

Innovation, Adaptive Leadership and Project Management

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— *Review of* —
**Integrative
Business &
Economics**
— *Research* —

ABSTRACT

Since major organizational crisis of suicides at work and the establishment of a new regulation for organizations regarding preventing stress at work, the social issue of prevention of health at work in France are pushing companies to react and rethink their approaches to quality of life at workplace for their employees.

A particular case between an insurance company, some of its most important corporate clients - representing nearly 5,000 employees - health actors from diverse backgrounds, a North American IT solution and a unique coaching process adapted to the industrial sector has emerged spontaneously through project mode. This study is rooted in action research over a period of more than eighteen months in a project ongoing for over 3 years.

The results display how important adaptive leadership skills of the project manager are a key element to the inter-organizational innovation that emerged from this complex stakeholders' interaction. These results reinforce the view of leadership as a complex interactive dynamic (Desai, 2010), it also highlights the crucial importance of adaptive leadership when project management and innovation (Bach et al., 2010) is at stake. For practitioners, this article proposes a model of interactions that favors the emergence of adaptive leadership and it also proposes a list of elements necessary to co-creation.

Keywords: Project management; leadership; complexity; innovation

INTRODUCTION

Since major organizational crisis of suicide of employees related to situations at work and the establishment of a new regulation for organizations regarding preventing stress at work, the social issue of prevention of health at work in France are pushing companies to react and rethink their approaches to quality of life for their employees. Chronical stress and its impacts but also problems of managers' addictions (Vilas Boas & Morin, 2013) and waves of suicides in organizations (Technologia, 2013) resulted in a regulation (www.travailler-mieux.gouv.fr) forcing French organizations to find solutions and to implement tools for managing stress. These new organizational constraints have prompted various health actors and business leaders to expend their reality and create new networks, new partnerships, new processes and to seek new

solutions to meet the reality of multiple stakeholders impacted by these changes (Coulombe & Rochefort, 2011).

Major projects emerged of this new reality involving the multiplication of stakeholders for organizations. One way to embrace this sensitive issue, for both unions and for managers, is innovation. Cohendet and Simon (2013: 5) mention that "the management of innovation has become a key issue for business leaders." Indeed, they go on asserting that "managing innovation requires new practices, new business models, new ways of development of these creative abilities (both individual and collective), new ways to manage talent as well as new sharing experiences between such diverse backgrounds as science, industry and the art industry."

This paper introduces and presents co-innovation of multiple stakeholders redefining the theoretical and conceptual approaches to project management especially regarding the leadership skills needed to succeed the project. A case is presented in order to describe what has been done in order to create novel solutions for preventing health at work while responding to a complex system of needs from the various corporate clients of an insurance company and legal issues imposed to the corporate world. A brief introduction to the underlying theories and methodological considerations are also presented. This paper proposes a combination of key success factors necessary for this new kind of creative project management. Every aspect is further discussed as well as the importance of a new kind of management of large-scale creative project.

1. LITTERATURE REVIEW

1.1 Inter-organizational projects

There exist a wide range of types and typologies of projects but we are interested here by inter-organizational projects. Inter-organizational projects represent multiple organizations brought together on a temporary basis to work on shared activity (Jones and Lichtenstein, 2008) towards a common goal. The collaboration of such project lack hierarchical structure between the collaborating actors (DeFillippi and Arthur, 1998). The activities are coordinated while the project is on but, once the goals are met, individuals are no longer ininteractions. Project actors have limited prior experience of working together and have limited expectations of subsequent interactions (Söderlund, 2000). It is found in the literature that, in many industries, the ability to accomplish projects requires collaboration among multiple organizations (Kalinina & Abebe, 2012).

Projects are embedded in multiple contexts ranging from a single unit in organization to the wider society (Manning, 2008). This paper focuses on one type of environmental context discussed by Manning (idem): the inter-organizational network context. Network refers to the ties among project stakeholders - individuals and organizations (Manning and Sydow, 2011).

Employees, suppliers, partners, allies, and customers are comprised in these networks through a value-creating system (Michel et al., 2008: 56). The encounter of these stakeholders form the basis of the framework for co-creation as described below (Payne et al., 2008).

