

- **Title:** Paper 1: *“Managing Innovation in the Recession: Results from a UK wide Management Survey*
- **Type:** Full Paper
- **Category:** Symposium
- **Summary:** This paper reports on a survey to members of the Chartered Management Institute on the management of innovation. Results (N=850) are presented on corporate strategy for innovation & the impact of the recession, working practices, barriers & catalysts to innovation, organisational resources for innovation, & innovation generation & implementation. The results suggest that while respondents state that enhancing innovation is a key priority, the practical reality of this remain problematic.
- **Authors:** M. KERRIN, F. PATTERSON, M. HARRIS & P. WILTON
- **Authors’ place of work/study:** M. KERRIN, Work Psychology Group; F. PATTERSON City University & Work Psychology Group; M. HARRIS, National Endowment for Science Technology and the Arts (NESTA); & P. WILTON, Chartered Management Institute

### **Introduction to the papers included.**

Paper 1: *Managing Innovation in the Recession: Results from a UK wide Management Survey*

The first paper *“Managing Innovation in the Recession: Results from a UK wide Management Survey”* reports on a unique survey carried out in partnership between the National Endowment for Science Technology and the Arts (NESTA), Chartered Management Institute (CMI), City University and Work Psychology Group. Following on from a recent literature review on characteristics and behaviours of innovative people in organisations, this survey focuses on the management of innovation. The objective of the survey is to complement other indicators and understanding of innovation by providing *new insights* into how the economic climate is affecting organisational approaches to managing innovation.

The survey content was drawn from literature and designed around effective working practices for innovation. The survey reports on 5 key sections. 1) Corporate strategy for innovation & the impact of the recession; 2) Working practices; 3) Barriers and catalysts to innovation; 4) Organisational resources for innovation; and 5) Innovation generation and implementation. The survey was administered to 15,000 members of the CMI and 850 responses were collected. Key findings from the survey data are that across all sectors there has been a greater emphasis on innovation in the last 12 months. The results also suggest that while respondents state that enhancing innovation is a key priority, the practical reality of this remain problematic. A lack of clarity in how to change working practices may be a key challenge facing managers. Encouragingly, the top three employee behaviours reported by respondents as supporting innovation (openness to ideas, problem solving and motivation), reflect findings from the psychological and management literature review. This triangulation of research and practice evidence can help to guide policy and practice in this area. Further analysis of differences between public and private sectors in responses will help contribute to public policy and practice in promoting innovation and well as further understanding of links between working practices and organisational outcomes for innovation.

## Paper 1: “*Managing Innovation in the Recession: Results from a UK wide Management Survey*”

### Abstract Body:

#### Introduction & Objectives

The literature on innovation and related concepts such as creativity and entrepreneurship, is vast, heterogeneous and fragmented (Denyer & Neely, 2004). Researchers tend to agree that an individuals' ability to innovate at work is influenced by several factors, which can be classified into three levels of analysis: the *individual*, *group*, and *organisational* level. However, there has been a lack of a cohesive theoretical understanding of how creativity and innovation operate in organisations (Patterson, 2002; Anderson et al 2004; Patterson et al 2009). There is growing recognition that the organisational context and support from leaders and managers play a crucial role in enhancing employees' motivation and in the development and implementation of innovation. However, there is little evidence of the impact of the current economic climate on managing innovation in organisations.

This paper reports on one aspect of a larger research project sponsored by the National Endowment for Science Technology and the Arts (NESTA). Given the gaps in theoretical understanding and practical application, NESTA commissioned research to explore the characteristics, behaviours, and roles of innovative people in organisations. From September 2008 to August 2009, three complementary research streams were undertaken:

- A comprehensive inter-disciplinary literature review of innovation in organisations, with a specific emphasis on innovative people.
- In depth qualitative interviews with senior executives and expert innovators.
- A survey of organisations to explore the management of innovation particularly in relation to the current economic climate

The overall aim of the wider research project is to narrow the gap between *theoretical* approaches to innovation and creativity and organisational innovation in *practice*. Following on from the literature review (presented at the DOP conference in 2009, Patterson et al 2009), the objective of this paper is to highlight findings from an exploratory survey of organisations on the management of innovation. This survey is a unique partnership between NESTA (National Endowment for Science, Technology, and the Arts), City University, the Work Psychology Group, and the Chartered Management Institute (CMI) who provided access to their membership database. The objective of the survey is to complement other indicators and understanding of innovation by providing *new insights* into how the economic climate is affecting organisational approaches to managing innovation.

**Design & method:**

The literature review informed the design of the survey content areas. The survey had 5 main sections and a detailed section on demographics that matched current CMI databases. The section areas were:

1. Corporate strategy for innovation & the impact of the recession
2. Working practices
3. Barriers and catalysts to innovation
4. Organisational resources for innovation
5. Innovation generation and implementation
6. Demographics

The majority of questions in each section asked respondents to choose the most appropriate response from a range of options. Some questions invited further detail by the respondent by use of free text response. In May 2009, 15,000 questionnaires were sent electronically to a random sample of CMI members. All respondents were classed as either: directors, senior managers, middle managers, or junior managers. A range of sizes, business sectors, and job roles were included in this study. The survey closed in July 2009. Participation was voluntary and anonymous.

**Results:**

Of the 15,000 questionnaires sent electronically to a random sample of CMI members, 850 responses were collected, representing a 5.7 per cent response rate. A higher proportion of males (64 per cent) completed the survey, than females (34 per cent). A large proportion of the sample (36 per cent) fell into the 40-49 years age bracket, with 26 per cent 50-59 years and 8 per cent over 60. 21 per cent of respondents were aged 30-39 years, 6 per cent were 24-29 and 2 per cent were below 24 years of age. Over a third (39 per cent) of respondents reported being at middle management level in their organisations, over a quarter (28 per cent) in senior manager positions, 16 per cent at director level and 16 per cent junior managers. Comparisons with existing CMI membership databases indicated that these demographics broadly reflect the membership and so were representative of the target group.

