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ScienceDirect

Procedia - Social and Behavioral Sciences 109 (2014) 645 – 648

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**Procedia**  
Social and Behavioral Sciences

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2<sup>nd</sup> World Conference On Business, Economics And Management - WCBEM 2013

## Innovation by developing human resources, ensuring the competitiveness and success of the organization

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### Abstract

In today's highly dynamic and competitive business environment, firms are exposed to strict challenges with meeting the ever-increasing market and customer needs and expectations. In order to ensure the competitiveness and success of the organization managers need to accept innovation as a key element for the organization. However a major driver for innovation is HR and for innovation to be successful managers needs to support, plan for and nurture an innovation culture. Based on these aspects the authors of this paper propose a framework for HR development for innovation, to reach the actual performance of an organization. The purpose of this framework is to offer, to all managers, a clear picture of existing HR capacity to innovate and possibilities to develop this capacity in order to improve the organization's capacity for innovation, thus increasing their chances of success in today's highly dynamic and competitive business environment.

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Selection and peer review under responsibility of Organizing Committee of BEM 2013.

*Keywords:* Innovation, framework, HR development, organizational performance;

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### 1. Introduction

The world has changed dramatically during the last 20 years, and the dawn of a new form of civilization has emerged as the new millennium begins. In this age of rapid, unexpected, and unpredictable changes with far reaching consequences, the role of governments, citizens, organized groups, nation-states, and societies is changing rapidly as well. Public and private organizations, and management systems, are being transformed by either choice or pressure and necessity of adaptation for survival (Farazmand, 2004; Anastasiu, 2012; Kesti, 2012; Silva, 1997).

To meet the challenges of globalization and to ride the rapid “waves of change”, the future managers —both generalists and human resource specialists —have no choice but are effective human resource managers with high qualities. They must be intelligent, knowledgeable, skilled in human resources management and organizational behavior, able and willing to learn and lead learning organizations, and capable to create human capital and work with people on an equal basis, not as authoritative leaders over them (Farazmand, 2004; Anastasiu, 2009).

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## 2. Innovations in human resource development

Human resources development is the process of increasing the knowledge, the skills, and the capacities of all the people in a society. In economic terms, it could be described as the accumulation of human capital and its effective investment in the development of an economy (Silva, 1997). HR plays a significant role in fostering innovation. It's no secret that business success today revolves largely around people, not capital (Joseph, 2012).

Innovation is important in two key ways for organizations, playing a role in both radical developments and in smaller continuous changes. As organizations seek to become more innovative, so the behaviours of their employees' would also have to change (Searle, 2012).

For innovation to take place, firms may leverage human capital to develop organizational expertise for creating new products and service (Chen, 2009). There is no limit to the areas of innovation in human resources development and management. These areas may be grouped into three categories (Farazmand, 2004):

In the first category of human resource management for innovation enter all the elements of constant searching for the needed personnel, for the right person, position of for searching the right person for the right position or job. This is a challenging job that can and should be accomplished through careful planning, recruitment, education, and training all the time. This includes the challenge of recruiting, educating, and training the highly competent managerial and leadership personnel for strategic and operational levels. These are the people whose knowledge and skills are indispensable for leading and managing large and complex organizations in all sectors.

Second, technological innovation is central to strategic human resources development and capacity building, but it can only be made possible through the availability of necessary financial resources that finance and support it. Without necessary financial support, innovations can and do occur but may not reach the developmental stage.

The third category of innovations in strategic human resources development and management is directly related to the first two, and all three complement each other.

## 3. The proposed framework for HR development for innovation

Economic environment is changing rapidly and this change is characterised by such phenomena as the globalization, changing customer and investor demands, ever-increasing product-market competition. The people who make up an organization – human resources – are considered to be one of the most important resources of today's firms. People and how they are managed are becoming more important because many other sources of competitive success are less powerful than they used to. Recognizing that the basis for competitive advantage has changed is essential to develop a different frame of reference for considering issues of human resource management and strategy (Çalışkan, 2010).

The knowledge embedded in human capital enables firms to enhance distinctive competencies and discover innovation opportunities. When firms develop new products and improve management processes, they require the motivation and ability of human capital to produce creative ideas, develop innovative approaches, and exert new opportunities. Human resource management function can influence and modify the attitudes, capacities, and behaviours of employees to achieve organizational goals and it plays a crucial role in nurturing the necessary conditions for catalyzing and channelling individuals towards the development of innovation activities (Chen, 2009).

