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## **Mobilizing Human Resources to Enhance Business Innovation, Case Study: Strategy & Innovation Department in Vodafone Egypt**

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# MOBILIZING HUMAN RESOURCES TO ENHANCE BUSINESS INNOVATION

## CASE STUDY: STRATEGY & INNOVATION DEPARTMENT IN VODAFONE EGYPT

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### ABSTRACT

The uprising Egyptian revolution January 2011 triggered most organizations in the Egyptian society to revise strategies to invade markets vigorously with innovative plans in order to survive in such unforeseen economic conditions. As change is the process by which the future invades our life, most organizations in Egypt nowadays are trying to pave the way for this change allowing for more innovative patterns that cannot be guided without the support of the human resources policies and practices. The importance of this study arises from its contribution at both the academic and the practical levels as it reflects not only the importance of innovation as a catalyst tool for the organization development but also it focuses on the importance of mobilizing human resources to enhance business innovation. On the academic level, the aim of this study is to shed the light on such a crucial approach of business innovation as one of the new trends in management studies as well as to highlight the crucial role of human resources to support business innovation initiative. On the practical level, the importance of this study arises from the fact that there are few studies within the Egyptian context that highlighted the importance of mobilizing human resources to enhance business innovation. This study would reflect the concepts derived from the literature review on both business innovation and human resources practices as applied on one of the Egyptian business organization in the field of communication: Vodafone Egypt. The focus of this study can be tackled through two questions. First is to what extent can human resources enhance business innovation? Secondly, to what extent the applicable procedures in Vodafone Egypt regarding both business innovation & human resources practices fulfill the standards driven through the international experiences?

**Keywords:** *Innovation, Innovation Measurement, Innovation Dimensions, Innovation Strategies, Business Models, Human Resources Management*

### 1- INTRODUCTION

Being a hunter who eats the pray is far much better than being the pray who avoids the hunter. From this notion, innovative organizations can survive and prosper as they can shift their business away from the traditional culture to hunting opportunities in the market. In our world today, the innovation process in any organization is inevitable both in the national and the international business arena. The market challenges and globalization trends entail most organizations to struggle for survival and to bridge the change gap. The urge behind the increasing need for innovation is boosted by the increased global competition, the rapid change in customers' preferences, and the development of technology. The Human Resources HR department in any organization flashes under the limelight when it comes to innovation as the HR department is considered to be the catalyst tool for all organizations to execute the process of innovation. The underlying assumption of this study is as the economy recovers from the adverse conditions since the uprising of the revolution January 2011, the Egyptian business environment would require that most organizations mobilize the human resources to enhance business innovation.

### 2- LITERATURE REVIEW

Since the sixties and the definitions of innovation are basically the same regarding the new ideas and procedures that have to be qualitatively different from those existing and taking a concrete shape in reality (Robertson, 1967). Today with the new trends and concepts in management and the shifts in

the paradigm of thinking towards gaining a better market share, innovation of the organization would rely basically on mobilizing the capacity of its human resources. This would reside in depending on the intelligence, imagination, creativity and the capital knowledge of the organization's employees. Moreover, the empowerment of those employees and the support given to them by their organizations towards more freedom in innovating is the catalyst to the success of any plans towards better growth rate and market position of the organization. Therefore, we look today on people, not only on products and services to introduce change and to catalyze the organizations' innovative plans (Gupta and Singhal, 1993). This put a greater responsibility on the top management in any organization in planning to reach an "innovative edge" which is the preparation of HR manager to handle current employees' challenges and offers insight into the future to look deeply to discover the work edge of professionals and expertise in each department. This would help HR manager to advocate the changes needed in work environment (Kaplan and Lerouge, 2007). The efforts of HR mobilization have to go parallel with both a serious strategic plan and a sufficient budgeting.

### **Innovation: Definition, Types, and Dimensions**

Innovation is the creation of a product, service, process and change in the culture in an organization whether on the overall strategic level or in a particular business unit. It entails the advocating of new ideas and technologies that are accepted by the market, government and the society (Tushman and Nadler, 1986). Innovation may also adopt a reinvention for an idea that already existed in the organization to develop it into a new one. This mainly happens through summing up all the conclusions and the interpretations of the past to hit for the future in order to invade new grounds (Goss, Pascal and Athos, 1998). According to Augustine, innovation requires the willingness to be a hunter for opportunities in the market. It is a crucial responsibility on the work team in any innovation department to read the signs of threat and danger in order to make the changes and not to wait till the organization falls apart (Augustine, 1998). In this sense innovation as a terminology would differ from the term invention, because it offers the base to both the use and creation of new ideas or methods, whereas invention would only refer to the creation of the idea or the method itself only. According to Jimnez and Sanz, there are two types of innovation (Jimnez and Sanz, 2008):

- 1- Technical Innovation which entails new technologies promoting the range of products and services in the company, ensuring higher quality, better quantity; time management in delivery and a new look to the production sector.
- 2- Administrative Innovation which includes the changes advocated in the process of delivering those goods and services to the customers. It covers all the areas of the administration in the organization regarding the rules, procedures and policies needed for such reforms. It also tackles the change in the culture of the organization to help in the adjustment and implementation of the innovation plan.