1.2 Co-creation or innovation process

Co-creation can be viewed from different perspectives. It has been reviewed by Bendapudi and Leone (2003) and they have divided it within five axes. In their review, we find first the emotional engagement of customers through advertising and promotional activities such as what happens with Club Med. Second, co-creation through self-service from which the customer work to get what he wishes such as what is done in IKEA around the planet. The third co-creation axis consists in the supplier providing an experience in which the customer is part of the experience such as for Disneyland Parks. The fourth co-creation axis is when the customer self-selects options to find a solution to his specific problems using the supplier's prescribed processes (e.g., Citibank, the global bank, providing interactive voice and keyboard response systems for customers contacting their call center (Payne & al., 2008)). Fifth is the customer and supplier engaged in the especially important activity of co-design of products (e.g., application software using their employees as a 'listening post' to gain profound customer insights which are utilized in helping customers co-design their products).

The paradox of individuals' innovation interplay and organizations indicates that production (Kalinina & Abebe, 2012) in this context is realized through "specific temporary and project driven organizational modalities" (Bettiol & Sedita, 2011: 469). Most projects in this context are carried out between autonomous actors leading to interdependencies between them, their activities and resources (Caves, 2002), at least for a while.

Inter-organizational projects are suitable organizational forms (Bilton, 2007) to produce creative services even though their structure, as mentioned in the section above, raises coordination issues. Jones et al (1997) mention that for creative industries, two types of uncertainties exist: demand uncertainty and transactional uncertainty.

Demand uncertainty is related to the rapid change of customers' desires. Transactional uncertainty comes from the collaborative nature of jointly producing goods and services. This second category is what exists mostly in the inter-organizational projects' co-creations. Aligning various stakeholders' logics of action in links to their contributions remains a challenge (Jones et al., 1998).

According to Desai (2010) neither these organizations nor their stakeholders can afford to be too self-focused while co-creating; instead, they collaborate and learn together.

"When the actors of a value network develop ability to think together and transcend the individual stakeholder boundaries and views, they co-create learning. A few scholars have discussed the co-creation of value within the value networks" (Desai, 2010:389)

1.3 Adaptive leadership

Adaptive leadership is the capacity of the project leader to embrace the project complexity while maintaining a multitude of stakeholders' motives and objectives in parallel. Also, it consists in managing organizational politics and power issues related to the project intra and inter-

organization, aiming for performance in uncertainty as the result depends on co-creation with customers.

Performance and success of the project depend on the customers defining and creating their own solution within a larger global offer, and the supplier integrating these specific solutions back into the global offer to its other customers. “Adaptive leadership is crucial for co-creation of emergent learning and innovation” (Desai, 2010: 391).

All the actors of value networks are interdependent. The actions of organizations are dependent on and limited by how the other actors of the network act and vice versa (Montalvo et al., 2004). This interdependency creates constraints in the adopted behaviors (idem), and in the relations between the different actors. Conflicting needs, ideas, or preferences build up tensions and create the need to discuss, and negotiate back and forth.

Once the dissipation of built up tensions occur, there is birth of new understanding out of collisions of diverging views. It becomes a cascade of changes through network connections as described by Uhl-Bien et al (2007) and emergence of non-linear solutions form new solutions to a problem. Innovation and learning emerge in these value networks.

It is expected that adaptive leadership displayed in the leading organization of the project will foster and enable adaptive leadership within customers’, suppliers’ and internal networks. Furthermore, it will ease the flow of intangibles solutions from these adaptive value creation networks into administrative structures.

2. METHODOLOGY

In order to understand how the different stakeholders are chained and managed to co-create solutions, the present study is based on one longitudinal case study (Eisenhardt, 1989) that encompasses a multitude of actors including one insurance company, 4 major organizational clients, one solution provider, a dozen preventers of health in organization and their individual environment.

The authors of this paper benefited from 120 days of participatory observation of the various project actors in different project groups. This whole participatory observation started when Pascal, the project initiator and leader, consulted to gain general information on the North American health and prevention at work from one of the author. She was then invited to observe the process of creating a novel solution for the French legal context and competitive issues of local insurance companies.

We conducted one-on-one interviews (12 interviews) to complete the information after the main round of events in September 2012. We also collected official documents and emails exchange between various stakeholders (more than 250 emails). The data was collected between 2011 and 2013 in France and Canada.

