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The Innovation Equation for Leaders:

People + Context = Innovation

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Issued October 2011



Introduction

Long believed to be key to the long-term health and success of a business, conversations about the importance of innovation have become increasingly common recently. Leaders are now focusing even more on improving competitiveness through more innovative product development and through innovations that streamline business practices to improve efficiency. Many believe that the tough economy has encouraged innovation, resulting in business improvements. Organizations have found that they need leaders who are focused on innovation, and who have the ability – and willingness – to think beyond short-term needs and to resist the temptation to cut back on the resources that feed innovation.

Some leaders believe that all they have to do is hire creative people and innovation will happen. Others believe that innovation is all about organizational processes – that all employees will prove to be equally innovative under the right circumstances and with the right organizational (and compensation) structures encouraging them. The reality is that increasing innovation isn't about either having creative people *or* creating a workplace that fosters innovation – both must be present for innovation to thrive¹. In other words, the most creative person in the world is unlikely to innovate effectively in a company that does not support innovation, and even the most innovation-supportive companies in the world will not reach their innovation potential without creative people in place to do the work.

To better understand how to improve the innovation equation, we examined the relationships among several measures in the World Leadership Survey (WLS) and boss ratings of innovation/creativity from CCL's Benchmarks^{2,3} assessment, which tells us how innovative an employee is perceived to be.

About the World Leadership Survey

The World Leadership Survey has continued to collect data online in English since its inception in March 2008, and began collecting data in twelve additional languages in March 2009. Participants in the research are independently interested individuals, or are recruited through partner organizations and enrollment in CCL programs. Participants fill out a survey online that is hosted by Clear Picture Corporation and takes them approximately 20 minutes. In thanks for their participation, participants receive a free CCL Guidebook to download immediately upon completion of the survey. Questions about the survey are sent to the World Leadership Survey e-mail account at WorldLeadershipSurvey@ccl.org. The sample for this report was collected from January 2009 through May 2011. It includes 972 respondents who also completed a Benchmarks 360 degree feedback assessment prior to their participation in a leadership development program. All respondents are currently living and working in the United States.

What innovation is (and isn't) about: motivation, negativity, and support

Our results indicate that an individual's innovation is related to both individual factors such as motivation and negativity (inversely), and by organizational factors such as support for the employee (See Table 1).

Table 1. What is related to the Boss's rating of the Employee's Innovation/Creativity?⁴

Intrinsic Motivation
Identified Motivation
Negative affect (inversely)
Supervisor support

When it comes to innovation, all motivation is not created equal

Motivation is one factor influencing whether or not an employee will be perceived as contributing to innovation. But all types of motivation aren't created equal. The two types of motivation most strongly associated with being perceived as innovative by the boss are whether you find joy in your work (intrinsic motivation⁵) and whether you are driven to achieve goals (identified motivation⁶). Employees higher in those two types of motivation are perceived as being more innovative than are employees lower in those types of motivation. Think of the struggling young artist – she has a passion for what she does which keeps her going, despite the fact that she is barely making ends meet. She finds joy in her work, and is driven to achieve her goals – and is likely to have to be innovative to both keep herself fed and to succeed as an artist.

These results are consistent with work by Harvard Business School's Teresa Amabile, one of the thought leaders in the area of creativity and innovation, who finds that motivation is one of the three "components of creativity" (See below).

Amabile's Components of Creativity

In addition to motivation, the other two components that Amabile highlights are expertise and creative thinking skills.

Expertise may sound like a no-brainer, but many people think expertise hampers innovation. People think knowing too much about a subject renders a person incapable of thinking about it differently and making innovations. That belief is far from the truth – true expertise aligned with an enquiring mind is critical for innovation. If your company needs to be innovative in engineering you don't need someone who doesn't know the subject well, you need to have the best and the brightest engineers who know their discipline inside and out. At the same time, these experts must have the ability to think about a subject in a new way. In a recent article in the Harvard Business Review, Jeff Dyer and colleagues⁷ discuss specific "creative intelligence" skills that are used by the most innovative business leaders, including learning how to ask questions – and what questions to ask⁸.

An expert who stays on top of trends and the latest tools and methods – and who is also interested in new ways of doing their work and asks good questions – will be best equipped to innovate and take the product to the next level. Someone who is not truly an expert might come up with creative ideas but won't have the underlying knowledge to come up with an innovation that is actually *feasible*. A true expert will ask the critical questions and make the intuitive (and innovative) leaps needed to land your organization on the other side of the river with a workable innovation rather than in the middle of it, soaking wet because the innovation wouldn't float.