The sample comprised 35 per cent of employees from small organisations (0-250 employees), 14 per cent from medium organisations (251-1000 employees) and 50 per cent from large organisations (1000+ employees). 37 per cent of the sample was from public sector organisations, with 54 per cent in private sector and 8 per cent in charities. Regarding geographical markets, 28 per cent of respondents' organisations operate in local UK markets, 26 per cent in UK national markets and 43 per cent in the global marketplace. Again, comparisons with CMI membership databases suggest that this breakdown is representative of the membership group.

The full survey results will be presented. In summary, the following provides an indication of the responses and the issues arising from them:

1. **Corporate strategy for innovation & the impact of the recession:** Participants in the survey were asked to indicate “*how important is innovation, in terms of products, services, processes or business models, to your organisation’s strategic agenda*”? 78 per cent reported that it was very or extremely important, with 4 per cent reporting that it was not at all or not very important. The majority of respondents (80 per cent) agreed that “*innovation is an important part of their job role*” and 67 per cent agreed that “*the current economic situation is likely to affect my organisation’s approach to innovation*”. When asked to indicate their level of agreement with a number of statements relating to how their organisation will respond to the current economic situation, 70 per cent agreed or strongly agreed that “*the focus on innovation will be reinforced*”. The responses show clearly that innovation is perceived to be on the strategic agenda and a perception that the current economic climate is likely to ensure it remains so.
2. **Working practices:** Participants were asked to indicate the extent to which they agreed with a number of statements on working practices in their organisation. Only 53 per cent agreed or strongly agreed that “*management practices actively enhance innovation*” but 69 per cent agreed that “*managers provide practical support for new ideas and their application*”. This suggests perceived differences in the effectiveness of the support they provide (as managers) from the effectiveness of organisational management practices in supporting innovation. Importantly, only 32 per cent agreed that HR practices such as the appraisal system are “*directly linked to rewarding creativity and innovation*”.
3. **Barriers and catalysts to innovation:** Respondents were asked to select their top three barriers to innovation. Almost half of all respondents (49 per cent) perceived “*excessive financial constraints*” as a common barrier to innovation in their organisation, 46 per cent said “*lack of time*”, and over a third reported “*lack of resources*” as a common barrier to innovation. Beyond these resourcing and time issues, “*risk aversion and a fear of failure among leaders*” and “*unclear leadership strategy and goals towards innovation*” were both reported as a top three barrier to innovation by 28 per cent and 22 per cent of respondents respectively. Interestingly, catalyst to innovation that were reported centred around the manager and leader role, for example, “*managers support and openness to innovation*” (46 per cent rated this as in their top three), “*leaders modelling behaviours that encourage innovation*” (40 per cent) and “*setting up the right team of people for innovation efforts*” (32 per cent). In terms of the top three employee behaviours for innovation, 59 per cent of respondents perceived employee *openness to ideas* as contributing to innovative working in their organisation, with *problem solving*, and *motivation/personal initiative* identified as key characteristics/behaviours.
4. **Organisational resources for innovation:** Participants were asked what resources or initiatives were a) currently available in their organisation and b) most effective in facilitating innovation. *Leadership and management training*, *cross functional teams* and *brainstorming activities* were available for a large proportion of respondents. They were also reported as effective alongside *work time devoted to developing new ideas* and *individual incentives or reward programmes that encourage innovation*.

5. **Innovation generation and implementation:** Respondents provided information on innovation generation and implementation over the last 12 months, eg new or improved goods or services and to what extent these were developed solely by their organisation or a third party. Information was also reported on production of ideas and improvements to working practices. These organisational performance indicators will be examined for links to working practices.

Further detailed analysis of the data will be presented including sector and organisational size differences.

### **Conclusions:**

This survey provides new insights into managing innovation within the current economic climate. Key findings from the survey data are that across all sectors there has been a greater emphasis on innovation. Many commentators may not have predicted this a few years ago and the impact of the current economic climate has been to shift the focus back on to innovation as a priority. The results also suggest that while respondents state that enhancing innovation is a key priority, the practical reality of this remain problematic. A lack of clarity in how to change working practices (eg HR systems do not support this in many cases) may be the key challenges facing managers. Encouragingly, the top three employee behaviours reported by respondents as supporting innovation (openness to ideas, problem solving and motivation), reflect findings from the literature review. This triangulation of research and practice evidence can help to guide policy and practice in this area. Further analysis of public and private sector responses will help contribute to public policy and practice in promoting innovation as well as further understanding of links between working practices and organisational outcomes.

### **References:**

- Anderson, N., De Drew, C.K.W., and Nijstad, B.A. (2004). The routinization of innovation research: a constructively critical review of the state-of-the-science. *'Journal of Organizational Behavior,'* 25, pp.147-173
- Denyer, D. and Neely, A. (2004). Introduction to special issue: Innovation and productivity performance in the UK. *'International Journal of Management Review.'* 5/6 (3&4), pp.131-135.
- Patterson, F. (2002) Great minds don't think alike? Person level predictors of innovation at work. *International Review of Industrial and Organisational Psychology*, 17, 115-144.
- Patterson F, Kerrin M, Gatto-Rossaird G & Crowley T. (2009) Innovation nation? Defining corporate and government policy for innovative working in organisations. *British Psychology Society, Blackpool.*