# Innovation, organization transformation and human resource management: a discourse analysis study of Swedish managers in Singapore

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*Abstract* − **Most studies investigating the relation between innovation, organization transformation and human resource management (HRM) have been quantitative in nature. The contribution of this study is to illustrate how these concepts can be analysed from a discourse analysis perspective. Using the three metafunctions of *ideational, interpersonal* and *textual* meanings from applied instrumental linguistics as method and framework of analysis, the study investigates the roles key individuals play in organizational transformation through HRM practices, and how that in turn might affect or influence organizational innovation. This study is an example of how organizational transformation, HRM practices and innovation within the organization can be viewed from a qualitative discourse analysis perspective**

*Keywords* - **Innovation, discourse analysis, HRM, instrumental linguistics, organization transformation**

## I. INTRODUCTION

In the early 1930s, Schumpeter [1] had already defined innovation, the adopting of new products (materia, technology) and processes (idea, behaviour) in the organization [2], as being central to the heart of a firm's survival and sustainability, due to its ability to connect new ideas and markets. The past few decades in particular have seen a growing interest in academia in the study of the firm's innovative capacity as firms increasingly depend upon their ability to keep abreast with continuous business environment changes, where their responsiveness, flexibility and adaptability are key strategies to its competitiveness and survival [3, 4, 5, 6, 7, 8].

In most literature, innovation and human resource management (HRM) are closely connected, though it has been a much under researched field [9]. Amongst the relatively small number of studies made of the connection between innovation and HRM practices, there seems a general agreement that the development of a creative culture and an adept workforce could be argued to be catalyzed by a number of key individuals with influence in the organization, that most often included top level managers [10, 11, 12, 13]. The majority of such studies have also used mainly quantitative methods and frameworks of analysis.

## 1.1 Focus of study

Although language is involved with almost every aspect of human interaction, and it is the medium in which thoughts are organized and communication proceeds [14, 15], few studies outside the field of linguistics in general, have used language as an instrument in understanding the material processes of organizational change and innovation.

The term 'functional' applied to language is derived from the *systemic functional theory / linguistics* (SFL)*,* a coherent theory and framework of language development, based on the work of Michael Halliday [16, 17], whose work was influenced by the Prague School of the 1920s.

The underlying assumption to a 'functional' view of language is that language is a semiotic system, a conventionalized coding system, organized as a set of choices. The form of language responds to its functions. We use language as a resource of choices, as a discourse system to construct meanings in different contexts for different purposes. In this study, systemic functional theory is used as instrumental linguistics in organization discourse. It is, "the study of language for understanding something else" [18].

The contribution of this study is to approach the interrelations of organization transformation, HRM practices and innovation from a discursive perspective, where a functional theory of language is applied. The study sets out to investigate the following three questions:

1. What role do key individuals play in organization transformation and HRM practices? What underlying material (Action) processes of organization transformation can be described?

2. What relational (Interpersonal / Ideational) processes can be described between key individuals and organizational transformation?

3. How do key individuals, HRM practices and organizational transformation influence organization innovation?

The following section gives a brief overview of previous academic efforts in using instrumental linguistics and discourse analysis as both theory and method in the study of management and organization.

## II. DISCOURSE ANALYSIS

Developed first within the fields of linguistics, anthropology and philosophy in the early 1930s, interest in discourse analysis as a tool in the study of organization and management has increased markedly only in the last two decades. Due to its instrumentality as a qualitative method of inquiry, scholars from a wide variety of disciplines from anthropology to artificial intelligence, have expressed interest in studies framed in a discursive perspective [19, 20]. It is also however, due to this breadth of scholarly interest that has given rise to a variety of definitions to the terms 'discourse' and what constitutes 'discourse analysis'. For the purposes of this study, discourse is defined in its broadest sense as any written or spoken text, and 'discourse analysis' is defined as the analysis of language in use, where language is viewed as a functional type of social practice [21, 22].

While not without criticism of being both poorly defined, trying to encompass too many aspects at the same time (Reed 2000), and being myopically focused on just language at the expense of context [23], the past few decades of scholarly efforts have nonetheless seen discourse analysis emerge as a prominent tool used in the field of organization and management studies [24]. Current literature shows that scholars have put discursive perspectives on organizational change [25], organizational texts and agency [26], the social construction of leadership [27] and organization strategy [28]. These studies reflect a radical departure from the view of language as a modest reflection of nature [29] to one that actively constructed and perpetuated organizational and social phenomena [30].

### 2.1 A discursive perspective on innovation, organization transformation and HRM.

Part of an organization's challenge is to address effectively, the continuous changes in the external business environment, where organization innovation can be viewed as a strategy that allows for a company's flexibility and performance.