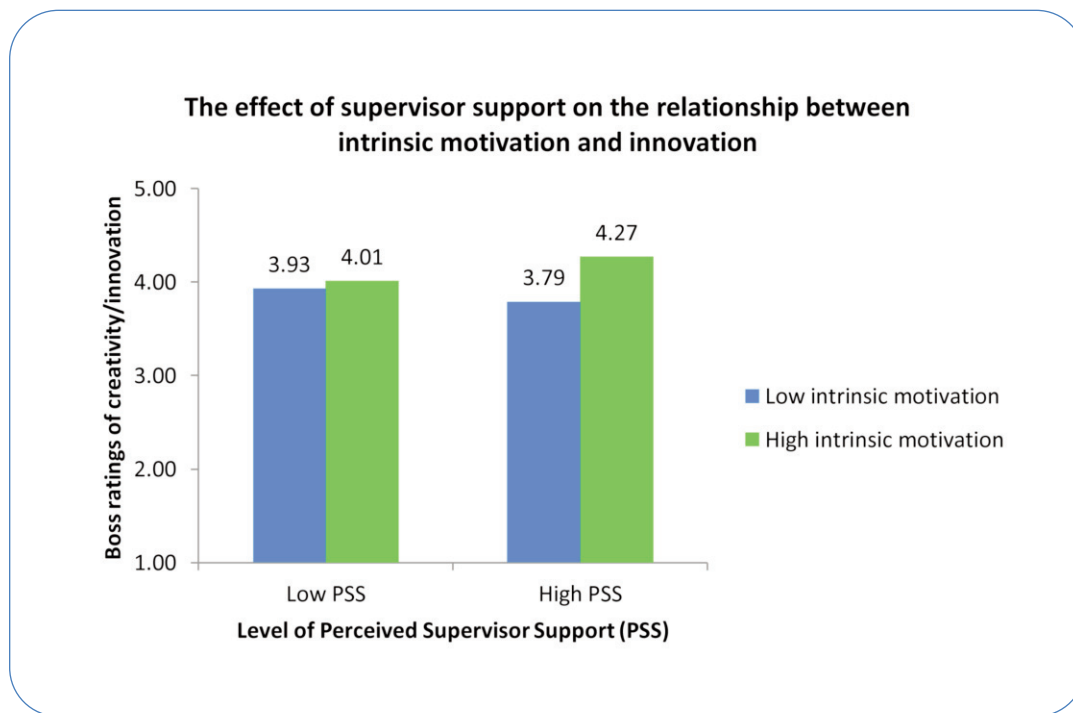
Employee negativity: the wet blanket of innovation

Another important part of being innovative is how positive or negative the employee feels. In general, research has shown that positivity enhances creativity⁹. In the WLS data we find that the more negative, irritable, nervous, or upset an employee feels, the less innovative the boss perceives them as being¹⁰. But don't think being a Pollyanna and agreeing with everything will result in an individual being identified as being more innovative – because it doesn't. Though feeling negative is related to being perceived by the boss as being less innovative, feeling positive is not related to being perceived by the boss as being more innovative¹¹.

Do you have my back? The importance of perceived support

Our data also show that employees who feel supported by their boss are perceived by their boss as being more creative and innovative¹². In fact, perceived support from a supervisor can even enhance the strength of the relationship between intrinsic motivation and innovation¹³. Regardless of the amount of support an employee feels, employees with high intrinsic motivation are seen as more innovative than those with low intrinsic motivation. However, when employees feel supported by their supervisors, there is a more pronounced difference in innovation ratings between those high and low in intrinsic motivation. Imagine the swimmer Michael Phelps training for the Olympics. His natural talent and motivation and discipline would help him do very well, but without a supportive coach he would not have won eight gold medals in Beijing in 2008. Similarly, a naturally motivated employee will be most successful in an environment that helps them thrive. To be sure, an organization will get more “bang for its intrinsic motivation buck” when it provides support via supervisors than when it does not. A supportive supervisor is one who shows concern for their employees, acknowledges a job-well-done and takes pride in their employees’ accomplishments. So innovation isn’t *just* about motivation and not being negative; supervisor support is critical for employee innovation. Even the most intrinsically motivated employees are less likely to think up great innovations if they don’t feel supported.

Figure 1¹⁴



Innovation truly is a product of the right people in the right environment, so you need to focus on both finding employees who are intrinsically motivated and making sure they feel supported in their jobs.