These types are measured through major strategic achievement in the company's portfolio. First, it is measured through the success of the organization to introduce new output (product) into the market to expand the range of its production and to increase its revenue streams. Secondly, the organization can be labeled pioneer in being innovative through the introduction of new inputs into its structure and this involves hiring experts to increase the scope of research and development. Third, the timing issue in introducing the innovation plan is a crucial measurement of the company's success in adopting innovation (Jimnez and Sanz, 2008).

Based on these measurements, we can advocate that the scope of innovation entails three dimensions to be defined as: a) the process innovation dimension which is measured through the inputs, b) the result innovation dimension which is measured through the output and c) the attribute innovation dimension which is measured through the timing (Camela, Fernandez and Maria, 2008). According to Hamel (Hamel, Julian and Michael, 2008), the dimensions of the innovation strategy advocated in any organization are divided to both horizontal and vertical dimension. First, the horizontal dimension works on motivational plan that is supported mainly by the HR department to lead individuals to consider their own skills of management innovation. In such horizontal dimension, invention would be the initial act of experimentation, leading to new practices, and implementation would follow as the technical process behind establishing the innovative idea. The legitimacy of the innovation process in this dimension entails through both the labeling and the theorization of the new idea, the people inside and outside the organization to identify the practice of innovation. The second dimension is the vertical one through which the innovation is supported by both the internal change agent as employees and also the external ones as consultants, entrepreneurs and intellectuals. Along

these two dimensions the whole process of innovation will witness repeatedly cycles of variation, selection and retention of tools, human and financial assets.

### **Innovation: Management Perspective**

Both innovation dimensions and measurements migrate to look at innovation from a management perspective that can be highlighted as follows:

- 1- The institutional perspective where a organization focuses in its innovative plan on the consideration of the socio-economic conditions in which new management ideas and practices take place.
- 2- The fashion perspective where the focus of the organization would be on the dynamic interplay between users and providers of ideas for innovation.
- 3- The cultural perspective where the organization studies how to react to introduce new management practices and advocates the change to employees.
- 4- The rational perspective which entails how the management innovation itself gives improvement in organization's effectiveness (Hamel, Julian and Michael, 2008).

### **Innovation: Organizational Structure & Top Management Commitment**

The characteristics of organizational structure, in order to enhance innovation, lies mainly in creating a flexible not a bureaucratic structure in order to have the capacity to adapt to the environmental changes. Moreover, it should entail the encouragement of the open flow of communication between its business units in order to keep for the discovery of the potential customer needs and to coordinate the various efforts of the company's groups and teams in order to enhance innovation in various organization levels (Lin, 2011). Actually this would relate to the Chinese experience in introducing innovation where the government helped in innovating some of its existing organizations through the accelerated transition to a more market oriented economy and performance based system, allowing for more decentralization and mobilization of HR practices to carry on the process of innovation. The efforts of the government in this sense encouraged the firms internally to acquire self motivated staff that is committed and willing for a comprehensive training. The firms also tried to reorganize the structure to be more inclined towards result-oriented patterns and to use extensive degree of participation and information sharing. Also organizations were encouraged to create cross functional teams and to increase the scope of job design (Chow, 2010). The shift in the structure of the organization whether privately owned or through government renewal of regulations is the engine behind transforming the organization by introducing new concepts in order to stand among rivals of competition in the industry. According to Kotter, there are five main steps in order to transform the organizational structure to enhance innovation (Kotter, 1998):

- 1- Establishing a sense of urgency for innovation
- 2- Forming a powerful management guidance for innovation
- 3- Creating a vision for innovation
- 4- Communicating innovation as a vision to all levels in the organization
- 5- Empowering employees to act on the vision of innovation

These steps would entail also to build ongoing financial and sustainable revenues in order to maintain organization structure enhancing innovation and also to fight any fear of change in order to open the flow for innovation and not to block it. Another technique used by organizations to adjust its structure to enhance innovation is to push the organization into new and different territory to build new capacities. Moreover, the organization opens its structure to accept taking risk for more opportunities in order to move forward for investing in innovation techniques. This can happen through encouraging participation, improving time management and concentrating on human capital to accomplish these organizational changes. Therefore, the issue here is "never to innovate to compete, but innovate to change the rules of the game" (Vullings and Igor, 2009). These structural changes in the organization require the commitment of top management to support innovation. According to Paladino, the most prominent features of commitment is to refresh and to communicate the plan to innovate for your employees through the strategic and radical change. Training to improve the process comes as a second feature of the top management commitment, adding it to be combined with the mobilization of capital knowledge embedded in the human asset of the organization (Paladino, 2011).

## **Innovation: Business Model**

The business model for innovation is the umbrella under which organizations pave their way for future achievements. It describes how an organization entity prepares itself to create value propositions, identify its mission, goals, key activities, valuable resources, strategies for innovation, and its revenue streams. When this business model is open allowing for more penetrations of clients, it highlights the different corners of innovation as a new management discipline regarding operational excellence which targets the infrastructure, the product leadership, its market share, the customer intimacy and money streams. Several international examples of designing a business model for enhancing innovation would justify the previous point. IBM Organization for example innovated in the consulting service with highly skilled technicians and automated services in spite of the fact that originally it is a technology based company. This example is a typical case of "letting an elephant dance", which is hitting on how to mobilize resources to target your innovation plan (Vullings and Willem, 2012).

