD researcher will conduct eight case studies. These case studies will be 'polar' cases and therefore purposively sampled based on the outcome of interest: HRM innovations implementation. Four case organizations with an institutionalized continuous use of HRM innovations by HRM actors will be compared with four organizations with the "turbulent" HRM innovation implementations.

This project will be conducted in an organization that relies on the most commonly included HRM actors (i.e. HR outsourcing vendors, HR shared service center, HR specialists, line managers and employees themselves; see Farndale et al., 2010). Given the extensive network of the external consortium partner WGV Zorg & Welzijn and Ministry of the Interior, the empirical investigation relies on

a sample of 8 healthcare and public sector organizations. To collect data the PhD researcher will make use of interviews, (video) observations and document analysis.

Time plan PhD 1: activities and deliverables

2014	2015	2016	2017	2018
Literature review; writing article 1; selecting eight organisations for case studies; developing case study protocol	Conducting case studies; writing article 2; writing professional journal paper	Conducting case studies; writing article 3; writing professional journal paper	writing paper 4; writing professional journal paper; writing book chapter; finalizing PhD dissertation	Writing VENI proposal; finalizing PhD dissertation

Organisation

The **main applicant**, T. Bondarouk, as the promoter of PhD researchers, will coordinate the collaboration among them and practical consortium; and holds main responsibilities for the content of the project, timely reports, PhDs progress and outputs deliverables.

Co-applicant, J. Meijerink will coordinate the consortium work, and contribute content-wise to the PhD projects.

Three **PhD researchers** will progress on the basis of writing academic articles. Following this article-based approach, we intend to involve both international and national experts (see past performance section).

The **steering committee** of the project will be formed out of the applicants and contact persons from external consortium partners. These partners have been selected for their complementary skills to the project, existing inter-partner collaboration and on-going participation in research projects with the University of Twente. As expertise centres for the healthcare and public sector, consortium members have experience in participating in scientific research, through supervising/financing master and PhD students within different projects in the University of Twente. During the first year, it will meet on a quarterly basis, while later twice a year.

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