2.1 The business case: the insurer and its network of stakeholders - its co-creators

In France, in 2009, organizations of more than 1000 employees got the formal governmental obligation to implement practical solutions to address to stress, harassment and violence at work. Considering the extensive health coverage offered by the government to all individuals, not only workers, organizations faced a new reality with this regulation implementation. They basically did not know where to start and what to do. For the most part, they did the basic option by implementing an organizational diagnosis of their stress levels. It was like opening Pandora box. They received red flags from their employees that were asking solutions after this opportunity to disclose their reality at work.

Most organization froze at this stage. However, for some managers it became a unique opportunity to offer a larger spectrum of solutions to their employees. Pascal, the corporate commercial director of an important insurance company, positioned his team in a dynamic conversation with their most important clients on a regular basis to discuss these issues and their challenges. They created a breakfast club where specialists of health at work or legislative representative would come to present specific aspect of the regulation. Out of these conversations, Pascal untangled common issues faced by his clients with their respective unions and employees regarding management practices causing stress, financial impact of chronic absenteeism, etc.

Pascal teamed-up with the marketing director, Meg, who was interested to position the company in an assertive fashion on these issues, to step forward their competition. They started to benchmark what was offered and done in France and then quickly moved up to benchmark internationally. Scandinavia and Canada being similar in terms of governmental presence in the health sector and in advance for this issue of prevention of health at work, Pascal and Meg organized trips to meet international specialists.

Pascal main motivations in leading and starting such a project consisted in retaining major clients that were threatening to leave for competitors' offers. Meg had two objectives: one corporate - to keep the image of the corporation aligned with legislation - the second, more personal: to be promoted to the board of directors as being someone that contributed on a strategic issue. Soon after their various benchmarking trips, clients were putting pressure to get a concrete package from the insurer on preventing health at work. CEOs of these client companies were motivated by different motives but one common reason was to be able to decrease their insurance cost and also increase performance through the diminution of absenteeism and presenteeism. Other motivations consisted in retaining their highly specialized and skilled employees healthy as they were getting older as a workforce; offering a positive project to their unions and employees in order to eliminate conflictual relationships between management and workers; decreasing indicators of high stress; etc.

When Pascal started his journey of benchmarking, his boss, the CEO of the company was completely aligned with this project as he was sharing the values related to prevention of health. However, by the time the international trips were finalized, the CEO had changed. As new member of the company, the new CEO, fiscalist of training, was at first distant and neutral to this issue, but he soon declared this as a loss of resources and a useless time consuming project.

Pascal was squeezed between his organizational objectives to retain his clients, the promises he made them to offer better than the competition and his new boss priorities.

Meanwhile, Pascal and Meg were receiving partial solutions from various health providers. They've got to meet the final solution they choose with a Franco-Canadian consulting team that provided an electronic diagnostic of employees health but also a framework to follow in order to anchor long term impact. This solution provider brought a process that needed work to fill up with concrete actions, trainings, coaching moments, expert interventions but most of all that needed concretisation to mobilize employees to engage voluntarily – as being more healthy stands on a personal decision not a corporate order. The challenge remained big even though it was easier to sell and package to clients.

Pascal was very busy meeting various stakeholders internally to inform them on this project. He succeeded to meet the board representative responsible to promote the insurance health experts composed of doctors and nutritionists. This person started being present with Pascal on all meetings organized around this project. Pascal even brought the most demanding insurance client with him to Canada to test the franco-canadian solution and to negotiate it. All the directors of the company were met, first singly, then all together. The internal doctor was also informed and part of some sub-groups of the project.

Once this long succession of meetings took place, Pascal invited his CEO to one of the breakfast club meeting that was followed by a special lunch where the demanding client, the franco-canadian supplier, and the board member were invited to discussed formally about the societal challenges of preventing health at work but informally to put pressure on this project survival.

This strategy was successful and Pascal got a conditional okay to continue his project with high expectations as for the results to reach. The technological and process supplier started meeting all major corporate clients plus the insurance company itself as first experimentation. The success of long term impact of preventing health at work depends on a combination of two levels of interventions: the employees themselves as it is their health we put in the core focus, but also the organization that needs to mobilize, prioritize, invest budget, and engage actions to support employees' choices.

Mobilization of employees emerged to be a core element of success. In the French context, unions need to be met in parallel with the managing directors board. These two powerful stakeholders in organization need to endorse the process but also gives the example to all employees by being engaged themselves into the process. It was perceived to be an enormous challenge to convince many unions plus the board of directors but it was successfully managed.