The strategic planning for innovation is headed towards understanding market conditions including competitors, suppliers, potential entrants and substitutes in the market place. Moreover it defines the adjacent products and services in the market and the competition in order to focus on highest probability for success. It also acts on linking the strategic planning to the budgeting process and stresses on the communication of such plans throughout the organization with a clear goal involving customers, employees and finance manager. The innovation strategies also rely on radical breakthroughs in products and services as well as the application of existing technology or advocating new one to create new usage. Nowadays most organizations work with different strategies to achieve an open business model. The most famous ones are the First Movers, Blue Ocean and Differentiation strategies.

- 1- First Mover Strategy where an organization brings a product innovation to the market, or use a new process innovation. The organization gains a reputation of being innovative and industry leader, having the profit of saving cost, learning benefits, and gaining control over scarce resources in the market (Robbins and Mary, 2009).
- 2- Blue Ocean Strategy where an organization focuses on the big picture to reconstruct market boundaries by creating uncontested distribution channels.
- 3- Differentiation oriented strategy where it aims at incorporating a new product in the market through improving the existing one or by creating a new one to differentiate from the competitors. Porter advocated this strategy in the early 80's to fight new entrants in the market in order to create diversity in the market of products and services. This strategy promotes innovation as a base to create a competitive advantage (Kim and Renee', 2005).

## **Innovation: Creativity Process**

If we want to look at innovation more deeply, we have to ask ourselves where does innovation fit in our brain zone. The brain works through knowledge inspiration and creativity which is the empty zone inviting ideas to penetrate and start to be formulated. Psychologically, it can stay for a while blurry and quite unknown to the thinker, but soon it becomes well defined, well thought of and well developed for implementation. Studies have shown that 98% of our ideas come from our logical thinking pattern and the remaining 2% come from the creative ability which is the catalyst for innovation (Vullings, 2012). Creativity is the athletic state of mind, made up of different attitudes, skills, and techniques. Creativity thinking processes that increase the probability of pattern breaking and it paves the way to innovation by jumping to the unknown and building new connections into our brain. Thus, creativity refers to idea generation and novelty, whereas innovation includes the idea generation itself plus its implementation (Lin, 2011). The steps in this creative process start by defining the area of change that we need to introduce and penetrate. Secondly, team starts to generate ideas, and then go into the process of action. Thirdly, the process of implementation follows where you shed the known and go towards the unknown. The various domains that relate creativity to innovation can be highlighted as follows:

- 1- Business model that we tackled previously
- 2- Flower Power techniques where you stress on the innovation plan in the center or the middle of the flower. The petals would carry the means used by the organization for the execution of this plan.

Therefore, creativity can be defined to be made up of different attitudes, thinking styles, techniques and thoughts processed that increase the probability of pattern breaking to pave the way for

unconventionality and innovation (Stortelder and Aune, 2011). Parallel with creativity, the innovation process goes through several phases as follows:

- 1- Starting phase where the new idea is just an embryo
- 2- Diverging phase where the organization brainstorms for alternative ideas and where it hits the limits of employees' own thoughts barriers. Beyond these barriers lies originality and novelty.
- 3- Converging phase where the organization transforms an abundance of ideas into the best solution (Vullings and Igor, 2009).

Innovation entails the presence of the creative ideas and the guts to respond to the idea. The cost advantage strategy that some organizations use is a savior when it comes to turbulent markets like Egypt nowadays. Some organizations recur to the use of the "lower disruptive innovation theory", where innovation plans are targeted towards the lower level of the market users which hits on the most price sensitive customers (Scott and Nancy, 2010). This leads to the sustainability of innovation in organizations. Therefore, an organization is called innovative when it recognizes its different customer segments and works on uplifting barriers of communication to reach them and when it works on extensive use of human talents to give support for training, research and development patterns. The organization has to succeed in organizing time span and requested budget for creativity and for developing the smart instruments to outline the clear goals and objectives working towards innovation.

### **Innovation: Mobilizing Human Resources HR**

The HR department's policies and practices in any organization flashes under the limelight when it comes to innovation. The innovation capacity of any organization is founded basically in the creativity initiatives of its employees who should be supported and developed to excel and to implement the innovation through the basic HRM practices to acquire, to evaluate, to develop and to reward the employees' behavior targeting innovation inside the organization. The human resources are the most unique and the most difficult to imitate resources and that's why the employees are considered one of the basic resources for sustaining the competitive advantage for any organization.

### **Innovation: Mobilizing HR through Planning**

The idea behind the mobilization of HR is to obtain innovative capacities by implementing some strategies that would exploit the internal strengths in the organization; which in turn would grow creatively to obtain and to exploit new environmental opportunities as well as to neutralize external threats and to avoid internal weaknesses. The Indian studies for relationship between HR management practices and organization innovation in some Indian enterprises showed that firms in India with strategic HR orientation perform better than those with less emphasis on specific HR practices. Moreover, in I.T. industry, the training, job design, compensation and incentives are all positively related to operational performance enhancing innovation. Also several studies in both private and public industry sector in India proved that the Indian employees' perception of the work climate in the organization has a positive impact on their willingness to engage in organization ability to innovate. Last but not least, the hotel industry and tourism in India were undergoing several applications on the practices of HR department in such sectors and the result was that the good adoption of such HR management practices can yield positive hotel performance and innovative plans regarding travel guidance programs in tourism (Cooke and Saini, 2010). According to Rynes, HR management practices are very important to improve organizations' outcomes. Accordingly, HR practices have to be set clearly to enhance innovation as well as to avoid the disease of "Under Management" where you find the undermanaged worker struggling because his/her supervisor is not sufficiently guiding him/her to provide insight and direction that would help to engage for better innovative ideas (Rynes, Tamara and Brown, 2007). According to Chamberlin, a number of innovative plans were advocated in service firms in Canada. These plans succeeded mainly because of the support of HR department in providing the necessary tools and expertise for those plans to be implemented successfully. These firms were acting on innovative plans advocated by IT department to raise the expansion of the organization into new markets from both geographic and product perspectives. The results were much higher when HR department provided related training for its employees (Chamberlin, Jerome and Hector, 2010). The breakthrough innovation in Canadian service firms was realized through the mobilization of HR departments. According to Jimenez (Jimenez and Sanz, 2008), the adoption of HR management practices supporting innovation are as follows:

