

NEW APPROACHES TO CREATING A CULTURE OF INNOVATION

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NEW APPROACHES TO CREATING A CULTURE OF INNOVATION

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INVESTOR IN PEOPLE

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RATIONALE FOR THE SERIES

The business environment continues to change ever more rapidly. Established practice is constantly challenged in our post-COVID-19, climate changing, and technology-driven world leading to the further proliferation of digitalisation, new flexible ways and places of working, leadership styles, diversity, etc. All areas of business and management are finding that traditional frameworks for organisation design, marketing, HR, and other functional disciplines no longer provide models for best practice. Not only driven by such changes in the external environment but together with the differing value systems of younger generations there is an urgent need to provide new frames of reference that can help formulate new business strategies while synergising with the career aspirations of the labour market.

The New Business Culture is a series of micro-books with each addressing an area of business and management that seeks to demonstrate how and where established traditional models and frameworks are no longer providing optimum frameworks for the purpose that informs the range of subject areas discussed. The authors offer new approaches that transcend convention.

In this series of volumes, each distils the essential elements of a key topic and retains focus and purpose and seeks to offer new approaches to overcome the limitations of existing practice.

The content and new concepts therein originate from the synergy between the authors own fundamental research (including supervision of PhD students) triangulated with evidence and application from their extensive client base in their consulting practice (THT Consulting, Amsterdam).

Purchase of each volume in the series includes exclusive access to a corresponding companion App. Each App enables readers to explore the application of specific concepts in further detail for individual volumes and what it means for them and/or their organisation.

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INTRODUCTION

In a world where businesses are increasingly dominated by a few powerful players and ideas can be easily duplicated at a lower cost, it's crucial for the survival of organisations (of all sizes) to constantly come up with new and creative solutions to differentiate themselves from others in their increasingly oligopolistic market. As early as IBM's study¹ of Global CEOs (2006) reported that leaders across industries and regions were seeking to shift their focus from cost-cutting to sustained growth through innovation. The study found that CEOs saw innovation as the key to achieving organic growth and building brand value. Rather than just focussing on inventing new products or processes, CEOs were increasingly placing emphasis on differentiating their business models through innovative approaches.

The business, economic, and academic press has continued to report the need for a priori innovation and that innovation has to become central to organisation life, taking on new shapes and processes that go beyond traditional concepts.

Some companies such as Apple were of course born innovative but for the majority, whence initial success comes from a single good idea, being in the right place at the right time, a shift from their initial beneficial intransigence to constant change is difficult.

1.1. LIMITATIONS OF EXTANT KNOWLEDGE

In spite of much published research on creativity per se, there is still an absence of an organised body of knowledge to inform professional practice as to how

1 Expanding the Innovation Horizon, the Global CEO study 2006, IBM Global Services, New York, USA, 2006.

organisations can overcome the inertia in transitioning from their current ways of working. We can identify several reasons as detailed in the sections.

1.2. THE COMMODIFICATION OF EDUCATION

Experts like Glickman,² Mintzberg,³ and Russell Ackoff⁴ have highlighted that schools tend to prioritise instilling conservative thinking in children that aligns with their parents' beliefs. Teachers may unknowingly prioritise finding the 'correct' solution the teacher knows rather than encouraging students to find alternative solutions. This narrow approach limits the exploration of new ideas. So creativity can be described as the process of breaking the assumptions one has accumulated unconsciously through one's collective programming through education, upbringing, and/or culture. The teaching of creativity has a lot to do with revealing the common property of solutions, and breaking the assumption that the solver imposed on the problem.

Lots of exercises were designed to install a sense of creativity (although usually with little supporting evidence to their value).

How many golf balls would it take to fill a jumbo jet? Estimate how many windows there are in Fifth Avenue, New York (or Oxford Street, London), or how many ways can you use a paper clip?

Anyone who has studied for an MBA knows this puzzle. Can you connect nine dots with four straight lines without lifting the pen from the paper?

