Innovative Approaches and Practices for Managing People in a Dynamic Environment

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Abstract: *Dynamics of changes, uncertainty and inability to predict emerging problems, events, situations, complexity of interrelationships, emergence of new problems, situations and knowledge are only part of the modern conditions in which companies work. This requires them to adapt to changes in the environment in a short time, looking for new and innovative approaches, not only in terms of the production process but also in terms of human resource management. The purpose of the authors is to present some of the opportunities for organizations to create and use innovative approaches to human resource management in a dynamic environment, as well as to make quick decisions related to them in company-specific situations.*

1. INTRODUCTION

The rapidly changing business environment is challenging organizations to remain competitive in the marketplace and evolve at the speed of change. This requires them to manage flexibly and innovatively in response to both rapid technological change and innovation, globalization and new levels of awareness, and unexpectedly emerging circumstances related to global epidemics and crises. Thomas et al. (2020) describe the contemporary conditions in which organizations operate through the acronym VUCA, which represents the four unique characteristics of the modern world:

- *volatility* - speed, dynamics and importance of changes;
- *uncertainty* - inability to predict emerging problems, events, and situations;
- *complexity* - the complexity of the environment and interrelationships;
- *ambiguity* - the emergence of new problems, situations and interrelations, making it impossible to use previous experience and knowledge.

The emergence of unforeseen circumstances (crises, epidemics, regulatory changes, governmental decisions, etc.) that affect mobility and the requirements for new skills imply making quick decisions related to the management of people in organizations. Examples of such contingencies include the war in Ukraine and the COVID-19 epidemic, where organizations are forced to respond quickly to travel bans, quarantines, large-scale workforce restructuring, layoffs, physical distancing, and an overall shift to a work-from-home mode (McCulloch, 2020; Thomas et al., 2020; Wei & Wong, 2020).

Continuous changes in the external environment require every organization and its people to change in order to survive, adapt and thrive, which in turn gives innovation a special role in organizational development (Peicheva, 2020). Scholars have described how the human resource

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management function, through adapted HR strategy and practices, through organizational culture and leadership, and by shaping employees' innovative behavior, can improve organizational response to rapidly changing external competitive conditions (Cappelli & Tavis, 2018; Shafer et al., 2001; Shipton et al., 2017).

Increasingly, HRM researchers (Cappelli & Tavis, 2018; Larsson, 2019) have emphasized the important role of an agile workforce, of creative employees who need to be free to develop ideas and make decisions without being hampered by bureaucratic barriers. In this context, the authors explore under the current environmental conditions what innovative approaches to managing people in the organization can be used, and how innovative work behavior of employees can be stimulated. The paper aims to present some of the opportunities for organizations to create and use innovative approaches to human resource management in a dynamic environment, as well as to make quick decisions related to them in company-specific situations.

For the purpose of this paper, the research problem of creating and using innovative approaches to human resource management in organizations is limited to the consideration of organizational culture management and team management.

2. MANAGEMENT OF ORGANIZATIONAL CULTURE AS AN INNOVATIVE APPROACH FOR HRM

A key element for strategic development and organizational change is company culture. Some authors (Kaplan & Norton, 2006) define it as a "culture of creativity and innovation", while others (Minkov, 2009) point out that it should be dominated by values such as creativity, innovation, flexibility, and risk-taking. Managers must stimulate creativity, accept employees' ideas, take care of staff development, and involve collaborators in organizational decision-making (Antonova & Ivanova, 2023). Namely, one of the main functions of organizational culture is to ensure the organization's adaptation to the changing characteristics of the external environment (Minkov, 2009).

Today, companies increasingly rely on diverse, multidisciplinary teams that combine the collective abilities of employees with different competencies (Antonova & Ivanova, 2023). For these teams to be effective and to ensure the required productivity, the development of an adhocratic, clan-based and/or inclusive organizational culture (inclusive leadership) is necessary.

In recent years, in the context of globalization and rapid change, there has been a shift in the key success factors for firms in the market, with a focus on innovation. This causes a change in the value system and organizational culture of companies, precisely in the conditions of dynamic development of the environment, an innovative and entrepreneurial approach by management is necessary.

In particular, the application of an adhocratic organizational culture as an innovative approach can stimulate the development of companies in the face of rapid change and unpredictable circumstances because it implies flexible solutions, avoiding the use of bureaucratic procedures and policies, and placing emphasis on continuous innovation and the pursuit of improvement, as the pace of work is usually extremely fast, and this is critical for success in a market that is constantly changing and highly competitive (Cameron & Quinn, 2012) (Figure 1). Of course, in large organizations with many staff, an adhocracy culture is less applicable across

the organization, but it can be useful at the business unit level or applied to specific functions, i.e. the adhocracy culture can be transferred to specific units, which will ensure that the organization as a whole remains innovative and competitive in the marketplace.