- 1- Flexible job design where employees would have the spare time needed to design new ideas and develop it.
- 2- The support of job enrichment where employees are encouraged to participate through a fluent communication channel with an open arena of information.
- 3- Empowerment of the employees at various levels and mainly supported through the structure of the organization.
- 4- Extensive and long term oriented training programs that are designed to enhance innovation
- 5- The compensation and performance appraisal systems are designed to motivate innovative behavior.

The most underlying HR management practices to support innovation oriented strategy can be divided as follows (Cooke and Saini, 2010):

- 1- Learning and development: training, career development, knowledge management and leadership development.
- 2- Employees' involvement: empowerment, participation, generation of ideas and open communication.
- 3- Performance management: performance appraisal, profit sharing, performance related pay, employees recognition reward and merit based promotion.
- 4- Employees' welfare: welfare schemes, stakeholders' encouragement for decision making programs and better job satisfaction schemes.
- 5- Human Resources initiatives: recruitment of skilled employees.

If we refer these underlying assumptions for example to public sector in Egypt, unfortunately, we can find that there are mainly lack of incentives, the promotion is mainly based on seniority not based on merit, the selection of employees is not based on qualifications, adding to the lack of transparency, lack of delegation, inadequate channels of communication, adding to the centralized bureaucratic organizational structure, all of which are main obstacles that can mainly restrict HR mobilization to enhance innovation in public sector in Egypt. Accordingly, In order to mobilize HR resources to support innovation strategies initiatives, either in public or private sectors, it is urgently requested to:

- 1- Establish a sense of urgency for change and advocate it.
- 2- Generate a capacity to unfreeze the organization from stagnant talents.
- 3- Integrate the innovation strategy as a key target in setting the vision and mission statements.
- 4- Create guided coalition in terms of teams that can undertake the execution of the innovation strategy.
- 5- Establish innovative cultural values.
- 6- Ensure open communication channels and governance innovative process.
- 7- Review SWOT analysis to redefine the boundaries of the innovation strategy.
- 8- Mobilize HR policies and practices to enhance innovation strategy (Kalpan and David, 2001).

### **Innovation: Mobilizing HR through Team Work and Capital knowledge**

One of the basic practices of HR management that enhances innovation is the mobilization of work teams that should require characteristics as diversity for expertise, autonomy, cohesion, risk taking and good communication skills. These teams become "the guardians and vehicle on innovations" if used and mobilized properly by HR department (Camela, Carmen and Maria, 2008). This can be achieved through the creation of innovation climate, support provided for the team and the availability of resources in the organization. The intensive use of work teams goes parallel with the idea of achieving competitive advantage of the organization, through mobilizing human capital resting on the basis of looking at all stakeholders and adapting them to be more responsive and supportive to business innovation initiatives (Porter, 1980). According to Selvarajan (Selvarajan, Ramamurthy and others, 2007), the role of human capital philosophy can be illustrated as follows:



(Selvarajan, Ramamurthy and others, 2007, p 1458)

The human capital use is considered the catalyst that executes the organization strategy in order to achieve innovation. The environment of the industry plays a role as an external factor providing both opportunities and threats challenging human capital. However, when the later is mobilized to the cause, it yields faster and better results promoting the overall firms' ability to innovate and introduce new products in the market. The human capital philosophy rests primarily on the fairly stable bodies of knowledge transferred from the top management about the assumptions, principle, rules and procedures to achieve the innovation plan (Kramer, 1975). The wide span of knowledge enjoyed by HR team is crucial in increasing both the effectiveness and the efficiency results of an innovation plan. This array of knowledge provides HR in the organization a boost to handle novelty and ambiguous problems. HR usually associates the knowledge that they have to exploit new opportunities, adding the strength to neutralize potential threats. The knowledge provides also a good base to fight risk uncertainty and to create competitive differentiation. Accordingly, the valuable and the unique knowledge are positively related to support innovation success (Lopez, Ana and Ramon, 2009).