VIGNETTE: THAT NINE DOTS PUZZLE

Many MBA students believe that thinking outside the box is the key to finding solutions. One student, Ackoff's daughter, asked her father for advice and he suggested folding the paper in a way that the dots would overlap, using only one line instead of four. When the teacher asked the class for solutions, only five people raised their hands. Four of them gave

2 Carl D. Glickman (Editor), *Letters to the next president: What we can do about the real crisis in public education*, Teachers College Press (February 2004).

3 Henry Mintzberg, *Managers not MBAs: A hard look at the soft practice of managing and management development*, Berrett-Koehler Publishers (1 January 2004).

4 Russell L. Ackoff, *The art of problem solving*, p. 5, Wiley Inter-Science, 1978.

the common solution, while Ackoff's daughter angry and refused, insisting that the only acceptable solution was the one she knew.

Ackoff believed that this is how creativity is suppressed in some cases. The objective of an assignment should not be to find a specific solution, but rather to encourage students to think beyond the obvious options and break away from assumptions learned through education, upbringing, and culture. To teach creativity, it is important to reveal the common properties of solutions and challenge assumptions.

As Ackoff observes:

'A puzzle is a problem that one cannot solve because of a self-imposed constraint. Creativity is shackled by self-imposed constraints. Therefore, the key to freeing it lies in developing an ability to identify such constraints and deliberately removing them'.

Our traditional Western education might not help us to remove self-imposed constraints. On the contrary, it might even add some more. And very often, this doesn't stop simply in the academic educational environment: in business too, we have to focus on what MBA education and in-service training have done to our creativity.

'Conventional MBA programs train the wrong people in the wrong ways with the wrong consequences', states Mintzberg, who proposes drastic changes in our traditional form of management education. He discovered a profound 'disconnect between the practice of management ... and what went on in classrooms'. Using words like 'arrogance', 'mindless' and 'exploitation', Mintzberg criticises MBAs and their degrees, pointing out flaws in both. He believes that his own model, based on real-world experience, is more relevant and valuable to students, companies, and the business world. Mintzberg argues that good management, not business schools, drives innovative economies. He claims that the top MBAs are often products of an unrealistic graduate programme, which has negative effects beyond the classroom.

According to Mintzberg, there are three major obstacles to the creative mind of an MBA student:

- First, the assumption that there is only one best approach to solving business problems.
- Second, the assumption that the business world is linear and excludes alternatives.
- Finally, education often focusses on controlling the business environment and avoiding mistakes, which stifles creativity.

So why did we get to this state of affairs?

Let's remember that Universities created MBA's and other 'conversion' Master's as a new cash cow. Let's consider ...

Historically, students first studied for their undergraduate Bachelor's degree. Content was learning established extant knowledge, from lectures and textbooks written by their tutors. It was a catching up exercise, learning to know the basics of their topic, and remained more or less static over time. On graduation, they could opt to proceed to a Master's degree IN THE SAME SUBJECT DOMAIN. The content was evolving knowledge and thus based on both the new knowledge being created by their department's researchers and current credible research publications and current cases from practice. And was continually updated year on year. It was described as post-graduate and never used the term 'advanced' – as in advanced degree level. Selected top gun students may be given the chance to research for a PhD where the focus was on creating new knowledge through research under the guidance of their professors.

Particularly around the 1960s, industry lobbied politicians to complain that graduates holding a Bachelor's degree didn't know anything about the real world and needed further education to charge them with some real-world knowledge.

And so was born the 'conversion masters'. An engineering student with a Bachelor's degree in Engineering could spend another year studying for a Master's degree in Business or even part-time over a longer time scale. But these were post-graduate in time rather than post-graduate in level. Universities rubbed their hands with their new income-generating model. All the teaching staff had to do was spell out the same content they were normally teaching on the Bachelor's degree in business studies (much of it out of date and irrelevant). Better universities rebranded the Master's degree in Business as the American sounding Master's in Business Administration. In this way, it was claimed a technically competent (e.g. engineer) could be 'converted' to being employable in the world of business.

