

**INNOVATIVE ORGANIZATION  
HUMAN RESOURCES MANAGEMENT MODEL**

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**ABSTRACT:**

*In this paper the conceptual approach of model of Human Resources Management (HRM), known as Harvard HRM model, was crossed with logic of innovative organization as one of the basic types of organization according to Mintzberg's organization typology. The purpose of this paper is to show that the process of HRM modeling should be treated as the process led by the logic of chosen basic type of organization. By selecting a basic type of organization, not only certain conceptual approach of modeling some types of dimensions and aspects of organization structure are determined, but conceptual approach in a procedure of shaping certain HRM aspects is determined as well. Selection of innovative organization as a basic type of organization, and logic of a modeling of certain HRM aspects are based on the contingency theory. In the contingency theory the choice of a basic type of organization is dependent variable on the set of independent organization variables that create so-called organizational context. Once innovative organization is chosen based on determined organizational context, the HRM aspects are profiled through the optics of the chosen basic type of organization as well. In that context certain basic type of organization and HRM aspects approach are efficacious only in a specific organization context, or in other words influenced by a specific intensity of independent organization variables. Conceptual approach of shaping HRM main aspects, defined in the Harvard model, is completely different for different basic types of organization. This paper is focused on characteristics of HRM of innovative organization as a basic type of organization in post-industrial society.*

**Keywords:** Innovative, Organization, Human, Resources, Management, Contingency, Structure

## **1. INTRODUCTION**

The aim of the paper is to shape HRM aspects in an innovative organization. Innovative organization is one of the five basic types of organization according to Mintzberg's organizational typology [4,5,6,7]. The fact that the global society has entered into the postindustrial time, where innovative organizations play a dominant role, is the main reason why HRM model of an innovative organization is developed in this paper.

The whole concept presented in this paper is based on the contingency theory. According to the theory, there is no universal organizational solution. Each basic type of organization works out in a different organizational context that is created by the set of independent organizational variables. The choice of a type of a basic type of organization, and in the same time shaping certain aspects and dimensions of organizational structure, depend on organizational context. Different basic types of organizations in completely different ways approach shaping of HRM aspects. The methodological basis for this research is based on Harvard HRM model [2] as the most comprehensive one, and due to

the fact that Harvard HRM model is based on contingency theory, it was possible to cross it with the concept of an innovative organization.

## 2. INNOVATIVE ORGANIZATION

Innovative organization is a new type of organization born with the first visible signs of mankind's entering into the postindustrial society. While the machine organization is dominant basic type of organization in the industrial society, innovative organization is dominant one in the postindustrial society. Environment, business strategy and technical system are the key organizational variables. Since the environment for this type of organization is complex and dynamic, the competitive advantages of an innovative organization is based on a differentiation. Organizational awareness is that only a high degree of innovation can secure survival. Following this concept, innovation becomes the central organizational force as well. Without intention to enter into the logic of functioning and shaping certain aspects and dimensions of the structure of innovative organization, it is important to say that microprocessor is the symbol of an innovative organization, since the technical system is based on it. That is why the operating core is highly automatic and highly sophisticated, based on CAD-CAM, CIM and robotic systems. Experts, as the people who carry on the process of innovation, have the greatest power and have a special treatment. Experts are also majority of employees. Since experts are located in the part of organization called "support staff" (Figure 1), this part of organization is the central one (Figure2).

