

# Myths and facts about employee innovation: A leadership perspective

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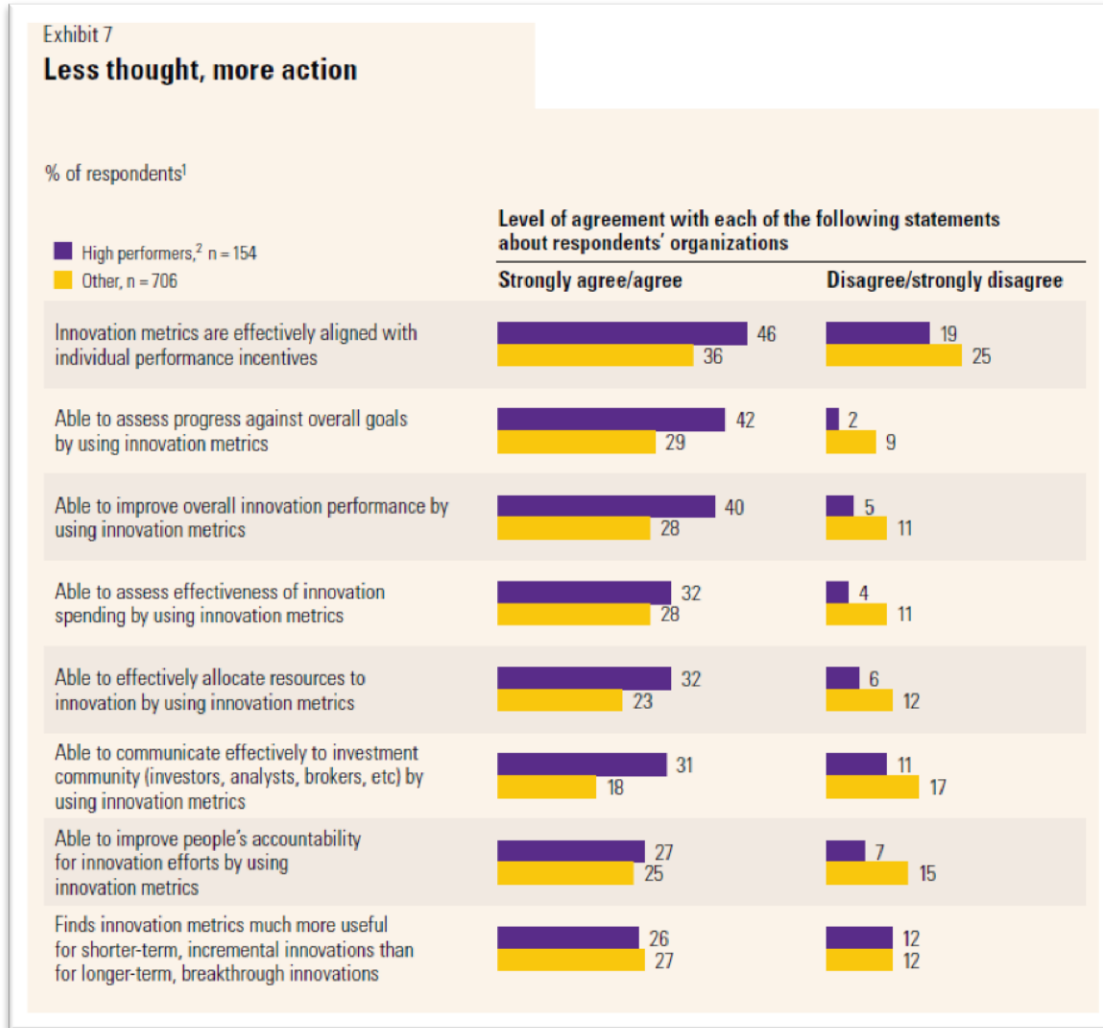