Once unions were in, the co-innovation process became very present. The employees appropriated the partial solution offered by Pascal and his team and customized the solution for their own needs and realities. Then the project leader in each of these client corporations took the responsibility to bring the modified solutions back to the insurance company in order to make better the solution.

3. DISCUSSION

The interdependency of all organizational actors imposes restrictions but also creates a space where ideas and preferences build up. Co-innovation to solve legal and administrative problems is possible and requires special skills especially for its project manager and its team that need to display adaptive leadership.

This type of leadership promotes the co-existence of interrelated sources of coordination (McKelvey et al., 2003):

- (1) emergent informal constraints imposed by interdependent relationships themselves; and
- (2) external constraints that includes environmental restrictions and administrative controls.

Pascal, the initial project manager and leader, displayed skills and competencies needed in a complex system such as an organization in a very intelligent way. An organization is considered to be a complex system because organization as a whole simply cannot be understood plainly by analyzing its parts (Desai, 2010). To this, we add the interactions with multiple other organizational stakeholders and our system is becoming “super complex”. This business case is a very good example of what we define as a “complex adaptive system”. The different actors of the value network co-created, co-adapted, and eventually co-learned while attaining the guiding vision of promoting health at work.

Unlike many other studies that adopted the CAS perspectives in the area of management, this paper explains how the human complex adaptive system, co-creates emergent innovation and learning in the presence of imposed administrative control, political issues in organizations and coordination of leadership in an adaptive manner. It also addresses the role of organizations in the co-creation of innovation and adaptability. When organizations keep on experimenting new ways of leading, this understanding of learning co-creation is very relevant for developing abilities to think together and build together.

Desai in 2010 (p.392) proposed a conceptual model to explain co-creation and the role of adaptive leadership in a complex system (see figure below).

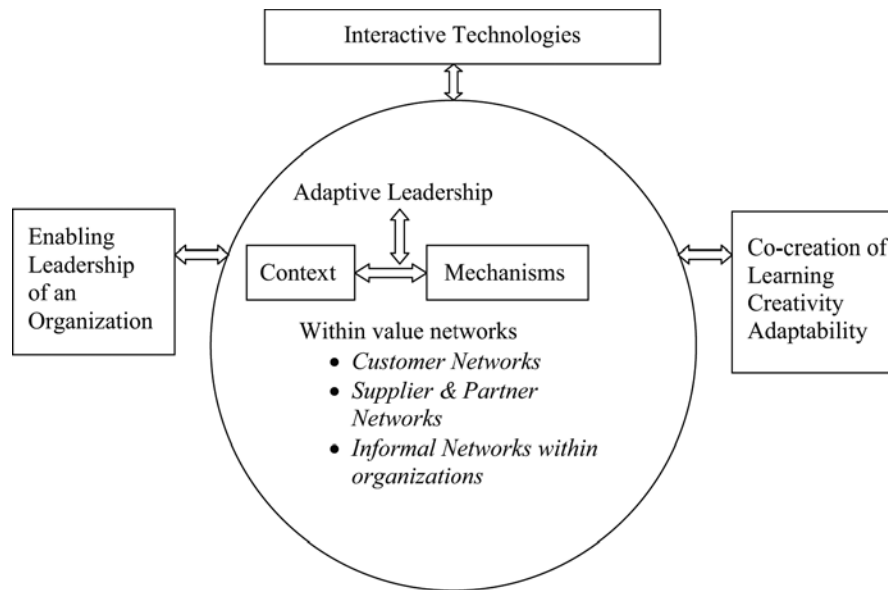


Figure 1 - Co-creation of learning and creativity within a value networks (Desai, 2010: 392)

Like displayed in this paper’s business case, the adaptive leadership exists throughout the value network in this proposed model. In fact certain elements should be added to be closer to practice. We humbly propose the following modifications.