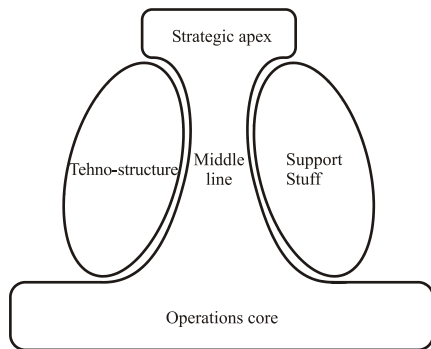


Figure 1. Basic parts of organization

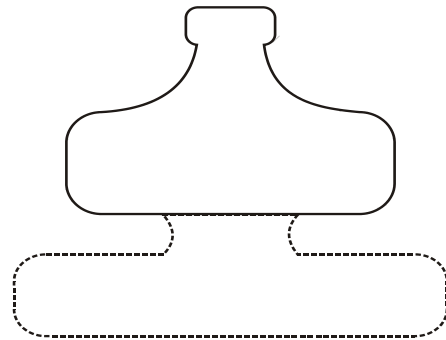


Figure 2. Innovative organization

Mutual agreement is the main coordinating mechanism among the employees. To innovate means to break away from usual patterns. That is why innovative organization cannot have any form of standardization as a coordinating mechanism. Following the logic of innovative organizations, work places are characterized by high horizontal and low vertical specialization, and very low standardization. The training of personnel is based out of the organization. The grouping method is usually done through the small units and matrix approach (function vs. project) with the shallow superstructure. Business decision-making process is vertically and horizontally decentralized due to the fact that experts are those who are involved in all phases of decision-making and those who participate in making and implementing decisions. Innovative organization must give power to experts whose knowledge and skills are highly developed in training programs. But Innovative organization does not rely on standardization of skills of these experts to achieve coordination. It is simply because it would get the organization to standardization and not to innovation. The knowledge of experts are considered as basis to develop new ones. Practically, there are no barriers between administrative organizational parts, and no organizational distinctions. Support staff and Strategic apex are outside oriented, while techno-structure and middle line are inside-oriented. Full organizational integration is achieved through projects as main connecting mechanisms.

## 3. HRM HARVARD MODEL

HRM is implementing managerial function and philosophy [9], which in its focus of interest places employees, requesting high degree of satisfaction and motivation of employees [8]. The basic postulate is that the human resources are the most valuable organizational resources [1], and that organizational effectiveness and efficiency can be achieved only with the satisfied and highly

motivated human resources [3]. HRM as implementing managerial function de facto comprises all managerial decisions and activities that in any way regulate the relationship between employees and organization. It is a wide set of different decisions and activities.

Both logic of the Harvard HRM model [2], and Mintzberg’s concept of the basic types of organizations [4,5,6,7] are based on the logic of contingency approach, which points out into the direction of identification of independent organizational variables, as well as into the direction of recognition of organizational context in which certain basic type of organization works out. According to this, in different organizational contexts and by a different influence of stakeholders, the main HRM aspects shaping is approached in a different way for different basic type of organization.

Harvard HRM model (Figure 3) includes the following four aspects [2]:

1. Employee influence – HRM aspect that comprises all ways by which employees influences decision making process.
2. HR Flow (inflow, internal flow, outflow) – HRM aspect which treats people during their entering, staying and leaving an organization, with necessity to emphasize that the evaluation of performances at the work level (internal flow activity) and employee potentials have the central HRM activity status.
3. Salary and Reward System – HRM aspect that includes building the system of paying and rewarding of employees.
4. Work System – HRM aspect that relates the ways of work at the level of work place, conditions during the work and quality of environment in a wider meaning of this word.