**(1) The more and the crazier  
ideas, the better!**

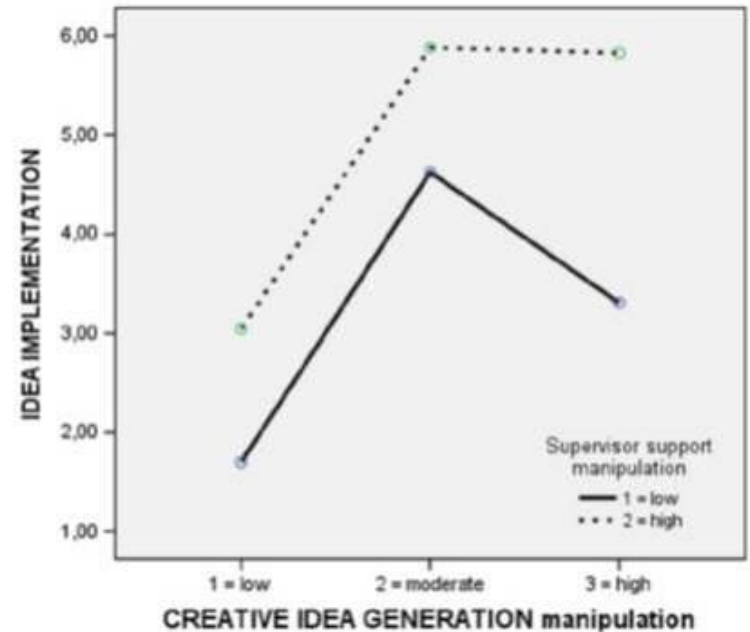
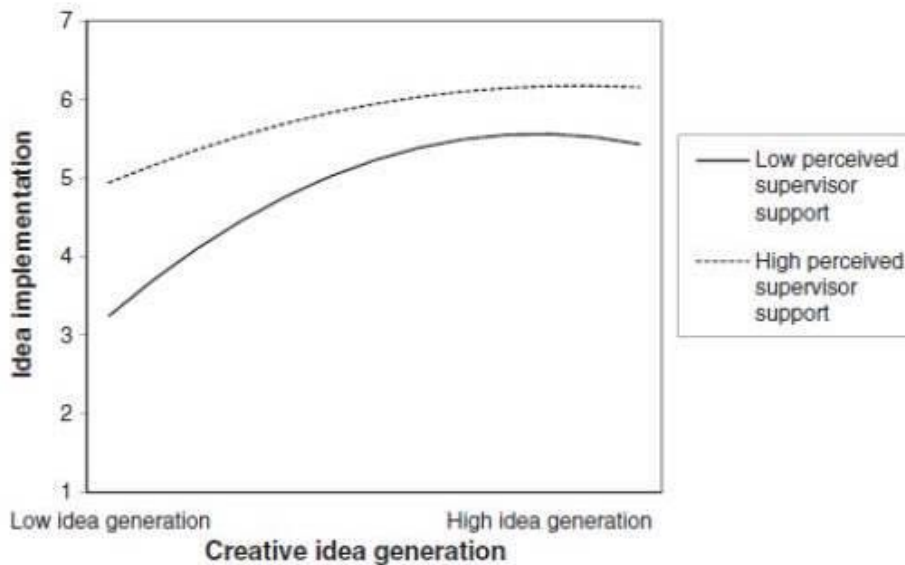


# Creativity is not enough



McKinsey Global Survey (2008, 2012)

# Implementing creative ideas: ‘too-much-of-a-good-thing’



# What helps with idea implementation?

- **Supervisor support** (Skerlavaj, Cerne, & Dysvik, 2014, Leadership Quarterly)
- A combination of **cooperation AND competition** i.e. mastery and performance motivational climate (*Skerlavaj, Cerne, Dysvik, Nerstad & Su, Working paper*)
- ...

# Innovation @ LEGO in 2003



- **A difficult start to the decade**

- In 2003, the company had a **loss of \$300m** (cca. 15% revenues) and had a projected loss of \$400 million the next year.

- **Innovation almost bankrupted the company!**

- Adding on LEGO-branded electronics, amusement parks, interactive video games, jewelry, education centers, and alliances with the Harry Potter franchise and the Star Wars movies

- **Lost focus:**

- **Creativity gone wild** (12,000 elements; e.g. **7 facial expressions for chief cook figurine!**)
- Out of touch with customers
- Excessive fixed costs
- Slow and ineffective product design (3 years, 15% success rate)

# LEGO 2003 - 2009

- Engaged new CEO, fourth, first non-family member to execute a turnaround
  - **Strategically:** turnaround – transformation – organic growth
  - **Reinvented the innovation process:** one year, 66% success rate, involving customer feedback from the start, radically opening up to lead users and partners, reduced number of elements, toylines as profit centers
  - And more ...