This study focuses on the new / innovative processes in the organization catalyzed by key individuals in top management positions within organizations. Individual relations and in particular HRM initiatives have been considered key elements of successful innovation, due to that human interaction is an elementary contributing factor in shaping the processes of innovation [31, 32]. There exists a dialogic relation between good technologies and those who use them. Good technologies / innovations cannot become without competent people, capable of using them and benefitting from their use. At the same time, no competent people can be available if there were no necessary and sufficient conditions for catalysing and channelling aptitudes, capacities and attitudes of the individuals towards such an established direction.

Discourse analysis offers a systematic method of studying these dialogic relations within the organization between individuals and innovations. Interest in the analysis of organizational discourse grew out of a broader acceptance of social construction as an epistemological perspective in the study of organization and management [33]. The linguistic turn that swept across social science recognized the constitutive role that language played in constructing social reality.

SFL for example, postulates that texts convey three aspects of meaning simultaneously, the 'ideational' (mental world), 'interpersonal' (social world) and 'textual' (materia world) functions. These meanings enact social relations between participants in social events, that coherently associate parts of texts with their situational contexts [34]. The result has been an increasing willingness to see organizational phenomena, including innovation, as the result of processes of social construction via the dissemination of texts and discourse throughout the organization.

It is in this dialogical aspect and interplay of contexts, that discursive practices would be key in bolstering the processes of change and innovation. The role of language in this aspect is how it is able to reflect, create and perpetuate / evolve a certain reality through mind, action and consequence.

## III. METHODOLOGY & ANALYSIS

### 3.1 Sweden-Singapore as case study: Swedish management in Singapore

To investigate the relationship between HRM, organization transformation and innovation, this study approached Swedish managers working in top level management positions in Swedish managed organizations in Singapore.

Singapore was chosen as a country of study due to its inherent cosmopolitan characteristics being a highly global city, and home to many important multinational headquarters. The targeted group of respondents for the interviews were persons predominantly in leading or managerial positions, such Managing Directors, Chief Executive Officers and Regional Directors etc. The respondents were randomly selected in the sense that no headhunting was conducted for any particular respondent; no one type of organization was targeted and no one particular industry was targeted.

As such, this study prioritised the selection of participants based on the fact that they were leaders in Swedish managed organizations working in a cross-cultural environment regardless of their age, sex, socio-cultural background and the industry field in which they worked. The assumption was that it was these individuals who could catalyse transformational change within the organization [35].

## 3.2 Data collection

A synopsis of the study was emailed to a total of about 147 respondents from Swedish managed organizations in Singapore. A 20% response rate was returned, and a total of 23 Swedish respondents were interviewed. The long interviews were designed in conversational style, with questions pegged at multilevels of interest that ranged from those regarding the individual at the core, as expatriate managers in Singapore, to what they thought about national / regional policies between Asia and Europe. The main questions of relevance for the purpose of this study, circled around organizational structure, transformation, and asking the respondents to describe the consequences of such changes implemented in their organizations.

The interviews had an average time of 1 hour 39 minutes each, and rendered a total corpus of about 240,000 words after transcription. The interviews were transcribed according to the Göteborg Transcription Standard (GTS) version 6.4 (Nivre et al. 2004).

## 3.3 Framework of analysis

This study will look at the three types of meaning that comes through with discourse:

(i) The *ideational* metafunction or meaning, expresses the articulates our experiential (mental) and logical representation of the real world.

(ii) The *interpersonal* metafunction or meaning, is 'language as action'. It establishes and maintains social relations, coding how individuals act and interact with each other, and how personality, attitudes and values are expressed in language.

(iii) The *textual* metafunction or meaning, provides for the building of a discursive flow, coherently linking features of the text with elements in the context of situation, enabling speakers to construct a consistent 'whole'.

These three types of meaning occur simultaneously represented in the discourse, as illustrated in the sentences from Text Example 1, where all three metafunctions occur in square bracket italics, "The values are [*ideational*] Swedish. That's one of the most important tasks that we have [*interpersonal*], that when we come [*interpersonal, textual*] to Singapore from Sweden, is [*ideational, interpersonal*] to carry the culture." The sentences convey the meaning of the ideational and interpersonal in Swedish values as being one of the most important tasks to carry over when the managers are in Singapore. It also has the interpersonal and textual meanings of the Swedes being 'culture carriers' in their interaction with Singaporeans and it has the contextual setting of Swedes being in Singapore, that gives the sentences a textual meaning.

All interviews were analysed, but Text Example 1 is used here as an exemplary interview text. It appears as transcribed in the format of GTS version 6.4 and used to illustrate via a discursive perspective, the relations between HRM initiatives, organization transformation and innovation. The respondents are anonymous, named only as $M (where the symbol $ is used to mean 'respondent'). $M is Managing Director in a large financial Swedish multinational company.