### **Innovation: Mobilizing HR through Training**

The question raised here is why do employees engage in innovative behavior in their workplace? The role expectation plays a major role for such behavior as affects in turn their image inside the organization. This can be directly related to the Expectancy Theory of Motivation. According to the approach of this theory, the employees who perceive innovation as a part of the job requirement are more likely to generate, adopt, and implement innovative ideas to benefit the work. Accordingly, the employees engaged in innovative behavior either looks to it as a job requirement or to gain reputation and recognition of being an innovator inside the organization. Also they may be dissatisfied with status quo, so they want to introduce change or provide support for innovation inside the organization (Woodman and Feirong, 2010). These employees are a prey to catch and to be mobilized by HR department through extensive training programs for enhancing education and self development, adding to eliminating the barriers between departments, recognizing pride feelings for innovative ideas, banishing the fear of taking responsibility, and last but not least, managing the resistance to change (Ortiz, Gonzatez and others, 2009). The training programs also target to maximize the effort of employees to work towards innovation through technical, cultural and functional training. Moreover it encourages working with broad tasks based on team and group participation. The training programs serve very well under the umbrella of creating a strong relationship between HR management practices and performance targeting innovation. Training is most of the time rewarded as it involves extra working hours and this gives more encouragement to employees to be engaged properly in the program. The strategic orientation towards innovation in the organization boosts such training efforts to the front. Programs such as Total Quality Management T.Q.M., involving more employees' empowerment and participation are highly advocated in training programs to promote innovation. According to Jabbour (Jabbour and Fernando, 2008), mobilizing the HR management practices to undergo the training programs based on T.Q.M. promotes not only the innovative engine inside the organization but it also works on its sustainability through various practices such as creating teams with a balanced skill mix, empowerment of employees, support for research & development, risk taking encouragement, and rewarding innovation initiatives.

To summarize, Innovation arises from the recognized need for change that is triggered by the dynamic aspects of environmental uncertainties around the globe whether financially, politically or in the social context. As innovation management pertains to such dynamic atmosphere in the market, it is mirrored by several boundaries that need to be assessed. First aspect is the internal arrangements in the organization including strategy, structure and processes, HR practices, top management commitment and supportive leadership to promote the innovation plan. Second aspect is the key activities outside the boundary of the organization that are introduced through rivals in the market and are to be classified with span of innovation. Third aspect is the environment uncertainty and dynamics of markets with continuous technology uprising (Stock and Zacharia, 2011). Accordingly, the performance outcome expected would be the new product innovation, better financial performance and this would go essentially parallel with the mobilization of HR management.

Vodafone Egypt is a reflection of the true business innovation in the Egyptian emerging market that would be reviewed as a case study reflecting the Mobilizing Human Resources to Enhance Business Innovation.



### **3- CASE STUDY**

#### **About Vodafone Egypt**

Vodafone Egypt is a telecommunications service and product provider that was established in 1998 and it covers various voice and data exchange services, as well as 3G, ADSL and Internet services. Vodafone Egypt has grown over the years to become the leading mobile operator in Egypt, not only in revenue share but also to become the number 1 mobile operator in Egypt with the largest customer base. Vodafone serves more than 36.3 million customers (December 2011) offering the most advanced technology for its customers, the best working environment for its 6,500 employees and the strongest corporate responsibility initiatives for the community (About Vodafone Egypt, 2012).

After the Egyptian revolution, in February 2011, Vodafone Egypt Foundation launched a national literacy initiative under the slogan "Knowledge is Power" to eliminate the illiteracy of 17 million Egyptian by 2017. Vodafone Egypt's primary aim is always to be the best mobile network operator in Egypt providing the customers with the most reliable network and the latest technologies. Towards this end, the innovation is essential and the highly skilled professionals work hard to improve the technology performance standards and targets. Vodafone Egypt initiated the Department of Strategy & Innovation as it acknowledged the rising need of communication service as a commodity, the need for differentiation and it also stressed on capitalizing knowledge of Human Resources base. Therefore Vodafone Egypt tend continuously to mobilize the best talent employees through the programs of recruitment based on knowledge and experience; provides them with competitive remuneration and benefits, outstanding recognition programs, flexible hours and international assignments to gain relevant international experience. All Vodafone employees share a common set of values and behaviors. 'The Vodafone Way' describes how they work together as a team to better serve their customers so that they see a organization that is "customer obsessed, innovation hungry, ambitious and competitive, one organization with local roots". It's a part of Vodafone Egypt culture to share knowledge and to inspire innovation. To achieve this end, Vodafone Egypt provides the employees with continuous opportunities for learning and development, not only through traditional classroom training, but also through a variety of online courses, on the job training, coaching, mentoring, feedback, and other learner-centered approaches. Vodafone Egypt considers therefore its employees as the most valuable asset, focusing on identifying top talents and high potentials and providing them with fast track development programs. One main goal of Vodafone Egypt is to have a working environment that respects, values, celebrates achievement. Reward and recognition for jobs well done is an integral part of Vodafone Egypt's human resources strategy which is the catalyst for innovation (Working at Vodafone Egypt, 2012).

For Vodafone Egypt, applying innovation is grounded in customer insight, looking for opportunities where others don't as well as cultivating strategies by emerging creativity and driving innovation. For the strategy and innovation department of Vodafone Egypt, innovation is considered to be the outcome of a creative process that need to be turned into useful products and services. Through the enhancement and the mobilization of human resources, Vodafone Egypt succeeded to create the means through which new opportunities are exploited in the market of telecommunications. The talented human resources in Vodafone Egypt are constantly undergoing changes in structure, technology, culture and their departments as well. Human resources potentials working in the strategy and innovation department in the organization are the "Idea Champions" helping to create the right environment to transform inputs into innovative products and services and acting as catalysts to unfreeze the potential of their working force, diffuse them, then refreeze them again into the correct spot.