***Leaders need to play an active role in creative and innovative processes.***



## **(2) Creativity and innovation is about lonely geniuses?**



# The myth of a lonely genius

The Atlantic

FEATURES: The Power of Two

MENU ☰



## The Power of Two

Despite the mythology around the idea of the lone genius, the famous partnership of John Lennon and Paul McCartney demonstrates the brilliance of creative pairs.

By Joshua Wolf Shenk

JUNE 25, 2014



**Leadership has an active role to play in facilitating creativity and innovation as *social processes (human interactions)*.**



# Some collaborative org. practices

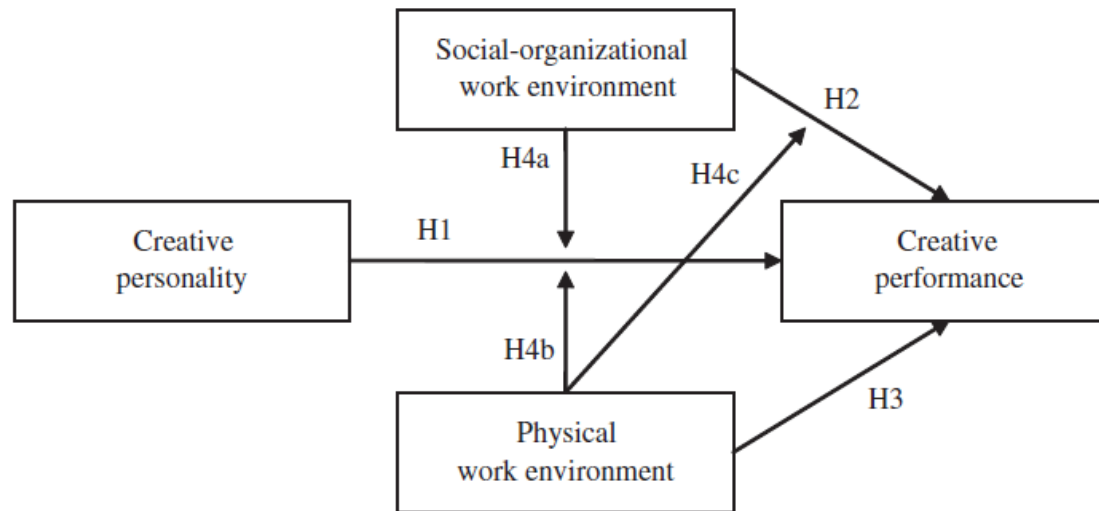
- **IDEO: Monday morning meetings (Hargadon and Sutton, 1997); culture of helping (Amabile et al, 2014)**
- **Southwest Airlines (*Gitell, 2003*):**
  - **Agent of the month award** Recognizing people who helped others do great work
- **Google (*Baker and Bulkley, 2014*):**
  - **Peer-to-peer bonus system** that empowers employees to express gratitude and reward helpful behavior with token payments
  - They **can only use this tokens to pay it forward** to recognize a third employee
- **Conoco Philips, oil and gas (globally dispersed):**
  - **Online knowledge platform** – to post problems and share solutions
  - Estimate 100 million USD savings (since 2004), 13,000 members
  - **Community managers:** cultivate the norm of forwarding requests to knowledgeable colleagues
  - Also linking knowledge sharing to variable compensation, but employees also voluntarily use the system