### 3.3.1 Text example and analysis

Text Example 1 (TE1). Excerpt from an interview with a Managing Director of a financial Swedish multinational finance company in Singapore showing the text analysis of metafunctions (most often realized by certain verbs), are square bracketed and italicised.

1.  $M: the values are [*ideational*] swedish /
2.  that's one of the most important tasks that we have [*ideational, interpersonal*] that when we come [*interpersonal, textual*] to singapore from sweden / is to carry [*ideational, interpersonal*] the culture /
3.  we are called / we are sometimes called [*ideational, interpersonal*] culture carriers / and therefore it's [*ideational*] important for us to have [*interpersonal, textual*] swedes or nordic people /
4.  you can say it's [*interpersonal, textual*] finland denmark norway sweden / can all serve [*interpersonal*] as cultural carriers because we have [*interpersonal, textual*] business in all those countries /
5.  so in addition to the business tasks or business responsibilities / we also have [*ideational, interpersonal*] the responsibility to transfer [*ideational, interpersonal*] or carry over the culture
6.  one example maybe um / can describe this /
7.  when i took over [*interpersonal, textual*] as general manager in 1998 / so i came over [*interpersonal, textual*] in another position than general manager position /
8.  1998 i was appointed [*interpersonal, textual*] g m for asia /
9.  and at that point in time / there were [*interpersonal*] more or less nine hierarchic title levels in the bank / i mean everything from junior clerk / clerk / senior clerk / junior officer / officer / senior officer / so nine sort of title levels and nine [*interpersonal, textual*] /
10.  all levels also had [*interpersonal, textual*] a number of value of annual leave days / as an officer you had [*interpersonal, textual*] one more day than a junior officer /
11.  despite the fact that other swedes have been [*interpersonal, textual*] gms here / i don't know [*ideational*] why they didn't find [*interpersonal*] interest to do something about it / but in the bank back home / we have three / so i changed [*interpersonal, textual*] that to three /

12. which mean i couldn't take away [*interpersonal, textual*] titles / because that would be very sensitive

13. but i tacked [*interpersonal, textual*] them in three main levels and i took away all links to annual leave days / it doesn't come from your title / it comes [*ideational, textual*] from the number of years in the bank / which is [*ideational, textual*] the same in sweden /

14. everybody starts [*interpersonal*] from the same level and then you add on [*interpersonal*] due to age and due to position /

15. meaning the responsibility you have [*interpersonal*] / not your title / if you have a big responsibility [*interpersonal*] / you're entitled [*interpersonal*] to two more days [*interpersonal*] /

16. so that i changed [*interpersonal*] / i redid [*interpersonal*] the entire employment hand book because it was [*interpersonal, ideational*] quite singaporean style /

17. it said [*interpersonal / ideational*] more or less in every page that everything was uhm / at the discretion of the general manager / which is [*interpersonal / ideational*] not the case

18. in the rest of the bank that staff should / the staff have [*interpersonal*] rights and obligations

19. and these are [*interpersonal, textual*] explained and informed in the bank's employment handbook /

20. so i took [*interpersonal, textual*] that away / but what can be applied [*interpersonal, ideational*] here / i took it [*interpersonal*] over here /

21. everything cannot be applied [*interpersonal, textual*] because the business here is [*interpersonal, textual*] more limited than back home / so a lot of those changes on the soft side /

22. and then i also changed [*interpersonal, textual*] the organization so that instead of having [*interpersonal*] one boss here and many people underneath /

23. and he was sort of giving instructions [*interpersonal*] to all of them /

24. i took away [*interpersonal*] the boss and opened up [*interpersonal, textual*] so that the responsibility was on more people and everybody had [*ideational, interpersonal, textual*] more to say / more to decide over / more influence /

25. but they were also exposed [*interpersonal, textual*] more / so customers if they called in directly you have to be able [*interpersonal, textual*] to answer /

26. you cannot go to [*interpersonal, textual*] the boss because he's [*interpersonal, textual*] not there anymore /

27. so that higher exposure was [*ideational, intertextual*] abit painful for them / because they were not trained [*interpersonal*] before /

28. so of course that you can only do [*interpersonal, textual*] if you add on education / training

29. and you give [*interpersonal, textual*] responsibility without taking it back / that you give [*interpersonal, textual*] a service they can take care

and i will still have [*interpersonal, textual*] the responsibility if they make a big mistake / it's still mine [*interpersonal, textual*]

30. but i cannot say [*interpersonal*] okay / you take care of this / but i also check [*ideational*] what you do / you cannot do [*interpersonal, textual*] that /