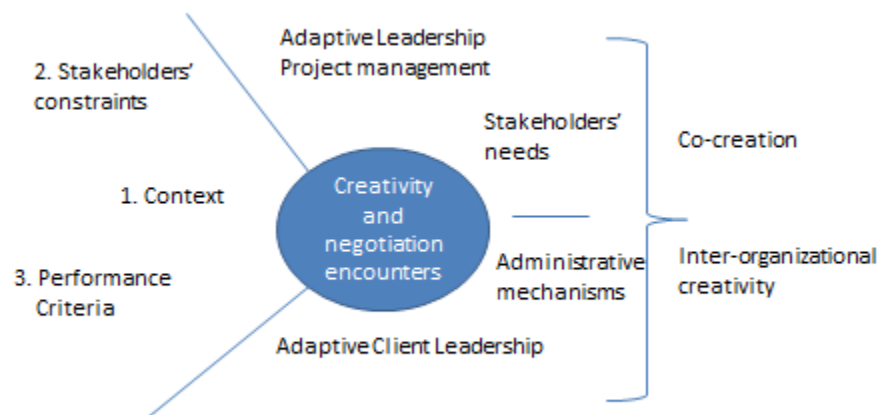


Figure 2 – Co-creation of innovative solutions within a value networks where adaptive leadership is displayed

Pascal adjusted his speech to every single stakeholder’s motivation and goals he was encountering. It is through this ability to manage uncertainty in the process to reach the overall vision of promoting health at work, plus the competency to guide the project while receiving

input and product modification or product amelioration from customers, that adaptive leadership really took its sense.

By managing divergent motivations and making these live all together, organizational politics was under control in a very subtle and satisfying fashion for most stakeholders. The leadership of clients when they added their input into the final solution was also a key element to the novel aspect of this collaboration.

New perspectives on leadership recognize the interplay of many interacting forces and it assesses that this kind of leadership is too complex to be described as only the act of individuals (Uhl-Bien et al., 2007; Boal and Schultz, 2007). These new perspectives free the leadership concepts from the usual administrative assumptions, and portray adaptive leadership as a complex interactive dynamic that is necessary to project management in our complex systems.

The interactions of corporate clients, health suppliers, software supplier and the insurance company co-created new ideas, learning and knowledge. The interactions of ideas, learning and knowledge produce even more complex ideas and knowledge; and therefore, as Uhl-Bien et al. (2007) envisioned it, as swirls of contexts and mechanisms of ideas and innovation. The end result is emergent innovation, learning, and adaptability.

Through adaptive leadership, the feedback loops foster the interdependent interactions within complex adaptive systems and enable adaptive dynamics, “which in turn lead to more responsiveness, and more efficient selection of the most valuable, novel, and creative ideas and solutions” (Desai, 2010:page). These organizations not only channelize flow of knowledge and innovation among the customers and catalyze adaptive leadership in each sub-part of the stakeholder system and project, but manage this flow from adaptive structures into administrative structures (Boal and Schultz, 2007). Innovation and ideas come back into the initial project and product to modify them and go back to all customers final offer.

Corporate customers engaged in a dialog with suppliers but also within their own corporate walls with their own important stakeholders such as unions and employees representatives. This was conducted at each stage of product design and product delivery from the insurance company. Together, suppliers and corporate customers have the opportunity to create value through customized, co-produced offerings (Ballantyne, 2004) that the insurance company is then promoting to all of its clients. Normann and Ramirez (1993: 69) suggested on the same idea that “the key to creating value is to co-produce offerings that mobilize customers”.

Co-creation processes should not be viewed in the traditional ‘engineering’ sense, but as dynamic, interactive, non-linear, and often as unconscious processes (Payne, 2008:96)

4. CONCLUSION

The two organizations mentioned in the present case study, collaborated together to transcend the individual institution boundaries and co-created an exceptional value-network with very practical solutions to offer their various clients and employees tools to manage quality of life at work.

Adaptive leadership exists in complex network (Desai, 2010) and complex dynamics of interdependency relationships and this leads to emergent innovation and adaptability (Uhl-Bien et al, 2007). By enabling leaders to adapt in these interactions of stakeholders in a project management, we build collective innovation that flows from adaptive structures into administrative ones.

The results reinforce the view of leadership as a complex interactive dynamic (Desai, 2010), it also highlights the crucial importance of adaptive leadership when inter-organizational innovation (Bach et al., 2010) is at stake. It demonstrates how diverse actors of a value networks co-create and co-evolves with the business ecosystem. As an organization is part of a broader value network, its adaptability to its business and legal context is closely entwined with the learning and adaptability of all other actors of the value network.

For practitioners, the present article proposes a model of interactions that favors the emergence of adaptive leadership and it also proposes a list of elements necessary to co-creation. Managers and leaders can apply these ideas and knowledge in a wide range of organizational practices like human resource management and leadership development practices, project management, and customer and supplier relationship management practices. This paper recommends that these practices need to widen their horizons to include the complex dynamics of leadership in an adaptive manner.

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