Years later, some business education has improved, but the total system has still not changed to recognise the need to support creativity with emphasis still on out-of-date content.

We have our own evidence in making the above statement. As indicated earlier, the content and new concepts in this and other books in this series originate from the synergy between the authors own fundamental research (including supervision of PhD students) triangulated with evidence and application from their extensive client base in their consulting practice (THT Consulting, Amsterdam). We continue to find many business studies students still being taught⁵ out-of-date

5 We must reserve some sympathy for academic staff who have not always received the level of support from governments through their university for ongoing in-service development due to pressures on higher-education funding.

conceptual models for leadership, culture, research methods, etc. – not in the best interests of students or indeed the future labour market for their services. Obviously acceptable if clear they are earlier models and are followed by current practice and current theory.

1.3. LACK OF JOINED UP THINKING

Currently, we are witnessing two trends in the business world: increasing standardisation and ever-growing diversity. The key to new innovation lies in connecting these two trends. Effective leadership involves bringing together both shared and differing aspects. Unfortunately, we are lacking this type of leadership in today's world.

The reductionist approach to science has led to highly segmented domains of creativity, invention, and business development. There is no generalisable theory that can help leaders, HR professionals, or team leaders in today's world.

The conventional investigative approaches have limitations, particularly in terms of research design. These limitations can affect the development of new, generalisable theories that can apply across various subject domains. According to conventional wisdom, researchers must choose between positivist and interpretivist inquiry, whether qualitative or quantitative. Mixed methodologies are seen as a compromise solution, which can limit our thinking and modelling of reality. This issue is explored further in the body of this book.

To innovate, we not only need to develop new theories, but also a new paradigm of inquiry and an associated methodological approach to research and describe it.

Our own research suggests that creativity and innovation arise from reconciling standardisation with diversity through leadership. There are encouraging developments in this regard, given the growing internationalisation of business and the increasing number of inter-organisational activities that energise creativity. Even American culture has realised that imposing a standardised logic on the world (especially their own) doesn't work well, neither in business nor in politics. While the world may become flat in some ways, as Friedman⁶ suggests, it is also spiky, as Richard Florida⁷ demonstrates.

In order for an organisation to be innovative, it must nurture creativity at three key levels: the individual, the team and the organisation as a whole. While having creative individuals is essential, simply putting them together may not result in a creative team. It is important to have people with complementary

6 Thomas L. Friedman, *The world is flat: A brief history of the twenty-first century*, Farrar, Straus and Giroux; expanded and updated edition, 18 April 2006.

7 Richard Florida, *The world is spiky*, *The Atlantic Monthly*, October 2005.

skills working together to foster inventiveness. We've all witnessed organisations with excellent research and development (R&D) and marketing teams that cannot effectively work together and end up being dysfunctional. The R&D teams at a major pharmaceutical company we helped complained bitterly that their marketing department paid insufficient attempt to sell their new ideas in the market. Whereas, the marketing department claimed bitterly, 'why can't our R&D people come up with what our customers want?'

To create an innovative organisation, it is crucial to establish a pattern of interactions where individuals and teams work effectively together towards a common goal.

1.4. RESEARCH QUESTIONS

To address the lack of a clear theory base to guide professional practice and the limitations of existing knowledge in various disciplines, we began our interest in innovation based on the following (albeit at the meta level initially) research questions:

- What are the limitations of traditional paradigms of inquiry (such as positivism and interpretivism) in researching creativity and innovation?
- What new insights can be gained by integrating theories of creativity and innovation through an innovative research approach based on non-bipolar 'through-through' thinking?
- Can existing models be applied, extended, and improved to make them transferable across cultures?
- Can an integrative approach be developed that is generalisable and can inform professional practice?