31. so you have to decide [*ideational*] if you can decentralise [*interpersonal, textual*] responsibility and then stay [*interpersonal, textual*] / that took also some time /

32. but now they can / they can [*interpersonal, textual*]

Using the text example, the following section addresses the research questions in subsequent order, beginning with the role of individuals (top managers) as catalyst HRM initiatives and to organization transformation. The discussion will focus on the ideational and interpersonal metafunctions, with the broader assumption that the textual metafunction can be said to refer to the context in which this discourse was obtained, which is the situation of Swedes working in Singapore in top level management positions. The textual metafunction in Text Example 1 is also not highly distinguished from the interpersonal metafunction, both being related with 'language as action'.

## IV. DISCUSSION

### 4.1 HRM initiative and the role of individuals in organisation transformation

The data illustrated that at both *ideational* and *interpersonal* levels of meaning, the Swedes in Singapore found themselves to have a responsibility for carrying over and grounding what they considered to be Swedish values in the Singapore subsidiary. It is a knowledge transfer of Swedish culture and practices to the Singapore context. Most attribute themselves as personally responsible for the carrying over of culture (TE1, lines 1-5).

As managing directors, the Swedes tended to view themselves as the key individuals in initiating organization transformation, making changes to the internal structure for example. This idea is reflected in TE1, when $M described how she began a structural change by flattening the hierarchy of the organization, and created an organizational structure that resembled what the organization in Sweden, with less tiers (TE1, lines 9, 10, 13, 15, 20, 22, 24).

However more than being simply implementers of change or change catalysts by action, top Swedish managers see themselves as bringing ideology from Sweden to Singapore, as a way of seeing / visioning and thus doing / being. For example, the ideology of egalitarianism, and the value of individual empowerment was implemented slowly by $M, by first creating a flatter organizational structure and then decentralising decision making. This concrete action had the result of spurring

changes in individual employee behaviour, having them take on greater responsibility for example (TE1, lines 22 to 26, 29, 30 and 31).

*4.2 The underlying processes of organizational transformation*

Supported by *ideational* (mental) metafunctions (TE1, line 2, the idea of 'culture carrying'), organization transformation is most often marked by the *interpersonal* (action) metafunctions such as tearing down the existing organizational structure and establishing a different one in its place (TE1, lines 9 and 11). Other *ideational* and *interpersonal* bolstering relations include $M re-writing the organization handbook (TE1, lines 16 and 17) and of taking the decision as top manager to not interfere (TE1, lines 24 to 27) and let mistakes happen, whilst at the same time, deciding too to take full responsibility when mistakes do happen (TE1, line 29). Incorporating 'education' and 'training' are also concrete actions reflected in the *interpersonal* and *textual* metafunctions (TE1, line 28) that characterise organizational change for $M.

*4.3 HRM, organization transformation and innovation*

Two types of innovation seem to have been reflected in the discourse of the data in general. The first is reflected from the HRM initiative by the top manager, as new / innovative administrative processes, introduced in top-down approach within the organization. This consisted of decentralisation of decisions, consensus seeking and a flattening of the organization structure. The second is the bottom-up reaction from the employees, that can be described as new / innovative behaviour due to a different organization reality. However, as seen from the discourse analysis method, behaviour (interpersonal) is often coupled with the conceptual (ideational) and this 'opening up' of ideas, and the taking on of greater individual responsibility within the organization, even consulting with each other more, as there was no longer an intermediate 'boss' to turn to (TE1, lines 22 to 27) marks the beginning of a new type of organization environment and a new way of doing things (TE1, line 32). The transition between the first and second types of innovation within the organization, is marked by a period of discomfort, and described as 'painful' for everyone involved is reflected in all three levels of metafunctions (TE1, line 24), as everyone needed to make adjustments towards this, initially new, working environment before becoming accustomed to it.

V. CONCLUSION

As most studies in the field of HRM, organization transformation and innovation are quantitative in nature, the contribution of this study was to illustrate how instrumental linguistics can be used as both theory and method in the field of management and organisation, to lend a complementary view of how the processes and relations between these concepts can be studied, in a systematic manner.

To that effect, using a single text excerpt, TE1, from the database of 23 transcribed interviews, the three metafunctions – the *ideational, interpersonal* and *textual* - levels of meaning were investigated. This study could be said to reflect via discourse analysis, how the innovative HRM initiatives and structural changes by top level management in turn brought about subsequent innovation in terms of a new perspective to organizational workings with new employee behaviour and attitude. The metafunctions through the discourse in TE1 illustrate how these processes are dialogically related and intricately linked, in an example of how instrumental linguistics can be applied.

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