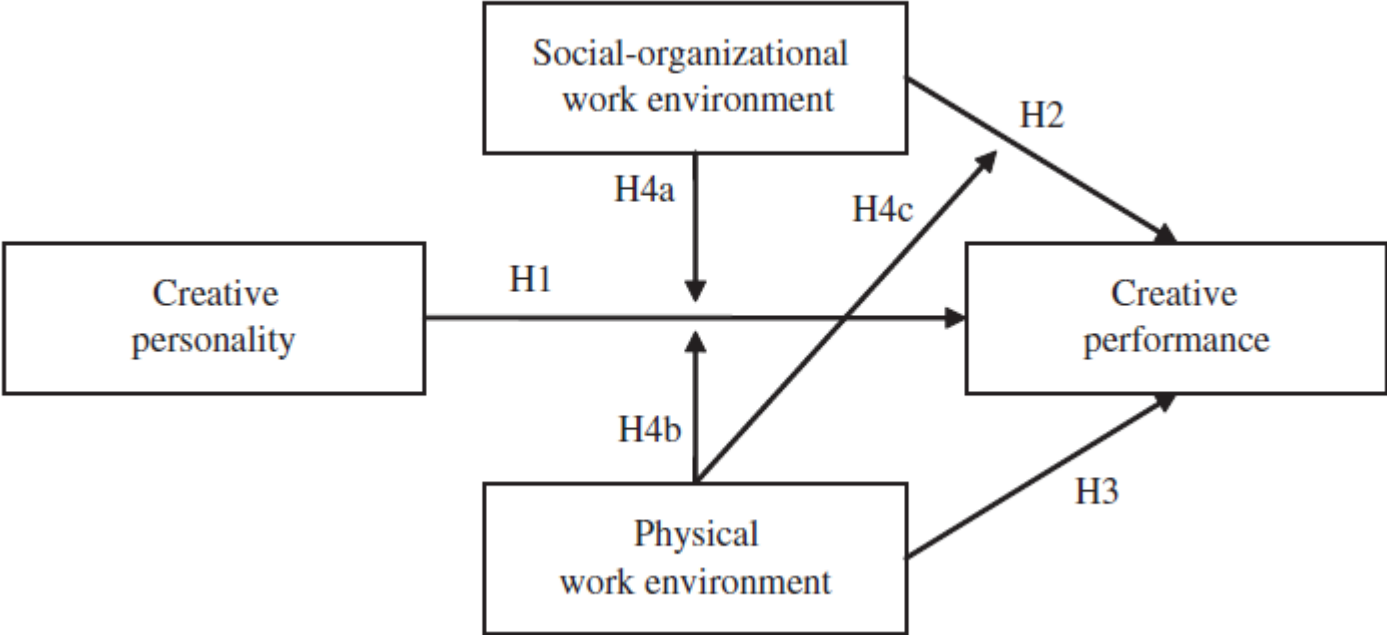
# **(3) Having the right people is what matters ...**



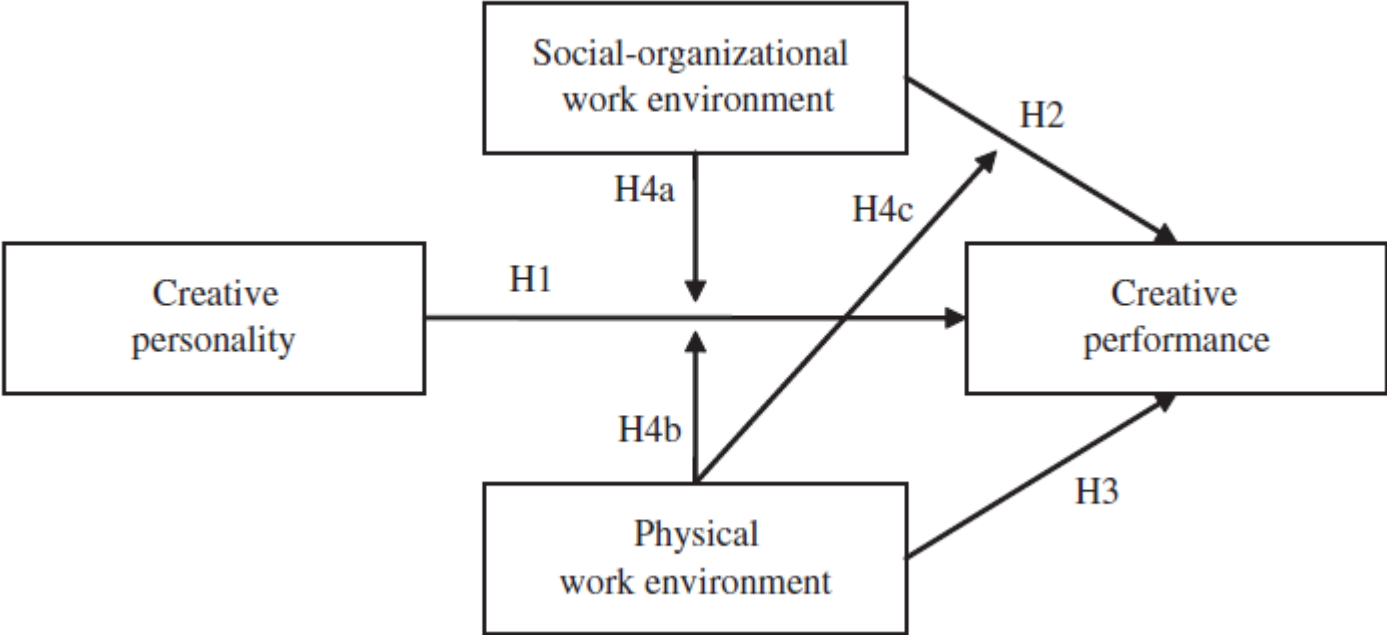
# Factors influencing knowledge worker creativity

- Dul, Ceylan, & Jaspers, (2011): (Relative) contribution of creative *personality*, *physical* and *socio-organizational work environment* to individual creativity?