#### **Vodafone Egypt: Reason to Innovate**

The reason to innovate for Vodafone Egypt team lies behind the aim to:

- Identifying overlooked market segments.
- Capturing customer insights and redefining their expectations and needs.
- Entering and dominating new markets.
- Fostering the culture of innovation and creativity within the organization.
- Developing in house capability to deliver long term strategic planning.
- Breeding the change needed into the work force to foster innovation.

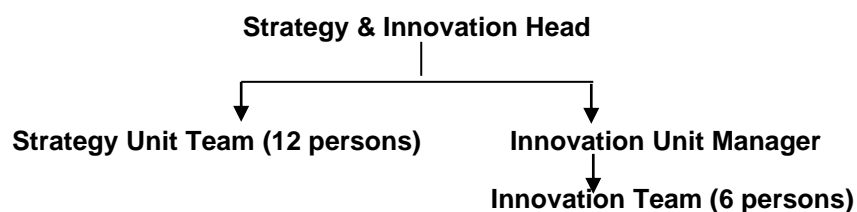
This process of change is undertaken by the strategy and innovation business department within the organization that is aging one and half year. It undergoes plans for innovation working parallel along with the HR department in regards to HR management practices needed. They look behind the core capabilities of the organization in selling communication services to provide the customer with a value added service through developing business in adjacent markets such as health and transportation services. Through this direction, the research & development R&D of Vodafone at global level, is commercialized creating a link between innovation and strategy units at Vodafone Egypt and the marketing theme of the whole organization.

### **Vodafone Egypt: Innovation Measurement**

The measurement of Vodafone Egypt innovation team success is marked in their capacity to hunt opportunities in those adjacent markets and identifying overlooked market segments. The first area of adjacent markets that Vodafone Egypt invaded was the "Health services market in Siwa governorate". It used its technology and telecommunication in bridging the gap between needed medical doctors and general practitioners in health units through making use of technology services provided to target emergency units in El Shatby public hospital in Alexandria. Actually, this approach differentiated them from other telecommunication organizations in retaining a larger portion of targeted customers. Moreover, it helped them to raise a higher revenue stream thus targeting the key tips of business model canvas. The second area of adjacent markets that the organization succeeded in penetrating was the market of transportation. Vodafone Egypt introduced the "Fleet Management Service" which helped in tracking people location and destination. It also helped in pointing safety behavior of some vehicle drivers and to monitor which routes were taken. Vodafone Egypt partnered with a organization that owns the technology of the device and they created the service jointly. For the customer, the name of Vodafone Egypt is the visible one and the bill of the service is also paid to Vodafone Egypt. Therefore, the service is a Vodafone accomplishment which is positively related to the reputation of the organization. For every single innovation advocated in the market, the number of retaining customers is the tool to manage success at the end of the business term. For the strategy and innovation department, the number of counted customers who left every year is calculated. If the percentage decreases then the organization is on the right track. When the team started the business model of a new mobile application service called "Beyoolak" or in other words "It Tells You" for road traffic and congestions. The increasing number of participants in the service was really the measuring tool for the success of the program which tells the participant which routes are crowded and what is the substitute road to take.

### **Vodafone Egypt Innovation: HR Mobilization through Top Management Commitment**

As for the top management commitment to the strategy and innovation department, it is evident as it is considered the boosting force behind their success. According to Mr. Alaa Zaher, Head of Strategy & Innovation department, Vodafone Egypt, "The best thing to kill innovation is not to have the support of top management" as it is crucial to allow for more empowerment of the employees in order to carry on the process of innovation and change. The commitment of the CEO of Vodafone Egypt was the main initiative to create the department of strategy and innovation with an executive team of twenty persons fully dedicated to their work and structured as shown in the following chart (Zaher, 2012):



The top management advocates an organization structure in Vodafone Egypt to be more organic structure rather than bureaucratic, allowing more flexibility for internal changes as updating organizational chart to include the new innovation unit as well as the composition of the innovation work team, adding to allowing supportive budget to acquire new technological tools & equipments to carry on innovation process and through avoiding the word "systematic" from Vodafone culture as it kills innovation. Moreover, the top management commitment can be clearly perceived by the willingness of the CEO to give each employee coming up with new ideas the full support and the requested time for these ideas to see the light to be the adjacent tool helping at the end to develop

the idea. Top Management provides a day per week "Innovation Day" for employees to enhance innovation as a practice that is already used to be regularly applied in Google organization. Applying such practice in Vodafone Egypt is turning the various departments into an invention mind set. For Vodafone Egypt, managing change is not like operating a machine. Top management advocating HR department for supporting changes in the organization design and structure to pave the way for innovation, adding to build a network of trust and a mutual acceptance of this change. The HR department, supporting the context for innovation implementation through in parallel, the support of the top management commitment to innovation and the guidance set by the strategy and innovation department's vision and mission.

