

ROLE OF EMPLOYEE MOTIVATION AND TOP MANAGEMENT SUPPORT IN EMBEDDING INNOVATION AS A RESPONSE TO CHANGING MARKETS: A DYNAMIC CAPABILITY PERSPECTIVE

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ABSTRACT

The article seeks to clarify the role of employee motivation and top management support in achieving dynamic capabilities for innovation. The top management influences organisational practices and the subsequent employee behaviours. Such behaviours help in achieving innovation. It mainly addresses the mutuality of organisational as well as employee needs in generating innovative capabilities. The paper highlights the significance of incorporating the perspective and motivation of employees in building dynamic capabilities for innovation. The study shall posit the various strategies adopted by the top management in determining the key capabilities required for innovation and the role of employees in embedding innovation in the organisational processes. The paper draws on literature from one, human resource management (HRM), two, innovation management and three, dynamic capability to follow the micro-foundations of dynamic capabilities for innovation. It highlights the significance of compiling the viewpoints and inspiration of workers as a focal piece of investigation and as a reason for more straight-forward organizational intercessions in catering dynamic capabilities. Thus a framework is proposed that defines the role of top management in leveraging the employee capabilities through dynamic capabilities that lead to innovation.

Keywords: Innovation, Dynamic Capability, Organisational Learning, Top Management Support.

INTRODUCTION

Innovation has become the core objective of every firm in the present times of extreme competition and market dynamism (Asmawi & Mohan, 2011). Firms that demonstrate proper awareness and responsiveness towards the changing market conditions are more viable to be successful (Bindra et al., 2019). The dynamism of the market calls for continuous business process re-engineering (Hage, 1999). In order to be successful, firms must ensure that they are in tune with the changing market conditions (Ambrosini & Bowman, 2009). In this paper, the development of dynamic capabilities is investigated by seeing how innovation adds to the reconfiguration or recombination of organisational routines and influences dynamic capabilities (Teece et al., 1997). Issues relating to the cultivation of innovativeness and creativity in a premeditated, dynamic and realistic way remain a perennial issue for organisations (Anderson et al., 2014). The concept of dynamic capability concept has advanced the understanding of innovation. This has attracted attention towards the techniques of upcoming resource creation (Kogut & Zander, 1992). The focus is on the techniques to create new resources and renew current stocks; trying to adjust to the changing market

conditions. It is because although there is much clarification on the concept of dynamic capability, yet its relation to the strategies adopted by the top management and the organisational processes is not properly defined (Zhou & Hoever, 2014). Questions such as what strategies should be adopted by the top management so as to facilitate innovative workplace behaviour in the changing market conditions still remain unanswered.

The objectives of this paper are

1. To develop conceptual understanding of dynamic capabilities.
2. To draw from the literature, the micro foundations of dynamic capability that leads to innovation.
3. To throw light on the role of motivation on employee perception.

This paper, however, is an attempt to address this issue by integrating the theories of dynamic capability, innovation as well as human resource management (Cavagnoli, 2011). The present research depends on a novel conceptualization of dynamic capabilities through innovation (Lawson & Samson, 2001). It proposes a framework that defines the significant role of top management in developing such employee capabilities that facilitate innovation through dynamic capability intervention (Shipton et al., 2006). The current research addresses this issue by highlighting the basics of dynamic capability and its adoption by the workforce particularly in the context of tidal pull that suggests that employees prefer routines to creative actions (Lee & Teece, 2013). Thus, this research paper focuses on what suitable strategies should be adopted by the top management so as to ensure employee retention and motivation to be a part of the changing market conditions (Bindra et al., 2019). For this, an inside out comprehension of the idea of dynamic capacity and its connection to innovation is required.

Theoretical Background: Dynamic Capability

As suggested by the resource based view (RBV), every organisation carries a unique profile of tangible and intangible assets embedded in their processes (Bowman & Ambrosini, 2003). Dynamic capability is 'the firm's capacity to incorporate, build and reconfigure its resources to adapt to the changing market conditions which provides some vital insights towards the understanding of the concept of dynamic capability as it focuses on the external (rapidly changing) environments and on building internal competencies accordingly (Cepeda & Vera, 2007). Hallmark of this definition is that it assumes that the competencies are not purchased or applied; instead they are native to the organisation.

The definition highlights two critical aspects. One, that dynamic capabilities are environment specific and there is a need for continual adaption and integration to the changing environment and two, emphasis on organisation's behavioural orientation is stressed in order to continuously integrate, realign and renew both, the resources as well as the capabilities (Easterby-Smith et al., 2009). This paper attempts to critically analyse the concept of dynamic capability, its contribution to innovation, and suggests the necessary strategies to be adopted by the top management to create an environment conducive for innovation and affective behaviours. It mainly addresses the mutuality of organisational as well as employee needs in generating innovative capabilities. The paper tries to figure out the significance of the top management support the role of organisational environment in building innovative dynamic capabilities as a result of changing market conditions (Boxall, 2013).