A clan organizational culture, in turn, aims to get employees working together in teams, ensuring equality, relevance, empathy and commitment, leading to a job well done and high performance. Team members feel free to give ideas and honest and open feedback. Implementing their ideas makes them find meaning in what they do and motivates them to be creative. Companies that are able to balance the demand for performance and the sharing of employee values become desirable places for talented employees to thrive (Figure 1).
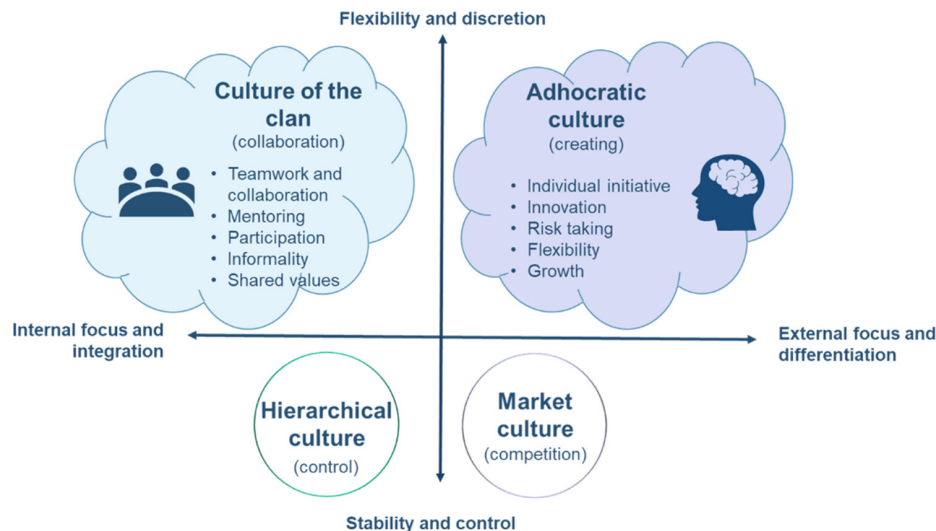

Figure 1. Adhocratic and Clan organizational culture
Source: Adapted from Cameron & Quinn, 2012

A "clan" is a group of close-knit and interrelated families or a group of people with a strong common interest. Clan cultures are common in small or family businesses that are not hierarchical. Employees are valued regardless of their level and the environment is supportive.

Another innovative approach is the implementation of an inclusive organizational culture through inclusive leadership. Inclusive leadership ensures that all team members will feel significant, empathetic, engaged and treated with respect and fairness. Peace of mind and a sense of significance motivate employees to be creative and share ideas freely. In a study by NLP Bulgaria (2022) among more than 4,100 employees, the traits or behaviors that distinguish inclusive leaders from others were highlighted:
* "Visible commitment" - embracing diversity and making diversity a personal priority. These leaders hold team members accountable, challenge the status quo and bureaucracy, and show their concern for employees daily.
* "Humility and modesty" - behaviors where the leader shows modesty about his or her own abilities to create space and opportunities for others to express themselves, admits mistakes, shares personal weaknesses, demonstrates a humble manner, and asks if unsure.
* Is "aware of his biases", knows his weaknesses and shortcomings, and works to create equal opportunities.
* "Curiosity about others" - leaders who listen without judgment, and are empathetic and accepting of ideas.

- "Cultural intelligence" - an inclusive leader learns and accepts different cultures and adapts according to their needs.
- "Effective collaboration" - the leader's ability to bring the team together, recognize members as individuals, delegate rights and empower team members. An inclusive leader embraces divergent thinking, cares about psychological safety, knows the work process and people, and addresses each team member by name.

An ineffective and unproductive organization would be one working with a direct and overbearing leader, one that limits the ability of team members to contribute to development through creativity and free expression of ideas, one that assigns duties to the same top performers, creating an imbalance in duties, one that does not allow for the sharing of alternative solutions, etc.

3. TEAM MANAGEMENT, AS AN INNOVATIVE APPROACH FOR HRM

The second aspect in terms of exploring innovative approaches to human resource management in organizations is through team management. For the purpose of this paper, the nature of virtual teams and agile groups are considered.

In recent years, with the dynamic development of information technology and communications, organizations are transforming their operations through experimentation and the introduction of innovative ways of working. Emphasis is increasingly placed on the need for teamwork on a consultative basis as a key factor in achieving competitive advantage in today's highly uncertain environment.

Teams are small groups of people with different knowledge and skills, linked directly in achieving specific common goals and unique outcomes through an approach for which they hold each other accountable. The key characteristics of teamwork are simultaneity, task parallelism, alignment among individual team members, and mutual accountability.

Working in a virtual team is becoming a daily activity, and virtual communication is the norm for many organizations. Much of the managerial functions related to planning, organizing, leading and controlling are the responsibility of the team, with the primary goal being to minimize the status quo and bureaucracy and increase speed and efficiency in getting tasks done. The work of virtual teams is done partially or entirely outside the boundaries of the organization, with team members interacting with each other in the process of completing assigned tasks and realizing common goals.