Our new approach seeks to explore the limitations of models based on classical paradigms of inquiry and associated methodologies. To achieve this, we have avoided the traditional choices between positivist or interpretative methodologies, deductive or inductive approaches, and quantitative or qualitative methods. Instead, we have adopted a 'dilemmaism' approach, which involves always considering the opposite of any perspective and exploring how they can be reconciled. By framing questions and challenges as dilemmas, we can map and extend them, ultimately leading to solutions.

Our research gathered primary data originates through face-to-face interviews with business leaders and innovators from various industries and functional disciplines. Additionally, we utilised web technology to capture responses

from 150,000 plus respondents worldwide, resulting in nearly 60,000 dilemmas, value, and cultural orientations.

We subjected the data to rigorous mining and analysis, including classical factor and linguistic analysis of textual responses. Through triangulation of interviews, soft data, and hard data, we found high reliability and validity in our findings.

1.5. OVERVIEW OF OUR NEW APPROACH

Our approach offers a new conceptual model that expands on established theories of creativity and innovation. Our goal is to provide a framework for developing more creative individuals and cultivating a culture of innovation within organisations continually reminding ourselves that in today's business landscape, where old ideas can be easily replicated, the ability to constantly generate creative solutions is the key to survival.

The core philosophy of this framework centres around developing individuals first, then teams, and ultimately the entire organisation in order to sustain long-term growth and success. This requires a shift away from simplistic linear thinking and binary decision-making, which is often influenced by cultural biases and education.

Our research shows that creativity requires a nuanced approach that combines opposing options to create something new. This new construct for 'making connections' is the foundation of the proposed new approaches we offer which is also a new conceptual model as a basis for new theory.

This book highlights the importance of leaders and managers creating a supportive environment that fosters creativity and innovation in order to achieve business objectives and solve issues. One of our colleagues, Charles Hampden-Turner, once said that innovation involves combining values that are not easily joined, which makes them scarce and profitable. Apple has become an icon of innovation by combining functionality with aesthetics. They believe that everything that is beautiful should also have a function. For example, the glass plate without a frame is not only visually appealing but also practical as it prevents the user from breaking their nails when swiping it. This approach is similar to that of Formula One, where seemingly contradicting values like speed and safety are combined to enhance the overall performance of the car. Engineers in Formula One ask themselves how they can use speed to improve the safety of the car, and aerodynamics is the answer. The faster the car goes, the more downforce it produces, making it safer and faster at the same time.

This book is aimed at helping business leaders and managers understand the impact their behaviours have on their employees and how to align the needs

of the organisation with those of their employees. It is also for individuals and students in the field of business and management who want to learn about the importance of soft skills and organisational behaviour.

Creating a culture for innovation is a multifaceted process that requires a combination of psychological safety, empowering and inclusive leadership, continuous learning, collaboration, risk tolerance, and innovation-focussed rewards. By implementing these practices, organisations can enhance their innovation capabilities, fuel creativity, and remain competitive in a rapidly evolving business landscape.

We have continued to publish our findings from our earlier research⁸ through to our recent enriched by the use of the internet to capture data from respondents to our diagnostic tools – both developmental testing versions as well operational versions for our consulting work. This includes peer review academic papers, working papers, practitioner articles and of course our portfolio of textbooks.

We have previously mentioned some of these ideas but with increasing data, more critical analysis, and parallel investigations by our PhD research students – and tested in ‘real life’ with our client organisations, we can claim significantly more reliability and validity in the content and updating we present in this book.

We have structured our discussions that follow in the form of the three perspectives of individuals, teams, and then the organisation.

8 Including: Trompenaars & Woolliams, *Business across cultures* (2008), Capstone; Trompenaars (2007), *Riding the Whirlwind: Connecting people and organisations in a culture of innovation*, Infinite Ideas Limited; and Hampden-Turner & Trompenaars (2000–2020), *Riding the waves of culture*, Nicholas Brealey Publishing.