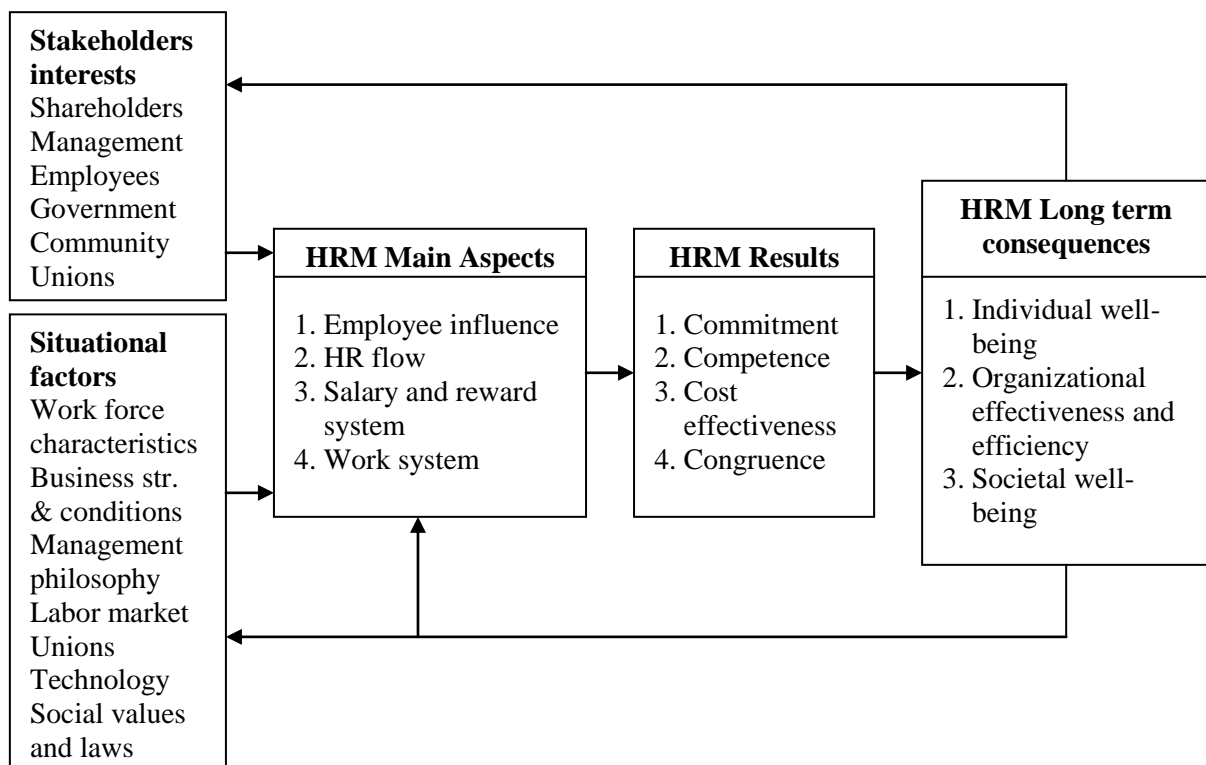


Figure 3. Harvard HRM Model

## 5. INNOVATIVE ORGANIZATION HRM

Bearing in mind that different basic types of organizations (Mintzberg recognizes five different types of organizations) approach in a completely different way HRM modeling, in this part of the paper innovative organization HRM will be developed by looking into the innovative organization characteristics through Harvard HRM model. In Table 1 innovative organization HRM characteristics are evaluated by crossing with Harvard HRM model.

Table 1. Innovative organization HRM characteristics

HRM Main Aspects	Innovative organization
1. Employee Influence	Very high. Experts at all levels participate in almost all decisions making, and are involved in almost all phases (as members of project teams they themselves carry on the innovative process). Very strong vertical and horizontal decentralization
2. HR Flow	
2.1 Inflow	
2.1.1 Recruitment	Very proactive recruitment, since there aren't many needed experts on the market in certain fields.
2.1.2 Selection	Selection-criteria is based on a knowledge, creativity, expertise, imagination and innovation as a value.
2.1.3 Orientation	Orientation almost not needed and does not exist. Highly specialized education (expert knowledge) usually done outside and before entering the organization.
2.1.4 Socialization	Almost does not exist and not needed.
2.2 Internal flow	
2.2.1 Evaluation of performances and potentials	Based on creativity and innovations as a central coordinating mechanism (quality evaluation). A lot of attention paid to a development of individual potentials. Highly developed tools for the evaluation of potentials.
2.2.2 Internal plac.	Internal placement based on evaluation of performances and potentials.
2.2.3 Promotion	Promotion based on evaluation of performances and potentials.
2.2.4 Demotion	Demotion based on evaluation of performances and potentials.
2.2.5 Training	Highly specialized training, if necessary, done outside of organization.
2.2.6 Education	Continuous "life-long" education. Specialized (expert) knowledge as a tool for enhancing performances and potentials. Education done outside organization. Existing knowledge as a basis for developing new knowledge
2.3 Outflow - Firing	Based on evaluation of performances and potentials.
3. Salary and Reward System	Based on evaluation of performances. Paying based on innovations. Variable part of a salary possible, and is based on participation and successes of projects. Indirect mat. Compensation is present, especially for enhancing expertise and knowledge, and some other benefits.
4. Work System	High horizontal and low vertical specialization of work places. Very dynamic job based on research and innovations. A lot of possibilities for job enlargement and job enrichment, especially through team-work as a key way of organizational functioning. Flexible work time as a rule, with a project deadline as the only important issue.

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