

Enabling Rather Than Managing: Organizational and Cultural Innovation Mechanisms in a Heterarchical Organization

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Abstract : Bureaucracy, in particular, its core element, a formal and stable hierarchy of authority, is proving less and less appropriate under the conditions of today's knowledge economy. Centralization and formalization were consistently found to hinder innovation, undermining cross-functional collaboration, personal responsibility, and flexibility. With its focus on systematical planning, controlling and monitoring the development of new or improved solutions for customers, even innovation management as a discipline is to a significant extent based on a mechanistic understanding of organizations. The most important drivers of innovation, human creativity, and initiative, however, can be more hindered than supported by central elements of classic innovation management, such as predefined innovation strategies, rigid stage gate processes, and decisions made in management gate meetings. Heterarchy, as an alternative network form of organization, is essentially characterized by its dynamic influence structures, whereby the biggest influence is allocated by the collective to the persons perceived the most competent in a certain issue. Theoretical arguments that the non-hierarchical concept better supports innovation than bureaucracy have been supported by empirical research. These prior studies either focus on the structure and general functioning of non-hierarchical organizations or on their innovativeness, that means innovation as an outcome. Complementing classic innovation management approaches, this work aims to shed light on how innovations are initiated and realized in heterarchies in order to identify alternative solutions practiced under conditions of the post-bureaucratic organization. Through an initial individual case study, which is part of a multiple-case project, the innovation practices of an innovative and highly heterarchical medium-sized company in the German fire engineering industry are investigated. In a pragmatic mixed methods approach media resonance, company documents, and workspace architecture are analyzed, in addition to qualitative interviews with the CEO and employees of the case company, as well as a quantitative survey aiming to characterize the company along five scaled dimensions of a heterarchy spectrum. The analysis reveals some similarities and striking differences to approaches suggested by classic innovation management. The studied heterarchy has no predefined innovation strategy guiding new product and service development. Instead, strategic direction is provided by the CEO, described as visionary and creative. Procedures for innovation are hardly formalized, with new product ideas being evaluated on the basis of gut feeling and flexible, rather general criteria. Employees still being hesitant to take responsibility and make decisions, hierarchical influence is still prominent. Described as open-minded and collaborative, culture and leadership were found largely congruent with definitions of innovation culture. Overall, innovation efforts at the case company tend to be coordinated more through cultural than through formal organizational mechanisms. To better enable innovation in mainstream organizations, responsible practitioners are recommended not to limit changes to reducing the central elements of the bureaucratic organization, formalization, and centralization. The freedoms this entails need to be sustained through cultural coordination mechanisms, with personal initiative and responsibility by employees as well as common innovation-supportive norms and values. These allow to integrate diverse competencies, opinions, and activities and, thus, to guide innovation efforts.

Keywords : bureaucracy, heterarchy, innovation management, values

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