Duarte and Snyder (2006, 2011) and Marinov (2023) distinguish the following types of virtual teams according to the nature of the tasks and goals (Table 1):

In contrast to standard (traditional) teams, virtual teams have advantages such as: 'unprecedented levels of flexibility; reducing time and cost through the use of ITC; providing equal opportunities in the workplace by reducing age and race discrimination; eliminating the impact of non-verbal cues and status differences; and overcoming time and geographical barriers; minimizing the costs associated with conducting a physical meeting; high levels of productivity with the ability to engage team members 24/7" (Hadzhiev, 2017, 2021).

Some of the drawbacks of virtual teams are related to the lack of physical interaction between team members, the possibility of non-technical problems, complex (for some team members) technological applications to implement the meeting, etc.

Table 1. Types of virtual teams

Virtual teams		Typical features
	Parallel teams	Parallel to the organization, perform specific tasks or functions that the organisation does not want or does not have the capacity to implement. They are built to carry out short-term tasks (projects) related to optimizing processes or solving specific problems.
	Networking teams	Consist of people interacting to achieve a common goal. People work together, but at different times, from a distance and outside the organization. It is possible that in some situations members of may not know about all the participants in the network.
	Project teams	They are created to achieve a specific result and cease to exist after the project activities have been implemented. They are characterized by the fact that participants can enter or exit from the team when their expertise is needed. Key difference is that members of project teams generally belong to other teams in the organization, but for a certain point are integrated within the project team and become part of both structures.
	Working teams	Perform continuous over time and regular activity, being within a single function of the organization (finance, marketing, recruitment, training, etc.). Have defined boundaries and membership that make them distinguishes them from other structures in the organization. They can function virtually, separated in time and space.
	Management teams	Perform regular management functions. May exist outside national but within organizational teams. They are a typical model for transnational and international corporations, with their members being part of a single organizational structure but being geographically separated.
	Operating teams	They are applied in critical situations by functioning virtually, separated in time and space.

Source: adapted from Duarte and Snyder, 2006, 2011; Marinov, 2023

In theory, there is no universally accepted model for the management and effectiveness of virtual teams. The basis for the various modifications of virtual team management models is the model of Heckman and Morris (1978), according to which the main factors of influence are: input, process, and outcome. With the development of theoretical knowledge in the field of HRM, it has been pointed out that the effectiveness of the team can also be analyzed in terms of the results achieved and the personal satisfaction of its members, as well as according to the specific functions of the team, namely: adaptability; shared situational perception; interpersonal relationships; coordination; communication; decision-making; monitoring and feedback (Antonova & Ivanova, 2023).

Another tool for innovative HRM is the use of informal structures - flexible groups empowered to work with minimal managerial constraints to deal quickly with technological challenges, the idea being to be free from bureaucratic constraints, to be both creative and effective in generating new ideas, i.e., to be free in developing the idea that can generate innovation (Larsson, 2019).

The use of agile groups (teams) could complement formal organizational HR practices by providing non-traditional solutions to specific people management situations in organizations. According to Larsson (2019), it is typical that an agile team should:
- be physically isolated;
- critically analyse the needs of a potential customer/user;
- focus only on the task (mission) at hand;
- plan all activities in advance;
- appoint an experienced project manager to properly allocate functions among team members;

- is multifunctional, formed by talents in areas specifically related to the challenge (task);
- the skills and knowledge of the team members can be used optimally for subsequent projects.

In this HRM approach, the team organization, high degree of autonomy, creativity, and flexibility (Oltra et al., 2022) imply more particular attention to the design and development of jobs and work tasks in the agile group. The high autonomy of agile teams coupled with the need for their members to be highly skilled, creative, and experts in the field (Larsson, 2019) suggests that these employees should be significantly empowered and, as highly skilled professionals, have input into decision-making processes, i.e., employee voice and power should be given (Oltra et al., 2022).

4.   FUTURE RESEARCH DIRECTIONS

Future research on the topic may provide clearer insights into the application of the approaches considered in addressing current HRM challenges, such as the risks to employees' work and health arising from emergencies, or in improving aspects of HRM such as employee learning and development, well-being, creativity, engagement, etc. From a research perspective, it is also interesting to study and analyze the impact of innovative HRM approaches on work processes. In this context, the authors develop a toolkit based on the theoretical propositions and findings presented to explore and evaluate the applicability and impact of the approaches in HRM practice.

5.   CONCLUSION

In conclusion, it can be summarized that in a context of dynamic change, organizations are facing more and more challenges that affect the management of people and, in this sense, rapid and adequate measures are needed to deal with the unpredictable circumstances that have been common in recent years.

By adapting HR strategy and practices and by shaping innovative employee and manager behavior, organizational responses to rapidly changing conditions can be improved.

To cope with the new unexpected and dynamic changes in the business environment, companies can successfully implement an innovative organizational culture that allows for flexible solutions, avoiding the use of bureaucratic procedures and policies, and focusing on continuous innovation and the pursuit of improvement.

Virtual teams and agile groups are dynamic systems in which the influence of different factors changes over time, as technology evolves, as team members improve, etc. In practical terms, their use adds another option to the toolbox of innovative people management in organizations.

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