When firms use creative capabilities and innovative characteristics as hiring and selection criteria, their employees are likely to spawn diversity of ideas and commit to more innovation behaviours. Through effective staffing, employees become important sources of new ideas in the firm's innovative process. A high level of participation would create the conditions to encourage employees to bring new ideas and exchange knowledge in the ongoing innovation process and, in turn, enhance innovative outcomes (Chen, 2009).

To reach the actual performance of an organization the authors of this paper propose a framework for HR development for innovation (see Figure 2), to reach the actual performance of an organization. The purpose of this framework is to offer, to all managers, a clear picture of existing HR capacity to innovate and possibilities to develop this capacity in order to improve the organization's capacity for innovation, thus increasing their chances of success in today's highly dynamic and competitive business environment.

Innovating through development of human resources starts in the selecting phase of human resources, where identifying the people with great innovation capabilities is required. It is important in an organization to have people who can “think outside the box” so the organization can benefit from innovation. In order to recruit people for innovation it is necessary to see if they are inquisitive, if they are locked into one viewpoint or willing to consider others, if they are open to new ideas, new concepts, knowing this can help also in planning how their skills are improved. The hunger to always learn, the opening and thinking about things in different ways, need to be present at innovative people.

For innovation to be successful managers need to support, plan and nurture a innovation culture. The ability to help create, protect and build the organizational culture is a critical role for HR to play. The most powerful force in business is culture. While corporate culture is not necessarily the responsibility of HR leaders, the people who are hired and the training and cultural imperatives placed on the business are done so through the role of HR, so HR leaders can have a big impact on whether or not the organization is culturally attuned to innovation. Creating an innovative culture is a very complex process that needs to be implemented from the top level to the base level of organizations. The process of creating an innovative culture will not be detailed in this article.

Another important aspect in development of HR for innovation is the reward system. The right rewards system provides a powerful force for reinforcing commitment, directing employee professional growth, and shaping the corporate culture to be more innovative. HR departments must look at the reward mechanisms in place and ask if they are doing the right things to develop the employees and culture of the organization. This should include: compensation strategies, performance management tools, and other targeted recognition and reward programs.

A key element for organizations in successful innovation, through HR development, lies in how the learning system is created. Managers should ask, “what the employees need to do for the business to get what it needs”, and then help employees to achieve those behaviours. This could mean options to increasing self awareness, for a deeper understanding of the context, for appreciating the linkages between their own new behaviour, business outcomes and personal implications, picking up a few skills to achieve this behaviour change, using support systems like peer coaching, mentoring, etc. The purpose is set and so is the destination, they will create the path for themselves. They will create the path of learning that drives sustainable positive changes in behaviour (Searle, 2012).

One way for organizations to become more innovative lies in their ability to foster, develop and utilize the talents, in particular the innovative potential, of their employees (Searle, 2012).

Merit system should award meritorious performance and it is merit that can serve as a powerful motivator to keep and promote talented people in organizations. One of the big problems with the management of contemporary organizations is, and has always been, that they spend so much time, energy, and money to recruit and hire talented people, and even train them to the details, only to “lose them easily with mismanagement and carelessness.” This is a problem that most organizations around the world practice: Attract the best and lose them to others or turn them into apathetic and unproductive people. This is a fundamental mistake, even a managerial stupidity. It is true that not everyone can be retained but retaining, motivating, and promoting talented people in organizations is a challenge that is often ignored or overlooked, because managers very often “take for granted” their most valuable people (Farazmand, 2004).

#### **4. Conclusion**

The importance of innovation in today’s business is widely recognized by all managers. At HR level they talk about innovations; they support innovations, but they usually kill innovations offered by employees and managers. HR always sees issues arising from the company-wide implementation of the new procedure or process.

Innovation and human resources management play an increasingly important role in sustaining “leading edge” competitiveness for organizations in times of rapid change and increased competition. “Discontinuous change requires discontinuous thinking. If the new way of things is going to be different from the old, not just an improvement on it, then we need to look at everything in a new way

It is important to recognize why success through human resources can be sustained and cannot readily be imitated by competitors. The reason is that the success that comes from managing people effectively is often not as visible or transparent as to its source.

## Acknowledgement

This paper benefited from financial support through the project “Increasing the quality of doctoral studies in engineering sciences to support the development of knowledge based society” contract: POSDRU/107/1.5/s/78534, a project cofunded by the European Social Fund through the sectoral operational programme of human resources support 2007-2013 and the National Institute of Research and Development for Isotopic and Molecular Technologies, Cluj-Napoca, Romania.

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