However, a major stumbling block in building dynamic change capability is to change the behaviour of all the employees collectively, keeping in view their existing routines, work patterns and daily activities (Hammer, 1993). Across a wide range of industries, organisations recognise the need to innovate in order to deliver sporadic leaps in performance. A more

coordinated approach to planning and designing of business activity is the need of the changing market conditions in order to keep pace with the changes taking place both within and outside the organisation (Shipton et al., 2006). Such activities encourage disturbing familiar routines and undertaking risky and uncertain actions which are the key ingredient to innovation (Montag et al., 2012). The concept of dynamic capability considers innovation, knowledge management and organisational learning as critical ingredients to the success of an organisation in the changing market conditions. The very essence of this concept is to embed new routines into practice and replace the existing ones (García-Morales et al., 2011). Thus, it enables an organisation to cautiously ponder upon its existing resource base and frame strategies for change as per the changing market conditions.

Understanding Dynamic Capabilities for Innovation

Innovation is the result of an organisation's synchronisation to the changing market conditions. It is generated while shifting from zero level capabilities to higher order dynamic capability (Asmawi & Mohan, 2011). Hence the adaptive skills generated while shifting from first order dynamic capability to the higher order facilitate innovation. However, employees hesitate to shift from familiar routines to creative actions according to the tidal pull approach. This calls for the need to motivate and encourage employees and orient them to the newer routines and patterns (Lawson & Samson, 2001). Also, a more comprehensive understanding of the relationship between innovation and dynamic capability is required.

Innovation is the creation of new ideas and knowledge to generate new outcomes aimed through business process re-engineering. It is an accepted fact that businesses live in a state of vulnerability or emergency (Bindra et al., 2019). In the present times of extreme competition, the chances of survival are most for those organizations that can continuously adapt to the changing market conditions. In order to attain sustained firm's performance, organizations need to continuously keep refreshing its skills and resource base (Teece, 2007). Organisations focussing on innovation often tend to replace routines and familiar activities with risky and uncertain actions. It is a risky task as people often tend to discard creative actions to routine practices. Thus it can be concluded that the changing market conditions facilitates innovation that can be achieved either through resource reconfiguration or recombination (Boxall, 2013).

The dynamic capability theory proposes continual renewal and reconfiguration of the resource base of an organisation. But the question arises, how do firms reconfigure and renew their resource base (Lee & Teece, 2013). A critical enquiry as to how dynamic capabilities lead to innovation is needed. Here comes the role of top management support (García-Morales et al., 2011). Various aspects of dynamic capability i.e. sensing, seizing and reconfiguration take place at different levels but the pivotal role is played by the managerial level (Teece et al., 1997). Top management support in continuously motivating and encouraging employees is the key to organizational change. The role of management becomes all the more significant when the purpose is to modify the collective behaviour of all the employees in the organisation (Zhou & Hoever, 2014). Unbendable human activity and attempt on part of both, the management and the employees helps in encouraging change thereby facilitating innovation.

Managerial Strategies and the Role of Employees

In order to improve business efficiency, it is imperative for the management to innovate by redesigning its key business processes (Shipton et al., 2006). The greatest motivators behind innovation are the global business and economic trends, past management failures, operational challenges, new learnings, and the changing market conditions (Zhou & Hoever,

2014). These include organising around results and not activities; making those people work on the process who shall later use the outcome of the processes; linking parallel activities instead of integrating them; facilitating authority responsibility relationship at the point where work is performed in order to strengthen the processes, treating geographically dispersed resources as centralised and using information into real business processes (Montag et al., 2012).

Employee involvement and communication has been considered most important factors in the study of innovation for organisational growth (Boxall, 2013). This can be achieved by positive social interaction and building relational human capital. Giving rewards and recognition to the employees can be major facilitators to organisational change as it shall encourage employees to adapt to the changing techniques and patterns (Ambrosini & Bowman, 2009). Through various definitions, the concept of dynamic capability points towards the changing market conditions and various modes of learning. The literature of organisational learning considers innovation as the central theme that considers innovative organisations as living learning organisations (Cavagnoli, 2011). Learning organisations are innovative organisations and both internal as well as external networks are critical for nourishing the learning theory (Anderson et al., 2014). It is clear that innovation literature considers learning, empowering human capital and communication as the most important facilitators of change. Understanding employee experience and perceptions also plays a vital role in tracing the pathway to innovation (Cavagnoli, 2011). It also highlights the significance of proper communication flow within the organisation. A comprehensive mix of all these aspects shall create a learning environment fostering creativity and innovation.