***Selecting for creative personality helps,  
but not all the way.***

***Work and physical design are almost as  
important ... and easier to change.***



# **(4) Diversity breeds creativity.**



# Perspective taking and team creativity

(Hoever, van Knippenberg, van Ginkel, & Barkema, 2012)

- **Does diverse team structure really lead to increased creativity?**
  - Meta-analysis show **mixed results!**
- **Experiments:**
  - non-significant link diversity-team creativity,
  - **when moderated by perspective taking: positive effect of diversity on creativity!**

# Leadership implications

- **Perspective taking**

- trying to understand *how others view the situation* and *how important* it is to them

- **Different from empathy (*Galinsky, Maddux, Gilin, and White, 2008*)**

- Imagining **how others think** rather than feel
- **Negotiations: perspective-taking was beneficial, empathy detrimental!**

***Having diverse teams is not enough for  
creativity.***

***Perspective taking helps.***



**(5) Leaders need to inspire  
employees to create and  
innovate!**



# The fundraiser experiment

**Setting: a call center**

**Task: to raise funds from Alumni for scholarships**

**Challenge: enormous fluctuation (100% every two months), not satisfied with amounts of donations collected (*Grant, 2012*)**



**So what would you do?**



# The fundraiser experiment

An attempt: Bring in the leader to explain how important their work is – to inspire!

**Results: Worse!**

*(Grant and Hofmann, 2011)*



# The fundraiser experiment

**Solution: Bring in the beneficiary!**

**Results:**

- a) **Letter from recipient of the scholarship: 142% more time on the phone, generating 171% more revenue**
  
- b) **Five minutes (!) eye-to-eye with the ex student: 400% more revenue**

# Motivating creativity

*(Grant and Berry, 2011)*

- **Is it really intrinsic motivation that fuels creativity?**
  - Again: **mixed results** from previous studies
- **Results:**
  - Intrinsic motivation → creativity: non significant
  - moderation: **prosocial motivation (via perspective taking) – positive effect!**

**Yet another story of  
the *power of perspective taking and  
prosocial motivation.***

***Leadership has a role to play in training  
people to see organization as system of  
relationship between people.***



# Developing perspective taking

- **Interactions with different others: colleagues from other silos, customers etc. (e.g. cooks and diners)**
- **Visualizing impact: e.g. radiologists**
- **Relational job design**
- **Desk-sharing**
- **Job rotations**
- **Shifting teams etc.**

# Visualizing the end-user impact

Control group



Experimental group



*(Turner et al, 2008)*

**Improved accuracy of  
the scan diagnoses**

# Cooks make tastier food when they can see the clients

- **Buell, Kim, & Tsay, 2014:**
  - Creating Reciprocal Value Through Operational Transparency, HBS Working Papers
- **Four scenarios in real cafeteria for two weeks**
  - 1) diners and cooks could not see one another
  - 2) cooks could see customers, not vice-versa
  - 3) customers could see cooks, not vice-versa
  - 4) cooks and customers could see each other
- **Method:**
  - **Videoconference through iPad, no sound, no interaction**