Innovation and engagement

But what about engagement? Some people say that innovation can only happen when an employee is fully engaged (engagement and motivation not being synonymous), and therefore organizations should focus on improving engagement if they want to increase innovation. And these people are right – up to a point. It is true that engaged employees may be creative, but engagement isn't a primary cause of creativity or innovation. In fact, in the WLS data, bosses' rating of innovation is not directly related to engagement at all¹⁵. Our data show that innovation and engagement are both related to the employee feeling supported by the organization and the supervisor, but not directly related to one another. Which leads to the question: what *can* an organization do to increase innovation?

What leaders can do to improve innovation in their organization

Some of what has been discussed thus far is hard to influence. A leader may not be able to magically transform an apathetic stick-in-the-mud into a visionary innovator (though all of us who have worked with the stick-in-the-muds wish that would happen!), but there are actions leaders can take to increase innovation in the workplace. The challenge is to know where to focus the efforts for change – and where to *not* spend valuable time and money.

Since our data suggest that innovation is the product of both individual employee characteristics and the environments in which the employees work, it's helpful to think about leadership strategies in this way, too.

People-Strategies

People Strategy 1: Get motivated people in the organization . . . Just as Jim Collins pointed out in *Good to Great*¹⁶, you need to get the right people on the bus first. Hiring people who are more intrinsically than extrinsically motivated is a good place to start if you want to improve innovation in your organization (happily, that is most people). It also helps if they are strongly motivated to meet goals (high identified motivation). A person who is both good at and enjoys their work will want to excel because it feels good and meaningful to them to excel, not just because of a paycheck (though a paycheck helps them feel recognized, which is part of the organizational support needed to improve innovation).

People Strategy 2: Get people in the right positions . . . What do you do if you can't hire new people (as many organizations can't)? That's a difficult issue. Some employees may have high intrinsic motivation, and just not find much to be motivated about in the work they are currently being asked to do. Yes, everyone has

to do some work they don't like, but why would someone be intrinsically motivated to innovate when they hate most of what they're being asked to do? Motivated by money and status, yes, but not intrinsically motivated – and remember, if you want innovation, intrinsic motivation is what you're encouraging.

People Strategy 3: Watch out for mood killers . . . Be in tune to the moods of your employees, and to the moods of potential employees. Employee negativity, even when it is temporary, may not only make the individual's own innovation less likely, it could also stifle the creative energies of those around them. At the same time, make sure you aren't mistaking creative or intellectual disagreement for negativity. Though negativity doesn't encourage creativity, everyone feeling like they have to be insincerely happy so they aren't perceived as negative is also likely to stifle new ideas.

Environment-Strategies

Environment Strategy 1: Let them choose their own path . . . Another choice leaders have is how much autonomy their employees have to get the job done. Nothing crushes innovation faster than a micro-



manager telling someone how to do every step in their work. Give your employees autonomy, while at the same time setting specific, reasonable goals for them to achieve – and rewarding them for achieving those goals. This will help increase innovation because employees who have more autonomy and feel more supported (which rewards help with) are more intrinsically motivated to do the work¹⁷, which, as we've shown, contributes to increased innovation.

Environment Strategy 2: Watch out for innovation-squashing norms . . . Creativity expert Fredrik Härén¹⁸ argues that as we get older and have more status within our organization, we are more and more influenced by social norms which can have detrimental effects on our creativity. We know that people will attach value to our ideas and this can reduce our willingness to take risks in proposing new ideas. As a leader, be aware of norms for assigning value to ideas, because how people are reinforced for suggesting ideas will affect what they choose to do. The organization should also have procedures in place for handling new ideas from employees. It is important that an employee never feels “shot down” when they raise a suggestion – no matter how dumb the suggestion is. The more tolerance there is for suggesting innovative approaches, the more likely people will be to suggest them – and the more innovative options you'll have to choose from.

Environment Strategy 3: Provide ample supervisor and organizational support . . . Supporting employees both in their day-to-day work and in their efforts to be more creative will go a long way toward improving innovative thinking. Make sure that supervisors provide useful feedback to employees, and that they are consistently showing employees they are valued. Support the employee by recognizing and rewarding their courage and ability to think differently about a problem. Discuss with them the pros and cons of their idea,

and follow up with a response – even if it is a “no-go.” Ignoring or brushing off an idea will reduce future efforts from that individual – and others who see what happens to that person. <See Case Study> Even supporting an employee in ways that promote balance, health and well-being may be conducive to creativity. For example, research has found that getting enough sleep facilitates our ability to have creative insights¹⁹.