Role of Organisational Innovation Environment In Employee Perception

The changing market conditions leading to innovation calls for a clear understating of the processes to be undertaken to initiate change (García-Morales et al., 2011). What the staff receives and experiences as innovation inputs from the employer, acts as a good determinant of the competence of the innovation climate (Helfat & Winter, 2011). Organisational climates is therefore an intense social component through which HR frameworks impact employee perceptions, practices and qualities, and it is a vital component in understanding the effect of organisational innovative techniques on the employees (Hammer, 1993). Using both classic resource-based theory and its newer dynamic capabilities theory expansions, a firm assures both market orientation and marketing capabilities as drivers of firm success (Lee & Teece, 2013).. We concentrate on marketing dynamic capabilities in particular because the ability to create and deliver superior customer value through efficient and fast-responding marketing processes has long been identified as one of the critical factors that contribute to a firm's financial performance and long-term competitive advantage. Organisational expectation as reflected in the organisational innovative strategies and the phenomenon in dynamic capacities is manifested through the organisational innovative climate which apprehends the discernments and sentiments of workers (Ambrosini & Bowman, 2009). Subsuming an employee's capacity gives a comprehension of why and what innovative produce results to and how the practices supporting dynamic capacities can be encouraged in a precise, dynamic and sustainable way (Boxall, 2013).

An Integrative Framework

Intended managerial strategies such as employee empowerment, providing learning opportunities to the employees create an opportune environment wherein employees are constantly motivated to search for the opportunities and artistically enhance their problem solving abilities (Asmawi & Mohan, 2011). This shall facilitate the flow of innovative ideas

within the organisation. Employees are motivated to undertake risky ventures and respond swiftly to the changing markets.

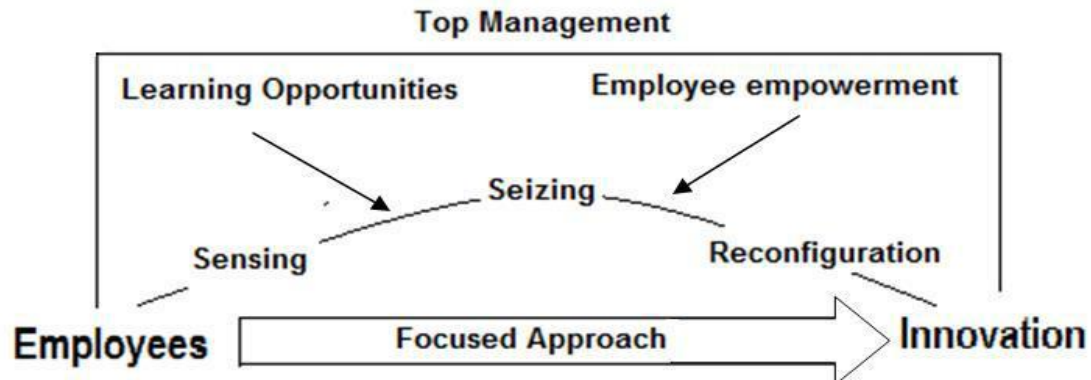


Figure 1
FRAMEWORK PROPOSED BY AUTHORS

The framework proposed in Figure 1 assumes that the individual as well as the organisational level procedures add to clarifying dynamic capabilities for innovation. Various researches suggest that the top management, through various strategies, plays a very significant role in enabling employees to achieve innovation (Kogut & Zander, 1992). The perceptions and behaviours of the employees guide the generation of dynamic capabilities in the organisation. Such an environment of innovative and affective behaviours paves way for generation of innovative skills amongst the employees of the organisation (Cavagnoli, 2011). This eases the process of incorporating change in the routines and processes of the organisation thereby facilitating innovation (Lee & Teece, 2013). Thus, employees play a vital role in embodying new skills that make them dynamically capable. Constant motivation keeps an employee revitalised and their energies are channelized towards the adoption and integration of the changes taking place in the external business environments (García-Morales et al., 2011).

Conceptual and Practical Connotation

There is a developing affirmation that role performed as well as the support provided by the top management in the concept of dynamic capacities tends 'at the chivalrous' (Bindra et al., 2020). Dynamic capacities are seen as higher-order capabilities that are the results of particular complex methods and activities. It bears a clearer comprehension of the idea of what dynamic abilities are and how they can be created (Shipton et al., 2006). The micro-foundations of dynamic ability are the innovative strategies, procedures and organisational environment (climate) which are utilized through human resource management meditations. Thus the inter-connection between the employees, the need for motivation and the organisational innovative strategies comprise the centre stage of discussion (Boxall, 2013). The organisational climate facilitates the joint impacts of specific methodologies and mediations on the enthusiastic, intellectual and social encounters of workers and at last on how the practices and means lead to development. This calls for the need to establish a strong dynamically innovative environment (Cavagnoli, 2011). It shall enhance the affective behaviours of employees such as sharing of knowledge, coordinated working and committing to the organisational goals. Being dynamically capable requires vital management of an organisation's human resource. The more the commitment from the top management, the more motivated the employees will be. This motivation enables the employee to go beyond

the thought of merely being an employee and he develops a sense of connectivity with the organisations.

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