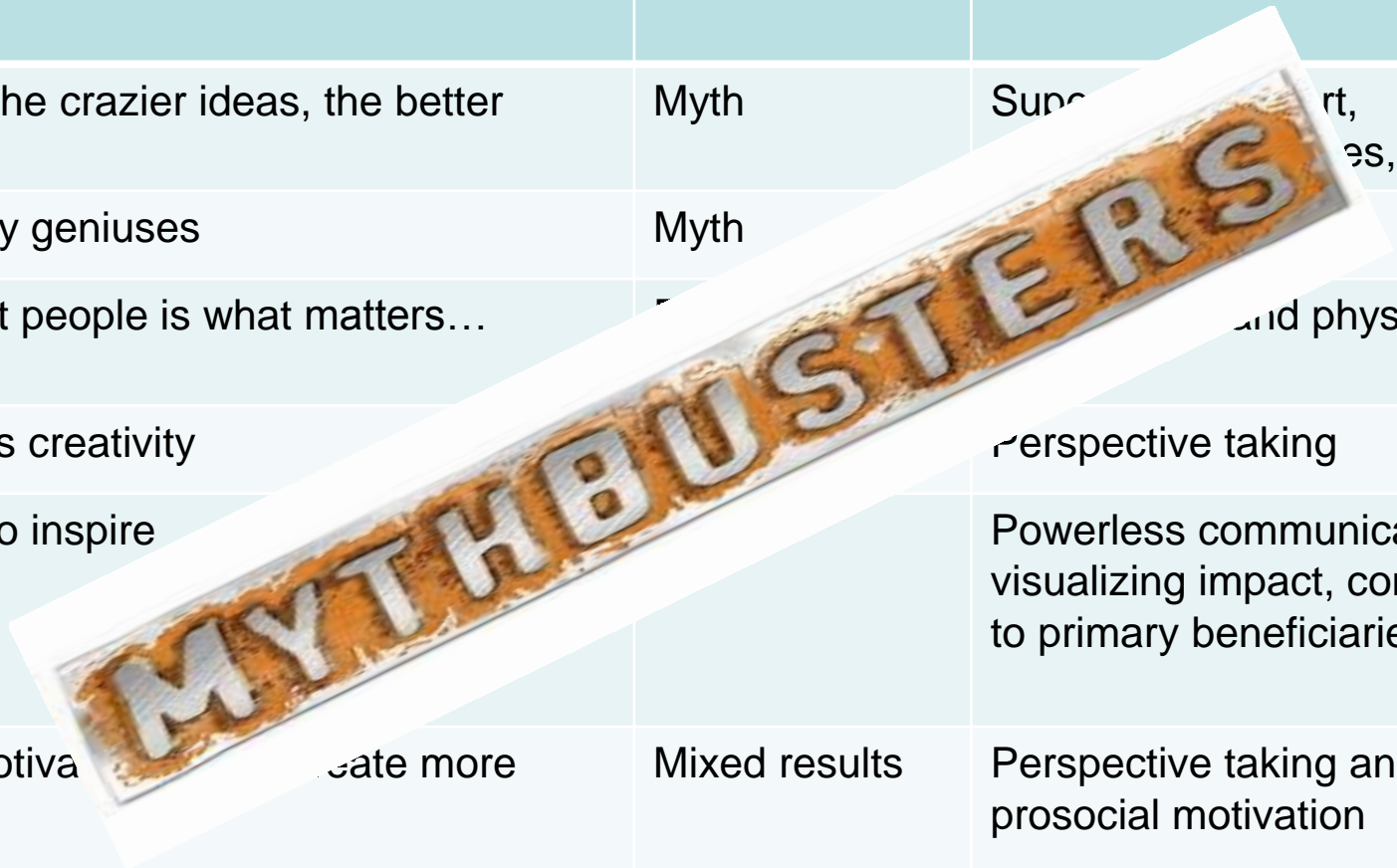
# Transparency as motivator

- **Results:**
  - 1) diners and cooks could not see one another
  - 2) **cooks could see customers**, not vice-versa: **+10% customer satisfaction**
  - 3) customers could see cooks, not vice-versa: **no difference**
  - 4) **cooks and customers** could see each other **+17.3% customer satisfaction (also food quality objectively), + 13.2% faster service**
- **Transparency drives reciprocity and gratitude**
  - (far less stress or accountability)
- **Seeing customers can make employees feel more appreciated, more satisfied with their work, and more willing to exert effort**



# Myths and facts about leadership and employee innovation

	Myth or fact?	It depends upon
The more and the crazier ideas, the better	Myth	Support, ... ...es, ...
It is about lonely geniuses	Myth	
Having the right people is what matters...		... and physical
Diversity breeds creativity		...perspective taking
Leaders need to inspire		Powerless communication, visualizing impact, connecting to primary beneficiaries
Intrinsically motivated ... create more	Mixed results	Perspective taking and prosocial motivation



**Thank you! Takk skal du ha! Hvala lepa!**

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