### **Vodafone Egypt Innovation: HR Mobilization through Work Team Structure & Values**

The structure of the Vodafone Egypt innovation team enjoys several crucial characteristics such as accepting ambiguity, tolerating the impractical, the conflicts, the risk, keeping external control limited, focusing on ends rather than means, accepting high level of participation, empowerment, and maintaining open communication channels. The structure and the composition of the team allow the members of the team to report directly to the innovation manager with direct channels of communication and discussion. Whenever the new idea is blessed, the team is provided the credit to maintain the high level of work motivation. Moreover, the HR department's collaboration with the Strategy and Innovation department sets the context for team work using three tools to capture new ideas internally as follows:

- The first one is known as "Power of Ideas" which is an internal tool through which the new idea is directed to a single key person in one of the departments to review for providing a feedback about it.
- The second one is the "Catalyst" tool" which is more often used and it is based on encouraging people through internal communication to share ideas at Vodafone Global level. This catalyst tool is turning to be more effective because it sets expectations from the beginning to get feedback. The technique used is on the web as face book through which they share ideas and provide feedback exposing on the web network. This tool can also provide empowerment for employees to get recognition for their ideas inside the organization.
- The third tool is known as the "Pull approach" through which the innovation manager picks up a range of ideas to discuss them with all other departments inside the organization to get feedback, to set priority for implementation.

For Vodafone Egypt, HRM practices are important as they set a significant base to reach competitive advantage. and highlight for employees the framework of organization culture which increase flexibility, transparency and accountability. The HR department is an underlying tool to set the culture in Vodafone Egypt through which members of the organization share common values that can be reflected mainly through ambitious employees thriving for challenges, creativity, innovation, customer base obsessed, and free base for both formal & informal channels for communication. The three basic values embedded in Vodafone Egypt culture are "speed, simplicity and trust". In order to build communication channels and bridge of trust between the innovation team and the customers, the innovation team can communicate face to face with customers, in order to solve their problems and to satisfy their requests. Moreover, in Vodafone Egypt, there is a program for a job rotation for all employees at all levels inside the organization, including CEO himself, to go work as one day in a retail shop to get direct contact with customers.

### **Vodafone Egypt Innovation: HR Mobilization through Business Model Base**

The strategies employed by the innovation team in Vodafone Egypt can be tracked through "the Blue ocean market strategy" where the team jumps to adjacent markets to identify the needs of overlooked segments of customers. Moreover, the team applies the "flower power strategy" , although they don't call it this name, through this strategy, the team identifies the customer segments, set the focus to reach them and mobilize other resources to reach the goal. The center of the flower would be the innovation plans and the petals are the tools to carry the plan. The HR practices are supporting the organization mission, goals and strategies. Through HR practices of recruitment, selection, performance appraisals and training, Vodafone Egypt is acquiring the best employees, rewarding for the best outcome and providing continuous training to improve the performance and outcomes as well.

### **Vodafone Egypt Innovation: HR Mobilization through Recruitment and Selection**

Regarding recruitment and selection, HR department recruited a lot of people, targeting to put the right person at the right place, almost average aging between 30-35 years old, until created innovative team, having the traits of being skilled, vigorous, and creative, challenging and flexible employees. The HR department identified the capable applicants to ensure that the most appropriate candidates are hired. The corporate culture in Vodafone Egypt sets the tones of tradition and policies and they respect it in the process of recruitment and selection. HR department recruit to fish the candidates who can create business opportunities and can make it happen. The HR department focuses on people who have the stamina and persistence and are challenge oriented. Working on the investment of capital knowledge is also a part of recruitment and selection. In Vodafone Egypt, people are not as usually hired based on their commercial background in the field or according to their educational degree only, for Vodafone Egypt, HR department looks for people with a business mind set. the employees who "they sniff an opportunity, see how to create money out of it". Adding to such skills, the HR department looks through past experiences of the candidate regarding proactively, who are not giving up easily and capable to adapt to change. Creativity tests that are used universally are also a basic tool for Vodafone Egypt HR department to measure creativity and entrepreneur's skills, looking for a blend of skills to make sure that employees can relate to customers, deliver results and work in teams. So HR department tries to combine two contradicting traits in acquiring their employees, the entrepreneurial initiatives and at the same time the ability to persist within the work restrictions and policies. Therefore, HR department tend to look for basic performance drivers who are able to relate to customers, to deliver results, to work in teams and to communicate effectively.

### **Vodafone Egypt Innovation: HR Mobilization through Training**

Training is considered to be a complimentary base for employees in Vodafone Egypt. It is basically parallel to the Total Quality Management Program TQM, where there is a horizontal base for employees' participation and empowerment, sharing information with top management and learning for future change. The HR department offers mutual programs of training between Vodafone Egypt and other branches of the organization around the world. They also offer tutoring courses in creativity, management, leadership and development skills. Training helps to dissolve differences and to acquire new knowledge. It also helps to maintain both the culture and the structure of Vodafone Egypt as an organization with minimum hierarchies as possible. Managers play sometimes the role of mentors for new hired employees and their doors are open with no limit. The training programs are also including cultural trips to various areas in Egypt in which families of employees can also join such trips which create a cohesive community and it is known as "Family Day". They also exercise job rotation; training modules where every member gets to acquire knowledge of other departments. Training also creates a great global innovation community as employees meet at Vodafone global level, in groups twice a year.