Case Study

In the first week of a new job, a series of meetings were scheduled between John and other departmental representatives so that people could meet him, and he could learn more about what each department did. When he met with the Director of Innovation (Ned), Ned told John that Ned’s department collected and considered new ideas from within the company. John asked him if the company had ever considered pursuing a particular market need they weren’t currently addressing (John had an example). Before John was done speaking, Ned (the Director of Innovation) was shaking his head saying it wouldn’t work, and didn’t provide any explanation for his opinion. John tried to explain further and was cut off again – he was never even given the chance to explain why he thought it would be a good idea. Because of this experience, John didn’t bring any more ideas to Ned, who remember was the Director of Innovation for the company! And considering this response was from the Director of Innovation, John made the assumption that his ideas would not be valued by the organization in general and chose to not suggest any of the other out-of-the-box ideas he had.

Conclusion

We would have preferred to title this report “The Silver Bullet to Innovation” and to have been able to share with the world the one thing that all leaders can do to have effective innovation happen the next day. However, the data tell another story – that improving innovation requires leaders to focus on both *investing in people motivated by work they enjoy and meeting personal goals who aren’t overly negative and creating a supportive work environment*. These research findings are in line with practitioners’ perspectives, too. For example, according to CCL creativity experts David Horth and Dan Buchner, creating an innovative organization “is about growing a culture of innovation, not just hiring a few creative outliers.²⁰” Leaders of companies that are striving to become more innovative may see “innovation” investments as more strategically important than human investments such as proper hiring, strong management support, and ongoing training. However, our data show that human investments are innovation investments. Hiring people who are intrinsically motivated and not especially negative, making sure people are doing work they feel motivated to do, and providing them with supportive leadership will go a long way to improving innovation in every corner of your organization.

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Endnotes

¹e.g. Glynn, M. A. (1996). Innovative genius: A framework for relating individual and organizational intelligences to innovation. *Academy of Management Review*, 21, 1081-1111.

² Benchmarks is a multisource feedback instrument. The single item measure asks the boss of managers who had participated in a CCL development course and had completed the WLS to rate to what extent the focal manager "Is creative or innovative."

³ Center for Creative Leadership (2002). *Benchmarks facilitator's manual*. Greensboro, NC: Center for Creative Leadership.

⁴ Motivation, affect and support were rated by the employees; innovation/creativity was rated by the bosses.

⁵ $r=.105$, $p<.01$

⁶ $r=.104$, $p<.01$

⁷ Dyer, J.H., Gregersen, H.B., and Christensen, C.M. (2009). The Innovator's DNA. *Harvard Business Review*, 87, 12.

⁸ For a description of six innovative thinking skills, see Horth, D. & Buchner, D. (2010). *Innovation Leadership: How to use innovation to lead effectively, work collaboratively and drive results*. White paper published by Center for Creative Leadership. <http://www.ccl.org/leadership/pdf/research/InnovationLeadership.pdf>

⁹ Isen, A.M., Daubman, K.A., Nowicki, G.P. (1987). Positive Affect Facilitates Creative Problem Solving. *Journal of Personality and Social Psychology*, 52, 1122-1131.

¹⁰ $r= -.129$, $p<.01$

¹¹ $r=.073$, $p>.05$

¹² $r=.172$, $p<.001$

¹³ Using ANOVA, where level of intrinsic motivation (low vs. high) and level of perceived supervisor support (low vs. high) were independent variables and boss's rating of innovation was the dependent variable. Interaction between intrinsic motivation and supervisor support was significant, $F(1, 407)=5.27$, $p<.05$.

¹⁴ This is based on taking roughly the lower quartiles and highest quartile for intrinsic motivation and roughly the lowest and highest third for PSS. The groupings were done this way due to unequal numbers of respondents in each category.

¹⁵ $r=.081, p>.05$

¹⁶ Collins, J. (2001). *Good to Great*. Harper Collins Publishers, New York.

¹⁷ For a review, see Deci, E.L. & Ryan, R.M. (1987). The Support of Autonomy and the Control of Behavior. *Journal of Personality and Social Psychology*, 53, 1024-1037.

¹⁸ Hären, F. (2004). *The idea book*. Stockholm, Sweden: Interesting Books.

¹⁹ E.g., See comments by sleep researcher Dr. Jessica Payne
<http://www.businessweek.com/lifestyle/content/healthday/634169.html>;

²⁰ Horth, D. & Buchner, D. (2010). *Innovation Leadership: How to use innovation to lead effectively, work collaboratively and drive results*. White paper published by Center for Creative Leadership.
<http://www.ccl.org/leadership/pdf/research/InnovationLeadership.pdf>



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