### **Vodafone Egypt Innovation: HR Mobilization through Performance Appraisal and Motivation**

Regarding performance appraisal, managers in Vodafone Egypt review the employees' performance regularly. Throughout the departments as for the innovative team, the strategy and innovation department manager is reviewing individually his team according to the plan designed and the goal achieved. The HR department acts as a partner to set the performance appraisal procedure. According to Vodafone Egypt culture, innovation is a part of the job, if you are accepted in Vodafone Egypt, you are supposed to be creative and innovative even if you are a skilled technician or sales employee. The HR department sets regularly the reward of the "Employee of the Month" as well as the incentive called "Ana Innovative" which means "I am Innovative". This is a recognized and prestigious monetary and psychological reward acknowledging the efforts and creativity initiative of outstanding innovative employees. The employees' job satisfaction level is measured once a year in Vodafone Egypt through a survey designed by HR department to measure, monitor and motivate the employees performance which is directly affecting management innovation evaluation and performance. Vodafone Egypt celebrates yearly one main employee who is a high performer to be recognized as "Ana Global Hero = I am a Global Hero", which is considered a global reward initiative that recognizes the most top performer and achiever across Vodafone operating companies worldwide (El Baz, 2012).

## **Vodafone Egypt Innovation: HR Mobilization Obstacles**

According to Mr. Alaa Zaher, Head of Strategy and Innovation department at Vodafone Egypt, the main obstacles that can hinder innovation in any organization can be basically highlighted as follows:

- Organization culture of closed not shared information and experiences.
- Lack of team work enhancement.
- Fence of individuality which is a typical organization culture in Egypt.
- Lack of transparency and accountability.
- The winner/loser mentality which is prevalent in Egyptian organization culture.
- Looking for the present with no scope for the future (Zaher, 2012).

## **4- CONCLUSION & RECOMMENDATION**

The paradigm shift in management perspectives as well as the increasing worldwide trends for globalization, stressed the importance of innovation orientation. The organizations in Egypt didn't evade those worldwide trends and striving for success through the inevitable adoption of innovative business plans. The urgency for these efforts increased since the Egyptian Revolution January 2011, where most of the Egyptian organizations are stumbled into financial and managerial crises, facing resources constraints, lagging behind on both the local and the international competitive standards and accordingly recognizing the fact that the future business development cannot be accomplished without an innovative engine.

"I open my eyes, I accept the world, I see opportunities and situations. I am willing to change. I create joyfully and instantly", (Vullings and Igor, 2009).

In the review of the case study of Vodafone Egypt, we were acquainted with innovation as a direction setting the guiding principle for strategy making to yield positive performance outcomes. We highlighted the fact that innovation plays a vital role in economic growth in any field of production and henceforth, most successful business performances have been linked to the application of innovation plans. The key catalyst enhancing innovation plans in Vodafone Egypt was the Human Resources department working in collaborative parallel lines with the Strategy and Innovation department. Through the mobilization and the effective use and implementation of HR management functions and practices, the HR department targets the discovery of new ways of achieving business plans, hires the most innovative and enthusiastic human workforce to yield more production and acts on maintaining an overall positive performance resulting in higher revenue streams. The innovation team works on the introduction of strategies, structures and processes helping in the novelty of goods and services produced by Vodafone Egypt. They pave the way for the culture of change to invade the minds of employees to realize better performance, new product development and return on sales and investment seen from both the customer and the management perspective. There are many obstacles that stand in the way of introducing innovation concepts to the Egyptian market, and unfortunately they are embedded in the culture of our Egyptian society. Among those obstacles is the prevailing Egyptian culture are the closed circles of knowledge and information sharing, the lack of team work enhancement in many organizations creating a fence of individuality typically noticed in the organization culture of many Egyptian organizations. Moreover, the reluctance to share information and experiences hold back innovation and creativity. In order to avoid those negative trends hindering innovation, Vodafone Organization increased the transparency and accountability in its strategy and innovation department encouraging the novelty of ideas and empowering more employees towards taking the responsibility of more business actions. It also advocated Vodafone Egypt vision, looking to the future in order to hunt more opportunities in the market of telecommunication. HR management is the catalyst behind innovation as well as responsible to sustain the innovation pattern inside the organizations.

In order to pave the way for innovation, the recommendations of this study are underlined as follows:

- Create a learning organization and increase the value of acquiring knowledge through continuous self development.
- Direct training and performance appraisals practices towards innovation initiatives.
- Select the best qualified employees through advanced recruitment programs and examination procedures.

- Promote work team oriented behavior and ensure the selection of members based on creating synergy based on the team members' competencies.
- Create a culture of empowerment for the employees yielding more participation in both processes of production as well as decision making, and thus building more trust between them and the management.
- Focus on the operational excellence and remove the unnecessary boundaries and hierarchies.
- Create an atmosphere of recognition for outstanding innovative employees by rewarding novelty, creativity and innovation.
- Encourage the brainstorming of ideas and the boosting for new potentials through more active channels of communication that enhance employees' participation for acquiring new perspectives for innovation.

At the end, the essence of this study is to see the light after the Egyptian Revolution January 2011, through mapping the road to innovation. It is crucial for the Egyptian organizations to start applying an innovation cycle process starting with recognizing the idea, developing it, evaluating it, commercializing it and then starting to get the fruitful reward for such effort. As a result, the innovation cycle cannot be realized without the mobilization of human resources inside these organizations. Any organization hoping to enhance performance through innovation should direct its attention to HRM practices. This study tends to identify the HR related practices that can influence the innovation capability of any organization as HRM must create the appropriate framework for employees as the main drivers of innovation to excel and to be cooperative for the transfer of their knowledge which is a basic requirement for innovation that is considered a driving force for the economic growth of Egypt and a base to build competitive advantage for the Egyptian organizations.

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